



Asset & Wealth Management Trends Breakfast Series

2010 Midyear Recruitment, Retention and Compensation Trends

June 9, 2010

Overview

- Pace of business has picked up in 2010; YTD through May is up vs. the same period in 2009 *
 - Overall firm activity is up over 30%
 - Americas Financial Services is up over 80% in new assignments
 - “Buy Side” business (Asset & Wealth Management) is up 73% in new assignments
 - “Sell Side” practice (Global Banking & Markets) is up over 100%

*number of new retained searches started
- Our candidates are seeing it
 - With top decile or quintile performers, much of the excess capacity or talent liquidity in the marketplace has been absorbed.

2010 Trends

- Current hiring appears to be a reflection of pent up demand from cancelled or delayed plans from the Fall of 2007 through 2009
- Pick up in “sell side” recruiting started in August 2009;pick up in “buy side” recruiting started in December 2009 in London, and January 2010 in the US
- “Buy side” recruiting trends over the last **18** months
 - Demand for CIOs and multi asset class talent
 - High end wealth management searches
 - Increase in technology & operations searches
- “Buy side” recruiting trends over the last **four** months
 - Distribution in every function; institutional sales, client portfolio managers, client service, strategic marketing, product management, new media, etc.
 - Fixed income including high yield and leveraged loan skills
 - Team hiring by strong traditional competitors diversifying investment product lines
 - Top performing alternatives firms are hiring across many functions and in some cases diversifying product lines

2010 Trends

- Clients interested in leadership grounded in the investment function have a short list of qualified candidates to look at when seeking strong leaders from across asset classes; it is easier to recruit leaders with specific sector experience
- On the “buy side”, larger firms with broader distribution and multiple revenue streams have been more active vs. the boutiques, who are being more tentative in hiring, perhaps wary of the 2007-2008 period

Other Emerging Issues

- All firms are still approaching recruiting cautiously; confidence and growth discussed in 2010 Trends is growing from a VERY low base in 2009
 - Most firms are looking at staffing growth plans of less than 10% for 2010
- Hiring managers are resisting second year guarantees and compensation increases of more than 20%, and are successfully completing hiring goals
 - Many of our clients are seriously looking at creative ways to keep their best talent with long term deferred awards
- “Sell side” recruiting is impacting “buy side” demand balances in areas where skills are transferable between the sectors, such as technology, operations, finance, human resources, and risk management; need to begin to think more defensively about these roles
- At the point in time when the 2010 bonus accruals exceed last year’s, attitudes will begin to change more quickly, and we expect that will have a significant positive impact on recruiting demand; timing is uncertain



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6/9/2010

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I. Introduction



Where we've been, what's happening now.

- Fundamentals – AUM, flows, market, revenue and margins
- Historical trading – P/E, relative P/E and EV/EBITDA
- Estimates – generally need to move lower primarily due to market move
- Valuation – more reasonable as markets have rebounded, sentiment improving?

Where we're going?

- Competitive products – ETFs, retirement and alternative products
- M&A activity – is it all about scale?
- IPOs – takes time to extract value
- Uncertainty in model – legislation/regulation, TARP ownership



II. Fundamental Trends

Asset Manager Breakout by Asset Class and Distribution Channel

Assets

AB	Institutional	Retail	Total
Equity	198.6	62.0	260.6
Fixed Income	147.0	45.3	192.3
Money Market	27.9	20.5	48.4
Total	373.5	127.8	501.3

AMG	Institutional	Retail	Total
Equity	146.8	51.8	198.6
Fixed Income	24.3	8.6	32.8
Money market	0.5	0.2	0.7
Total	171.6	60.5	232.1

LM	Institutional	Retail	Total
Equity	101.8	72.0	173.8
Fixed Income	213.4	150.9	364.3
Money Market	85.8	60.6	146.4
Total	401.0	283.5	684.5

BEN	Institutional	Retail	Total
Equity	104.0	191.6	295.6
Fixed Income	52.1	96.0	148.1
Money Market	2.6	4.9	7.5
Total	158.8	292.4	451.2

TROW	Institutional	Retail	Total
Equity	125.8	185.9	311.7
FI	28.3	49.4	77.7
MMKT	8.2	14.3	22.5
Total	162.3	249.6	411.9

Percentage of assets

AB	Institutional	Retail	Total
Equity	39.6%	12.4%	52.0%
Fixed Income	29.3%	9.0%	38.4%
Money Market	5.6%	4.1%	9.7%
Total	74.5%	25.5%	100.0%

AMG	Institutional	Retail	Total
Equity	63.3%	22.3%	85.6%
Fixed Income	10.5%	3.7%	14.1%
Money market	0.2%	0.1%	0.3%
Total	73.9%	26.1%	100.0%

LM	Institutional	Retail	Total
Equity	14.9%	10.5%	25.4%
Fixed Income	31.2%	22.0%	53.2%
Money Market	12.5%	8.9%	21.4%
Total	58.6%	41.4%	100.0%

BEN	Institutional	Retail	Total
Equity	23.1%	42.5%	65.5%
Fixed Income	11.6%	21.3%	32.8%
Money Market	0.6%	1.1%	1.7%
Total	35.2%	64.8%	100.0%

TROW	Institutional	Retail	Total
Equity	30.5%	45.1%	75.7%
FI	6.9%	12.0%	18.9%
MMKT	2.0%	3.5%	5.5%
Total	39.4%	60.6%	100.0%

BLK	Institutional	Retail	Total
Equity	1,310.2	470.6	1,780.8
Fixed Income	776.3	278.8	1,055.0
Money Market	257.0	92.3	349.3
Total	2,343.4	841.7	3,185.1

EV	Institutional	Retail	Total
Equity	43.4	56.6	100.0
FI	16.6	43.6	60.2
MMKT	-	1.4	1.4
Total	60.0	101.6	161.6

FI	Institutional	Retail	Total
Equity	8.6	21.4	30.1
Fixed Income	5.5	30.0	35.5
Money Market	32.2	240.2	272.3
Total	46.3	291.6	337.9

JNS	Institutional	Retail	Total
Equity	83.9	110.6	194.5
Fixed Income	4.2	5.5	9.7
Money Market	0.9	1.1	2.0
Total	88.9	117.2	206.2

PZN	Institutional	Retail	Total
Equity	11.7	3.7	15.4
Fixed Income	-	-	-
Money Market	-	-	-
Total	11.7	3.7	15.4

BLK	Institutional	Retail	Total
Equity	41.1%	14.8%	55.9%
Fixed Income	24.4%	8.8%	33.1%
Money Market	8.1%	2.9%	11.0%
Total	73.6%	26.4%	100.0%

EV	Institutional	Retail	Total
Equity	26.9%	35.0%	61.9%
FI	10.3%	27.0%	37.2%
MMKT	0.0%	0.9%	0.9%
Total	37.1%	62.9%	100.0%

FI	Institutional	Retail	Total
Equity	2.6%	6.3%	8.9%
Fixed Income	1.6%	8.9%	10.5%
Money Market	9.5%	71.1%	80.6%
Total	13.7%	86.3%	100.0%

JNS	Institutional	Retail	Total
Equity	40.7%	53.6%	94.3%
Fixed Income	2.0%	2.7%	4.7%
Money Market	0.4%	0.6%	1.0%
Total	43.1%	56.9%	100.0%

PZN	Institutional	Retail	Total
Equity	76.0%	24.0%	100.0%
Fixed Income	0.0%	0.0%	0.0%
Money Market	0.0%	0.0%	0.0%
Total	76.0%	24.0%	100.0%



After Years of Increasing AUM, Growth in Assets Has Stalled

AUM Growth

		1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010E	2011E	Average 02-'07	Average 08-'10
AB	EOP			0.4%	-15.1%	22.8%	13.5%	7.4%	23.9%	11.6%	-42.3%	7.3%	3.2%	8.0%	10.7%	-10.6%
	Average	25.3%	28.2%	11.6%	-8.1%	1.5%	16.0%	11.1%	18.4%	21.3%	-14.1%	-31.6%	9.6%	5.6%	10.0%	-12.0%
AMG	EOP	0.0%	-5.5%	4.5%	-12.6%	29.2%	41.9%	42.0%	30.8%	13.9%	-38.1%	22.3%	32.4%	11.9%	24.2%	5.5%
	Average	30.6%	22.2%	-15.2%	3.7%	3.2%	30.0%	48.5%	37.5%	26.7%	-12.8%	-21.9%	40.0%	16.4%	24.9%	1.8%
BEN	EOP	4.6%	5.4%	7.2%	2.9%	32.8%	19.5%	15.5%	19.0%	16.4%	-35.0%	33.7%	16.3%	11.2%	17.7%	5.0%
	Average	18.2%	-3.0%	3.5%	6.9%	7.9%	28.8%	18.9%	15.1%	21.8%	-9.8%	-16.3%	30.4%	13.1%	16.6%	1.4%
BLK	EOP	222.3%	23.9%	17.1%	14.4%	13.4%	10.5%	32.5%	148.4%	20.6%	-14.3%	174.1%	6.1%	11.0%	40.0%	55.3%
	Average	25.0%	24.8%	20.1%	15.6%	13.8%	11.8%	22.0%	57.1%	96.8%	6.3%	-7.3%	179.2%	11.0%	36.2%	59.4%
EV	EOP				-1.5%	50.0%	17.2%	15.6%	19.6%	12.9%	-20.3%	32.5%	18.2%	12.8%	19.0%	10.2%
	Average					17.5%	34.7%	16.4%	17.6%	22.5%	-5.3%	-0.7%	26.2%	13.4%	21.8%	6.7%
FII	EOP	11.8%	11.9%	28.7%	8.7%	1.3%	-9.4%	19.1%	11.3%	27.0%	35.0%	-4.4%	-14.4%	8.7%	9.7%	5.4%
	Average				17.8%	5.4%	-5.8%	5.2%	11.6%	20.1%	29.2%	19.0%	-14.7%	-0.8%	9.1%	11.2%
JNS	EOP		0.1%	-25.3%	-28.1%	9.5%	-8.3%	7.0%	12.8%	23.2%	-40.2%	29.1%	7.8%	9.1%	2.7%	-1.1%
	Average				-11.2%	-12.4%	-6.9%	6.8%	13.2%	27.1%	-31.5%	9.6%	6.5%	8.5%	2.8%	-5.1%
LM	EOP								13.8%	3.1%	-25.4%	-8.5%	0.7%	6.7%	8.5%	-11.1%
	Average								N/A	12.3%	-9.7%	-24.7%	1.8%	3.6%	12.3%	-10.9%
PZN	EOP								63.5%	-13.6%	-54.7%	33.6%	15.6%	11.9%	25.0%	-1.8%
	Average								60.6%	15.7%	-32.6%	-27.1%	23.3%	13.6%	38.1%	-12.1%
TROW	EOP	21.7%	-7.3%	-6.2%	-10.0%	35.1%	23.8%	14.6%	24.2%	19.5%	-30.9%	41.6%	19.2%	13.5%	17.9%	10.0%
	Average	17.0%	12.8%	-12.6%	-4.9%	8.3%	29.4%	19.4%	21.1%	25.0%	-4.2%	-10.4%	34.3%	15.3%	16.4%	6.6%
Average	EOP	43.4%	4.1%	3.3%	-4.6%	23.7%	14.4%	19.0%	23.8%	13.3%	-26.6%	36.1%	10.5%	10.5%	17.5%	6.7%
	Average	19.3%	14.1%	1.2%	2.5%	7.0%	17.4%	18.7%	23.5%	28.8%	-4.0%	-5.2%	34.6%	9.2%	16.3%	-4.6%

Source: Macquarie Capital (USA)

Market Declines Pushed Assets Down While Flows Weaken

Organic Growth

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010E	2011E	Average 02-'07	Average 08-'10
AB			7.9%	-0.9%	2.0%	1.3%	4.3%	8.3%	4.4%	-5.5%	-9.2%	-4.6%	1.3%	3.2%	-6.4%
AMG	0.0%	0.2%	3.6%	0.4%	2.4%	-1.0%	7.1%	10.5%	-0.2%	-7.2%	-6.2%	-0.7%	3.5%	3.2%	-4.7%
BEN			4.1%	6.0%	7.1%	6.4%	7.4%	2.6%	6.4%	-5.6%	5.8%	7.9%	5.1%	6.0%	2.7%
BLK	60.0%	27.5%	9.0%	16.8%	13.7%	6.8%	16.3%	5.6%	7.0%	-0.3%	6.6%	2.2%	4.7%	11.0%	2.8%
EV					22.5%	11.4%	8.3%	11.6%	14.9%	9.3%	11.4%	7.2%	6.0%	13.7%	9.3%
FII	7.1%	4.9%	5.7%	11.4%	5.7%	-8.0%	-8.4%	-6.1%	-6.7%	-2.1%	11.3%	6.9%	8.4%	-2.0%	5.4%
JNS		-2.9%	0.2%	-9.5%	-11.7%	-16.8%	-0.7%	1.7%	8.9%	-2.7%	-4.4%	-3.1%	1.1%	-4.7%	-3.4%
LM				8.6%	21.1%	22.4%	14.9%	3.2%	-0.5%	-12.6%	-13.6%	-3.2%	2.6%	11.6%	-9.8%
PZN						55.2%	46.7%	40.7%	-0.4%	-12.3%	-0.9%	0.6%	3.6%	35.6%	-4.2%
TROW	0.0%	-0.3%	0.3%	3.1%	9.5%	10.9%	6.9%	11.1%	10.1%	4.3%	8.2%	8.7%	5.9%	8.6%	7.1%
Average	16.8%	5.9%	4.4%	5.1%	8.4%	9.5%	10.4%	9.1%	4.4%	-3.5%	0.9%	2.2%	4.2%	7.8%	-0.1%

<u>Index</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010- YTD</u>
% Change											
Dow Jones Industrials											
Close	-6.2%	-7.1%	-16.8%	25.3%	3.1%	-0.6%	16.3%	6.4%	-33.8%	18.8%	-5.1%
Average	2.4%	-4.8%	-9.6%	-2.4%	14.6%	2.2%	8.2%	15.4%	-14.6%	-21.0%	21.0%
Nasdaq											
Close	-39.3%	-21.1%	-31.5%	50.0%	8.6%	1.4%	9.5%	9.8%	-40.5%	43.9%	-3.4%
Average	38.5%	-46.4%	-24.2%	7.2%	20.6%	5.7%	7.8%	13.9%	-16.4%	-14.5%	29.7%
S&P 500											
Close	-10.1%	-13.0%	-23.4%	26.4%	9.0%	3.0%	13.6%	3.5%	-38.5%	23.5%	-4.9%
Average	7.4%	-16.5%	-16.6%	-2.8%	17.1%	6.8%	8.6%	12.7%	-17.6%	-22.2%	22.3%
S&P Growth											
Close	-22.5%	-13.5%	-24.5%	23.9%	4.7%	2.5%	9.4%	7.7%	-35.9%	29.3%	-6.0%
Average	11.2%	-28.9%	-15.3%	-3.5%	13.0%	4.3%	5.4%	12.1%	-13.5%	-16.9%	21.1%
S&P Value											
Close	4.2%	-13.2%	-22.5%	29.0%	13.3%	3.5%	18.0%	-0.4%	-41.2%	17.4%	-3.4%
Average	2.6%	-2.4%	-18.5%	-2.2%	21.4%	9.2%	12.0%	13.3%	-21.6%	-27.6%	23.5%
S&P Midcap											
Close	16.2%	-1.6%	-15.4%	34.0%	15.2%	11.3%	9.0%	6.7%	-37.3%	35.0%	0.4%
Average	24.4%	0.0%	-3.4%	1.6%	24.0%	14.7%	12.5%	12.6%	-15.1%	-19.0%	32.4%

Source: Facset, Macquarie Capital (USA)

Can Margins be Maintained?

Investment Advisory Fees/AAUM

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010E	2011E	Average 02-'07	Average 10-'11
AB	0.423%	0.419%	0.449%	0.446%	0.448%	0.434%	0.418%	0.451%	0.436%	0.425%	0.420%	0.428%	0.437%	0.439%	0.432%
AMG	0.737%	0.533%	0.560%	0.638%	0.635%	0.651%	0.609%	0.565%	0.522%	0.506%	0.471%	0.538%	0.554%	0.603%	0.546%
BEN	0.609%	0.614%	0.578%	0.554%	0.590%	0.583%	0.600%	0.619%	0.615%	0.591%	0.587%	0.602%	0.603%	0.593%	0.602%
BLK	0.250%	0.246%	0.224%	0.203%	0.182%	0.195%	0.256%	0.295%	0.355%	0.338%	0.332%	0.213%	0.216%	0.248%	0.214%
EV	N/A	N/A	0.477%	0.490%	0.481%	0.487%	0.503%	0.505%	0.540%	0.536%	0.517%	0.521%	0.529%	0.501%	0.525%
FII			0.263%	0.240%	0.265%	0.291%	0.289%	0.278%	0.274%	0.226%	0.184%	0.185%	0.218%	0.273%	0.201%
JNS	N/A	N/A	0.596%	0.558%	0.553%	0.533%	0.518%	0.488%	0.482%	0.490%	0.530%	0.530%	0.530%	0.522%	0.530%
LM	N/A	N/A	N/A	N/A	N/A	N/A	0.431%	0.402%	0.403%	0.364%	0.330%	0.341%	0.360%	0.412%	0.351%
PZN	N/A	N/A	N/A	N/A	N/A	0.629%	0.574%	0.523%	0.578%	0.591%	0.504%	0.547%	0.547%	0.576%	0.547%
TROW	0.509%	0.516%	0.499%	0.485%	0.486%	0.497%	0.500%	0.504%	0.502%	0.491%	0.481%	0.487%	0.488%	0.496%	0.487%
Average	0.506%	0.466%	0.456%	0.452%	0.455%	0.478%	0.470%	0.463%	0.471%	0.456%	0.436%	0.439%	0.448%	0.465%	0.444%

Pretax Margins

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010E	2011E	Average 02-'07	Average 10-'11
AB	38.7%	42.4%	28.7%	30.7%	16.6%	30.1%	33.0%	33.3%	34.2%	28.9%	23.6%	25.7%	28.1%	28.8%	26.9%
AMG	41.5%	35.1%	35.4%	36.1%	36.9%	37.1%	36.4%	38.8%	41.5%	15.3%	28.6%	33.6%	39.8%	37.1%	36.7%
BEN	33.6%	38.6%	29.8%	34.8%	38.8%	44.4%	47.9%	51.6%	51.4%	42.3%	51.4%	51.9%	53.2%	43.5%	52.6%
BLK	27.2%	31.4%	33.9%	38.8%	41.9%	38.7%	36.4%	33.9%	41.3%	21.9%	33.2%	36.3%	37.5%	37.9%	36.9%
EV	NA	NA	35.4%	34.4%	31.3%	34.0%	33.0%	30.3%	30.0%	26.8%	25.9%	31.4%	33.6%	32.6%	32.5%
FII	35.0%	38.2%	39.1%	45.9%	40.3%	37.6%	35.7%	31.9%	32.8%	29.2%	29.5%	28.3%	26.6%	38.3%	27.5%
JNS	42.8%	46.1%	39.4%	32.8%	33.2%	23.9%	21.8%	25.2%	31.2%	32.1%	22.0%	27.4%	29.9%	27.4%	28.6%
LM	N/A	N/A	N/A	N/A	N/A	N/A	30.3%	24.1%	23.6%	-75.2%	-17.6%	16.2%	18.1%	27.2%	17.1%
PZN	N/A	N/A	N/A	N/A	N/A	52.9%	60.9%	64.4%	65.8%	43.3%	49.8%	51.2%	54.0%	59.4%	52.6%
TROW	37.8%	35.4%	31.3%	34.7%	36.7%	41.1%	43.3%	43.4%	44.7%	40.1%	37.6%	44.7%	46.3%	39.8%	45.5%
Average	37.8%	39.6%	36.0%	37.5%	36.1%	39.0%	38.7%	38.2%	39.7%	31.1%	33.5%	34.7%	36.7%	38.2%	35.7%



Comp is Mostly Variable, But Still Some Levers With Non-Comp

Compensation/ Net Revenue

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010E	2011E	Average 02-'07	Average 10-'11
AB	37.2%	33.4%	40.8%	43.5%	42.5%	43.8%	45.3%	43.5%	44.8%	46.0%	49.1%	47.2%	46.4%	43.7%	46.8%
AMG	42.0%	38.1%	33.0%	34.4%	35.3%	36.6%	39.9%	40.4%	42.3%	44.6%	47.8%	44.9%	43.6%	37.3%	44.3%
BEN	31.4%	31.2%	35.8%	35.9%	34.2%	31.5%	28.9%	27.2%	26.2%	29.8%	31.5%	27.9%	27.4%	31.6%	27.7%
BLK	36.4%	37.6%	40.3%	40.0%	38.3%	41.2%	45.9%	40.2%	35.5%	33.8%	34.9%	36.8%	36.4%	41.1%	36.6%
EV	NA	NA	23.3%	26.1%	28.8%	24.4%	27.8%	31.5%	31.1%	29.3%	32.8%	30.7%	29.5%	27.7%	30.1%
FII	26.0%	24.5%	24.2%	25.0%	21.3%	20.3%	19.4%	19.6%	18.9%	19.4%	21.6%	27.3%	24.5%	21.1%	25.9%
JNS	26.1%	21.8%	20.5%	30.3%	31.2%	43.2%	47.8%	47.1%	41.1%	34.8%	42.1%	39.7%	38.4%	39.9%	39.0%
LM	NA	NA	NA	NA	NA	NA	50.8%	49.8%	48.2%	45.0%	57.6%	51.6%	50.1%	50.3%	50.8%
PZN	NA	NA	NA	NA	NA	NA	NA	NA	23.1%	25.3%	39.6%	35.9%	33.7%	NA	34.8%
TROW	33.0%	33.0%	38.7%	38.7%	38.5%	35.9%	34.5%	36.3%	35.8%	38.5%	41.4%	37.0%	36.5%	36.8%	36.7%
Average	33.2%	31.4%	32.1%	34.2%	33.8%	34.6%	37.8%	37.3%	34.7%	34.6%	39.9%	37.9%	36.6%	35.4%	37.3%

Non-Compensation/ Net Revenue

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010E	2011E	Average 02-'07	Average 10-'11
AB	60.9%	53.4%	62.1%	56.8%	52.5%	26.1%	22.5%	23.8%	21.4%	25.7%	28.6%	27.8%	26.1%	36.3%	27.1%
AMG	17.0%	23.9%	29.2%	25.0%	24.8%	22.8%	23.5%	20.9%	18.9%	23.6%	24.3%	20.3%	16.5%	23.4%	23.9%
BEN	35.1%	30.2%	34.4%	31.6%	29.0%	28.4%	25.1%	23.9%	21.4%	22.5%	22.9%	20.1%	19.4%	27.6%	22.7%
BLK	34.7%	30.2%	27.7%	22.7%	23.6%	25.7%	21.6%	28.5%	34.0%	32.8%	31.9%	26.4%	25.5%	24.4%	32.3%
EV	NA	NA	28.1%	30.5%	28.1%	25.3%	25.0%	26.0%	26.6%	29.5%	29.1%	26.5%	26.2%	27.0%	29.3%
FII	36.1%	35.0%	32.3%	28.4%	37.5%	40.0%	44.0%	48.6%	48.0%	51.1%	48.7%	42.9%	47.3%	39.7%	49.9%
JNS	31.1%	32.1%	40.0%	36.9%	35.4%	29.0%	27.0%	24.0%	25.8%	33.1%	35.9%	32.9%	31.8%	30.5%	34.5%
LM	NA	NA	NA	NA	NA	NA	11.4%	17.1%	17.2%	72.9%	33.3%	24.1%	22.5%	14.2%	53.1%
PZN	NA	NA	NA	NA	NA	9.5%	7.3%	7.3%	8.1%	11.2%	13.1%	9.8%	9.5%	8.0%	12.2%
TROW	29.2%	31.6%	30.1%	26.6%	24.9%	23.0%	22.1%	20.4%	19.5%	21.4%	21.0%	18.3%	17.2%	23.4%	21.2%
Average	34.9%	33.8%	35.5%	32.3%	32.0%	25.5%	23.0%	24.0%	24.1%	32.4%	28.9%	24.9%	24.2%	26.8%	25.9%

Source: Facset, Macquarie Capital (USA)

Flows Turned Negative in '08, But Have Picked Up in the Last Few Months

Industry	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010YTD
Equity AUM	2,629,181	3,524,710	3,446,640	3,011,430	2,396,600	3,360,491	4,081,296	4,684,369	5,663,210	6,404,756	3,754,042	5,045,174	5,416,273
Equity Net New Flows	131,849	167,721	289,681	66,263	33,131	189,175	258,924	230,008	232,545	226,510	(78,731)	76,388	75,048
Flows % of AUM	6.2%	6.4%	8.2%	1.9%	1.1%	7.9%	7.7%	5.6%	5.0%	4.0%	-1.2%	2.0%	5.5%
Hybrid AUM	235,717	242,185	226,712	227,220	208,195	268,551	323,964	352,109	397,628	414,954	276,337	336,102	356,040
Hybrid Net New Flows	9,266	(6,856)	(22,455)	7,237	3,850	15,910	27,793	14,022	1,060	4,124	(24,968)	(5,797)	3,008
Flows % of AUM	4.6%	-2.9%	-9.3%	3.2%	1.7%	7.6%	10.3%	4.3%	0.3%	1.0%	-6.0%	-2.1%	3.4%
Fixed Income AUM	925,643	899,648	885,960	997,933	1,202,422	1,331,813	1,379,557	1,431,271	1,552,323	1,711,629	1,583,059	2,220,951	2,412,589
Fixed Income Net New Flows	82,721	1,502	(47,039)	84,745	147,565	53,910	669	33,668	65,108	117,124	41,149	396,385	122,765
Flows % of AUM	10.1%	0.2%	-5.2%	9.6%	14.8%	4.5%	0.1%	2.4%	4.5%	7.5%	2.4%	25.0%	20.4%
Long Term AUM	3,790,541	4,666,543	4,559,312	4,236,583	3,807,217	4,960,855	5,784,817	6,467,749	7,613,161	8,531,339	5,613,438	7,602,227	8,184,902
Long Term Net New Flows	223,836	162,367	220,187	158,244	184,546	258,995	287,387	277,698	298,713	347,758	(62,551)	466,976	200,821
Flows % of AUM	7.1%	4.3%	4.7%	3.5%	4.4%	6.8%	5.8%	4.8%	4.6%	4.6%	-0.7%	8.3%	9.8%
MMKT AUM	1,352,017	1,594,184	1,823,787	2,261,061	2,244,048	2,026,915	1,901,938	2,007,855	2,316,332	3,050,605	3,748,752	3,239,323	2,788,443
Money Market Net New Flows	244,797	198,794	152,276	396,851	(22,333)	(212,377)	(143,033)	60,890	221,198	597,064	598,270	(532,685)	(452,086)
Flows % of AUM	23.1%	14.7%	9.6%	21.8%	-1.0%	-9.5%	-7.1%	3.2%	11.0%	25.8%	19.6%	-14.2%	-64.9%
Total AUM	5,142,558	6,260,727	6,383,099	6,497,644	6,051,265	6,987,770	7,686,755	8,475,604	9,929,492	11,581,944	9,362,190	10,841,550	10,973,345
Total Net New Flows	468,633	361,161	372,463	555,096	162,213	46,618	144,353	338,588	519,911	944,822	535,719	(65,710)	(251,266)
Flows % of AUM	11.1%	7.0%	5.9%	8.7%	2.5%	0.8%	2.1%	4.4%	6.1%	9.5%	4.6%	-0.7%	-9.2%

Source: Simfund, Macquarie Capital (USA)



Asset Manager Valuation Metrics

As of June 07, 2010

Company	Ticker	Macquarie Rating	Price 6/7/10	Market Cap	Calendar EPS				Price to EPS				Enterprise Value To EBITDA			
					2008A	2009A	2010E	2011E	2008A	2009A	2010E	2011E	AUM 1Q10	2009A	2010E	2011E
Asset Managers																
AllianceBernstein	AB	Outperform	\$ 27.65	\$ 8,633	\$ 2.81	\$ 1.80	\$ 2.12	\$ 2.48	9.8x	15.4x	13.0x	11.2x	1.7%	12.9x	11.2x	9.6x
Affiliated Managers Group	AMG	Outperform	68.13	3,377	5.50	4.34	6.28	7.65	12.4x	15.7x	10.9x	8.9x	2.2%	20.8x	12.4x	9.5x
Franklin Resources	BEN	Outperform	90.85	20,597	5.08	4.91	6.78	7.81	17.9x	18.5x	13.4x	11.6x	2.6%	7.6x	5.6x	5.0x
BlackRock	BLK	Neutral	160.87	31,008	6.43	7.14	9.97	11.20	25.0x	22.5x	16.1x	14.4x	1.0%	16.6x	9.2x	8.3x
Eaton Vance	EV	Outperform	28.90	3,603	1.33	1.24	1.72	2.14	21.8x	23.3x	16.8x	13.5x	2.3%	13.0x	9.0x	7.5x
Federated Investors	FII	Outperform	21.60	2,160	2.20	2.07	1.59	1.76	9.8x	10.5x	13.6x	12.2x	0.7%	6.1x	7.3x	6.6x
Janus Capital Group	JNS	Neutral	9.82	1,781	0.85	0.38	0.71	0.91	11.5x	26.0x	13.8x	10.8x	1.3%	9.8x	6.7x	6.3x
Legg Mason	LM	Neutral	30.94	4,980	(8.14)	1.08	1.75	2.28	-3.8x	28.7x	17.7x	13.6x	0.7%	N/A	7.7x	6.8x
Pzena Investment Management	PZN	Underperform	7.02	451	0.46	0.28	0.37	0.43	15.3x	25.4x	18.9x	16.2x	2.9%	14.8x	9.6x	8.1x
T Rowe Price	TROW	Neutral	48.04	12,877	1.82	1.65	2.59	3.13	26.4x	29.1x	18.5x	15.3x	2.9%	16.1x	10.2x	8.4x
Mean									14.0x	20.0x	13.9x	11.6x	1.5%	13.1x	8.9x	7.6x
Median									17.9x	20.2x	13.7x	11.9x	1.5%	13.0x	9.1x	7.8x



III. Key Issues

Product Competition Increasing, ETFs Gain Share

Total Return	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010YTD
Non-ETF Funds	1,039,161	979,612	803,885	1,093,307	1,291,331	1,387,568	1,611,043	1,691,241	1,037,986	1,295,429	1,345,860
Non-ETFNet New Flows	(40,066)	27,589	15,147	58,397	66,065	30,303	3,955	(473)	(26,460)	(13,703)	3,878
Flows % of AUM		2.7%	1.5%	7.3%	6.0%	2.3%	0.3%	0.0%	-1.6%	-1.3%	0.9%
ETF Funds	2,544	5,078	7,257	13,746	25,858	33,980	46,359	53,077	45,556	65,440	73,493
ETFNet New Flows	2,551	2,693	3,535	3,940	9,653	6,567	6,405	6,975	13,150	10,017	4,534
Flows % of AUM		105.8%	69.6%	54.3%	70.2%	25.4%	18.8%	15.0%	27.0%	22.0%	20.8%
Capital Appreciation	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010YTD
Non-ETF Funds	1,850,495	1,572,728	1,191,304	1,656,242	1,918,799	2,105,241	2,353,910	2,537,539	1,394,207	1,904,513	2,012,942
Non-ETFNet New Flows	272,748	45,113	(2,446)	73,612	56,159	22,939	8,507	(27,879)	(75,424)	(3,584)	14,033
Flows % of AUM		2.4%	-0.2%	6.2%	3.4%	1.2%	0.4%	-1.2%	-3.2%	-0.3%	2.2%
ETF Funds	5,710	14,725	19,462	36,614	64,838	88,227	132,927	171,451	147,663	202,180	229,934
ETFNet New Flows	3,652	9,567	8,792	9,063	20,989	17,581	29,433	36,296	54,526	9,422	8,215
Flows % of AUM		167.5%	59.7%	46.6%	57.3%	27.1%	33.4%	27.3%	34.7%	6.4%	12.2%
International	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010YTD
Non-ETF Funds	547,492	437,084	370,490	548,028	749,063	1,013,865	1,425,327	1,844,343	938,384	1,376,477	1,384,136
Non-ETFNet New Flows	44,867	(19,943)	4,598	38,577	91,499	135,104	163,121	188,456	(44,199)	39,551	36,708
Flows % of AUM		-3.6%	1.1%	10.4%	16.7%	18.0%	16.1%	13.2%	-2.6%	4.2%	8.0%
ETF Funds	2,028	2,998	5,246	14,025	33,576	64,951	109,925	171,785	97,405	201,134	209,598
ETFNet New Flows	701	1,344	3,709	5,775	15,287	22,717	26,621	41,402	11,324	36,882	6,932
Flows % of AUM		66.3%	123.7%	110.1%	109.0%	67.7%	41.0%	37.7%	7.2%	37.9%	10.3%
Total Equity MF AUM	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010YTD
Non-ETF Funds	3,437,148	2,989,424	2,365,678	3,297,576	3,959,193	4,506,674	5,390,280	6,073,123	3,352,572	4,576,419	4,742,938
Non-ETFNet New Flows	277,549	52,759	17,298	170,586	213,724	188,346	175,582	160,103	(144,351)	22,265	54,620
Flows % of AUM		1.5%	0.6%	7.2%	6.5%	4.8%	3.9%	3.0%	-2.6%	0.7%	3.6%
ETF Funds	10,283	22,802	31,965	64,385	124,272	187,159	289,211	396,313	290,624	468,754	513,025
ETFNet New Flows	6,904	13,604	16,036	18,778	45,929	46,864	62,458	84,673	79,000	56,321	19,680
Flows % of AUM		132.3%	70.3%	58.7%	71.3%	37.7%	33.4%	29.3%	21.7%	19.4%	12.6%
Fixed Income	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010YTD
Non-ETF Funds	885,960	997,933	1,200,637	1,329,612	1,373,642	1,421,022	1,537,521	1,681,087	1,502,064	2,114,478	2,239,579
Non-ETFNet New Flows	(48,424)	84,745	143,814	53,338	(2,918)	29,157	60,905	114,875	25,737	359,832	121,692
Flows % of AUM		9.6%	14.4%	4.4%	-0.2%	2.1%	4.3%	7.5%	1.7%	24.0%	17.3%
ETF Funds	-	-	3,898	4,668	8,491	15,004	20,515	32,940	51,246	106,472	120,640
ETFNet New Flows	-	-	3,753	590	3,596	6,310	5,074	12,339	19,679	45,924	12,502
Flows % of AUM			15.1%	77.1%	74.3%	33.8%	60.1%	65.2%	89.6%	35.2%	
Total Long Term AUM	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010YTD
Non-ETF Funds	4,323,108	3,987,357	3,566,316	4,627,187	5,332,835	5,927,697	6,927,802	7,754,210	4,854,636	6,690,897	6,982,517
Non-ETFNet New Flows	229,126	137,504	161,112	223,924	210,806	217,503	236,487	274,978	(118,614)	382,097	176,311
Flows % of AUM		3.2%	4.0%	6.3%	4.6%	4.1%	4.0%	4.0%	-1.7%	7.9%	7.9%
ETF Funds	10,283	22,802	35,863	69,053	132,763	202,162	309,727	429,253	341,870	575,226	633,665
ETFNet New Flows	6,904	13,604	19,789	19,368	49,525	53,175	67,532	97,012	98,679	102,246	32,183
Flows % of AUM		132.3%	86.8%	54.0%	71.7%	40.1%	33.4%	31.3%	25.1%	29.9%	16.8%

Source: Simfund, Macquarie Capital (USA)



Retirement Moving Away from Pensions Plans...

Year	IRAs			Defined Contribution Plans			State and Local Govt Pension Plans			Private DB Plans			Federal Pension Plans			Annuities			Total		
	AUM	Growth (%)	Market Share (%)	AUM	Growth (%)	Market Share (%)	AUM	Growth (%)	Market Share (%)	AUM	Growth (%)	Market Share (%)	AUM	Growth (%)	Market Share (%)	AUM	Growth (%)	Market Share (%)	AUM	Growth (%)	
1985	\$241		10.4%	\$509		21.9%	\$405		17.4%	\$813		35.0%	\$172		7.4%	\$181		7.8%	2,321		
1986	330	36.9%	12.5%	567	11.4%	21.4%	481	18.8%	18.2%	839	3.2%	31.7%	202	17.4%	7.6%	226	24.9%	8.5%	2,645	14.0%	
1987	405	22.7%	14.0%	654	15.3%	22.6%	537	11.6%	18.6%	827	-1.4%	28.6%	233	15.3%	8.1%	234	3.5%	8.1%	2,890	9.3%	
1988	469	15.8%	14.7%	719	9.9%	22.6%	603	12.3%	19.0%	831	0.5%	26.1%	267	14.6%	8.4%	291	24.4%	9.2%	3,180	10.0%	
1989	546	16.4%	14.8%	855	18.9%	23.1%	706	17.1%	19.1%	945	13.7%	25.6%	304	13.9%	8.2%	338	16.2%	9.1%	3,694	16.2%	
1990	637	16.7%	16.2%	892	4.3%	22.7%	739	4.7%	18.8%	922	-2.4%	23.5%	340	11.8%	8.7%	391	15.7%	10.0%	3,921	6.1%	
1991	776	21.8%	17.0%	1,060	18.8%	23.2%	862	16.6%	18.8%	1,073	16.4%	23.4%	382	12.4%	8.3%	423	8.2%	9.2%	4,576	16.7%	
1992	874	12.6%	17.6%	1,161	9.5%	23.3%	948	10.0%	19.0%	1,098	2.3%	22.0%	426	11.5%	8.6%	473	11.8%	9.5%	4,980	8.8%	
1993	993	13.6%	17.8%	1,319	13.6%	23.7%	1,054	11.2%	18.9%	1,212	10.4%	21.8%	468	9.9%	8.4%	522	10.4%	9.4%	5,568	11.8%	
1994	1,056	6.3%	17.9%	1,406	6.6%	23.8%	1,107	5.0%	18.7%	1,303	7.5%	22.0%	512	9.4%	8.7%	526	0.8%	8.9%	5,910	6.1%	
1995	1,288	22.0%	18.5%	1,717	22.1%	24.6%	1,344	21.4%	19.3%	1,496	14.8%	21.5%	541	5.7%	7.8%	582	10.6%	8.4%	6,968	17.9%	
1996	1,467	13.9%	18.8%	1,961	14.2%	25.1%	1,529	13.8%	19.6%	1,623	8.5%	20.8%	606	12.0%	7.8%	626	7.6%	8.0%	7,812	12.1%	
1997	1,728	17.8%	19.2%	2,343	19.5%	26.0%	1,819	19.0%	20.2%	1,798	10.8%	20.0%	659	8.7%	7.3%	658	5.1%	7.3%	9,005	15.3%	
1998	2,150	24.4%	20.8%	2,640	12.7%	25.5%	2,062	13.4%	20.0%	1,948	8.3%	18.9%	716	8.6%	6.9%	818	24.3%	7.9%	10,334	14.8%	
1999	2,651	23.3%	22.4%	3,001	13.7%	25.4%	2,361	14.5%	20.0%	2,117	8.7%	17.9%	774	8.1%	6.5%	928	13.4%	7.8%	11,832	14.5%	
2000	2,629	-0.8%	22.5%	2,969	-1.1%	25.4%	2,335	-1.1%	20.0%	2,009	-5.1%	17.2%	797	3.0%	6.8%	951	2.5%	8.1%	11,690	-1.2%	
2001	2,619	-0.4%	23.2%	2,666	-10.2%	23.6%	2,254	-3.5%	20.0%	1,845	-8.2%	16.3%	860	7.9%	7.6%	1,041	9.5%	9.2%	11,285	-3.5%	
2002	2,533	-3.3%	24.0%	2,471	-7.3%	23.4%	1,980	-12.2%	18.8%	1,670	-9.5%	15.8%	894	4.0%	8.5%	1,001	-3.8%	9.5%	10,549	-6.5%	
2003	2,993	18.2%	23.9%	3,045	23.2%	24.3%	2,396	21.0%	19.1%	2,025	21.3%	16.1%	958	7.2%	7.6%	1,125	12.4%	9.0%	12,542	18.9%	
2004	3,299	10.2%	23.9%	3,344	9.8%	24.3%	2,621	9.4%	19.0%	2,162	6.8%	15.7%	1,023	6.8%	7.4%	1,332	18.4%	9.7%	13,781	9.9%	
2005	3,652	10.7%	24.6%	3,623	8.3%	24.4%	2,763	5.4%	18.6%	2,310	6.8%	15.5%	1,072	4.8%	7.2%	1,443	8.3%	9.7%	14,863	7.9%	
2006	4,220	15.6%	25.2%	4,146	14.4%	24.7%	3,175	14.9%	18.9%	2,557	10.7%	15.3%	1,141	6.4%	6.8%	1,521	5.4%	9.1%	16,760	12.8%	
2007	4,736	12.2%	26.3%	4,501	8.6%	25.0%	3,315	4.4%	18.4%	2,691	5.2%	14.9%	1,197	4.9%	6.6%	1,592	4.7%	8.8%	18,032	7.6%	
2008	3,572	-24.6%	25.4%	3,489	-22.5%	24.8%	2,435	-26.5%	17.3%	1,957	-27.3%	13.9%	1,221	2.0%	8.7%	1,387	-12.9%	9.9%	14,061	-22.0%	
2009Q3	4,093	14.6%	26.3%	3,923	12.4%	25.2%	2,711	11.3%	17.4%	2,122	8.4%	13.6%	1,250	2.4%	8.0%	1,455	4.9%	9.4%	15,553	10.6%	
CAGR	12.8%			9.1%			8.4%			4.2%			8.8%			9.3%			8.4%		

Source: ICI, Macquarie Capital (USA)

...And Toward Individual Accounts

Year	Institutional Controlled Assets*			Individually controlled assets**		
	AUM	Growth (%)	Market Share (%)	AUM	Growth (%)	Market Share (%)
1985	\$1,390		59.9%	\$931		40.1%
1986	1,522	9.5%	57.5%	1,123	20.6%	42.5%
1987	1,597	4.9%	55.3%	1,293	15.1%	44.7%
1988	1,701	6.5%	53.5%	1,479	14.4%	46.5%
1989	1,955	14.9%	52.9%	1,739	17.6%	47.1%
1990	2,001	2.4%	51.0%	1,920	10.4%	49.0%
1991	2,317	15.8%	50.6%	2,259	17.7%	49.4%
1992	2,472	6.7%	49.6%	2,508	11.0%	50.4%
1993	2,734	10.6%	49.1%	2,834	13.0%	50.9%
1994	2,922	6.9%	49.4%	2,988	5.4%	50.6%
1995	3,381	15.7%	48.5%	3,587	20.0%	51.5%
1996	3,758	11.2%	48.1%	4,054	13.0%	51.9%
1997	4,276	13.8%	47.5%	4,729	16.7%	52.5%
1998	4,726	10.5%	45.7%	5,608	18.6%	54.3%
1999	5,252	11.1%	44.4%	6,580	17.3%	55.6%
2000	5,141	-2.1%	44.0%	6,549	-0.5%	56.0%
2001	4,959	-3.5%	43.9%	6,326	-3.4%	56.1%
2002	4,544	-8.4%	43.1%	6,005	-5.1%	56.9%
2003	5,379	18.4%	42.9%	7,163	19.3%	57.1%
2004	5,806	7.9%	42.1%	7,975	11.3%	57.9%
2005	6,145	5.8%	41.3%	8,718	9.3%	58.7%
2006	6,873	11.8%	41.0%	9,887	13.4%	59.0%
2007	7,203	4.8%	39.9%	10,829	9.5%	60.1%
2008	5,613	-22.1%	39.9%	8,448	-22.0%	60.1%
2009Q3	6,083	8.4%	39.1%	9,471	12.1%	60.9%
CAGR	6.4%			10.3%		

*Institutional controlled assets are defined as federal pension plans, state and local government pension plans, and private defined benefit plans

**Individually controlled assets are defined as IRAs, defined contribution plans, and annuities

Source: ICI, Macquarie Capital (USA)



Alternative Products- Now Back to Mild Inflows

(\$ billions)	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Hedge Funds															
AUM	186	257	368	375	456	491	539	626	820	973	1,105	1,465	1,868	1,400	1,600
Net New Flows	15	57	91	4	55	23	47	99	71	74	47	126	195	(155)	(131)
Flows % of AUM	8.8%	30.9%	35.6%	1.2%	14.8%	5.1%	9.5%	18.4%	11.3%	9.0%	4.8%	11.4%	13.3%	-8.3%	-9.4%

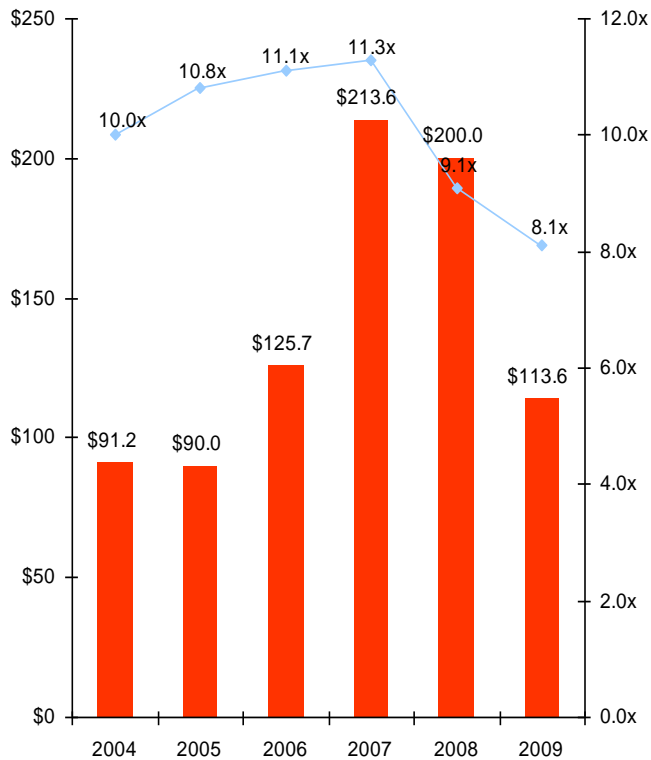
(\$ billions)	1Q08	2Q08	3Q08	4Q08	1Q09	2Q09	3Q09	4Q09	1Q10
Hedge Funds									
AUM	1,875	1,931	1,720	1,400	1,330	1,430	1,530	1,600	1,670
Net New Flows	17	13	(31)	(152)	(103)	(43)	1	14	14
Flows % of AUM	3.5%	2.7%	-6.4%	-35.3%	-29.4%	-12.9%	0.3%	3.6%	3.4%

Source: HFR, Macquarie Capital (USA)

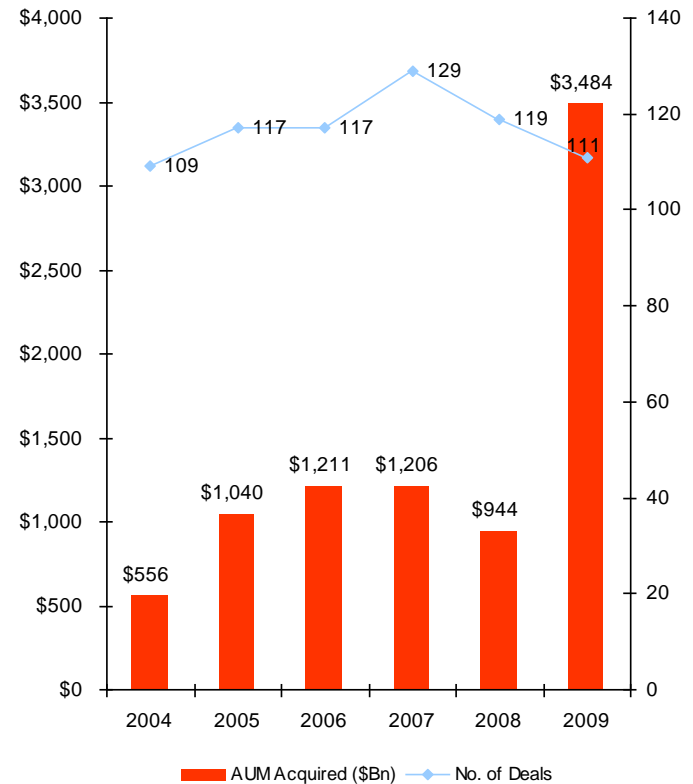


M&A – Is It Coming?

MEDIAN TRANSACTION VALUE AND EBITDA MULTIPLE PAID (1)



TOTAL AUM ACQUIRED AND NO. OF TRANSACTIONS COMPLETED (2)



1. Based on transactions where data is available to Macquarie. Includes minority sales
 2. Includes minority sales
 Source: SNL Financial, Bloomberg, Press Releases, Macquarie research



Largest Acquisitions of Last 12 Months

- ➔ Divestitures accounted for 12 of the top 15 asset management transactions globally during the last 12 months
- ➔ 7 deals were valued at \$1.0 billion or greater, the second most in any year after 10 \$1.0 billion+ deals were announced in 2007
- ➔ US buyers led the consolidation, but 10 of the top 15 transactions involved cross-border deals

Announce Date	Buyer	Target	Seller	Buyer Country	Target Country	Percent Acquired	Deal Value \$MM	Total AUM \$Bn	% of AUM
Jun-09	BlackRock	Barclays Global Investors	Barclays PLC	US	UK	100	\$13,009.7	\$1,495.0	0.9%
Oct-09	Deutsche Bank AG	Sal. Oppenheim		Germany	Luxembourg	100	1,500.0	221.2	0.7%
Oct-09	Invesco	Van Kampen / Retail Funds	Morgan Stanley	US	US	100	1,500.0	119.0	1.3%
Oct-09	O.C.B.C. of Singapore	ING Asian Private Banking	ING Groep NV	Singapore	Hong Kong	100	1,460.0	23.0	6.3%
Sep-09	Ameriprise Financial	Columbia Management	Bank of America Corporation	US	US	100	1,200.0	165.0	0.7%
Jul-09	Sumitomo Trust	Nikko Asset Management	Citigroup	Japan	Japan	99	1,075.6	82.2	1.3%
Feb-10	Affiliated Managers Group	Pantheon Ventures	Frank Russell / Northwestern Mutual	US	UK	100	1,000.0	22.2	4.5%
Dec-09	Apax Partners	Psagot Investment House LTD	York Capital Management	US	Israel	76	822.4	31.9	2.6%
Nov-09	Affiliated Managers Group	Value Partners Group Ltd.		US	Hong Kong	5	712.9	N/A	N/A
Nov-09	T. Rowe Price	UTI Asset Management Company Ltd		US	India	26	530.8	17.2	3.1%
Oct-09	Julius Baer	ING Swiss Private Banking	ING Groep NV	Switzerland	Switzerland	100	506.0	15.6	3.2%
Sep-09	Bridge Partners LP	AIG Investments	AIG	Hong Kong	US	100	500.0	88.7	0.6%
Aug-09	Macquarie	Delaware Investments	Lincoln Financial	Australia	US	100	428.0	126.7	0.3%
Feb-10	Hanwha Group	Prudential Asset Management Co. Ltd.	Prudential Financial	Korea	Korea	100	425.3	N/A	N/A
Aug-09	Bank of New York Mellon	Insight Investments	Lloyds Banking Group	US	UK	100	387.8	132.0	0.3%

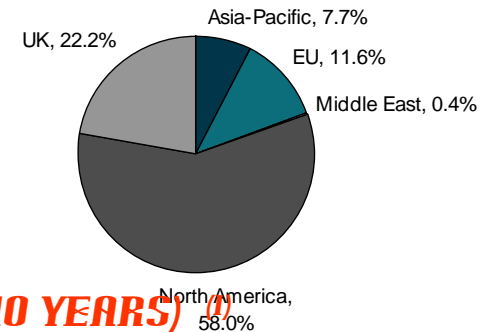
1. Source: News, Press Releases



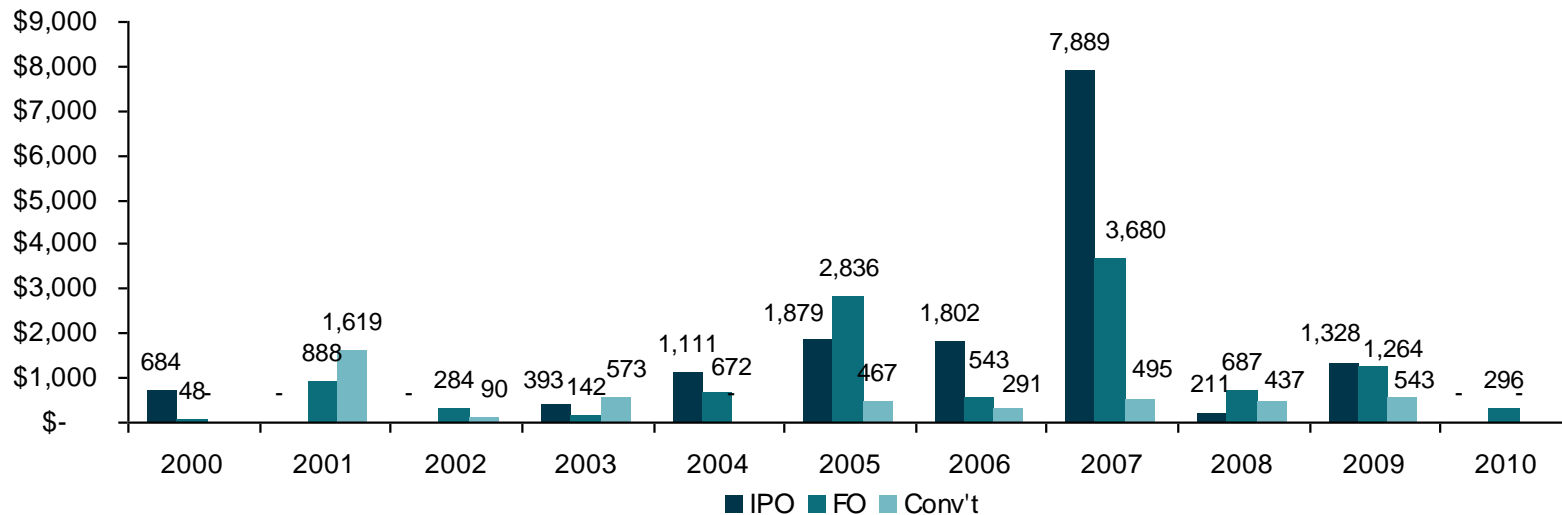
SUMMARY

- ➔ 2007 a record year for IPOs highlighted by landmark alternative investment deals
- ➔ Institutional interest in the asset management space took off in 2004 and has continued to be a high demand sector

EQUITY ISSUANCE BY REGION (LAST 10 YEARS) (1)



GLOBAL ASSET MANAGEMENT EQUITY ISSUANCE (LAST 10 YEARS) (1)



1. Source: Dealogic

The IPO Route – Takes Time to Get Value

IPO Valuation History

IPO date	Symbol	IPO price	NTM Earnings	P/E	AM P/E	Relative to AM		Relative to	
						index	S&P P/E	S&P 500 Index	
11/21/97	AMG	\$ 23.50	\$ 1.20	19.6 x	17.7 x	110.6%	19.9 x	98.4%	
03/05/98	WDR	23.00	1.31	17.6 x	21.0 x	83.9%	22.7 x	77.6%	
05/14/98	FII	19.00	0.99	19.2 x	19.2 x	100.0%	22.2 x	86.5%	
02/11/99	GBL	17.50	1.27	13.8 x	15.5 x	88.9%	25.8 x	53.4%	
10/01/99	BLK	14.00	1.10	12.7 x	13.6 x	93.6%	25.1 x	50.7%	
08/13/04	CNS	13.00	0.85	15.3 x	17.7 x	86.4%	16.2 x	94.4%	
10/28/04	CLMS	18.00	1.16	15.5 x	18.4 x	84.3%	16.4 x	94.6%	
02/09/07	FIG	18.50	1.15	16.1 x	18.6 x	86.5%	15.1 x	106.5%	
06/22/07	BX	31.00	1.50	20.7 x	20.3 x	101.8%	15.5 x	133.3%	
10/25/07	PZN	18.00	0.82	22.0 x	20.3 x	108.1%	15.7 x	139.8%	
11/15/07	OZM	32.00	1.75	18.3 x	20.3 x	90.1%	15.6 x	117.2%	
Average				17.3 x		94.0%		95.7%	
Median				17.6 x		90.1%		94.6%	

IPO date	Company	Company Performance			Company Performance v. AM Index			Company Performance v. S&P 500		
		3 mo.	6 mo.	1 yr.	3 mo.	6 mo.	1 yr.	3 mo.	6 mo.	1 yr.
11/21/97	AMG	48.0%	43.2%	7.2%	26.7%	20.8%	-11.4%	38.2%	29.1%	-14.5%
03/05/98	WDR	-6.1%	-25.5%	-23.0%	-8.1%	-5.7%	-12.9%	-9.8%	-18.5%	-42.0%
05/14/98	FII	-27.5%	-6.3%	-2.4%	-3.7%	-3.1%	-9.9%	-15.3%	-12.9%	-21.8%
02/11/99	GBL	13.6%	8.9%	10.2%	-7.6%	-4.6%	-24.3%	8.5%	2.3%	-0.1%
10/01/99	BLK	14.8%	70.5%	179.5%	0.8%	35.4%	95.2%	12.4%	63.9%	174.6%
08/13/04	CNS	20.1%	23.4%	37.6%	2.8%	1.7%	10.0%	13.8%	14.4%	27.1%
10/28/04	CLMS	29.5%	19.4%	24.6%	18.7%	15.9%	-1.1%	25.0%	17.1%	17.8%
02/09/07	FIG	-11.2%	-42.4%	-53.6%	-22.1%	-42.5%	-40.7%	-20.0%	-46.0%	-48.2%
06/22/07	BX	-14.3%	-24.4%	-37.8%	-12.1%	-21.3%	-29.1%	-15.9%	-22.1%	-22.9%
10/25/07	PZN	-29.1%	-37.3%	-77.1%	-13.1%	-12.7%	-26.7%	-18.0%	-26.7%	-39.7%
11/15/07	OZM	-6.1%	-16.3%	-79.8%	12.5%	-3.3%	-20.3%	4.0%	-10.8%	-40.3%
Average		2.9%	1.2%	-1.3%	-0.5%	-1.8%	-6.5%	2.1%	-0.9%	-0.9%
Median		-6.1%	-6.3%	-2.4%	-3.7%	-3.3%	-12.9%	4.0%	-10.8%	-21.8%
Avg. ex. BLK		1.7%	-5.7%	-19.4%	-0.6%	-5.5%	-16.7%	1.1%	-7.4%	-18.5%

Source: Facset, Macquarie Capital (USA)



Important disclosures:

Recommendation definitions

Macquarie - Australia/New Zealand

Outperform – return > 5% in excess of benchmark return
Neutral – return within 5% of benchmark return
Underperform – return > 5% below benchmark return

Macquarie - Asia

Outperform – expected return >+10%
Neutral – expected return from -10% to +10%
Underperform – expected <-10%

Macquarie First South - South Africa

Outperform – return > 10% in excess of benchmark return
Neutral – return within 10% of benchmark return
Underperform – return > 10% below benchmark return

Macquarie - Canada

Outperform – return > 5% in excess of benchmark return
Neutral – return within 5% of benchmark return
Underperform – return > 5% below benchmark return

Macquarie - USA

Outperform (Buy) – return > 5% in excess of benchmark return
Neutral (Hold) – return within 5% of benchmark return
Underperform (Sell) – return > 5% below benchmark return

Recommendation – 12 months

Note: Quant recommendations may differ from Fundamental Analyst recommendations

Volatility index definition*

This is calculated from the volatility of historic price movements.

Very high–highest risk – Stock should be expected to move up or down 60-100% in a year – investors should be aware this stock is highly speculative.

High – stock should be expected to move up or down at least 40-60% in a year – investors should be aware this stock could be speculative.

Medium – stock should be expected to move up or down at least 30-40% in a year.

Low–medium – stock should be expected to move up or down at least 25-30% in a year.

Low – stock should be expected to move up or down at least 15-25% in a year.

* Applicable to Australian/NZ stocks only

Financial definitions

All "Adjusted" data items have had the following adjustments made:

Added back: goodwill amortisation, provision for catastrophe reserves, IFRS derivatives & hedging, IFRS impairments & IFRS interest expense
Excluded: non recurring items, asset revals, property revals, appraisal value uplift, preference dividends & minority interests

EPS = adjusted net profit /efpowa*

ROA = adjusted ebit / average total assets

ROA Banks/Insurance = adjusted net profit /average total assets

ROE = adjusted net profit / average shareholders funds

Gross cashflow = adjusted net profit + depreciation
*equivalent fully paid ordinary weighted average number of shares

All Reported numbers for Australian/NZ listed stocks are modelled under IFRS (International Financial Reporting Standards).

Recommendation proportions – For quarter ending 30 September 2009

	AU/NZ	Asia	RSA	USA	CA	EUR
Outperform	45.08%	54.02%	40.00%	42.31%	62.86%	43.61% (for US coverage by MCUSA, 0.35% of stocks followed are investment banking clients)
Neutral	39.77%	19.10%	45.00%	43.36%	31.90%	39.85% (for US coverage by MCUSA, 0.35% of stocks followed are investment banking clients)
Underperform	15.15%	26.88%	15.00%	14.34%	5.24%	16.54% (for US coverage by MCUSA, 0.00% of stocks followed are investment banking clients)



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