

Equities

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Affiliated Managers Group (AMG)

The Deal Floodgates Are Beginning To Open; Raise Target To \$129

- Company Update
- Target Price Change
- Estimate Change

- **Still lots to like following deal** — 1) AMG could be at a point of short but powerful burst of deals that could unlock significant shareholder value; and 2) deal offers new + potentially large leg of growth. Despite muted investor reaction on 3/20 likely on combo of seemingly anticlimactic size + pricing at high(er) end of typical range, we remain Buyers. In this note, we review key drivers, analyze why we believe AMG could outperform in ST, and shift our valuation methodology to 2013 expectations.
- **First in series of potential transactions** — Acquisition of Veritable, LP on 3/20, a \$10B in AUM independent wealth management firm, opens a new leg of growth, is immediately accretive, and could be the first of several transactions given ample liquidity + full pipeline + history of doing deals in cycles.
- **Increasingly differentiated flow story** — As: 1) Veritable likely adds another high performing affiliate; 2) global distribution further vintages; and, 3) well positioned for secular rise in institutional allocations. Furthermore, incremental deals may bolster U.S. platform and mitigate potential flow rotation risks. We expect robust update in concert with 1Q earnings around organic growth trends.
- **Expect management to raise 2012 EPS guidance and possibly provide 2013 outlook ahead of consensus on fundamental + deal momentum; raise EPS estimates on combination of higher NAVs + deal + flows** — Raise 2012-14 economic EPS to \$7.40/\$8.65/\$9.52 versus \$7.14/\$8.01/\$8.97 prior. Estimate \$100M deal (at upper end of typical 8x to 10x multiple range) adds ~\$10M EBITDA, or \$0.10 to \$0.12 run-rate EPS accretion. Expect management to raise \$6.70-\$7.40 guidance by at least \$0.20 to \$7.25 midpoint.
- **Shifting to 2013 to value AMG as deal visibility increases + investors will need to discount building EPS step function potential; affirm Buy & raise target \$9 to \$129** — Expect more activity into 2Q/ 2H12, providing another jump in EPS and FCF. And, with full(er) impact of deals, we believe investors could begin to think about 2014E. Revised target = 15x 2013E EPS. Maintain TPL! selection. Sum of the parts de-composition analysis suggests still favorable risk/reward trade-off, before considering incremental deals, in our view.

Buy	1
Price (20 Mar 12)	US\$111.59
Target price	US\$129.00
	from US\$120.00
Expected share price return	15.6%
Expected dividend yield	0.0%
Expected total return	15.6%
Market Cap	US\$5,776M

Price Performance (RIC: AMG.N, BB: AMG US)



EPS	Q1	Q2	Q3	Q4	FY	FC Cons
2011A	1.60A	1.71A	1.55A	1.76A	6.62A	6.62A
2012E	1.55E	1.70E	1.81E	2.34E	7.40E	7.24E
Previous	1.52E	1.66E	1.74E	2.22E	7.14E	na
2013E	na	na	na	na	8.65E	8.29E
Previous	na	na	na	na	8.01E	na
2014E	na	na	na	na	9.52E	8.97E
Previous	na	na	na	na	8.97E	na

Source: Company Reports and dataCentral, CIR. FC Cons: First Call Consensus.

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See Appendix A-1 for Analyst Certification, Important Disclosures and non-US research analyst disclosures.

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Fiscal year end 31-Dec	2010	2011	2012E	2013E	2014E
Valuation Ratios					
P/E adjusted (x)	18.3	16.8	15.1	12.9	11.7
P/E reported (x)	39.5	35.8	28.8	21.8	18.6
P/BV (x)	3.3	3.2	2.5	2.1	1.7
P/Adjusted BV diluted (x)	na	na	na	na	na
Dividend yield (%)	0.0	0.0	0.0	0.0	0.0
Per Share Data (US\$)					
EPS adjusted	6.09	6.62	7.40	8.65	9.52
EPS reported	2.82	3.11	3.87	5.12	5.99
BVPS	33.37	35.21	43.78	53.97	65.62
Tangible BVPS	-32.54	-29.67	-20.91	-10.54	1.30
Adjusted BVPS diluted	na	na	na	na	na
DPS	0.00	0.00	0.00	0.00	0.00
Profit & Loss (US\$m)					
Net interest income	0	0	0	0	0
Fees and commissions	1,358	1,705	2,034	2,239	2,501
Other operating Income	0	0	0	0	0
Total operating income	1,358	1,705	2,034	2,239	2,501
Total operating expenses	-910	-1,106	-1,282	-1,369	-1,532
Oper. profit bef. provisions	448	599	752	870	969
Bad debt provisions	0	0	0	0	0
Non-operating/exceptionals	-69	-146	-171	-165	-159
Pre-tax profit	379	453	581	705	810
Tax	-91	-93	-127	-165	-192
Extraord./Min. Int./Pref. Div.	-149	-195	-249	-269	-300
Attributable profit	139	165	205	271	318
Adjusted earnings	299	351	392	458	505
Growth Rates (%)					
EPS adjusted	39.5	8.7	11.7	16.9	10.1
Oper. profit bef. prov.	59.6	33.6	25.6	15.6	11.4
Balance Sheet (US\$m)					
Total assets	5,291	5,291	5,506	5,726	5,955
Avg interest earning assets	na	na	na	na	na
Customer loans	na	na	na	na	na
Gross NPLs	na	na	na	na	na
Liab. & shar. funds	5,291	5,291	5,506	5,726	5,955
Total customer deposits	na	na	na	na	na
Reserve for loan losses	na	na	na	na	na
Shareholders' equity	1,800	1,866	2,320	2,860	3,478
Profitability/Solvency Ratios (%)					
ROE adjusted	20.6	19.4	19.0	17.7	15.9
Net interest margin	na	na	na	na	na
Cost/income ratio	67.0	64.9	63.0	61.2	61.3
Cash cost/average assets	20.1	21.1	23.8	24.4	26.2
NPLs/customer loans	na	na	na	na	na
Reserve for loan losses/NPLs	na	na	na	na	na
Bad debt prov./avg. cust. loans	na	na	na	na	na
Loans/deposit ratio	na	na	na	na	na
Tier 1 capital ratio	na	na	na	na	na
Total capital ratio	na	na	na	na	na

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Deal Likely First Of Several; Affirm Buy; Raise Target \$9 to \$129

Investment Summary

We affirm our Buy rating, raise our 2012-14 EPS estimates, and increase our 12-month target \$9 to \$129 following the announcement on 3/20 that AMG (via AMG Wealth Partners) will acquire a majority equity interest in Veritable, LP. Veritable, LP is a Pennsylvania-based \$10B in AUM independent wealth manager with 200 ultra HNW families. Deal is expected to close around 6/30. In this note, we review key drivers, analyze why we believe AMG could outperform in ST, and shift our valuation methodology to 2013 expectations.

We remain Buyers and see the muted reaction on 3/20 offering an enhanced buying opportunity as we believe AMG: 1) could be at point of intense but powerful burst of deals that could unlock significant shareholder value; and 2) the deal sets the stage for new + potentially large leg of growth for the firm. We believe investors may have been disappointed around anticlimactic size + pricing at high(er) end of typical range, but we believe a powerful deal cycle is just getting underway given: a) ample deal capacity at ~\$1B+; b) full and active pipeline; and, c) AMG's history of announcing transactions in cycles.

We see a number of strategic positives around the Veritable deal. First, the deal represents a new and incremental growth driver and further diversifies AMG from a boutique-focused institutional manager. Second, the deal appears accretive to flows given the firm's strong organic growth profile. Third, the transaction is immediately accretive to EPS.

With a powerful deal cycle potentially underway, we shift to 2013 expectations as we expect more deal activity into 2Q and 2H12, potentially providing step-function of EPS and FCF. And, with full(er) impact of deals, we believe investors could begin to think about 2014E. Our sum of the parts de-composition analysis suggests still attractive risk/reward trade-off given: 1) AMG's faster growth sustaining P/E premium; 2) expect positive 1Q update around flows, guidance, and deals; and, 3) believe the stock could relatively outperform group as investors fully recognize underlying earnings power. Maintain TPL! selection.

Raising EPS Estimates & Target

We raise our 2012 economic EPS estimate \$0.26 to \$7.40 to reflect upward trending 1QTD markets, higher organic growth outlook, and half-year contribution from the Veritable transaction, or ~\$0.05. Specifically, we boost our flow forecast to \$6B and \$8B in 1Q/2Q versus ~\$5B prior; or 7% and 9% annualized organic growth, respectively. Likewise, we raise our 2013-14 EPS estimates to \$8.65 and \$9.52 versus \$8.01 and \$8.97 prior, the latter fully reflecting the \$0.10+ run-rate accretion but ex future deals. We affirm our Buy rating, raise our 2012-14 EPS estimates, and increase our 12-month target to \$129 based on 15x 2013E P/E.

We expect management to raise 2012 EPS guidance and possibly provide 2013 outlook ahead of consensus on the fundamental + deal momentum. With equities markets up another ~4% since management provided their \$6.70 to \$7.40 EPS guidance in concert with 4Q11 results, we expect management to raise the \$6.70-\$7.40 guidance range by at least \$0.20 to \$6.90 to \$7.60, or \$7.25 midpoint.

Decomposition Analysis Suggests Further Upside

Our revised \$129 12-month target reflects 15x our revised 2013 EPS estimate. We shift forward to 2013 to value AMG as deal visibility is improving and investors come to better understand step function in EPS power as capital is deployed. As a logic check, we also decomposed our valuation by bifurcating EPS into base and performance fees. In Figures 1-2, we array base EPS between \$8.00 and \$8.50 against a 12x to 17x range of target P/E multiples while placing a 9x to 11x multiple on performance fees, here assumed to be \$0.50 per share. At a 15x target multiple, the analysis suggests a pro forma \$125 to \$133 target range, with the mid-point essentially in line with our revised \$129 target.

At 3/20, AMG is trading at ~15x 2012E EPS, and we believe the multiple can carry into 2013 as the firm remains poised to drive strong organic growth + execute on deals. In turn, we believe a 30% discount on performance fees is reasonable given deeper volatility but the broadening of affiliate contribution, lack of carried interest risk, and absence of K-1 exposure relative to alternative managers should command premium performance fee multiple, we believe.

As noted in the bottom right quadrant of Figure 1, we see greater likelihood for further price appreciation – and note that the analysis excludes subsequent deals. No question, AMG could be at risk should markets correct, but we continue to favor the firm's superior flow prospects and rising deal probabilities, with the shares a hedge to what is quickly becoming a more dominant theme among investors around next leg for interest rates (seemingly up).

Figure 1. Favorable Risk/Reward Optionality Even Ex Deals

Economic EPS				P/E	Per Share Total		
	\$8.50	\$8.75	\$9.00				
Base EPS							
	\$8.00	\$8.25	\$8.50				
P/E							
12x	96.00	99.00	102.00	12x	100.50	104.00	107.50
13x	104.00	107.25	110.50	13x	108.50	112.25	116.00
14x	112.00	115.50	119.00	14x	116.50	120.50	124.50
15x	120.00	123.75	127.50	15x	124.50	128.75	133.00
16x	128.00	132.00	136.00	16x	132.50	137.00	141.50
17x	136.00	140.25	144.50	17x	140.50	145.25	150.00
Performance Fees					% ETR		
	9.0x	10.0x	11.0x				
PF							
0.50	4.50	5.00	5.50	12x	-10%	-7%	-4%
				13x	-3%	1%	4%
				14x	4%	8%	12%
				15x	12%	15%	19%
				16x	19%	23%	27%
				17x	26%	30%	34%

Source: Citi Investment Research and Analysis

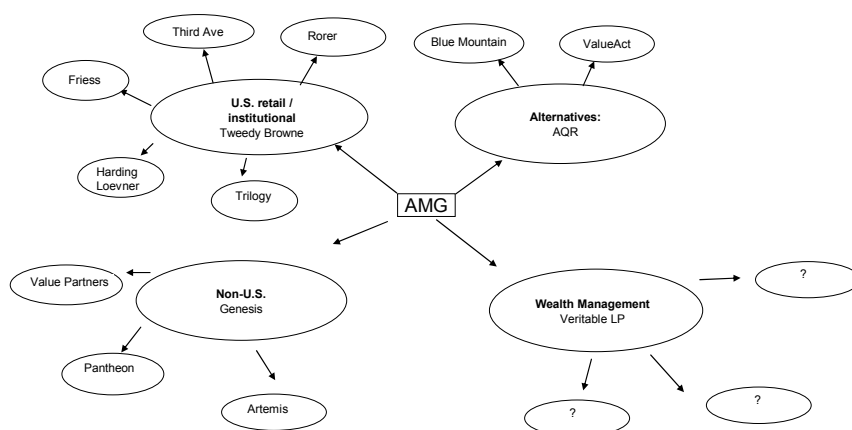
Deal Adds 4th Leg To Deal Stool

Management is increasingly targeting HNW and wealth management platforms following the creation of AMG Wealth Partners and the hiring of Mr. John Copeland as President in 2011. In turn, we believe the acquisition of Veritable opens a fourth leg of growth into the wealth management space (on top of US, non-US, and alternatives), further diversifies AMG's platform, while aligns the firm into an area offering attractive growth prospects. Furthermore, the deal: 1) could be the first of several potential transactions; and 2) sets the stage for AMG to further develop the

initiative akin to prior transactions where acquisitions aimed toward strategic areas of focus. In Figure 2, we array the current legs of growth around U.S. retail/institutional, alternatives, and non-US, and add the 4th leg of wealth management.

Given ample liquidity + full pipeline + history of doing deals in cycles, we expect more deal activity into 2Q and 2H12. Per management, deal capacity remains \$1B+ and pricing remains favorable.

Figure 2. Veritable Deal Sets Stage For New Leg Of Growth in HNW/UHNW Channel



Source: Citi Investment Research and Analysis

Number Of Deal Positives

We note the following takeaways:

1. **Solidly accretive to EPS:** While transaction details are limited, we estimate AMG paid approximately \$100M at the upper end of the typical 8x to 10x deal multiple range. In turn, we estimate EBITDA contribution around ~\$10M, or \$0.10 to \$0.12 run-rate EPS accretion. Coming from another angle, assuming midpoint of likely 30 bps to 40 bps fee rate, ~40% margin, and typical 65% AMG economics, we back into the \$10M EBITDA contribution. Given the mid-year close, we expect the deal to add ~\$0.05 to 2012 EPS. That said, fully factoring growth, we estimate deal accretion could approach \$0.15, which is more in line with management's typical expectation that every ~\$100M deployed adds between \$0.10 to \$0.20 in EPS.
2. **Adds to increasingly differentiated flow story:** The acquisition of Veritable adds another leg of growth, is likely accretive to flows, and aligns AMG into an area of structural growth. Independent wealth management is expected to outgrowth the B/D industry given favorable demographics, rising interest toward independent solutions, and increase in the number of HNW individuals. And, with Veritable, AMG is exposed to ultra HNW, or the fastest growing area within this sub-set. As global distribution further vintages and AMG is well positioned for the secular rise in institutional allocations, we believe the flow outlook remains robust. From here, incremental deals may also bolster AMG's U.S. platform, removing potential flow rotation risks.

3. **Pricing at high end of range likely idiosyncratic:** We believe pricing at the high end of typical deal range is not indicative of broader trend underway as: 1) deal represents AMG's first wealth management transaction; and 2) expect more synergies in further transactions as the business scales.
4. **Separate deal team further suggests deal potential:** Management utilizes a separate deal team for wealth management transactions suggesting further deals are still possible in the ST. We expect deals in 2Q + 2H12 and maybe into 2013.

Figure 3. AMG Summary Model

Affiliated Managers Group
Earnings Results and Forecasts
(\$ Millions, Except As Noted)

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KEY FORECAST VARIABLES:	1Q11	2Q11	3Q11	4Q11	Forecast:				2011	Forecast:				% Change				
					1Q12E	2Q12E	3Q12E	4Q12E		2012E	2013E	2014E	1QE/4Q	1QE/1Q	12E/11	13E/12E	14E/13E	
<u>Revenue</u>	426.3	462.3	413.8	402.4	437.9	464.3	497.0	635.0	1,704.8	2,034.3	2,239.0	2,501.5	8.8	2.7	19.3	19.3	10.1	
<u>Operating Expenses</u>																		
Salaries & Benefits	179.5	196.5	168.9	173.9	186.1	191.5	203.8	260.3	718.8	841.8	912.4	1,025.6	7.0	3.7	17.1	17.1	8.4	
Amortization & Depreciation	25.9	25.9	26.1	34.7	27.0	27.0	27.0	27.0	112.6	108.0	108.0	108.0	-22.2	4.2	-4.1	-4.1	0.0	
General & Administrative	87.5	90.6	83.5	89.2	87.6	92.9	99.4	120.6	350.8	400.5	414.2	462.8	-1.8	0.1	14.2	14.2	3.4	
Other	8.5	9.3	9.3	9.4	10.0	10.0	10.0	10.0	36.5	40.0	42.8	44.1	6.4	17.6	9.6	9.6	7.0	
Total Operating Costs	301.4	322.3	287.8	307.2	310.7	321.4	340.2	418.0	1,218.7	1,390.3	1,477.4	1,640.5	1.1	3.1	14.1	14.1	6.3	
<u>Operating Income</u>	124.9	140.0	126.0	95.2	127.2	142.9	156.8	217.0	486.1	644.0	761.6	861.0	33.6	1.9	32.5	32.5	18.3	
Non Operating Income/(Expense)	-8.8	-12.4	-26.1	13.8	-16.0	-16.0	-16.0	-15.0	-33.5	-63.0	-56.9	-51.2						
Non-controlling Interest	50.3	55.5	40.0	48.8	53.6	56.9	60.9	77.8	194.6	249.2	268.7	300.2	9.9	6.7	28.1	28.1	7.8	
Pretax Income	116.1	127.6	99.9	109.0	111.2	126.9	140.8	202.0	452.6	581.0	704.8	809.8	2.0	-4.2	28.4	28.4	21.3	
Income Taxes	26.7	26.6	19.8	19.9	22.3	26.8	30.5	47.0	93.0	126.6	164.7	192.1	11.9	-16.6	36.1	36.1	30.1	
Tax Rate (%)	37.6	34.8	31.6	30.6	36.0	36.0	36.0	36.0	33.8	36.0	36.0	36.0	17.5	-4.4	6.6	6.6	0.0	
Net Income	89.4	101.0	80.1	89.1	89.0	100.1	110.3	155.0	359.6	454.4	540.0	617.7	-0.2	-0.5	26.4	26.4	18.9	
Economic Net Income	85.1	91.3	82.1	92.5	82.1	89.9	96.2	124.0	351.0	392.2	458.4	504.5	-11.3	-3.6	11.7	11.7	16.9	
Avg Fully Diluted Shares (GAAP)	53.1	53.4	53.0	52.6	53.0	53.0	53.0	53.0	53.0	53.0	53.0	53.0	0.8	-0.2	0.0	0.0	0.0	
Avg Fully Diluted Shares (Cash)	53.1	53.4	53.0	52.6	53.0	53.0	53.0	53.0	53.0	53.0	53.0	53.0						
OPERATING EPS (FD)	0.74	0.85	0.76	0.77	0.67	0.81	0.93	1.46	3.11	3.87	5.12	5.99	-13.1	-9.5	24.3	24.3	32.3	
GAAP EPS (FD)	0.74	0.85	0.76	0.77	0.67	0.81	0.93	1.46	3.11	3.87	5.12	5.99	-13.1	-9.5	24.3	24.3	32.3	
Economic EPS (FD)	1.60	1.71	1.55	1.76	1.55	1.70	1.81	2.34	6.62	7.40	8.65	9.52	-12.0	-3.4	11.7	11.7	16.9	
<u>Margins (%)</u>																		
Operating Income	29%	30%	30%	24%	29%	31%	32%	34%	29%	32%	34%	34%						
EBITDA	28%	27%	27%	29%	33%	33%	33%	34%	28%	33%	34%	34%						
Net Income	9%	10%	10%	10%	8%	9%	10%	12%	10%	10%	12%	13%						
Return on Common Equity	9%	10%	9%	9%	7%	9%	9%	14%	9%	10%	10%	10%						
Compensation/Revenue	42%	43%	41%	43%	43%	41%	41%	41%	42%	41%	41%	41%						
<u>Total Assets Under Mgmt (\$mm)</u>	<u>339,828</u>	<u>348,409</u>	<u>305,879</u>	<u>327,462</u>	<u>358,136</u>	<u>380,766</u>	<u>390,870</u>	<u>401,317</u>	<u>327,462</u>	<u>401,317</u>	<u>445,493</u>	<u>494,491</u>	9.4	5.4	22.6	22.6	11.0	
Net Flows (\$mm)	6,465	10,500	4,903	4,056	6,000	7,950	5,200	5,200	22,924	24,350	22,500	23,500	47.9	-7.2	6.2	6.2	-7.6	
% Beg AUM	2.0%	3.1%	1.4%	1.3%	1.8%	2.2%	1.4%	1.3%	7.2%	7.4%	5.6%	5.3%						
% Change Q/Q	6.2%	2.5%	-12.2%	7.1%	9.4%	6.3%	2.7%	2.7%										
Ann'd Organic Growth (Loss) Rate	8.1%	12.4%	5.6%	5.3%	7.3%	8.9%	5.5%	5.3%	7.2%	7.4%	5.6%	5.3%						
<u>High Net Worth AUM (\$mm)</u>	<u>36,460</u>	<u>37,525</u>	<u>34,046</u>	<u>36,582</u>	<u>40,652</u>	<u>51,485</u>	<u>52,354</u>	<u>53,399</u>	<u>36,582</u>	<u>53,399</u>	<u>57,433</u>	<u>62,067</u>	11.1	11.5	46.0	46.0	7.6	
Net Flows (\$mm)	-13	454	258	305	250	200	200	200	1,004	850	1,000	1,000						
% Beg AUM	0.0%	1.2%	0.7%	0.9%	0.7%	0.5%	0.4%	0.4%	2.9%	2.3%	1.9%	1.7%						
<u>Mutual Fund AUM (\$mm)</u>	<u>90,619</u>	<u>89,978</u>	<u>79,354</u>	<u>85,222</u>	<u>94,703</u>	<u>97,045</u>	<u>99,679</u>	<u>102,357</u>	<u>85,222</u>	<u>102,357</u>	<u>113,349</u>	<u>126,111</u>	11.1	4.5	20.1	20.1	10.7	
Net Flows (\$mm)	2,156	-295	2,948	661	750	750	1,000	1,000	5,470	3,500	4,000	5,000						
% Beg AUM	2.5%	-0.3%	3.3%	0.8%	0.9%	0.8%	1.0%	1.0%	6.4%	4.1%	3.9%	4.4%						
<u>Institutional AUM (\$mm)</u>	<u>212,749</u>	<u>220,906</u>	<u>192,479</u>	<u>205,658</u>	<u>222,781</u>	<u>232,236</u>	<u>238,837</u>	<u>245,560</u>	<u>205,658</u>	<u>245,560</u>	<u>274,711</u>	<u>306,313</u>	8.3	4.7	19.4	19.4	11.9	
Net Flows (\$mm)	4,322	7,341	1,697	3,090	5,000	7,000	4,000	4,000	16,450	20,000	17,500	17,500						
% Beg AUM	2.2%	3.5%	0.8%	1.6%	2.4%	3.1%	1.7%	1.7%	8.2%	9.7%	7.1%	6.4%						
Average AUM	329,937	344,119	319,500	323,000	345,300	364,451	385,818	396,093	329,139	372,916	432,155	478,742	6.9	4.7	13.3	13.3	15.9	
<u>Revenue Yield</u>	52.4	53.9	51.4	49.4	51.0	51.2	51.3	63.8	51.8	54.6	51.8	52.3	3.2	-2.7	5.3	5.3	-5.0	
<u>Miscellaneous</u>																		
Dividends Per Share	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00						
EBITDA (\$ mm)	118.2	123.8	112.9	116.3	110.6	123.0	133.0	177.2	471.2	543.8	648.1	721.6	-4.9	-6.4	15.4	15.4	19.2	
Net Debt/LTM EBITDA (x)	1.8	1.6	1.4	1.6	1.6	1.6	1.5	1.4	1.6	1.4	1.1	1.0						
Free Cash Flow Per Share	\$1.57	\$1.66	\$1.48	\$1.61	\$1.50	\$1.65	\$1.77	\$2.29	\$6.32	\$7.21	\$8.46	\$9.33	-6.9	-4.4	14.1	14.1	17.3	

Source: Company reports, Citi Investment Research and Analysis

Affiliated Managers Group

Company description

Affiliated Managers Group, Inc. (NYSE: AMG) is an asset management company that makes equity investments in a group of boutique investment management firms. AMG has investments in a broad range of investment styles and distribution channels. Under AMG's structure, the entrepreneurial orientation of the firms can be maintained while holding company provides benefits in terms of scale with distribution, operations, and technology.

Investment strategy

We rate the shares of Affiliated Managers Group Buy. Our positive stance reflects our view that: 1) the company is well positioned for further flow upturn, which will be aided by recent deals, and 2) AMG's model efficacy is strong and rising. Additionally, we believe the firm's manager of manager model collars downside market and EPS risk reflecting robust revenue, income and equity sharing arrangements across high performing, and increasingly global, footprint.

Valuation

We value the shares of AMG using the target P/E method. Our \$129 target reflects a 15x target P/E against our 2013 economic EPS estimate. AMG has historically traded at 14x and 15x FTM economic (cash) P/E.

Risks

AMG's manager of managers model collars downside market and EPS risk reflecting revenue, income, and equity sharing arrangements across an increasingly global footprint. The two central risks to our price target reflect a delay in the closing of deals and sustained below trend capital markets which might reduce our EPS expectations and temper P/E multiple expansion.

If the impact from any of the following factors proves to be greater than we expect, the stock may have difficulty reaching our target price. If market conditions improve faster than anticipated, the stock may outperform our target.

Financial market risk — Changes in markets have a direct impact on AUM and investment advisory and services fees.

Performance risk — An inability to meet relevant investment benchmarks could result in clients withdrawing assets and in prospective clients choosing to invest with competitors. This could also result in lower investment management fees, including minimal or no performance-based fees, which could result in a decline in revenue.

Redemption risk — Investors can redeem their investments without notice. A significant increase in redemption rates could have a material adverse effect on revenues, financial condition, results of operations and business prospects.

Appendix A-1

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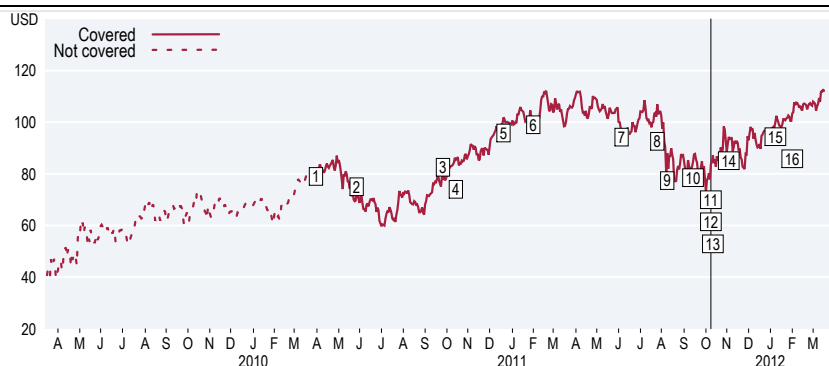
IMPORTANT DISCLOSURES

Affiliated Managers Group (AMG)

Ratings and Target Price History Fundamental Research

Analyst: William R Katz

Covered since March 31 2010



Date	Rating	Target Price	Closing Price
1 31-Mar-10	*1M	*105.00	79.00
2 27-May-10	1M	*100.00	73.68
3 27-Sep-10	1M	*104.00	77.71
4 14-Oct-10	1M	*106.00	85.42
5 21-Dec-10	1M	*123.00	101.86
6 1-Feb-11	1M	*128.00	100.01

* Indicates change

Date	Rating	Target Price	Closing Price
7 6-Jun-11	1M	*122.00	94.22
8 26-Jul-11	1M	*125.00	106.92
9 9-Aug-11	1M	*110.00	88.07
10 14-Sep-11	1M	*107.00	84.71
11 8-Oct-11	Stock rating system changed		
12 8-Oct-11	*1	107.00	77.85

Date	Rating	Target Price	Closing Price
13 12-Oct-11	1	*105.00	87.15
14 3-Nov-11	1	*110.00	94.30
15 9-Jan-12	1	*115.00	99.99
16 1-Feb-12	1	*120.00	103.41

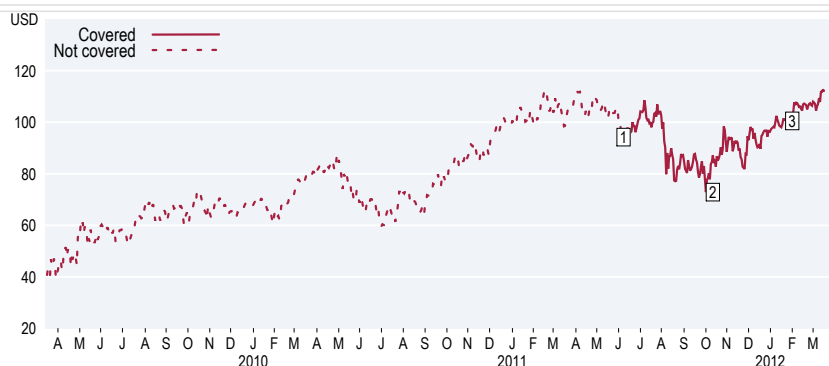
Rating/target price changes above reflect Eastern Standard Time

Affiliated Managers Group (AMG)

Ratings and Target Price History Best Ideas Research Relative Call (3 Month)

Analyst: William R Katz

Covered since March 31 2010



Date	Rating	Target Price	Closing Price
1 8-Jun-11	*ADD MP	-	94.59

* Indicates change

Date	Rating	Target Price	Closing Price
2 12-Oct-11	*REM MP	-	87.15

Date	Rating	Target Price	Closing Price
3 1-Feb-12	*ADD MP	-	103.41

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Data current as of 31 Dec 2011

	12 Month Rating			Relative Rating		
	Buy	Hold	Sell	Buy	Hold	Sell
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