



FOURTH QUARTER EARNINGS PRESENTATION

JANUARY 31, 2020

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President and Chief Executive Officer

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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, as amended. These statements may be identified by such forward-looking terminology as “expect,” “estimate,” “intent,” “plan,” “intend,” “believe,” “anticipate,” “may,” “will,” “should,” “could,” “continue,” “project,” “opportunity,” “predict,” “would,” “potential,” “future,” “forecast,” “guarantee,” “assume,” “likely,” “target” or similar statements or variations of such terms.

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

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

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

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

AGENDA



- Overview of Quarter
- Results
- Q & A Session

OVERVIEW OF QUARTER

FOURTH QUARTER 2019

OVERVIEW



Assets and Flows

- Long-term assets under management increased 5% sequentially to \$107.7 billion due to market appreciation and positive net flows
- Total sales of \$4.8 billion included growth in retail separate accounts, institutional, and exchange traded funds (ETFs)
- Positive net flows of \$0.3 billion; annualized organic growth rate of 1.3%

Non-GAAP Financial Results

- Operating income, as adjusted, of \$50.1 million increased 5% from the prior quarter, reflecting higher revenue and lower employment expenses
- Operating margin, as adjusted, of 39.0% increased 150 basis points sequentially
- Earnings per diluted share, as adjusted, of \$4.32 increased 7% sequentially primarily due to higher operating earnings

Capital Activities

- Repurchased 85,745 shares, or 1.2% of common shares outstanding, for \$10.0 million
- Repaid \$15.0 million of debt during the quarter; net debt to EBITDA ratio was 0.3x at December 31
- Mandatorily convertible preferred shares will convert after the close of business on February 3, 2020, and be available to commence trading the following day

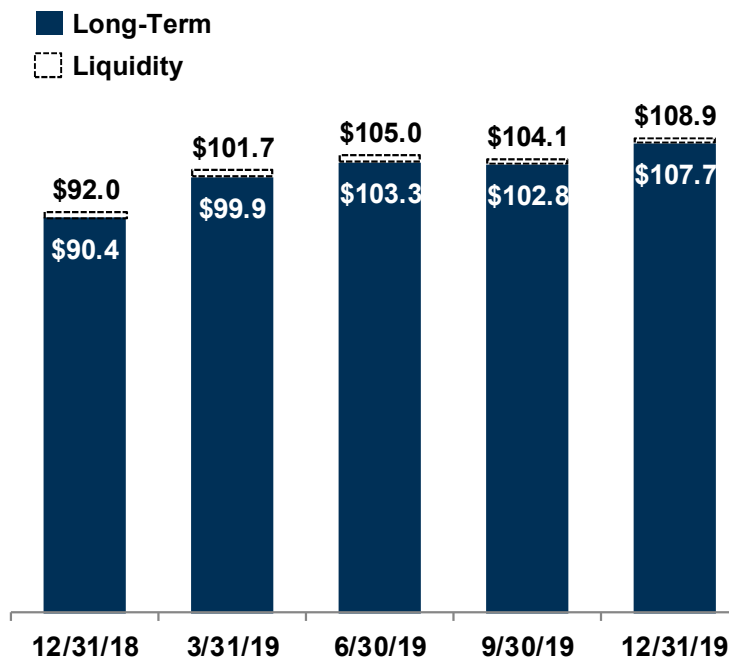
RESULTS

ASSETS UNDER MANAGEMENT

INCREASED DUE TO MARKET AND FLOWS



- Long-term assets increased 5% sequentially due to market appreciation and positive net flows in both domestic and international equity
- Domestic equity assets of \$53.0 billion balanced between small-cap (40%), mid-cap (21%), and large-cap (39%)
 - Mid-cap assets increased 14% sequentially and by 66% over the prior year
- Assets diversified by product type; open-end funds, institutional, and retail separate accounts represented 40%, 30%, and 19% of total, respectively
 - Retail separate accounts continues to be a significant area of asset growth, with AUM up 8% sequentially and 36% over the prior year



Long-Term Assets by Asset Class					
Equity	58.9%	61.8%	62.8%	63.8%	65.6%
Fixed Income	37.0%	33.7%	31.9%	30.8%	29.0%
Alternatives ¹	4.1%	4.5%	5.3%	5.4%	5.4%

\$ in billions

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

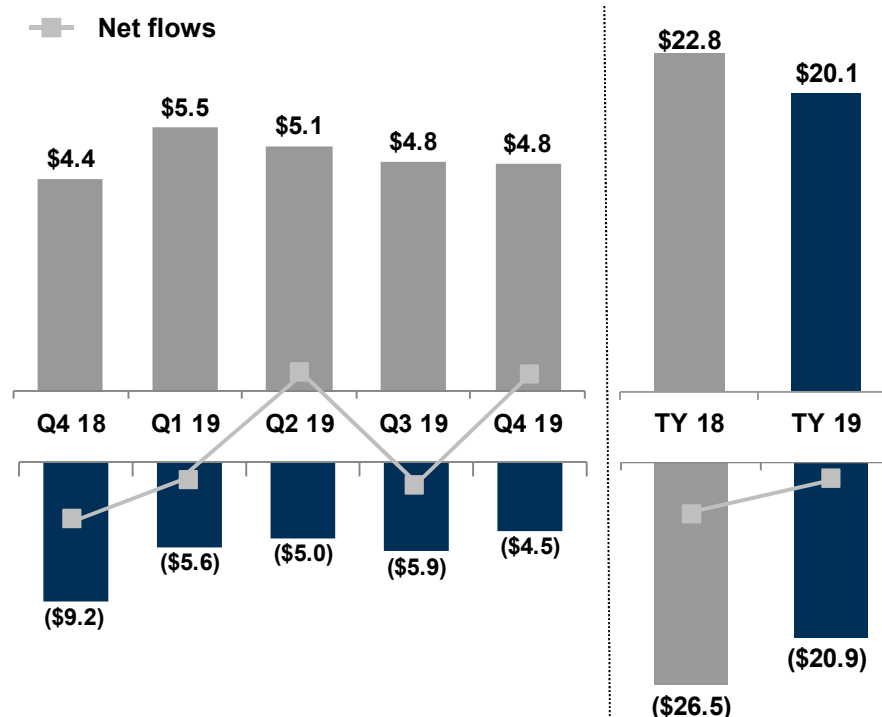
ASSET FLOWS

POSITIVE NET FLOWS



- Positive net flows of \$0.3 billion due to retail separate accounts, institutional, and ETFs, partially offset by open-end fund net outflows
 - Positive net flows in mutual fund domestic and international equity more than offset by bank loan outflows

- Total sales of \$4.8 billion were unchanged sequentially and up 7% from the prior year
 - Institutional sales of \$1.2 billion increased 45% sequentially primarily due to new mandates
 - Retail separate account sales of \$1.0 billion increased 24% sequentially with growth in both private client and intermediary-sold
 - Fund sales of \$2.3 billion decreased \$0.6 billion, or 21%, from the third quarter, which included \$0.6 billion of model wins and reallocations



Flows Metrics							
Net Flows ¹							
	Q4 18	Q1 19	Q2 19	Q3 19	Q4 19	TY 18	TY 19
	(\$4.8)	(\$0.1)	\$0.1	(\$1.1)	\$0.3	(\$3.7)	(\$0.8)
Net Flow Rate ²							
	(18.2%)	(0.2%)	0.2%	(4.3%)	1.3%	(4.2%)	(0.9%)

\$ in billions

¹ Net flows exclude liquidity products

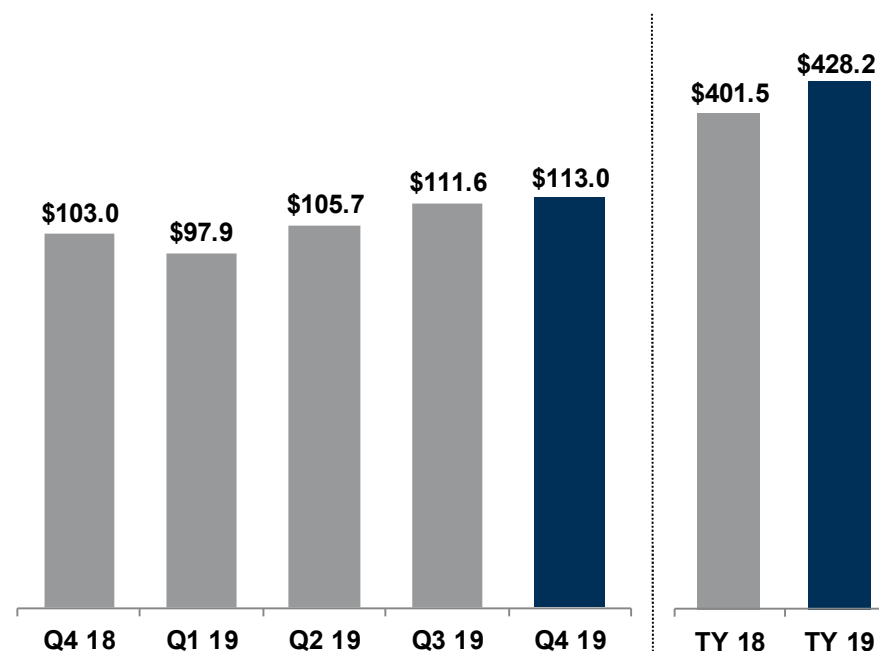
² Annualized net flows divided by beginning-of-period long-term AUM

INVESTMENT MANAGEMENT FEES, AS ADJUSTED



HIGHER AVERAGE ASSETS AND FEE RATE

- Investment management fees, as adjusted, increased sequentially by \$1.4 million, or 1%, due to:
 - Increase of 1% in long-term average assets
 - Modestly higher average fee rate on long-term assets of 47.0 bps, up 0.1 bp sequentially
- Higher average fee rate reflected continued favorable open-end fund fee rate differential between sales and redemptions:
 - Inflows: 61 bps
 - Outflows: 51 bps
- Investment management fees included performance-related fees of \$1.1 million, compared with \$1.2 million in the prior quarter



Metrics							
Revenues, as adjusted							
\$118.6	\$112.6	\$121.0	\$127.1	\$128.4	\$466.1	\$489.2	
Long-Term Fee Rate ¹ – BPS							
45.6	45.9	46.3	46.9	47.0	46.7	46.6	
Long-Term Average AUM							
\$98.3	\$94.7	\$100.5	\$102.8	\$103.9	\$94.6	\$100.5	

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

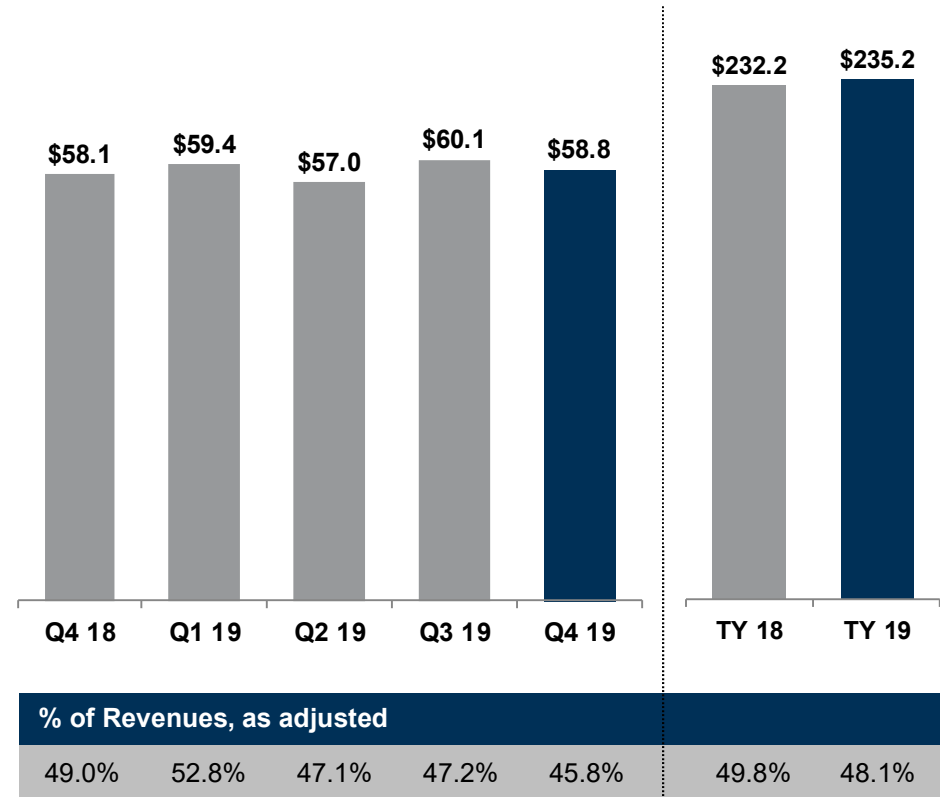
¹ Represents investment management fees before the consolidation of investment products divided by average assets
See the financial supplement for U.S. GAAP to Non-GAAP ("as adjusted") reconciliations and related notes

EMPLOYMENT EXPENSES, AS ADJUSTED

LOWER RATIO REFLECTS MARKET-DRIVEN REVENUE GROWTH



- Employment expenses, as adjusted, decreased sequentially by \$1.3 million, or 2%, primarily due to lower variable incentive compensation
- Employment expenses, as adjusted, as a percentage of revenues, as adjusted, of 45.8%, down 140 bps sequentially due to:
 - Lower incentive compensation
 - Market performance-based increase in revenue, which has lower levels of variable compensation
 - Modestly lower sales-based expenses



\$ in millions

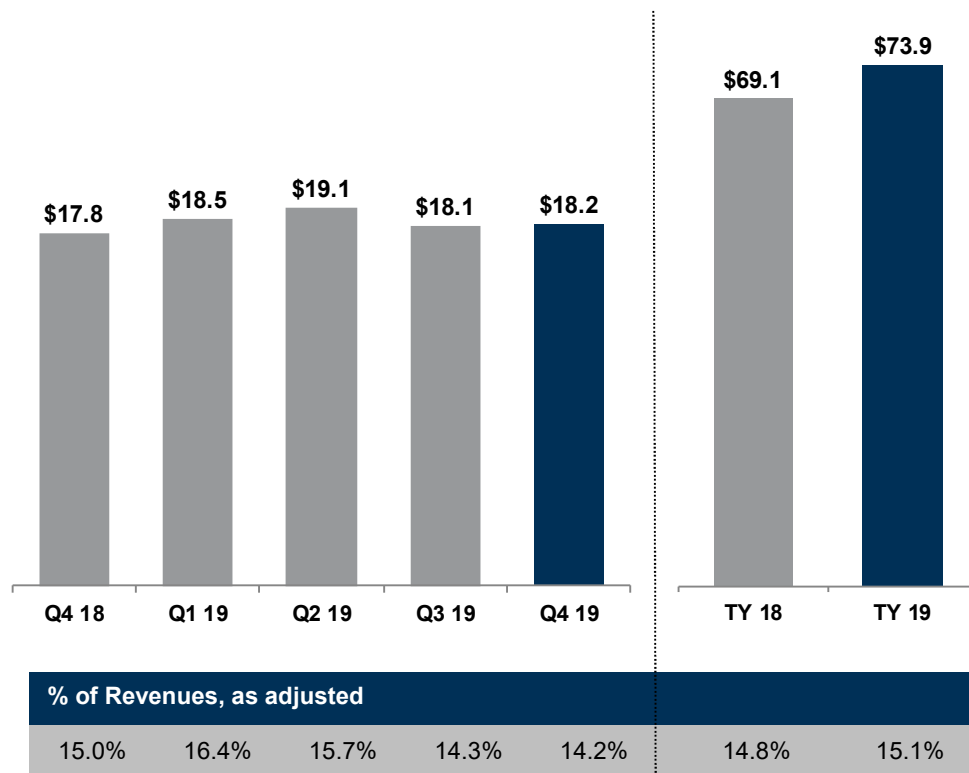
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OTHER OPERATING EXPENSES, AS ADJUSTED



EXPENSES STABLE

- Other operating expenses, as adjusted, of \$18.2 million, relatively flat compared with the prior quarter
- Other operating expenses, as adjusted, as a percentage of revenues, as adjusted, were essentially stable with the prior quarter and down 80 bps from the prior year



\$ in millions

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NON-GAAP RESULTS

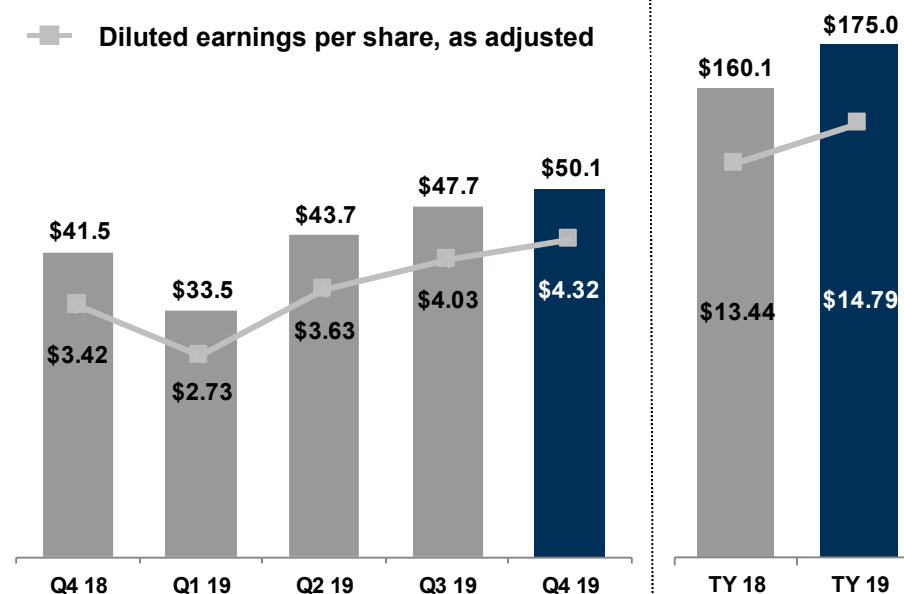
CONTINUED PROFITABLE GROWTH



- Diluted EPS, as adjusted, of \$4.32 increased sequentially by \$0.29, or 7%, primarily due to higher revenues and lower employment expenses
- Operating margin, as adjusted, of 39.0% increased 150 bps from the prior quarter and 410 bps from the prior-year period
- Interest expense declined \$0.6 million, or 13%, sequentially due to lower debt outstanding and interest rate

Operating Income, As Adjusted

■ Diluted earnings per share, as adjusted



Metrics							
Net Income, As Adjusted							
\$28.8	\$22.7	\$30.0	\$32.9	\$34.9	\$114.6	\$120.5	
Operating Margin, As Adjusted							
34.9%	29.8%	36.1%	37.5%	39.0%	34.4%	35.8%	

\$ in millions, except per share data

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

CAPITAL POSITION

BALANCED CAPITAL MANAGEMENT



- Working capital up \$2 million sequentially as cash generation more than offset debt repayments and share repurchases
 - Repaid \$15 million of debt; \$286 million of gross debt outstanding
 - Net debt to EBITDA ratio of 0.3x, down from 0.5x at September 30 and 0.7x at December 31, 2018
 - Repurchased 85,745 shares (1.2% of common shares) for \$10 million, and net settled an additional 7,954 shares for \$0.9 million

- Preferred shares convert to common on February 3 and commence trading the following day
 - Giving effect to the conversion, December 31, 2019 common shares outstanding, as adjusted, of 7.722 million

Select Balance Sheet Items:	12/31/18	3/31/19	6/30/19	9/30/19	12/31/19
Cash and cash equivalents	\$202	\$142	\$166	\$196	\$222
Seed capital investments ¹	\$93	\$89	\$96	\$101	\$107
Investments - other ²	\$94	\$89	\$88	\$85	\$88
Deferred taxes, net	\$22	\$24	\$22	\$18	\$16
Gross debt ³	\$341	\$328	\$316	\$301	\$286
Redeemable noncontrolling interests	\$55	\$54	\$54	\$53	\$58
Total equity attributable to stockholders	\$630	\$634	\$651	\$666	\$676
<i>Working capital⁴</i>	<i>\$140</i>	<i>\$138</i>	<i>\$149</i>	<i>\$158</i>	<i>\$160</i>
<i>Common shares outstanding</i>	<i>6.997</i>	<i>6.979</i>	<i>6.945</i>	<i>6.878</i>	<i>6.809</i>
<i>Hypothetical conversion of preferred shares⁵</i>	<i>1.047</i>	<i>1.047</i>	<i>1.048</i>	<i>1.001</i>	<i>0.956</i>
<i>Common shares outstanding, as adjusted⁵</i>	<i>8.044</i>	<i>8.026</i>	<i>7.993</i>	<i>7.879</i>	<i>7.765</i>

Metrics:					
Net Debt ⁶	\$139	\$186	\$150	\$105	\$64
Gross Debt ³ to Bank EBITDA ⁷	1.6x	1.6x	1.5x	1.5x	1.4x
Net Debt to Bank EBITDA	0.7x	0.9x	0.7x	0.5x	0.3x

\$ and shares in millions

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

² Represents investments not related to seed capital investments; company-managed CLOs represent \$83 million of 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 12 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 \$109.34 to \$131.21 per share resulting in a conversion ratio range of 0.9146 to 0.7622 as of December 31, 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>Q4:18</u>	<u>Q1:19</u>	<u>Q2:19</u>	<u>Q3:19</u>	<u>Q4:19</u>	<u>TY:18</u>	<u>TY:19</u>
Revenues, As Adjusted							
Investment management fees, as adjusted	\$103,041	\$97,874	\$105,726	\$111,599	\$112,960	\$401,526	\$428,158
Administration and shareholder service fees, as adjusted	15,366	14,440	15,081	15,329	15,189	63,679	60,039
Other income and fees, as adjusted	230	324	227	210	226	885	987
Total revenues, as adjusted	\$118,637	\$112,638	\$121,034	\$127,138	\$128,375	\$466,090	\$489,184
Operating Expenses, As Adjusted							
Employment expenses, as adjusted	\$58,073	\$59,418	\$57,008	\$60,059	\$58,764	\$232,234	\$235,249
Other operating expenses, as adjusted	17,812	18,496	19,055	18,147	18,238	69,125	73,937
Depreciation and other amortization, as adjusted	1,293	1,213	1,271	1,245	1,263	4,597	4,992
Total operating expenses, as adjusted	\$77,178	\$79,127	\$77,334	\$79,451	\$78,265	\$305,956	\$314,178
Operating Income (Loss), As Adjusted	\$41,459	\$33,511	\$43,700	\$47,687	\$50,110	\$160,134	\$175,006

\$ 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 36 for reconciliations to the most directly comparable U.S. GAAP measures and other important disclosures.

NON-GAAP INFORMATION

INCOME STATEMENT¹ (CONTINUED) (UNAUDITED)



	<u>Q4:18</u>	<u>Q1:19</u>	<u>Q2:19</u>	<u>Q3:19</u>	<u>Q4:19</u>	<u>TY:18</u>	<u>TY:19</u>
Other Income (Expense), As Adjusted							
Realized and unrealized gain (loss) on investments, net, as adjusted	(\$244)	\$359	\$102	\$289	(\$29)	(\$296)	\$719
Other income, net, as adjusted	1,272	450	696	746	519	3,595	2,411
Total other income (expense), as adjusted	\$1,028	\$809	\$798	\$1,035	\$490	\$3,299	\$3,130
Interest Income (Expense), As Adjusted							
Interest expense, as adjusted	(\$5,963)	(\$5,165)	(\$5,151)	(\$4,889)	(\$4,268)	(\$18,785)	(\$19,473)
Interest and dividend income, as adjusted	4,826	4,228	3,808	3,455	4,100	17,198	15,592
Total interest income (expense), net, as adjusted	(\$1,137)	(\$937)	(\$1,343)	(\$1,434)	(\$168)	(\$1,587)	(\$3,881)
Pre-Tax Income (Loss), As Adjusted	\$41,350	\$33,383	\$43,155	\$47,288	\$50,432	\$161,846	\$174,255
Income tax expense (benefit), as adjusted	11,526	9,062	11,668	12,725	13,753	44,713	47,208
Net Income (Loss), As Adjusted	\$29,824	\$24,321	\$31,487	\$34,563	\$36,679	\$117,133	\$127,047
Noncontrolling interests, as adjusted	(1,002)	(1,591)	(1,497)	(1,649)	(1,774)	(2,544)	(6,508)
Net Income Attributable to Common Stockholders, As Adjusted	\$28,822	\$22,730	\$29,990	\$32,914	\$34,905	\$114,589	\$120,539
Weighted average shares outstanding - diluted, as adjusted	8,429	8,322	8,252	8,157	8,084	8,527	8,149
Earnings (Loss) Per Share - Diluted, As Adjusted	\$3.42	\$2.73	\$3.63	\$4.03	\$4.32	\$13.44	\$14.79

\$ and shares in thousands

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NON-GAAP INFORMATION

BALANCE SHEET¹ (UNAUDITED)



	<u>12/31/2018</u>	<u>3/31/2019</u>	<u>6/30/2019</u>	<u>9/30/2019</u>	<u>12/31/2019</u>
Assets:					
Cash and cash equivalents	\$201,705	\$142,344	\$166,026	\$195,870	\$221,781
Investments – seed capital	92,846	88,594	95,765	100,520	107,225
Investments – other	93,636	88,558	87,885	84,621	87,657
Investments – long term	18,264	19,563	20,046	20,932	22,215
Accounts receivable, net	71,150	75,309	72,882	75,936	75,575
Furniture, equipment, and leasehold improvements, net	20,154	20,171	20,092	19,494	18,150
Intangible assets, net	338,811	331,270	325,383	317,924	310,391
Goodwill	290,366	290,366	290,366	290,366	290,366
Deferred taxes, net	22,116	23,564	21,611	18,475	15,879
Other assets	14,204	32,693	35,612	33,338	36,849
Total Assets	\$1,163,252	\$1,112,432	\$1,135,668	\$1,157,476	\$1,186,088

\$ 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>12/31/2018</u>	<u>3/31/2019</u>	<u>6/30/2019</u>	<u>9/30/2019</u>	<u>12/31/2019</u>
Liabilities and Equity					
Liabilities:					
Accrued compensation and benefits	\$93,339	\$31,105	\$52,675	\$78,073	\$101,377
Accounts payable and accrued liabilities	27,926	27,723	24,757	23,310	23,308
Dividends payable	7,762	7,473	7,625	8,744	8,915
Other liabilities	20,010	40,574	39,785	36,487	40,506
Debt ²	329,184	317,665	306,110	291,995	277,839
Total Liabilities	\$478,221	\$424,540	\$430,952	\$438,609	\$451,945
Redeemable noncontrolling interests	\$55,097	\$54,357	\$53,656	\$53,136	\$58,416
Equity:					
Equity attributable to stockholders	\$629,934	\$633,535	\$651,060	\$665,731	\$675,727
Total Liabilities and Equity	\$1,163,252	\$1,112,432	\$1,135,668	\$1,157,476	\$1,186,088
Working Capital³	\$140,178	\$137,927	\$148,715	\$158,028	\$160,105

\$ 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 12 months including scheduled amortization and an estimate of the excess cash flow payment; the actual excess cash flow payment will be measured based on fiscal year 2019 financial results and the net leverage ratio as of December 31, 2019

U.S. GAAP INFORMATION

INCOME STATEMENT (UNAUDITED)



	<u>Q4:18</u>	<u>Q1:19</u>	<u>Q2:19</u>	<u>Q3:19</u>	<u>Q4:19</u>	<u>TY:18</u>	<u>TY:19</u>
Revenues							
Investment management fees	\$111,664	\$105,918	\$114,591	\$120,023	\$120,945	\$437,021	\$461,477
Distribution and service fees	10,829	10,063	10,617	10,442	9,776	50,715	40,898
Administration and shareholder service fees	15,342	14,413	15,054	15,280	15,137	63,614	59,884
Other income and fees	230	324	227	210	226	885	987
Total revenues	\$138,065	\$130,718	\$140,489	\$145,955	\$146,084	\$552,235	\$563,246
Operating Expenses							
Employment expenses	\$59,668	\$60,851	\$58,123	\$61,282	\$60,265	\$238,501	\$240,521
Distribution and other asset-based expenses	21,043	19,764	21,322	20,927	20,086	92,441	82,099
Other operating expenses	18,513	18,723	19,174	18,228	18,238	74,853	74,363
Other operating expenses of CIP ¹	692	451	2,568	376	620	3,515	4,015
Restructuring and severance	87	1,176	320	523	283	87	2,302
Depreciation expense	1,293	1,213	1,271	1,245	1,263	4,597	4,992
Amortization expense	7,541	7,541	7,583	7,587	7,533	25,142	30,244
Total operating expenses	\$108,837	\$109,719	\$110,361	\$110,168	\$108,288	\$439,136	\$438,536
Operating Income (Loss)	\$29,228	\$20,999	\$30,128	\$35,787	\$37,796	\$113,099	\$124,710

\$ 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>Q4:18</u>	<u>Q1:19</u>	<u>Q2:19</u>	<u>Q3:19</u>	<u>Q4:19</u>	<u>TY:18</u>	<u>TY:19</u>
Other Income (Expense)							
Realized and unrealized gain (loss) on investments, net	(\$6,241)	\$3,433	\$2,039	\$2	\$1,570	(\$5,217)	\$7,044
Realized and unrealized gain (loss) of CIP ¹ , net	(16,997)	(1,921)	9,720	(5,344)	(3,657)	(21,252)	(1,202)
Other income (expense), net	966	450	696	746	519	3,289	2,411
Total other income (expense), net	(\$22,272)	\$1,962	\$12,455	(\$4,596)	(\$1,568)	(\$23,180)	\$8,253
Interest Income (Expense)							
Interest expense	(\$5,963)	(\$5,165)	(\$5,151)	(\$4,889)	(\$4,268)	(\$19,445)	(\$19,473)
Interest and dividend income	1,744	1,190	964	863	827	4,999	3,844
Interest and dividend income of CIP ¹	26,678	27,402	29,368	30,290	28,296	98,356	115,356
Interest expense of CIP ¹	(18,002)	(19,701)	(31,077)	(21,252)	(19,975)	(64,788)	(92,005)
Total interest income (expense), net	\$4,457	\$3,726	(\$5,896)	\$5,012	\$4,880	\$19,122	\$7,722
Income (Loss) Before Income Taxes	\$11,413	\$26,687	\$36,687	\$36,203	\$41,108	\$109,041	\$140,685
Income tax expense (benefit)	10,320	4,219	8,788	10,844	11,326	32,961	35,177
Net Income (Loss)	\$1,093	\$22,468	\$27,899	\$25,359	\$29,782	\$76,080	\$105,508
Noncontrolling interests	1,068	(722)	(973)	(1,274)	(6,890)	(551)	(9,859)
Net Income (Loss) Attributable to Stockholders	\$2,161	\$21,746	\$26,926	\$24,085	\$22,892	\$75,529	\$95,649
Preferred stockholder dividends	(2,084)	(2,084)	(2,084)	(2,085)	(2,084)	(8,337)	(8,337)
Net Income (Loss) Attributable to Common Stockholders	\$77	\$19,662	\$24,842	\$22,000	\$20,808	\$67,192	\$87,312
Weighted average shares outstanding - diluted	7,382	8,322	8,252	8,157	8,084	8,527	8,149
Earnings (Loss) Per Share - Diluted	\$0.01	\$2.61	\$3.26	\$2.95	\$2.83	\$8.86	\$11.74

\$ 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



	<u>12/31/2018</u>	<u>3/31/2019</u>	<u>6/30/2019</u>	<u>9/30/2019</u>	<u>12/31/2019</u>
Assets by Product					
U.S. Retail Funds	\$36,778	\$39,588	\$40,151	\$39,886	\$41,458
Offshore Funds ¹	108	126	140	401	463
Variable Insurance Funds	824	919	932	903	949
Total – Open-End Funds	\$37,710	\$40,633	\$41,223	\$41,190	\$42,870
Closed-End Funds	\$5,956	\$6,553	\$6,653	\$6,816	\$6,748
Exchange Traded Funds	\$668	\$1,102	\$1,078	\$1,054	\$1,156
Intermediary Sold Managed Accounts	\$11,275	\$12,975	\$13,909	\$14,390	\$15,592
Private Client	3,723	4,148	4,351	4,473	4,822
Total – Retail Separate Accounts	\$14,998	\$17,123	\$18,260	\$18,863	\$20,414
Institutional Accounts	\$27,445	\$30,514	\$32,056	\$30,951	\$32,635
Structured Products	\$3,640	\$3,998	\$3,984	\$3,972	\$3,903
Total – Long-Term	\$90,417	\$99,923	\$103,254	\$102,846	\$107,726
Liquidity ²	1,613	1,789	1,752	1,221	1,178
Total	\$92,030	\$101,712	\$105,006	\$104,067	\$108,904
Assets by Asset Class					
Equity	\$53,297	\$61,781	\$64,888	\$65,544	\$70,720
% of total	58.9%	61.8%	62.8%	63.8%	65.6%
Fixed Income	33,425	33,674	32,983	31,704	31,186
% of total	37.0%	33.7%	31.9%	30.8%	29.0%
Alternatives ³	3,695	4,468	5,383	5,598	5,820
% of total	4.1%	4.5%	5.3%	5.4%	5.4%
Total – Long-Term	\$90,417	\$99,923	\$103,254	\$102,846	\$107,726

\$ 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 ASSET CLASS



	<u>12/31/2018</u>	<u>3/31/2019</u>	<u>6/30/2019</u>	<u>9/30/2019</u>	<u>12/31/2019</u>
Domestic Equity:					
Large Cap	\$16,923	\$18,975	\$19,459	\$19,684	\$20,823
Mid Cap	6,707	8,067	9,129	9,798	11,139
Small Cap	16,224	19,000	19,938	19,964	21,071
Total Domestic Equity	\$39,854	\$46,042	\$48,526	\$49,446	\$53,033
International Equity:					
Developed Markets	\$7,116	\$8,764	\$9,287	\$9,010	\$10,234
Emerging Markets	6,327	6,975	7,075	7,088	7,453
Total International Equity	\$13,443	\$15,739	\$16,362	\$16,098	\$17,687
Total Equity	\$53,297	\$61,781	\$64,888	\$65,544	\$70,720
Fixed Income:					
Investment Grade	\$11,945	\$11,902	\$11,815	\$11,727	\$11,654
Leveraged Finance	14,475	14,526	13,952	12,731	12,289
Multi-Sector	7,005	7,246	7,216	7,246	7,243
Total Fixed Income	\$33,425	\$33,674	\$32,983	\$31,704	\$31,186
Alternative:					
Real Estate Securities	\$1,868	\$2,076	\$2,963	\$3,183	\$3,334
Mid-Stream Energy Securities	1,512	1,714	1,671	1,592	1,522
Other ¹	315	678	749	823	964
Total Alternative	\$3,695	\$4,468	\$5,383	\$5,598	\$5,820
Total Long-Term Assets	\$90,417	\$99,923	\$103,254	\$102,846	\$107,726
Liquidity ²	\$1,613	\$1,789	\$1,752	\$1,221	\$1,178
Total	\$92,030	\$101,712	\$105,006	\$104,067	\$108,904

\$ 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 PRODUCT AND ASSET CLASS



	<u>Open-end funds</u>	<u>Closed-end funds</u>	<u>Exchange traded funds</u>	<u>Retail separate accounts</u>	<u>Institutional</u>	<u>Structured products</u>	<u>Total as of 12/31/2019</u>
Domestic Equity:							
Large Cap	\$3,589	\$3,980	—	\$2,790	\$10,464	—	\$20,823
Mid Cap	5,026	—	—	4,890	1,223	—	11,139
Small Cap	8,530	—	70	8,716	3,755	—	21,071
Total Domestic Equity	\$17,145	\$3,980	\$70	\$16,396	\$15,442	—	\$53,033
International Equity:							
Developed Markets	\$4,106	—	\$5	\$297	\$5,826	—	\$10,234
Emerging Markets	7,447	—	6	—	—	—	7,453
Total International Equity	\$11,553	—	\$11	\$297	\$5,826	—	\$17,687
Total Equity	\$28,698	\$3,980	\$81	\$16,693	\$21,268	—	\$70,720
Fixed Income:							
Investment Grade	\$2,034	\$1,084	—	\$1,853	\$6,683	—	\$11,654
Leveraged Finance	4,356	—	17	1,675	2,338	3,903	12,289
Multi-Sector	6,676	475	22	—	70	—	7,243
Total Fixed Income	\$13,066	\$1,559	\$39	\$3,528	\$9,091	\$3,903	\$31,186
Alternative:							
Real Estate Securities	\$962	\$27	\$44	\$136	\$2,165	—	\$3,334
Mid-Stream Energy Securities	24	1,182	312	—	4	—	1,522
Other ¹	120	—	680	57	107	—	964
Total Alternative	\$1,106	\$1,209	\$1,036	\$193	\$2,276	—	\$5,820
Total Long-Term Assets	\$42,870	\$6,748	\$1,156	\$20,414	\$32,635	\$3,903	\$107,726
Liquidity ²	954	—	—	—	224	—	1,178
Total	\$43,824	\$6,748	\$1,156	\$20,414	\$32,859	\$3,903	\$108,904

\$ 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

ASSET FLOWS

TOTAL/LONG-TERM



	<u>12/31/2018</u>	<u>3/31/2019</u>	<u>6/30/2019</u>	<u>9/30/2019</u>	<u>12/31/2019</u>	<u>TY:18</u>	<u>TY:19</u>
<u>Long-term</u>							
Beginning balance	\$103,923	\$90,417	\$99,923	\$103,254	\$102,846	\$88,834	\$90,417
Inflows	4,438	5,501	5,119	4,760	4,764	22,774	20,144
Outflows	(9,211)	(5,555)	(5,058)	(5,885)	(4,418)	(26,494)	(20,916)
Net Flows	(\$4,773)	(\$54)	\$61	(\$1,125)	\$346	(\$3,720)	(\$772)
Market performance	(8,123)	9,687	3,716	1,019	4,915	(4,522)	19,337
Other ¹	(610)	(127)	(446)	(302)	(381)	9,825	(1,256)
Ending Balance - Long-Term	\$90,417	\$99,923	\$103,254	\$102,846	\$107,726	\$90,417	\$107,726
Ending Balance - Liquidity	\$1,613	\$1,789	\$1,752	\$1,221	\$1,178	\$1,613	\$1,178
Ending Balance - Total	\$92,030	\$101,712	\$105,006	\$104,067	\$108,904	\$92,030	\$108,904

\$ 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>12/31/2018</u>	<u>3/31/2019</u>	<u>6/30/2019</u>	<u>9/30/2019</u>	<u>12/31/2019</u>	<u>TY:18</u>	<u>TY:19</u>
U.S. Retail Funds							
Beginning balance	\$44,075	\$36,778	\$39,588	\$40,151	\$39,886	\$41,951	\$36,778
Inflows	2,874	2,970	2,484	2,946	2,278	14,754	10,678
Outflows	(6,710)	(3,821)	(3,175)	(3,117)	(2,734)	(16,900)	(12,847)
Net Flows	(3,836)	(851)	(691)	(171)	(456)	(2,146)	(2,169)
Market performance	(3,082)	3,710	1,425	(60)	2,205	(2,451)	7,280
Other ¹	(379)	(49)	(171)	(34)	(177)	(576)	(431)
Ending Balance	\$36,778	\$39,588	\$40,151	\$39,886	\$41,458	\$36,778	\$41,458
Offshore Funds²							
Beginning balance	\$112	\$108	\$126	\$140	\$401	\$122	\$108
Inflows	11	23	21	27	56	55	127
Outflows	(14)	(14)	(9)	(15)	(18)	(63)	(56)
Net Flows	(3)	9	12	12	38	(8)	71
Market performance	(6)	9	2	(3)	26	(2)	34
Other ¹	5	—	—	252	(2)	(4)	250
Ending Balance	\$108	\$126	\$140	\$401	\$463	\$108	\$463

\$ 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)



	<u>12/31/2018</u>	<u>3/31/2019</u>	<u>6/30/2019</u>	<u>9/30/2019</u>	<u>12/31/2019</u>	<u>TY:18</u>	<u>TY:19</u>
Variable Insurance Funds							
Beginning balance	\$985	\$824	\$919	\$932	\$903	\$1,005	\$824
Inflows	4	7	5	9	9	27	30
Outflows	(27)	(32)	(30)	(32)	(32)	(135)	(126)
Net Flows	(23)	(25)	(25)	(23)	(23)	(108)	(96)
Market performance	(138)	120	38	(6)	70	(69)	222
Other ¹	—	—	—	—	(1)	(4)	(1)
Ending Balance	\$824	\$919	\$932	\$903	\$949	\$824	\$949
Total Open End Funds							
Beginning balance	\$45,172	\$37,710	\$40,633	\$41,223	\$41,190	\$43,078	\$37,710
Inflows	2,889	3,000	2,510	2,982	2,343	14,836	10,835
Outflows	(6,751)	(3,867)	(3,214)	(3,164)	(2,784)	(17,098)	(13,029)
Net Flows	(3,862)	(867)	(704)	(182)	(441)	(2,262)	(2,194)
Market performance	(3,226)	3,839	1,465	(69)	2,301	(2,522)	7,536
Other ¹	(374)	(49)	(171)	218	(180)	(584)	(182)
Ending Balance	\$37,710	\$40,633	\$41,223	\$41,190	\$42,870	\$37,710	\$42,870

\$ 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)



	<u>12/31/2018</u>	<u>3/31/2019</u>	<u>6/30/2019</u>	<u>9/30/2019</u>	<u>12/31/2019</u>	<u>TY:18</u>	<u>TY:19</u>
Closed-End Funds							
Beginning balance	\$6,342	\$5,956	\$6,553	\$6,653	\$6,816	\$6,666	\$5,956
Inflows	8	11	9	14	10	22	44
Outflows	—	—	—	—	—	—	—
Net Flows	8	11	9	14	10	22	44
Market performance	(257)	662	182	246	26	(289)	1,116
Other ¹	(137)	(76)	(91)	(97)	(104)	(443)	(368)
Ending Balance	\$5,956	\$6,553	\$6,653	\$6,816	\$6,748	\$5,956	\$6,748
Exchange Traded Funds							
Beginning balance	\$983	\$668	\$1,102	\$1,078	\$1,054	\$1,039	\$668
Inflows	29	394	132	94	164	290	784
Outflows	(107)	(46)	(117)	(54)	(62)	(342)	(279)
Net Flows	(78)	348	15	40	102	(52)	505
Market performance	(201)	108	(5)	(36)	23	(163)	90
Other ¹	(36)	(22)	(34)	(28)	(23)	(156)	(107)
Ending Balance	\$668	\$1,102	\$1,078	\$1,054	\$1,156	\$668	\$1,156

\$ 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)



	<u>12/31/2018</u>	<u>3/31/2019</u>	<u>6/30/2019</u>	<u>9/30/2019</u>	<u>12/31/2019</u>	<u>TY:18</u>	<u>TY:19</u>
Intermediary Sold Managed Accounts							
Beginning balance	\$12,757	\$11,275	\$12,975	\$13,909	\$14,390	\$10,261	\$11,275
Inflows	580	588	608	635	763	2,560	2,594
Outflows	(390)	(377)	(385)	(348)	(352)	(1,908)	(1,462)
Net Flows	190	211	223	287	411	652	1,132
Market performance	(1,672)	1,525	735	268	794	(509)	3,322
Other ¹	—	(36)	(24)	(74)	(3)	871	(137)
Ending Balance	\$11,275	\$12,975	\$13,909	\$14,390	\$15,592	\$11,275	\$15,592
Private Client							
Beginning balance	\$4,060	\$3,723	\$4,148	\$4,351	\$4,473	\$3,676	\$3,723
Inflows	121	165	123	184	249	501	721
Outflows	(125)	(95)	(62)	(87)	(84)	(532)	(328)
Net Flows	(4)	70	61	97	165	(31)	393
Market performance	(333)	370	142	29	182	(227)	723
Other ¹	—	(15)	—	(4)	2	305	(17)
Ending Balance	\$3,723	\$4,148	\$4,351	\$4,473	\$4,822	\$3,723	\$4,822
Total Retail Separate Accounts							
Beginning balance	\$16,817	\$14,998	\$17,123	\$18,260	\$18,863	\$13,937	\$14,998
Inflows	701	753	731	819	1,012	3,061	3,315
Outflows	(515)	(472)	(447)	(435)	(436)	(2,440)	(1,790)
Net Flows	186	281	284	384	576	621	1,525
Market performance	(2,005)	1,895	877	297	976	(736)	4,045
Other ¹	—	(51)	(24)	(78)	(1)	1,176	(154)
Ending Balance	\$14,998	\$17,123	\$18,260	\$18,863	\$20,414	\$14,998	\$20,414

\$ 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)



	<u>12/31/2018</u>	<u>3/31/2019</u>	<u>6/30/2019</u>	<u>9/30/2019</u>	<u>12/31/2019</u>	<u>TY:18</u>	<u>TY:19</u>
Institutional Accounts							
Beginning balance	\$30,961	\$27,445	\$30,514	\$32,056	\$30,951	\$20,815	\$27,445
Inflows	811	954	1,737	851	1,235	4,144	4,777
Outflows	(1,822)	(1,154)	(1,259)	(2,216)	(1,091)	(6,543)	(5,720)
Net Flows	(1,011)	(200)	478	(1,365)	144	(2,399)	(943)
Market performance	(2,491)	3,156	1,141	527	1,553	(992)	6,377
Other ¹	(14)	113	(77)	(267)	(13)	10,021	(244)
Ending Balance	\$27,445	\$30,514	\$32,056	\$30,951	\$32,635	\$27,445	\$32,635
Structured Products							
Beginning balance	\$3,648	\$3,640	\$3,998	\$3,984	\$3,972	\$3,299	\$3,640
Inflows	—	389	—	—	—	421	389
Outflows	(16)	(16)	(21)	(16)	(45)	(71)	(98)
Net Flows	(16)	373	(21)	(16)	(45)	350	291
Market performance	57	27	56	54	36	180	173
Other ¹	(49)	(42)	(49)	(50)	(60)	(189)	(201)
Ending Balance	\$3,640	\$3,998	\$3,984	\$3,972	\$3,903	\$3,640	\$3,903
Liquidity							
Beginning balance	\$1,675	\$1,613	\$1,789	\$1,752	\$1,221	\$2,129	\$1,613
Other ¹	(62)	176	(37)	(531)	(43)	(516)	(435)
Ending Balance	\$1,613	\$1,789	\$1,752	\$1,221	\$1,178	\$1,613	\$1,178

\$ 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



	12/31/2018	3/31/2019	6/30/2019	9/30/2019	12/31/2019	TY:18	TY:19
Domestic Equity Funds							
Beginning balance	\$15,979	\$12,778	\$14,856	\$15,773	\$15,827	\$12,023	\$12,778
Inflows	922	1,071	1,011	1,123	934	6,663	4,139
Outflows	(1,838)	(1,184)	(934)	(1,107)	(875)	(4,929)	(4,100)
Net Flows	(916)	(113)	77	16	59	1,734	39
Market performance	(2,153)	2,170	844	7	1,290	(821)	4,311
Other ²	(132)	21	(4)	31	(31)	(158)	17
Ending Balance	\$12,778	\$14,856	\$15,773	\$15,827	\$17,145	\$12,778	\$17,145
International Equity Funds							
Beginning balance	\$10,206	\$8,727	\$9,925	\$10,316	\$10,610	\$11,296	\$8,727
Inflows	791	862	693	981	628	3,097	3,164
Outflows	(1,459)	(752)	(706)	(668)	(464)	(3,976)	(2,590)
Net Flows	(668)	110	(13)	313	164	(879)	574
Market performance	(641)	982	350	(259)	851	(1,533)	1,924
Other ²	(170)	106	54	240	(72)	(157)	328
Ending Balance	\$8,727	\$9,925	\$10,316	\$10,610	\$11,553	\$8,727	\$11,553
Total Equity Funds							
Beginning balance	\$26,185	\$21,505	\$24,781	\$26,089	\$26,437	\$23,319	\$21,505
Inflows	1,713	1,933	1,704	2,104	1,562	9,760	7,303
Outflows	(3,297)	(1,936)	(1,640)	(1,775)	(1,339)	(8,905)	(6,690)
Net Flows	(1,584)	(3)	64	329	223	855	613
Market performance	(2,794)	3,152	1,194	(252)	2,141	(2,354)	6,235
Other ²	(302)	127	50	271	(103)	(315)	345
Ending Balance	\$21,505	\$24,781	\$26,089	\$26,437	\$28,698	\$21,505	\$28,698

\$ 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)



	<u>12/31/2018</u>	<u>3/31/2019</u>	<u>6/30/2019</u>	<u>9/30/2019</u>	<u>12/31/2019</u>	<u>TY:18</u>	<u>TY:19</u>
Taxable Bond Funds²							
Beginning balance	\$16,914	\$14,507	\$14,142	\$13,541	\$13,117	\$17,363	\$14,507
Inflows	1,078	952	721	774	668	4,621	3,115
Outflows	(3,074)	(1,764)	(1,453)	(1,256)	(1,308)	(7,140)	(5,781)
Net Flows	(1,996)	(812)	(732)	(482)	(640)	(2,519)	(2,666)
Market performance	(358)	525	233	103	143	(94)	1,004
Other ³	(53)	(78)	(102)	(45)	(57)	(243)	(282)
Ending Balance	\$14,507	\$14,142	\$13,541	\$13,117	\$12,563	\$14,507	\$12,563
Non-Taxable Bond Funds							
Beginning balance	\$815	\$667	\$648	\$532	\$519	\$934	\$667
Inflows	49	39	23	24	24	198	110
Outflows	(204)	(55)	(35)	(44)	(33)	(454)	(167)
Net Flows	(155)	(16)	(12)	(20)	(9)	(256)	(57)
Market performance	10	15	11	8	3	2	37
Other ³	(3)	(18)	(115)	(1)	(10)	(13)	(144)
Ending Balance	\$667	\$648	\$532	\$519	\$503	\$667	\$503
Total Fixed Income Funds							
Beginning balance	\$17,729	\$15,174	\$14,790	\$14,073	\$13,636	\$18,297	\$15,174
Inflows	1,127	991	744	798	692	4,819	3,225
Outflows	(3,278)	(1,819)	(1,488)	(1,300)	(1,341)	(7,594)	(5,948)
Net Flows	(2,151)	(828)	(744)	(502)	(649)	(2,775)	(2,723)
Market performance	(348)	540	244	111	146	(92)	1,041
Other ³	(56)	(96)	(217)	(46)	(67)	(256)	(426)
Ending Balance	\$15,174	\$14,790	\$14,073	\$13,636	\$13,066	\$15,174	\$13,066

\$ 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>12/31/2018</u>	<u>3/31/2019</u>	<u>6/30/2019</u>	<u>9/30/2019</u>	<u>12/31/2019</u>	<u>TY:18</u>	<u>TY:19</u>
Alternative Funds²							
Beginning balance	\$1,258	\$1,031	\$1,062	\$1,061	\$1,117	\$1,462	\$1,031
Inflows	49	76	62	80	89	257	307
Outflows	(176)	(112)	(86)	(89)	(104)	(599)	(391)
Net Flows	(127)	(36)	(24)	(9)	(15)	(342)	(84)
Market performance	(84)	147	27	72	14	(76)	260
Other ³	(16)	(80)	(4)	(7)	(10)	(13)	(101)
Ending Balance	\$1,031	\$1,062	\$1,061	\$1,117	\$1,106	\$1,031	\$1,106

\$ 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 MANAGEMENT FEES EARNED¹ BY PRODUCT (IN BASIS POINTS)



	<u>Q4:18</u>	<u>Q1:19</u>	<u>Q2:19</u>	<u>Q3:19</u>	<u>Q4:19</u>	<u>TY:18</u>	<u>TY:19</u>
<i>(annualized)</i>							
U.S. Retail Funds	54.2	54.5	55.8	56.6	57.3	52.9	56.1
Offshore Funds ²	29.6	23.9	0.0	40.2	51.9	15.8	35.3
Variable Insurance Funds	62.8	63.4	64.1	62.7	62.9	64.3	63.3
Total Open-End Funds	54.4	54.6	55.7	56.6	57.4	53.0	56.1
Closed-End Funds	65.5	64.9	65.0	64.7	64.0	66.0	64.7
Exchange Traded Funds	15.2	16.7	23.4	25.3	22.0	17.9	22.1
Intermediary Sold Managed Accounts	37.9	37.7	37.6	37.6	36.0	35.5	37.2
Private Client	80.0	81.1	82.1	81.2	81.5	82.6	81.7
Total Retail Separate Accounts	48.1	48.7	48.4	48.0	46.8	47.1	47.9
Institutional Accounts ³	29.2	30.6	30.8	31.8	31.8	32.1	31.3
Structured Products ⁴	36.7	37.1	35.3	37.3	37.9	43.1	36.9
Total Long-Term Assets ⁵	45.6	45.9	46.3	46.9	47.0	46.7	46.6
Liquidity ⁶	9.9	9.9	10.6	10.7	8.9	10.4	10.1
Total	45.0	45.3	45.7	46.3	46.5	46.0	46.0

¹Represents investment management fees divided by average assets. Investment management fees exclude the impact of consolidated investment products

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 December 31, 2018, March 31, 2019, June 30, 2019, September 30, 2019 and December 31, 2019 that impacted the fee rate by 0.2 basis points, 0.5 basis points, 0.2 basis points, 1.5 basis points and 1.2 basis points, respectively

⁴Includes incentive fees earned during the three months ended December 31, 2018 and December 31, 2019 that impacted the fee rate by 0.9 basis points and 1.5 basis points, respectively

⁵Includes incentive fees earned during the three months ended December 31, 2018, March 31, 2019, June 30, 2019, September 30, 2019 and December 31, 2019 that impacted the fee rate by 0.1, 0.2, 0.1, 0.5 basis and 0.4 basis points, respectively

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

INVESTMENT MANAGEMENT FEES

AVERAGE NET MANAGEMENT FEES EARNED¹ BY PRODUCT (IN BASIS POINTS)



	Q4:18	Q1:19	Q2:19	Q3:19	Q4:19	TY:18	TY:19
(annualized)							
Total Open-End Funds	54.4	54.6	55.7	56.6	57.4	53.0	56.1
Revenue related adjustments	(9.0)	(9.0)	(9.3)	(9.0)	(8.5)	(8.7)	(8.9)
Total Open-End Funds, Net	45.4	45.6	46.4	47.6	48.9	44.3	47.2
Closed-End Funds, Net	65.5	64.9	65.0	64.7	64.0	66.0	64.7
Exchange Traded Funds	15.2	16.7	23.4	25.3	22.0	17.9	22.1
Revenue related adjustments	(2.2)	(5.8)	(10.6)	(10.8)	(10.9)	(3.4)	(9.7)
Exchange Traded Funds, Net	13.0	10.9	12.8	14.5	11.1	14.5	12.4
Total Retail Separate Accounts	48.1	48.7	48.4	48.0	46.8	47.1	47.9
Revenue related adjustments	(1.8)	(2.0)	(2.0)	(1.9)	(2.1)	(2.0)	(1.9)
Total Retail Separate Accounts, Net	46.3	46.7	46.4	46.1	44.7	45.1	46.0
Institutional Accounts², Net	29.2	30.6	30.8	31.8	31.8	32.1	31.3
Structured Products³, Net	36.7	37.1	35.3	37.3	37.9	43.1	36.9
Total Long-Term Assets	45.6	45.9	46.3	46.9	47.0	46.7	46.6
Revenue related adjustments	(4.2)	(4.2)	(4.3)	(4.0)	(4.0)	(4.4)	(4.1)
Total Long-Term⁴ Assets, Net	41.4	41.7	42.0	42.9	43.0	42.3	42.5
Liquidity ⁵	9.9	9.9	10.6	10.7	8.9	10.4	10.1
Total Assets	45.0	45.3	45.7	46.3	46.5	46.0	46.0
Revenue related adjustments	(4.1)	(4.1)	(4.2)	(3.9)	(3.9)	(4.3)	(4.1)
Total Assets, Net	40.9	41.2	41.5	42.4	42.6	41.7	41.9

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

²Includes incentive fees earned during the three months ended December 31, 2018, March 31, 2019, June 30, 2019, September 30, 2019 and December 31, 2019 that impacted the fee rate by 0.2 basis points, 0.5 basis points, 0.2 basis points, 1.5 basis points and 1.2 basis points, respectively

³Includes incentive fees earned during the three months ended December 31, 2018 and December 31, 2019 that impacted the fee rate by 0.9 basis points and 1.5 basis points, respectively

⁴Includes incentive fees earned during the three months ended December 31, 2018, March 31, 2019, June 30, 2019, September 30, 2019 and December 31, 2019 that impacted the fee rate by 0.1, 0.2, 0.1, 0.5 and 0.4 basis points, respectively

⁵Includes assets under management in liquidity strategies, including both open-end funds and institutional accounts

INVESTMENT MANAGEMENT FEES

AVERAGE ASSETS¹ BY PRODUCT



	<u>Q4:18</u>	<u>Q1:19</u>	<u>Q2:19</u>	<u>Q3:19</u>	<u>Q4:19</u>	<u>TY:18</u>	<u>TY:19</u>
U.S. Retail Funds	\$40,597	\$38,521	\$39,899	\$40,224	\$40,376	\$42,531	\$39,755
Offshore Funds ²	114	119	133	312	424	118	247
Variable Insurance Funds	891	892	929	921	918	974	915
<i>Total – Open-End Funds</i>	<i>\$41,602</i>	<i>\$39,532</i>	<i>\$40,961</i>	<i>\$41,457</i>	<i>\$41,718</i>	<i>\$43,623</i>	<i>\$40,917</i>
Closed-End Funds	\$6,235	\$6,258	\$6,551	\$6,649	\$6,639	\$6,283	\$6,524
Exchange Traded Funds	\$831	\$871	\$1,082	\$1,048	\$1,049	\$985	\$1,012
Intermediary Sold Managed Accounts	\$12,757	\$11,275	\$12,975	\$13,909	\$14,390	\$11,352	\$13,137
Private Client	4,060	3,723	4,148	4,351	4,473	3,717	4,174
<i>Total – Retail Separate Accounts</i>	<i>\$16,817</i>	<i>\$14,998</i>	<i>\$17,123</i>	<i>\$18,260</i>	<i>\$18,863</i>	<i>\$15,069</i>	<i>\$17,311</i>
Institutional Accounts	\$29,172	\$29,354	\$30,771	\$31,462	\$31,748	\$24,966	\$30,834
Structured Products	3,627	3,669	3,968	3,957	3,903	3,641	3,874
<i>Total – Long-Term Assets</i>	<i>\$98,284</i>	<i>\$94,682</i>	<i>\$100,456</i>	<i>\$102,833</i>	<i>\$103,920</i>	<i>\$94,567</i>	<i>\$100,472</i>
Liquidity ³	1,607	1,725	1,769	1,710	1,195	1,711	1,600
Total	\$99,891	\$96,407	\$102,225	\$104,543	\$105,115	\$96,278	\$102,072

\$ 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

Q4 2019 (UNAUDITED)



	Reclassifications			Other adjustments					Non-GAAP Basis
	U.S. GAAP Basis	Consolidated investment products	Revenue related	Restructuring and Severance	Amortization of intangible assets	Seed capital and CLO investments	Acquisition and integration	Other	
Revenues									
Investment management fees	120,945	2,319	(10,304)	—	—	—	—	—	112,960
Distribution and service fees	9,776	6	(9,782)	—	—	—	—	—	—
Administration and shareholder service fees	15,137	52	—	—	—	—	—	—	15,189
Other income and fees	226	—	—	—	—	—	—	—	226
Total revenues	146,084	2,377	(20,086)	—	—	—	—	—	128,375
Operating Expenses									
Employment expenses	60,265	—	—	—	—	—	(1,193)	(308)	58,764
Distribution and other asset-based expenses	20,086	—	(20,086)	—	—	—	—	—	—
Other operating expenses	18,238	—	—	—	—	—	—	—	18,238
Operating expenses of CIP	620	(620)	—	—	—	—	—	—	—
Restructuring and severance	283	—	—	(283)	—	—	—	—	—
Depreciation expense	1,263	—	—	—	—	—	—	—	1,263
Amortization expense	7,533	—	—	—	(7,533)	—	—	—	—
Total operating expenses	108,288	(620)	(20,086)	(283)	(7,533)	—	(1,193)	(308)	78,265
Operating Income (Loss)	37,796	2,997	—	283	7,533	—	1,193	308	50,110
Other Income (Expense)									
Realized and unrealized gain (loss) on investments, net	1,570	(1,910)	—	—	—	311	—	—	(29)
Realized and unrealized gain (loss) of CIP, net	(3,657)	3,657	—	—	—	—	—	—	—
Other income (expense), net	519	—	—	—	—	—	—	—	519
Total other income (expense), net	(1,568)	1,747	—	—	—	311	—	—	490
Interest Income (Expense)									
Interest expense	(4,268)	—	—	—	—	—	—	—	(4,268)
Interest and dividend income	827	3,273	—	—	—	—	—	—	4,100
Interest and dividend income of CIP	28,296	(28,296)	—	—	—	—	—	—	—
Interest expense of CIP	(19,975)	19,975	—	—	—	—	—	—	—
Total interest income (expense), net	4,880	(5,048)	—	—	—	—	—	—	(168)
Income (Loss) Before Income Taxes	41,108	(304)	—	283	7,533	311	1,193	308	50,432
Income tax expense (benefit)	11,326	—	—	77	2,054	218	325	(247)	13,753
Net Income (Loss)	29,782	(304)	—	206	5,479	93	868	555	36,679
Noncontrolling interests	(6,890)	304	—	—	(742)	—	—	5,554	(1,774)
Net Income (Loss) Attributable to Stockholders	22,892	—	—	206	4,737	93	868	6,109	34,905
Preferred stockholder dividends	(2,084)	—	—	—	—	—	—	2,084	—
Net Income (Loss) Attributable to Common Stockholders	20,808	—	—	206	4,737	93	868	8,193	34,905
Earnings (Loss) Per Share - Diluted	2.83	—	—	—	—	—	—	—	4.32
Weighted Average Shares Outstanding - Diluted	8,084	—	—	—	—	—	—	—	8,084

\$ and share counts in thousands, except per share data; See notes to reconciliation starting on page 44

RECONCILIATION: U.S. GAAP TO NON-GAAP

Q3 2019 (UNAUDITED)



	Reclassification		Other adjustments						Non-GAAP Basis
	U.S. GAAP Basis	Consolidated investment products	Revenue related	Restructuring and Severance	Amortization of intangible assets	Seed capital and CLO investments	Acquisition and integration	Other	
Revenues									
Investment management fees	120,023	2,052	(10,476)	—	—	—	—	—	111,599
Distribution and service fees	10,442	9	(10,451)	—	—	—	—	—	—
Administration and shareholder service fees	15,280	49	—	—	—	—	—	—	15,329
Other income and fees	210	—	—	—	—	—	—	—	210
Total revenues	145,955	2,110	(20,927)	—	—	—	—	—	127,138
Operating Expenses									
Employment expenses	61,282	—	—	—	—	—	(1,223)	—	60,059
Distribution and other asset-based expenses	20,927	—	(20,927)	—	—	—	—	—	—
Other operating expenses	18,228	—	—	—	—	—	(81)	—	18,147
Operating expenses of CIP	376	(376)	—	—	—	—	—	—	—
Restructuring and severance	523	—	—	(523)	—	—	—	—	—
Depreciation expense	1,245	—	—	—	—	—	—	—	1,245
Amortization expense	7,587	—	—	—	(7,587)	—	—	—	—
Total operating expenses	110,168	(376)	(20,927)	(523)	(7,587)	—	(1,304)	—	79,451
Operating Income (Loss)	35,787	2,486	—	523	7,587	—	1,304	—	47,687
Other Income (Expense)									
Realized and unrealized gain (loss) on investments, net	2	(1,484)	—	—	—	1,771	—	—	289
Realized and unrealized gain (loss) of CIP, net	(5,344)	5,344	—	—	—	—	—	—	—
Other income (expense), net	746	(267)	—	—	—	267	—	—	746
Total other income (expense), net	(4,596)	3,593	—	—	—	2,038	—	—	1,035
Interest Income (Expense)									
Interest expense	(4,889)	—	—	—	—	—	—	—	(4,889)
Interest and dividend income	863	2,592	—	—	—	—	—	—	3,455
Interest and dividend income of CIP	30,290	(30,290)	—	—	—	—	—	—	—
Interest expense of CIP	(21,252)	21,252	—	—	—	—	—	—	—
Total interest income (expense), net	5,012	(6,446)	—	—	—	—	—	—	(1,434)
Income (Loss) Before Income Taxes	36,203	(367)	—	523	7,587	2,038	1,304	—	47,288
Income tax expense (benefit)	10,844	—	—	141	2,042	(507)	351	(146)	12,725
Net Income (Loss)	25,359	(367)	—	382	5,545	2,545	953	146	34,563
Noncontrolling interests	(1,274)	367	—	—	(742)	—	—	—	(1,649)
Net Income (Loss) Attributable to Stockholders	24,085	—	—	382	4,803	2,545	953	146	32,914
Preferred stockholder dividends	(2,085)	—	—	—	—	—	—	2,085	—
Net Income (Loss) Attributable to Common Stockholders	22,000	—	—	382	4,803	2,545	953	2,231	32,914
Earnings (Loss) Per Share - Diluted	2.95	—	—	—	—	—	—	—	4.03
Weighted Average Shares Outstanding - Diluted	8,157	—	—	—	—	—	—	—	8,157

\$ and share counts in thousands, except per share data; See notes to reconciliation starting on page 44

RECONCILIATION: U.S. GAAP TO NON-GAAP

Q2 2019 (UNAUDITED)



	Reclassification		Other adjustments					Non-GAAP Basis	
	U.S. GAAP Basis	Consolidated investment products	Revenue related	Restructuring and Severance	Amortization of intangible assets	Seed capital and CLO investments	Acquisition and integration		Other
Revenues									
Investment management fees	114,591	1,837	(10,702)	—	—	—	—	—	105,726
Distribution and service fees	10,617	3	(10,620)	—	—	—	—	—	—
Administration and shareholder service fees	15,054	27	—	—	—	—	—	—	15,081
Other income and fees	227	—	—	—	—	—	—	—	227
Total revenues	140,489	1,867	(21,322)	—	—	—	—	—	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	(2,568)	(21,322)	(320)	(7,583)	—	(1,234)	—	77,334
Operating Income (Loss)	30,128	4,435	—	320	7,583	—	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 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)	—	320	7,583	(2,446)	1,234	—	43,155
Income tax expense (benefit)	8,788	—	—	87	2,050	58	334	351	11,668
Net Income (Loss)	27,899	(223)	—	233	5,533	(2,504)	900	(351)	31,487
Noncontrolling interests	(973)	223	—	—	(747)	—	—	—	(1,497)
Net Income (Loss) Attributable to Stockholders	26,926	—	—	233	4,786	(2,504)	900	(351)	29,990
Preferred stockholder dividends	(2,084)	—	—	—	—	—	—	2,084	—
Net Income (Loss) Attributable to Common Stockholders	24,842	—	—	233	4,786	(2,504)	900	1,733	29,990
Earnings (Loss) Per Share - Diluted	3.26	—	—	—	—	—	—	—	3.63
Weighted Average Shares Outstanding - Diluted	8,252	—	—	—	—	—	—	—	8,252

\$ and share counts in thousands, except per share data; See notes to reconciliation starting on page 44

RECONCILIATION: U.S. GAAP TO NON-GAAP

Q1 2019 (UNAUDITED)



	Reclassification		Other adjustments					Non-GAAP Basis	
	U.S. GAAP Basis	Consolidated investment products	Revenue related	Restructuring and Severance	Amortization of intangible assets	Seed capital and CLO investments	Acquisition and integration		Other
Revenues									
Investment management fees	105,918	1,654	(9,698)	—	—	—	—	—	97,874
Distribution and service fees	10,063	3	(10,066)	—	—	—	—	—	—
Administration and shareholder service fees	14,413	27	—	—	—	—	—	—	14,440
Other income and fees	324	—	—	—	—	—	—	—	324
Total revenues	130,718	1,684	(19,764)	—	—	—	—	—	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	(451)	(19,764)	(1,176)	(7,541)	—	(1,480)	(180)	79,127
Operating Income (Loss)	20,999	2,135	—	1,176	7,541	—	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 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	—	1,176	7,541	(3,795)	1,480	180	33,383
Income tax expense (benefit)	4,219	—	—	319	2,047	769	402	1,306	9,062
Net Income (Loss)	22,468	114	—	857	5,494	(4,564)	1,078	(1,126)	24,321
Noncontrolling interests	(722)	(114)	—	—	(755)	—	—	—	(1,591)
Net Income (Loss) Attributable to Stockholders	21,746	—	—	857	4,739	(4,564)	1,078	(1,126)	22,730
Preferred stockholder dividends	(2,084)	—	—	—	—	—	—	2,084	—
Net Income (Loss) Attributable to Common Stockholders	19,662	—	—	857	4,739	(4,564)	1,078	958	22,730
Earnings (Loss) Per Share - Diluted	2.61	—	—	—	—	—	—	—	2.73
Weighted Average Shares Outstanding - Diluted	8,322	—	—	—	—	—	—	—	8,322

\$ and share counts in thousands, except per share data; See notes to reconciliation starting on page 44

RECONCILIATION: U.S. GAAP TO NON-GAAP

Q4 2018 (UNAUDITED)



	Reclassification		Other adjustments						Non-GAAP Basis
	U.S. GAAP Basis	Consolidated investment products	Revenue related	Restructuring and Severance	Amortization of intangible assets	Seed capital and CLO investments	Acquisition and integration	Other	
Revenues									
Investment management fees	111,664	1,589	(10,212)	—	—	—	—	—	103,041
Distribution and service fees	10,829	2	(10,831)	—	—	—	—	—	—
Administration and shareholder service fees	15,342	24	—	—	—	—	—	—	15,366
Other income and fees	230	—	—	—	—	—	—	—	230
Total revenues	138,065	1,615	(21,043)	—	—	—	—	—	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	(692)	(21,043)	(366)	(7,541)	—	(1,679)	(338)	77,178
Operating Income (Loss)	29,228	2,307	—	366	7,541	—	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 CIP	26,678	(26,678)	—	—	—	—	—	—	—
Interest expense of CIP	(18,002)	18,002	—	—	—	—	—	—	—
Total interest income (expense), net	4,457	(5,594)	—	—	—	—	—	—	(1,137)
Income (Loss) Before Income Taxes	11,413	1,268	—	366	7,541	18,745	1,679	338	41,350
Income tax expense (benefit)	10,320	—	—	102	2,102	(900)	468	(566)	11,526
Net Income (Loss)	1,093	1,268	—	264	5,439	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	—	—	264	4,684	19,635	1,174	904	28,822
Preferred stockholder dividends	(2,084)	—	—	—	—	—	—	2,084	—
Net Income (Loss) Attributable to Common Stockholders	77	—	—	264	4,684	19,635	1,174	2,988	28,822
Earnings (Loss) Per Share - Diluted	0.01	—	—	—	—	—	—	—	3.42
Weighted Average Shares Outstanding - Diluted	7,382	—	—	—	—	—	—	—	8,429

\$ and share counts in thousands, except per share data; See notes to reconciliation starting on page 44

RECONCILIATION: U.S. GAAP TO NON-GAAP

2019 (UNAUDITED)



	Reclassification		Other adjustments					Non-GAAP Basis	
	U.S. GAAP Basis	Consolidated investment products	Revenue related	Restructuring and Severance	Amortization of intangible assets	Seed capital and CLO investments	Acquisition and integration		Other
Revenues									
Investment management fees	461,477	7,862	(41,181)	—	—	—	—	—	428,158
Distribution and service fees	40,898	20	(40,918)	—	—	—	—	—	—
Administration and shareholder service fees	59,884	155	—	—	—	—	—	—	60,039
Other income and fees	987	—	—	—	—	—	—	—	987
Total revenues	563,246	8,037	(82,099)	—	—	—	—	—	489,184
Operating Expenses									
Employment expenses	240,521	—	—	—	—	—	(4,964)	(308)	235,249
Distribution and other asset-based expenses	82,099	—	(82,099)	—	—	—	—	—	—
Other operating expenses	74,363	—	—	—	—	—	(246)	(180)	73,937
Operating expenses of CIP	4,015	(4,015)	—	—	—	—	—	—	—
Restructuring and severance	2,302	—	—	(2,302)	—	—	—	—	—
Depreciation expense	4,992	—	—	—	—	—	—	—	4,992
Amortization expense	30,244	—	—	—	(30,244)	—	—	—	—
Total operating expenses	438,536	(4,015)	(82,099)	(2,302)	(30,244)	—	(5,210)	(488)	314,178
Operating Income (Loss)	124,710	12,052	—	2,302	30,244	—	5,210	488	175,006
Other Income (Expense)									
Realized and unrealized gain (loss) on investments, net	7,044	(1,837)	—	—	—	(4,488)	—	—	719
Realized and unrealized gain (loss) of CIP, net	(1,202)	1,202	—	—	—	—	—	—	—
Other income (expense), net	2,411	(596)	—	—	—	596	—	—	2,411
Total other income (expense), net	8,253	(1,231)	—	—	—	(3,892)	—	—	3,130
Interest Income (Expense)									
Interest expense	(19,473)	—	—	—	—	—	—	—	(19,473)
Interest and dividend income	3,844	11,748	—	—	—	—	—	—	15,592
Interest and dividend income of CIP	115,356	(115,356)	—	—	—	—	—	—	—
Interest expense of CIP	(92,005)	92,005	—	—	—	—	—	—	—
Total interest income (expense), net	7,722	(11,603)	—	—	—	—	—	—	(3,881)
Income (Loss) Before Income Taxes	140,685	(782)	—	2,302	30,244	(3,892)	5,210	488	174,255
Income tax expense (benefit)	35,177	—	—	624	8,193	538	1,412	1,264	47,208
Net Income (Loss)	105,508	(782)	—	1,678	22,051	(4,430)	3,798	(776)	127,047
Noncontrolling interests	(9,859)	782	—	—	(2,985)	—	—	5,554	(6,508)
Net Income (Loss) Attributable to Stockholders	95,649	—	—	1,678	19,066	(4,430)	3,798	4,778	120,539
Preferred stockholder dividends	(8,337)	—	—	—	—	—	—	8,337	—
Net Income (Loss) Attributable to Common Stockholders	87,312	—	—	1,678	19,066	(4,430)	3,798	13,115	120,539
Earnings (Loss) Per Share - Diluted	11.74	—	—	—	—	—	—	—	14.79
Weighted Average Shares Outstanding - Diluted	8,149	—	—	—	—	—	—	—	8,149

\$ and share counts in thousands, except per share data; See notes to reconciliation starting on page 44

RECONCILIATION: U.S. GAAP TO NON-GAAP

2018 (UNAUDITED)



	Reclassification			Other adjustments					Non-GAAP Basis
	U.S. GAAP Basis	Consolidated investment products	Revenue related	Restructuring and Severance	Amortization of intangible assets	Seed capital and CLO investments	Acquisition and integration	Other	
Revenues									
Investment management fees	437,021	6,217	(41,712)	—	—	—	—	—	401,526
Distribution and service fees	50,715	14	(50,729)	—	—	—	—	—	—
Administration and shareholder service fees	63,614	65	—	—	—	—	—	—	63,679
Other income and fees	885	—	—	—	—	—	—	—	885
Total revenues	552,235	6,296	(92,441)	—	—	—	—	—	466,090
Operating Expenses									
Employment expenses	238,501	—	—	—	—	—	(6,267)	—	232,234
Distribution and other asset-based expenses	92,441	—	(92,441)	—	—	—	—	—	—
Other operating expenses	74,853	—	—	—	—	—	(5,049)	(679)	69,125
Operating expenses of CIP	3,515	(3,515)	—	—	—	—	—	—	—
Restructuring and severance	87	—	—	(366)	—	—	279	—	—
Depreciation expense	4,597	—	—	—	—	—	—	—	4,597
Amortization expense	25,142	—	—	—	(25,142)	—	—	—	—
Total operating expenses	439,136	(3,515)	(92,441)	(366)	(25,142)	—	(11,037)	(679)	305,956
Operating Income (Loss)	113,099	9,811	—	366	25,142	—	11,037	679	160,134
Other Income (Expense)									
Realized and unrealized gain (loss) on investments, net	(5,217)	(8,876)	—	—	—	13,797	—	—	(296)
Realized and unrealized gain (loss) of CIP, net	(21,252)	21,252	—	—	—	—	—	—	—
Other income (expense), net	3,289	(383)	—	—	—	689	—	—	3,595
Total other income (expense), net	(23,180)	11,993	—	—	—	14,486	—	—	3,299
Interest Income (Expense)									
Interest expense	(19,445)	—	—	—	—	—	660	—	(18,785)
Interest and dividend income	4,999	12,199	—	—	—	—	—	—	17,198
Interest and dividend income of CIP	98,356	(98,356)	—	—	—	—	—	—	—
Interest expense of CIP	(64,788)	64,788	—	—	—	—	—	—	—
Total interest income (expense), net	19,122	(21,369)	—	—	—	—	660	—	(1,587)
Income (Loss) Before Income Taxes	109,041	435	—	366	25,142	14,486	11,697	679	161,846
Income tax expense (benefit)	32,961	—	—	102	6,933	1,232	3,217	268	44,713
Net Income (Loss)	76,080	435	—	264	18,209	13,254	8,480	411	117,133
Noncontrolling interests	(551)	(435)	—	—	(1,511)	(10)	(37)	—	(2,544)
Net Income (Loss) Attributable to Stockholders	75,529	—	—	264	16,698	13,244	8,443	411	114,589
Preferred stockholder dividends	(8,337)	—	—	—	—	—	—	8,337	—
Net Income (Loss) Attributable to Common Stockholders	67,192	—	—	264	16,698	13,244	8,443	8,748	114,589
Earnings (Loss) Per Share - Diluted	8.86	—	—	—	—	—	—	—	13.44
Weighted Average Shares Outstanding - Diluted	8,527	—	—	—	—	—	—	—	8,527

\$ and share counts in thousands, except per share data; See notes to reconciliation starting on page 44

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



	<u>Q4:18</u>	<u>Q1:19</u>	<u>Q2:19</u>	<u>Q3:19</u>	<u>Q4:19</u>	<u>TY:18</u>	<u>TY:19</u>
Weighted average shares outstanding - diluted							
Weighted average shares outstanding - diluted, GAAP	7,382	8,322	8,252	8,157	8,084	8,527	8,149
Preferred stock ¹	1,047	—	—	—	—	—	—
Weighted average shares outstanding - diluted, as adjusted	8,429	8,322	8,252	8,157	8,084	8,527	8,149

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 \$109.34 to \$131.21 per share, resulting in a conversion ratio range of 0.9146 to 0.7622 as of 12/31/2019

FOOTNOTES



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

Reclassifications:

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

Revenue related adjustments:

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

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

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

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

Other adjustments:

1. Distribution and other asset-based expenses - Primarily payments to third-party client intermediaries for providing services to investors in sponsored investment products. Management believes that making this adjustment aids in comparing the company's operating results with other asset management firms that do not utilize third-party client intermediaries.
2. 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.
3. 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.
4. Acquisition and integration expenses - Expenses that are directly related to acquisition and integration activities. Acquisition expenses include transaction closing costs, certain professional fees, and financing fees. Integration expenses include costs incurred that are directly attributable to combining businesses, including compensation, restructuring and severance charges, professional fees, consulting fees, and other expenses. Management believes that making these adjustments aids in comparing the company's operating results with other asset management firms that have not engaged in acquisitions.
7. Other - Certain expenses that are not reflective of the ongoing earnings generation of the business. Employment expenses and noncontrolling interests are adjusted for fair value measurements of affiliate minority interests. Income tax expense (benefit) items are adjusted, for uncertain tax positions, changes in tax law, valuation allowances, and other unusual or infrequent items not related to current operating results to reflect a normalized effective rate. Preferred dividends are adjusted as the shares are mandatorily convertible into common shares at the end of three years and the non-GAAP weighted average shares are adjusted to reflect the conversion. Management believes that making these adjustments aids in comparing the company's operating results with prior periods.
8. Seed capital and CLO investments (gains) losses - Gains and losses (realized and unrealized) of seed capital and CLO investments. Gains and losses (realized and unrealized) generated by investments in seed capital and CLO investments can vary significantly from period to period and do not reflect the Company's operating results from providing investment management and related services. Management believes that making this adjustment aids in comparing the Company's operating results with prior periods and with other asset management firms that do not have meaningful seed capital and CLO investments

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

	<u>Q4:18</u>	<u>Q1:19</u>	<u>Q2:19</u>	<u>Q3:19</u>	<u>Q4:19</u>	<u>TY:18</u>	<u>TY:19</u>
Acquisition and Integration Expenses							
Employment expenses	\$1,595	\$1,433	\$1,115	\$1,223	\$1,193	\$6,267	\$4,964
Restructuring and severance	(279)	—	—	—	—	(279)	—
Other operating expenses	363	47	119	81	—	5,049	246
Total Acquisition and Integration Operating Expenses	\$1,679	\$1,480	\$1,234	\$1,304	\$1,193	\$11,037	\$5,210
Interest expense	—	—	—	—	—	660	—
Total Acquisition and Integration Expenses	\$1,679	\$1,480	\$1,234	\$1,304	\$1,193	\$11,697	\$5,210
	<u>Q4:18</u>	<u>Q1:19</u>	<u>Q2:19</u>	<u>Q3:19</u>	<u>Q4:19</u>	<u>TY:18</u>	<u>TY:19</u>
Other							
Occupancy related expenses	\$338	\$180	\$—	\$—	\$—	\$677	\$180
Tax impact of occupancy related expenses	(94)	(49)	—	—	—	(186)	(49)
System transition expenses	—	—	—	—	—	2	—
Tax impact of system transition expenses	—	—	—	—	—	—	—
Employment expense fair value adjustments	—	—	—	—	308	—	308
Tax impact of affiliate equity expense	—	—	—	—	(84)	—	(84)
Affiliate minority interest fair value adjustments	—	—	—	—	5,554	—	5,554
Other discrete tax adjustments	660	(1,257)	(351)	146	331	(82)	(1,131)
Preferred stockholder dividends	2,084	2,084	2,084	2,085	2,084	8,337	8,337
Total Other	\$2,988	\$958	\$1,733	\$2,231	\$8,193	\$8,748	\$13,115

\$ in thousands

