

Brokers & Asset Managers

2Q EPS Preview: Bracing for Another Underwhelming Quarter Though Much Tepid News May Be Priced In

- **Tweaking estimates but could have been much worse for 2Q** — We refine our 2Q and 2012-14 EPS estimates modestly as a strong quarter end rally offset weakness throughout 2Q (see page 4, Figure 1). Still, we generally see negative bias to 2012 outlooks though comp accrual adjustments in 2H12 could be a helpful offset. We expect another tepid quarter around fundamentals – flows, NIMs, and operating profitability. We expect capital management to remain the consistent positive – most notably from LM. Revisions are not enough to alter our 12-month price targets.
- **We expect broad based misses for 2Q, with possible downside risk to our refined forecasts** — We are generally below consensus across our coverage universe, but most so for Traditionals + Broker Dealers (see page 5, Figure 2). Among larger cap stocks, the more sizeable negative outliers = WDR, JNS, IVZ, BLK + SCHW. By contrast, we expect KKR to significantly beat the “Street” for 2Q. A key around our estimates will be whether management teams begin to cut expenses to offset difficult top-line prospects though we expect it may be early for such tactical moves.
- **Remain selective, but...** — For now, we remain broadly most bullish on Alternative Managers and less constructive on Broker Dealers while selective on Traditionals – with a pairing overlay (AMG/TROW; BLK/EV and IVZ/WDR). Indeed, our valuation work (recapped in this note) reinforces: 1) preference for A/Ms over B/Ds; 2) sector could be poised for moderate bounce; though, 3) such bounces seem to be increasingly less robust, we suspect this is given: a) mixed flow prospects; and, b) less macro snapbacks, with both tempering sustainable multiples.
- **Three focus stocks into 2Q earnings** — We are most upbeat on AMG, LM, and KKR into earnings. For AMG, we look for best-in-class organic growth + favorable post quarter update (around flows, deals, and EPS expectations). For LM, we see significant buyback + further evidence of flow improvement. For KKR, we see the best combo of beat potential + fundamentals. We expect constructive calls overall.
- **Alternative Managers** — We expect mixed quarter overall. Favorably, we look for strongest organic growth, further shift in asset allocations, and generally the most constructive post quarter updates. Negatively, we are generally at/below consensus due, we believe, to NAV MTM impacts.
- **Traditional Managers** — We expect another quarter of mixed flow and margin dynamics though seasonality could bolster profitability to some degree. We expect mixed updates around retail and institutional flow trends, ranging from (mostly known 47% annual loss rate at ART to ~11% growth at WETF (favored small cap).
- **Broker Dealers** — We expect difficult post quarter updates around NIMs, trading, and EPS range expectations. We remain most below consensus on SCHW for 2Q12, and inline with consensus on AMTD.

William R Katz

+1-212-816-5394

william.katz@citi.com

Neil Stratton, CFA

neil.stratton@citi.com

Steven J Fullerton

steve.fullerton@citi.com

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

Citi Research is a division of Citigroup Global Markets Inc. (the “Firm”), which does and seeks to do business with companies covered in its research reports. As a result, investors should be aware that the Firm may have a conflict of interest that could affect the objectivity of this report. Investors should consider this report as only a single factor in making their investment decision.

Data Summary

Ticker	Rating		Target Price		Current Year Earnings Estimates		Next Year Earnings Estimates	
	Old	New	Old	New	Old	New	Old	New
AB	2	2	US\$12.50	US\$12.50	US\$1.06	US\$1.05	US\$1.13	US\$1.14
AMG	1	1	US\$132.00	US\$132.00	US\$7.45	US\$7.31	US\$8.97	US\$8.76
AMTD	2	2	US\$18.00	US\$18.00	US\$1.06	US\$1.06	US\$1.17	US\$1.17
APO	1	1	US\$16.75	US\$16.75	US\$2.82	US\$2.27	US\$2.52	US\$2.79
ART	3H	3H	US\$2.75	US\$2.75	US\$0.05	US\$0.04	US\$-0.13	US\$-0.12
BEN	2	2	US\$117.00	US\$117.00	US\$8.82	US\$8.92	US\$9.41	US\$9.67
BLK	2	2	US\$180.00	US\$180.00	US\$12.86	US\$13.05	US\$14.24	US\$14.56
BX	1	1	US\$18.00	US\$18.00	US\$1.41	US\$1.24	US\$1.74	US\$1.71
CG	1	1	US\$29.00	US\$29.00	US\$2.26	US\$1.83	US\$3.22	US\$3.05
EV	2	2	US\$25.00	US\$25.00	US\$1.86	US\$1.90	US\$2.01	US\$2.04
FII	2	2	US\$22.00	US\$22.00	US\$1.70	US\$1.64	US\$1.89	US\$1.83
FXCM	1	1	US\$14.50	US\$14.50	US\$0.81	US\$0.81	US\$1.13	US\$1.13
IVZ	1	1	US\$27.00	US\$27.00	US\$1.82	US\$1.85	US\$2.04	US\$2.11
JNS	2	2	US\$7.75	US\$7.75	US\$0.63	US\$0.59	US\$0.72	US\$0.67
KKR	1	1	US\$20.00	US\$20.00	US\$2.18	US\$2.29	US\$1.79	US\$1.74
LM	1	1	US\$32.50	US\$32.50	US\$1.85	US\$1.95	US\$2.51	US\$2.64
LPLA	2	2	US\$33.00	US\$33.00	US\$2.02	US\$2.04	US\$2.25	US\$2.26
OZM	1	1	US\$11.50	US\$11.50	US\$1.18	US\$1.07	US\$1.32	US\$1.28
SCHW	2	2	US\$13.00	US\$13.00	US\$0.58	US\$0.62	US\$0.65	US\$0.66
TROW	3	3	US\$56.00	US\$56.00	US\$3.28	US\$3.22	US\$3.62	US\$3.51
WDR	2	2	US\$32.00	US\$32.00	US\$2.27	US\$2.13	US\$2.42	US\$2.32
WETF	1	1	US\$8.50	US\$8.50	US\$0.05	US\$0.06	US\$0.14	US\$0.16

2Q EPS Preview: Bracing for Another Underwhelming Quarter Though Much of the Tepid News May Be Priced In

Investment Summary

We enter 2Q earnings season set to kick off the week of 7/16 (AMTD, BLK, BX) with a selective stance though a look at P/E multiples and subsequent stock price moves could suggest a modest broad-based rally might be in store, and certainly aligned with our domestic strategists view for a late year rally to the SPX. For now, we remain most constructive on Alternatives Managers, least bullish on Broker Dealers and selective among Traditional Managers – with a pairing overlay including long/underweight AMG/TROW; BLK/EV; and IVZ/WDR, respectively.

Still, we generally expect underwhelming fundamentals for 2Q. We are mostly below consensus for the quarter – and the year – with a negative bias to estimates. We expect uneven discussions around flows, NIMs, and trading activity to be the central themes entering 3Q, with such dynamics putting downward pressure on EPS leverage, particularly for the Broker Dealers (given the flattening of interest rates and brutal impact on reinvestment rates and spread revenues).

While we expect most of our coverage universe to miss, we particularly like AMG, LM, and KKR into earnings season. For AMG, we look for another best-in-class flow quarter + favorable deal dynamics/discussion; for LM, we look for a step function lower on share count + further evidence of flow recovery; for KKR, we see sizeable EPS beat and favorable quarterly update around flow/asset gathering dynamic. By contrast, we are most below consensus for BLK, JNS, WDR, IVZ, and SCHW among large(r) cap stocks.

Refining Estimates – Could Have Been Much Worse; But Still Not Looking That Great into 2H12

In Figure 1, we array our old versus new EPS estimates for 2Q12 and 2012-2014 – generally making only modest revisions. For those companies with monthly disclosures – such as BEN, IVZ, WETF, SCHW – we actually tick up our estimates given strong rebound in June for equities markets and selective rate adjustments. For most others, however, we generally trim our forecasts reflecting the net impact of 2Q weak markets, reduced NIMs, and lesser flow mixes.

To some degree, 2Q will be aided by seasonality – including an extra revenue day and lesser compensation costs as FICA expenses normalize. However, the sector is in a tricky spot as it is too soon to cut deeply into compensation, yet the top line outlook remains tepid for many. As such, margins may trend a bit lower before stabilizing into back half of this year. We expect most management teams to acknowledge the possibility of reducing compensation and selective G&A line items but not to make wholesale adjustments at this point, leaving some flux around EPS in the ST. Still, with weak markets, uneven flows and pressure on NIMs/DARTs, we believe there is a bit of downside risk to estimates, all else equal.

Figure 1. 2Q12 Citi Old Versus New EPS Estimates

	C2Q11 EPS		CQ1 2012		2Q12E EPS			2012E EPS			2013E EPS			2014E EPS		
	Actual		Actual		Old	New	% Chg	Old	New	% Chg	Old	New	% Chg	Old	New	% Chg
Traditionals																
AB ¹	\$0.35		\$0.29		\$0.26	\$0.25	-3.8%	\$1.06	\$1.05	-0.9%	\$1.13	\$1.14	0.9%	\$1.38	\$1.38	0.0%
AMG ¹	\$1.71		\$1.58		\$1.71	\$1.63	-4.7%	\$7.45	\$7.31	-1.9%	\$8.97	\$8.76	-2.3%	\$10.20	\$9.93	-2.6%
ART	\$0.39		\$0.11		\$0.02	\$0.01	N/M	\$0.05	\$0.04	-20.0%	-\$0.13	-\$0.12	-7.7%	-\$0.14	-\$0.13	-7.1%
BEN	\$2.26		\$2.32		\$2.10	\$2.14	1.9%	\$8.82	\$8.92	1.1%	\$9.41	\$9.67	2.8%	\$10.82	\$11.11	2.7%
BLK	\$3.00		\$3.16		\$2.88	\$2.92	1.4%	\$12.86	\$13.05	1.5%	\$14.24	\$14.56	2.2%	\$16.09	\$16.43	2.1%
EV	\$0.56		\$0.45		\$0.45	\$0.48	6.7%	\$1.86	\$1.90	2.2%	\$2.01	\$2.04	1.5%	\$2.23	\$2.26	1.3%
FII	\$0.41		\$0.41		\$0.41	\$0.38	-7.3%	\$1.70	\$1.64	-3.5%	\$1.89	\$1.83	-3.2%	\$2.32	\$2.25	-3.0%
IVZ ¹	\$0.44		\$0.44		\$0.42	\$0.42	0.0%	\$1.82	\$1.85	1.6%	\$2.04	\$2.11	3.4%	\$2.30	\$2.39	3.9%
JNS	\$0.23		\$0.15		\$0.15	\$0.14	-6.7%	\$0.63	\$0.59	-6.3%	\$0.72	\$0.67	-6.9%	\$0.87	\$0.80	-8.0%
LM	\$0.46		\$0.49		\$0.43	\$0.44	2.3%	\$1.85	\$1.95	5.4%	\$2.51	\$2.64	5.2%	\$3.13	\$3.33	6.4%
TROW	\$0.76		\$0.75		\$0.83	\$0.81	-2.4%	\$3.28	\$3.22	-1.8%	\$3.62	\$3.51	-3.0%	\$3.86	\$3.74	-3.1%
WDR	\$0.59		\$0.55		\$0.53	\$0.50	-5.7%	\$2.27	\$2.13	-6.2%	\$2.42	\$2.32	-4.1%	\$2.60	\$2.64	1.5%
WETF	\$0.01		\$0.02		\$0.01	\$0.01	0.0%	\$0.05	\$0.06	20.0%	\$0.14	\$0.16	14.3%	\$0.21	\$0.24	14.3%
MEDIAN							-1.2%			-0.9%			0.9%			1.3%
Alternatives																
APO	\$0.31		\$1.10		\$0.07	-\$0.01	N/M	\$2.82	\$2.27	-19.5%	\$2.52	\$2.79	10.7%	\$2.60	\$2.55	-1.9%
BX ²	\$0.64		\$0.39		\$0.28	\$0.15	-46.4%	\$1.41	\$1.24	-12.1%	\$1.74	\$1.71	-1.7%	\$2.55	\$2.06	-19.2%
CG	N/A		\$1.10		-\$0.25	-\$0.54	N/M	\$2.26	\$1.83	-19.0%	\$3.22	\$3.05	-5.3%	\$3.83	\$3.70	-3.4%
KKR ²	\$0.36		\$0.99		\$0.41	\$0.57	39.0%	\$2.18	\$2.29	5.0%	\$1.79	\$1.74	-2.8%	\$1.95	\$1.88	-3.6%
OZM ³	\$0.16		\$0.13		\$0.13	\$0.13	0.0%	\$1.18	\$1.07	-9.3%	\$1.32	\$1.28	-3.0%	\$1.52	\$1.50	-1.3%
MEDIAN							0.0%			-12.1%			-2.8%			-3.4%
Broker-Dealers																
AMTD	\$0.27		\$0.25		\$0.27	\$0.27	0.0%	\$1.06	\$1.06	0.0%	\$1.17	\$1.17	0.0%	\$1.34	\$1.34	0.0%
FXCM	\$0.19		\$0.20		\$0.13	\$0.13	0.0%	\$0.81	\$0.81	0.0%	\$1.13	\$1.13	0.0%	\$1.38	\$1.38	0.0%
LPLA ¹	\$0.52		\$0.56		\$0.54	\$0.54	0.0%	\$2.02	\$2.04	1.0%	\$2.25	\$2.26	0.4%	\$2.57	\$2.59	0.8%
SCHW	\$0.20		\$0.15		\$0.14	\$0.17	21.4%	\$0.58	\$0.62	6.9%	\$0.65	\$0.66	1.5%	\$0.94	\$0.94	0.0%
MEDIAN							0.0%			1.0%			0.2%			0.0%

Note: 2012-14 represent fiscal years

¹Estimates represent adjusted or economic EPS.

²Estimates represent economic net income (ENI)

³Estimates represent distributable earnings per share (DEPS)

BEN: Estimates represent F3Q12 (June), F2012-14 (Sept).

EV: Estimates represent F3Q12 (July), F2012-14 (Oct).

LM: Estimates represent F1Q13 (June), F2013-15 (Mar).

AMTD: Estimates represent F3Q12 (June), F2012-14 (Sept).

Source: Company reports and Citi Research

We Expect Broad Based EPS Misses for 2Q; and Negative Adjustments for 2012

In Figure 2, we array our revised EPS estimates versus consensus. While we expect the “Street” to dust off earnings models now that the holiday week is behind, we still generally find ourselves at/below consensus on most of our coverage universe – for both 2Q and 2012 at large.

We are most below consensus for Traditionals and B/Ds, and mixed among the Alternative Managers.

We are most below consensus for Traditional Asset Managers and Broker Dealers, and mixed among the Alternative Managers – at least for 2Q; and most sharply below the “Street” for 2H12 for the Alternatives. For Asset Managers generally, we believe consensus is optimistic on NAVs, flows, and margins. For Broker Dealers, we suspect NIMs are too aggressive.

Looking at specific outliers, we are most below consensus for 2Q on BLK, IVZ, JNS, WDR, SCHW and BX. For the Asset Managers, we believe the issues center mostly on QTD marks and impact from equity centric models. For SCHW, we believe the root issue centers on NIM expectations.

Figure 2. 2Q12 Citi Versus Consensus EPS Estimates

		C2Q12E			2012E			2013E			2014E		
		CIRA	FC	% Diff	CIRA	FC	% Diff	CIRA	FC	% Diff	CIRA	FC	% Diff
Traditionals													
AllianceBernstein	AB	0.25	0.26	-4.9%	1.05	1.11	-6.0%	1.14	1.23	-7.8%	1.38	1.39	-0.4%
Affiliated Managers Group	AMG	1.63	1.68	-3.0%	7.31	7.41	-1.3%	8.76	8.79	-0.3%	9.93	9.87	0.6%
Artio Global Investors	ART	0.01	0.04	N/M	0.04	0.16	N/M	-0.12	0.04	N/M	-0.13	-0.01	N/M
Franklin Resources	BEN	2.14	2.11	1.4%	N/A	N/A	N/A	9.67	9.58	0.9%	11.11	10.94	1.6%
BlackRock	BLK	2.92	3.08	-5.2%	13.05	13.22	-1.3%	14.56	14.79	-1.6%	16.43	16.53	-0.6%
Eaton Vance	EV	0.48	0.46	4.3%	N/A	N/A	N/A	2.04	2.02	1.0%	2.26	2.17	4.1%
Federated Investors	FII	0.38	0.40	-5.0%	1.64	1.67	-1.8%	1.83	1.82	0.5%	2.25	2.04	10.3%
Invesco	IVZ	0.42	0.45	-6.7%	1.85	1.88	-1.6%	2.11	2.19	-3.7%	2.39	2.48	-3.6%
Janus Capital Group	JNS	0.14	0.15	-6.7%	0.59	0.61	-3.3%	0.67	0.74	-9.5%	0.80	0.95	-15.8%
Legg Mason	LM	0.44	0.46	-4.3%	N/A	N/A	N/A	2.64	2.44	8.2%	3.33	3.14	6.1%
T. Rowe Price	TROW	0.81	0.82	-1.2%	3.22	3.30	-2.4%	3.51	3.81	-7.9%	3.74	4.32	-13.4%
Waddell & Reed Financial	WDR	0.50	0.55	-9.1%	2.13	2.27	-6.2%	2.32	2.57	-9.7%	2.64	2.80	-5.7%
WisdomTree Investments	WETF	0.01	0.02	-50.0%	0.06	0.08	-25.0%	0.16	0.22	-27.3%	0.24	0.28	-14.3%
Median				-5.0%			-2.1%			-1.6%			-0.6%
Alternatives													
Apollo Global Management	APO	-0.01	0.02	N/M	2.27	2.55	-11.0%	2.79	2.73	2.2%	2.55	3.13	-18.5%
Blackstone Group	BX	0.15	0.25	-40.0%	1.24	1.50	-17.3%	1.71	1.99	-14.1%	2.06	2.55	-19.2%
Carlyle Group	CG	-0.54	-0.13	N/M	1.83	2.28	-19.7%	3.05	3.10	-1.6%	3.70	3.69	0.3%
KKR	KKR	0.57	0.13	338.5%	2.29	2.13	7.5%	1.74	2.21	-21.3%	1.88	2.15	-12.6%
Och-Ziff Capital Management	OZM	0.13	0.13	0.0%	1.07	1.24	-13.7%	1.28	1.35	-5.2%	1.50	1.56	-3.8%
Median				0.0%			-13.7%			-5.2%			-12.6%
Broker Dealers													
TD Ameritrade Holding Corp	AMTD	0.27	0.27	0.0%	N/A	N/A	N/A	1.17	1.22	-4.1%	1.34	1.48	-9.5%
FXCM Inc	FXCM	0.13	0.14	-7.1%	0.81	0.82	-1.2%	1.13	1.18	-4.2%	1.38	1.39	-0.7%
LPL Investment Holdings	LPLA	0.54	0.56	-4.0%	2.04	2.18	-7.0%	2.26	2.48	-8.0%	2.59	2.84	-9.0%
Charles Schwab Corp	SCHW	0.17	0.18	-5.6%	0.62	0.67	-7.5%	0.66	0.78	-15.4%	0.94	0.98	-4.1%
Median				-4.8%			-7.0%			-6.1%			-6.5%
Median				-4.7%			-4.7%			-4.2%			-4.0%

BEN: Estimates represent F3Q12 (June), F2012-14 (Sept).

EV: Estimates represent F3Q12 (July), F2012-14 (Oct).

LM: Estimates represent F1Q13 (June), F2013-15 (Mar).

AMTD: Estimates represent F3Q12 (June), F2012-14 (Sept).

Source: Citi Research, First Call

Figure 3. We Are Most Ahead Of The “Street” On KKR In 2Q12

		2Q12		
		CIRA	FC	% Diff
KKR		0.57	0.13	338.5%

Source: Citi Research, First Call

For Flows, we expect the most bullish updates around: a) ETF growth; and, b) alternative allocations.

By contrast, we are most ahead of the “Street” on KKR, which enjoyed a particularly strong quarter for public marks versus key peers, and not fully discounted by consensus (Figure 3).

Flows & Margins Likely Idiosyncratic – Again

In Figure 4, we array last five quarter (including 2Q12-E) flow and operating margin trends, and the data remain mixed. Focusing on flows, we expect management teams to broadly signal mixed outlooks for retail and institutional volumes. Within this construct, we expect the most bullish updates around: a) ETF growth; and, b) alternative allocations. We see AMG, WETF, APO, and BX putting up best net organic growth while we expect most of the Traditionals to post more uneven outlooks – BEN and TROW likely next best – though for TROW, we believe institutional volumes remain lumpy and tempering strong retail growth. Stepping back, we do see solid volumes broadly for the Broker Dealers, supplemented by continued breakaway broker growth.

Figure 4. Flow Prospects Remain Idiosyncratic Across Our Coverage Universe...

	Long-Term Flows (\$M)					Long-Term Organic Growth					Total Flows (\$M)					Total Organic Growth				
	2Q11	3Q11	4Q11	1Q12	2Q12E	2Q11	3Q11	4Q11	1Q12	2Q12E	2Q11	3Q11	4Q11	1Q12	2Q12	2Q11	3Q11	4Q11	1Q12	2Q12
Traditionals																				
AB	-19,500	-15,400	-13,200	-12,100	-4,497	-16.3%	-13.4%	-13.1%	-11.9%	-4.4%	-19,500	-15,400	-13,200	-12,100	-4,497	-16.3%	-12.9%	-11.5%	-12.0%	-4.4%
AMG	10,500	4,903	4,056	7,084	5,100	12.4%	5.6%	5.3%	8.7%	6.2%	10,500	4,903	4,056	7,084	5,100	13.1%	5.8%	4.7%	9.3%	6.2%
ART	-4,528	-4,183	-4,756	-5,995	-3,624	-35.3%	-35.7%	-55.5%	-79.0%	-47.7%	-4,528	-4,183	-4,756	-5,995	-3,624	-33.9%	-32.6%	-40.6%	-70.0%	-47.7%
BEN	21,400	2,500	-14,900	6,000	2,736	12.3%	1.4%	-9.1%	3.6%	1.6%	21,700	3,100	-15,600	5,600	3,261	12.9%	1.8%	-8.5%	3.4%	1.9%
BLK	8,507	-9,613	23,825	-10,326	18,250	1.0%	-1.2%	3.2%	-1.3%	2.3%	-15,514	-10,191	24,570	-48,117	3,250	-1.7%	-1.1%	2.7%	-5.8%	0.4%
EV	1,818	-2,802	-1,134	565	-910	3.6%	-5.7%	-2.4%	1.2%	-1.9%	1,562	-2,948	-1,270	372	-910	3.3%	-5.8%	-2.6%	0.8%	-1.9%
FII	-277	627	2,270	1,315	700	-1.5%	3.4%	12.8%	6.9%	3.7%	-6,187	5,809	15,469	-9,394	-7,300	-6.9%	6.5%	17.7%	-10.7%	-7.9%
IVZ	4,000	2,900	5,600	7,600	-4,891	2.8%	2.0%	4.3%	5.5%	-3.5%	7,300	2,200	6,000	8,100	-7,991	4.7%	1.4%	3.7%	5.4%	-5.1%
JNS	-3,100	-2,400	-4,000	-2,500	-2,500	-7.2%	-5.7%	-11.5%	-6.8%	-6.8%	-3,100	-2,300	-4,000	-2,500	-2,600	-7.3%	-5.3%	-9.4%	-7.1%	-7.0%
LM	-5,700	-14,500	-12,000	-7,700	-1,453	-4.2%	-10.6%	-9.6%	-6.1%	-1.1%	-21,800	-17,600	-1,300	-4,900	-2,053	-13.0%	-10.4%	-0.8%	-3.2%	-1.3%
TROW	9,800	-2,600	1,100	12,400	6,000	7.7%	-2.0%	1.0%	10.1%	4.9%	9,800	-2,600	1,100	12,400	6,000	8.1%	-2.0%	0.8%	10.9%	4.9%
WDR	1,435	1,028	-210	1,198	110	6.5%	4.6%	-1.1%	5.9%	0.5%	1,444	1,193	-229	1,119	110	6.9%	5.3%	-1.0%	5.8%	0.5%
WETF	1,699	179	756	2,299	348	60.2%	5.5%	27.0%	75.5%	11.4%	1,699	179	756	2,299	348	68.7%	6.3%	23.4%	82.2%	11.4%
Median Industry	26,054	-39,361	-12,593	-160	15,369	2.8%	-1.2%	-1.1%	3.6%	0.5%	-16,624	-37,838	11,596	-46,032	-10,906	3.3%	-1.1%	-0.8%	0.8%	-1.3%
						1.5%	-2.2%	-0.8%	0.0%	0.9%						-0.9%	-1.9%	0.6%	-2.6%	-0.6%
Alternatives																				
APO	-496	1,518	4,208	2,311	1,300	-2.9%	8.7%	23.5%	14.2%	6.9%	-496	1,518	4,208	2,311	1,300	-2.9%	8.7%	23.5%	14.2%	6.9%
BX	4,370	5,268	6,396	18,370	1,989	13.6%	14.1%	16.1%	46.6%	4.8%	4,370	5,268	6,396	18,370	1,989	13.6%	14.1%	16.1%	46.6%	4.8%
CG	N/A	512	826	710	275	N/A	1.9%	2.2%	1.9%	0.7%	N/A	512	826	710	275	N/A	1.9%	2.2%	1.9%	0.7%
KKR	-786	-27	-511	-319	-362	-5.2%	-0.2%	-3.3%	-2.2%	-2.5%	-786	-27	-511	-319	-362	-5.2%	-0.2%	-3.3%	-2.2%	-2.5%
OZM	775	228	-38	-63	50	11.1%	3.1%	-0.5%	-0.9%	0.7%	775	228	-38	-63	50	11.1%	3.1%	-0.5%	-0.9%	0.7%
Median Industry	3,862	7,499	10,882	21,010	3,252	4.1%	3.1%	2.2%	1.9%	0.7%	3,862	7,499	10,882	21,010	3,252	4.1%	3.1%	2.2%	1.9%	0.7%
						5.4%	7.2%	9.2%	18.4%	2.7%						5.4%	7.2%	9.2%	18.4%	2.7%
Broker Dealers																				
LPLA	7,800	-2,145	-2,627	3,744	2,500	9.5%	-2.5%	-3.3%	4.5%	2.8%	7,800	-2,145	-2,627	3,744	2,500	9.5%	-2.5%	-3.3%	4.5%	2.8%
SCHW	15,400	86,000	21,500	38,900	18,987	3.7%	20.8%	5.5%	9.3%	4.1%	15,400	86,000	21,500	38,900	18,987	3.7%	20.8%	5.5%	9.3%	4.1%
AMTD	7,900	12,400	10,200	10,800	8,507	7.7%	12.0%	10.8%	10.6%	7.5%	7,900	12,400	10,200	10,800	8,507	7.7%	12.0%	10.8%	10.6%	7.5%
Median Industry	31,100	96,255	29,073	53,444	29,994	7.7%	12.0%	5.5%	9.3%	4.1%	31,100	96,255	29,073	53,444	29,994	7.7%	12.0%	5.5%	9.3%	4.1%
						5.4%	16.7%	5.3%	9.2%	4.7%						5.4%	16.7%	5.3%	9.2%	4.7%
Coverage Median Industry																				
	61,016	64,393	27,362	74,294	48,615	3.7%	1.9%	1.0%	4.5%	1.6%	18,338	65,916	51,551	28,422	22,340	4.2%	1.8%	0.8%	3.4%	0.7%
						2.6%	2.7%	1.1%	3.3%	2.0%						2.6%	2.7%	1.1%	3.3%	2.0%

Source: Company reports, Citi Research

Choppy quarter for markets, flows, NIMs, and trading activity will temper top line leverage, in our view.

For margins, the sector will benefit from one extra revenue day QTQ and lower FICA costs within compensation, the result of which should drive margins up a bit, all else equal (Figure 5). That said, the choppy quarter for markets, flows, NIMs, and trading activity will temper top line leverage, in our view. We do believe management teams may acknowledge the possibility to trim compensation and G&A to help bolster margins into 2HC12 though we believe it may be still a quarter early before any tactical adjustments are made, putting some pressure on margins into 3QC12, all else equal.

Figure 5. ...While We Also Expect Margins To Be Uneven

	Operating Margin					Difference (Basis Points)	
	C2Q11	C3Q11	C4Q11	C1Q12	C2Q12E	C2Q12E/C1Q11	C2Q12E/2Q11
Traditional Managers:							
Affiliated Managers Group	30.3%	30.4%	23.7%	26.0%	29.0%	297	-127
AllianceBernstein Holding ¹	19.7%	17.7%	7.0%	18.0%	18.2%	17	-150
Artio Global ¹	50.5%	50.0%	34.5%	24.5%	3.3%	-2,122	-4,718
BlackRock, Inc. ¹	39.7%	40.1%	40.0%	38.6%	38.0%	-60	-168
Eaton Vance Corp.	35.3%	35.2%	31.4%	32.4%	31.8%	-58	-350
Federated Investors, Inc.	31.9%	31.3%	28.6%	30.5%	29.6%	-94	-231
Franklin Resources, Inc. ²	36.8%	37.5%	37.2%	34.3%	35.3%	104	-150
Invesco Ltd ¹	37.9%	36.2%	36.0%	36.4%	36.9%	47	-106
Janus Capital Group Inc.	31.7%	31.3%	32.7%	25.9%	25.8%	-7	-587
Legg Mason, Inc. ^{1 2}	21.0%	21.3%	21.7%	21.2%	18.5%	-273	-253
T. Rowe Price Group, Inc.	45.8%	43.5%	43.7%	43.4%	45.2%	182	-55
Waddell & Reed Financial	25.5%	26.4%	21.8%	23.7%	23.1%	-57	-235
Median	33.6%	33.3%	32.1%	28.3%	29.3%	101	-432
Alternative Managers:							
Apollo Global Management	22.7%	23.0%	30.4%	29.0%	15.5%	-1,348	-717
Blackstone Group L.P.	30.4%	25.5%	33.5%	29.6%	30.2%	62	-24
The Carlyle Group	13.3%	14.8%	5.8%	14.4%	14.2%	-19	92
KKR & Co. L.P.	38.9%	43.7%	47.2%	38.8%	37.8%	-104	-114
Och-Ziff Capital Management	69.3%	69.3%	68.2%	65.7%	67.1%	139	-218
Median	30.4%	25.5%	33.5%	29.6%	30.2%	62	-24
Asset Manager Median	31.9%	31.3%	32.7%	29.6%	29.6%	4	-231
Broker Dealers:							
FXCM	39.4%	40.5%	40.3%	35.0%	32.6%	-242	-684
LPL Investment Holdings Inc. ¹	6.6%	5.8%	5.9%	7.0%	6.5%	-48	-5
The Charles Schwab Corporation	33.0%	31.6%	23.6%	26.3%	27.1%	80	-590
TD Ameritrade	40.5%	40.3%	35.0%	32.6%	38.1%	556	-242
Median	36.2%	35.9%	29.3%	29.4%	29.8%	40	-637
Coverage Median	33.0%	31.6%	32.7%	29.6%	29.6%	4	-341

Note: For Alternatives, we use pre-tax FRE margins

Note: For EV, BEN, and SCHW C2Q equals F3Q; LM C2Q12 equals F1Q13

¹ Adjusted margins for AB, ART, LM, IVZ, and BLK

² LM excludes transition assistance but includes a \$23 charge for IPO costs and a \$69 charge for early retirement of \$1.25B convertible bonds; BEN excludes non-recurring charges and consolidation impacts (C4Q11-C1Q12)

Source: Company reports, Citi Research

Three Focus Stocks

While we do expect an uneven tone to 2Q earnings/call updates, we do see three particularly favorable stories across our three sub-sectors – namely AMG, LM, and KKR. While we appreciate AMG and KKR are widely recommended stocks, we nonetheless, see favorable dynamics for these three in particular. We summarize:

AMG – Best in class flows + positive deal update: Here, we look for best combo of 2Q flows plus positive update into 2H12 around flow pipelines. And, based on our recent conversations with management, we expect bullish update around deal pipeline, including renewed outlook for wealth succession deals plus possible asset divestiture opportunities.

LM – Sizeable repurchase – including \$155M (~6M shares) in 2Q + 65% of go-forward FCF for buyback + further signs of flow stabilization: Including positive FI growth and easing Equities attrition – like FI, we see favorable flow mix in equities, the latter powered by continued closed end volumes.

KKR – Should benefit from strong public company marks, with solid realizations and new business update: We look for favorable update around PE + public market businesses.

Yet, Sector Broadly Could Bounce

In Figures 6-7, we looked at prior recent periods in which the sector's P/E multiple fell to similar levels, and analyzed both absolute and relative stock price performance versus the SPX. We note:

1. Data broadly reinforce our current preference for Asset Managers over Broker Dealers, as the former consistently outperformed the latter – and likely reflective of the “lower for longer” interest rate backdrop;
2. Generally, Alternative Managers performed quite well, outperforming both other sectors and the SPX;
3. A closer inspection of the data would suggest some thinning of both absolute and relative upside over each successive measurement period. Why might be the case? We see two reasons:
 - **Sector fundamentals remain mixed, raising uncertainty around sustainable multiples;**
 - **Market returns seem to be fading over each subsequent macro-economic policy move the Fed.**

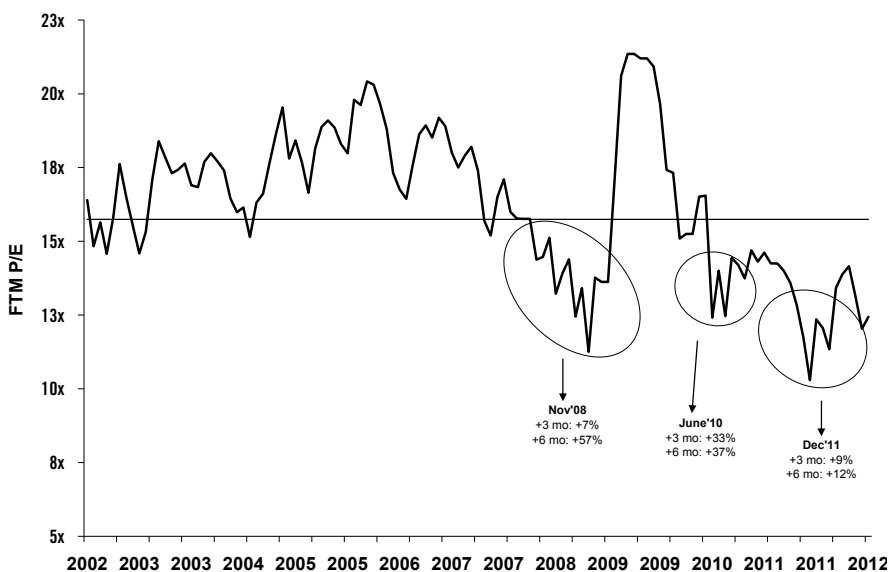
Still, we sense the sector could broadly be setting up for a bit of a bounce though we still favor AMG, LM, IVZ and WETF among Traditionals, broadly recommend the Alternatives (KKR and BX are favored names) and remain defensive on B/Ds – FXCM remains our only Buy recommendation.

Figure 6. Data From Prior Periods Of Sector Multiple Contraction Reinforce Our Preference For Asset Managers Over Broker Dealers...

	Current P/E	Starting	P/E Multiple		Price Performance (Absolute)		Price Performance (Relative)	
			+ 3 Months	+ 6 months	+ 3 Months	+ 6 months	+ 3 Months	+ 6 months
November 2008								
Traditionals	13.0x	12.5x	15.0x	26.1x	-0.1%	55.3%	7.9%	42.9%
Alternatives	6.3x	11.4x	16.6x	44.0x	16.1%	114.9%	24.1%	102.5%
Broker Dealers	15.7x	14.2x	14.6x	19.9x	-4.4%	17.9%	3.6%	5.5%
June 2010								
Traditionals	13.0x	14.1x	17.2x	18.2x	33.6%	37.2%	15.1%	11.3%
Alternatives	6.3x	8.6x	12.4x	12.8x	44.0%	80.6%	25.5%	54.7%
Broker Dealers	15.7x	19.8x	21.5x	26.8x	13.1%	30.7%	-5.4%	4.8%
December 2011								
Traditionals	13.0x	12.8x	15.4x	13.1x	16.5%	15.3%	8.8%	7.6%
Alternatives	6.3x	12.1x	7.5x	6.1x	-2.3%	-2.6%	-10.0%	-10.3%
Broker Dealers	15.7x	14.6x	17.5x	15.7x	12.0%	11.5%	4.3%	3.8%
Median:	13.0x	12.8x	15.4x	18.2x	13.1%	30.7%	7.9%	7.6%

Source: FactSet, Citi Research

Figure 7. ...As P/E Multiples Near Lows



Source: FactSet, Citi Research

Figure 8. Asset Manager Comps Table

Company Name	Ticker	Rating	7/8/2012 Price	Operating/Adjusted EPS								Cash / Adjusted EPS								3-Yr EPS CAGR	EBITDA (\$MM)					(\$B)	FTM Dividend								
				2011	2012E	2013E	2014E	12E/11	13E/12E	14E/13E	2011	2012E	2013E	2014E	11/10	12E/11	13E/12E	14E/13E		LTM	2011	2012E	2013E	2014E											
Traditional Managers:																																			
Affiliated Managers Group	AMG.US	AMG	Buy	\$108.98	\$6.62	\$7.31	\$8.76	\$9.93	10.3%	19.9%	13.3%	\$6.62	\$7.31	\$8.76	\$9.93	52.8%	10.3%	19.9%	13.3%	26.4%	467.1	471.2	529.2	646.7	743.1	363.9	\$0.00								
AllianceBernstein Holding	AB.US	AB	Neutral	\$12.79	\$1.14	\$1.05	\$1.14	\$1.38	-8.2%	8.5%	21.7%	\$1.14	\$1.05	\$1.14	\$1.38	-74.7%	-8.2%	8.5%	21.7%	-36.9%	465.7	508.7	458.9	491.3	577.0	418.0	\$1.04								
Artio Global	ART.US	ART	Sell	\$3.26	\$1.23	\$0.04	(\$0.12)	(\$0.13)	-96.6%	-387.4%	8.3%	\$1.23	\$0.04	(\$0.12)	(\$0.13)	-28.4%	-96.6%	-387.4%	8.3%	-141.3%	136.6	177.5	9.0	(17.8)	(19.2)	26.6	\$0.08								
BlackRock, Inc.	BLK.US	BLK	Neutral	\$171.28	\$11.85	\$13.05	\$14.56	\$16.43	10.1%	11.6%	12.8%	\$12.80	\$13.95	\$15.49	\$17.37	12.5%	9.0%	11.0%	12.2%	10.0%	3,793.0	3,763.0	4,057.9	4,420.9	4,901.8	3,684.1	\$6.00								
Eaton Vance Corp.	EV.US	EV	Neutral	\$27.07	\$2.03	\$1.92	\$2.07	N/A	-5.7%	8.0%	N/A	\$2.03	\$1.92	\$2.07	N/A	50.1%	-5.7%	8.0%	N/A	N/A	438.9	453.7	420.2	447.6	N/A	191.7	\$0.75								
Federated Investors, Inc.	FII.US	FII	Neutral	\$21.53	\$1.55	\$1.64	\$1.83	\$2.25	6.0%	11.4%	23.2%	\$1.63	\$1.67	\$1.88	\$2.31	-15.7%	2.8%	12.4%	22.6%	3.8%	279.6	278.6	295.0	324.4	389.7	363.6	\$1.08								
Franklin Resources, Inc.*	BEN.US	BEN	Neutral	\$111.53	\$8.56	\$9.13	\$10.03	N/A	6.7%	9.8%	N/A	\$8.58	\$9.13	\$10.03	N/A	24.2%	6.4%	9.8%	N/A	N/A	2,955.8	2,932.6	3,004.7	3,223.9	N/A	726.4	\$2.33								
Invesco Ltd	IVZ.US	IVZ	Buy	\$22.14	\$1.69	\$1.85	\$2.11	\$2.39	9.8%	14.2%	12.9%	\$1.69	\$1.85	\$2.11	\$2.39	67.6%	9.8%	14.2%	12.9%	28.1%	1,194.9	1,190.8	1,239.8	1,381.3	1,543.9	668.4	\$0.69								
Janus Capital Group Inc.	JNS.US	JNS	Neutral	\$7.59	\$0.80	\$0.59	\$0.67	\$0.80	-25.5%	12.1%	19.8%	\$0.83	\$0.63	\$0.70	\$0.80	-5.3%	-24.7%	11.4%	14.1%	-4.4%	286.5	320.4	249.6	272.0	311.6	164.0	\$0.24								
Legg Mason, Inc.*	LM.US	LM	Buy	\$26.32	\$1.77	\$1.88	\$2.47	\$3.23	6.2%	30.9%	N/A	\$3.08	\$3.11	\$3.68	\$4.55	110.6%	1.1%	18.2%	N/A	15.9%	535.8	548.0	528.4	606.8	698.8	639.3	\$0.44								
T. Rowe Price Group, Inc.	TROW.US	TROW	Sell	\$61.82	\$2.92	\$3.22	\$3.51	\$3.74	10.1%	9.1%	6.7%	\$2.92	\$3.22	\$3.51	\$3.74	14.1%	10.1%	9.1%	6.6%	11.0%	1,327.3	1,319.2	1,447.2	1,589.1	1,709.6	554.8	\$1.36								
Waddell & Reed Financial	WDR.US	WDR	Neutral	\$30.00	\$2.06	\$2.13	\$2.32	\$2.64	3.1%	9.2%	13.6%	\$2.06	\$2.13	\$2.32	\$2.64	10.7%	3.1%	9.2%	13.6%	7.6%	312.8	312.0	314.6	343.6	387.2	93.8	\$1.01								
WisdomTree	WETF.US	WETF	Buy	\$7.03	\$0.03	\$0.05	\$0.14	\$0.21	81.5%	159.5%	57.6%	\$0.03	\$0.06	\$0.16	\$0.24	-145.6%	105.2%	150.9%	50.4%	-226.2%	6.6	4.2	8.6	21.5	37.3	15.7	\$0.00								
Medians/Composites:									6.2%	11.4%	13.4%					12.5%	3.1%	10.4%	13.3%	7.6%															
Alternative Managers:																																			
				After-Tax ENI / DEPS								After-Tax ENI / DEPS																							
Apollo Global Management	APO.US	APO	Buy	\$12.57	(\$0.86)	\$2.27	\$2.79	\$2.55	N/A	23.3%	-8.8%	(\$0.86)	\$2.27	\$2.79	\$2.55	N/A	N/A	23.3%	-8.8%	-7.3%	N/A	N/A	N/A	N/A	N/A	83.1	\$1.02								
Blackstone Group L.P.	BX.US	BX	Buy	\$13.10	\$1.25	\$1.24	\$1.71	\$2.06	-1.2%	38.2%	20.0%	\$1.25	\$1.24	\$1.71	\$2.06	-0.3%	-1.2%	38.2%	20.0%	10.8%	N/A	N/A	N/A	N/A	N/A	190.1	\$0.67								
The Carlyle Group	CG.US	CG	Buy	\$23.13	\$2.74	\$1.83	\$3.05	\$3.70	-33.0%	66.5%	21.3%	N/A	\$1.83	\$3.05	\$3.70	N/A	N/A	66.5%	21.3%	-2.8%	N/A	N/A	N/A	N/A	N/A	159.2	\$1.55								
KKR & Co. L.P.	KKR.US	KKR	Buy	\$13.23	\$0.73	\$2.29	\$1.74	\$1.88	212.7%	-24.0%	7.6%	\$0.73	\$2.29	\$1.74	\$1.88	-74.0%	212.7%	-24.0%	7.6%	-14.9%	N/A	N/A	N/A	N/A	N/A	62.3	\$0.65								
Och-Ziff Capital Management	OZM.US	OZM	Buy	\$7.49	\$0.48	\$1.07	\$1.28	\$1.50	124.4%	19.7%	17.3%	\$0.48	\$1.07	\$1.28	\$1.50	-57.7%	124.4%	19.7%	17.3%	4.4%	290.6	290.6	647.3	718.6	843.5	30.1	\$0.84								
Medians/Composites:									61.6%	29.0%	18.7%					-57.7%	124.4%	29.0%	18.7%	0.8%															
Group Medians/Composites:									6.2%	11.4%	13.4%					12.5%	3.1%	11.0%	13.4%	7.6%															
Company Name	Ticker	Rating	Price Target	Price / Earnings (x)				Versus 52-Week		Price / Cash (Adjusted) Earnings				Historical	Enterprise Value (\$MM)	Mkt Cap (\$MM)	Enterprise Value / EBITDA (x)					Mkt Cap / AUM	Div. Yield												
				2011	2012E	2013E	2014E	High	Low	2011	2012E	2013E	2014E	FTM P/E			LTM	2011	2012E	2013E	2014E														
Traditional Managers:																																			
Affiliated Managers Group	AMG.US	AMG	Buy	\$132.00	16.5	14.9	12.4	11.0	-5.8%	55.1%	16.5	14.9	12.4	11.0	14.2	\$7,706	\$5,776	16.5	16.4	14.6	11.9	10.4	1.6%	0.0%											
AllianceBernstein Holding	AB.US	AB	Neutral	\$12.50	11.2	12.2	11.3	9.3	-36.9%	10.7%	11.2	12.2	11.3	9.3	14.1	\$3,504	\$3,554	7.5	6.9	7.6	7.1	6.1	0.9%	8.1%											
Artio Global	ART.US	ART	Sell	\$2.75	2.6	77.1	N/A	N/A	-72.2%	15.2%	2.6	77.1	N/A	N/A	10.8	\$163	\$194	1.2	0.9	18.2	N/A	N/A	0.7%	2.5%											
BlackRock, Inc.	BLK.US	BLK	Neutral	\$180.00	14.4	13.1	11.8	10.4	-18.2%	25.0%	13.4	12.3	11.1	9.9	19.8	\$33,167	\$30,729	8.7	8.8	8.2	7.5	6.8	0.8%	3.5%											
Eaton Vance Corp.	EV.US	EV	Neutral	\$25.00	13.3	14.1	13.1	N/A	-9.3%	34.9%	13.3	14.1	13.1	N/A	17.4	\$3,475	\$3,136	7.9	7.7	8.3	7.8	N/A	1.6%	2.8%											
Federated Investors, Inc.	FII.US	FII	Neutral	\$22.00	13.9	13.1	11.8	9.6	-10.0%	49.9%	13.2	12.9	11.5	9.3	14.7	\$2,556	\$2,248	9.1	9.2	8.7	7.9	6.6	0.6%	5.0%											
Franklin Resources, Inc.*	BEN.US	BEN	Neutral	\$117.00	13.0	12.2	11.1	N/A	-17.7%	27.2%	13.0	12.2	11.1	N/A	16.5	\$21,507	\$23,993	7.3	7.3	7.2	6.7	N/A	3.3%	2.1%											
Invesco Ltd	IVZ.US	IVZ	Buy	\$27.00	13.1	12.0	10.5	9.3	-17.8%	52.5%	13.1	12.0	10.5	9.3	16.9	\$11,836	\$10,161	9.9	9.9	9.5	8.6	7.7	1.5%	3.1%											
Janus Capital Group Inc.	JNS.US	JNS	Neutral	\$7.75	9.5	12.8	11.4	9.5	-21.8%	41.6%	9.1	12.1	10.9	9.5	17.9	\$1,827	\$1,408	6.4	5.7	7.3	6.7	5.9	0.9%	3.2%											
Legg Mason, Inc.*	LM.US	LM	Buy	\$32.50	14.8	14.0	10.7	N/A	-19.8%	17.7%	8.5	8.5	7.2	N/A	18.4	\$3,702	\$3,675	6.9	6.8	7.0	6.1	N/A	0.6%	1.7%											
T. Rowe Price Group, Inc.	TROW.US	TROW	Sell	\$56.00	21.1	19.2	17.6	16.5	-6.3%	38.4%	21.1	19.2	17.6	16.5	20.1	\$14,828	\$15,758	11.2	11.2	10.2	9.3	8.7	2.8%	2.2%											
Waddell & Reed Financial	WDR.US	WDR	Neutral	\$32.00	14.5	14.1	12.9	11.4	-23.0%	31.3%	14.5	14.1	12.9	11.4	16.0	\$2,237	\$2,568	7.2	7.2	7.1	6.5	5.8	2.7%	3.4%											
WisdomTree	WETF.US	WETF	Buy	\$8.50	N/A	N/A	N/A	N/A	-26.8%	30.9%	228.7	111.4	44.4	29.5	58.3	\$934	\$966	N/A	N/A	109.2	43.4	25.0	6.2%	0.0%											
Medians:				13.6	13.6	11.8	10.0	-18.2%	31.3%	13.2	12.9	11.4	9.9	16.9	\$107,441	\$104,165	7.7	7.5	8.3	7.6	6.8	1.5%	2.8%												
Alternative Managers:																																			
				Price / After-Tax ENI / DEPS (x)								Price / Cash (Adjusted) Earnings																							
Apollo Global Management	APO.US	APO	Buy	\$16.75	N/A	5.5	4.5	4.9	-29.9%	42.0%	N/A	5.5	4.5	4.9	5.8	\$33,167	\$4,840	N/A	N/A	N/A	N/A	N/A	5.8%	8.1%											
Blackstone Group L.P.	BX.US	BX	Buy	\$18.00	10.4	10.6	7.6	6.4	-26.3%	24.6%	10.4	10.6	7.6	6.4	12.4	\$22,763	\$14,520	N/A	N/A	N/A	N/A	N/A	7.6%	5.1%											
The Carlyle Group	CG.US	CG	Buy	\$29.00	8.5	12.6	7.6	6.2	-2.7%	15.7%	N/A	12.6	7.6	6.2	8.6	\$6,233	\$7,084	N/A	N/A	N/A	N/A	N/A	4.4%	6.7%											
KKR & Co. L.P.	KKR.US	KKR	Buy	\$20.00	18.0	5.8	7.6	7.1	-17.8%	47.8%	18.0	5.8	7.6	7.1	6.7	\$8,801	\$9,156	N/A	N/A	N/A	N/A	N/A	14.7%	4.9%											
Och-Ziff Capital Management	OZM.US	OZM	Buy	\$11.50	15.7	7.0	5.8	5.0	-45.5%	14.2%	15.7	7.0	5.8	5.0	10.4	\$3,600	\$3,388	12.4	12.4	5.6	5.0	4.3	11.2%	11.2%											
Medians:				13.1	7.0	7.6	6.2	-26.3%	24.6%	15.7	7.0	7.6	6.2	8.6	\$74,564	\$38,989	12.4	12.4	5.6	5.0	4.3	7.6%	6.7%												
Group Medians/Composites:				13.6	12.8	11.2	9.3	-19.0%	31.1%	13.3	12.3	11.1	9.3	15.3	\$4,968	\$4,258	7.9	7.7	8.2	7.5	6.7	2.2%	3.3%												

Figure 9. Broker Dealers Comps Table

				7/8/12	Operating EPS				Adjusted / Cash EPS				3-Yr EPS	EBITDA (\$M)				Total Client	Annual
Company Name	Ticker	Rating	Price	2011	2012E	2013E	2014E	2011	2012E	2013E	2014E	CAGR	2011	2012E	2013E	2014E	Assets (\$B)	Dividend	
Online Brokers:																			
TD Ameritrade Holding Corp¹	AMTD	Neutral	\$16.80	\$1.13	\$1.08	\$1.22	N/A	\$1.30	\$1.25	\$1.39	N/A	6.7%	1,206.4	1,144.3	1,262.5	N/A	452.4	\$0.26	
E*Trade Financial Corp	ETFC	N/C	\$7.84	\$0.45	\$0.49	\$0.64	\$0.92	N/A	N/A	N/A	N/A	26.7%	477.5	545.3	655.6	758.4	172.0	\$0.00	
Interactive Brokers Group	IBKR	N/C	\$14.60	\$1.34	\$1.21	\$1.51	\$1.73	N/A	N/A	N/A	N/A	8.9%	769.9	700.9	879.2	1,100.9	25.1	\$0.42	
LPL Investment Holdings²	LPLA	Neutral	\$33.81	\$1.95	\$2.04	\$2.26	\$2.59	\$1.85	\$1.94	\$2.17	\$2.49	9.9%	444.7	448.8	495.6	556.5	354.1	\$2.24	
Charles Schwab Corp	SCHW	Neutral	\$12.64	\$0.72	\$0.62	\$0.66	\$0.94	\$0.72	\$0.62	\$0.66	\$0.94	9.4%	1,568.1	1,523.4	1,617.5	2,162.8	1,833.5	\$0.24	
Raymond James	RJF	N/C	\$34.17	\$2.19	\$2.50	\$3.07	N/A	N/A	N/A	N/A	N/A	18.8%	N/A	639.0	812.0	N/A	270.0	\$0.48	
Stifel Financial	SF	N/C	\$30.82	\$1.80	\$2.27	\$2.85	N/A	N/A	N/A	N/A	N/A	9.6%	N/A	N/A	N/A	N/A	119.4	\$0.00	
F/X Online Brokers:																			
Gain Capital	GCAP	N/C	\$5.00	\$0.56	\$0.24	\$0.66	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	\$0.20	
FXCM Inc²	FXCM	Buy	\$11.83	\$0.74	\$0.81	\$1.13	N/A	\$0.74	\$0.81	\$1.13	N/A	6.8%	89.7	110.9	164.4	197.0	N/A	\$0.24	
IG Group³	IGG-LON	Neutral	£4.76	£32.63	£37.03	£38.43	£41.73	N/A	£41.48	£43.06	£45.84	8.5%	N/A	N/A	N/A	N/A	N/A	N/A	
Market Cap																			
Company Name	Ticker	Rating	Price Target	Price / Earnings (x)				Price / Cash Earnings (x)				Historical	Cap (\$MM)	Enterprise Value / EBITDA (x)				Mkt Cap/ TCA	Div. Yield
Online Brokers:				2011	2012E	2013E	2014E	2011	2012E	2013E	2014E	FTM P/E		2011	2012E	2013E	2014E		
TD Ameritrade Holding Corp¹	AMTD	Neutral	\$18.00	14.9	15.5	13.8	N/A	12.9	13.4	12.1	N/A	18.8	\$9,212	3.0	3.1	2.9	N/A	2.0%	1.5%
E*Trade Financial Corp	ETFC	N/C	N/C	17.4	16.0	12.3	8.6	N/A	N/A	N/A	N/A	20.8	\$2,274	3.6	3.2	2.6	2.3	1.3%	0.0%
Interactive Brokers Group	IBKR	N/C	N/C	10.9	12.1	9.7	8.4	N/A	N/A	N/A	N/A	14.0	\$671	4.0	4.4	3.5	2.8	2.7%	2.9%
LPL Investment Holdings²	LPLA	Neutral	\$33.00	17.3	16.6	14.9	13.1	18.3	17.4	15.6	13.6	15.4	\$3,805	10.8	10.0	9.2	8.0	1.1%	6.6%
Charles Schwab Corp	SCHW	Neutral	\$13.00	17.6	20.4	19.2	13.4	17.6	20.4	19.2	13.4	21.0	\$16,091	8.8	8.2	6.6	4.7	0.9%	1.9%
Raymond James	RJF	N/C	N/C	15.6	13.7	11.1	N/A	N/A	N/A	N/A	N/A	14.2	\$4,464	N/A	4.4	3.4	N/A	1.7%	1.4%
Stifel Financial	SF	N/C	N/A	17.1	13.6	10.8	N/A	N/A	N/A	N/A	N/A	14.7	\$1,931	N/A	N/A	N/A	N/A	1.6%	0.0%
Medians/Composites:				17.1x	15.5x	12.3x	10.8x	17.6x	17.4x	15.6x	13.5x	15.4x		4.0x	4.4x	3.5x	3.8x	1.6%	1.5%
F/X Online Brokers:																			
Gain Capital	GCAP	N/C	N/C	8.9	20.6	7.6	N/A	N/A	N/A	N/A	N/A	7.6	\$172	N/A	N/A	N/A	N/A	N/A	4.0%
FXCM Inc²	FXCM	Buy	\$14.50	16.1	14.7	10.4	N/A	16.1	14.7	10.4	N/A	11.1	\$880	0.8	0.6	0.4	0.4	N/A	2.0%
IG Group³	IGG-LON	Neutral	£5.00	14.6	12.9	12.4	11.4	N/A	11.5	11.1	10.4	13.9	£1,734	N/A	N/A	N/A	N/A	N/A	N/A
Medians/Composites:				14.6x	14.7x	10.4x	11.4x	16.1x	13.1x	10.7x	10.4x	11.1x		0.8x	0.6x	0.4x	0.4x	N/A	3.0%

N/C = not covered. Estimates for ETFC, GCAP, IBKR, RJ, and SF represent First Call.

¹Calendar year for AMTD.

²FXCM and LPLA EPS and EBITDA operating estimates include stock-based compensation.

³IG Group covered by CIRA's Hugo Mills.

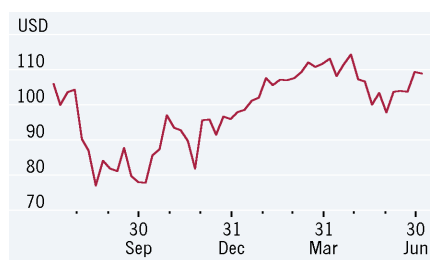
Source: FactSet, Citi Research

Company Focus

- Company Update
- Estimate Change

Buy	1
Price (06 Jul 12)	US\$108.98
Target price	US\$132.00
Expected share price return	21.1%
Expected dividend yield	0.0%
Expected total return	21.1%
Market Cap	US\$5,597M

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



Affiliated Managers Group (AMG)

- **Trimming economic EPS estimates** — We lower our 2Q12 economic EPS estimate \$0.08 to \$1.63 to reflect updated 2Q NAVs and lower 2012-2014 EPS estimates to \$7.31/\$8.76/\$9.93 versus \$7.45/\$8.97/\$10.20 prior. Note, our estimates include the completion of the investments in Veritable + Yacktman Asset Management deals announced by management, the latter roughly 1.5 months sooner than expected – see our 7/2 report, [Yacktman Deal Closes Early](#).
- **Forecast 6/30 AUM up 7% Q/Q** — We forecast 6/30 AUM of \$388B, up 7% versus \$364B at 3/31. Our 2Q12 AUM forecast includes net inflows of \$5B, or a 6% annualized growth rate. We continue to see AMG as a strong “gatherer” reflecting: 1) global, institutional, and alternatives positioning; 2) distribution presence; and, 3) strong affiliate performance. We continue to see AMG delivering among best in class organic growth into 2Q, with both wealth succession and possibly asset divestiture deals further supplementing both flows and EPS accretion.
- **Call expectations** — We expect a positive 2Q update around flows, guidance, and deals – the latter which could potentially step function earnings power into 2013-14. Management to unveil 2013 economic EPS guidance, one quarter earlier than typical for the “out year” and seemingly bullish around earnings power as deals close and most key affiliates continue to drive new business. We believe guidance should further bolster valuation.
- **View on stock** — Remains on TPL! and Global Focus Five lists and we affirm our Buy rating and \$132 12-month price target. We still see AMG as one of the more actionable names in our coverage reflecting: 1) flow dynamics; 2) FCF optionality; and, 3) deals. AMG’s faster growth warrants a P/E premium, in our view, and we believe the stock could relatively outperform group as investors fully recognize underlying earnings power. We maintain our AMG/TROW pair trade.

EPS	Q1	Q2	Q3	Q4	FY	FC Cons
2011A	1.60A	1.71A	1.55A	1.76A	6.62A	6.62A
2012E	1.58A	1.63E	1.76E	2.34E	7.31E	7.41E
Previous	1.58A	1.71E	1.76E	2.40E	7.45E	na
2013E	na	na	na	na	8.76E	8.79E
Previous	na	na	na	na	8.97E	na
2014E	na	na	na	na	9.93E	9.87E
Previous	na	na	na	na	10.20E	na

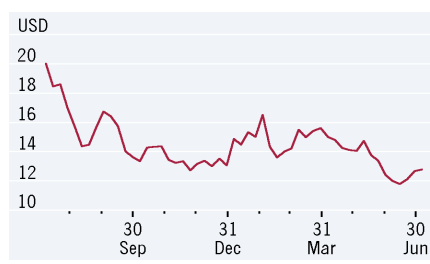
Source: Company Reports and dataCentral, Citi Research. FC Cons: First Call Consensus.

Company Focus

- Company Update
- Estimate Change

Neutral	2
Price (06 Jul 12)	US\$12.79
Target price	US\$12.50
Expected share price return	-2.3%
Expected dividend yield	8.1%
Expected total return	5.9%
Market Cap	US\$1,345M

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



AllianceBernstein Holding LP (AB)

- **Fine tune adjusted EPU estimates** — We tweak lower our 2Q12 adjusted EPU estimate to \$0.25 from \$0.26 prior and lower our 2012 estimate to \$1.05 from \$1.06 prior while raise our 2013 estimate \$0.01 to \$1.14. We update our estimates to reflect 2Q NAVs and lower distribution margin.
- **Forecast 6/30 AUM down 3% Q/Q** — We forecast 6/30 AUM of \$405B versus \$419B at 3/31, -3.2% Q/Q. We forecast 2Q attrition of \$4.5B, or an approximate 4% annualized loss rate. By channel, we estimate \$1.8B retail net inflows; \$5.5B institutional net outflows; and, \$800M private client outflows
- **Call expectations** — We expect a mixed 2Q update reflecting market share loss in institutional equities, but traction in global FI and alternatives. We also expect further communication about the firm's plans to reposition the franchise around: 1) delivering new(er) strategies to diversify the franchise beyond value and growth; 2) re-focusing existing strategies; and, 3) better aligning resources internally and relative to asset levels.
- **View on stock** — We affirm our Neutral rating and \$12.50 price target and expect a mixed 2Q update. On the one hand, AB's flow outlook appears to be stabilizing and the units appear oversold. On the other hand, we are waiting for more evidence of a sustainable flow recovery. While the ~8% distribution yield likely cushions downside from here, we prefer LM among flow recovery stories given greater flow visibility and more actionable capital plan.

EPS	Q1	Q2	Q3	Q4	FY	FC Cons
2011A	0.41A	0.35A	0.30A	0.07A	1.14A	1.14A
2012E	0.29A	0.25E	0.23E	0.28E	1.05E	1.11E
Previous	0.29A	0.26E	0.23E	0.28E	1.06E	na
2013E	na	na	na	na	1.14E	1.23E
Previous	na	na	na	na	1.13E	na
2014E	na	na	na	na	1.38E	1.39E
Previous	na	na	na	na	1.38E	na

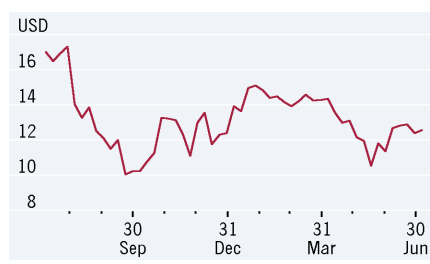
Source: Company Reports and dataCentral, Citi Research. FC Cons: First Call Consensus.

Company Focus

- Company Update
- Estimate Change

Buy	1
Price (06 Jul 12)	US\$12.57
Target price	US\$16.75
Expected share price return	33.3%
Expected dividend yield	8.1%
Expected total return	41.4%
Market Cap	US\$4,737M

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



Apollo Global Management, LLC (APO)

- **Adjusting ENI estimates** — We lower our 2Q12 ENI estimate \$0.08 to -\$0.01 and also adjust 2012-2014 estimates to \$2.27/\$2.79/\$2.55 from \$2.82/\$2.52/\$2.60 prior. Revisions primarily reflect negative portfolio marks.
- **Forecast 6/30 AUM up 23% Q/Q** — We forecast 6/30 AUM of \$106B or up 23% from \$86B at 3/31. We forecast FPAUM increasing 32% to \$79B at 6/30. Forecast includes \$16.4B Stonetower acquisition.
- **Call expectations** — We expect a constructive call reflecting interest in alternatives allocations, dry powder deployment (particularly Europe), and further leverage in credit businesses. That said, we expect a difficult update for performance marks.
- **View on stock** — We affirm our Buy rating and \$16.75 12-month price target. We see four key positives: 1) positioned for multi-year growth, particularly leveraging credit + strategic mandates; 2) distressed focused PE and credit orientation providing key points of platform differentiation; 3) new business prospects strong across PE (natural resources), credit (EPF, Stone Tower), and India, while Fund VIII timing ahead of our forecast; and, 4) management provided powerful update around business economics including stable pricing dynamics and TRS long-lived (15+ year, recyclable, discretionary) assets.

EPS	Q1	Q2	Q3	Q4	FY	FC Cons
2011A	0.99A	0.31A	-2.89A	0.80A	-0.86A	-0.86A
2012E	1.10A	-0.01E	0.43E	0.75E	2.27E	2.55E
Previous	1.10A	0.07E	0.72E	0.93E	2.82E	na
2013E	na	na	na	na	2.79E	2.73E
Previous	na	na	na	na	2.52E	na
2014E	na	na	na	na	2.55E	3.13E
Previous	na	na	na	na	2.60E	na

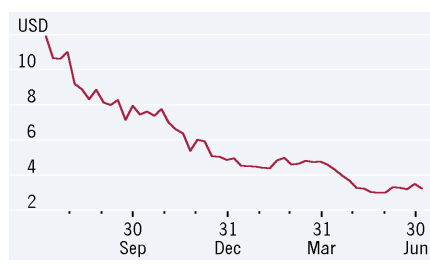
Source: Company Reports and dataCentral, Citi Research. FC Cons: First Call Consensus.

Company Focus

- Company Update
- Estimate Change

Sell/High Risk	3H
Price (06 Jul 12)	US\$3.26
Target price	US\$2.75
Expected share price return	-15.6%
Expected dividend yield	2.5%
Expected total return	-13.2%
Market Cap	US\$198M

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



Artio Global Investors Inc. (ART)

- **Fine tuning adjusted EPS** — We lower our 2Q12 adjusted EPS estimate to \$0.01 from \$0.02 and tweak our 2012-14 estimates to \$0.04, -\$0.12, and -\$0.13 from \$0.05, -\$0.13, and -\$0.14 prior. Revisions primarily reflect updated 2Q NAVs.
- **Forecast 6/30 AUM down 19% Q/Q** — We forecast 6/30 AUM of \$21.5B versus \$26.6B at 3/31, and down 19% Q/Q and 54% Y/Y. We estimate outflows of \$3.6B, or an approximate 47% annualized loss rate. Elevated organic loss rate continues to raise franchise run-off concerns, in our view, as International Equities continues to cede share.
- **Call expectations** — We expect a generally downbeat 2Q update as management is still facing problematic attrition in flagship IE1 and IE2, or the majority of the firm's AUM. In turn, the falling AUM will likely pressure margins and earnings power – we see ART swinging to operating losses into 2H12.
- **View on stock** — Fundamental challenges of shrinking AUM, elevated attrition, adverse mix shift, and uneven lead indicators are pressuring the franchise, keeping us negative. In turn, barring an equities market-led AUM recovery, we believe it is difficult to be constructive on the story. Maintain Sell/High Risk rating and \$2.75 12-month target.

EPS	Q1	Q2	Q3	Q4	FY	FC Cons
2011A	0.41A	0.39A	0.27A	0.17A	1.23A	1.23A
2012E	0.11A	0.01E	-0.03E	-0.05E	0.04E	0.16E
Previous	0.11A	0.02E	-0.03E	-0.05E	0.05E	na
2013E	na	na	na	na	-0.12E	0.04E
Previous	na	na	na	na	-0.13E	na
2014E	na	na	na	na	-0.13E	-0.01E
Previous	na	na	na	na	-0.14E	na

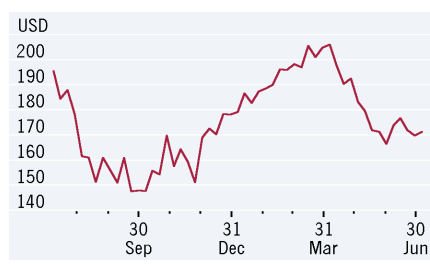
Source: Company Reports and dataCentral, Citi Research. FC Cons: First Call Consensus.

Company Focus

- Company Update
- Estimate Change

Neutral	2
Price (06 Jul 12)	US\$171.28
Target price	US\$180.00
Expected share price return	5.1%
Expected dividend yield	3.5%
Expected total return	8.6%
Market Cap	US\$29,637M

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



BlackRock Inc (BLK)

- **Raising EPS estimates** — We raise our 2Q12 EPS estimate \$0.04 to \$2.92 while boost 2012-14 to \$13.05, \$14.56, and \$16.43 from \$12.86, \$14.24, and \$16.09 prior. Revisions reflect lower G&A costs reflecting slower build up in global branding campaign as we believe management dialed back such spend given weak(ening) markets as 2Q progressed.
- **Forecast 6/30 AUM down 2% Q/Q** — We forecast 6/30 AUM of \$3.61T, or 2% lower than \$3.68T at 3/31. Our forecast includes \$3B in net inflows, or an approximate 40 bps annualized growth rate. We see iShares, multi-asset and fixed income driving the bulk of flow growth.
- **Call expectations** — We expect mixed update. On the one hand, BLK's strategic positioning is strong. On the other hand, flow prospects are mixed and investors continue to question: 1) margins and 2) business continuity given seemingly elevated employee turnover. See also our 6/28 report – [Time To Pull The Curtain Back](#).
- **View on stock** — We believe uneven flows, margin discussion, S/D technicals post 26.2M share secondary, and seemingly elevated employee turnover are weighing on BLK. While the underperformance is enhancing the risk/reward, we do not yet see enough absolute upside to alter our Neutral view but we do affirm our BLK/EV pair trade.

EPS	Q1	Q2	Q3	Q4	FY	FC Cons
2011A	2.96A	3.00A	2.83A	3.06A	11.85A	11.85A
2012E	3.16A	2.92E	3.29E	3.70E	13.05E	13.22E
Previous	3.16A	2.88E	3.21E	3.62E	12.86E	na
2013E	na	na	na	na	14.56E	14.79E
Previous	na	na	na	na	14.24E	na
2014E	na	na	na	na	16.43E	16.53E
Previous	na	na	na	na	16.09E	na

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

Company Focus

- Company Update
- Estimate Change

Buy	1
Price (06 Jul 12)	US\$13.10
Target price	US\$18.00
Expected share price return	37.4%
Expected dividend yield	5.1%
Expected total return	42.5%
Market Cap	US\$14,794M

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



Blackstone Group L.P. (BX)

- **Lowering ENI estimates** — We lower our 2Q ENI estimate by \$0.13 to \$0.15 to reflect lower portfolio marks given 2Q difficult market backdrop. Likewise, we lower 2012-14 ENI estimates to \$1.24/\$1.71/\$2.06 from \$1.41/\$1.74/\$2.55.
- **Forecast AUM up 98 bps Q/Q** — We forecast AUM to increase 98 bps to \$192B at 6/30 versus \$190B at 3/31. Our forecast includes ~\$2B in net inflows for an approximate 4% annualized growth rate.
- **Call expectations** — We expect a constructive to upbeat call around dry powder deployment, rising alternatives allocations, and share gains. We hope the 2Q call does not repeat the disappointing update in 1Q – see our 4/20 report, [It Was All Good Until The “Q+A”... But We Remain Buyers](#) though we believe expectations around realizations are mostly washed out.
- **View on stock** — BX remains on TPL! and our Global Focus Five list reflecting superior strategic positioning, asset gathering potential, and upside to target. Allocations to alternatives continue to rise while LPs are consolidating mandates toward scaled and diversified managers with strong LT track records, boding well for BX, among others. Affirm Buy and \$18 12-month target. That said, 2012-13 ENI estimates for consensus appear at risk.

EPS	Q1	Q2	Q3	Q4	FY	FC Cons
2011A	0.51A	0.64A	-0.30A	0.40A	1.25A	1.25A
2012E	0.39A	0.15E	0.33E	0.37E	1.24E	1.50E
Previous	0.39A	0.28E	0.36E	0.38E	1.41E	na
2013E	na	na	na	na	1.71E	1.99E
Previous	na	na	na	na	1.74E	na
2014E	na	na	na	na	2.06E	2.55E
Previous	na	na	na	na	2.55E	na

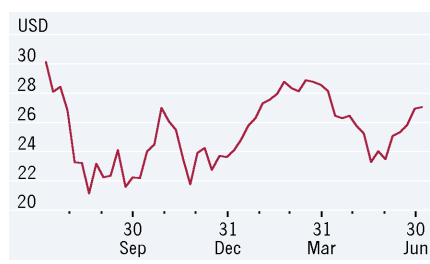
Source: Company Reports and dataCentral, Citi Research. FC Cons: First Call Consensus.

Company Focus

- Company Update
- Estimate Change

Neutral	2
Price (06 Jul 12)	US\$27.07
Target price	US\$25.00
Expected share price return	-7.6%
Expected dividend yield	2.8%
Expected total return	-4.9%
Market Cap	US\$3,128M

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



Eaton Vance (EV)

- **Tweak higher EPS estimates** — We raise our F3Q12 EPS to \$0.48 from \$0.45 prior and F2012-14 to \$1.90/\$2.04/\$2.26 from \$1.86/\$2.01/\$2.23 prior. Revisions primarily reflect NAVs.
- **Forecast 7/31 AUM down 2% Q/Q** — We forecast 7/31 of \$193.8B versus \$197.5B at 4/30, or a 1.8% increase.
- **Call expectations** — Given fiscal quarter ends July, we will delve deeper into expectations post June quarter end earnings cycle.
- **View on stock** — We maintain our Neutral rating, our \$25 12-month price target, and BLK/EV pair trade. The stock has reacted well to the Hexavest deal recently – see also our 6/18 report, [Jump Starting Global/Int'l Equities Growth; Maintain Neutral](#). However, the move appears a bit overdone to us, particularly given recent 8-K disclosure around price paid (and implied growth expectations), and setting up for incremental weakness, we believe given ongoing attrition in flagship equities platform to date.

EPS	Q1	Q2	Q3	Q4	FY	FC Cons
2011A	0.45A	0.53A	0.56A	0.48A	2.03A	1.75A
2012E	0.47A	0.45A	0.48E	0.49E	1.90E	1.88E
Previous	0.47A	0.45A	0.45E	0.49E	1.86E	na
2013E	na	na	na	na	2.04E	2.02E
Previous	na	na	na	na	2.01E	na
2014E	na	na	na	na	2.26E	2.17E
Previous	na	na	na	na	2.23E	na

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

Company Focus

- Company Update
- Estimate Change

Neutral	2
Price (06 Jul 12)	US\$21.53
Target price	US\$22.00
Expected share price return	2.2%
Expected dividend yield	5.0%
Expected total return	7.2%
Market Cap	US\$2,243M

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



Federated Investors, Inc (FII)

- **Tweak lower EPS estimates** — We lower our 2Q12 EPS estimate by \$0.03 to \$0.38; and lower 2012-14 to \$1.64, \$1.83, and \$2.25 versus \$1.70, \$1.89, and \$2.32 prior. Revisions primarily reflect lower NAVs.
- **Forecast AUM down 1% Q/Q** — We forecast 6/30 AUM of \$360B versus \$364 in 1Q. We expect LT AUM to decrease approximately 1% Q/Q. The money market backdrop remains difficult for the industry/FII as we forecast outflows of \$8B in 2Q12.
- **Call expectations** — We expect mixed 2Q12 update centered on competitive LT flows offset by continued uncertainty around money markets though seemingly risk toward more onerous changes do appear to be easing a bit. Still, with rates again easing, pressure remains on fee waivers, keeping a lid on EPS lift to a large degree.
- **View on stock** — We maintain our Neutral rating, with EPS revisions not enough to alter our 12-month target. With the stock so heavily shorted and unloved by the “Street”, the misery index is well high. Still, barring some closure on regulatory outlook for money markets, it is difficult to get broadly bullish.

EPS	Q1	Q2	Q3	Q4	FY	FC Cons
2011A	0.42A	0.41A	0.37A	0.36A	1.55A	1.45A
2012E	0.41A	0.38E	0.42E	0.44E	1.64E	1.67E
Previous	0.41E	0.41E	0.43E	0.44E	1.70E	na
2013E	na	na	na	na	1.83E	1.82E
Previous	na	na	na	na	1.89E	na
2014E	na	na	na	na	2.25E	2.04E
Previous	na	na	na	na	2.32E	na

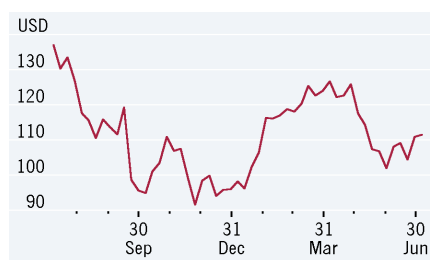
Source: Company Reports and dataCentral, Citi Research. FC Cons: First Call Consensus.

Company Focus

- Company Update
- Estimate Change

Neutral	2
Price (06 Jul 12)	US\$111.53
Target price	US\$117.00
Expected share price return	4.9%
Expected dividend yield	2.1%
Expected total return	7.0%
Market Cap	US\$24,000M

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



Franklin Resources Inc (BEN)

- **Raise EPS estimates** — We raise our F3Q12 EPS estimate \$0.04 to \$2.14 and F12-14 (Sep) estimates to \$8.92/\$9.67/\$11.11 from \$8.82/\$9.41/\$10.82 prior. Revisions primarily reflect NAVs following solid performance in June.
- **We forecast 6/30 AUM down ~3% Q/Q** — We forecast 6/30 AUM decreased 3% Q/Q to \$706B versus \$726B at 3/31. We estimate net inflows of approximately \$3B, or a 1.8% annualized growth rate. We are encouraged that flows appear to be stabilizing while also seemingly well diversified.
- **Call expectations** — We expect a mixed call. Favorably, flows appear to be gaining some broad traction, and we expect solid big picture around costs and capital management. Negatively, we expect management to affirm near term spending while Q/Q capital plans remain a bit idiosyncratic.
- **View on stock** — We continue to favor BEN's strategic positioning, strong B/S, capital repatriation focus, and improving flow story but believe risk/reward fairly balanced. Management and board open to repatriate FCF using special dividend in light of potential YE expiration of favorable dividend taxation boosting ETR but not compelling enough to step in. Given limited upside to our target, we maintain our Neutral rating.

EPS	Q1	Q2	Q3	Q4	FY	FC Cons
2011A	2.13A	2.21A	2.26A	1.88A	8.58A	8.62A
2012E	2.20A	2.32A	2.14E	2.25E	8.92E	8.85E
Previous	2.20A	2.32A	2.10E	2.19E	8.82E	na
2013E	na	na	na	na	9.67E	9.58E
Previous	na	na	na	na	9.41E	na
2014E	na	na	na	na	11.11E	10.94E
Previous	na	na	na	na	10.82E	na

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

Company Focus

FXCM Inc (FXCM)

■ Company Update

Buy	1
Price (06 Jul 12)	US\$11.83
Target price	US\$14.50
Expected share price return	22.6%
Expected dividend yield	2.0%
Expected total return	24.6%
Market Cap	US\$1,454M

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



- **No change to EPS estimates** — No change to our 2012-14 EPS estimates of \$0.81/\$1.13/\$1.38 – see our 6/20 report, [Japan Concerns Primarily Focused On IT Issues; Trimming Estimates On Incremental Spend](#).
- **Lucid acquisition** — We see several key positives to recent acquisition of Lucid Capital Markets: 1) solidly accretive to EP; 2) further diversifies the business; 3) accelerates institutional penetration; 4) offers revenue synergies; and, 5) not capital/regulatory intensive. Additionally management: a) still interested in further M&A including consolidation (retail) deals; and, b) likely to exercise additional purchase option over time.
- **Call expectations** — We expect a constructive to upbeat call around: 1) recent M&A activity, including Lucid Capital Markets and FastMatch; 2) white labels progress; and, 3) institutional platform migration. That said, we will also be listening for an update on the regulatory issues raised in Japan.
- **View on stock** — FXCM remains our only Buy-rated B/D stock in coverage and should benefit from improved volatility plus stepped up consolidation/outourcing opportunities. We see several LT EPS growth drivers including white labels, consolidation, and institutional growth; and believe further diversification of business into institutional would offset any related volume pressure (should it occur).

EPS	Q1	Q2	Q3	Q4	FY	FC Cons
2011A	0.16A	0.19A	0.21A	0.17A	0.74A	0.90A
2012E	0.20A	0.13E	0.18E	0.29E	0.81E	0.82E
Previous	0.20A	0.13E	0.18E	0.29E	0.81E	na
2013E	na	na	na	na	1.13E	1.18E
Previous	na	na	na	na	1.13E	na
2014E	na	na	na	na	1.38E	1.39E
Previous	na	na	na	na	1.38E	na

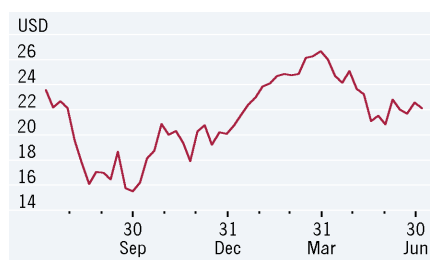
Source: Company Reports and dataCentral, Citi Research. FC Cons: First Call Consensus.

Company Focus

- Company Update
- Estimate Change

Buy	1
Price (06 Jul 12)	US\$22.14
Target price	US\$27.00
Expected share price return	22.0%
Expected dividend yield	3.1%
Expected total return	25.1%
Market Cap	US\$9,924M

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



Invesco Ltd (IVZ)

- **Raising EPS estimates** — No change to our 2Q12 EPS estimate of \$0.42 but we raise 2012-14 estimates to \$1.85/\$2.11/\$2.39 from \$1.82/\$2.04/\$2.30 prior. Revisions primarily reflect updated NAVs.
- **We forecast 6/30 AUM down 4% Q/Q** — We forecast 6/30 AUM decreased 4% Q/Q to \$647B versus \$673B at 3/31. We estimate net inflows of approximately \$5B, or a 5% annualized growth rate. While industry volumes and markets were difficult in May, we were slightly disappointed by the May flows for IVZ at the margin.
- **Call expectations** — We expect a mixed to positive update from management as flow prospects may have been tempered in 2Q.
- **View on stock** — We affirm our Buy rating and \$27 12-month price target as we are constructive around active/passive fee rates + margins and revenue yields should trend higher into 2Q despite decline in 1Q vs. 4Q11, in our view. That said, we remain cautious around: 1) specific catalysts are fading; and, 2) disappointing May AUM. IVZ is among the most widely recommended stocks, but the recent pull back eases expectations to some degree. Still, we believe flow picture should steadily improve, the franchise offers solid incremental margin prospects and is now returning high levels of capital on a more consistent basis to investors. All of which should protect downside risk, we believe, while resulting in modest P/E multiple expansion.

EPS	Q1	Q2	Q3	Q4	FY	FC Cons
2011A	0.41A	0.44A	0.42A	0.42A	1.69A	1.68A
2012E	0.44A	0.42E	0.48E	0.51E	1.85E	1.88E
Previous	0.44A	0.42E	0.46E	0.50E	1.82E	na
2013E	na	na	na	na	2.11E	2.19E
Previous	na	na	na	na	2.04E	na
2014E	na	na	na	na	2.39E	2.48E
Previous	na	na	na	na	2.30E	na

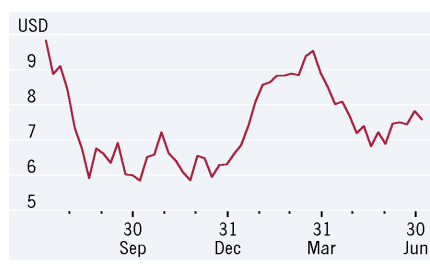
Source: Company Reports and dataCentral, Citi Research. FC Cons: First Call Consensus.

Company Focus

- Company Update
- Estimate Change

Neutral	2
Price (06 Jul 12)	US\$7.59
Target price	US\$7.75
Expected share price return	2.1%
Expected dividend yield	3.2%
Expected total return	5.3%
Market Cap	US\$1,431M

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



Janus Capital Group (JNS)

- **Lowering EPS estimates** — Lower 2Q12 EPS \$0.01 to \$0.14 and 2012-14 EPS to \$0.59, \$0.67, and \$0.80, versus \$0.63, \$0.72, and \$0.87 prior. Revisions reflect updated NAVs.
- **Forecast AUM down 6% Q/Q** — We forecast 6/30 AUM of \$154B, down 6% versus \$164B at 3/31. Our 6/30 AUM forecast includes net outflows of \$3B or an approximate 6% annualized loss rate. We see deepest attrition in international equity and INTECH; while expect solid fixed income traction.
- **Call expectations** — We expect a mixed 2Q12 update around flows, margins, performance fee impact and capital management.
- **View on stock** — While there are a number of longer term growth initiatives underway, the more intermediate outlook remains weak around flows, margins, and incremental capital management. In essence, we see JNS squarely stuck among the industry's "Grinders", limiting EPS lift (ex above trend markets) and likely to stall the stock. We maintain our Neutral rating and \$7.75 12-month price target.

EPS	Q1	Q2	Q3	Q4	FY	FC Cons
2011A	0.24A	0.23A	0.14A	0.19A	0.80A	0.84A
2012E	0.15A	0.14E	0.15E	0.15E	0.59E	0.61E
Previous	0.15E	0.15E	0.16E	0.17E	0.63E	na
2013E	na	na	na	na	0.67E	0.74E
Previous	na	na	na	na	0.72E	na
2014E	na	na	na	na	0.80E	0.95E
Previous	na	na	na	na	0.87E	na

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

Company Focus

- Company Update
- Estimate Change

Buy	1
Price (06 Jul 12)	US\$13.23
Target price	US\$20.00
Expected share price return	51.2%
Expected dividend yield	4.9%
Expected total return	56.1%
Market Cap	US\$9,049M

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



KKR & Co. L.P. (KKR)

- **Tweaking ENI estimates** — We raise our 2Q12 ENI estimate by \$0.16 to \$0.57 to reflect positive portfolio marks, specifically DG. We raise 2012 ENI \$0.11 to \$2.29; reduce 2013-14 to \$1.74 and \$1.88 versus \$1.79 and \$1.95 prior. Revisions reflect 2006 Fund lower fee rate in 2013.
- **Forecast AUM up 60 bps Q/Q** — We forecast 6/30 AUM of \$62.7B, up 60 bps from \$69.3B at 3/31. Our forecast includes \$900M in new capital raised and \$1.3B in distributions.
- **Call expectations** — We expect a constructive call around: 1) rising alternatives allocations; 2) capital raising; 3) solid portfolio marks; and, 4) share gains.
- **View on stock** — While overall monetization outlook is mixed for the industry, we believe KKR offers clear(er) realization + growth prospects – see also our 6/19 note, [Strategic Monetizations Could Be Picking Up](#). We continue to see deep value appeal and are encouraged that further platform diversification should help to work down the relative (residual) valuation discount to peers over time. Remains among our top Alternative selections and favored names into earnings season.

EPS	Q1	Q2	Q3	Q4	FY	FC Cons
2011A	0.96A	0.36A	-0.91A	0.33A	0.73A	0.73A
2012E	0.99A	0.57E	0.36E	0.38E	2.29E	2.13E
Previous	0.99A	0.41E	0.39E	0.40E	2.18E	na
2013E	na	na	na	na	1.74E	2.21E
Previous	na	na	na	na	1.79E	na
2014E	na	na	na	na	1.88E	2.15E
Previous	na	na	na	na	1.95E	na

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

Company Focus

Legg Mason Inc (LM)

- Company Update
- Estimate Change

Buy	1
Price (06 Jul 12)	US\$26.32
Target price	US\$32.50
Expected share price return	23.5%
Expected dividend yield	1.7%
Expected total return	25.2%
Market Cap	US\$3,687M

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



■ **Raising EPS estimates** — We raise F1Q13 (Jun) EPS estimate \$0.01 to \$0.44 and F13-15 EPS estimates to \$1.95/\$2.64/\$3.33 from \$1.85/\$2.51/\$3.13 prior. Revisions primarily reflect updated NAVs. We estimate GAAP EPS to be flat due to a \$69M one time non-cash GAAP charge for the early retirement of \$1.25B convertible bonds and \$29M in IPO charges related to WAMCO REIT in May 2012 and the launch of the ClearBridge Energy MLP Total Return Fund in June 2012. We forecast a run rate GAAP EPS ex one time charges of ~\$0.33.

■ **Forecast 6/30 AUM down 1% Q/Q** — We forecast 6/30 AUM decreased 1% Q/Q to \$637B versus \$643B at 3/31. Our 3/31 AUM forecast includes attrition of \$2B, or a 1.3% annualized loss rate. LM appears to be: 1) making further progress with specialized mandates – here, management noted success in EM debt, global credit, and high yield at Western and global fixed income at Brandywine, for instance; and, 2) converting the previously disclosed \$6B won but not yet funded institutional pipeline. With stronger three-year performance metrics – or key considerations among consultants/gatekeepers – we are optimistic the improved performance can translate into more sustained new business.

■ **Call expectations** — We expect an upbeat 2Q call around: 1) improved flow prospects; 2) 5/16 capital plan; 3) strategic mandates. Management may begin to provide better transparency to understand the effects on the new capital plan on the bottom line, though not expected until their upcoming Fall analyst day – which we see as an upcoming catalyst.

■ **View on stock** — Remains on TPL! and Global Focus Five lists as we see four catalysts: 1) we expect EPS estimates to work higher following positive implications of 5/16 capital plan; 2) flow picture improvement; and, 3) we see outsized ETR versus peers. We see LM increasingly an offensive/defensive play as further evidence of flow traction could catalyze the stock while outsized FCF repatriation and step function lower in share count bolster equity value.

EPS	Q1	Q2	Q3	Q4	FY	FC Cons
2012A	0.46A	0.34A	0.41A	0.49A	1.70A	1.54A
2013E	0.44E	0.47E	0.49E	0.55E	1.95E	2.08E
Previous	0.43E	0.43E	0.47E	0.53E	1.85E	na
2014E	0.58E	0.64E	0.69E	0.73E	2.64E	2.44E
Previous	0.55E	0.61E	0.66E	0.70E	2.51E	na
2015E	na	na	na	na	3.33E	3.14E
Previous	na	na	na	na	3.13E	na

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

Company Focus

- Company Update
- Estimate Change

Neutral	2
Price (06 Jul 12)	US\$33.81
Target price	US\$33.00
Expected share price return	-2.4%
Expected dividend yield	6.6%
Expected total return	4.2%
Market Cap	US\$3,734M

Price Performance (RIC: LPLA.O, BB: LPLA US)



LPL Financial Holdings Inc (LPLA)

- **Fine tuning adjusted EPS estimates** — We tweak higher 2012-14 adjusted EPS estimates to \$2.04/\$2.26/\$2.59 from \$2.02/\$2.25/\$2.57 prior. Revisions reflect updated NAVs.
- **Call expectations** — We expect a mixed to constructive update around: 1) cash sweep contracts; 2) ongoing efficiency initiatives; and, 3) FA pipeline.
- **View on stock** — Affirm Neutral and \$33 12-month price target though recently more positive around LPLA's independent distribution value proposition – which we see expanding over time as the firm leverages scale, innovation and branding. We note: 1) margins remain under ST pressure – which we believe is not fully discounted in consensus; 2) top line prospects may fade should markets not regain traction, despite robust FA growth; 3) FCF repatriation likely muted near term as management bolsters liquidity and reinvests in future growth; and, 4) reduced EPS estimates erode ST upside potential, in our view – see our 6/29 report, [Digesting Recent Growth + Building For Tomorrow; Management Meeting Takeaways](#).

EPS	Q1	Q2	Q3	Q4	FY	FC Cons
2011A	0.52A	0.52A	0.46A	0.44A	1.95A	1.95A
2012E	0.56A	0.54E	0.45E	0.48E	2.04E	2.18E
Previous	0.56A	0.54E	0.45E	0.48E	2.02E	na
2013E	na	na	na	na	2.26E	2.48E
Previous	na	na	na	na	2.25E	na
2014E	na	na	na	na	2.59E	2.84E
Previous	na	na	na	na	2.57E	na

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

Company Focus

- Company Update
- Estimate Change

Buy	1
Price (06 Jul 12)	US\$7.49
Target price	US\$11.50
Expected share price return	53.5%
Expected dividend yield	11.2%
Expected total return	64.8%
Market Cap	US\$3,114M

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



Och-Ziff Capital Management (OZM)

- **Lowering ENI estimates** — New 2012-14 ENI estimates \$1.07/\$1.28, \$1.50 versus \$1.18/\$1.32/\$1.52 prior. Revisions include recent June/July AUM disclosure – [June/July AUM: A Difficult Month](#).
- **7/1 AUM already known** — OZM reported 7/1 AUM of \$29.3B with \$500M net outflows in June/July period with flattish market impact – see our 7/3 report post June/July AUM, [June/July AUM: A Difficult Month](#). From implied 3/31 AUM of \$30.1B and ~\$350 negative market impact, we estimate \$90M in net outflows for 2Q, or a 1.2% annualized loss rate.
- **Call expectations** — We expect a mixed to negative update around recent difficult flow picture and tepid performance
- **View on stock** — The uneven flows and performance will likely cause the stock to consolidate until the firm produces more consistent growth. We see better fundamental appeal in BX, KKR, and CG within our alternatives coverage universe.

EPS	Q1	Q2	Q3	Q4	FY	FC Cons
2011A	0.16A	0.16A	0.12A	0.04A	0.48A	0.48A
2012E	0.13A	0.13E	0.13E	0.68E	1.07E	1.24E
Previous	0.13A	0.13E	0.13E	0.78E	1.18E	na
2013E	na	na	na	na	1.28E	1.35E
Previous	na	na	na	na	1.32E	na
2014E	na	na	na	na	1.50E	1.56E
Previous	na	na	na	na	1.52E	na

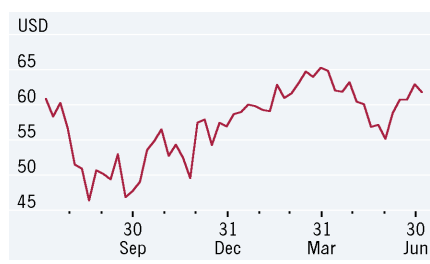
Source: Company Reports and dataCentral, Citi Research. FC Cons: First Call Consensus.

Company Focus

- Company Update
- Estimate Change

Sell	3
Price (06 Jul 12)	US\$61.82
Target price	US\$56.00
Expected share price return	-9.4%
Expected dividend yield	2.2%
Expected total return	-7.2%
Market Cap	US\$15,770M

Price Performance (RIC: TROW.O, BB: TROW US)



T Rowe Price Group Inc (TROW)

- **Lowering EPS estimates** — Lowering 2Q12 EPS estimates \$0.02 to \$0.81 following uneven 2Q equities markets. We lower 2012-14 EPS to \$3.22, \$3.51, and \$3.74 versus \$3.28, \$3.62, and \$3.86 prior to reflect updated NAVs.
- **Forecast AUM down 2% Q/Q** — We forecast 6/30 AUM of \$543B, down 2% Q/Q versus \$555B at 3/31. Our 3/31 forecast includes net inflows of ~\$6B, or an approximate 4% annualized growth rate, and equally split between equities + fixed income. That said, we look for lumpy institutional volumes to offset solid retail volumes, but work the overall AUM mix a bit lower and keeping pressure on earnings leverage associated with AUM build.
- **View on stock** — While TROW is likely to deliver among the better flow dynamics among peers, we maintain our Sell rating given 1) elevated P/E multiple vs. peers, and incremental growth into lower multiple businesses; 2) downside to our unchanged 12-month target of \$56; and 3) downside risk to consensus estimates. Management does not host a call, but keys will be a) whether management has restarted repurchase (we do not believe meaningfully so); b) outlook for institutional volumes (likely mixed into 3Q) and c) expense outlook as the firm continues to bolster third party retail, institutional, and non-U.S. growth initiatives.

EPS	Q1	Q2	Q3	Q4	FY	FC Cons
2011A	0.72A	0.76A	0.71A	0.73A	2.92A	2.92A
2012E	0.75A	0.81E	0.82E	0.84E	3.22E	3.30E
Previous	0.75A	0.83E	0.84E	0.86E	3.28E	na
2013E	na	na	na	na	3.51E	3.81E
Previous	na	na	na	na	3.62E	na
2014E	na	na	na	na	3.74E	4.32E
Previous	na	na	na	na	3.86E	na

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

Company Focus

TD Ameritrade Holding Corp (AMTD)

Company Update

Neutral	2
Price (06 Jul 12)	US\$16.80
Target price	US\$18.00
Expected share price return	7.1%
Expected dividend yield	1.5%
Expected total return	8.7%
Market Cap	US\$9,212M

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



- **No change to EPS estimates** — No change to our F3Q12 EPS estimate of \$1.06 and F12-14 estimates of \$1.06/\$1.17/\$1.34.
- **Forecast F3Q12 DARTs down 4.4% Q/Q** — We estimate F3Q12 DARTs of 371k, or -4.4% Q/Q (but up 40 bps Y/Y) as continue to see a hesitance for retail re-engagement. For June, we forecast DARTs of 375k, up 1.4% MTM from 370k in May, and up 12.6% Y/Y.
- **Call expectations** — We expect a negative update around client re-engagement and NIM pressure beginning to re-ignite. We expect management may not change rate and EPS guidance, but will provide a negative bias that likely will keep earnings expectations well toward the lower end of \$1.00 to \$1.35 range for F2012.
- **View on stock** — While constructive on LT positioning and EPS power, we believe: 1) ST dynamics are difficult across trading and interest rates; 2) yield curve clearly presenting headwinds, consistent with our view – see our 6/4 note, [Downgrade AMTD + SCHW as Rate + Retail Re-engagement Risks Re-ignite; FXCM Should Prove Increasingly Attractive](#) – and calling into question how quickly rates normalize; and, 3) negative consensus EPS revisions are looming for interest rate sensitive B/Ds, in our view.

EPS	Q1	Q2	Q3	Q4	FY	FC Cons
2011A	0.25A	0.30A	0.27A	0.29A	1.11A	1.11A
2012E	0.27A	0.25A	0.27E	0.27E	1.06E	1.06E
Previous	0.27A	0.25A	0.27E	0.27E	1.06E	na
2013E	na	na	na	na	1.17E	1.22E
Previous	na	na	na	na	1.17E	na
2014E	na	na	na	na	1.34E	1.48E
Previous	na	na	na	na	1.34E	na

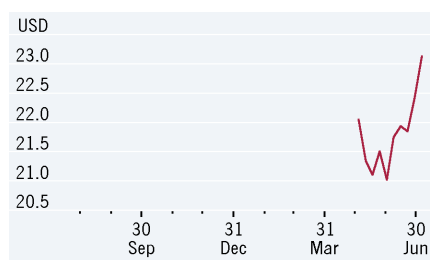
Source: Company Reports and dataCentral, Citi Research. FC Cons: First Call Consensus.

Company Focus

- Company Update
- Estimate Change

Buy	1
Price (06 Jul 12)	US\$23.13
Target price	US\$29.00
Expected share price return	25.4%
Expected dividend yield	6.7%
Expected total return	32.1%
Market Cap	US\$7,043M

Price Performance (RIC: CG.O, BB: CG US)



The Carlyle Group L.P. (CG)

- **Lowering ENI estimates** — We lower our 2Q12 ENI estimate to -\$0.54 from -\$0.25 prior and also lower 2012-2014 estimates to \$1.83/\$3.05/\$3.70 from \$2.26/\$3.22/\$3.83 prior. Revisions primarily reflect negative portfolio marks.
- **Forecast 6/30 AUM down 59 bps Q/Q** — We forecast AUM to decrease 59 bps to \$158B at 6/30 versus \$159B at 3/31 and our forecast includes mostly flattish flows. We forecast FPAUM to increase 78 bps to \$118B at 6/30.
- **Call expectations** — We expect a constructive call around: 1) asset gathering; 2) rising allocations; 3) LP penetration; and 4) dry powder deployment.
- **View on stock** — We see: 1) an above-average distribution and capital return story driven by high “cash content” (or DE/ENI); 2) solid asset gathering potential, relative to peers and industry; and, 3) compelling value. Positively, CG’s 89 funds and 200+ investments allow for higher probability of realizations; and, 4) fundraising and marketing teams offer a significant competitive advantage, we believe – see our 6/12 initiation report, [Model Built For Consistent Distributions; Initiate With Buy](#).

EPS	Q1	Q2	Q3	Q4	FY	FC Cons
2011A	na	na	na	0.83A	2.74A	na
2012E	1.10A	-0.54E	0.54E	0.73E	1.83E	na
Previous	1.10A	-0.25E	0.58E	0.83E	2.26E	na
2013E	0.56E	0.73E	0.76E	1.00E	3.05E	na
Previous	0.64E	0.75E	0.80E	1.04E	3.22E	na
2014E	na	na	na	na	3.70E	na
Previous	na	na	na	na	3.83E	na

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

Company Focus

- Company Update
- Estimate Change

Neutral	2
Price (06 Jul 12)	US\$12.64
Target price	US\$13.00
Expected share price return	2.8%
Expected dividend yield	1.9%
Expected total return	4.7%
Market Cap	US\$16,091M

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



The Charles Schwab Corporation (SCHW)

- **Raising EPS estimates** — We raise our 2Q12 EPS estimate \$0.03 to \$0.17 and raise 2012-13 EPS estimates to \$0.62 and \$0.66 from \$0.58 and \$0.65, respectively.
- **Forecast 2Q12 DATs down 9% Q/Q** — We estimate 2Q12 DATs of 433k, down 9% Q/Q and +9% Y/Y following difficult B/D trading metrics. For June, we forecast daily average trades (DATs) of 409k, down 5.3% MTM from May and up 12.6% Y/Y.
- **Call expectations** — Management does not host a post 2Q call for earnings but will offer a business update. On this call, we expect a mixed update around flows, trading and NIM dynamics.
- **View on stock** — We affirm our Neutral rating and \$13 12-month price target. We believe consensus estimates are too high, even as we tick up our expectations for modest bounce in rates since we last adjusted our forecast.

EPS	Q1	Q2	Q3	Q4	FY	FC Cons
2011A	0.20A	0.20A	0.19A	0.13A	0.72A	0.70A
2012E	0.15A	0.17E	0.15E	0.14E	0.62E	0.67E
Previous	0.15A	0.14E	0.15E	0.14E	0.58E	na
2013E	na	na	na	na	0.66E	0.78E
Previous	na	na	na	na	0.65E	na
2014E	na	na	na	na	0.94E	0.98E
Previous	na	na	na	na	0.94E	na

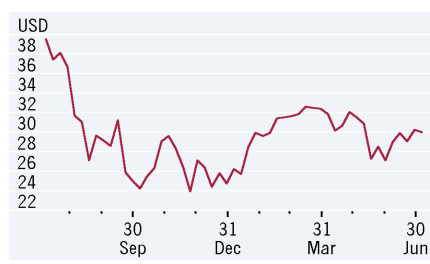
Source: Company Reports and dataCentral, Citi Research. FC Cons: First Call Consensus.

Company Focus

- Company Update
- Estimate Change

Neutral	2
Price (06 Jul 12)	US\$30.00
Target price	US\$32.00
Expected share price return	6.7%
Expected dividend yield	3.4%
Expected total return	10.0%
Market Cap	US\$2,590M

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



Waddell & Reed Financial, Inc (WDR)

- **Lowering EPS estimates** — We lower our 2Q EPS estimate \$0.03 to \$0.50 and lower 2012-14 estimates to \$2.13/\$2.32/\$2.64 from \$2.27/\$2.42/\$2.60. Revisions primarily reflect lower NAVs following uneven 2Q markets.
- **Forecast AUM down 5% Q/Q** — We forecast 6/30 AUM of \$90B, down 5% versus \$94B at 3/31 following NAV depreciation of \$4.3B. Our 6/30 AUM forecast includes net inflows of \$110M, or an approximate 1% annualized growth rate.
- **Call expectations** — We expect a mixed to negative 2Q update around flow recovery/diversification. Additionally we expect management to provide a negative bias on margin guidance and to comment on uneven market dynamics.
- **View on stock** — While flows are diversifying, the overall volume picture remains lackluster, in our view, and management pointed toward mixed intermediate term margin dynamics while seeing the markets "bumbling along" this year reflecting political and economic uncertainties, and generally not a conducive backdrop for Asset Managers. We affirm our IVZ/WDR pair trade.

EPS	Q1	Q2	Q3	Q4	FY	FC Cons
2011A	0.53A	0.59A	0.48A	0.47A	2.06A	2.06A
2012E	0.55A	0.50E	0.52E	0.55E	2.13E	2.27E
Previous	0.55E	0.53E	0.58E	0.61E	2.27E	na
2013E	na	na	na	na	2.32E	2.57E
Previous	na	na	na	na	2.42E	na
2014E	na	na	na	na	2.64E	2.80E
Previous	na	na	na	na	2.60E	na

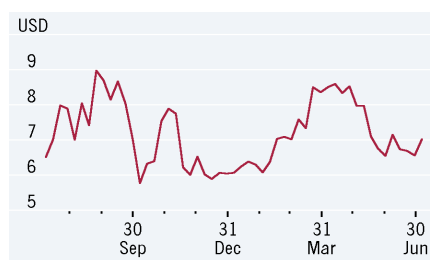
Source: Company Reports and dataCentral, Citi Research. FC Cons: First Call Consensus.

Company Focus

- Company Update
- Estimate Change

Buy	1
Price (06 Jul 12)	US\$7.03
Target price	US\$8.50
Expected share price return	20.9%
Expected dividend yield	0.0%
Expected total return	20.9%
Market Cap	US\$870M

Price Performance (RIC: WETF.O, BB: WETF US)



WisdomTree Investments Inc (WETF)

- **Fine tune higher adjusted EPS estimates** — No change to our 2Q12 estimate but we raise 2012-14 EPS estimates to \$0.06/\$0.16/\$0.24 from \$0.05/\$0.14/\$0.21 prior. Revisions reflect minor NAV appreciation at the end of June.
- **6/30 AUM already known** — Per WETF website, 6/30 AUM totaled \$15B and decreased 4.4% Q/Q versus \$15.7B at 3/31. 2Q net inflows totaled \$348M, or an 8.9% annualized growth rate, ahead of peers/industry – albeit at a lower clip. Broadly, we believe WETF is meeting success given AUM mix, strong performance, expanding distribution, and new product introductions.
- **Call expectations** — We expect a positive update on market share gains, positioning, platform leverage. Management recently boosted share targets from 3%-5% range to >5% as equity volumes build and continue to outpace peers. To be sure, WETF has produced an 8% share of YTD industry equities ETF flows – see our 6/29 report, [If You Want Exposure To Greatest Structural Change To Business In 50 Years, WETF Is The Play; Management Meeting Takeaways](#)
- **View on stock** — We are encouraged around: 1) WETF's growth and margin expansion story as the firm is a major beneficiary of passive encroachment and a share gainer; and, 2) rising scarcity value as it is becoming more difficult for new(er) ETF entrants - and likely to drive an ultimate change of control premium, we believe. WETF remains the purest play on rising usage of ETFs in our coverage universe, in our view, followed by BLK (iShares) and IVZ (Powershares), which are also well positioned given scale, footprint, and first-mover advantages – see our 7/5 report, [June ETF Data: Another Month; More Share Gains](#).

EPS	Q1	Q2	Q3	Q4	FY	FC Cons
2011A	0.00A	0.01A	0.01A	0.01A	0.03A	0.02A
2012E	0.02A	0.01E	0.01E	0.02E	0.06E	0.08E
Previous	0.02A	0.01E	0.00E	0.02E	0.05E	na
2013E	na	na	na	na	0.16E	0.22E
Previous	na	na	na	na	0.14E	na
2014E	na	na	na	na	0.24E	0.28E
Previous	na	na	na	na	0.21E	na

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

Figure 10. Affiliated Managers Group Summary Model

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

William R. Katz
(212) 816-5394
william.katz@citi.com

KEY FORECAST VARIABLES:	1Q11	2Q11	3Q11	4Q11	1Q12	Forecast:			2011	Forecast:				% Change				
						2Q12E	3Q12E	4Q12E		2012E	2013E	2014E	2015E	2QE/1Q	2QE/2Q	12E/11	13E/12E	14E/13E
Revenue	426.3	462.3	413.8	402.4	417.7	443.5	471.1	629.0	1,704.8	1,961.4	2,204.4	2,466.4	2,728.4	6.2	-4.1	15.1	15.1	12.4
Operating Expenses																		
Salaries & Benefits	179.5	196.5	168.9	173.9	181.1	187.4	196.7	262.6	718.8	827.8	920.3	1,011.2	1,102.5	3.5	-4.6	15.2	15.2	11.2
Amortization & Depreciation	25.9	25.9	26.1	34.7	33.8	27.5	25.5	25.5	112.6	112.3	102.0	102.0	102.0	-18.6	6.2	-0.3	-0.3	-9.2
General & Administrative	87.5	90.6	83.5	89.2	85.0	88.7	94.2	119.5	350.8	387.5	410.0	462.4	462.4	4.4	-2.1	10.4	10.4	5.8
Other	8.5	9.3	9.3	9.4	9.0	11.3	11.3	10.0	36.5	41.5	42.1	43.4	43.4	25.0	21.0	13.7	13.7	1.5
Total Operating Costs	301.4	322.3	287.8	307.2	308.9	314.8	327.7	417.6	1,218.7	1,369.1	1,474.5	1,619.0	1,750.3	1.9	-2.3	12.3	12.3	7.7
Operating Income	124.9	140.0	126.0	95.2	108.8	128.7	143.5	211.4	486.1	592.3	729.9	847.3	976.1	18.3	-8.1	21.9	21.9	23.2
Non Operating Income/(Expense)	-8.8	-12.4	-26.1	13.8	8.8	-11.0	-11.9	-11.9	-33.5	-26.0	-30.0	-21.9	-21.9					
Non-controlling Interest	50.3	55.5	40.0	48.8	55.6	55.4	58.9	78.6	194.6	248.6	266.7	296.0	296.0	-0.3	-0.1	27.7	27.7	7.3
Pretax Income	116.1	127.6	99.9	109.0	117.6	117.7	131.5	199.5	452.6	566.3	699.9	825.5	950.1	0.1	-7.8	25.1	25.1	23.6
Income Taxes	26.7	26.6	19.8	19.9	24.6	23.4	27.1	44.6	93.0	119.8	159.4	194.0	228.8	-4.9	-12.0	28.8	28.8	33.1
Tax Rate (%)	37.6	34.8	31.6	30.6	35.7	35.0	35.0	35.0	33.8	35.1	35.0	35.0	35.0	-2.1	0.5	4.1	4.1	-0.4
Net Income	89.4	101.0	80.1	89.1	93.0	94.3	104.4	154.9	359.6	446.6	540.5	631.5	721.3	1.4	-6.7	24.2	24.2	21.0
Economic Net Income	85.1	91.3	82.1	92.5	83.5	86.5	93.1	123.9	351.0	387.0	464.4	526.1	598.4	3.6	-5.3	10.3	10.3	20.0
Avg Fully Diluted Shares (GAAP)	53.1	53.4	53.0	52.6	52.9	53.0	53.0	53.0	53.0	53.0	53.0	53.0	53.0	0.2	-0.7	0.0	0.0	0.0
Avg Fully Diluted Shares (Cash)	53.1	53.4	53.0	52.6	52.9	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	0.71	0.73	0.86	1.44	3.11	3.74	5.17	6.33	7.31	3.6	-14.0	20.0	20.0	38.2
GAAP EPS (FD)	0.74	0.85	0.76	0.77	0.71	0.73	0.86	1.44	3.11	3.74	5.17	6.33	7.31	3.6	-14.0	20.0	20.0	38.2
Economic EPS (FD)	1.60	1.71	1.55	1.76	1.58	1.63	1.76	2.34	6.62	7.31	8.76	9.93	11.54	3.4	-4.6	10.3	10.3	19.9
Margins (%)																		
Operating Income	29%	30%	30%	24%	26%	29%	30%	34%	29%	30%	33%	34%	34%					
EBITDA	28%	27%	27%	29%	27%	32%	33%	34%	28%	32%	33%	33%	33%					
Net Income	9%	10%	10%	10%	9%	9%	10%	12%	10%	10%	12%	14%	14%					
Return on Common Equity	9%	10%	9%	9%	8%	8%	9%	14%	9%	10%	11%	11%	11%					
Compensation/Revenue	42%	43%	41%	43%	43%	42%	42%	42%	42%	42%	42%	41%	41%					
Total Assets Under Mgmt (\$mm)	339,828	348,409	305,879	327,462	363,931	388,410	398,852	410,138	327,462	410,138	456,676	507,973	559,973	6.7	11.5	25.2	25.2	11.3
Net Flows (\$mm)	6,465	10,500	4,903	4,056	7,084	5,100	5,400	5,900	22,924	23,484	24,000	25,000	25,000	-28.0	-51.4	2.4	2.4	2.2
% Beg AUM	2.0%	3.1%	1.4%	1.3%	2.2%	1.4%	1.4%	1.5%	7.2%	7.2%	5.9%	5.5%	5.5%					
% Change Q/Q	6.2%	2.5%	-12.2%	7.1%	11.1%	6.7%	2.7%	2.8%										
Ann'd Organic Growth (Loss) Rate	8.1%	12.4%	5.6%	5.3%	8.7%	5.6%	5.6%	5.9%	7.2%	7.2%	5.9%	5.5%	5.5%					
High Net Worth AUM (\$mm)	36,460	37,525	34,046	36,582	40,990	51,241	52,297	53,542	36,582	53,542	57,584	62,228	62,228	25.0	36.6	46.4	46.4	7.6
Net Flows (\$mm)	-13	454	258	305	727	500	400	400	1,004	2,027	1,000	1,000	1,000					
% Beg AUM	0.0%	1.2%	0.7%	0.9%	2.0%	1.2%	0.8%	0.8%	2.9%	5.5%	1.9%	1.7%	1.7%					
Mutual Fund AUM (\$mm)	90,619	89,978	79,354	85,222	95,152	105,958	108,741	112,075	85,222	112,075	125,785	141,447	141,447	11.4	17.8	31.5	31.5	12.2
Net Flows (\$mm)	2,156	-295	2,948	661	1,396	100	1,000	1,500	5,470	3,996	6,000	7,000	7,000					
% Beg AUM	2.5%	-0.3%	3.3%	0.8%	1.6%	0.1%	0.9%	1.4%	6.4%	4.7%	5.4%	5.6%	5.6%					
Institutional AUM (\$mm)	212,749	220,906	192,479	205,658	227,789	231,211	237,813	244,521	205,658	244,521	273,306	304,297	304,297	1.5	4.7	18.9	18.9	11.8
Net Flows (\$mm)	4,322	7,341	1,697	3,090	4,961	4,500	4,000	4,000	16,450	17,461	17,000	17,000	17,000					
% Beg AUM	2.2%	3.5%	0.8%	1.6%	2.4%	2.0%	1.7%	1.7%	8.2%	8.5%	7.0%	6.2%	6.2%					
Average AUM	329,937	344,119	319,500	323,000	361,335	360,455	385,131	404,495	330,600	377,854	441,907	490,824	490,824	-0.2	4.7	14.3	14.3	17.0
Revenue Yield	52.4	53.9	51.4	49.4	46.5	49.5	48.7	61.9	51.6	51.9	49.9	50.2	50.2	6.4	-8.2	0.7	0.7	-3.9
Miscellaneous																		
Dividend 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	\$0.00					
EBITDA (\$ mm)	118.2	123.8	112.9	116.3	114.1	115.7	125.1	174.3	471.2	529.2	646.7	743.1	743.1	1.4	-6.5	12.3	12.3	22.2
Net Debt/LTM EBITDA (x)	1.8	1.6	1.4	1.6	1.6	1.6	1.6	1.4	1.6	1.4	1.1	1.0	1.0					
Free Cash Flow Per Share	\$1.57	\$1.66	\$1.48	\$1.61	\$1.55	\$1.58	\$1.71	\$2.29	\$6.32	\$7.14	\$8.57	\$9.74	\$9.74	2.0	-4.5	13.0	13.0	20.1

Source: Company Reports, Citi Research

Figure 11. AllianceBernstein Holding LP Summary Model

AllianceBernstein L.P.
Earnings Results and Forecasts
(\$ Millions, Except As Noted)

William R. Katz
(212) 816-5394
william.katz@citi.com

						Forecast:			Forecast:				% Change				
Income Statement - Operating Partnership	1Q11	2Q11	3Q11	4Q11	1Q12	2Q12E	3Q12E	4Q12E	2011	2012E	2013E	2014E	2QE/1Q	2QE/2Q	12E/11E	13E/12E	14E/13E
Base Fees	509.9	504.6	469.5	415.9	423.2	404.4	393.6	396.8	1,899.9	1,617.9	1,642.7	1,758.9	(4.4)	(19.9)	(14.8)	1.5	7.1
Performance Fees	5.1	3.8	0.6	7.1	4.4	5.0	5.0	5.0	16.6	19.4	25.0	27.5	13.9	33.1	17.1	28.9	10.0
Distribution Revenues	88.8	92.3	87.9	82.6	89.0	87.2	90.3	94.7	351.6	361.1	403.4	433.2	(2.0)	(5.5)	2.7	11.7	7.4
Institutional Research Services	119.6	107.6	118.1	92.0	106.3	102.2	95.0	110.0	437.4	413.6	434.3	456.0	(3.9)	(5.0)	(5.5)	5.0	5.0
Other	32.9	20.4	(34.1)	27.8	59.6	20.1	35.5	35.6	47.0	150.9	149.2	156.0	(66.3)	(1.6)	221.1	(1.1)	4.6
Interest Expense	1.0	0.6	0.5	0.4	0.7	0.7	0.7	0.7	2.6	2.8	2.8	2.8	(0.4)	8.0	9.9	0.0	0.0
Total Net Revenues	755.4	728.0	641.5	625.0	681.8	618.2	618.7	641.3	2,749.9	2,560.0	2,651.7	2,828.8	(9.3)	(15.1)	(6.9)	3.6	6.7
Compensation & Benefits	339.5	326.9	283.7	298.4	302.5	256.9	255.8	256.5	1,248.5	1,071.7	1,095.9	1,154.3	(15.1)	(21.4)	(14.2)	2.3	5.3
Promotion & Servicing	138.4	147.7	137.8	134.0	137.9	138.1	143.1	151.2	558.0	570.2	618.6	657.1	0.1	(6.6)	2.2	8.5	6.2
General and Admin.	132.9	131.8	129.3	139.6	124.9	130.0	130.0	130.0	533.6	514.9	507.1	502.1	4.1	(1.4)	(3.5)	(1.5)	(1.0)
One-time Charge	0.0	0.0	6.9	587.4	9.3	0.0	0.0	0.0	594.4	9.3	0.0	1.0					
Total Operating Costs	617.0	612.4	563.8	1,165.2	580.6	530.7	534.5	543.4	2,958.4	2,189.1	2,244.6	2,337.8	(8.6)	(13.3)	(26.0)	2.5	4.1
Operating Income	138.4	115.6	77.7	(540.2)	101.2	87.5	84.1	98.0	(208.5)	370.9	407.0	491.0	(13.6)	(24.3)	(277.9)	9.7	20.6
Non Operating Income/(Expense)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0					
Pretax Income	138.4	115.6	77.7	(540.2)	101.2	87.5	84.1	98.0	(208.5)	370.9	407.0	491.0	(13.6)	(24.3)	(277.9)	9.7	20.6
Income Taxes	10.0	8.2	5.2	(20.3)	6.7	6.1	5.9	6.9	3.1	25.6	28.5	34.4	(8.6)	(25.7)	725.6	11.4	20.6
Tax Rate-%	7.2	7.1	6.7	3.8	6.6	7.0	7.0	7.0	(1.5)	6.9	7.0	7.0					
Net Income	136.5	114.1	91.0	(516.4)	87.3	82.4	77.6	90.5	(174.8)	337.8	375.9	453.9	(5.6)	(27.8)	(293.3)	11.3	20.7
Net Operating Earnings (ex Amort & Nonrecurring)	136.5	114.2	97.9	71.1	96.5	82.4	77.6	90.5	419.6	347.1	375.9	454.9	(14.6)	(27.8)	(17.3)	8.3	21.0
AllianceBernstein Holding L.P. (Publicly Traded Partnership)																	
Equity in Earnings of Operating Partnership	51.1	42.7	34.1	(193.5)	32.7	30.9	29.1	34.0	(65.6)	126.7	141.1	170.3	(5.4)	(27.7)	(293.2)	11.3	20.7
Income Taxes	7.4	7.2	7.1	6.0	6.0	6.2	6.1	6.2	27.7	24.5	25.5	27.2	3.9	(13.7)	(11.6)	4.0	6.9
Net Income	43.7	35.5	27.0	(199.5)	26.7	24.7	23.1	27.8	(93.3)	102.2	115.6	143.1	(7.6)	(30.5)	(209.6)	13.1	23.8
Tax Rate-%	14.5	16.9	20.8	(3.1)	18.4	20.2	20.8	18.2	(42.2)	19.3	18.1	16.0					
Adjusted Net Revenues	659.4	636.9	602.3	527.5	562.3	526.8	515.0	529.8	2,426.1	2,134.0	2,191.7	2,332.0					
Adjusted Operating Income	144.5	125.6	106.5	37.0	101.5	96.0	79.0	90.8	413.6	367.2	387.0	470.8					
Adjusted Operating Margin	21.9%	19.7%	17.7%	7.0%	18.0%	18.2%	15.3%	17.1%	17.0%	17.2%	17.7%	20.2%					
Adjusted Net Income	43.2	36.8	30.8	6.9	29.4	25.2	23.5	28.3	117.7	106.5	117.8	146.1					
Adjusted EPU	\$0.41	\$0.35	\$0.30	\$0.07	\$0.29	\$0.25	\$0.23	\$0.28	\$1.14	\$1.05	\$1.14	\$1.38	(14.5)	(29.8)	(8.2)	8.5	21.7
GAAP EPU	\$0.42	\$0.34	\$0.26	(\$1.97)	\$0.26	\$0.25	\$0.23	\$0.28	(\$0.90)	\$1.02	\$1.14	\$1.38	(5.7)	(27.5)	(213.3)	11.4	21.4
Operating EPU	\$0.42	\$0.34	\$0.29	\$0.12	\$0.29	\$0.25	\$0.23	\$0.28	\$1.29	\$1.05	\$1.14	\$1.38	(15.9)	(27.5)	(18.7)	8.0	21.7
Distribution Per Unit	\$0.42	\$0.34	\$0.26	\$0.12	\$0.26	\$0.24	\$0.23	\$0.27	\$1.14	\$1.01	\$1.12	\$1.36	(6.3)	(28.3)	(11.8)	11.2	21.4
Avg Diluted Units (Holding) (M)	105.5	104.5	103.2	101.4	101.8	101.8	101.8	101.8	103.3	101.8	103.8	105.8	0.0	(2.6)	(1.5)	2.0	1.9
Avg Diluted Units (LP)	278.9	278.6	278.0	278.0	277.8	278.0	278.0	278.0	253.0	254.8	256.6	260.0					
EBITDA	167.8	144.2	124.9	71.9	124.7	110.1	105.1	119.0	508.7	458.9	491.3	577.0	(11.7)	(23.6)	(9.8)	7.1	17.4
Free Cash Flow	148.6	121.0	99.1	54.2	104.0	87.5	82.7	95.6	454.3	369.8	396.7	473.2					
Margins (%) (Operating Partnership)																	
Operating Income Margin	18.3%	15.9%	13.2%	7.5%	16.2%	14.2%	13.6%	15.3%	14.0%	14.8%	15.4%	17.4%					
Compensation/Revenue %	44.9%	44.9%	44.2%	47.7%	44.4%	41.6%	41.3%	40.0%	45.4%	41.9%	41.3%	40.8%					
Investment Advisory Revenue Yield (bps)	43.0	42.7	42.5	40.6	40.7	39.6	38.6	38.5	42.2	39.4	38.0	37.3	(2.7)	(7.2)	(6.7)	(3.4)	(1.8)
EOP AUM (\$ Billions)	477.4	461.1	402.0	405.9	419.1	405.2	408.5	415.5	405.9	415.5	448.3	493.8	(3.3)	(12.1)	2.4	7.9	10.2
Average AUM (\$ Billions)	481.1	474.0	437.9	410.8	417.5	410.3	405.4	410.0	450.9	410.8	431.8	471.0	(1.7)	(13.4)	(8.9)	5.1	9.1
Retail Net Flow (\$ Billions)	(0.8)	(2.0)	(4.4)	(3.8)	2.3	1.8	4.2	4.9	(11.0)	13.2	0.0	5.5	(22.2)	(189.5)	(219.9)	(100.0)	N/A
Institutional Net Flow (\$ Billions)	(12.9)	(14.9)	(9.0)	(7.9)	(12.9)	(5.5)	(5.3)	(4.5)	(44.7)	(28.1)	9.5	12.5	(57.7)	(63.4)	37.2	(133.9)	31.6
Private Client Net Flow (\$ Billions)	(0.7)	(2.6)	(2.0)	(1.5)	(1.5)	(0.8)	(0.6)	1.5	(6.8)	(1.5)	1.8	4.3	(44.4)	(67.9)	78.5	(220.0)	142.9
Total Net Flow (\$ Billions)	(14.4)	(19.5)	(15.4)	(13.2)	(12.1)	(4.5)	(1.7)	2.0	(62.5)	(16.3)	11.3	22.3	(62.8)	(76.9)	73.9	(168.9)	97.8
Q/Q % Change	-0.1%	-3.4%	-12.8%	1.0%	3.3%	-3.3%	0.8%	1.7%	-15.1%	2.4%	7.9%	10.2%					
Annualized Organic Growth (Loss) Rate	-12.0%	-16.3%	-13.4%	-13.1%	-11.9%	-4.3%	-1.7%	1.9%	-13.1%	-4.0%	2.7%	5.0%					

Source: Company Reports, Citi Research

Figure 12. Apollo Global Management, LLC Summary Model

Apollo Global Management		William R. Katz																
Earnings Results and Forecasts		(212) 816-5394																
(\$ Millions, Except As Noted)		william.katz@citi.com																
KEY FORECAST VARIABLES:		1Q11	2Q11	3Q11	4Q11	1Q12	Forecast:				Forecast:			% Change				
							2Q12E	3Q12E	4Q12E	2011	2012E	2013E	2014E	2Q12E/1Q	2Q12E/2Q	12E/11	13E/12E	14E/13E
Revenues:																		
Advisory and transaction fees		19.4	23.6	17.2	22.1	27.3	21.3	15.1	15.5	82.3	79.2	80.5	90.5	-22%	-10%	-4%	2%	12%
Management fees		118.2	121.2	123.0	127.8	130.0	156.8	162.9	168.8	490.2	618.6	714.8	786.7	21%	29%	26%	16%	10%
Net Interest Income		12.5	11.2	11.3	9.5	9.6	5.2	8.6	8.8	44.5	32.2	40.1	42.4	-45%	-53%	-28%	24%	6%
Carried interest income		546.2	152.9	-1,630.3	489.2	624.1	-17.2	225.9	448.7	-442.0	1,281.5	1,625.8	1,412.5	-103%	-111%	-390%	27%	-13%
Total Revenues		696.3	308.9	-1,478.8	648.6	791.0	166.2	412.5	641.7	175.0	2,011.5	2,461.2	2,332.1	-79%	-46%	1049%	22%	-5%
Expenses:																		
Salary, bonus, benefits		85.3	81.3	86.4	66.3	84.0	93.1	94.6	96.1	319.3	367.8	388.2	409.8	11%	15%	15%	6%	6%
Profit sharing expense		217.1	70.8	-563.4	211.9	249.1	-8.9	84.2	172.6	-63.6	497.0	626.1	537.5	-104%	-113%	-881%	26%	-14%
Incentive fee compensation		10.1	-3.6	-3.8	0.7	0.0	0.0	0.0	0.0	3.4	0.0	0.0	0.0					
Other expense		54.8	56.3	48.3	64.6	53.4	81.0	58.0	59.2	224.0	251.6	260.7	278.4	52%	44%	12%	4%	7%
Total expense		367.3	204.8	-432.5	343.5	386.5	165.2	236.7	328.0	483.1	1,116.4	1,275.0	1,225.7	-57%	-19%	131%	14%	-4%
Other income, net		26.1	16.0	-44.1	9.7	10.4	0.0	0.0	0.0	7.7	10.4	-3.5	-3.4					
Income (loss) from equity method investments		25.0	6.8	-64.4	44.6	48.5	-9.9	18.0	20.3	12.0	77.0	96.5	90.6	-120%	-245%	542%	25%	-6%
Total non-operating		51.1	22.8	-108.5	54.3	58.9	-9.9	18.0	20.3	19.7	87.4	93.0	87.2	-117%	-143%	344%	6%	-6%
Total Economic Net Income		376.5	125.3	-1,158.9	356.6	462.0	-4.9	176.7	314.9	-300.5	948.6	1,186.5	1,098.5					
% Management		4%	24%	0%	8%	8%	-266%	10%	6%	-25%	9%	8%	12%					
% Incentive		96%	76%	100%	92%	92%	366%	90%	94%	125%	91%	92%	88%					
Tax Provision		25.2	7.8	-66.5	54.6	39.7	-0.3	11.5	20.5	21.1	71.3	77.1	71.4					
Effective ENI tax rate		0.1	0.1	0.1	0.2	0.1	0.1	0.1	0.1	-7%	8%	7%	7%					
After-tax ENI		351.3	117.5	-1092.4	302.0	422.3	-4.6	165.2	294.4	-321.6	877.3	1,109.4	1,027.1					
After-tax ENI per share		0.99	0.31	-2.89	0.80	1.10	-0.01	0.43	0.75	-0.86	2.27	2.79	2.55					
Fee Related Earnings		23.2	35.4	34.8	48.5	48.4	28.5	53.6	57.5	141.9	187.9	268.5	318.2					
After-tax FRE		13.9	21.2	20.9	29.1	29.0	17.1	32.1	34.5	85.1	112.7	161.1	190.9					
After-tax FRE per share		0.04	0.06	0.06	0.08	0.08	0.04	0.08	0.09	0.23	0.29	0.41	0.47					
Average Diluted Units		353.6	376.0	378.0	379.3	383.6	385.5	388.5	391.5	371.8	387.3	397.0	403.0					
Carried interest per share			\$0.22	-\$2.82	\$0.73	\$0.98	-\$0.02	\$0.36	\$0.71	-\$1.02	\$2.03	\$2.52	\$2.17					
P/T Distributable earnings		132.7	141.5	-58.4	199.7	166.1	65.3	87.7	124.1	415.5	443.2	542.9	560.0					
Distributable earnings per share		\$0.38	\$0.38	-\$0.15	\$0.53	\$0.43	\$0.17	\$0.23	\$0.32	\$1.12	\$1.14	\$1.37	\$1.39					
Distributable earnings % P/E ENI		35%	113%	5%	56%	36%	-1321%	50%	39%	-138%	47%	46%	51%					
Regular Dividend		\$0.07	\$0.07	\$0.07	\$0.07	\$0.07	\$0.07	\$0.07	\$0.07	\$0.28	\$0.28	\$0.24	\$0.28					
Incentive/Income Distribution		\$0.15	\$0.17	\$0.13	\$0.39	\$0.18	\$0.14	\$0.12	\$0.19	\$0.84	\$0.63	\$0.80	\$0.74					
Total Distribution		\$0.22	\$0.24	\$0.20	\$0.46	\$0.25	\$0.21	\$0.19	\$0.26	\$1.12	\$0.91	\$1.04	\$1.02					
Margins:																		
Salary, bonus & benefits % Mgmt Business Revenue		57%	52%	57%	42%	50%	51%	51%	50%	52%	50%	46%	45%					
Effective Tax Rate		6.7%	6.2%	5.7%	15.3%	8.6%	6.5%	6.5%	6.5%	-7.0%	7.5%	6.5%	6.5%					
After-tax FRE margin		9%	14%	14%	18%	17%	9%	17%	18%	14%	15%	19%	21%					
After-tax ENI margin		50%	38%	74%	47%	53%	-3%	40%	46%	-184%	44%	45%	44%					
Statistics																		
Net Cash + Investments per share @ 80% carry		\$3.16	\$3.96	\$1.60	\$2.02	\$2.52	\$1.54	\$1.91	\$1.93	\$2.06	\$1.95	\$2.45	\$2.95					
AUM:																		
Private Equity		39,578	40,430	34,779	35,384	38,398	37,236	37,738	38,063	35,384	38,063	50,151	50,233					
Real Estate		6,547	7,600	7,900	7,971	8,263	8,691	9,126	9,563	7,971	9,563	10,641	11,774					
Capital Markets		23,834	23,684	22,406	31,867	36,465	57,344	59,975	62,653	31,867	62,653	63,016	69,480					
Total		69,959	71,714	65,085	75,222	86,126	106,271	109,839	113,279	75,222	113,279	126,809	134,488					
FPAUM:																		
Private Equity		27,804	27,729	27,786	28,031	27,653	27,470	27,344	27,170	28,031	27,170	38,209	36,783					
Real Estate		2,805	3,058	3,358	3,537	3,711	4,136	4,561	4,986	3,537	4,986	5,586	6,186					
Capital Markets		17,660	18,064	18,507	26,553	28,207	47,128	49,991	52,899	26,553	52,899	53,672	60,516					
Total		48,269	48,851	49,651	58,121	59,571	78,734	81,896	85,054	58,121	85,054	97,467	103,485					
% Private Equity		58%	57%	56%	48%	46%	35%	33%	32%	48%	32%	39%	36%					
% Real Estate		6%	6%	7%	6%	6%	5%	6%	6%	6%	6%	6%	6%					
% Capital Markets		37%	37%	37%	46%	47%	60%	61%	62%	46%	62%	55%	58%					
Fee Rates																		
Private Equity		95.4	94.5	93.3	95.2	96.8	96.0	96.0	96.0	94.6	96.2	88.0	89.0					
Real Estate		137.6	132.7	129.9	124.3	115.4	115.0	115.0	115.0	130.7	115.2	112.5	110.0					
Capital Markets		103.1	103.5	102.4	85.3	77.3	70.0	69.0	69.0	97.7	70.6	69.0	68.0					
Management Fee % Avg FPAUM (bps)		100.6	100.1	99.1	94.1	88.9	91.2	80.7	80.4	95.5	93.2	86.4	78.3					
LP Capital Deployed (\$M)																		
Private Equity		802	565	757	1226	984	1100	250	250	3,350	2,584	3,000	3,400					

Source: Company Reports, Citi Research

Figure 13. Artio Global Investors Inc. Summary Model

Artio Global Investors
Earnings Results and Forecasts
(\$ Millions, Except As Noted)

William R. Katz
(212) 816-5394
william.katz@citi.com

KEY FORECAST VARIABLES (GAAP):					1Q11	2Q11	3Q11	4Q11	1Q12	Forecast:			2011	Forecast:				% Change				
										2Q12E	3Q12E	4Q12E		2012E	2013E	2014E	2QE/1Q	2QE/2Q	12E/11	13E/12E	14E/13E	
Revenue																						
Investment Management Fees					81.8	78.2	65.6	51.6	42.8	33.1	27.5	24.9	277.2	128.4	89.4	84.5	-22.5	-57.6	-53.7	-30.4	-5.4	
Other					0.4	-0.1	-1.8	0.3	1.2	-0.5	0.2	0.2	-1.1	1.0	0.7	0.7	-138.9	678.1	-191.6	-35.5	6.3	
Total Revenue					82.2	78.2	63.8	51.9	43.9	32.7	27.7	25.1	276.0	129.4	90.0	85.2	-25.6	-58.2	-53.1	-30.4	-5.4	
Operating Expenses																						
Employment Comp & Benefits					28.0	25.8	28.4	23.0	22.3	21.1	20.9	20.4	105.2	84.7	64.5	61.5	-5.6	-18.3	-19.5	-23.9	-4.6	
Shareholder servicing & Mkting					4.9	5.2	4.7	3.9	3.6	3.3	3.0	2.9	18.7	12.9	11.9	12.4	-8.8	-36.0	-30.9	-7.5	4.0	
General & Administrative					10.2	10.4	9.5	9.5	9.7	9.5	9.3	9.3	39.5	37.7	37.0	36.0	-2.4	-8.3	-4.4	-2.0	-2.7	
Total Operating Expenses					43.1	41.3	42.6	36.4	35.7	33.9	33.1	32.6	163.3	135.3	113.4	109.9	-5.0	-18.0	-17.2	-16.2	-3.1	
Operating Income					39.1	36.8	21.2	15.5	8.2	-1.2	-5.4	-7.5	112.7	-5.9	-23.4	-24.7	-114.8	-103.3	-105.2	298.1	5.7	
Interest Income (Expense)					0.6	-0.2	-6.2	0.1	2.6	-0.1	0.5	0.5	-5.7	3.5	2.2	2.5	-104.7	-23.4	-161.1	-36.1	14.1	
Total Non-operating					0.6	-0.2	-6.2	0.1	2.6	-0.1	0.5	0.5	-5.7	3.5	2.2	2.5	-104.7	-23.4	-161.1	-36.1	14.1	
Income Before Tax					39.7	36.7	15.0	15.6	10.8	-1.3	-4.9	-6.9	107.0	-2.4	-21.1	-22.1	-112.4	-103.6	-102.2	787.6	4.8	
Income tax expense (benefit)					16.8	14.9	9.8	7.0	5.3	-0.6	-2.0	-2.9	48.4	-0.1	-8.8	-9.2	-110.4	-103.7	-100.3	6431.1	4.8	
Non-controlling interests					0.9	0.6	-1.1	0.3	0.9	0.0	-0.1	-0.1	0.8	0.6	-0.4	-0.4	-103.0	-104.0	-18.8	-167.3	4.8	
Net Income attributable to Artio Global Inv					22.0	21.2	6.4	8.3	4.6	-0.8	-2.8	-3.9	57.9	-2.9	-12.0	-12.5	-116.5	-103.6	-104.9	318.6	4.8	
Extraordinary Item, Net					0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0						
Recurring Net Income					22.0	21.2	6.4	8.3	4.6	-0.8	-2.8	-3.9	57.9	-2.9	-12.0	-12.5	-116.5	-103.6	-104.9	318.6	4.8	
Average Basic Shares					58.4	58.4	58.2	58.1	58.2	58.2	58.0	57.0	58.2	57.8	58.0	58.1	0.0	-0.3	-0.7	0.2	0.2	
Average Diluted Shares					59.6	59.8	59.6	59.5	59.7	59.5	59.0	59.0	59.5	59.3	59.4	59.5	-0.3	-0.5	-0.4	0.2	0.2	
GAAP EPS (FD)					0.38	0.36	0.11	0.14	0.08	-0.01	-0.05	-0.07	0.99	-0.05	-0.21	-0.22	-116.5	-103.6	-105.0	317.8	4.6	
Adjusted EPS (FD)					0.41	0.39	0.27	0.17	0.11	0.01	-0.03	-0.05	1.23	0.04	-0.12	-0.13	-91.0	-97.5	-96.6	-387.4	8.3	
Cash EPS					0.41	0.39	0.27	0.17	0.11	0.01	-0.03	-0.05	1.23	0.04	-0.12	-0.13	-91.0	-97.5	-96.6	-387.4	8.3	
Note: Adjusted EPS excludes cost amortization of IPO RSUs																						
Margins (%)																						
Adjusted Operating Income					50.8%	50.5%	50.0%	34.5%	24.5%	3.3%	-11.2%	-20.6%	47.5%	2.7%	-15.8%	-18.3%						
EBITDA					72.5%	70.2%	58.8%	49.2%	42.4%	3.5%	-14.0%	-27.0%	64.3%	6.9%	-19.7%	-22.6%						
Compensation/Revenue (%)					34.1%	33.0%	44.5%	44.3%	50.8%	64.5%	75.3%	81.2%	38.1%	65.4%	71.6%	72.2%						
Compensation (Ex IPO award)/Revenue (%)					30.9%	29.6%	39.7%	39.7%	45.3%	57.5%	67.0%	72.0%	34.2%	58.2%	61.5%	61.5%						
Fee Rate					63.0	63.0	62.4	61.3	60.4	56.2	53.2	51.2	62.6	55.1	48.3	46.2						
AUM																						
AUM (\$ millions)					51,328	46,835	34,252	30,359	26,645	21,508	19,577	18,726	30,359	18,726	18,268	18,278	-19.3	-54.1	-38.3	-2.4	0.1	
% Change Q/Q					-3.9%	-8.8%	-26.9%	-11.4%	-12.2%	-19.3%	-9.0%	-4.3%										
Net Flows					-3,230	-4,528	-4,183	-4,756	-5,995	-3,624	-2,218	-1,110	-16,697	-12,947	-1,430	-875	-39.5	-20.0	-22.5	-89.0	-38.8	
Annualized Organic Growth (Loss) Rate					-24.2%	-35.3%	-35.7%	-55.5%	-79.0%	-54.4%	-41.3%	-22.7%	-31.3%	-42.6%	-7.6%	-4.8%	-31.1	54.2	36.4	-82.1	-37.3	
International Equity					77.0%	75.4%	69.6%	64.5%	56.2%	44.5%	37.0%	31.9%	64.5%	31.9%	24.0%	17.5%	-20.9	-41.0	-50.6	-24.7	-27.3	
High Grade Fixed Income					9.8%	10.4%	15.1%	18.1%	21.4%	27.4%	31.0%	33.5%	18.1%	33.5%	36.8%	39.6%	27.8	162.7	84.6	9.9	7.7	
High Yield					10.3%	11.2%	12.2%	14.1%	18.6%	24.4%	28.0%	30.6%	14.1%	30.6%	34.6%	37.9%	30.6	117.4	116.1	13.2	9.4	
Global Equity					2.1%	2.2%	2.5%	2.4%	2.5%	2.4%	2.5%	2.4%	2.4%	2.4%	2.7%	2.9%	-3.9	10.4	2.8	9.7	6.9	
U.S Equity					0.5%	0.5%	0.5%	0.6%	0.8%	0.9%	1.0%	1.2%	0.6%	1.2%	1.4%	1.6%	8.8	79.1	102.4	18.9	16.6	
Other					0.2%	0.3%	0.2%	0.3%	0.3%	0.4%	0.5%	0.5%	0.3%	0.5%	0.5%	0.6%	23.9	67.9	73.6	9.7	6.9	
EBITDA					59.6	54.9	37.5	25.6	18.6	1.2	-3.9	-6.8	177.5	9.0	-17.8	-19.2	-93.8	-97.9	-94.9	-298.0	8.1	
Free Cash Flow (before non-controlling interests)					22.9	21.8	7.3	10.6	7.5	1.2	-0.9	-2.1	62.6	5.8	-12.4	-13.0	-83.7	-94.4	-90.8	-315.1	4.8	
Free Cash Flow Per Share					\$0.38	\$0.36	\$0.12	\$0.18	\$0.13	\$0.02	-\$0.01	-\$0.03	\$1.05	\$0.10	-\$0.21	-\$0.22	-83.7	-94.4	-90.9	-317.1	4.6	
Dividend per share					\$0.06	\$0.06	\$0.06	\$0.06	\$0.02	\$0.02	\$0.02	\$0.02	\$0.24	\$0.08	\$0.08	\$0.08						

Source: Company Reports, Citi Research

Figure 14. BlackRock Inc Summary Model

BlackRock, Inc. Earnings Results and Forecasts (\$ Millions, Except As Noted)				William R. Katz (212) 816-5394 william.katz@citi.com													
KEY FORECAST VARIABLES:	1Q11	2Q11	3Q11	4Q11	1Q12	2Q12E	3Q12E	4Q12E	2011	2012E	2013E	2014E	% Change				
													2QE/1Q	2QE/2Q	12E/11	13E/12E	14E/13E
Total IAA	1,984.0	2,100.0	1,949.0	1,863.0	1,877.0	1,976.6	2,009.7	2,058.9	7,896.0	8,022.2	8,754.2	9,711.2	0.0	-5.9	1.6	9.1	10.9
Performance Fees	83.0	50.0	91.0	147.0	80.0	52.5	97.5	160.0									
BLK Solutions	128.0	116.0	117.0	149.0	123.0	130.0	130.0	140.0	510.0	523.0	559.6	598.8	5.7	12.1	2.5	7.0	7.0
Distribution Fees	28.0	27.0	23.0	22.0	19.0	19.3	19.6	19.9	100.0	77.7	81.6	85.7	1.5	-28.6	-22.3	5.0	5.0
Other	59.0	54.0	45.0	46.0	50.0	52.0	54.0	55.0	204.0	211.0	223.7	234.8	4.0	-3.7	3.4	6.0	5.0
Total Revenue	2,282.0	2,347.0	2,225.0	2,227.0	2,249.0	2,230.4	2,310.8	2,433.8	9,081.0	9,223.9	10,009.1	11,050.5	-0.8	-5.0	1.6	8.5	10.4
Salaries & Benefits (1)	830.0	824.0	771.0	774.0	825.0	779.9	797.9	803.8	3,199.0	3,206.6	3,480.6	3,870.3	-5.5	-5.4	0.2	8.5	11.2
G&A, Other	633.0	640.0	605.0	612.0	599.0	644.2	651.0	662.4	2,490.0	2,572.5	2,720.5	2,922.0	7.5	0.7	3.3	5.8	7.4
Total Adj Operating Costs (1)	1,463.0	1,464.0	1,376.0	1,386.0	1,424.0	1,424.1	1,448.8	1,466.2	5,689.0	5,779.1	6,201.1	6,792.3	0.0	-2.7	1.6	7.3	9.5
Adj Operating Income (1)	819.0	883.0	849.0	841.0	825.0	806.3	861.9	967.6	3,392.0	3,444.8	3,807.9	4,258.2	-2.3	-8.7	1.6	10.5	11.8
Non Operating Income/(Expense)	15.0	-24.0	-112.0	7.0	23.0	-36.5	-16.1	-15.8	-114.0	-45.4	-58.6	-45.0					
Pretax Income	813.0	842.0	665.0	815.0	838.0	769.3	843.9	949.9	3,135.0	3,401.1	3,745.3	4,206.3	-8.2	-8.6	8.5	10.1	12.3
Income Taxes	249.0	220.0	95.0	232.0	263.0	246.2	270.1	304.0	796.0	1,083.2	1,198.5	1,335.5	-6.4	11.9	36.1	10.6	11.4
Tax Rate (%)	30.6	26.1	14.3	28.5	31.4	32.0	32.0	32.0	24.9	31.8	32.0	31.8	2.0	22.5	28.0	0.5	-0.8
less: Non-controlling interests	-4.0	3.0	-25.0	28.0	3.0	0.9	5.3	5.3	2.0	14.4	21.0	21.0	-70.0	-70.0	620.0	45.8	0.0
Net Income attributable to BlackRock	568.0	619.0	595.0	555.0	572.0	522.2	568.6	640.7	2,337.0	2,303.5	2,525.8	2,849.8	-8.7	-15.6	-1.4	9.7	12.8
Adjusted Net Income	582.0	578.0	521.0	558.0	576.0	522.9	571.6	643.7	2,239.0	2,313.1	2,535.3	2,861.2	-9.1	-9.5	3.3	9.6	12.9
Average Fully Diluted Shares	194.3	190.6	181.8	182.0	181.9	178.9	173.6	173.6	187.1	177.0	173.8	173.8	-1.7	-6.1	-5.4	-1.8	0.0
Adj Operating EPS (FD)	2.96	3.00	2.83	3.06	3.16	2.92	3.29	3.70	11.85	13.05	14.56	16.43	-7.5	-2.6	10.1	11.6	12.8
GAAP EPS (FD)	2.89	3.21	3.23	3.05	3.14	2.91	3.27	3.68	12.37	12.99	14.50	16.36	-7.2	-9.2	5.0	11.6	12.8
Cash EPS (FD)	3.20	3.23	3.08	3.28	3.38	3.14	3.52	3.93	12.80	13.95	15.49	17.37	-6.9	-2.8	9.0	11.0	12.2
Margins (%)																	
Adjusted Operating Income	39.1%	39.7%	40.1%	40.0%	38.6%	38.0%	39.1%	41.6%	39.7%	39.2%	39.8%	40.1%					
EBITDA	42.4%	42.3%	38.3%	42.6%	44.4%	41.9%	43.7%	45.8%	41.4%	44.0%	44.2%	44.4%					
Net Income	25.5%	24.6%	23.4%	25.1%	25.6%	23.4%	24.7%	26.4%	24.7%	25.1%	25.3%	25.9%					
Return on Common Equity (%)	8.9%	9.1%	8.4%	8.9%	9.1%	8.2%	8.9%	9.9%	9.2%	9.0%	9.5%	10.3%					
Compensation/Revenue (%)	35.4%	34.2%	33.7%	34.8%	36.7%	35.0%	34.5%	33.0%	34.5%	34.8%	34.8%	35.0%					
Fixed Income-Active AUM (\$mm)	595,314	612,553	620,139	614,804	624,723	636,231	643,598	652,044	614,804	652,044	678,126	705,251	1.8	3.9	6.1	4.0	4.0
Net Flows	-3,089	4,184	-4,825	-14,081	1,087	1,500	1,000	2,000	-17,811	5,587	0	0					
Net Flows % Beg AUM	-0.5	0.7	-0.8	-2.3	0.2	0.2	0.2	0.3	-3.0	0.9	0.0	0.0					
Fixed Income-Index (\$mm)	436,084	438,424	443,018	479,116	450,749	463,001	472,656	482,408	479,116	482,408	511,904	542,580	2.7	5.6	0.7	6.1	6.0
Net Flows	8,747	-10,474	-16,351	12,813	-29,871	5,000	5,000	5,000	-5,265	-14,871	10,000	10,000					
Net Flows % Beg AUM	2.1	-2.4	-3.7	2.9	-6.2	1.1	1.1	1.1	-1.2	-3.1	2.1	2.0					
Fixed Income - iShares/ETFs (\$mm)	126,791	134,695	141,865	153,802	166,365	179,479	188,812	198,237	153,802	198,237	241,867	287,241					
Net Flows	2,339	6,288	7,204	11,044	9,441	7,500	7,500	7,500	26,875	31,941	35,000	35,000					
Net Flows % Beg AUM	1.9	5.0	5.3	7.8	6.1	4.5	4.2	4.0	21.8	20.8	17.7	14.5					
Liquidity AUM (\$mm)	256,694	247,219	244,663	254,665	241,929	236,929	236,929	236,929	254,665	236,929	241,929	246,929	-2.1	-4.2	-7.0	2.1	2.1
Net Flows	-24,441	-9,921	573	10,890	-14,935	-5,000	0	0	-22,899	-19,935	5,000	5,000					
Net Flows % Beg AUM	-8.8	-3.9	0.2	4.5	-5.9	-2.1	0.0	0.0	-8.2	-7.8	2.1	2.1					
Equity AUM-Active (\$mm)	343,389	333,237	266,047	275,156	297,184	279,310	281,172	284,075	275,156	284,075	303,960	327,825	-6.0	-16.2	3.2	7.0	7.9
Net Flows	-4,713	-8,856	-8,017	-8,234	-24,177	-4,000	-3,000	-2,000	-29,820	-13,477	0	2,500					
Net Flows % Beg AUM	-1.4	-2.6	-2.4	-3.1	-1.6	-1.3	-1.1	-0.7	-8.9	-4.9	0.0	0.8					
Equity AUM-Index (\$mm)	945,226	939,079	790,328	865,299	966,950	923,437	944,641	966,216	865,299	966,216	1,054,551	1,149,070	-4.5	-1.7	11.7	9.1	9.0
Net Flows	-9,667	-8,494	7,763	12,173	-452	0	5,000	5,000	1,775	9,548	20,000	20,000					
Net Flows % Beg AUM	-1.1	-0.9	0.8	1.5	-0.1	0.0	0.5	0.5	0.2	1.1	2.1	1.9					
Equity AUM - iShares/ETFs (\$mm)	474,966	476,604	384,821	419,651	479,585	458,524	474,114	489,976	419,651	489,976	560,500	641,135					
Net Flows	7,198	6,521	2,046	8,848	7,836	2,500	7,500	7,500	24,613	25,336	35,000	40,000					
Net Flows % Beg AUM	1.6	1.4	0.4	2.3	1.9	0.5	1.6	1.6	5.5	6.0	7.1	7.1					
Alternative Inv AUM (\$mm)	115,253	113,262	109,392	104,948	110,444	109,486	111,501	113,792	104,948	113,792	123,134	132,916	-0.9	-3.3	8.4	8.2	7.9
Net Flows	625	-1,340	-359	-2,849	1,344	750	750	1,000	-3,923	3,844	4,000	4,000					
Net Flows % Beg AUM	0.6	-1.2	-0.3	-2.6	1.3	0.7	0.7	0.9	-3.6	3.7	3.5	3.2					
Multi-Asset (\$mm)	207,982	231,256	215,183	225,170	246,507	240,924	248,967	258,117	225,170	258,117	302,060	359,429	-2.3	4.2	14.6	17.0	19.0
Net Flows	14,940	20,678	2,926	4,111	4,766	5,000	5,000	6,000	42,655	20,766	25,000	35,000					
Net Flows % Beg AUM	8.1	9.9	1.3	1.9	2.1	2.0	2.1	2.4	23.0	9.2	9.7	11.6					
Inv Mgmt AUM (\$mm)	3,501,699	3,526,329	3,215,456	3,392,611	3,586,436	3,527,321	3,602,390	3,681,794	3,392,611	3,681,794	4,018,031	4,392,376	-1.6	0.0	8.5	9.1	9.3
Net Flows	-8,061	-1,414	-9,040	34,715	-25,261	13,250	28,750	32,000	16,200	48,739	134,000	151,500					
Net Flows % Beg AUM	-0.2	0.0	-0.3	1.1	-0.7	0.4	0.8	0.9	0.5	1.4	3.6	3.8					
Advisory AUM	146,746	132,819	129,611	120,070	97,651	87,651	82,651	77,651	120,070	77,651	52,651	32,651	-10.2	-34.0	-35.3	-32.2	-38.0
Net Flows	-4,508	-14,100	-1,151	-10,145	-22,856	-10,000	-5,000	-5,000	-29,904	-42,856	-25,000	-20,000					
Total AUM	3,648,445	3,659,148	3,345,067	3,512,681	3,684,087	3,614,972	3,685,041	3,759,445	3,614,972	3,759,445	4,070,682	4,425,027	-1.9	-1.2	7.0	8.3	8.7
% Change Q/Q	2.5%	0.3%	-8.6%	5.0%	4.9%	-1.9%	1.9%	2.0%	-13.704	5.883	109.000	131.500					
Total Flows	-12,569	-15,514	-10,191	24,570	-48,117	3,250	23,750	27,000	-13,704	5,883	109.000	131.500					
Annualized Growth Rate	-1.4%	-1.7%	-1.1%	2.9%	-5.5%	0.4%	2.6%	2.9%	-0.4%	0.2%	2.9%	3.2%					
Average AUM (\$mm)	3,604,707	3,653,797	3,502,108	3,474,223	3,598,384	3,625,271	3,650,007	3,722,243	3,558,708	3,648,976	3,915,064	4,247,854	0.7	-0.8	2.5	7.3	8.5
Revenue Yields (bps)																	
Inv. Adv. Fees/AUM	23.3	24.0	22.9	22.1	22.8	22.5	22.4	22.5	23.1	22.6	22.7	23.1	-1.2	-6.1	-2.2	0.8	1.6
Miscellaneous																	
Book Value Per Share	\$137.74	\$127.05	\$139.43	\$140.48	\$141.04	\$147.72	\$149.19	\$150.69	\$140.48	\$150.69	\$155.81	\$161.12	4.7	16.3	7.3	3.4	3.4
Dividends Per Share	\$1.38	\$1.38	\$1.38	\$1.38	\$1.50	\$1.50	\$1.50	\$1.50	\$5.50	\$6.00	\$6.75	\$6.75	0.0	9.1	9.1	12.5	0.0
EBITDA (\$mm)	968	993	853	949	998	934	1,010	1,116	3,763	4,058	4,421	4,902	-6.4	-5.9	7.8	8.9	10.9
Free Cash Flow (\$mm)	605	608	570	642	647	596	645	717	2,425	2,604	2,840	3,181	-7.9	-2.0	7.4	9.1	12.0

Figure 15. Blackstone Group L.P. Summary Model

Blackstone (BX)
Earnings Results and Forecasts
(\$ Millions, Except As Noted)

William R. Katz
(212) 816-5394
william.katz@citi.com

KEY FORECAST VARIABLES:	1Q11	2Q11	3Q11	4Q11	1Q12	Forecast:			2010	2011	Forecast:			% Change				
						2Q12E	3Q12E	4Q12E			2012E	2013E	2014E	2QE/1Q	2QE/2Q	12E/11	13E/12E	14E/13E
Management Fees																		
Base Management fees	305.6	316.5	322.4	336.8	395.5	384.5	397.0	404.1	1,069.5	1,281.2	1,581.1	1,696.4	1,898.0	-2.8	21.5	23.4	7.3	11.9
Advisory fees	70.3	102.2	86.2	123.6	75.8	100.0	110.0	125.0	426.1	382.2	410.8	451.9	488.1	31.8	-2.2	7.5	10.0	8.0
Transaction & Other fees, net	58.4	103.6	41.8	43.8	38.5	38.4	40.9	41.4	137.7	247.5	159.2	225.6	205.6	-0.2	-62.9	-35.7	41.7	-8.9
Management Fee offsets	-8.5	-8.7	-7.7	-8.5	-13.1	-2.5	-3.0	-3.1	-2.3	-33.4	-21.8	-24.6	-19.2	-80.6	-70.8	-34.8	13.1	-21.9
Total Management Fee	425.7	513.6	442.6	495.6	496.8	520.4	544.8	567.4	1,631.0	1,877.5	2,129.4	2,349.4	2,572.5	4.8	1.3	13.4	10.3	9.5
Realized Performance Fees	95.6	60.2	7.9	64.2	18.8	14.1	77.6	92.3	361.7	227.9	202.8	521.0	704.1	-25.3	-76.6	-11.0	156.8	35.2
Unrealized Performance Fees	505.2	612.8	-465.2	293.7	366.9	96.6	201.4	254.3	564.6	946.6	919.2	1,125.3	7.0	-73.7	-84.2	-2.9	22.4	-99.4
Total Performance Fees & Allocations	600.8	673.1	-457.3	358.0	385.8	110.6	279.0	346.7	926.3	1,174.5	1,122.1	1,646.2	2,127.2	-71.3	-83.6	-4.5	46.7	29.2
Investment Income (Loss)																		
Realized	23.5	30.7	31.6	16.7	23.5	-6.0	25.5	26.5	46.9	102.6	69.5	65.2	74.6	-125.4	-119.4	-32.3	-6.1	14.3
Unrealized	102.6	106.8	-165.8	39.0	59.9	-12.5	52.6	54.7	501.6	82.7	154.7	290.3	333.2	-120.8	-111.7	87.1	87.6	14.8
Total Investment Income (Loss)	126.1	137.6	-134.1	55.7	83.4	-18.4	78.0	81.1	548.5	185.3	224.2	355.5	407.8	-122.1	-113.4	21.0	58.6	14.7
Interest Income	9.4	9.3	10.1	10.0	9.3	6.9	6.9	6.9	36.1	38.8	30.1	35.9	35.9	-25.9	-25.4	-22.5	19.1	0.0
Other	2.3	1.1	-1.7	5.7	-1.2	-0.3	-0.3	-0.3	-0.6	7.4	-2.0	-2.0	-2.0	-79.3	-122.2	-126.4	0.4	0.0
Total Segment Revenues	1,164.2	1,334.6	-140.3	925.0	974.1	619.3	908.6	1,001.8	3,141.4	3,283.6	3,503.8	4,385.0	5,141.4	-36.4	-53.6	6.7	25.2	17.2
Expenses:																		
Base Compensation	224.5	272.4	238.2	225.4	254.8	260.3	273.4	286.5	859.1	960.6	1,075.0	1,147.0	1,240.7	2.2	-4.4	11.9	6.7	8.2
Performance Fee related	177.1	145.8	-100.9	94.7	109.5	52.9	108.9	126.7	357.0	316.7	398.1	594.8	802.6	-51.7	-63.7	25.7	49.4	34.9
Compensation & Benefits	401.6	418.2	137.3	320.2	364.3	313.2	382.3	413.3	1,216.1	1,277.3	1,473.1	1,741.8	2,043.3	-14.0	-25.1	15.3	18.2	17.3
Other Operating Expenses	103.0	99.4	96.9	122.1	109.5	109.6	110.6	111.6	344.5	421.3	441.4	463.7	487.2	0.1	10.3	4.8	5.1	5.1
Total Segment Expense	504.6	517.6	234.2	442.2	473.8	422.9	492.9	524.9	1,560.6	1,698.6	1,914.4	2,205.5	2,530.5	-10.8	-18.3	12.7	15.2	14.7
Economic Net Income (Loss)	659.7	817.1	-374.6	482.8	500.3	196.4	415.7	477.0	1,580.8	1,585.0	1,589.3	2,179.5	2,610.9	-60.7	-76.0	0.3	37.1	19.8
Tax	86.2	107.5	-38.3	32.9	67.9	23.6	49.9	57.2	163.1	188.3	198.6	250.6	287.2	-65.3	-78.1	5.5	26.2	14.6
After-Tax ENI	573.5	709.6	-336.3	449.9	432.3	172.8	365.8	419.7	1,417.6	1,396.7	1,390.7	1,928.9	2,323.7	-60.0	-75.6	-0.4	38.7	20.5
Weighted-Avg ENI Adjusted Units	1,115.9	1,109.2	1,110.6	1,116.1	1,120.2	1,121.2	1,122.2	1,123.2	1,126.6	1,113.0	1,121.7	1,125.7	1,129.7	0.1	1.1	0.8	0.4	0.4
After-Tax ENI per diluted unit	0.51	0.64	-0.30	0.40	0.39	0.15	0.33	0.37	1.26	1.25	1.24	1.71	2.06	-60.1	-75.9	-1.2	38.2	20.0
Fee Related Earnings																		
Distributable Earnings	201.9	190.9	125.7	178.2	162.1	147.4	157.5	165.9	442.3	502.1	608.6	732.5	838.5	6.6	2.5	21.2	20.4	14.5
Distributable Earnings Per Unit	0.18	0.17	0.11	0.16	0.15	0.13	0.21	0.23	0.64	0.63	0.71	1.02	1.23	-9.1	-22.8	13.2	43.2	19.7
Distribution per unit	\$0.10	\$0.10	\$0.10	\$0.22	\$0.10	\$0.10	\$0.10	\$0.35	\$0.62	\$0.52	\$0.65	\$0.96	\$1.16					
After-tax FFE/unit																		
After-tax FFE/unit	0.09	0.13	0.10	0.14	0.12	0.13	0.14	0.15	0.39	0.45	0.54	0.65	0.74	6.5	1.4	20.3	19.9	14.1
Performance Fees/unit	0.38	0.48	-0.32	0.24	0.25	0.05	0.15	0.20	0.51	0.77	0.65	0.93	1.17	-79.1	-89.2	-16.3	44.7	25.5
Investment Income/unit	0.11	0.12	-0.12	0.05	0.07	-0.02	0.07	0.07	0.49	0.17	0.20	0.32	0.36	-122.1	-113.2	20.1	58.0	14.3
Distribution	\$0.10	\$0.10	\$0.10	\$0.22	\$0.10	\$0.10	\$0.10	\$0.35	\$0.62	\$0.52	\$0.65	\$0.96	\$1.16					
Margins																		
Base Comp % Management Fee	53%	53%	54%	45%	51%	50%	50%	51%	53%	51%	50%	49%	48%					
Perf Fee Comp % Perf Fees	29%	22%	22%	26%	28%	48%	39%	37%	39%	27%	35%	36%	38%					
Expense % Revenue	43%	39%	-167%	48%	49%	68%	54%	52%	50%	52%	55%	50%	49%					
FRE (after-tax) margin (% mgmt fee)	23%	28%	24%	31%	28%	28%	29%	29%	27%	27%	29%	31%	33%					
ENI (after-tax) margin	49%	53%	240%	49%	44%	28%	40%	42%	45%	43%	40%	44%	45%					
Tax Provision	13%	13%	10%	7%	14%	12%	12%	12%	10%	12%	12%	12%	11%					
AUM (\$M)																		
Private Equity	43,955	46,728	42,967	45,864	47,624	46,478	47,157	47,893	29,319	45,864	47,893	49,367	50,802	3.8	8.3	4.4	3.1	2.9
Real Estate	34,991	37,606	40,710	42,853	48,323	49,613	50,926	51,155	33,165	42,853	51,155	62,751	75,256	12.8	38.1	19.4	22.7	19.9
CAMA	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	65,640	N/A	N/A	N/A	N/A					
Hedge Fund Solutions	39,542	40,578	40,373	40,535	43,351	44,851	46,728	48,633	N/A	40,535	48,633	56,368	64,566	6.9	9.6	20.0	15.9	14.5
Credit Businesses	31,475	33,791	33,649	36,977	50,776	50,999	51,727	52,459	N/A	36,977	52,459	55,835	59,282	37.3	61.3	41.9	6.4	6.2
Total	149,963	158,703	157,698	166,229	190,074	191,941	196,538	200,139	128,124	166,229	200,139	224,322	249,906	14.3	26.7	20.4	12.1	11.4
FPAUM (\$M)																		
Total FPAUM	124,033	129,001	132,934	136,757	156,261	159,245	163,264	166,219	109,500	136,757	166,219	187,844	207,184					
Net Flow	N/A	4,952	7,202	3,657	17,064	2,856	3,249	2,149	10,264	29,033	25,317	18,233	15,355					
Annualized Growth Rate	N/A	16%	22%	11%	50%	7%	8%	5%	11%	27%	19%	11%	8%					
Revenue Yield	100.7	100.2	97.3	97.6	103.1	98.0	97.9	97.6	104.8	98.9	99.1	95.8	96.1					
Miscellaneous																		
Net Cash + Inv per unit	\$3.00	\$3.59	\$3.40	\$3.42	\$3.14	\$3.25	\$3.50	\$3.78	\$2.28	\$3.43	\$3.78	\$4.93	\$6.25					
LP Capital Deployed (\$M)																		
Total	1,658	3,605	4,435	3,406	2,720	2,991	3,841	3,891	7,134	13,509	13,439	11,701	10,170					

Source: Company Reports, Citi Research

Figure 16. Eaton Vance Summary Model

Eaton Vance Corp William R. Katz
Earnings Results and Forecasts—Fiscal Year Enc (212) 816-5394
(\$ Millions, Except As Noted) william.katz@citi.com

KEY FORECAST VARIABLES:	1Q11	2Q11	3Q11	4Q11	1Q12	2Q12	Forecast:		2010	2011	Forecast:			% Change				
							3Q12E	4Q12E			2012E	2013E	2014E	3QE/2Q	3QE/3Q	12E/11	13E/12E	14E/13E
<u>Revenue</u>																		
Investment Adviser and Admin fees	242.7	251.7	262.1	239.8	239.5	248.9	245.3	248.8	867.7	996.2	982.4	1032.8	1109.3	-1.4	-6.4	-1.4	5.1	7.4
Distribution & Underwriter Fees	27.3	26.1	26.4	23.1	22.5	22.6	22.6	22.6	104.0	103.0	90.3	92.6	98.2	0.3	-14.4	-12.4	2.6	6.1
Service Fees	37.3	36.5	37.4	33.3	32.3	32.1	31.6	32.2	139.7	144.5	128.2	136.0	146.5	-1.4	-15.5	-11.3	6.1	7.8
Other Income	4.9	11.5	1.4	1.2	1.3	1.3	1.3	1.3	10.2	19.0	5.2	5.5	5.7	2.7	-5.7	-72.6	5.0	5.0
Revenues	312.3	325.8	327.3	297.3	295.6	304.8	300.8	304.8	1121.7	1262.8	1206.0	1266.9	1359.8	-1.3	-8.1	-4.5	5.0	7.3
<u>Operating Expenses</u>																		
Compensation	97.1	97.2	94.7	81.0	96.7	97.6	94.8	93.7	348.9	369.9	382.7	402.2	431.7	-2.9	0.0	3.5	5.1	7.3
Amortization of DSC	10.4	9.6	8.5	7.3	5.8	5.5	5.3	5.0	35.5	35.8	21.6	15.0	10.0	-4.5	-37.9	-39.5	-30.7	-33.3
Service Fee Expense	31.3	30.8	32.2	30.2	28.7	28.1	27.7	28.2	116.9	124.5	112.6	119.5	128.8	-1.4	-14.1	-9.5	6.1	7.8
Distribution Fee Expense	32.7	33.7	33.7	32.6	32.3	33.0	33.1	33.2	126.1	132.7	131.6	137.7	149.0	0.6	-1.8	-0.8	4.7	8.2
Fund Expense	4.5	5.0	8.1	7.6	6.7	6.6	6.7	6.7	20.5	25.3	26.6	30.6	35.2	1.0	-17.8	5.2	15.0	15.0
Other Expense	33.3	32.5	34.4	34.0	32.6	35.2	37.5	35.8	120.5	134.2	141.1	149.6	158.5	6.5	9.1	5.1	6.0	6.0
Total Operating Costs	209.3	208.8	211.6	192.7	202.8	206.0	205.0	202.6	768.4	822.4	816.3	854.6	913.2	-0.5	-3.1	-0.7	4.7	6.9
<u>Operating Income</u>	103.0	117.0	115.7	104.6	92.8	98.8	95.8	102.3	353.3	440.4	389.7	412.2	446.5	-3.1	-17.2	-11.5	5.8	8.3
Non Operating Income/(Expense)	-10.4	-23.2	-3.6	-21.8	5.7	-0.9	-9.9	-4.9	-26.3	-59.0	-10.0	-19.6	-19.5			-83.1	97.1	-0.7
Income before Tax & Equity in NI of Affiliates	92.6	93.9	112.1	82.9	98.6	98.0	85.9	97.3	327.0	381.4	379.7	392.6	427.0	-12.3	-23.4	-0.4	3.4	8.8
Income Taxes	34.5	41.3	43.3	37.7	35.2	35.2	32.2	36.5	126.3	156.8	139.1	147.2	160.1	-8.4	-25.7	-11.3	5.9	8.8
Tax Rate (%)	37.3	44.0	38.7	45.5	35.7	35.9	37.5	37.5	38.7	41.4	36.7	37.5	37.5	4.5	-3.0	-11.4	2.3	0.0
Chg In Redemption Value for NCI	18.2	2.9	0.2	8.9	8.1	1.1	0.0	8.0	18.6	30.2	17.2	10.0	10.8			-43.0	-41.9	7.5
Net Income	37.5	62.5	68.1	46.8	47.3	52.9	55.9	49.5	174.3	214.9	205.6	229.5	251.2	5.8	-17.8	-4.3	11.6	9.5
Recurring Net Income to common	36.8	57.8	67.4	46.3	44.9	51.4	54.9	48.5	172.2	209.5	199.7	224.7	246.0	6.9	-18.5	-4.6	12.5	9.5
Average Fully Diluted Shares	122.2	122.3	120.5	115.2	114.9	115.9	115.4	114.9	122.6	120.0	115.3	115.3	113.8	-0.4	-4.3	-3.9	0.0	-1.3
Operating EPS (FD)	0.30	0.47	0.56	0.40	0.39	0.44	0.48	0.42	1.40	1.75	1.73	1.95	2.16	7.4	-14.8	-0.7	12.5	10.9
GAAP EPS (FD)	0.30	0.50	0.56	0.40	0.40	0.44	0.48	0.42	1.40	1.78	1.75	1.95	2.16	7.4	-14.8	-1.8	11.6	10.9
Adjusted EPS (FD)	0.45	0.53	0.56	0.48	0.47	0.45	0.48	0.49	1.55	2.03	1.90	2.04	2.26	5.1	-15.1	-6.6	7.4	10.8
Calendar Operating EPS									1.45	1.79	1.80	1.98				0.1	10.5	
Calendar Adjusted EPS									1.67	2.03	1.92	2.07				-5.7	8.0	
<u>Margins (%)</u>																		
Operating Income	33.0%	33.7%	35.3%	35.2%	31.4%	32.4%	31.8%	33.5%	31.7%	34.3%	32.3%	32.5%	32.8%					
Adjusted Operating Income	36.8%	36.8%	39.2%	39.2%	36.9%	36.7%	46.3%	36.9%	35.5%	38.0%	39.2%	36.4%	36.6%					
EBITDA	33.2%	35.9%	38.4%	36.3%	34.8%	33.6%	33.9%	35.4%	33.3%	36.1%	34.4%	34.9%	35.1%					
Net Income	11.8%	17.7%	20.6%	15.6%	15.2%	16.9%	18.3%	15.9%	15.4%	16.6%	16.6%	17.7%	18.1%					
Return on Common Equity	33.6%	49.2%	55.8%	39.0%	38.4%	41.4%	42.4%	37.3%	46.9%	44.9%	39.9%	41.2%	40.2%					
Compensation/Revenue	31.1%	29.8%	28.9%	27.2%	32.7%	32.0%	31.5%	30.8%	31.1%	29.3%	31.7%	31.8%	31.8%					
<u>Average AUM (\$M)</u>																		
Average AUM (\$M)	187,200	197,353	200,762	188,200	189,955	195,600	192,743	196,275	168,888	193,379	193,652	205,369	221,267	-1.5	-4.0	0.1	6.1	7.7
<u>Ending AUM (\$M)</u>																		
Ending AUM (\$M)	191,744	202,961	199,030	188,204	191,706	197,487	193,829	197,951	185,247	188,204	197,951	212,787	229,746	-1.9	-2.6	5.2	7.5	8.0
<u>% Change Q/Q</u>																		
% Change Q/Q	3.5%	5.8%	-1.9%	-5.4%	1.9%	3.0%	-1.9%	2.1%										
<u>Revenue Yields (bps)</u>																		
Revenue Yields (bps)	51.9	51.0	51.8	50.5	51.1	51.7	50.6	50.4	51.4	51.5	50.7	50.3	50.1					
<u>Equity Fund Net Flows (\$M)</u>																		
Equity Fund Net Flows (\$M)	102	-192	-1,364	-1,645	-1,367	-1,086	-2,675	-800	132	-3,099	-5,928	250	500					
Annualized Growth (Loss) Rate	0.7	-1.3	-8.5	-11.0	-5.0	-3.9	-9.3	-2.9	0.2	-5.3	-5.4	0.2	0.4					
<u>Fixed Income Fund Net Flows (\$M)</u>																		
Fixed Income Fund Net Flows (\$M)	-1,127	-36	287	111	214	1,350	1,175	1,550	7,549	-765	4,289	1,000	1,500					
Annualized Growth (Loss) Rate	-15.3	-0.5	4.3	1.6	2.0	11.9	10.0	12.8	30.2	-2.6	9.8	2.0	2.8					
<u>Floating-Rate Fund Net Flows (\$M)</u>																		
Floating-Rate Fund Net Flows (\$M)	1,524	2,093	1,116	-868	163	238	385	375	1,521	3,865	1,161	1,250	1,500					
Annualized Growth (Loss) Rate	37.8	46.8	22.1	-16.2	2.7	3.9	6.2	5.9	9.2	24.0	4.8	4.8	5.3					
<u>Alternative Fund Net Flows (\$M)</u>																		
Alternative Fund Net Flows (\$M)	788	360	-8	-767	-144	63	205	225	N/A	373	349	750	1,000					
Annualized Growth (Loss) Rate	19.5	8.0	-0.2	-14.3	-2.4	1.0	3.3	3.6	N/A	2.3	1.4	2.9	3.5					
<u>Money Market Fund Flows (\$M)</u>																		
Money Market Fund Flows (\$M)	-436	368	-256	-146	-136	-193	0	0	-274	-470	-329	0	0					
Annualized Growth (Loss) Rate	-153.1	209.4	-95.6	-71.7	-81.3	-144.8	0.0	0.0	-19.3	-41.3	-49.2	0.0	0.0					
<u>Separate Accounts Net Flows (\$M)</u>																		
Separate Accounts Net Flows (\$M)	496	691	1,787	367	0	0	0	0	4,904	3,341	0	0	0					
Annualized Growth (Loss) Rate	0.7	0.9	2.3	0.5	0.0	0.0	0.0	0.0	8.6	4.8	0.0	0.0	0.0					
<u>Total Net Flows (\$M)</u>																		
Total Net Flows (\$M)	1,347	3,284	1,562	-2,948	-1,270	372	-910	1,350	15,997	3,245	-458	3,250	4,500					
Annualized Growth (Loss) Rate	6.9	3.1	5.9	-	-	-	-	-	10.3	1.8	0.4	1.6	2.1					
<u>Miscellaneous</u>																		
Book Value Per Share	3.90	4.02	4.17	4.04	4.12	4.45	4.54	4.57	3.47	4.04	4.57	5.02	5.88	2.0	9.0	16.7	12.9	9.9
Dividend Per Share	0.18	0.18	0.18	0.19	0.19	0.19	0.19	0.20	0.66	0.73	0.77	0.81	0.85	0.0	5.6	10.6	5.5	5.2
EBITDA (\$mm)	103.8	116.8	125.6	108.0	102.9	102.3	102.0	107.9	374.0	455.4	415.3	441.6	477.6	-0.3	-18.8	21.8	-8.8	6.3
Free Cash Flow (\$mm)	57.5	64.5	70.8	60.2	57.9	56.3	58.4	60.0	201.9	254.3	232.6	248.2	270.7	3.8	-17.5	26.0	-8.5	6.7
Free Cash Flow Per Share	0.47	0.53	0.59	0.52	0.50	0.49	0.51	0.52	1.65	2.12	2.02	2.15	2.38	4.3	-13.8	28.8	-4.8	6.7
Net Debt (Cash) Per Share	\$0.41	\$0.51	-\$0.02	-\$0.09	\$0.21	-\$0.13	-\$0.13	-\$0.11	\$1.57	-\$0.09	-\$0.11	-\$0.18	-\$0.14					

Source: Company Reports, Citi Research

Figure 17. Federated Investors, Inc. Summary Model

Federated Investors		William R. Katz															
Earnings Results and Forecasts		(212) 816-5394															
(\$ Millions, Except As Noted)		william.katz@citi.com															
KEY FORECAST VARIABLES:	1Q11	2Q11	3Q11	4Q11	1Q12	Forecast:			2011	Forecast:			% Change				
						2Q12E	3Q12E	4Q12E		2012E	2013E	2014E	2QE/1Q	2QE/2Q	12E/11	13E/12E	14E/13E
Investment advisory fees	159.6	149.1	139.4	138.2	149.3	147.3	155.6	159.9	586.3	612.2	697.7	824.5	-1.3	-1.2	4.4	14.0	18.2
Administrative fees	54.0	54.6	54.9	56.8	57.3	57.6	58.7	59.0	220.4	232.6	240.2	246.2	0.5	5.6	5.6	3.3	2.5
Other Service fees (distribution fees) - 4	24.7	21.5	19.0	20.2	22.7	26.6	28.6	30.5	85.4	108.3	149.7	199.5	17.4	23.9	26.9	38.2	33.3
Investment & other income	0.6	0.6	0.7	1.1	1.0	0.8	0.8	0.8	3.0	3.2	3.5	3.5	-23.9	18.1	6.7	8.2	0.0
Memo: gross fee waivers	63.4	79.4	88.9	89.0	80.4	70.0	65.0	60.0	320.7	275.4	175.0	50.0	-12.9	-11.8	-14.1	-36.5	-71.4
Total Revenue	238.9	225.8	214.0	216.4	230.3	232.3	243.7	250.2	895.1	956.4	1,091.1	1,273.8	0.9	2.9	6.8	14.1	16.7
Compensation	64.4	62.5	57.9	60.6	64.1	62.7	63.3	63.6	245.4	253.7	272.2	278.0	-2.1	0.4	3.3	7.3	2.1
Distribution, Net of Fee Waivers	64.7	57.8	54.4	58.7	61.7	65.1	70.7	73.5	235.7	271.1	351.2	453.6	5.6	12.7	15.0	29.5	29.2
Professional Service Fees	26.2	8.5	9.4	9.6	10.3	10.0	10.0	10.0	53.7	40.3	42.3	44.4	-3.0	17.0	-25.0	5.0	5.0
Office & Occupancy	6.2	6.0	6.2	6.3	6.3	6.5	6.5	6.6	24.7	25.9	27.7	29.6	4.0	7.8	4.7	7.0	7.0
Systems & Communications	5.6	5.7	5.8	5.8	6.3	6.3	6.4	6.4	23.0	25.4	26.4	27.5	0.5	10.7	10.7	4.0	4.0
Advertising & Promotion	3.2	2.8	3.9	3.5	2.9	3.5	3.5	3.5	13.4	13.4	14.4	15.4	19.5	23.2	0.1	7.0	7.0
Travel & Related	2.4	3.3	2.8	3.7	2.8	2.8	2.8	2.8	12.2	11.1	11.8	12.5	0.5	-15.0	-8.9	6.0	6.0
Other	3.2	3.5	3.9	3.7	5.6	4.0	4.0	4.0	14.3	17.6	18.5	19.4	-28.6	14.5	23.3	5.0	5.0
Amortization of intangible assets	3.8	1.6	1.3	1.2	0.0	1.0	1.0	1.0	7.9	3.1	5.0	5.0	4761.9	-37.3	-61.0	62.1	0.0
Amortization of deferred sales commissi	2.8	1.9	1.3	1.4	0.0	1.5	1.5	1.5	7.4	4.5	4.5	4.5	#DIV/0!	-20.2	-39.0	0.0	0.0
Memo: net fee waivers	13.1	19.4	23.2	26.1	22.9	21.0	19.5	18.0	81.8	81.4	43.8	12.5	-8.3	8.2	-0.5	-46.3	-71.4
Total Operating Costs	182.4	153.7	147.0	154.5	159.9	163.5	169.7	172.9	637.7	666.0	773.9	889.9	2.2	6.4	4.4	16.2	15.0
Operating Income	56.5	72.1	67.0	61.9	70.3	68.8	74.0	77.3	257.5	290.4	317.2	383.9	-2.2	-4.6	12.8	9.2	21.0
Non Operating Income/(Expense)	-0.8	-3.5	-5.3	-1.4	-0.4	-3.1	-1.6	-1.5	-11.1	-6.7	-2.5	0.9	671.1	-11.0	-39.8	-62.0	-135.9
Pretax Income	55.7	68.6	61.7	60.4	69.9	65.7	72.3	75.8	246.4	283.7	314.6	384.8	-6.1	-4.3	15.2	10.9	22.3
Income Taxes	20.6	25.7	23.2	21.8	25.5	24.5	26.9	28.2	91.3	105.2	117.2	143.3	-4.2	-4.9	15.2	11.4	22.3
Tax Rate (%)	38.3	37.7	37.7	37.1	37.6	37.3	37.3	37.3	37.1	37.1	37.3	37.3	-1.0	-1.3	0.0	0.5	0.0
Income before noncontrolling interests	35.1	42.9	38.5	38.6	44.4	41.2	45.4	47.5	155.1	178.6	197.4	241.4	-7.2	-3.9	15.1	10.6	22.3
Noncontrolling interest	1.8	0.5	0.2	1.7	2.1	2.0	2.2	2.3	4.2	8.6	9.4	11.4	-2.2	331.3	105.8	9.2	21.0
Net income attributable to Federated	33.2	42.4	38.3	36.9	42.3	39.2	43.2	45.3	150.9	170.0	188.0	230.1	-7.4	-7.6	12.6	10.6	22.4
Discontinued Operations, Net (p.s.)																	
Average Fully Diluted Shares	100.7	100.9	100.7	100.3	100.1	99.9	99.8	99.6	100.6	99.8	99.1	98.4	-0.2	-1.0	-0.8	-0.7	-0.7
Operating EPS (FD)	0.42	0.41	0.37	0.36	0.41	0.38	0.42	0.44	1.55	1.64	1.83	2.25	-7.3	-7.0	6.0	11.4	23.2
GAAP EPS (FD)	0.32	0.41	0.37	0.36	0.41	0.38	0.42	0.44	1.45	1.64	1.83	2.25	-7.3	-7.0	13.2	11.4	23.2
Cash EPS (FD)	0.45	0.42	0.38	0.37	0.41	0.39	0.43	0.45	1.55	1.64	1.83	2.25	-4.8	-8.1	6.0	11.4	23.2
Margins (%)																	
Operating Income	31.3%	31.9%	31.3%	28.6%	30.5%	29.6%	30.4%	30.9%	30.8%	30.4%	29.1%	30.1%					
EBITDA	30.1%	33.1%	31.5%	29.8%	31.6%	29.6%	30.8%	31.3%	31.1%	30.8%	29.7%	30.6%					
Net Income	17.6%	18.2%	17.3%	16.5%	17.7%	16.3%	17.1%	17.4%	17.4%	17.1%	16.6%	17.4%					
Return on Common Equity	33.0%	31.1%	28.0%	26.6%	29.3%	26.3%	28.4%	29.0%	120.2%	113.0%	116.8%	133.7%					
Compensation/Revenue	27.0%	27.7%	27.1%	28.0%	27.8%	27.0%	26.0%	25.4%	27.4%	26.5%	24.9%	21.8%					
MF - Money Markets AUM (\$mm)	238,990	236,077	245,293	255,857	245,232	241,232	241,232	236,232	255,857	236,232	241,232	246,232	-1.6	2.2	-7.7	2.1	2.1
Net Flows (\$mm)	(5,806)	(2,913)	9,216	10,564	(10,625)	(8,000)	(5,000)	(5,000)	11,061	(28,625)	5,000	5,000	-24.7	174.6	-358.8	-117.5	0.0
% of Beginning AUM	(2.4)	(1.2)	3.9	4.3	(4.2)	(3.3)	(2.1)	(2.1)	4.5	(11.2)	2.1	2.1					
MF - Fixed Income AUM (\$mm)	32,689	34,874	35,620	37,241	38,526	39,375	40,271	41,428	37,241	41,428	45,125	48,970	2.2	12.9	11.2	8.9	8.5
Net Flows (\$mm)	517	1,814	371	1,317	776	500	500	750	4,019	2,526	2,000	2,000	-35.6	-72.4	64.8	-37.1	-20.8
% of Beginning AUM	1.6	5.5	1.1	3.7	2.1	1.3	1.3	1.9	12.6	6.8	4.8	4.4					
MF - Equity AUM (\$mm)	22,848	22,678	20,140	21,930	23,612	22,784	22,905	23,029	21,930	23,029	24,900	27,160	-3.5	0.5	5.0	8.1	9.1
Net Flows (\$mm)	(464)	(250)	428	382	(376)	(300)	(275)	(275)	96	(1,226)	250	500	-20.2	20.0	-112.0	-1377.1	-120.4
% of Beginning AUM	(2.1)	(1.1)	1.9	1.9	(1.7)	(1.3)	(1.2)	(1.2)	0.4	(5.6)	1.1	2.0					
Separate Accounts AUM (\$mm)	50,011	45,820	41,454	45,813	47,672	48,494	49,466	50,352	45,813	50,352	53,597	57,045	1.7	5.8	9.9	6.4	6.4
Net Flows (\$mm)	1,197	(4,418)	(3,386)	3,494	1,104	1,000	700	600	(3,113)	3,404	2,000	2,000	-9.4	-122.6	-360.5	-209.3	-41.2
% of Beginning AUM	2.5	(8.8)	(7.4)	8.4	2.4	2.1	1.4	1.2	(6.5)	7.4	4.0	3.7					
Total Assets Under Mgmt (\$mm)	354,922	349,413	351,651	369,697	363,625	359,968	361,457	358,124	369,697	358,124	370,187	382,990	-1.0	3.0	-3.1	3.4	3.5
% Change Q/Q	-0.9%	-1.6%	0.6%	5.1%	-1.6%	-1.0%	0.4%	-0.9%									
Net Flows (\$mm)	(4,879)	(6,187)	5,809	15,469	(9,394)	(7,300)	(4,575)	(4,425)	10,212	(25,694)	7,500	7,750	-22.3	18.0	-351.6	-129.2	3.3
% of Beginning AUM	(1.4)	(1.7)	1.7	4.4	(2.5)	(2.0)	(1.3)	(1.2)	2.9	(7.0)	2.1	2.1					
Ann'l Organic Growth (Loss) Rate	-5.4%	-7.0%	6.7%	17.6%	-10.2%	-8.0%	-5.1%	-4.9%	2.9%	-7.0%	2.1%	2.1%					
Average AUM (\$MM)	356,319	354,196	348,765	358,270	366,661	356,874	360,713	359,790	344,635	352,955	357,947	372,130	-2.7	0.8	2.4	1.4	4.0
Revenue Yield on AUM (bps)	18.2	16.9	15.9	15.3	16.4	21.8	21.9	22.1	17.0	21.0	22.7	23.0					
Dividend Per Share	0.24	0.24	0.24	0.24	0.24	0.27	0.27	0.27	0.96	1.05	1.10	1.12	12.5	12.5	9.4	4.8	1.8
EBITDA (\$mm)	71.8	74.8	67.5	64.5	72.8	68.8	75.1	78.2	278.6	295.0	324.4	389.7	-5.5	-8.0	5.9	10.0	20.1
Free Cash Flow (\$mm)	48.5	42.6	40.2	38.7	42.0	38.7	42.6	44.6	169.9	167.9	187.0	227.3	-7.7	-9.1	-1.2	11.4	21.6
Free Cash Flow Per Share	0.48	0.42	0.40	0.39	0.42	0.39	0.43	0.45	1.69	1.68	1.89	2.31	-7.6	-8.2	-0.4	12.2	22.4
Net Debt (Cash) Per Share	\$0.35	\$0.47	\$0.07	-\$0.04	-\$0.02	-\$0.24	-\$0.47	-\$0.69	-\$0.04	-\$0.69	-\$1.58	-\$2.48					

Source: Company Reports, Citi Research

Figure 18. Franklin Resources Inc. Summary Model

Franklin Resources, Inc.
Earnings Results and Forecasts—Fiscal Year Ends St (212) 816-5394
(\$ Millions, Except As Noted) william.katz@citi.com

KEY FORECAST VARIABLES:	1Q11	2Q11	3Q11	4Q11	1Q12	2Q12	Forecast:		2011	Forecast:			% Change				
							3Q12E	4Q12E		2012E	2013E	2014E	3QE/2Q	3QE/3Q	12E/11	13E/12E	14E/13E
Investment Mgmt fees	1,066.5	1,102.7	1,168.9	1,193.2	1,075.1	1,126.3	1,139.8	1,152.8	4,531.4	4,494.1	4,805.3	5,207.1	1.2	-2.5	-0.8	6.9	8.4
Underwriting and distribution fees	552.2	561.1	594.2	556.0	524.3	585.9	588.8	590.6	2,263.5	2,289.6	2,443.0	2,645.0	0.5	-0.9	1.2	6.7	8.3
Shareholder Services fees	72.1	75.8	77.5	75.5	75.4	76.7	73.8	75.7	300.8	301.7	336.7	356.9	-3.8	-4.8	0.3	11.6	6.0
Other (Banking/Finance interest income)	9.5	10.0	12.4	12.5	27.0	10.3	20.0	20.0	44.4	77.4	84.0	87.4	93.3	61.2	74.4	8.6	4.0
Total Revenue	1,700.3	1,749.6	1,853.0	1,837.1	1,701.9	1,799.3	1,822.4	1,839.1	7,140.0	7,162.7	7,669.0	8,296.4	1.3	-1.7	0.3	7.1	8.2
Sales, distribution & marketing	647.2	676.9	719.3	669.4	630.6	715.4	706.0	701.2	2,712.8	2,753.3	2,897.4	3,074.7	-1.3	-1.8	1.5	5.2	6.1
Compensation & Benefits	292.4	315.8	313.6	309.4	300.4	323.0	326.5	324.3	1,231.2	1,274.3	1,383.8	1,488.2	1.1	4.1	3.5	8.6	7.5
Information systems & technology	40.4	41.5	41.3	50.0	41.4	43.3	43.3	50.0	173.1	178.1	190.5	203.9	0.1	5.0	2.8	7.0	7.0
Occupancy	30.9	32.7	32.1	35.3	31.8	31.9	32.5	32.5	131.0	128.7	133.9	139.2	1.9	1.2	-1.7	4.0	4.0
General, administrative, & other	30.3	53.2	64.1	84.5	65.2	68.5	70.0	70.0	232.0	273.7	281.9	290.4	2.1	9.3	18.0	3.0	3.0
Total Operating Costs	1,041.1	1,120.1	1,170.3	1,148.7	1,069.5	1,182.2	1,178.4	1,178.0	4,480.2	4,608.1	4,887.5	5,196.4	-0.3	0.7	2.9	6.1	6.3
Operating Income	659.2	629.5	682.7	688.4	632.4	617.2	644.0	661.0	2,659.8	2,554.6	2,781.5	3,100.0	4.3	-5.7	-4.0	8.9	11.4
Non Operating Income/(Expense)	38.4	49.1	4.4	-127.6	62.6	72.8	4.1	26.1	-15.5	165.6	129.3	151.9					
Pretax Income	697.7	678.6	687.1	560.8	695.0	689.9	648.1	687.2	2,644.3	2,720.2	2,910.8	3,251.9	-6.1	-5.7	2.9	7.0	11.7
Income Taxes	207.6	183.0	208.9	203.9	201.3	202.2	187.9	199.3	803.4	790.6	844.1	926.8	-7.0	-10.1	-1.6	6.8	9.8
Tax Rate (%)	29.7	27.0	30.4	36.4	29.0	29.3	29.0	29.0	30.4	29.1	29.0	28.5					
Noncontrolling interests	-11.0	-7.5	-25.1	-59.1	12.9	-15.4	0.7	4.9	-102.8	3.1	21.2	22.2					
Net Income	501.2	503.1	503.3	416.0	480.8	503.2	459.5	483.0	1,943.7	1,926.4	2,045.5	2,302.9	-8.7	-8.7	-0.9	6.2	12.6
Average Fully Diluted Shares	224.3	222.7	221.3	219.8	216.7	215.1	214.1	213.1	222.1	214.8	210.5	206.3	-0.5	-3.2	-3.3	-2.0	-2.0
Operating EPS (FD)	2.13	2.21	2.26	1.88	2.20	2.32	2.14	2.25	8.58	8.92	9.67	11.11	-8.1	-5.6	4.0	8.4	14.9
GAAP EPS (FD)	2.23	2.25	2.26	1.88	2.20	2.32	2.14	2.25	8.71	8.92	9.67	11.11	-8.1	-5.6	2.4	8.4	14.9
Cash EPS (FD)	2.13	2.21	2.26	1.88	2.20	2.32	2.14	2.25	8.58	8.92	9.67	11.11	-8.1	-5.6	4.0	8.4	14.9
NOPAT per share					2.05	2.10	2.14	2.20		8.49	9.38	10.75	N/A	N/A	N/A	10.5	14.5
Calendar Operating EPS (FD)									8.56	9.13	10.03	N/A	N/A	N/A	6.7	9.8	N/A
Calendar Cash EPS (FD)									8.56	9.13	10.03	N/A	N/A	N/A	6.7	9.8	N/A
Margins (%)																	
Operating Income	39%	36%	37%	37%	37%	34%	35%	36%	37%	36%	36%	37%					
EBITDA	44%	43%	41%	38%	43%	43%	39%	40%	42%	41%	41%	42%					
Net Income	28%	28%	27%	23%	28%	28%	25%	26%	27%	27%	27%	28%					
Return on Common Equity	24%	24%	23%	19%	21%	22%	19%	20%	23%	21%	20%	20%					
Compensation/Revenue	17%	18%	17%	17%	18%	18%	18%	18%	17%	18%	18%	18%					
Average AUM (\$ mm)	655,600	687,200	726,700	714,400	672,500	706,900	710,307	712,496	696,000	701,273	748,266	810,127	0.5	-2.3	0.8	6.7	8.3
Ending AUM (\$ million)	670,700	703,500	734,200	659,900	670,300	725,700	705,539	719,568	659,900	719,568	776,963	843,291	-2.8	-3.9	9.0	8.0	8.5
% Change Q/Q	4.0%	4.9%	4.4%	-10.1%	1.6%	8.3%	-2.8%	2.0%									
Revenue Yields (bps)	63.9	65.0	64.3	63.6	63.3	64.4	64.2	64.0	64.2	63.7	64.0	64.0	-0.4	-0.2	-0.8	0.5	0.0
Total Net Flow (\$mm)	3,200	8,400	21,700	3,100	-15,600	5,600	3,261	4,575	36,400	-2,164	17,000	22,500	-41.8	-85.0	-105.9	-885.6	N/A
% of Beginning AUM	0.5%	1.3%	3.1%	0.4%	-2.4%	0.8%	0.4%	0.6%	5.6%	-0.3%	2.4%	2.9%					
Annualized Growth (Loss) Rate	2.0%	5.0%	12.3%	1.7%	-9.5%	3.3%	1.8%	2.6%	5.6%	-0.3%	2.4%	2.9%					
Total Net LT Flow (\$mm)	3,400	9,000	21,400	2,500	-14,900	6,000	2,736	4,500	36,300	-1,664	17,000	22,500					
Annualized Growth (Loss) Rate	2.1%	5.4%	12.3%	1.4%	-9.1%	3.6%	1.5%	2.6%	5.7%	-0.3%	2.4%	2.9%					
Global/International Equity Flows	1,400	-4,700	0	-4,900	-1,300	200	-308	200	-8,200	-1,208	2,500	5,000	N/A	N/A	-85.3	-306.9	N/A
Annualized Growth (Loss) Rate	2.7%	-8.6%	0.0%	-8.7%	-2.8%	0.4%	-0.6%	0.4%	-4.0%	-0.7%	1.2%	2.3%					
Domestic Equity Flows	700	2,400	-300	-2,000	-500	200	-341	100	800	-541	2,500	4,000	N/A	N/A	-167.6	-562.0	N/A
Annualized Growth (Loss) Rate	4.0%	12.5%	-1.4%	-9.6%	-2.9%	1.1%	-1.6%	0.5%	1.2%	-0.8%	3.1%	4.5%					
Hybrid Flows	-10,400	2,500	1,600	-800	-10,900	2,200	664	1,200	-7,100	-6,836	4,000	4,500	N/A	-58.5	-3.7	-158.5	N/A
Annualized Growth (Loss) Rate	-37.5%	9.4%	5.6%	-2.8%	-43.0%	9.1%	2.6%	4.6%	-6.4%	-6.7%	3.8%	3.9%					
Money Market Flows	-200	-600	300	600	-700	-400	525	75	100	-500	0	0	N/A	N/A	N/A	N/A	N/A
Annualized Growth (Loss) Rate	-12.1%	-36.9%	20.0%	38.7%	-41.8%	-26.7%	36.8%	4.8%	1.5%	-7.5%	0.0%	0.0%					
Tax Free Muni Flows	-2,000	-3,500	-900	-300	800	1,500	1,086	900	-6,700	4,286	2,500	3,000	N/A	N/A	-164.0	-41.7	N/A
Annualized Growth (Loss) Rate	-10.3%	-19.6%	-5.3%	-1.7%	4.4%	8.1%	5.6%	4.5%	-8.6%	6.0%	3.1%	3.4%					
Taxable Domestic FI Flows	200	600	500	-500	1,000	1,400	1,183	1,200	800	4,783	3,000	3,000	-15.5	136.6	497.9	-37.3	N/A
Annualized Growth (Loss) Rate	1.8%	5.2%	4.2%	-4.2%	8.5%	11.5%	9.2%	9.1%	1.8%	10.2%	5.5%	5.0%					
Taxable Global FI Flows	13,500	11,700	20,500	11,000	-4,000	500	451	900	56,700	-2,149	2,500	3,000	-9.7	-97.8	-103.8	-216.4	N/A
Annualized Growth (Loss) Rate	41.3%	32.3%	51.1%	23.7%	-8.9%	1.1%	1.0%	1.9%	43.4%	-1.2%	1.3%	1.5%					
Miscellaneous																	
Dividend Per Share	\$0.25	\$0.25	\$0.25	\$0.25	\$2.27	\$0.27	\$0.27	\$0.27	\$1.00	\$3.08	\$1.16	\$1.24	0.0	8.0	208.0	-62.3	6.9
EBITDA (\$mm)	755.9	744.1	757.5	691.1	739.9	767.2	709.1	743.8	2,968.7	2,960.1	3,138.1	3,481.4	-7.6	-6.4	-0.3	6.0	10.9
Free Cash Flow (\$mm)	491.6	541.3	541.9	430.8	506.6	540.4	484.5	508.0	2,005.6	2,039.5	2,152.4	2,402.7	-10.4	-10.6	1.7	5.5	11.6
Free Cash Flow Per Share	\$2.19	\$2.43	\$2.45	\$1.96	\$2.34	\$2.51	\$2.26	\$2.38	\$9.03	\$9.50	\$10.22	\$11.65	-9.9	-7.6	5.2	7.7	13.9

Source: Company Reports, Citi Research

Figure 19. FXCM Inc. Summary Model

FXCM
Earnings Results and Forecasts
(\$ Thousands, Except As Noted)

William R. Katz
(212) 816-5394
william.katz@citi.com

Income Statement	1Q11	2Q11	3Q11	4Q11E	1Q12	Forecast			2011	Forecast			% Change				
						2Q12E	3Q12E	4Q12E		2012E	2013E	2014E	2Q12E/1Q	2Q12E/2Q	12E/11	13E/12E	14E/13E
Revenues:																	
Retail trading revenue	\$77,735	\$93,482	\$97,017	\$95,540	\$92,726	\$79,135	\$83,561	\$98,880	\$363,774	\$354,302	\$383,510	\$418,597	-14.7	-15.3	-2.6	8.2	9.1
Institutional trading revenue	7,379	6,721	7,720	7,088	5,820	5,525	25,170	32,000	28,908	68,515	151,525	170,390	-5.1	-17.8	137.0	121.2	12.5
Interest income	941	933	963	807	769	763	799	1,005	3,644	3,335	5,112	8,519	-0.8	-18.2	-8.5	53.3	66.6
Other income	8,597	2,263	3,368	5,353	3,274	2,250	2,250	2,250	19,581	10,024	10,625	11,369	-31.3	-0.6	-48.8	6.0	7.0
Total revenues	94,652	103,399	109,068	108,788	102,589	87,672	111,780	134,136	415,907	436,176	550,772	608,875	-14.5	-15.2	4.9	26.3	10.5
Referring broker fees	21,601	24,932	25,720	20,579	20,189	17,410	18,801	22,248	92,832	78,648	88,207	98,370	-13.8	-30.2	-15.3	12.2	11.5
Referring broker fee (% of retail trading rev)	27.8%	26.7%	26.5%	21.5%	21.8%	22.0%	22.5%	22.5%	25.5%	22.2%	23.0%	23.5%					
Compensation and benefits	\$22,586	\$23,121	\$22,955	\$26,424	\$23,217	\$22,300	\$30,083	\$35,010	\$95,086	\$110,610	\$149,539	\$161,208	-3.9	-3.5	16.3	35.2	7.8
Advertising & marketing	7,018	7,487	9,870	10,522	8,270	6,000	6,000	5,750	34,897	26,020	28,000	29,000	-27.4	-19.9	-25.4	7.6	3.6
Communications & technology	7,359	8,010	8,190	8,310	8,380	7,800	11,058	11,630	31,869	38,868	48,340	50,020	-6.9	-2.6	22.0	24.4	3.5
General & administrative	12,915	29,244	13,197	15,888	19,710	15,072	16,825	17,015	71,244	68,623	70,565	73,259	-23.5	-48.5	-3.7	2.8	3.8
Depreciation and amortization	4,094	4,740	5,367	5,852	6,181	6,200	7,681	7,950	20,053	28,012	31,757	32,074	0.3	30.8	39.7	13.4	1.0
Total Expenses	75,646	97,594	85,392	87,678	86,216	75,024	91,495	100,530	346,310	353,265	418,158	443,931	-13.0	-23.1	2.0	18.4	6.2
Total Operating Income	19,006	5,805	23,676	21,110	16,373	12,648	20,285	33,606	69,597	82,911	132,614	164,944	-22.8	117.9	19.1	59.9	24.4
Non Operating Income/(Expense)	73	60	93	103	269	242	1,047	926	329	2,484	1,750	0	-10.1	303.1	655.1	-29.6	-100.0
Income Before Tax	19,006	5,805	23,676	21,110	16,373	12,648	20,285	33,606	69,597	82,911	132,614	164,944	-22.8	117.9	19.1	59.9	24.4
Income Taxes	549	2,070	8,136	61	2,367	4,363	6,593	10,922	10,816	24,245	43,763	54,431	84.3	110.8	124.2	80.5	24.4
Tax Rate	2.9%	35.7%	34.4%	0.3%	14.5%	34.5%	32.5%	32.5%	15.5%	29.2%	33.0%	33.0%					
Net Income	18,457	3,735	15,540	21,049	14,006	8,284	13,692	22,684	58,781	58,666	88,851	110,512	-40.9	121.8	-0.2	51.5	24.4
Adjusted Net Income	13,691	15,632	17,126	20,700	14,773	9,586	14,509	23,345	67,149	62,213	92,977	114,799	-35.1	-38.7	-7.4	49.4	23.5
Average Diluted Shares	75.3	75.2	74.4	73.3	72.7	72.3	81.5	81.8	74.5	77.0	82.0	83.0	-0.6	-3.9	3.3	6.4	1.2
GAAP EPS (class A), as reported	\$0.16	\$0.19	\$0.21	\$0.21	\$0.16	\$0.11	\$0.17	\$0.28	\$0.77	\$0.76	\$1.08	\$1.33	-28.6	-40.5	-1.6	43.2	22.9
Adjusted EPS (diluted), as reported	\$0.18	\$0.21	\$0.23	\$0.28	\$0.20	\$0.13	\$0.18	\$0.29	\$0.90	\$0.81	\$1.13	\$1.38	-34.7	-36.2	-10.4	40.4	22.0
Operating EPS (including sbc; ex IPO-sbc post 4Q11)	\$0.16	\$0.19	\$0.21	\$0.17	\$0.20	\$0.13	\$0.18	\$0.29	\$0.74	\$0.81	\$1.13	\$1.38	-34.7	-30.4	9.8	40.4	22.0
Margins (%):																	
Operating Income	20.1%	21.1%	21.9%	16.4%	19.2%	14.4%	18.1%	25.1%	19.8%	19.8%	24.1%	27.1%					
EBITDA	35.0%	36.3%	37.7%	29.9%	34.0%	29.8%	32.3%	39.0%	34.6%	34.3%	37.4%	40.3%					
Net Income	19.5%	3.6%	14.2%	19.3%	13.7%	9.4%	12.2%	16.9%	14.1%	13.5%	16.1%	18.2%					
Compensation/Revenue(%)	23.9%	22.4%	21.0%	24.3%	22.6%	25.4%	26.9%	26.1%	22.9%	25.4%	27.2%	26.5%					
Revenue Drivers/Metrics:																	
Total Tradeable Accounts	141,713	171,138	171,319	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A					
Total Active Accounts	139,900	154,786	156,053	163,094	171,296	173,183	174,050	174,921	163,094	174,921	187,166	200,267					
Net New Active Accounts	3,473	14,886	1,267	7,041	8,202	1,887	867	871	26,667	11,827	12,244	13,102	-77.0	-87.3	-55.6	3.5	7.0
Y/Y Account Growth	14.5%	17.5%	16.0%	19.5%	22.4%	11.9%	11.5%	7.3%	19.5%	7.3%	7.0%	7.0%					
Annualized Organic Growth ("core")	30.5%	-24.4%	9.8%	54.1%	60.3%	13.2%	6.0%	6.0%	6.5%	7.3%	7.0%	7.0%					
Retail:																	
Customer trading volume (\$B)	822.0	938.0	1,042.0	972.0	985.0	841.9	888.9	1,051.9	3,774.0	3,767.7	4,079.9	4,406.3	-14.5	-10.2	-0.2	8.3	8.0
Daily Average Trades	309,777	350,349	438,599	423,413	378,837	350,112	373,282	419,132	380,047	380,409	418,450	451,926	-7.6	-0.1	0.1	10.0	8.0
Customer equity (\$M)	775.1	839.0	828.2	1,047.0	1,135.9	1,169.9	1,205.0	1,241.2	1,047.0	1,241.2	1,427.4	1,641.5	3.0	39.4	18.5	15.0	15.0
Retail Revenue (\$ per million traded)	95.0	100.0	93.0	98.0	94.0	94.0	94.0	94.0	96.4	94.0	94.0	95.0	0.0	-6.0	-2.4	0.0	1.1
Institutional																	
Customer trading volume (\$B)	219.0	214.0	309.0	429.0	398.0	381.0	440.0	600.0	1,171.0	1,819.0	2,970.0	3,564.0					
Revenue (\$ per million traded)	34.0	31.0	25.0	16.5	14.6	14.5	14.3	14.0	24.7	37.7	12.5	12.5					
EBITDA	\$23,100	\$10,545	\$29,043	\$26,962	\$22,554	\$18,848	\$27,966	\$41,556	\$89,650	\$110,923	\$164,371	\$197,018	-16.4	78.7	23.7	48.2	19.9
Free Cash Flow	\$13,205	\$9,282	\$18,237	\$16,437	\$13,454	\$8,286	\$14,690	\$23,795	\$57,161	\$60,225	\$94,734	\$116,874	-38.4	-10.7	5.4	57.3	23.4
Dividend per share	\$0.06	\$0.06	\$0.06	\$0.06	\$0.06	\$0.06	\$0.06	\$0.06	\$0.24	\$0.24	\$0.24	\$0.24					

Source: Company Reports, Citi Research

Figure 20. Invesco Ltd Summary Model

Invesco Ltd.		William R. Katz (212) 816-5394 william.katz@citi.com																	
Earnings Results and Forecasts (\$ Millions, Except As Noted)																			
GAAP																			
Key Forecast Variables:		1Q11	2Q11	3Q11	4Q11	1Q12	Forecast:			2010	2011	Forecast:			% Change				
							2Q12	3Q12	4Q12			2012E	2013E	2014E	2QE/1Q	2QE/2Q	12E/11	13E/12E	14E/13E
GAAP Revenue																			
Management		792.3	819.1	779.5	747.6	791.4	793.3	810.8	829.8	2,747.0	3,138.5	3,225.3	3,508.6	3,836.3	0.2	-3.2	2.8	8.8	9.3
Service & Distribution		198.7	211.4	189.1	181.1	189.0	191.9	191.8	196.2	645.5	780.3	769.0	831.9	913.4	1.6	-9.2	-1.5	8.2	9.8
Other		21.1	20.5	16.0	33.5	22.8	30.0	35.0	35.0	54.1	91.1	122.8	131.4	141.9	31.6	46.3	34.8	7.0	8.0
Other UIT		11.4	11.4	10.6	11.0	10.0	11.4	11.4	11.4	41.1	44.4	44.2	53.0	53.0	14.0	0.0	-0.5	19.9	0.0
Total Operating Revenues		1,027.3	1,070.0	997.8	997.1	1,033.7	1,036.6	1,059.0	1,097.4	3,487.7	4,092.2	4,226.8	4,599.9	5,024.6	0.3	-3.1	3.3	8.8	9.2
GAAP Operating Expenses																			
Compensation		305.9	318.3	302.2	315.3	318.5	302.1	304.5	313.6	1,114.9	1,241.7	1,238.7	1,336.4	1,450.5	-5.1	-5.1	-0.2	7.9	8.5
Third-Party Fees		324.5	341.8	314.4	301.8	317.1	320.5	320.3	327.5	1,053.8	1,282.5	1,285.4	1,390.7	1,524.8	1.1	-6.2	0.2	8.2	9.6
Marketing		25.7	26.1	13.1	21.1	26.7	27.0	27.0	27.0	78.5	86.0	107.7	113.1	118.7	1.1	3.4	25.2	5.0	5.0
Property & Office		64.0	61.9	62.0	61.0	66.8	67.0	67.0	67.0	238.4	248.9	267.8	274.5	281.4	0.3	8.2	7.6	2.5	2.5
General & Administration		73.6	77.6	68.3	73.1	73.3	73.0	73.0	73.0	262.2	292.6	292.3	302.5	314.6	-0.4	-5.9	-0.1	3.5	4.0
Restructuring Charge		7.9	11.3	10.0	13.2	1.5	7.0	7.0	7.0	150.0	42.4	22.5	0.0	0.0					
Total Operating Costs		801.6	837.0	770.0	785.5	803.9	796.6	798.7	815.2	2,897.8	3,194.1	3,214.5	3,417.2	3,690.0	-0.9	-4.8	0.6	6.3	8.0
GAAP Operating Income		225.7	233.0	227.8	211.6	229.8	240.0	260.3	282.3	589.9	898.1	1,012.3	1,182.7	1,334.6	4.4	3.0	12.7	16.8	12.8
Non Operating Income/(Expense)		-50.8	-28.2	-85.3	174.3	-81.4	-9.9	2.5	2.9	243.9	10.0	-85.9	27.1	31.7					
Pretax Income		174.9	204.8	142.5	385.9	148.4	230.1	262.8	285.2	833.8	908.1	926.4	1,209.8	1,366.2	55.0	12.3	2.0	30.6	12.9
Income Taxes		75.6	75.4	59.1	76.0	73.6	59.8	68.3	74.1	197.0	286.1	275.9	302.5	341.6	-18.7	-20.7	-3.6	9.6	12.9
Tax Rate (%)		29.9	29.2	26.2	27.3	27.5	26.0	26.0	26.0	29.7	28.2	26.4	25.0	25.0	-5.5	-10.9	-6.3	-5.3	0.0
Noncontrolling interests		-78.2	-53.6	-83.5	107.6	-119.1	0.0	0.0	0.0	171.1	-107.7	-119.1	0.0	0.0					
GAAP Net Income		177.5	183.0	166.9	202.3	193.9	170.3	194.4	211.0	465.7	729.7	769.6	907.4	1,024.7	-12.2	-7.0	5.5	17.9	12.9
Recurring Net Income		182.5	188.2	171.6	183.2	194.9	174.8	199.0	215.6	583.3	725.5	784.3	907.4	1,024.7	-10.3	-7.1	8.1	15.7	12.9
Cash Net Income		191.7	207.1	192.3	192.0	199.7	193.9	217.6	234.4	639.7	783.1	845.6	964.1	1,082.0	-2.9	-6.4			
Avg Fully Diluted Shares		472.1	467.4	461.0	458.3	455.9	457.1	457.2	457.3	463.2	464.7	456.9	456.2	453.6	0.3	-2.2	-1.7	-0.2	-0.6
Operating EPS (FD)		0.39	0.40	0.37	0.40	0.43	0.38	0.44	0.47	1.26	1.56	1.72	1.99	2.26	-10.5	-5.0	10.0	15.9	13.6
GAAP EPS (FD)		0.38	0.39	0.36	0.44	0.43	0.37	0.43	0.46	1.01	1.57	1.68	1.99	2.26	-12.4	-4.9	7.3	18.1	13.6
Adjusted EPS (FD)		0.41	0.44	0.42	0.42	0.44	0.42	0.48	0.51	1.38	1.69	1.85	2.11	2.39	-3.1	-4.3	9.8	14.2	12.9
Margins (%)																			
Operating Income		22.7%	22.8%	23.8%	22.5%	22.4%	23.8%	25.2%	26.4%	21.2%	23.0%	24.5%	25.7%	26.6%	6.5	4.3			
Adjusted Operating Income		37.6%	37.9%	36.2%	36.0%	36.4%	36.9%	39.1%	40.3%	35.6%	36.9%	38.2%	39.1%	40.3%	1.3	-2.8			
EBITDA		29.4%	29.1%	28.2%	29.6%	29.6%	27.2%	29.7%	30.7%	26.8%	29.1%	29.3%	30.0%	30.7%	-8.2	-6.6			
Net Income		17.8%	17.6%	17.2%	18.4%	18.9%	16.9%	18.8%	19.6%	16.7%	17.7%	18.6%	19.7%	20.4%	-10.5	-4.1			
Return on Common Equity (%)		8.8%	9.1%	8.5%	9.1%	9.6%	8.5%	9.5%	10.2%	7.7%	8.9%	9.4%	10.3%	11.0%	-11.2	-6.4			
Total Assets Under Mgmt (\$mm)		641,900	653,700	598,400	625,300	672,800	647,022	660,492	677,609	616,500	625,300	677,609	744,417	816,954	-3.8	-1.0	8.4	9.9	9.7
% Change Q/Q		4.1%	1.8%	-8.5%	4.5%	7.6%	-3.8%	2.1%	2.6%										
Net Flows (\$mm)		9,200	7,300	2,200	6,000	8,100	-7,991	5,400	8,850	-8,100	24,700	14,359	32,000	34,000					
% Beg AUM (Annualized)		6.0	4.5	1.3	4.0	5.2	-4.8	3.3	5.4	-1.8	4.0	2.3	4.7	4.6					
Ann'l Organic Growth (Loss) Rate		6.0%	4.5%	1.3%	4.0%	5.2%	-4.8%	3.3%	5.4%	-1.9%	4.0%	2.3%	4.7%	4.6%					
Average Assets Under Mgmt (\$mm)		630,200	652,800	632,700	621,700	658,200	656,234	655,718	670,819	532,350	634,350	660,243	711,013	780,686	-0.3	0.5	4.1	7.7	9.8
Average Active AUM (\$mm)		543,975	562,875	542,125	528,100	552,400	547,304	546,979	559,511	464,250	544,275	551,548	591,001	641,672	-0.9	-2.8	1.3	7.2	8.6
Average Passive AUM (\$mm)		86,675	93,525	91,450	93,600	105,800	108,930	108,740	111,308	72,244	91,319	108,694	120,013	139,014	3.0	16.5	19.0	10.4	15.8
Miscellaneous																			
Net Revenue Yield		46.0	46.0	44.6	46.1	45.0	45.1	46.1	46.9	47.4	45.7	45.8	46.4	46.1	0.3	-1.9	0.2	1.3	-0.7
Net Revenue Yield ex PF		45.7	45.6	44.5	44.6	43.7	44.5	45.5	45.4	46.9	45.1	44.8	45.3	45.0					
Dividends Per Share		\$0.12	\$0.12	\$0.12	\$0.12	\$0.17	\$0.17	\$0.17	\$0.17	\$0.43	\$0.49	\$0.69	\$0.90	\$1.05	0.0	40.8	40.8	30.4	16.7
EBITDA (\$ mm)		302.2	311.7	281.3	295.6	306.4	282.1	314.3	336.9	935.6	1,190.8	1,239.8	1,381.3	1,543.9	-7.9	-9.5	4.1	11.4	11.8
Cash Net Income (\$mm)		191.7	207.1	197.2	192.5	207.4	189.7	213.1	229.6	639.7	788.5	817.8	935.1	1,052.7	-8.5	-8.4	3.7	14.4	12.6
Free Cash Flow Per Share		\$0.40	\$0.43	\$0.41	\$0.35	\$0.44	\$0.41	\$0.47	\$0.50	\$1.27	\$1.58	\$1.82	\$2.09	\$2.36	-6.2	-3.7	15.0	14.8	12.7
Net Debt (Cash) Per Share		\$1.83	\$2.07	\$1.38	\$1.21	\$1.62	\$1.47	\$1.32	\$1.18	\$1.25	\$1.19	\$1.18	\$1.09	\$1.26					

Source: Company Reports, Citi Research

Figure 21. Janus Capital Group Summary Model

Janus Capital Group
Earnings Results and Forecasts
(\$ Millions, Except As Noted)

William R. Katz
(212) 816-5394
william.katz@citi.com

KEY FORECAST VARIABLES:	1Q11	2Q11	3Q11	4Q11	1Q12	Forecast:			2011	Forecast:			% Change				
						2Q12E	3Q12E	4Q12E		2012E	2013E	2014E	2Q12/1Q	2Q12/2Q	12E/11	13E/12E	14E/13E
Investment mgmt fees	225.2	226.0	202.2	190.9	202.0	202.4	199.3	200.6	844.3	804.3	823.8	883.4	0.2	-10.4	-4.7	2.4	7.2
Performance Fees	0.8	-0.2	-3.1	-9.2	-19.0	-17.5	-15.5	-14.5	-11.7	-66.5	-50.0	-40.0					
Shareholder Fees/Other	39.4	38.2	37.8	33.9	35.4	33.3	33.8	34.2	149.3	136.7	147.4	160.2	-5.9	-12.8	-8.4	7.8	8.7
Total Revenue	265.4	264.0	236.9	215.6	218.4	218.3	217.5	220.4	981.9	874.5	921.2	1,003.6	-0.1	-17.3	-10.9	5.3	8.9
Employee Compensation	81.7	79.9	71.2	62.1	72.0	72.0	71.8	72.7	294.9	288.5	297.1	321.2	0.0	-9.9	-2.2	3.0	8.1
Long-Term Incentive Comp	18.2	17.7	16.4	10.7	19.6	16.6	16.6	16.6	63.0	69.4	72.9	76.5	-15.3	-6.2	10.2	5.0	5.0
Marketing & Promotion	6.1	8.2	6.2	7.5	4.8	6.3	6.3	6.3	28.0	23.6	25.3	27.8	30.2	-23.8	-15.9	7.5	10.0
Distribution	36.1	39.6	35.5	30.5	32.3	33.6	33.6	33.6	141.7	133.0	140.1	147.1	3.9	-15.2	-6.1	5.3	5.0
Amortization & Depreciation	9.0	8.4	8.1	7.8	8.1	8.0	8.0	8.0	33.3	32.1	32.7	33.4	-1.2	-4.8	-3.6	2.0	2.0
G&A, and Occupancy	29.1	28.4	25.3	26.4	25.1	25.5	25.5	25.5	109.2	101.6	105.7	110.9	1.6	-10.2	-7.0	4.0	5.0
Total Costs	180.2	182.2	162.7	145.0	161.9	162.0	161.7	162.6	670.1	648.2	673.8	716.9	0.0	-11.1	-3.3	3.9	6.4
Operating Income	85.2	81.8	74.2	70.6	56.5	56.3	55.8	57.7	311.8	226.3	247.4	286.7	-0.3	-31.2	-27.4	9.3	15.9
Equity Earnings of Affiliate	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	1.0					
Non Operating Income/(Expense)	-21.5	-14.0	-35.0	-8.5	-12.6	-11.7	-9.7	-9.7	-79.0	-43.7	-36.9	-37.2	-6.7	-16.1	-44.6	-15.6	0.8
Noncontrolling interest	3.0	3.6	-0.1	4.0	4.1	3.5	3.4	3.4	10.5	14.5	13.9	14.9	-14.2	-2.3	37.7	-3.9	7.6
Pretax Income	63.7	67.8	39.2	62.1	43.9	44.6	46.1	48.0	232.8	182.6	210.5	250.5	1.5	-34.3	-21.6	15.3	19.0
Income Tax Provision	22.8	22.3	11.9	22.4	17.2	15.3	15.9	16.6	79.4	65.0	73.3	87.7	-11.1	-31.4	-18.1	12.7	19.8
Tax Rate (%)	35.8	32.9	30.4	36.1	39.2	37.3	37.3	37.3	33.8	37.7	37.3	37.3		13.3			
Net Income	37.9	41.9	27.4	35.7	22.6	25.8	26.8	28.0	142.9	103.1	123.4	147.8	14.0	-38.5	-27.8	19.6	19.8
Income from Continuing Ops	44.3	41.9	24.9	35.7	28.2	25.8	26.8	28.0	146.8	108.7	123.4	147.8	-8.6	-38.5	-25.9	13.5	19.8
Discontinued Operations (RSG)									0.0	0.0	0.0	0.0					
Average Fully Diluted Shares	184.1	184.5	184.0	184.0	185.4	182.4	182.4	182.4	184.2	183.1	185.5	185.5	-1.6	-1.1	-0.6	1.3	0.0
CONTINUING OPS EPS (FD)	0.24	0.23	0.14	0.19	0.15	0.14	0.15	0.15	0.80	0.59	0.67	0.80	-7.0	-37.8	-25.5	12.1	19.8
GAAP EPS (FD)	0.21	0.23	0.15	0.19	0.12	0.14	0.15	0.15	0.78	0.56	0.67	0.80	15.8	-37.8	-27.4	18.1	19.8
CASH EPS (FD)	0.27	0.26	0.17	0.23	0.18	0.17	0.18	0.19	0.83	0.63	0.70	0.80	-5.0	-33.4	-24.7	11.4	14.1
Operating Income Margin %	32.1%	31.7%	31.3%	32.7%	25.9%	25.8%	25.7%	26.2%	31.9%	25.9%	26.9%	28.6%					
EBITDA Margin %	37.4%	32.5%	24.4%	36.0%	29.9%	27.3%	28.2%	28.7%	32.6%	28.5%	29.5%	31.0%					
Net Income Margin %	16.7%	15.9%	10.5%	16.6%	12.9%	11.8%	12.3%	12.7%	14.9%	12.4%	13.4%	14.7%					
Return on Common Equity %	14.7%	13.4%	7.8%	10.8%	8.2%	7.4%	7.7%	8.1%	11.3%	7.5%	8.7%	10.1%					
Compensation/Revenue %	37.6%	37.0%	37.0%	33.8%	41.9%	40.6%	40.6%	40.5%	36.4%	40.9%	40.2%	39.6%					
Total AUM (\$mm)	173,500	169,800	141,000	148,200	164,000	154,008	155,132	156,265	148,100	156,165	166,403	180,072	-6.1	-9.3	5.4	6.6	8.2
Total LT Net Flows (\$ mm)	-2,700	-3,100	-2,400	-4,000	-2,500	-2,500	-1,250	-1,250	-12,200	-7,500	250	3,000	0.0	-19.4	-38.5	-103.3	1100.0
% of Beginning AUM	-1.6	-1.8	-1.4	-2.9	-1.7	-1.5	-0.8	-0.8	-7.3	-5.1	0.2	1.8					
Q/Q % Change	2.4%	-2.1%	-17.0%	5.1%	10.7%	-6.1%	0.7%	0.7%	-12.6%	5.4%	6.6%	8.2%					
Annualized Organic Growth (Loss) Rate	-6.4%	-7.1%	-5.7%	-11.3%	-6.7%	-6.1%	-3.2%	-3.2%	-7.2%	-5.1%	0.2%	1.8%					
Total Net Flows (\$ mm)	-2,700	-3,100	-2,300	-4,000	-2,500	-2,600	-1,350	-1,350	-12,200	-7,800	250	3,000	4.0	-16.1	-36.1	-103.2	1100.0
% of Beginning AUM	-1.6	-1.8	-1.4	-2.8	-1.7	-1.6	-0.9	-0.9	-7.2	-5.3	0.2	1.8					
Growth/Blend Net Flows (\$mm)	-900	-3,500	-1,800	-1,800	-900	-1,000	-750	-750	-8,000	-3,400	-2,000	-500	11.1	-71.4	-57.5	-41.2	-75.0
% of Beginning AUM	-1.5	-5.7	-3.1	-3.8	-1.8	-1.8	-1.4	-1.4	-13.1	-6.8	-3.7	-0.9					
Quant. Net Flows (\$mm)	-2,600	500	-700	-2,200	-1,800	-1,500	-1,000	-1,000	-5,000	-5,300	-1,500	0	-16.7	-400.0	6.0	N/A	N/A
% of Beginning AUM	-5.9	1.1	-1.5	-5.8	-4.5	-3.5	-2.5	-2.5	-11.3	-13.3	-3.8	0.0					
Fixed Income Net Flows (\$mm)	400	1,000	2,100	1,400	1,200	1,200	1,250	1,250	4,900	4,900	3,500	3,000	0.0	20.0	0.0	-28.6	-14.3
% of Beginning AUM	2.6	6.2	12.2	7.5	5.8	5.3	5.2	4.9	32.0	23.8	12.9	9.4					
Global/Intn'l Net Flows (\$mm)	200	-1,000	-1,400	-700	-500	-700	-500	-500	-2,900	-2,200	0	0	40.0	-30.0	-24.1	-100.0	N/A
% of Beginning AUM	0.7	-3.5	-5.4	-3.8	-2.7	-3.3	-2.8	-2.8	-10.4	-12.0	0.0	0.0					
Value Net Flows (\$mm)	200	-100	-600	-700	-500	-500	-250	-250	-1,200	-1,500	250	500	0.0	400.0	25.0	-116.7	100.0
% of Beginning AUM	1.0	-0.5	-2.9	-4.1	-2.8	-2.6	-1.4	-1.4	-6.1	-8.3	1.4	2.6					
Money Mkt Net Flows (\$mm)	0	0	0	0	0	-100	-100	-100	0	-300	0	0					
% of Beginning AUM	0.0	0.0	0.0	0.0	0.0	-6.7	-7.1	-7.7	0.0	-20.0	0.0	0.0					
Revenue Yield (bps)	52.9	52.8	51.5	50.8	50.4	51.3	51.3	51.3	51.8	51.1	51.1	51.0	1.8	-2.8	-1.4	0.0	-0.2
Average AUM	172,500	171,600	155,900	149,200	161,136	158,613	154,570	155,699	160,788	157,504	161,284	173,237	-1.6	-7.6	-2.0	2.4	7.4
Miscellaneous																	
EBITDA (\$mm)	99.2	85.7	57.9	77.6	65.3	59.7	61.3	63.3	320.4	249.6	272.0	311.6	-8.5	-30.3	-22.1	9.0	14.5
Free Cash Flows (\$mm)	52.5	48.6	30.5	41.2	34.5	31.3	32.3	33.5	172.8	131.5	146.7	172.7	-9.3	-35.7	-23.9	11.6	17.7
Dividend Per Share	\$0.05	\$0.05	\$0.05	\$0.05	\$0.06	\$0.06	\$0.06	\$0.06	\$0.20	\$0.24	\$0.28	\$0.36					

Source: Company Reports, Citi Research

Figure 22. KKR & Co. L.P. Summary Model

KKR & Co. LP
Earnings Results and Forecasts
(\$ Millions, Except As Noted)

William R. Katz
(212) 816-5394
william.katz@citi.com

KEY FORECAST VARIABLES:	1Q11	2Q11	3Q11	4Q11	1Q12	Forecast:			2010	2011	Forecast:			% Change				
						2Q12E	3Q12E	4Q12E			2012E	2013E	2014E	2Q12E/1Q	2Q12E/2Q	12E/11	13E/12E	14E/13E
Fees																		
Management fees	127.6	126.2	134.0	127.6	128.6	130.3	130.9	133.7	453.3	515.4	523.5	595.6	612.7	1.3	3.2	1.6	13.8	2.9
Incentive fees	12.0	16.1	0.0	6.1	9.7	9.3	5.5	5.9	38.8	34.2	30.3	26.7	30.6	-4.3	-42.7	-11.5	-11.9	14.7
Management & Incentive fees	139.6	142.4	134.0	133.6	138.3	139.5	136.3	139.6	492.1	549.6	553.8	622.3	643.4	0.9	-2.0	0.8	12.4	3.4
Monitoring fees	90.4	30.7	20.9	21.8	25.8	26.0	25.0	25.0	86.9	163.8	101.8	115.0	125.0	0.7	-15.2	-37.8	12.9	8.7
Transaction fees	87.3	34.9	98.6	128.3	44.3	29.8	55.4	62.8	220.4	349.1	192.2	278.5	313.7	-32.8	-14.7	-45.0	44.9	12.6
Fee credits	-73.0	-12.2	-28.8	-36.9	-19.3	-9.7	-16.0	-15.2	-64.9	-150.9	-60.3	-97.0	-105.0	-50.0	-20.8	-60.1	61.0	8.2
Net Monitoring/Transaction fees	104.7	53.3	90.7	113.3	50.8	46.1	64.4	72.5	242.4	362.0	233.7	296.5	333.7	-9.3	-13.6	-35.4	26.9	12.5
Total fee revenue	244.3	195.7	224.8	246.9	189.1	185.6	200.7	212.2	734.5	911.7	787.6	918.8	977.1	-1.8	-5.1	-13.6	16.7	6.3
Expenses																		
Employee comp & benefits	63.1	63.1	66.7	65.0	62.7	62.9	63.0	63.2	206.3	258.0	251.8	264.0	275.3	0.2	-0.4	-2.4	4.8	4.3
Other operating expenses	43.1	44.3	47.2	50.9	38.5	38.5	44.2	45.1	209.9	185.6	166.3	178.8	186.6	-0.1	-13.2	-10.4	7.5	4.4
Total expense	116.1	119.6	126.5	130.3	115.7	115.5	121.4	122.5	416.2	494.5	475.1	502.4	523.6	-0.2	-3.4	-3.9	5.8	4.2
Fee Related earnings (FRE)	126.2	76.1	98.2	116.6	73.4	70.1	79.4	89.7	318.3	417.2	312.5	416.4	453.5	-4.5	-7.9	-25.1	33.2	8.9
Investment Income (loss)																		
Gross carried interest	332.1	201.4	-366.4	96.5	469.4	125.9	218.7	212.5	1,207.1	263.6	1,026.4	989.5	1,061.4	-73.2	-37.5	289.3	-3.6	7.3
Allocation to KKR carry pool	-139.5	-79.6	151.2	-40.4	-191.5	-50.3	-87.5	-85.0	-455.9	-108.3	-414.3	-395.8	-424.6	-73.7	-36.7	282.5	-4.5	7.3
Management fee refunds	-4.8	-31.9	21.1	-2.0	-40.7	-10.7	-10.6	-10.6	-143.4	-17.6	-72.6	-71.6	-72.6	-73.7	-66.4	312.6	-1.4	1.5
Net carried interest	187.8	89.9	-194.1	54.1	237.2	64.8	120.6	116.9	607.8	137.7	539.5	522.1	564.2	-72.7	-27.9	291.8	-3.2	8.1
Other investment income	430.2	150.0	-494.4	117.0	419.9	328.0	86.4	103.4	1,218.1	202.8	937.7	476.7	514.0	-21.9	118.7	362.5	-49.2	7.8
Total investment income	618.0	239.8	-688.5	171.1	657.1	392.8	207.1	220.3	1,825.9	340.5	1,477.2	998.8	1,078.3	-40.2	63.8	333.9	-32.4	8.0
Income before non-controlling interests	744.2	316.0	-590.3	287.7	730.4	462.9	286.4	310.0	2,144.2	757.6	1,789.7	1,415.2	1,531.7	-36.6	46.5	136.2	-20.9	8.2
Income attributable to Non-controlling inter	1.7	1.0	1.8	2.2	3.2	1.6	1.8	1.9	4.4	6.7	8.4	8.8	9.6	-51.5	63.8	26.6	3.7	9.1
Economic Net Income	742.5	315.0	-592.1	285.5	727.2	461.3	284.6	308.2	2,139.8	750.9	1,781.3	1,406.4	1,522.1	-36.6	46.4	137.2	-21.0	8.2
Adjusted Income Taxes	88.7	69.7	29.6	60.0	43.4	59.9	34.7	40.9	210.2	248.1	178.9	182.4	201.3	38.1	-14.1	-27.9	2.0	10.4
Diluted Units Outstanding	683.0	684.0	683.0	689.3	692.1	700.0	700.5	701.0	683.0	685.4	698.4	702.0	704.0	1.1	2.3	1.9	0.5	0.3
Tax-Effectuated ENI per unit	0.96	0.36	-0.91	0.33	0.99	0.57	0.36	0.38	2.83	0.73	2.29	1.74	1.88	-42.0	59.9	212.7	-24.0	7.6
Tax-Effectuated FRE per unit	0.11	0.07	0.09	0.10	0.06	0.06	0.07	0.08	0.27	0.37	0.27	0.36	0.39	-5.5	-10.0	-26.5	32.6	8.6
Gross Distributable Earnings	192.9	103.2	104.4	195.7	111.5	98.3	97.4	119.4	486.0	596.3	426.5	551.4	576.5					
DE per unit	0.28	0.15	0.15	0.28	0.16	0.14	0.14	0.17	0.71	0.87	0.61	0.79	0.82					
DE % A/T ENI	30%	42%	-17%	87%	16%	24%	39%	45%	25%	119%	27%	45%	44%					
Distribution per unit	\$0.21	\$0.11	\$0.10	\$0.32	\$0.15	\$0.13	\$0.13	\$0.16	\$0.60	\$0.74	\$0.56	\$0.74	\$0.77	-53.1	-28.6	-24.4	31.9	5.0
Margins																		
Employee comp % Fee	25.8%	32.2%	29.7%	26.3%	33.2%	33.9%	31.4%	29.8%	28.1%	28.3%	32.0%	28.7%	28.2%					
Perf Fee Comp % Perf Fees	42.0%	39.5%	41.3%	41.9%	40.8%	40.0%	40.0%	40.0%	37.8%	41.1%	40.4%	40.0%	40.0%					
Expense % Revenue	45.5%	58.2%	32.3%	50.3%	52.8%	56.7%	52.3%	51.4%	52.3%	52.8%	53.0%	50.8%	50.1%					
FRE (after-tax) margin %	31.0%	23.3%	26.2%	28.3%	23.3%	22.7%	23.7%	25.4%	25.1%	27.5%	23.8%	27.2%	27.8%					
ENI (after-tax) margin	65.0%	44.8%	97.8%	49.0%	63.4%	62.8%	49.4%	50.6%	61.1%	36.5%	58.2%	51.3%	51.7%					
AUM (\$ millions)																		
Private Markets	46,239	47,072	43,744	43,628	45,986	45,929	42,803	51,152	46,224	43,628	51,152	56,637	58,182	-0.1	-2.4	17.2	10.7	2.7
New Capital Raised	66	750	173	1,358	60	405	0	8,000	3,026	2,347	8,465	4,000	0					
Net Flows	-2,407	-650	-373	-686	-692	-837	-4,450	7,100	-1,060	-4,116	1,122	-250	-4,500	21.0	28.6	-127.2	-122.3	1700.0
Public Markets	14,804	14,868	14,976	15,381	16,306	16,840	17,690	18,804	14,774	15,381	18,804	20,165	21,650	3.3	13.3	22.3	7.2	7.4
New Capital Raised	228	124	784	424	495	475	725	975	1,970	1,559	2,670	750	750					
Net Flows	-261	-136	346	175	373	475	725	975	688	124	2,548	750	750					
Annualized Growth Rate	6%	3%	21%	11%	13%	12%	17%	22%	14.7%	10.6%	17.4%	4.0%	3.7%					
Statistics:																		
Investments (\$M)	5,046	5,182	4,865	4,743	5,023	5,359	5,453	5,564	4,832	4,743	5,564	6,069	6,611	5.9	-0.4	17.3	9.1	8.9
Cap Mkts & Principal Activities BVPU	\$7.65	\$7.85	\$7.10	\$7.14	\$7.40	\$7.88	\$8.39	\$8.59	\$7.07	\$7.14	\$8.59	\$9.44	\$10.32			20.2	9.9	9.4
Adjusted BVPU	\$8.98	\$9.03	\$8.11	\$8.07	\$8.43	\$9.00	\$9.61	\$9.91	\$8.03	\$8.07	\$9.91	\$10.76	\$11.64			22.8	8.6	8.2
Total BVPU	\$9.08	\$9.22	\$8.17	\$8.28	\$8.67	\$9.13	\$9.75	\$10.05	\$8.38	\$8.28	\$10.05	\$10.90	\$11.78			21.3	8.4	8.1
Net Cash + Inv Per Unit*	\$8.94	\$9.03	\$8.12	\$8.08	\$8.36	\$8.96	\$9.58	\$9.87	\$8.07	\$8.08	\$9.87	\$10.72	\$11.60			22.2	8.6	8.2
*80% unrealized carry																		
LP Capital Deployed (\$M)																		
Private Markets	810	420	1,655	2,148	576	550	1,125	950	4,556	5,033	3,201	4,700	5,540					
Public Markets	317	77	152	434	206	175	175	175	698	981	731	350	350					

Source: Company Reports, Citi Research

Figure 23. Legg Mason Inc Summary Model

Legg Mason
(\$ Millions, Except As Noted, Fiscal Year (212) 816-5394
william.katz@citi.com

Revenues & Expenses	F1Q12	F2Q12	F3Q12	F4Q12	Forecast:				F2011	F2012	Forecast:				% Change				
					F1Q13	F2Q13	F3Q13	F4Q13			F2013E	F2014E	F2015E		1QE/4Q	1QE/1Q	13E/12	14E/13E	15E/14E
Investment Advisory Fees	623.6	582.8	545.2	564.7	557.9	556.7	565.0	578.8	2,398.9	2,316.4	2,258.4	2,442.9	2,655.4		(1.2)	(10.5)	(2.5)	8.2	8.7
Distribution and Service Fees	92.1	85.8	80.7	82.4	84.8	85.1	86.2	87.6	379.2	341.0	343.8	365.7	392.7		2.9	(7.9)	0.8	6.4	7.4
Other	1.5	1.3	1.0	1.5	1.3	1.3	1.3	1.3	6.2	5.3	5.2	6.0	7.0		(10.3)	(12.9)	(1.0)	15.4	16.7
Total Revenues	717.1	669.9	627.0	648.6	644.0	643.1	652.5	667.7	2,784.3	2,662.6	2,607.3	2,814.6	3,055.1		(0.7)	(10.2)	(2.1)	7.9	8.5
Compensation and Benefits	300.4	257.7	254.4	297.3	252.5	264.4	268.4	274.0	1,140.3	1,109.7	1,059.4	1,155.4	1,254.5		(15.0)	(15.9)	(4.5)	9.1	8.6
Distribution and Servicing	180.8	160.4	148.3	160.3	179.9	157.5	159.5	162.0	712.8	649.7	659.0	676.5	726.5		12.2	(0.5)	1.4	2.7	7.4
Communications and Technology	38.4	39.0	39.6	39.4	39.5	40.0	40.0	40.0	158.0	156.3	159.5	162.0	166.9		0.3	2.9	2.0	1.6	3.0
Occupancy	33.0	35.5	28.3	29.6	29.5	29.5	29.5	29.5	133.2	126.5	118.0	120.0	123.0		(0.4)	(10.7)	(6.7)	1.7	2.5
Amortization of Intangible Assets	5.6	5.5	4.9	3.6	3.6	3.6	3.6	3.6	22.9	19.6	14.4	14.4	14.4		(0.6)	(35.5)	(26.4)	0.0	0.0
Non-Recurring	13.7	15.1	42.3	1.9	69.0	0.0	0.0	0.0	54.4	73.1	69.0	0.0	0.0						
Other	44.9	49.9	49.9	44.3	45.0	45.0	45.0	45.0	175.8	189.0	180.0	180.9	188.1		1.6	0.2	(4.8)	0.5	4.0
Incremental Corporate Cost Saves	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0						
Total Expenses	616.7	563.0	567.7	576.4	619.1	540.0	546.0	554.1	2,397.5	2,323.8	2,259.2	2,309.3	2,473.4		7.4	0.4	(2.8)	2.2	7.1
memo: expense ex transition costs	603.0	547.9	525.3	574.5	550.1	540.0	546.0	554.1											
Operating Income	100.4	106.9	59.3	72.2	25.0	103.1	106.5	113.6	386.8	338.8	348.1	505.3	581.7		(65.4)	(75.1)	2.8	45.2	15.1
Recurring Operating Income	114.1	122.0	101.6	83.5	117.0	103.1	106.5	113.6	441.2	411.8	417.1	505.3	581.7						
Total Other Income	-10.8	-51.1	-11.6	37.8	-21.7	-4.8	-4.7	-4.3	-21.6	-35.7	-35.5	-15.6	-5.9						
Continuing Operations Pre-Tax Income	89.6	55.8	47.7	110.0	3.2	98.3	101.8	109.2	365.2	303.1	312.6	489.7	575.8		(97.0)	(96.4)	3.1	56.6	17.6
Income Tax	27.9	-1.6	12.6	33.2	1.1	16.4	35.6	36.6	119.4	72.1	89.8	164.0	192.9		(96.6)	(95.9)	24.6	82.7	17.6
Net Income (loss) attributable to Non-controlling	1.7	0.7	7.0	0.7	2.0	2.0	2.0	2.0	-8.2	10.2	8.0	8.0	5.0						
Total Net Income	60.0	56.7	28.1	76.1	0.1	79.9	64.2	70.6	253.9	220.8	214.8	317.6	377.9		(99.9)	(99.8)	(2.7)	47.8	19.0
Adjusted Net Income	118.0	97.7	106.4	115.6	103.2	99.5	101.8	108.2	485.0	437.7	412.7	468.0	528.3		(10.7)	(12.5)	(5.7)	13.4	12.9
TOTAL OPERATING EPS	\$0.46	\$0.34	\$0.41	\$0.49	\$0.44	\$0.47	\$0.49	\$0.55	\$1.89	\$1.70	\$1.95	\$2.64	\$3.33		(9.9)	(5.1)	14.9	35.4	26.3
ADJUSTED (CASH) EPS	\$0.79	\$0.68	\$0.76	\$0.82	\$0.75	\$0.75	\$0.78	\$0.85	\$3.15	\$3.05	\$3.13	\$3.89	\$4.66		(8.6)	(4.6)	2.6	24.0	19.8
GAAP EPS	\$0.40	\$0.39	\$0.20	\$0.54	\$0.00	\$0.60	\$0.49	\$0.55	\$1.65	\$1.54	\$1.63	\$2.64	\$3.33		(99.9)	(99.8)	5.9	61.7	26.3
CALENDARIZED OP EPS									\$1.74	\$1.88	\$2.46	\$3.23	N/A						
CALENDARIZED (ADJUSTED) CASH EPS									\$3.08	\$3.11	\$3.68	\$4.55	N/A						
Dividend Per Share	\$0.06	\$0.08	\$0.08	\$0.08	\$0.11	\$0.11	\$0.11	\$0.11	\$0.20	\$0.35	\$0.44	\$0.48	\$0.52		37.5	83.3	25.7	9.1	8.3
Average Diluted Shares	149.3	143.9	140.1	140.1	136.9	132.6	130.0	127.3	153.9	143.3	131.7	120.4	113.4		(2.3)	(8.3)	(8.1)	(8.6)	(5.8)
Comp and Benefits to Revenues (%)	41.9%	38.5%	40.6%	45.8%	39.2%	41.1%	41.1%	41.0%	41.0%	41.7%	40.6%	41.1%	41.1%						
Operating Margin, GAAP	15.9%	18.2%	16.2%	12.9%	18.2%	16.0%	16.3%	17.0%	17.8%	18.2%	18.6%	18.0%	19.0%						
Adjusted Operating Margin (Net of Dist)	21.0%	21.3%	21.7%	21.2%	18.5%	22.1%	22.5%	23.3%	23.2%	21.3%	21.7%	24.5%	25.8%						
Equity AUM (\$B)	181.5	144.9	153.3	163.4	150.7	152.1	154.8	158.3	189.6	163.4	158.3	175.4	194.4		(7.8)	(17.0)	(3.1)	10.8	10.8
Net Flows	-5.8	-5.7	-4.9	-4.9	-3.1	-1.3	0.0	0.8	-8.3	-21.3	-3.6	5.5	6.5						
Net Flows % Beg AUM	-3.1	-3.1	-3.4	-3.2	-1.9	-0.8	0.0	0.5	-4.8	-11.2	-2.2	3.5	3.7						
Fixed Income AUM (\$B)	365.4	355.5	352.6	356.1	362.8	366.5	371.7	376.9	356.6	356.1	376.9	398.4	421.9		1.9	(0.7)	5.8	5.7	5.9
Net Flows	0.1	-8.8	-7.1	-2.8	1.6	0.0	1.5	1.5	-37.0	-18.6	4.6	6.0	7.5						
Net Flows % Beg AUM	0.0	-2.4	-2.0	-0.8	0.4	0.0	0.4	0.4	-10.2	-5.2	1.3	1.6	1.9						
Liquidity AUM (\$B)	115.6	111.4	121.1	123.8	123.2	120.2	120.2	122.0	131.4	123.8	122.0	129.2	137.2		(0.5)	6.6	(1.5)	5.9	6.2
Net Flows	-16.1	-3.1	10.7	2.8	-0.6	-3.0	0.0	1.8	-15.9	-5.7	-1.8	7.2	8.0						
Net Flows % Beg AUM	-12.3	-2.7	9.6	2.3	-0.5	-2.4	0.0	1.5	-10.9	-4.3	-1.5	5.9	6.2						
Total AUM (\$B)	662.5	611.8	627.0	643.3	636.8	638.8	646.7	657.2	677.6	643.3	657.2	702.9	753.5		(1.0)	(3.9)	2.2	7.0	7.2
Average AUM (\$B)	670.8	643.3	622.0	634.9	636.7	637.0	642.7	651.9	668.2	642.8	650.2	680.0	728.2		0.3	(5.1)	1.2	4.6	7.1
Net Flows	-21.8	-17.6	-1.3	-4.9	-2.1	-4.3	1.5	4.1	-61.2	-45.6	-0.8	18.7	22.0		(58.1)	(90.6)	(98.3)	(2,583.7)	17.6
Net Flows % Beg AUM	-3.2	-2.7	-0.2	-0.8	-0.3	-0.7	0.2	0.6	-8.9	-6.7	-0.1	2.8	3.1						
Q/Q % Change	-2.2%	-7.7%	2.5%	2.6%	-1.0%	0.3%	1.2%	1.6%											
Annualized Organic Growth (Loss) Ra	-12.9%	-10.6%	-0.8%	-3.1%	-1.3%	-2.7%	0.9%	2.5%											
LT Flows (\$B)	-5.7	-14.5	-12.0	-7.7	-1.5	-1.3	1.5	2.3	-45.3	-39.9	1.0	11.5	14.0						
Annualized Organic Growth (Loss) Ra	-4.2%	-10.6%	-9.6%	-6.1%	-1.1%	-1.0%	1.2%	1.7%	-33.7%	-29.2%	0.8%	8.6%	9.8%						
Revenue Yield (bps)	36.2	35.3	34.4	34.8	34.6	34.4	34.6	34.7	34.5	35.3	34.2	35.3	35.6		(0.6)	(4.3)	(3.1)	3.2	1.1
MISCELLANEOUS																			
EBITDA (\$mm)	144	111	132	149	111	133	136	143	613	536	523	629	711		(25.4)	(22.8)	(2.4)	20.2	13.1
Free Cash Flow (\$mm)	117	97	114	113	111	113	115	122	493	453	461	524	588		(1.5)	(4.9)	1.6	13.7	12.2
Net Debt (Cash) Per Share	\$ 1.10	\$ 1.97	\$ 1.04	\$ 0.02	\$ 1.37	\$ 1.24	\$ 1.11	\$ 1.00	\$ (0.20)	\$ 0.02	\$ 0.78	\$ 0.42	\$ (0.22)						

Source: Company Reports, Citi Research

Figure 24. LPL Investment Holdings Summary Model

LPL Investment Holdings Inc.
Earnings Results and Forecasts
(\$ Millions, Except As Noted)

William R. Katz
(212) 816-5394
william.katz@citi.com

	1Q11	2Q11	3Q11	4Q11	1Q12	Forecast:			2010	2011	Forecast:			% Change				
						2Q12E	3Q12E	4Q12E			2012E	2013E	2014E	2QE/1Q	2QE/2Q	12E/11	13E/12E	14E/13E
Revenues (\$ Millions):																		
Gross Commissions	452	460	438	404	464	475	461	430	1,621	1,754	1,831	1,954	2,083	2.5	3.4	4.3	6.7	6.6
Advisory Fees	244	264	268	251	251	271	278	287	860	1,027	1,086	1,210	1,442	7.8	2.4	5.7	11.5	19.1
Total Gross Dealer Concessions (GDC)	696	724	706	656	715	746	739	717	2,481	2,782	2,917	3,164	3,525	4.4	3.0	4.8	8.5	11.4
Asset-based Revenues	90	91	90	90	97	98	102	101	318	360	398	425	474	1.0	8.5	10.5	6.9	11.6
Transaction Revenues	74	69	78	71	75	76	73	67	274	292	290	310	330	1.5	10.1	-0.7	6.7	6.6
Other Revenues	14	11	9	12	15	14	12	12	41	46	53	57	62	-11.1	29.0	16.1	8.6	8.4
Gross Revenues	874	894	883	829	902	933	925	897	3,113	3,479	3,657	3,957	4,392	3.5	4.4	5.1	8.2	11.0
Expenses:																		
Production (rebates)	595	625	614	577	617	649	645	626	2,363	2,410	2,537	2,745	3,058	5.1	3.9	5.2	8.2	11.4
Payout Ratio	85.4%	86.3%	87.0%	88.0%	86.4%	87.0%	87.3%	87.3%	95.2%	86.6%	87.0%	86.8%	86.8%					
Gross Margin (Net Revenues)	279	269	269	252	284	284	281	271	751	1,069	1,120	1,211	1,334	0.0	5.6	4.8	8.1	10.1
% of Total GDC	31.9%	30.1%	30.4%	30.4%	31.5%	30.5%	30.3%	30.2%	24.1%	30.7%	30.6%	30.6%	30.4%					
Compensation & Benefits	84	81	77	79	89	89	88	85	309	322	350	370	405	-0.3	9.0	8.8	5.7	9.5
General & Administrative	74	68	78	68	70	71	83	71	268	288	294	315	340	0.4	4.6	2.3	6.9	7.9
Depreciation & amortization	18	18	19	17	17	17	17	17	86	73	69	69	69	-0.1	-6.8	-5.7	0.4	0.4
Restructuring charges	1	5	8	8	2	1	1	0	14	21	4	0	0	-41.0	-79.2	-82.7	-100.0	N/A
Other (includes T&E post 2Q11)	3	3	7	0	7	7	8	8	35	13	30	31	33	4.9	101.4	120.6	5.0	5.0
Total Operating Costs	774	800	804	749	802	833	842	806	3,074	3,128	3,283	3,530	3,905	3.9	4.1	5.0	7.5	10.6
Operating Income	100	94	79	79	99	100	84	91	39	351	374	426	487	0.5	6.7	6.3	14.1	14.2
Non Operating Income/(Expense)	18	18	17	16	33	14	14	14	128	69	75	56	54	-57.2	-23.3	8.4	-24.9	-2.7
Income Before Tax	82	75	62	64	67	86	70	76	-89	283	299	370	432	28.6	13.9	5.8	23.8	16.8
Income Taxes	33	30	26	24	26	34	28	31	-32	112	119	148	173	33.9	14.7	5.6	24.9	16.8
Tax Rate	39.9	39.7	41.3	38.0	38.4	40.0	40.0	40.0	41.4	39.7	39.6	40.0	40.0					
Net Income	49	46	36	39	41	52	42	46	-57	170	181	222	259	25.3	13.3	6.0	23.1	16.8
Recurring Net Income	49	48	41	40	52	52	43	46	143	183	193	222	259	-0.4	7.9	5.2	15.3	16.8
Adjusted Net Income	59	59	52	49	63	61	51	54	173	219	230	257	295	-3.6	3.6	5.2	11.8	14.9
Average Fully Diluted Shares	113.2	113.2	111.2	111.1	112.5	113.1	113.1	113.1	101.0	112.1	113.0	113.5	114.2	0.5	0.0	0.8	0.5	0.6
Reported GAAP Basic EPS (FD)	0.43	0.40	0.33	0.36	0.37	0.46	0.37	0.41	-0.56	1.52	1.60	1.96	2.27	24.6	13.4	5.2	22.5	16.1
Operating EPS (FD)	0.44	0.43	0.37	0.36	0.47	0.46	0.38	0.41	1.42	1.63	1.71	1.96	2.27	-0.9	8.0	4.4	14.7	16.1
Adjusted EPS (FD)	0.52	0.52	0.46	0.44	0.56	0.54	0.45	0.48	1.71	1.95	2.04	2.26	2.59	-4.1	3.7	4.4	11.3	14.2
Adjusted EPS inc SBC (FD)	0.50	0.50	0.44	0.41	0.53	0.52	0.43	0.46	1.63	1.85	1.94	2.17	2.49	-3.4	3.9	4.9	12.1	14.5
Margins (%):																		
Operating Income	11.5%	11.0%	9.8%	10.6%	11.2%	10.8%	9.2%	10.1%	8.8%	10.7%	10.3%	10.8%	11.1%					
Adjusted EBITDA	14.2%	13.8%	12.6%	12.2%	13.9%	13.1%	11.5%	12.5%	13.3%	13.2%	12.7%	13.0%	13.1%					
Adjusted Net Income	6.8%	6.6%	5.8%	5.9%	7.0%	6.5%	5.5%	6.1%	5.5%	6.3%	6.3%	6.5%	6.7%					
Compensation/Revenue(%)	9.6%	9.1%	8.8%	9.6%	9.9%	9.5%	9.5%	9.4%	9.9%	9.3%	9.6%	9.4%	9.2%					
Adjusted EBITDA	124	123	112	101	125	123	106	112	413	460	466	513	576	-1.9	-0.3	1.4	10.1	12.2
Free Cash Flow Per Share	0.56	0.48	0.39	0.40	0.44	0.50	0.39	0.42	0.06	1.84	1.75	2.12	2.35	12.6	2.8	-5.0	21.2	10.8
Dividend	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$2.00	\$0.12	\$0.12	\$0.00	\$0.00	\$2.24	\$0.48	\$0.48					

Source: Company Reports, Citi Research

Figure 25. Och-Ziff Capital Management Summary Model

Och-Ziff Capital Management
Earnings Results and Forecasts

William R. Katz
(212) 816-5394
william.katz@citi.com

(\$ Millions, Except As Noted)

					Forecast:				Forecast:				% Change				
KEY FORECAST VARIABLES:	1Q11	2Q11	3Q11	4Q11	1Q12	2Q12E	3Q12E	4Q12E	2011	2012E	2013E	2014E	2Q12E/1Q	2Q12E/2Q	12E/11	13E/12E	14E/13E
Economic Income Basis																	
Revenues																	
Management Fees	118.0	125.3	124.3	118.6	117.9	123.6	123.8	127.9	486.2	493.3	518.3	599.1	4.9	-1.3	1.5	5.1	15.6
Incentive Fees	7.0	6.9	8.1	43.1	1.2	0.0	0.0	442.4	65.0	443.6	490.8	569.1					
Other Revenues	0.4	0.7	0.6	0.6	0.4	0.4	0.4	0.4	2.3	1.6	1.8	2.1	9.8	-41.1	-30.6	16.2	17.5
Total Revenues	125.3	132.9	132.9	162.4	119.5	124.0	124.3	570.7	553.5	938.5	1,010.9	1,170.3	3.8	-6.6	69.6	7.7	15.8
Operating Expenses																	
Base Compensation	18.0	18.3	18.2	18.5	19.7	19.8	18.9	18.9	73.0	77.3	80.3	89.9	0.3	7.9	5.8	4.0	11.9
Variable Compensation	5.2	5.0	6.0	103.9	1.0	0.0	0.0	139.8	120.1	140.8	136.5	158.0	N/A	-100.0	17.2	-3.1	15.8
Total Compensation & Benefits	23.2	23.3	24.2	122.4	20.7	19.8	18.9	158.6	193.1	218.0	216.8	247.9	-4.5	-15.2	12.9	-0.6	14.3
Interest Expense	2.0	1.8	1.7	1.5	1.7	1.7	2.4	2.4	7.1	8.3	10.1	10.0	-2.2	-8.6	16.6	21.5	-0.7
General & Administrative	18.9	20.4	20.1	19.4	20.8	21.0	20.5	20.5	78.7	82.8	85.7	89.2	0.9	3.1	5.2	3.5	4.0
Total Operating Expenses	44.1	45.5	46.0	143.3	43.3	42.5	41.8	181.6	279.0	309.2	312.6	347.0	-1.8	-6.7	10.8	1.1	11.0
Operating Income	81.2	87.3	86.9	19.1	76.2	81.6	82.5	389.1	274.5	629.3	698.3	823.3	7.0	-6.6	129.2	11.0	17.9
Net loss on JVs	0.1	0.0	0.2	0.2	0.1	0.0	0.0	0.0	0.6	0.1	0.0	0.0					
others' interests	0.8	1.0	0.5	-1.0	0.4	-0.1	-0.1	-0.1	1.3	0.2	-0.2	-0.2					
Total Company Economic Income	80.5	86.4	86.6	20.3	75.9	81.6	82.5	389.2	273.8	629.2	698.5	823.5	7.5	-5.6	129.8	11.0	17.9
Adjusted Income Taxes	15.3	18.7	36.7	3.4	18.6	22.4	22.7	77.8	74.2	141.6	111.8	131.8	20.5	19.9	90.9	-21.1	17.9
Distributable Earnings	65.2	67.7	49.9	16.8	57.3	59.2	59.8	311.3	199.6	487.6	586.7	691.7	3.3	-12.6	144.3	20.3	17.9
Weighted-avg adjusted Class A shares	415.0	415.2	415.1	428.8	453.3	454.9	456.4	458.0	418.5	455.6	457.9	460.2	0.3	9.5	8.9	0.5	0.5
Distributable Earnings Per Sh (DEPS)	\$0.16	\$0.16	\$0.12	\$0.04	\$0.13	\$0.13	\$0.13	\$0.68	\$0.48	\$1.07	\$1.28	\$1.50	2.9	-20.2	124.4	19.7	17.3
Distribution Per Share	\$0.13	\$0.14	\$0.09	\$0.04	\$0.10	\$0.10	\$0.10	\$0.54	\$0.40	\$0.84	\$1.03	\$1.20	0.0	-28.6	110.0	22.6	16.5
Economic Income Margins:																	
Operating Income	64.8%	65.7%	65.4%	11.7%	63.8%	65.7%	66.3%	68.2%	49.6%	67.1%	69.1%	70.3%					
Distributable Earnings	52.0%	50.9%	37.5%	10.4%	47.9%	47.7%	48.1%	54.6%	36.1%	52.0%	58.0%	59.1%					
Salary & Benefits % Revenue	14.4%	13.8%	13.7%	11.4%	16.5%	15.9%	15.2%	3.3%	13.2%	8.2%	7.9%	7.7%					
Salary & Benefits % Management Fees	15.3%	14.6%	14.7%	15.6%	16.7%	16.0%	15.3%	14.8%	15.0%	15.7%	15.5%	15.0%					
Variable & Guaranteed Compensation % Reven	4.1%	3.8%	4.5%	64.0%	0.8%	0.0%	0.0%	24.5%	21.7%	15.0%	13.5%	13.5%					
Total Compensation & Benefits To Revenues	18.5%	17.6%	18.2%	75.4%	17.3%	15.9%	15.2%	27.8%	34.9%	23.2%	21.4%	21.2%					
Non-Comp Expense to Management Fees	17.7%	17.7%	17.5%	17.6%	19.1%	18.4%	18.5%	17.9%	17.7%	18.5%	18.5%	16.6%					
Effective Tax Rate	19.0%	21.7%	42.4%	16.9%	24.5%	27.5%	27.5%	20.0%	27.1%	22.5%	16.0%	16.0%					
AUM and Net Flows:																	
AUM (\$ millions)	29,030	29,768	28,808	28,766	30,117	29,816	30,813	31,829	28,766	31,692	36,831	43,274	-1.0	0.2	10.2	16.2	17.5
2-year tranche AUM	25,309	26,051	25,082	25,068	26,167	25,891	26,794	27,715	25,068	27,663	36,831	43,274					
3-year tranche AUM	3,721	3,717	3,726	3,698	3,950	3,925	4,019	4,114	3,698	4,029	0	0					
% 2-year	87%	88%	87%	87%	87%	87%	87%	87%	87%	87%	100%	100%					
% 3-year	13%	12%	13%	13%	13%	13%	13%	13%	13%	13%	0%	0%					
Net Flows (\$ millions)	151	775	228	-38	-63	50	375	375	1,116	600	2,600	3,500					
Annualized Organic Growth Rate	2.2%	10.7%	3.1%	-0.5%	-0.9%	0.7%	5.0%	4.9%	4.0%	2.1%	8.2%	9.5%					
Revenue Yield (bps)	171	173	166	163	165	165	165	165	166	165	164	163					
OZ Master Fund AUM	20,066	20,668	21,288	21,927	22,585	23,262	23,960	24,679	20,198	22,572	26,354	30,976					
Miscellaneous:																	
EBITDA	85.0	90.6	90.7	24.2	80.0	85.8	87.4	394.1	290.6	647.3	718.6	843.5	7.3	-5.3	122.8	11.0	17.4
Free Cash Flow	62.3	69.4	46.4	19.1	57.0	58.7	59.3	310.8	197.2	485.8	584.7	689.7	3.0	-15.5	146.3	20.4	18.0
Free Cash Flow Per Share	\$0.15	\$0.17	\$0.11	\$0.04	\$0.13	\$0.13	\$0.13	\$0.68	\$0.47	\$1.07	\$1.28	\$1.50	2.6	-22.9	126.2	19.8	17.4
Return On Equity	19.8%	25.3%	14.5%	3.3%	8.0%	7.3%	7.3%	37.6%	31.6%	58.4%	66.5%	74.2%					
Book Value Per Share	\$0.56	\$0.73	\$0.93	\$1.47	\$1.76	\$1.78	\$1.80	\$1.82	\$1.51	\$1.83	\$1.93	\$2.02	1.1	144.7	21.3	5.2	5.1
Base DEPS	\$0.11	\$0.12	\$0.12	\$0.11	\$0.10	\$0.11	\$0.11	\$0.11	\$0.47	\$0.43	\$0.45	\$0.53					
FRE per Share	\$0.12	\$0.13	\$0.13	\$0.11	\$0.10	\$0.11	\$0.11	\$0.12	\$0.48	\$0.44	\$0.46	\$0.55					

Source: Company Reports, Citi Research

Figure 26. T Rowe Price Group Inc Summary Model

T. Rowe Price
Earnings Results and Forecasts
(\$ Millions, Except As Noted)

William R. Katz
(212) 816-5394
william.katz@citi.com

KEY FORECAST VARIABLES:	1Q11	2Q11	3Q11	4Q11	1Q12	Forecast:			2011	Forecast:				% Change				
						2Q12E	3Q12E	4Q12E		2012E	2013E	2014E	2015E	2QE/1Q	2EQ/2Q	12E/11	13E/12E	14E/13E
Investment advisory fees	588.8	611.7	578.0	570.5	623.0	644.4	654.6	672.1	2,349.0	2,594.1	2,868.4	3,148.6	3,418.6	3.4	5.3	10.4	10.6	9.8
Administrative fees	N/A	N/A	N/A	80.3	82.9	84.6	86.2	88.0	321.2	341.7	365.6	389.4	413.3	2.0	N/A	6.4	7.0	6.5
Distribution & Servicing fees	N/A	N/A	N/A	20.2	22.2	22.0	22.3	22.6	74.6	89.1	100.2	104.6	109.1	-0.8	N/A	19.4	12.5	4.4
Admin and Distribution & Servicing fees	93.1	101.4	100.8	100.5	105.1	106.6	108.5	110.6	395.8	430.8	465.8	494.0	523.1	1.4	5.1	8.8	8.1	6.1
Revenues	682.4	713.7	679.4	671.6	728.7	751.6	763.8	783.3	2,747.1	3,027.4	3,336.8	3,645.4	3,941.0	3.1	5.3	10.2	10.2	9.2
Compensation	242.9	248.8	251.6	226.5	260.7	263.1	267.3	272.2	969.8	1,063.3	1,192.9	1,348.8	1,498.8	0.9	5.7	9.6	12.2	13.1
Advertising & Promotion	25.4	20.6	19.0	25.8	25.8	21.0	21.0	26.4	90.8	94.2	104.6	114.0	124.0	-18.6	1.9	3.8	11.0	9.0
Other	27.7	28.9	29.2	86.5	84.7	86.4	88.2	90.0	313.0	349.4	371.4	394.8	418.8	2.1	199.1	11.6	6.3	6.3
Total Operating Costs	370.9	387.1	384.2	378.0	412.5	411.8	418.3	430.8	1,520.2	1,673.4	1,852.7	2,052.5	2,217.6	-0.2	6.4	10.1	10.7	10.8
Operating Income	311.5	326.6	295.2	293.6	316.2	339.8	345.4	352.6	1,226.9	1,354.0	1,484.1	1,592.9	1,722.2	7.5	4.0	10.4	9.6	7.3
Non Operating Income/(Expense)	3.9	5.6	1.3	12.9	5.1	5.0	5.0	5.0	23.7	20.1	26.2	31.6	37.2	-2.0	-10.7	-15.2	30.2	20.7
Pretax Income	315.4	332.2	296.5	306.5	321.3	344.8	350.4	357.6	1,250.6	1,374.1	1,510.3	1,624.5	1,759.4	7.3	3.8	9.9	9.9	7.6
Income Taxes	120.8	127.5	111.0	118.1	123.8	131.9	134.0	136.8	477.4	526.5	577.7	621.4	665.1	6.5	3.4	10.3	9.7	7.6
Tax Rate (%)	38.3	38.4	37.4	38.5	38.5	38.3	38.3	38.3	38.2	38.3	38.3	38.3	38.3	-0.7	-0.3	0.4	-0.2	0.0
Net Income	194.6	204.7	185.5	188.4	197.5	212.9	216.4	220.8	773.2	847.6	932.6	1,003.1	1,094.3	7.8	4.0	9.6	10.0	7.6
Average Fully Diluted Shares	268.5	266.7	260.0	258.2	261.0	262.0	262.5	263.0	263.4	262.1	264.4	266.6	268.8	0.4	-1.8	-0.5	0.9	0.9
Operating EPS (FD)	0.72	0.76	0.71	0.73	0.75	0.81	0.82	0.84	2.92	3.22	3.51	3.74	4.00	7.4	5.8	10.1	9.1	6.7
GAAP EPS (FD)	0.72	0.76	0.71	0.73	0.75	0.81	0.82	0.84	2.92	3.22	3.51	3.74	4.00	7.4	5.8	10.1	9.1	6.7
Cash EPS (FD)	0.73	0.77	0.71	0.73	0.76	0.81	0.82	0.84	2.94	3.24	3.53	3.76	4.01	7.4	5.9	10.1	9.1	6.6
Operating Income % Revenue	45.6%	45.8%	43.5%	43.7%	43.4%	45.2%	45.2%	45.0%	44.7%	44.7%	44.5%	43.7%	42.9%					
EBITDA % Revenue	48.5%	48.9%	46.2%	48.3%	46.6%	48.3%	48.3%	48.0%	48.0%	47.8%	47.6%	46.9%	46.1%					
Net Income % Revenue	28.5%	28.7%	27.3%	28.1%	27.1%	28.3%	28.3%	28.2%	28.1%	28.0%	27.9%	27.5%	26.8%					
Return on Common Equity	23.1%	24.3%	22.6%	22.5%	22.4%	23.2%	22.9%	22.8%	23.0%	22.8%	22.8%	22.5%	21.8%					
Compensation % Revenue	35.6%	34.9%	37.0%	33.7%	35.8%	35.0%	35.0%	34.8%	35.3%	35.1%	35.8%	37.0%	38.2%					
Stock/Balanced MF AUM	227,800	229,500	192,200	211,700	243,400	234,402	240,522	246,748	211,700	246,748	271,266	297,499	324,748	-3.7	2.1	16.6	9.9	9.7
Net Flows	2,900	2,200	1,200	300	2,500	2,000	2,000	2,000	6,600	8,500	7,000	7,000	6,000	-20.0	-9.1	28.8	-17.6	0.0
% of Beginning AUM	1.4	1.0	0.5	0.2	1.2	0.8	0.9	0.8	3.1	4.0	2.8	2.6	2.2					
Revenue Yield (Bps)	60.1	60.0	60.1	59.7	59.6	60.0	60.0	60.0	59.9	59.9	60.0	60.0	60.0					
Bond/Money Markets MF AUM	72,400	76,100	74,400	77,700	82,000	84,090	86,196	88,316	77,700	88,316	95,860	103,621	111,621	2.5	10.5	13.7	8.5	8.1
Net Flows	1,500	2,400	(1,400)	1,900	2,800	1,500	1,500	1,500	4,400	7,300	5,000	5,000	4,000	-46.4	-37.5	65.9	-31.5	0.0
% of Beginning AUM	2.1	3.3	(1.8)	2.6	3.6	1.8	1.8	1.7	6.3	9.4	5.7	5.2	4.5					
Revenue Yield (Bps)	41.9	41.3	40.2	39.8	41.0	41.0	41.0	41.0	40.8	41.0	45.0	45.5	45.5					
Other Portfolios AUM	209,700	215,300	186,900	200,100	229,400	224,242	230,757	237,373	200,100	237,373	262,594	290,430	316,521	-2.2	4.2	18.6	10.6	10.6
Net Flows	1,400	5,200	(2,400)	(1,100)	7,100	2,500	3,000	3,000	3,100	15,600	10,000	11,000	10,000			403.2	-35.9	10.0
% of Beginning AUM	0.7	2.5	(1.1)	(0.6)	3.5	1.1	1.3	1.3	1.6	7.8	4.2	4.2	4.2					
Revenue Yield (Bps)	37.0	36.6	35.4	35.7	36.4	36.5	36.5	36.5	36.2	36.5	36.0	35.8	35.8					
Total AUM	509,900	520,900	453,500	489,500	554,800	542,735	557,474	572,438	489,500	572,438	629,719	691,550	732,869	-2.2	4.2	16.9	10.0	9.8
Net Flows	5,800	9,800	(2,600)	1,100	12,400	6,000	6,500	6,500	14,100	31,400	22,000	23,000	19,000	-51.6	-38.8	122.7	-29.9	4.5
% of Beginning AUM	1.2	1.9	(0.5)	0.2	2.5	1.1	1.2	1.2	2.9	6.4	3.8	3.7	3.7					
Q/Q % Change	5.8%	2.2%	-12.9%	7.9%	13.3%	-2.2%	2.7%	2.7%	1.6%	16.9%	10.0%	9.8%	9.8%					
Annualized Organic Growth (Loss) Rate	4.8%	7.7%	-2.0%	1.0%	10.1%	4.3%	4.8%	4.7%	2.9%	6.4%	3.8%	3.7%	3.7%					
Revenue Yield (Bps)	47.9	47.7	46.8	46.7	47.3	47.4	47.3	47.3	47.3	47.3	47.7	47.7	47.7					
Average AUM	498,400	514,900	490,500	484,800	530,300	546,755	550,105	564,956	497,150	548,029	601,078	660,635	700,000	3.1	6.2	10.2	9.7	9.9
Miscellaneous																		
Dividend Per Share	\$0.31	\$0.31	\$0.31	\$0.31	\$0.34	\$0.34	\$0.34	\$0.34	\$1.24	\$1.36	\$1.44	\$1.52	\$1.60	0.0	9.7	9.7	5.9	5.6
EBITDA (\$mm)	331.3	349.2	314.1	324.6	339.4	363.0	368.9	375.9	1,319.2	1,447.2	1,589.1	1,709.6	1,829.6	7.0	3.9	9.7	9.8	7.6
Cash Net Income (\$mm)	204.8	215.7	197.1	200.1	209.2	224.8	228.4	232.8	817.7	895.3	984.2	1,058.8	1,138.8	7.4	4.2	9.5	9.9	7.6
Free Cash Flow (\$mm)	199.5	201.3	187.5	132.7	198.0	205.0	208.8	213.2	721.0	825.0	911.2	983.1	1,058.8	3.6	1.9	14.4	10.4	7.9
Free Cash Flow Per Share	\$0.74	\$0.75	\$0.72	\$0.51	\$0.76	\$0.78	\$0.80	\$0.81	\$2.74	\$3.15	\$3.45	\$3.69	\$3.94	3.2	3.7	15.0	9.5	7.0

Source: Company Reports, Citi Research

Figure 27. TD Ameritrade Holding Corp Summary Model

TD Ameritrade		William R. Katz																	
Earnings Results and Forecasts		(212) 816-5394																	
(\$ Millions, Except As Noted)		william.katz@citi.com																	
KEY FORECAST VARIABLES:		1Q11	2Q11	3Q11	4Q11	1Q12	2Q12	Forecast:		2011	2012E	Forecast:		% Change					
								3Q12E	4Q12E			2013E	2014E	3QE/2Q	3QE/3Q	12E/11E	13E/12E	14E/13E	
Transaction-based revenues:																			
Commissions & transaction fees		292.7	338.3	281.6	315.5	273.4	292.1	284.0	273.9	1,228.1	1,123.4	1,193.3	1,247.8	-2.8	0.9	-8.5	6.2	4.6	
Asset-based revenues:																			
Interest revenue		116.8	122.8	132.3	124.7	110.8	108.1	103.8	104.3	496.7	427.0	496.8	569.8	-4.0	-21.6	-14.0	16.4	14.7	
Brokerage interest expense		-1.3	-1.2	-1.1	-1.2	-1.4	-1.4	-1.4	-1.4	-4.8	-5.7	-5.9	-6.1	0.0	37.4	19.0	3.0	3.0	
Net interest revenue		115.5	121.6	131.3	123.5	109.3	106.7	102.3	102.9	491.8	421.2	490.9	563.7	-4.1	-22.1	-14.4	16.5	14.8	
Insured deposit account fees		178.5	187.5	196.8	199.8	205.0	209.2	200.1	204.3	762.5	818.7	825.6	868.2	-4.4	1.7	7.4	0.8	5.2	
Investment product fees		40.7	40.4	43.9	41.3	43.5	46.2	49.1	50.6	166.4	189.5	199.4	217.3	6.2	11.7	13.9	5.3	9.0	
Total asset-based revenues		334.7	349.5	372.0	364.5	357.9	362.1	351.5	357.8	1,420.8	1,429.3	1,515.9	1,649.1	-2.9	-5.5	0.6	6.1	8.8	
Other		28.8	30.4	31.2	23.5	22.1	19.0	19.0	19.0	113.8	79.1	83.8	88.9	0.2	-39.0	-30.5	6.0	6.0	
Total net revenues		656.2	718.2	684.8	703.5	653.4	673.1	654.5	650.7	2,762.7	2,631.8	2,793.0	2,985.8	-2.8	-4.4	-4.7	6.1	6.9	
Expenses excluding interest:																			
Compensation and benefits		162.4	169.7	168.6	174.2	172.8	174.2	161.1	161.0	674.9	669.2	672.0	685.0	-7.5	-4.4	-0.8	0.4	1.9	
Clearing & execution costs		23.8	25.1	22.6	28.5	20.0	24.1	23.5	22.8	100.1	90.4	96.3	101.1	-2.6	3.8	-9.6	6.5	5.0	
Communications		26.9	27.8	27.1	24.8	28.1	26.7	26.9	27.0	106.5	108.7	112.3	116.8	0.5	-0.7	2.0	3.3	4.0	
Occupancy and equipment		35.2	33.2	36.3	37.7	37.9	37.1	37.3	37.5	142.4	149.8	153.7	157.6	0.5	2.7	5.2	2.6	2.5	
Depreciation and amortization		16.1	16.6	16.9	17.1	17.0	17.7	17.7	17.7	66.8	70.1	72.2	74.3	0.0	4.6	5.0	3.0	3.0	
Amortization of acquired intangibles		24.6	24.1	24.1	24.4	23.3	23.0	23.5	23.5	97.1	93.3	93.3	93.3	2.0	-2.4	-3.9	0.0	0.0	
Professional services		40.3	40.1	42.9	46.5	45.0	44.2	43.0	45.0	169.8	177.2	179.0	182.5	-2.7	0.3	4.4	1.0	2.0	
Advertising		74.6	81.4	48.1	49.1	56.6	83.5	55.0	55.0	253.2	250.2	270.2	289.1	-34.2	14.3	-1.2	8.0	7.0	
Other		18.2	17.5	35.7	32.8	24.2	23.4	17.5	17.6	104.1	82.6	84.7	86.8	-25.1	-51.0	-20.6	2.5	2.5	
Total expenses excluding interest		422.1	435.3	422.2	435.2	424.9	454.0	405.5	407.1	1,714.8	1,691.5	1,733.6	1,786.5	-10.7	-4.0	-1.4	2.5	3.1	
Operating income before tax		234.1	282.9	262.5	268.3	228.5	219.1	249.0	243.7	1,047.8	940.3	1,059.5	1,199.2	13.6	-5.1	-10.3	12.7	13.2	
Interest on borrowings		10.8	7.5	6.9	6.8	7.1	7.3	7.3	7.3	32.0	28.9	28.9	28.9	0.0	5.2	-9.7	0.0	0.0	
Adjusted operating income before tax		223.3	275.4	254.2	263.6	221.4	211.8	241.8	236.4	1,016.5	911.5	1,030.6	1,170.3	14.1	-4.9	-10.3	13.1	13.6	
Income taxes		78.2	103.8	96.8	99.9	69.5	75.2	91.9	89.8	378.7	326.4	391.6	444.7	22.2	-5.1	-13.8	20.0	13.6	
Effective Tax Rate		33%	37%	37%	37%	30%	34%	38%	38%	37%	36%	38%	38%	10.8	3.1	-3.9	6.1	0.0	
Income from continuing operations		145.0	171.7	157.4	163.7	151.9	136.7	149.9	146.6	637.8	585.1	638.9	725.6	9.6	-4.8	-8.3	9.2	13.6	
Net income		145.0	171.7	157.4	163.7	151.9	136.7	149.9	146.6	637.8	585.1	638.9	725.6	9.6	-4.8	-8.3	9.2	13.6	
Reported EPS (FD)		\$0.25	\$0.30	\$0.27	\$0.29	\$0.27	\$0.25	\$0.27	\$0.27	\$1.11	\$1.06	\$1.17	\$1.34	10.4	-0.2	-4.1	10.4	14.7	
Operating EPS (FD)		\$0.25	\$0.30	\$0.29	\$0.29	\$0.26	\$0.25	\$0.27	\$0.27	\$1.11	\$1.06	\$1.17	\$1.34	10.4	-6.1	-4.1	10.4	14.7	
Cash EPS (FD)		\$0.29	\$0.34	\$0.31	\$0.33	\$0.32	\$0.29	\$0.32	\$0.31	\$1.27	\$1.23	\$1.34	\$1.52	9.3	0.1	-3.5	9.1	12.9	
Calendarized Operating EPS (FD)										\$1.14	\$1.08	\$1.21	N/A						
Diluted Shares		581.2	579.5	576.8	568.4	555.3	554.4	550.4	546.4	576.5	551.6	545.6	540.4						
Operating Margin		35.7%	39.4%	40.5%	40.3%	35.0%	32.6%	38.0%	37.4%	39.0%	35.7%	37.9%	40.2%	16.9	-6.1	-8.4	6.2	5.9	
Calendarized Operating Margin										37.8%	36.5%	38.5%							
Compensation % Revenue		24.7%	23.6%	24.6%	24.8%	26.4%	25.9%	24.6%	24.7%	24.4%	25.4%	24.1%	22.9%	-4.9	0.0	4.1	-5.4	-4.6	
EBITDA margin		41.9%	45.1%	44.1%	44.3%	41.1%	38.6%	44.3%	43.8%	43.9%	41.9%	43.9%	45.8%	14.9	0.5	-4.4	4.6	4.4	
EBITDA (\$M)		274.8	323.6	302.1	311.9	268.8	259.9	290.2	284.9	1,212.4	1,103.8	1,225.0	1,366.9	11.7	-3.9	-9.0	11.0	11.6	
Free Cash Flows (\$M)		155.5	173.1	157.9	162.2	163.9	142.4	156.1	152.8	648.7	615.2	659.5	748.3	9.6	-1.2	-5.2	7.2	13.5	
Dividend per share		\$0.05	\$0.05	\$0.05	\$0.05	\$0.06	\$0.06	\$0.06	\$0.09	\$0.20	\$0.27	\$0.38	\$0.46	N/A	N/A	35.0	40.7	21.1	
DARTs		371.9	439.2	369.7	415.7	367.5	388.0	371.0	359.4	399.0	371.5	393.8	413.4	-4.4	0.4	-6.9	6.0	5.0	
Avg Commission Per Trade		\$12.39	\$12.42	\$12.08	\$11.85	\$11.90	\$12.15	\$12.15	\$12.10	\$12.19	\$12.08	\$12.05	\$12.00	0.0	0.6	-0.9	-0.2	-0.4	
Client assets (\$B) (beginning of period)		354.8	386.4	412.3	413.7	378.7	406.3	452.4	439.6	354.8	378.7	455.9	523.3	11.3	9.7	6.7	20.4	14.8	
Net new assets		9.7	11.5	7.9	12.4	10.2	10.8	8.5	10.0	41.5	39.5	41.0	41.9	-21.2	7.7	-4.8	3.8	2.0	
Market movements/Other		21.9	14.4	-6.5	-47.4	17.4	35.3	-21.3	6.3	-17.6	37.7	26.4	30.4	-160.4	228.1	-314.0	-29.8	14.8	
Client assets (\$B) (end of period)		386.4	412.3	413.7	378.7	406.3	452.4	439.6	455.9	378.7	455.9	523.3	595.6	-2.8	6.3	20.4	14.8	13.8	
Sequential change		8.9%	6.7%	0.3%	-8.5%	7.3%	11.3%	-2.8%	3.7%	6.7%	20.4%	14.8%	13.8%	-125.0	-934.4	202.5	-27.4	-6.8	
Annualized Organic Growth		10.9%	11.9%	7.7%	12.0%	10.8%	10.6%	7.5%	9.1%	11.7%	10.4%	9.0%	8.0%	-29.3	-1.9	-10.8	-13.8	-11.1	
Average Spread-Based Balances (\$B)																			
Avg. Interest Earning Assets		13	13.6	14.0	13.3	13.6	15.5	15.3	15.1	13.5	14.9	16.8	18.2	-1.5	9.1	10.0	13.0	8.6	
Avg. Insured Deposit Account Balances		44.7	46.8	48.6	54.0	58.8	58.4	58.5	59.8	48.5	58.9	64.6	69.8	0.1	20.3	21.4	9.7	8.0	
Total Average Spread-Based Balances (\$B)		57.7	60.4	62.6	67.3	72.4	73.9	73.7	74.9	62.0	73.7	81.4	88.0	-0.2	17.8	18.9	10.4	8.1	
Avg. annualized yield - interest earning assets (ex. Cc		3.48%	3.56%	3.70%	3.62%	3.13%	2.73%	2.69%	2.72%	3.59%	2.83%	2.92%	3.09%	-1.4	-27.2	-21.1	3.0	5.7	
Avg. annualized yield - IDA fees		1.56%	1.60%	1.60%	1.45%	1.37%	1.42%	1.38%	1.36%	1.55%	1.39%	1.28%	1.24%	-3.1	-14.0	-10.3	-8.1	-2.6	
Net interest margin		1.99%	2.04%	2.07%	1.88%	1.70%	1.69%	1.65%	1.63%	1.99%	1.68%	1.62%	1.63%	-2.4	-20.4	-15.5	-3.9	0.6	

Source: Company reports, Citi Research

Figure 28. The Charles Schwab Corporation Summary Model

Charles Schwab Corporation		William R. Katz (212) 816-5394 william.katz@citi.com																	
Earnings Results and Forecasts (\$ Millions, Except As Noted)																			
KEY FORECAST VARIABLES:		1Q11	2Q11	3Q11	4Q11	1Q12	Forecast:			2010	2011	Forecast:			% Change				
Net Revenues:							2Q12E	3Q12E	4Q12E			2012E	2013E	2014E	2QE/1Q	2QE/2Q	12E/11	13E/12E	14E/13E
Asset management and administration fees		502.0	502.0	466.0	458.0	484.0	489.9	510.2	524.1	1,822.0	1,928.0	2,008.2	2,282.6	2,737.0	1.2	-2.4	4.2	13.7	19.9
Interest revenue		481.0	496.0	487.0	436.0	472.0	450.1	439.3	424.7	1,723.0	1,900.0	1,786.1	1,764.9	1,989.3	-4.6	-9.3	-6.0	-1.2	12.7
Interest expense		-45.0	-45.0	-44.0	-40.0	-38.0	-41.1	-43.0	-43.7	-217.0	-175.0	-165.8	-185.7	-209.5	8.2	-8.6	-5.2	12.0	12.8
Net interest revenue		436.0	451.0	443.0	396.0	434.0	409.0	396.3	381.0	1,506.0	1,725.0	1,620.3	1,579.2	1,779.8	-5.8	-9.3	-6.1	-2.5	12.7
Trading revenue		241.0	205.0	248.0	233.0	243.0	225.8	224.7	253.2	830.0	927.0	946.7	1,016.4	1,062.7	-7.1	10.1	2.1	7.4	4.6
Other		39.0	35.0	45.0	41.0	46.0	46.0	46.0	46.0	90.0	160.0	184.0	185.8	190.5	0.0	31.4	15.0	1.0	2.5
Provision for loan losses		-4.0	-1.0	-8.0	-5.0	0.0	-2.0	-2.0	-2.0	0.0	-18.0	-6.0	-10.0	-10.0	N/A	N/A	N/A	-66.7	66.7
Net impairment losses on securities		-7.0	-2.0	-13.0	-9.0	-18.0	-5.0	-5.0	-5.0	0.0	-31.0	-33.0	-15.0	-15.0	-72.2	N/A	N/A	N/A	N/A
Total net revenues		1,207.0	1,190.0	1,181.0	1,113.0	1,189.0	1,163.6	1,170.3	1,197.3	4,248.0	4,691.0	4,720.2	5,039.0	5,745.0	-2.1	-2.2	0.6	6.8	14.0
Memo: fee waivers		-112.0	-128.0	-160.0	-168.0	-163.0	-157.4	-151.4	-152.9	-433.0	-568.0	-624.7	-601.7	-304.4	-3.4	23.0	10.0	-3.7	-49.4
Expenses excluding interest:																			
Compensation and benefits		437.0	430.0	419.0	433.0	465.0	451.2	452.4	454.4	1,573.0	1,719.0	1,823.0	1,951.3	2,062.2	-3.0	4.9	6.1	7.0	5.7
Professional service		92.0	92.0	97.0	97.0	96.0	96.5	98.3	102.3	341.0	378.0	393.1	402.9	419.0	0.5	4.9	4.0	2.5	4.0
Occupancy and equipment		71.0	73.0	78.0	79.0	76.0	76.0	76.4	76.8	272.0	301.0	305.1	312.8	325.3	0.0	4.1	1.4	2.5	4.0
Advertising and market development		60.0	51.0	48.0	69.0	67.0	52.0	50.0	65.0	196.0	228.0	234.0	238.7	243.5	-22.4	2.0	2.6	2.0	2.0
Communications		56.0	54.0	56.0	54.0	58.0	58.0	58.3	58.6	207.0	220.0	232.9	244.5	254.3	0.0	7.4	5.9	5.0	4.0
Depreciation and amortization		35.0	33.0	39.0	48.0	48.0	48.0	48.0	48.0	146.0	155.0	192.0	195.8	199.8	0.0	45.5	23.9	2.0	2.0
Other		62.0	64.0	71.0	70.0	66.0	66.3	66.7	67.0	261.0	267.0	266.0	271.3	278.1	0.5	3.6	-0.4	2.0	2.5
Total expenses excluding interest		813.0	804.0	821.0	861.0	876.0	785.0	857.0	880.1	3,469.0	3,299.0	3,398.1	3,617.3	3,782.0	-10.4	-2.4	3.0	6.5	4.6
Operating income before tax		394.0	386.0	360.0	252.0	313.0	378.6	313.3	317.2	779.0	1,392.0	1,322.1	1,421.7	1,963.0	21.0	-1.9	-5.0	7.5	38.1
Income taxes		151.0	148.0	140.0	89.0	118.0	143.5	118.7	120.2	325.3	528.0	500.4	538.8	744.0	21.6	-3.0	-5.2	7.7	38.1
Effective Tax Rate		38.3%	38.3%	38.9%	35.3%	37.7%	37.9%	37.9%	37.9%	41.8%	37.9%	37.9%	37.9%	37.9%	0.5	-1.2	-0.2	0.1	0.0
Income from continuing operations		243.0	238.0	220.0	163.0	195.0	235.1	194.6	197.0	453.7	864.0	821.6	882.8	1,219.0	20.6	-1.2	-4.9	7.4	38.1
Extraordinary item, net of tax		0.0	4.0	10.0	7.1	0.0	0.0	4.3	5.0	127.4	21.1	9.3	0.0	0.0					
Recurring Net Income		243.0	242.0	230.0	170.1	195.0	235.1	198.9	201.9	581.1	885.1	831.0	882.8	1,219.0	20.6	-2.8	-6.1	6.2	38.1
(Loss) income from discontinued operations, net		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0					
GAAP Net income (loss)		243.0	238.0	220.0	163.0	195.0	235.1	194.6	197.0	453.7	864.0	821.6	882.8	1,219.0	20.6	-1.2	-4.9	7.4	38.1
Preferred share dividends (Q1 and Q3 for series A)		0.0	0.0	0.0	0.0	0.0	14.0	6.4	20.4	0.0	0.0	40.8	53.5	53.5				31.3	0.0
Net income available to common		243.0	238.0	220.0	163.0	195.0	221.1	188.2	176.6	453.7	864.0	780.9	829.3	1,165.5	13.4	-7.1	-9.6	6.2	40.5
Operating EPS		0.20	0.20	0.19	0.13	0.15	0.17	0.15	0.14	0.49	0.72	0.62	0.66	0.94	13.4	-13.2	-13.8	6.3	42.8
GAAP (Diluted) EPS		0.20	0.20	0.18	0.13	0.15	0.17	0.15	0.14	0.38	0.70	0.61	0.66	0.94	13.4	-11.7	-12.8	7.5	42.8
Total shares outstanding		1,205.7	1,208.9	1,269.5	1,271.2	1,271.7	1,271.7	1,272.2	1,272.7	1,185.6	1,271.2	1,272.7	1,256.8	1,236.5	0.0	5.2	0.1	-1.2	-1.6
Total shares outstanding (diluted)		1,209.7	1,211.9	1,270.5	1,271.6	1,271.7	1,271.7	1,272.2	1,272.7	1,157.6	1,271.6	1,272.7	1,256.8	1,236.5	0.0	4.9	0.1	-1.2	-1.6
Margins																			
EBITDA margin		35.5%	35.5%	34.6%	27.6%	30.4%	36.7%	31.2%	30.9%	21.8%	33.4%	32.3%	32.1%	37.6%	20.7	3.1	-3.5	-0.5	17.3
Operating margin		32.6%	33.0%	31.6%	23.6%	26.3%	27.1%	27.4%	27.2%	29.5%	30.3%	27.0%	28.2%	34.2%	3.0	-17.9	-11.0	4.5	21.1
Compensation and benefits % revenue		36.2%	36.1%	35.5%	38.9%	39.1%	38.8%	38.7%	38.0%	37.0%	36.6%	38.6%	38.7%	35.9%	-0.9	7.3	5.4	0.3	-7.3
Statistics																			
EBITDA (\$M)		429.0	423.0	409.0	307.1	361.0	426.6	365.6	370.2	925.0	1,568.1	1,523.4	1,617.5	2,162.8	18.2	0.9	-2.9	6.2	33.7
Free Cash Flows (\$M)		241.0	231.0	215.0	163.1	201.0	233.1	196.9	199.9	598.1	850.1	831.0	877.1	1,207.1	16.0	0.9	-2.3	5.6	37.6
Dividend per share		\$0.06	\$0.06	\$0.06	\$0.06	\$0.06	\$0.06	\$0.06	\$0.06	\$0.24	\$0.24	\$0.24	\$0.26	\$0.26	0.0	0.0	0.0	8.3	0.0
Return on Equity		15.3%	14.4%	12.2%	8.5%	9.7%	11.0%	8.8%	8.7%	8.0%	12.4%	9.8%	9.4%	12.0%	13.0	-23.7	-21.2	-3.9	27.7
Account Metrics																			
Client Assets		1,646.9	1,655.5	1,576.4	1,677.7	1,833.5	1,796.9	1,843.3	1,895.2	1,574.5	1,677.7	1,895.2	2,107.8	2,343.3	-2.0	8.5	13.0	11.2	11.2
Net New Assets		23.0	15.4	86.0	21.5	38.9	19.0	22.7	27.9	26.6	26.3	108.5	113.7	126.5	-51.2	23.3	312.4	4.9	11.2
Organic Growth Rate		5.8%	3.7%	20.8%	5.5%	9.3%	4.1%	5.0%	6.1%	1.9%	1.7%	6.5%	6.0%	6.0%	-55.3	10.7	287.0	-7.2	0.0
Trading Metrics																			
Revenue Trades (DARTs; in thousands)		319.9	264.9	323.1	307.4	318.4	290.2	288.8	322.8	270.9	303.8	305.1	329.9	344.9	-8.9	9.6	0.4	8.1	4.6
Asset-Based Trades		48.8	43.6	50.6	45.9	53.7	45.0	45.0	45.0	42.0	47.2	47.2	45.0	45.0	-16.2	3.2	-0.1	-4.6	0.0
Other Trades (One Source & ETFs)		103.8	88.6	101.7	106.3	104.1	97.9	97.3	114.0	87.3	100.1	103.3	110.2	117.3	-5.9	10.5	3.2	6.7	6.4
Total		472.5	397.1	475.4	459.6	476.2	433.2	431.1	481.9	400.1	451.2	455.6	485.1	507.3	-9.0	9.1	1.0	6.5	4.6
% DARTS		68%	67%	68%	67%	67%	67%	67%	67%	68%	67%	67%	68%	68%	0.2	0.4	-0.6	1.5	0.0
Average Revenue per share		\$12.12	\$12.23	\$12.04	\$12.21	\$12.35	\$12.35	\$12.35	\$12.35	\$12.29	\$12.15	\$12.35	\$12.25	\$12.25	0.0	1.0	1.6	-0.8	0.0
Average # Trades / Active Account (Ann12d)		12.3	10.5	12.5	11.5	11.7	10.7	10.6	11.8	10.8	11.6	11.2	11.5	11.5	-8.5	2.1	-3.5	2.5	0.0
Net Interest Revenue																			
Net Interest Revenue		436.0	451.0	443.0	395.0	434.0	409.0	396.3	381.0	1,503.0	1,725.0	1,620.3	1,579.2	1,779.8	-5.8	-9.3	-6.1	-2.5	12.7
Net Interest Margin		1.96%	1.97%	1.82%	1.57%	1.67%	1.53%	1.45%	1.38%	1.93%	1.81%	1.51%	1.40%	1.51%	-8.5	-22.4	-16.8	-7.0	7.6
Avg Interest Earning Assets (\$M)		90,130	91,891	96,782	100,064	104,641	107,640	108,463	109,640	78,900	94,717	107,648	112,832	118,207	2.9	17.1	13.7	4.8	4.8
Capital Ratios																			
CSC - Tier 1 Core Capital		7.7%	7.7%	7.6%	7.5%	8.7%	7.6%	8.9%	9.0%	7.6%	8.6%	9.0%	9.3%	9.6%	N/A	N/A	4.0	3.8	3.8

Source: Company Reports, Citi Research

Figure 29. The Carlyle Group Summary Model

The Carlyle Group					William R. Katz													
Earnings Results and Forecasts					(212) 816-5394													
(\$ Millions, Except As Noted)					william.katz@citi.com													
KEY FORECAST VARIABLES:	1Q11	2Q11	3Q11	4Q11	1Q12	Forecast:			2011	Forecast:			% Change					
						2Q12E	3Q12E	4Q12E		2012E	2013E	2014E	2Q12E/1Q	2Q12E/2Q	12E/11	13E/12E	14E/13E	
Revenues																		
Fund Management fees	200.6	214.9	234.4	220.6	225.4	228.5	230.7	231.2	870.5	915.9	1,003.4	1,124.8	1,214.8	1.4	6.3	5.2	9.6	12.1
Portfolio advisory fees	12.3	12.0	7.5	5.7	8.0	8.9	8.9	9.9	37.5	35.6	22.5	20.5	20.5	10.9	-26.0	-5.0	-36.8	-8.9
Transaction fees, net	18.8	4.1	5.4	9.9	2.7	7.9	7.4	7.4	38.2	25.3	17.5	14.5	14.5	191.7	92.1	-33.7	-30.9	-17.1
total fund level fees	231.7	231.0	247.3	236.2	236.1	245.3	247.0	248.5	946.2	976.9	1,043.4	1,159.8	1,159.8	3.9	6.2	3.2	6.8	11.2
Performance Fees																		
Realized	401.7	97.6	387.4	414.6	281.8	290.0	183.7	305.6	1,301.3	1,061.2	1,420.7	1,609.9	1,609.9	2.9	197.2	-18.5	33.9	13.3
Unrealized	459.2	243.8	894.7	-3.4	349.7	-703.4	71.0	46.1	-195.1	-236.7	175.4	408.9	408.9	-301.1	-388.5	21.3	-174.1	133.1
total	860.9	341.4	-507.3	411.2	631.5	-413.4	254.7	351.6	1,106.2	824.5	1,596.2	2,018.8	2,018.8	-165.5	-221.1	-25.5	93.6	26.5
Investment income (loss)																		
Realized	29.8	5.6	13.0	17.2	2.1	1.5	1.7	1.8	65.6	7.1	-1.2	-4.0	-4.0	-27.4	-72.8	-89.1	-117.1	227.2
Unrealized	23.2	9.8	-17.6	0.4	21.2	1.5	1.7	1.8	15.8	26.2	-1.2	-4.0	-4.0	-92.8	-84.5	66.1	-104.7	227.2
total	53.0	15.4	-4.6	17.6	23.3	3.0	3.4	3.7	81.4	33.4	-2.4	-8.0	-8.0	-86.9	-80.2	-59.0	-107.3	227.2
Interest and other income	5.9	7.6	1.4	0.6	2.6	1.9	1.9	1.9	15.5	8.2	7.4	8.5	8.5	-28.8	-75.7	-47.4	-9.2	14.9
Total Revenue	1,151.5	595.4	-263.2	665.6	893.5	-163.2	506.9	605.6	2,149.3	1,842.9	2,644.5	3,179.1	3,179.1					
Expense																		
Direct base compensation	98.8	97.4	107.2	101.0	101.2	108.0	108.9	111.3	404.4	429.4	460.8	475.9	475.9	6.8	10.9	6.2	7.3	3.3
Performance fee related																		
Realized	187.8	44.6	193.2	198.2	139.1	120.1	81.2	122.9	623.8	463.3	618.6	707.4	707.4	-13.6	169.3	-25.7	33.5	14.3
Unrealized	232.9	106.1	-477.2	-9.8	157.6	-310.2	29.5	19.6	-148.0	-103.5	72.2	185.1	185.1	-296.8	-392.4	-30.1	-169.8	156.4
Total direct comp & benefits	519.5	248.1	-176.8	289.4	397.9	-82.0	219.6	253.8	890.2	789.3	1,151.6	1,368.4	1,368.4	-120.6	-133.1	-10.3	45.9	18.8
General & administrative	82.1	95.7	89.8	109.2	93.7	96.6	97.6	97.1	376.8	384.9	412.1	431.5	431.5	3.1	0.9	2.2	7.1	4.7
Interest expense	16.5	14.8	15.1	12.8	9.8	7.7	4.4	4.4	59.2	26.2	17.5	17.5	17.5	-21.9	-48.3	-55.7	-33.2	0.0
Total expense	618.1	358.6	-71.9	411.4	492.7	22.2	321.5	355.2	1,316.2	1,191.7	1,581.2	1,817.4	1,817.4	-95.5	-93.8	-9.5	32.7	14.9
P/T Economic Net Income	533.4	236.8	-191.3	254.2	400.8	-185.4	185.4	250.4	833.1	651.2	1,063.3	1,361.6	1,361.6	-146.3	-178.3	-21.8	63.3	28.1
tax rate	0.0	0.0	0.0	0.0	0.2	0.1	0.1	0.1	0.0%	13.6%	11.5%	15.5%	15.5%					
Total tax	0.0	0.0	0.0	0.0	63.5	-18.5	18.5	25.0	0.0	88.5	122.3	211.1	211.1					72.6
A/T Economic Net Income	N/A	N/A	N/A	254.2	337.3	-166.8	166.8	225.4	833.1	562.7	941.1	1,150.6	1,150.6					67.3
A/T ENI per unit				0.83	1.10	-0.54	0.54	0.73	2.74	1.83	3.05	3.70	3.70					
P/T Fee Related Earnings	40.2	30.7	36.6	13.8	34.0	34.9	38.0	37.6	121.3	144.5	160.4	243.3	243.3	2.5	13.6	19.1	11.0	51.7
A/T Fee Related Earnings	N/A	N/A	N/A	N/A	24.5	25.1	27.4	27.1	121.3	104.0	115.5	175.2	175.2	2.5	N/A	-14.2	11.0	51.7
Net Performance Fees	440.2	190.7	-223.3	222.8	334.8	-223.3	144.0	209.1	630.4	464.6	905.3	1,126.3	1,126.3	-166.7	-217.1	-26.3	94.9	24.4
Investment Income	53.0	15.4	-4.6	17.6	23.3	3.0	3.4	3.7	81.4	33.4	-2.4	-8.0	-8.0	-86.9	-80.2	-59.0	-107.3	227.2
P/T Distributable earnings	283.9	89.3	243.8	247.4	189.1	206.3	142.2	222.2	864.4	749.5	961.4	1,141.9	1,141.9	9.1	131.0	-13.3	28.3	18.8
A/T Distributable earnings (public holders)	N/A	N/A	N/A	N/A	17.4	27.3	18.1	29.3	N/A	92.1	125.6	145.9	145.9	56.7	N/A	N/A	36.4	16.2
Distributable earnings per unit					0.57	0.63	0.42	0.68		2.30	2.91	3.38	3.38					
Distribution per unit					N/A	\$0.10	\$0.16	\$0.87		\$1.13	\$2.18	\$2.53	\$2.53					
Margins																		
Employee comp % Mgmt fees		45.3%	45.7%	45.8%	44.9%	47.3%	47.2%	48.1%	46.5%	46.9%	45.9%	42.3%	42.3%					
Performance fee comp % PF		44.1%	56.0%	45.8%	47.0%	46.0%	43.5%	40.5%	43.0%	43.6%	43.3%	44.2%	44.2%					
P/T FRE margin		13.3%	14.8%	5.8%	14.4%	14.2%	15.4%	15.1%	12.8%	14.8%	15.4%	21.0%	21.0%					
A/T FRE margin		N/A	N/A	N/A	10.4%	10.2%	11.1%	10.9%	12.8%	10.7%	11.1%	15.1%	15.1%					
P/T ENI margin		39.8%	72.7%	38.2%	44.9%	113.6%	36.6%	41.3%	38.8%	35.3%	40.2%	42.8%	42.8%					
A/T ENI margin		N/A	N/A	N/A	37.8%	102.2%	32.9%	37.2%	N/A	30.5%	35.6%	36.2%	36.2%					
AUM																		
Corporate Private Equity	N/A	55,848	51,044	51,065	53,264	51,002	55,581	58,197	51,065	58,197	67,970	74,078	74,078					
Real Assets	N/A	31,628	30,373	30,672	32,242	32,087	31,760	31,181	30,672	31,181	27,170	30,496	30,496					
Global Mkt Strategies	N/A	20,503	23,049	24,513	28,292	29,260	29,599	29,945	24,513	29,945	27,306	29,275	29,275					
FoF Solutions	N/A	N/A	44,194	40,719	45,424	45,924	46,851	47,803	40,719	47,803	51,149	49,972	49,972					
total		107,979	148,660	146,969	159,222	158,273	163,791	167,127	146,969	167,127	173,595	183,821	183,821					
EPAUM																		
Corporate Private Equity	N/A	39,403	38,674	37,996	37,833	37,383	36,833	36,183	37,996	36,183	50,153	53,163	53,163					
Real Assets	N/A	22,591	22,352	22,172	22,848	22,758	22,543	22,203	22,172	22,203	19,793	21,498	21,498					
Global Mkt Strategies	N/A	18,419	21,424	23,186	28,803	27,758	28,569	29,389	23,186	29,389	31,697	36,396	36,396					
FoF Solutions	N/A	N/A	30,177	27,671	29,514	30,014	30,834	31,673	27,671	31,673	34,420	32,487	32,487					
total		80,413	112,627	111,025	116,998	117,913	118,780	119,448	111,025	119,448	136,063	143,544	143,544					
Beg AUM	107,512	N/A	107,979	148,660	146,969	159,222	158,273	163,791	107,512	146,969	167,127	173,595	173,595					
Acquisitions	N/A	0	47,009	1,217	2,903	0	0	0	48,226	2,903	0	0	0					
Commitments	N/A	3,336	1,172	897	3,773	4,550	6,300	4,300	5,405	18,923	14,000	17,800	17,800					
Capital called, net	N/A	-290	-302	-193	157	0	0	0	-785	157	0	0	0					
Distributions	N/A	-11,425	-2,297	-5,091	-3,676	-2,450	-3,700	-3,950	-18,813	-13,776	-22,400	-23,800	-23,800					
Net Flows (subscriptions-redemptions)	N/A	0	512	826	710	275	275	275	1,338	1,535	900	1,000	1,000					
Changes in CLO collateral	N/A	-424	-527	-165	244	0	0	0	-1,116	244	0	0	0					
Market impact	N/A	7,717	-3,188	3,173	6,570	-3,324	2,643	2,710	7,702	8,600	13,968	15,227	15,227					
Foreign exchange	N/A	1,553	-1,698	-2,355	1,572	0	0	0	-2,500	1,572	0	0	0					
Total AUM	N/A	107,979	148,660	146,969	159,222	158,273	163,791	167,127	146,969	167,127	173,595	183,821	183,821					
Net capital raised		3,336	1,684	1,723	4,483	4,825	6,575	4,575	6,743	20,458	14,900	18,800	18,800					

Source: Company Reports, Citi Research

Figure 30. Waddell & Reed Financial, Inc Summary Model

Waddell & Reed		William R. Katz															
Earnings Results and Forecasts		(212) 816-5394															
(\$ Millions, Except As Noted)		william.katz@citi.com															
KEY FORECAST VARIABLES:	1Q11	2Q11	3Q11	4Q11	1Q12	Forecast:			2011	Forecast:			% Change				
						2Q12E	3Q12E	4Q12E		2012E	2013E	2014E	2QE/1Q	2QE/2Q	12E/11	13E/12E	14E/13E
Investment advisory fees	131.6	139.0	133.5	126.5	134.9	135.9	136.1	139.2	530.6	546.0	582.0	629.1	0.7	-2.2	2.9	6.6	8.1
Underwriting & Distribution fees	132.8	137.4	131.0	131.6	137.5	137.4	137.3	140.4	532.7	552.5	594.2	642.5	-0.1	0.0	3.7	7.5	8.1
Shareholder services fees	32.2	33.6	33.3	32.9	34.2	34.6	34.4	35.2	131.9	138.5	148.2	160.0	1.1	3.0	5.0	7.0	8.0
Total Revenue	296.6	309.9	297.7	290.9	306.6	307.9	307.8	314.8	1,195.2	1,237.0	1,324.3	1,431.6	0.4	-0.7	3.5	7.1	8.1
Underwriting & Distribution	152.0	157.2	151.9	154.9	159.5	162.9	161.1	163.2	616.0	646.7	690.5	732.9	2.1	3.6	5.0	6.8	6.1
Depreciation	3.6	3.8	4.0	3.8	3.5	3.5	3.5	3.6	15.2	14.1	14.5	14.8	1.0	-8.7	-7.5	2.5	2.5
Compensation & Related Costs	40.5	42.1	37.1	41.8	45.4	43.1	43.9	44.1	161.4	176.4	188.7	204.0	-5.1	2.4	9.3	7.0	8.1
Other	25.7	27.8	29.8	27.1	25.6	27.2	26.5	26.6	110.4	105.8	110.6	116.6	6.1	-2.3	-4.2	4.5	5.5
Total Operating Costs	221.8	231.0	222.8	227.6	233.9	236.7	235.0	237.5	903.1	943.0	1,004.2	1,068.3	1.2	2.5	4.4	6.5	6.4
Operating Income	74.8	79.0	75.0	63.3	72.7	71.2	72.8	77.3	292.1	294.0	320.1	363.2	-2.0	-9.8	0.6	8.9	13.5
Non Operating Income/(Expense)	-1.9	-0.4	-7.2	0.1	1.2	-2.3	-1.6	-1.5	-9.4	-4.2	-1.5	-1.4	-287.6	502.0	-55.5	-64.7	-5.2
Pretax Income	72.9	78.6	67.8	63.5	73.9	68.9	71.2	75.8	282.7	289.8	318.6	361.8	-6.8	-12.3	2.5	9.9	13.6
Income Taxes	27.3	28.6	28.0	23.4	26.5	25.8	26.7	28.4	107.3	107.5	119.5	135.7	-2.6	-9.7	0.2	11.2	13.6
Tax Rate (%)	37.4	36.4	41.2	36.9	35.9	37.5	37.5	37.5	37.9	37.1	37.5	37.5	4.5	3.0	-2.3	1.1	0.0
Net Income	45.6	50.0	39.8	40.0	47.4	43.1	44.5	47.4	175.5	182.3	199.1	226.2	-9.1	-13.8	3.9	9.2	13.6
Average Fully Diluted Shares	85.7	86.3	85.8	85.3	85.6	86.0	85.8	85.6	85.8	85.7	85.7	85.7	0.4	-0.4	-0.1	0.0	0.0
Operating EPS (FD)	0.53	0.59	0.48	0.47	0.55	0.50	0.52	0.55	2.06	2.13	2.32	2.64	-9.5	-14.4	3.1	9.2	13.6
GAAP EPS (FD)	0.53	0.58	0.46	0.47	0.55	0.50	0.52	0.55	2.05	2.13	2.32	2.64	-9.5	-13.5	4.0	9.2	13.6
Margins (%)																	
Operating Income	25.2%	25.5%	26.4%	21.8%	23.7%	23.1%	23.7%	24.6%	24.7%	23.8%	24.2%	25.4%					
EBITDA	26.8%	27.8%	25.5%	24.2%	26.2%	24.4%	25.1%	26.0%	26.1%	25.4%	25.9%	27.0%					
Net Income	15.4%	16.3%	13.7%	13.8%	15.5%	14.0%	14.5%	15.0%	14.8%	14.7%	15.0%	15.8%					
Return on Common Equity	38.3%	39.9%	31.5%	30.6%	34.7%	30.2%	30.7%	31.9%	35.0%	31.8%	31.9%	33.0%					
Compensation/Revenue	13.6%	13.6%	12.4%	14.4%	14.8%	14.0%	14.3%	14.0%	13.5%	14.3%	14.3%	14.3%					
AUM & Net Flows (\$ Mn)																	
Equity AUM	77,241	78,334	63,378	67,564	76,421	70,825	71,812	72,892	67,564	72,892	77,063	82,561	-7.3	-9.6	7.9	5.7	7.1
Equity Net Flows	1,595	1,042	461	-1,400	-187	-950	-250	-175	1,698	-1,562	-900	100	408.0	-191.2	-192.0	-42.4	-111.1
Equity Flows % Beg AUM	2.2	1.3	0.6	-2.2	-0.3	-1.2	-0.4	-0.2	2.4	-2.3	-1.2	0.1					
Fixed Income AUM	11,394	11,968	12,468	14,002	15,860	17,230	18,332	19,671	14,002	19,672	23,110	26,687	8.6	44.0	40.5	17.5	15.5
Fixed Income Net Flows	446	393	567	1,190	1,385	1,060	925	1,150	2,596	4,520	2,600	2,600	-23.5	169.7	74.1	-42.5	0.0
Fixed Income Flows % Beg AUM	4.1	3.4	4.7	9.5	9.9	6.7	5.4	6.3	24.0	32.3	13.2	11.3					
Waddell & Reed Advisor	34,922	34,843	29,760	31,709	35,073	33,910	34,438	34,948	31,710	34,948	36,959	39,080	-3.3	-2.7	10.2	5.8	5.7
W&R Advisors Net Flows	12	-103	-216	-202	91	-50	25	0	-509	66	-50	-50					
W&R Advisors Flows % Beg AUM	0.0	-0.3	-0.6	-0.7	0.3	-0.1	0.1	0.0	-1.5	0.2	-0.1	-0.1					
Wholesale	44,742	46,558	38,138	40,954	46,738	44,533	45,754	47,317	40,954	47,317	51,571	56,829	-4.7	-4.3	15.5	9.0	10.2
Wholesale Net Flows	1,619	1,700	521	20	883	450	500	825	3,860	2,658	1,225	1,975	-49.0	-73.5	-31.1	-53.9	61.2
Wholesale Flows % Beg AUM	4.0	3.8	1.1	0.1	2.2	1.0	1.1	1.8	9.4	6.5	2.6	3.8					
Institutional	10,407	10,346	9,558	10,494	11,981	11,123	11,463	11,809	10,494	11,809	13,129	14,800	-7.2	7.5	12.5	11.2	12.7
Institutional Net Flows	246	-153	888	-47	145	-290	150	150	934	155	500	750	-300.0	89.5	-83.4	222.6	50.0
Institutional Flows % Beg AUM	2.6	-1.5	8.6	-0.5	1.4	-2.4	1.3	1.3	9.7	1.5	4.2	5.7					
Total AUM	90,071	91,747	77,456	83,157	93,792	89,566	91,655	94,074	83,158	94,075	101,660	110,709	-4.5	-2.4	13.1	8.1	8.9
Average AUM	86,737	90,739	87,434	83,550	90,090	91,269	90,610	92,865	87,115	91,209	97,867	106,184	1.3	0.6	4.7	7.3	8.5
Total Net Flows	1,877	1,444	1,193	-229	1,119	110	675	975	4,285	2,879	1,675	2,675	-90.2	-92.4	-32.8	-41.8	59.7
Total Flows % Beg AUM	2.2	1.6	1.3	-0.3	1.3	0.1	0.8	1.1	5.1	3.5	1.8	2.6					
Q/Q % Change	7.6%	1.9%	-15.6%	7.4%	12.8%	-4.5%	2.3%	2.6%	-0.6%	13.1%	8.1%	8.9%					
Annualized Organic Growth (Loss) Rate	9.0%	6.4%	5.2%	-1.2%	5.4%	0.5%	3.0%	4.3%	5.1%	3.5%	1.8%	2.6%					
Revenue Yield (bps)																	
Equity (bps)	61.6	61.4	60.6	60.1	60.2	59.9	59.7	59.6	60.9	59.9	59.5	59.2	-0.6	-2.5	-1.7	-0.7	-0.4
Wholesale (bps)	64.1	64.0	63.4	63.2	63.3	63.0	63.0	63.0	63.7	63.1	62.4	62.1	-0.4	-1.5	-0.9	-1.0	-0.5
Miscellaneous																	
Dividend Per Share	\$0.20	\$0.20	\$0.20	\$0.25	\$0.25	\$0.25	\$0.25	\$0.26	\$0.85	\$1.01	\$1.13	\$1.13	0.0	25.0	18.8	11.4	0.0
EBITDA (\$mm)	79.4	86.0	76.0	70.5	80.2	75.0	77.4	82.0	312.0	314.6	343.6	387.2	-6.4	-12.8	0.8	9.2	12.7
Cash Net Income (\$mm)	45.6	50.5	40.9	40.0	47.4	43.1	44.5	47.4	177.0	182.3	199.1	226.2	-9.1	-14.7	3.0	9.2	13.6
Free Cash Flow (\$mm)	44.1	51.1	38.9	38.1	48.5	42.1	43.6	46.4	172.2	180.6	196.6	222.8	-13.2	-17.7	4.9	8.9	13.3
Free Cash Flow Per Share	\$0.51	\$0.59	\$0.45	\$0.45	\$0.57	\$0.49	\$0.51	\$0.54	\$2.01	\$2.11	\$2.29	\$2.60	-13.6	-17.4	4.9	8.9	13.3

Source: Company Reports, Citi Research

Figure 31. WisdomTree Investments Inc Summary Model

WisdomTree Investments, Inc.
Earnings Results and Forecasts
(\$ Millions, Except As Noted)

KEY FORECAST VARIABLES:	1Q11	2Q11	3Q11	4Q11	1Q12	Forecast:			2010	2011	Forecast:			% Change				
						2Q12E	3Q12E	4Q12E			2012E	2013E	2014E	2QE/1Q	2QE/2Q	12E/11	13E/12E	14E/13E
Revenues:																		
Advisory fees	14.3	16.5	17.6	16.0	19.0	20.3	21.0	22.4	40.6	64.4	82.7	104.5	129.3	7.1	23.1	28.5	26.4	23.7
Total revenue	14.5	16.7	17.7	16.2	19.2	20.5	21.2	22.7	41.5	65.2	83.5	105.4	130.3	7.0	22.8	28.2	26.2	23.6
Expenses:																		
Compensation and benefits	5.2	4.6	5.1	4.8	5.9	5.8	5.8	5.9	19.2	19.7	23.3	25.5	27.8	-1.2	25.6	18.5	9.2	9.1
Fund management and administration	4.2	5.7	5.1	4.9	5.4	6.7	6.8	7.3	14.3	19.9	26.2	33.4	40.1	23.3	16.9	32.0	27.4	19.8
Marketing and business development	1.0	1.4	0.9	1.2	1.3	1.5	1.5	1.7	3.7	4.5	6.0	6.6	7.3	13.1	10.5	34.7	10.0	10.0
Professional fees	1.4	1.1	1.5	1.1	1.1	1.1	1.1	1.2	3.8	5.0	4.6	2.6	0.3	1.8	3.5	-9.6	-43.3	-89.6
Occupancy, communication and equipment	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	1.1	1.1	1.2	1.3	1.5	1.3	6.9	8.9	10.0	10.0
Depreciation and amortization	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.3	0.3	0.4	0.4	0.4	40.8	49.3	39.0	5.0	5.0
Other	0.5	0.5	0.7	0.6	0.6	0.9	2.7	0.9	1.7	2.2	5.1	5.5	5.9	47.8	96.9	125.5	8.0	8.0
Third party profit sharing	1.1	1.5	1.8	1.2	1.7	1.3	1.3	1.4	2.3	5.7	5.7	5.1	6.1	-27.4	-16.2	0.6	-9.8	18.3
Total expenses	14.4	16.0	16.4	15.3	18.1	19.6	21.5	20.6	49.2	62.0	79.8	86.3	93.4	8.4	22.1	28.8	8.2	8.3
Operating Income (Loss)	0.2	0.7	1.4	0.8	1.1	1.0	-0.3	2.1	-7.5	3.2	3.9	19.7	37.7	-11.4	43.4	21.7	407.2	91.5
Interest and investment income	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.2	0.0	0.1	0.6	0.8					
Pre-tax Income	0.2	0.7	1.4	0.8	1.1	1.0	-0.3	2.1	-7.5	3.2	3.9	19.7	37.7	-11.4	43.4	21.7	407.2	91.5
Tax	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	4.5					
Tax Rate	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	11.9%					
Net Income (loss)	0.2	0.7	1.4	0.8	1.1	1.0	-0.3	2.1	-7.5	3.2	3.9	19.7	33.2	-11.4	43.4	21.7	407.2	68.7
Weighted average common shares - diluted	134.5	134.9	136.1	135.7	137.4	137.7	137.9	138.2	112.0	135.3	137.8	139.5	141.2	0.2	2.0	1.8	1.3	1.3
GAAP EPS	0.00	0.01	0.01	0.01	0.01	0.01	0.00	0.01	-0.07	0.02	0.03	0.14	0.24	-11.6	40.5	19.5	400.9	66.6
Adjusted EPS	0.00	0.01	0.01	0.01	0.02	0.01	0.01	0.02	-0.07	0.03	0.06	0.16	0.24	-22.3	40.2	109.9	157.5	51.2
Cash EPS	0.00	0.01	0.01	0.01	0.02	0.02	0.01	0.02	-0.06	0.03	0.06	0.16	0.24	-20.6	40.5	105.2	150.9	50.4
AUM (\$Millions):																		
Total AUM	11,284	12,934	11,184	12,182	15,691	15,004	15,955	17,122	9,891	12,182	17,122	21,878	27,383	-4.4	16.0	40.5	27.8	25.2
Q/Q Chg	14%	15%	-14%	9%	29%	-4%	6%	7%	65%	23%	41%	28%	25%					
Net New Flows	1,264	1,699	179	756	2,299	348	700	900	3,135	3,898	4,247	3,525	3,950	-84.9	-79.5	9.0	-17.0	12.1
Annualized Organic Growth	51%	60%	6%	27%	75%	9%	19%	23%	52%	39%	35%	21%	18%					
Revenue Yield (bps)	56.2	55.1	54.7	53.9	53.7	54.1	54.0	53.9	55.3	55.0	53.9	53.6	52.5					
US ETFs AUM	2,218	2,612	2,523	3,429	4,275	4,094	4,418	4,798	2,057	3,429	4,798	6,686	8,707	-4.2	56.7	39.9	39.4	30.2
Net Flows	53	374	241	586	565	218	250	300	487	1,254	1,333	1,500	1,500					
Annualized Organic Growth	10%	67%	37%	93%	66%	20%	24%	27%	37%	61%	39%	31%	22%					
International Developed ETFs	2,613	2,619	2,299	2,212	2,964	2,847	2,998	3,151	2,063	2,213	3,151	3,630	4,143	-3.9	8.7	42.4	15.2	14.1
Net Flows	481	33	50	-78	302	25	100	100	29	486	527	250	250					
Annualized Organic Growth	93%	5%	8%	-14%	50%	3%	14%	13%	1%	24%	22%	8%	7%					
International Emerging Markets ETFs	3,759	3,988	3,230	3,614	5,594	5,430	5,727	6,079	3,780	3,613	6,079	7,643	9,731	-2.9	36.2	68.3	25.7	27.3
Net Flows	60	344	102	419	1,398	30	200	250	1,911	925	1,878	1,100	1,500					
Annualized Organic Growth	6%	37%	10%	52%	155%	2%	15%	17%	134%	24%	52%	18%	20%					
Currency ETFs	1,467	1,896	1,194	950	881	769	779	839	1,743	950	839	983	1,135	-12.7	-59.4	-11.7	17.2	15.4
Net Flows	271	382	-566	-188	-104	-75	0	50	824	-101	-129	100	100					
Annualized Organic Growth	92%	104%	-119%	-63%	-44%	-34%	0%	26%	91%	-9%	-14%	12%	10%					
Fixed Income ETFs	902	1,379	1,493	1,506	1,735	1,698	1,866	2,035	N/A	1,506	2,035	2,627	3,242	-2.1	23.1	35.1	29.1	23.4
Net Flows	335	442	280	-3	161	150	150	150	N/A	1,054	611	500	500					
Annualized Organic Growth	238%	196%	81%	-1%	43%	35%	35%	32%	N/A	N/A	41%	25%	19%					
Alternative ETFs AUM	73	192	243	277	242	166	168	220	N/A	277	220	308	426	-31.4	-13.5	-20.4	39.9	38.2
Net Flows	71	123	65	37	-23	0	0	50	N/A	296	27	75	100					
Annualized Organic Growth	N/A	674%	135%	61%	-33%	0%	0%	119%	N/A	N/A	10%	34%	32%					
Statistics:																		
Gross Margin	64%	61%	61%	62%	63%	61%	62%	62%	60%	61%	62%	63%	65%					
Adjusted Operating Margin	1%	8%	8%	6%	13%	10%	3%	13%	3%	6%	10%	21%	29%					
Comp % Revenue	36%	28%	29%	30%	31%	28%	27%	26%	46%	30%	28%	24%	21%					
Fund Mgmt & Administration % Revenue	29%	30%	29%	31%	29%	33%	33%	33%	35%	31%	32%	32%	31%					
EBITDA (\$M)	0.2	1.5	1.4	1.1	2.6	2.0	0.8	3.1	-7.4	4.2	8.6	21.5	37.3					
Free Cash Flows (\$M)	0.2	1.4	1.4	1.0	2.6	2.0	0.8	3.1	-7.2	4.1	8.5	21.8	33.2					
Adjusted Net Income (\$M)	0.16	1.39	1.36	0.99	2.55	1.99	0.73	3.05	1.21	4.04	8.32	21.70	37.72					
Dividend	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00					
Book Value per share	0.13	0.15	0.17	0.19	0.25	0.25	0.27	0.30	0.15	0.19	0.30	0.45	0.63					

Source: Company Reports, Citi Research

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 \$132 target reflects a 14.5x 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.

AllianceBernstein Holding LP

Company description

AllianceBernstein Holding L.P. and its subsidiaries provide investment management and related services to institutional, retail and private clients throughout the world. The company's investment professionals have expertise in growth equities, value equities, fixed income securities, blend strategies and alternative investments, operating in over 20 countries. It also offers in-depth and independent fundamental research, portfolio strategy, trading and brokerage-related services to institutional investors, such as pension fund, hedge fund and mutual fund managers, and other institutional investors. In addition, AllianceBernstein provides distribution, shareholder servicing and administrative services to its sponsored mutual funds. The company was founded in 1987. It was formerly known as Alliance Capital Management Holding L.P. and changed its name to AllianceBernstein Holding L.P. in 2006.

Investment strategy

We rate the shares of AllianceBernstein Holding LP Neutral. Our rating reflects our view that: 1) 2012 will be a transition year for flows given uneven performance; and 2) valuation close to the company's historical FTM P/Unit multiple may limit absolute upside from here.

Valuation

Our target price on AB is \$12.50. We value the units using the Target P/E method. Our 12-month price target is 11.5x-12x our FTM adjusted earnings per unit (EPU) estimate and below the firm's 14x historical FTM P/E given uneven organic growth.

Risks

The two central risks to our 12-month price target would be adverse change in relative performance, which might truncate flow recovery, and below trend capital markets, all of which might pressure our EPU estimates.

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 and significant impact on AUM and investment advisory and services fees, which comprise the largest component of revenue, generally move in-line with AUM.

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.

Ownership structure — The partnership structure of Holding and AllianceBernstein limits unitholders' abilities to influence the management and operation of AB's business.

Apollo Global Management, LLC

Company description

Apollo Global Management LLC is the holding company for Apollo Operating Group, a leading global asset manager that applies a contrarian, value-oriented investment style in private equity, credit-oriented capital markets, and real estate. The company was founded in 1990 and is headquartered in New York City. APO became a publicly-traded company in 2011 through an IPO. APO was founded by its managing partners, Mr. Leon Black, Mr. Joshua Harris, and Mr. Marc Rowan, all of whom are currently still among the executive management of the company. APO currently has eight offices globally.

Investment strategy

We rate Apollo Global Management Buy. We believe APO has a diversified and uniquely positioned franchise that is well positioned to capitalize on a rebounding economy at a favorable point in the private equity/capital markets cycle. We believe the shares are undervalued when considering the depth of franchise and performance fee potential, where investors appear to be ascribing a low valuation, despite an impressive LT track record. Since inception, APO has produced a 25% net IRR in Private Equity.

Valuation

We value APO at \$16.75 using a blended methodology based on: 1) 75% sum-of-the-parts (SOTP) approach that combines target P/E, book value, and NPV; and, 2) 25% distributable earnings discount model (DEDM). In turn, our SOTP factors: 1) 14x target multiple applied to our 2012 FRE estimate of \$0.32 (adjusted for integration expense), or ~\$5 in value; 2) \$10 for the net present value of performance fees across Private Equity, Real Estate, and Capital Markets segments; and 3) ~\$2.00 in net cash + investments + unrealized carry per share. Our base-case DEDM factors a 11% cost of capital; 50% distributable ratio; 90% payout ratio; and specific growth assumptions.

Risks

The three central risks to our price target being achieved reflect slowing investment performance, slowing organic growth, and adverse carried interest legislation.

Financial market risk - Changes in markets will impact the comps used in the valuation of APO's portfolio companies. Such values will have a direct impact on AUM and IRRs.

Performance risk - An inability to generate an adequate return sought by clients could result in prospective clients choosing to invest with competitors.

Performance fees - The lack of positive IRR's in APO's private equity funds would limit the company's ability to generate carried interest.

Financing - Private equity firms use funding from the capital markets, both large commercial and investment banks. Financing will vary regarding: 1) interest rates; 2) equity commitments; 3) debt covenants. Generally, when more capital is available, private equity portfolio companies have greater access to financing with acceptable terms. When capital markets become more restrictive, it can be more challenging for portfolio companies to refinance debt and/or for sponsors to arrange acquisition funding, thus limiting deal activity.

Artio Global Investors Inc.

Company description

Artio Global Investors (NYSE: ART) is a New York based institutional and international equities-oriented asset manager. The company built a successful track record since 1995 providing investment management services to both institutional and intermediary clients through actively investing in global equity and fixed income markets. Artio went public in September 2009 and was spun out from former parent GAM Holding Ltd (formerly Julius Baer Holding Ltd).

Investment strategy

We rate Artio Global Investors Sell/High Risk. Our rating reflects negative combination of: 1) concentrated AUM; 2) problematic performance trends; 3) elevated outflows; and 4) shrinking margins. More broadly, we see two strategic issues facing ART. First, mandates are shifting toward passive managers. Second, we see ART as likely source of funds for investors seeking stronger and more consistent alpha generators.

Valuation

We value the shares of ART using a sum-of-the-parts methodology. Our \$2.75 12-month price target is derived by adding: 1) forecast net cash at 12/31/13, or approximately \$1.35 per share plus; 2) value of remaining business excluding International Equity, which we value at approximately \$1.90. Finally, we discount the \$3.25 in total value by a 15% cost of capital due to increased franchise risk to ~\$2.75 per share.

Risks

We rate ART High Risk. ART's risks include: 1) mixed investment performance, 2) limited float (with share overhang from GAM Holdings Ltd.), and 3) possible adverse currency fluctuations. Regarding performance, intermediate-term results have been weak in the IE1 strategy following a more conservative positioning in early 2009.

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, 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.

BlackRock Inc

Company description

BlackRock is one of the world's largest publicly-traded investment management firms with \$3.68 trillion in AUM at 3/31/12. The firm manages assets on behalf of institutions and individuals worldwide through a variety of equity, fixed income, cash management and alternative investment products. .

Investment strategy

We rate the shares of BlackRock Neutral. On the one hand, we see strong strategic positioning, outsized play on several powerful themes (global, institutional, passive), and active FCF deployment. On the other hand, BLK already trades at a premium valuation and P/E expansion is likely more difficult from here, in our opinion.

Valuation

We value the shares of BlackRock using the target P/E method. Our \$180 12-month target price is derived by applying a 13.5x target P/E multiple to our 2013 adjusted EPS estimate discounted six months. The 13.5x target P/E is below the company's historical average but premium to industry average.

Risks

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

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, 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.

Integration risk — That said, management has an impeccable track record, merging in increasingly sizable State Research and Merrill Lynch Investment Managers platforms. BGI integration will run over two years.

Blackstone Group L.P.

Company description

Established in 1985, The Blackstone Group is a leading, NY-based global and diversified alternatives manager with \$190B in AUM at 3/31/12 including \$48B in Private Equity, \$48B in Real Estate, \$43B in Hedge Fund Solutions, and \$51B in Credit Businesses, along with an independent financial advisory practice. The Blackstone Group was founded by Mr. Stephen A. Schwarzman and Mr. Peter G. Peterson and the company launched its first Private Equity fund, Blackstone Capital

Partners two years later. Over time, the business model evolved from a leverage buyout firm to a global provider of alternative investments across multiple assets classes. In 1990, Blackstone Alternative Asset Management (BAAM) was established and has become one of the leading managers of funds of hedge funds and other institutional investment vehicles. Over the last 20 years, Blackstone has expanded its capability by adding real estate & credit investment functions, by growing its international presence and by delivering excellent investment results to its investors. Blackstone became a publicly-traded company in 2007 through an IPO, raising \$7.6 billion, including a \$3 billion investment from the China Investment Company (CIC).

Investment strategy

We rate Blackstone Buy. We believe BX has a diversified and high powered financial model that is well positioned to capitalize on a rebounding economy at a favorable point in the private equity/real estate cycle. We believe the units are undervalued when considering the depth of franchise and performance fee potential, where investors appear to be ascribing a low valuation, despite an impressive LT track record.

Valuation

We value BX at \$18 using a blended methodology based on: 1) 75% sum-of-the-parts (SOTP) approach that combines target P/E, book value, and NPV of performance fees; and, 2) 25% distributable earnings discount model. In turn, our SOTP factors: 1) 15x target multiple applied to our 2012 FRE estimate of \$0.54, or ~\$8.20 in value; 2) ~\$8 for the net present value of performances across Private Equity, Real Estate, Credit, and Hedge Fund Solutions segments; and, ~\$3.10 in net cash and investments and unrealized carry (discounted by 20%). Our base-case DEDM factors a 11.5% cost of capital; 50% distributable ratio; and 90% payout ratio; and specific growth assumptions.

Risks

The three central risks to our price target reflect slowing investment performance, slowing organic growth, and adverse carried interest legislation.

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

Financial market risk — Changes in markets will impact the comps used in the valuation of BX's portfolio companies. Such values will have a direct impact on AUM and IRRs.

Performance risk — An inability to generate an adequate return sought by clients could result in prospective clients choosing to invest with competitors.

Performance fees — The lack of positive IRR's in BX's private equity funds would limit the company's ability to generate carried interest.

Financing — Private equity firms use funding from the capital markets, both large commercial and investment banks. Financing will vary regarding: 1) interest rates; 2) equity commitments; 3) debt covenants. Generally, when more capital is available, private equity portfolio companies have greater access to financing with acceptable terms. When capital markets become more restrictive, it can be more challenging for portfolio companies to refinance debt and/or for sponsors to arrange acquisition funding, thus limiting deal activity.

Eaton Vance

Company description

Eaton Vance (NYSE: EV) is an equity and retail-centric investment manager headquartered in Boston, MA, that was founded in 1924. The company provides investment management services to individuals (82% of AUM) and institutions (18% of AUM) with various investment strategies including: tax-managed equity, value equity, equity income, emerging market equity, floating-rate bank loan, municipal bond, investment grade, global, and high-yield investing. EV's products include mutual funds, closed end funds, separately-managed accounts, including RMA's and institutional relationships. EV's subsidiaries include: Eaton Vance Management, Atlanta Capital Management, Fox Asset Management, Parametric Portfolio Associates, and Parametric Risk Advisors.

Investment strategy

We rate shares of Eaton Vance Neutral. While we are generally cautious around retail share, flow, and margin outlooks, lead indicators are modestly improving given stabilizing L/C Value performance while valuation is in-line to peers, keeping risk/reward in balance.

Valuation

We value the shares of Eaton Vance using the target P/E method. Our \$25 target price is derived by applying a 12.5x target P/E multiple to our forward 12-month adjusted EPS estimate which adds back the change in redemption value for non-controlling interests. We believe an in-line to below cash P/E multiple relative to peers is justified at present given the company's slowing organic growth trends.

Risks

If the impact from any of the following factors proves to be greater/less than we expect, the stock may have difficulty reaching our target price or could outperform it. If market conditions improve faster than anticipated, the stock may outperform our target. In addition, should EV sustain organic growth higher than our expectations, possibly driven by traction in absolute return, global macro, tax efficiency, or inflation protection products, our AUM and EPS forecasts could be too conservative, leading the stock to 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, 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.

Federated Investors, Inc

Company description

Federated Investors, Inc. provides investment management services to institutions and intermediaries including corporations, government entities, insurance companies, foundations and endowments, banks and broker/dealers. Through its subsidiaries, it manages separate client-focused equity, fixed income, and money market mutual funds and separate client-focused equity, fixed income, and balanced portfolios. It invests in growth and value stocks of small-, mid- and large-cap companies. Its fixed income investments are in ultra-short, short-term and intermediate-term mortgage-backed, U.S. Government, U.S. Corporate, high yield and municipal securities. The company ranks in the top 3% of money market fund managers in the industry and money markets make up ~80% of total assets under management (AUM). It was founded in 1955 and is based in Pittsburgh, PA.

Investment strategy

We rate the shares of Federated Investors, Inc. Neutral. We remain concerned around money market reform as such reform continues to be pushed out. That said, the underlying LT flow dynamics are proving better than expected as FII is outgrowing peers. In assessing the upside and downside risk to money market reform, we see wide but balanced swings leading us to our Neutral rating.

Valuation

We value the shares of Federated Investors using a SOTP methodology incorporating the LT and money market businesses. Our \$22 12-month price target is derived from a value of \$1.07 for the LT EPS x 13x P/E + \$0.63 money market EPS x 10x P/E + ~\$2.00 per share residual value for money market fee waiver recovery net of tail risk.

Risks

Positive risks to our Neutral rating include: 1) faster-than-expected rise in short-term rate expectations, and 2) higher-than-expected money market volumes.

Negative risks to our Neutral rating include: 1) irrevocable damage to the money market business; and, 2) a worsened flow picture for the LT business.

Additionally, 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, 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.

If the impact on the company from any of these factors proves to be greater than we anticipate, the stock will likely have difficulty achieving our target price. However, should they be less than anticipated, the stock could trade above our target price.

Franklin Resources Inc

Company description

Franklin Resources is one of the world's largest investment management firms by market cap and in terms of retail equity mutual fund assets. The firm operates under six primary brands: Franklin, Templeton, Mutual Series, Fiduciary Trust, Bissett, and Darby.

Investment strategy

We rate BEN shares Neutral. While we are constructive on BEN's LT strategic positioning and capital management potential, we see a balanced risk/reward and look for a better entry point..

Valuation

Our target price on BEN is \$117. We value the shares of Franklin Resources using the Target P/E method. Our target factors a 13.5-14x target multiple applied to our calendar 2012 net operating profit after tax per share estimate, equivalent to ~\$115. We then add \$2 calculated by using a 5x target multiple on net B/S-related earnings. The 13.5-14x target multiple is below the firm's 16x historical FTM P/E multiple, and in line to peers.

Risks

BEN benefits from declining systemic risks, is among the most diversified platforms in our coverage universe – as measured by mix, geography, and distribution channel – and among the strongest balance sheets that should support shareholder friendly capital management. In addition, BEN has among the best trading liquidity among our coverage universe.

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

FXCM Inc

Company description

Established in 1999, FXCM Inc (FXCM) is the largest online FX broker in North America and 2nd largest globally with a 100% agency-based model and approximately 180k retail and institutional accounts. FXCM's platform provides price quotations on 56 currency pairs from 25 global financial institutions and market makers.

Investment strategy

We rate FXCM Buy as we see several positives ahead including: 1) favorable inflection in institutional trading as pricing pressure dissipates and customer migration to FXCM platform accelerates; 2) rising deal probability as industry consolidation likely further heats up; and 3) more attractive risk/reward

Valuation

We value FXCM using a sum-of-the-parts method. Our \$14.50 12-month price target is derived by: 1) applying a 12.5x target P/E multiple to our 2013 EPS estimate (discounted 6 months); and, 2) adding ~\$1 in net cash per share. Our 12.5x target P/E is below more diversified online broker peers.

Risks

Risks to our target price include: 1) narrow product line, 2) FX volatility, 3) industry regulation, and 4) account churn.

Trading volatility — FXCM's trading volume, and in turn, revenues, are influenced by the level of FX activity. Periods of lower volatility tend to correspond with lower trading volume, and vice-versa.

Industry regulation — Given the evolving nature of the retail FX business, regulations have not been established in all markets. While FXCM is regulated by a number of authorities (CTFC and NFA in the U.S.; FSA in the U.K.; Securities and Futures Commission in Hong Kong, etc), a sizable amount of trading volume is generated by jurisdictions where FXCM is either not licensed or authorized by governmental bodies or self regulatory organizations. In 2009, these customers account for approximately 55% of total volume.

Invesco Ltd

Company description

Invesco is a leading independent global investment management company. IVZ provides services to retail, institutional and private wealth management clients. It manages separate client-focused equity, fixed income, balanced, money market, and real estate investment portfolios and mutual funds through AIM, Atlantic Trust, Invesco, Perpetual, PowerShares, Trimark and WL Ross. The company was founded in December 1935 and is based in Atlanta, Georgia.

Investment strategy

We rate the shares of Invesco Buy. Our positive thesis is based on: 1) improving flow dynamics at a time of weak to flattening prospects among many traditional

managers, and likely bolstering the case for IVZ to shift from the "Grinders" into the "Gatherers", and thus allow for solid if not moderate PE multiple expansion; 2) potential for solid performance fees that may not be fully appreciated by investors; 3) solid FCF management driving buyback and further de-leveraging; and 4) following sharp underperformance, IVZ looks inexpensive, trading at the lowest FTM P/E multiple versus both history and 2008-09 trough levels among peers.

Valuation

We value the shares of Invesco using the target P/E method. Our \$27.00 12-month price target is derived by applying a ~14x target P/E to our FTM adjusted EPS estimate. The ~14x target P/E is moderately below the historical GAAP median of 16x but at the high range of the sector.

Risks

The three central risks to our 12-month price target reflect below average markets, and outsized FX swings, the combination of which could reduce our EPS estimates and temper upward P/E multiple revaluation.

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

Janus Capital Group

Company description

Janus Capital Group (NYSE: JNS) is a \$148 billion in AUM asset manager based in Denver, Colorado which provides investment management services to individuals and institutional clients. The company focuses on growth, core, international, value, risk-managed, alternative, and fixed income strategies. Janus Capital Group consists of Janus Capital Management LLC, INTECH Investment Management LLC, and Perkins Investment Management LLC.

Investment strategy

We rate the shares of Janus Capital Group Neutral. We see an uneven risk/reward given mixed fundamentals, high retail skew, and potential for market share erosion. That said, attrition is moderating and the firm is making solid traction in building out the fixed income business.

Valuation

We value the shares of JNS at \$7.75. Our \$7.75 12-month price target is derived by applying a ~12x target P/E multiple to our base 2012 EPS estimate. We believe a lower-than-historical target multiple is justified given heavy U.S. retail exposure and mixed flow prospects.

Risks

In addition to a mixed fundamental outlook around flows and margin, if the impact from any of the following factors proves to be greater than we expect, the stock price may have difficulty reaching our target price. If market conditions improve faster than anticipated, the stock price 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, 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.

KKR & Co. L.P.

Company description

KKR&Co, LP is a global alternatives asset manager founded by Mr. Henry R. Kravis and Mr. George R. Roberts in 1976. KKR's business model has evolved from a North America-focused private equity firm specializing in leveraged buyouts to provider of a broad range of global asset management and capital markets services. KKR has completed more than 175 private equity investments that have a total transaction value of more than \$430 billion dollars. KKR has a global presence with over 600 employees in 14 offices on four continents, including 174 investment professionals, as well as nearly 100 KKR Capstone professionals and Senior Advisors.

Investment strategy

We rate KKR Buy. KKR is a high quality PE manager that is benefiting from a structural and cyclical inflection in the business. We believe KKR is well positioned and poised for market share gains reflecting: 1) impressive track record; 2) significant "dry powder"; and, 3) increasingly diversified business model. We see KKR as a natural beneficiary of rising institutional allocations to alternatives as they re-risk and/or seek non-correlated alpha generation. Additionally, we see a cyclical upswing for the private equity business reflecting a more favorable backdrop in terms of investment pipeline and improved capital markets (with deal metrics more conducive to private equity transactions).

Valuation

We value KKR at \$20 using a blended methodology based on: 1) 75% sum-of-the-parts (SOTP) approach that combines target P/E, book value, and NPV of

performance fees; and, 2) 25% distributable earnings discount model (DEDM). In turn, our SOTP factors: 1) a 14x multiple applied to 2012 after-tax fee related earnings (FRE), or ~\$4.75; 2) a weighted-average probabilistic NPV of future carried interest, or ~\$7, and, 3) the book value of the Capital Markets and Principal Activities segment plus cash and accrued carry (less 20% discount) valued at ~\$8.25 per unit. Our base-case DEDM factors a 11.5% cost of capital; 50% realization ratio on carry; 90% payout ratio; and specific growth assumptions.

Risks

The three central risks to our price target reflect slowing investment performance, slowing organic growth, and adverse carried interest legislation.

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

Financial market risk — Changes in markets will impact the comps used in the valuation of KKR's portfolio companies. Such values will have a direct impact on AUM and IRRs.

Performance risk — An inability to generate an adequate return sought by clients could result in prospective clients choosing to invest with competitors.

Performance fees — The lack of positive IRR's in KKR's private equity funds would limit the company's ability to generate carried interest.

Financing — Private equity firms use funding from the capital markets, both large commercial and investment banks. Financing will vary regarding: 1) interest rates; 2) equity commitments; 3) debt covenants. Generally, when more capital is available, private equity portfolio companies have greater access to financing with acceptable terms. When capital markets become more restrictive, it can be more challenging for portfolio companies to refinance debt and/or for sponsors to arrange acquisition funding, thus limiting deal activity.

Legg Mason Inc

Company description

Legg Mason is an investment management firm with \$643 billion in assets under management as of 3/31/12. AUM mix is split roughly 25% equities, 55% fixed income and 20% money market assets. Approximately 70% of the assets are in the Americas division and 30% are in the International division. The firm distributes its products to both retail and institutional investors.

Investment strategy

We rate LM shares Buy reflecting: 1) clearer capital repatriation focus including outsized share purchase; 2) favorable risk/reward; 3) increased rating agency flexibility; and, 4) stabilizing flow story. We see LM outperforming should markets stay favorable given repurchase + market leverage while defensive should markets ease as buyback + AUM mix temper potential EPS risk(s).

Valuation

We value the shares of LM using a combination of Target P/E method and sum-of-the-parts. Our \$32.50 12-month target price is derived by applying a 11x target P/E multiple to our calendarized 2013 EPS estimate (discounted back 6 months at 10% cost of capital) plus adding \$7 per share related to the estimated NPV of the company's NOL and purchase goodwill tax shields. We believe a 11x target P/E multiple, below the company's 15x historical FTM P/E, is warranted given uneven organic growth prospects.

Risks

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

LPL Financial Holdings Inc

Company description

LPL Financial (consolidated subsidiary of parent company LPL Investment Holdings) was formed in 1989 through the merger of Linsco (established in 1968) and Private Ledger (founded in 1973). By combining these two brokerage firms, the founders of LPL Financial sought to leverage their scale and expertise in the independent broker dealer channel. In 2005, two investment funds, Texas Pacific Group and Hellman & Friedman, acquired a majority 60% ownership, with the remaining owned by founders, senior management, and advisors. Over the years, LPLA has grown its business and organization both organically and through several acquisitions of other financial advisory firms. Today, LPLA is the largest independent broker-dealer in the U.S. (and 5th largest overall) with over 12,000 advisors with \$293 billion in brokerage and advisory assets and an additional 4,000 3rd party advisors making use of LPLA's services.

Investment strategy

We rate the shares of LPLA Neutral. Despite the positive underlying growth story, our caution reflects: 1) premium valuation; and 2) less rate/market play dynamics.

Valuation

We value the shares of LPLA using the Target P/E method. Our \$33 12-month price target is derived by applying a target P/E multiple of ~14.5x to our adjusted 2014 EPS estimate which includes stock-based compensation, discounted 1-year at a 10% cost of capital. Our 14.5x target P/E is in-line with online and regional broker-dealer peers.

Risks

LPLA has a history of acquisition-led growth and balance sheet leverage. The three central risks to our price target reflect above trend financial markets (equities & fixed income), better than expected organic and inorganic (M&A) growth, and higher interest rates.

In addition, 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 markets — Changes in markets have a direct impact on advisory and brokerage assets and in turn, advisory and commission revenue.

Organic and inorganic growth — LPLA has executed an acquisition-led growth strategy over the past several years. However, any slowdown in growth would likely temper the magnitude of future margin and profitability growth, and vice-versa. Stepped up competition could arise as wirehouses and regionals look to bolster market share.

Interest rates — The level of interest rates directly impact cash sweep revenue. A sustained low interest rate backdrop would delay a recovery in cash sweep revenues while higher rates would increase cash sweep revenues, all else equal.

Och-Ziff Capital Management

Company description

Och-Ziff Capital Management Group LLC is a global alternative asset management firm headquartered in New York City. OZM was founded by Daniel Och, together with the Ziff family in 1994 and the company has grown into one of the largest alternative firms in the world. OZM's multi-strategy approach is based on various strategies, including merger arbitrage, convertible arbitrage, equity restructuring, credit/distressed, private placements, and real estate. OZM's funds seek to deliver risk-adjusted returns throughout market cycles, with a strong emphasis on risk management. The company has approximately 130 investment professionals (including 16 partners and 39 managing directors) with offices in New York, London, Hong Kong, Bangalore, Tokyo, and Beijing.

Investment strategy

We rate shares of Och-Ziff Capital Management Buy. OZM is benefiting from a real time positive inflow inflection, and should deliver among best in class organic growth over the next several years. With 100% of AUM in alternatives, we forecast strong flow prospects as institutional demand accelerates and the search for alpha rises. Additionally, OZM is well positioned to garner market share given their impressive LT risk adjusted track record, transparent investment process, and stringent risk controls.

Valuation

We value OZM at \$11.50 using a blended methodology based on: 1) 25% sum-of-the-parts approach that combines target P/FRE, book value, and NPV of performance fees; and, 75% distributable earnings discount model (DEDM). In turn, our SOTP factors: 1) target P/E multiple of 14x to our 2012 FRE estimate of \$0.45; 2) adding \$6 for our estimated probabilistic value to OZM's potential performance

fee revenue stream; and, 3) subtracting net debt of ~\$0.50. Our base-case DEDM factors a 12% cost of capital; 80% payout ratio; and specific growth assumptions. Our 14x target P/E is in-line with industry peers.

Risks

The three central risks to our price target reflect deteriorating investment performance, slowing organic growth and major change in carried interest taxation.

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

Financial market risk — Changes in markets could impact AUM and investment advisory 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, which could result in a decline in revenue.

Redemption risk — Investors can redeem their investments with notice. A significant increase in redemption rates could have a material adverse effect on revenues, financial condition, results of operations and business prospects.

Performance fees — The lack of positive investment performance in OZM's hedge funds would limit the company to generate performance fees (incentive carry) and grow DEPS.

T Rowe Price Group Inc

Company description

T. Rowe Price is an investment management firm with about \$550B in assets under management as of 3/31/12. Its AUM mix is split roughly 70% equities and 30% bonds and money market funds. About 60% of the assets are in mutual funds and the remaining 40% is in other portfolios including institutional separate accounts, sub-advised funds, mutual funds for non-U.S. investors, and variable insurance portfolios.

Investment strategy

We rate TROW shares Sell. Our rating reflects reduced flow visibility around retail (59% of AUM) and less developed non-US and institutional footprints vs. peers (at lower multiples).

Valuation

We value the shares of T. Rowe price using the Target P/E method. Our \$56 12-month price target is derived by applying a 17x target multiple to our 2012 EPS estimate. The 17x multiple compares to a historical 21x FTM P/E multiple in light of lower industry multiples at present.

Risks

Risks to our Sell rating include sustained strong organic growth and rising operating margins, which would make our EPS forecasts too conservative.

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

TD Ameritrade Holding Corp

Company description

TD Ameritrade Holding Corporation, through its subsidiaries, provides securities brokerage services and technology-based financial services to retail investors and business partners primarily in the United States through the Internet, a national branch network and relationships with independent registered investment advisors. The company provides common and preferred stocks, ETFs, option trades, mutual funds, fixed income, margin lending and cash management services. It was founded in 1971 and is headquartered in Omaha, Nebraska.

Investment strategy

We rate TD Ameritrade Holding Corp at Neutral. While we see AMTD among the best positioned broker-dealers and see FCF repatriation + asset gathering potential, the mixed macro outlook and low rate interest rate backdrop is likely to curtail EPS leverage, all else equal.

Valuation

We value the shares of TD Ameritrade using the target P/E method. Our \$18 12-month target factors a target P/E multiple of 16x FTM EPS. Over the past five years, AMTD has traded in a range of 11.0x-22.2x.

Risks

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

Trading volatility — AMTD is more exposed to volume risk vs. its peers as trading revenues comprised 43% of F2011 fiscal year revenue. According to management estimates, every 3,000 DARTs translates into \$0.01/share.

Equity markets — Market changes have a direct impact on client assets and investment product fees.

Interest rates — Net interest revenue increases when rates rise and decreases when rates fall as interest-earning assets re-price more quickly than liabilities. Management estimates every 25bps increase in Fed Funds impacts EPS by \$0.07/share.

The Carlyle Group L.P.

Company description

Founded in 1987 by Mr. David M. Rubenstein, Mr. William E. Conway, and Mr. Daniel A. D'Aniello, Carlyle is a Washington DC based global and diversified alternatives manager focused on Private Equity, Real Estate, Energy/Infrastructure, Hedge Funds, and Fund of Funds. Carlyle went public on 5/5/12 through a primary IPO priced at \$22 per unit and manages \$159B in AUM at 3/31/12 across 89 funds and 52 fund of funds vehicles.

Investment strategy

We rate The Carlyle Group (CG) with a Buy rating. We believe Carlyle offers a diversified and high powered financial model, above average distribution potential, and superior asset gathering. With among the highest “cash content” or the ratio of distributable earnings (DE) to economic net income (ENI), we believe Carlyle's differentiated model (multi-fund platform) should produce more visible and consistent capital returns to unitholders. We believe the units are undervalued when considering depth of franchise and performance fee and distribution potential.

Valuation

We value CG using a 50/50 blend of sum-of-the-parts (SOTP) and distributable earnings discount model (DEDM). Our sum-of-the-parts approach blends the: 1) value of FRE earnings, or the after-tax management fee stream less corporate costs; 2) the value of net cash (after debt) + investments + accrued performance (net of comp); and, 3) the estimated net present value of performance fees, for a total of \$29.50 per unit. Our DEDM model - beyond our explicit forecast period through 2012 - factors a base case scenario of 8% growth in DE in years 4-5; 5% growth years 6-10; and 3% terminal growth; at an 12.5% cost of capital (2.5% risk-free; 6% risk premium, 1.65 beta), for a total of \$28 per unit. Taken together and rounded, our 50/50 blended target is \$29.

Risks

The four central risks to our price target reflect: 1) negative investment performance given the bulk of ENI is skewed to performance fees; 2) adverse carried interest legislation; 3) M&A execution; and, 4) low float.

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

Financial market risk — Changes in markets will impact the comps used in the valuation of CG's portfolio companies. Such values will have a direct impact on AUM and IRRs.

Performance risk — An inability to generate an adequate return sought by clients could result in prospective clients choosing to invest with competitors.

Performance fees — The lack of positive IRR's in CG's private equity funds would limit the company's ability to generate carried interest.

Financing — Private equity firms use funding from the capital markets, both large commercial and investment banks. Financing will vary regarding: 1) interest rates; 2) equity commitments; 3) debt covenants. Generally, when more capital is available, private equity portfolio companies have greater access to financing with acceptable terms. When capital markets become more restrictive, it can be more challenging for portfolio companies to refinance debt and/or for sponsors to arrange acquisition funding, thus limiting deal activity.

The Charles Schwab Corporation

Company description

The Charles Schwab Corporation provides securities brokerage, banking and related financial services to individual and institutional investors primarily in the U.S., the UK, and Hong Kong. Its broker-dealer subsidiary, Charles Schwab & Co., Inc., and affiliates offer a range of investment services and products including mutual funds, financial planning and investment advice, retirement plan and equity compensation plan services, referrals to independent fee-based investment advisors, and custodial, operational and trading support for independent, fee-based investment advisors. The Charles Schwab Bank provides banking and mortgage services and products. The company was founded in 1971 and is headquartered in San Francisco, California.

Investment strategy

We rate the shares of Charles Schwab Corp Neutral. While we see favorable LT platform drivers plus significant leverage to an interest rate upcycle which should reduce money market fee waiver pressure and drive NIM higher, the difficult macro and interest rate backdrops keep us cautious, especially as projected/forward curves flatten.

Valuation

We value SCHW using the target P/E method. Our \$13 target factors a target P/E multiple of ~18x our FTM EPS estimate. Since 2003, SCHW's FTM P/E averaged 21x. We use a below LT average target multiple to reflect changing business mix.

Risks

If the impact on the company from any of the following factors proves to be greater than we anticipate, the stock will likely have difficulty achieving our target price.

Equity levels and volatility — Market changes have a direct impact on AUM. Market volatility can also impact clients' trading volumes. Trading revenue comprised ~20% of total 2011 revenue.

Interest rates — Interest revenue (~37% of 2011 revenue) increases when rates rise and decreases when rates fall as interest-earning assets re-price more quickly than liabilities. SCHW has also been waiving fees on certain money market products in order to stay competitive. If the Fed Funds rate stay in the 0–0.25% range during 2011, waivers could continue to pressure revenue.

Integration risk — On March 21, 2011, Schwab announced it signed a definitive agreement to acquire optionsXpress. Failure to meet expected deal synergies or delays in meeting those synergies could pressure the stock or prevent it from reaching our target price.

Waddell & Reed Financial, Inc

Company description

Waddell & Reed was founded in 1937, and is one of the oldest mutual fund complexes in the United States. The company distributes investment products through the Advisors channel, Wholesale channel, and the Institutional channel (including DB plans, pension plans and endowments).

Investment strategy

We rate the shares of Waddell & Reed Neutral. Our stance reflects: 1) clouding flow picture; and 2) less margin improvement potential.

Valuation

We value the shares of Waddell & Reed using the target P/E method. Our \$32 12-month price target is derived by applying a 13.5x to 14x target multiple to our 2012 EPS estimate. The 13.5x to 14x multiple is below WDR's historical multiple (16x FTM P/E).

Risks

Risk reflects: 1) fund concentration; 2) uneven fundamentals around flagship funds; and, 3) outsized US-centric platform.

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

WisdomTree Investments Inc

Company description

WisdomTree Investments is a NY-based asset manager focused on exchange-traded funds (ETFs) using its proprietary fundamentally weighted index methodology. WisdomTree also licenses its indexes to third parties for proprietary

products and offers a platform to promote the use of WisdomTree ETFs in 401(k) plans. WETF offers products diversified across international, emerging market, U.S., fixed income, currency, and alternative asset classes. The company is led by CEO and founder Mr. Jonathan Steinberg and senior officials including Michael Steinhardt, non-executive Chairman, and Jeremy J. Siegel, Senior Advisor.

Investment strategy

WETF is well positioned for a material upturn in profitability as AUM have reached critical mass. WETF is a pure play on the rapidly growing \$1T+ in AUM ETF business that has several tailwinds. With strong organic growth potential from seasoning of existing products, broadening distribution, and a strong investment track record, WETF should see strong, if not accelerating, market share gains. And, WETF has a key comparative advantage over most peers, reflecting its most comprehensive active ETF "exemption relief" from the SEC. We rate WETF as a Buy.

Valuation

We value WETF using the target P/E method. Our \$8.50 12-month target equates to a 6% market capitalization to AUM ratio, which is applied to our YE2013 estimate and discounted back six months at a 15% discount rate. While the 6% market capitalization/AUM target is well ahead of the 1-2% median for traditional asset managers, we believe a premium valuation is warranted in light of: a) superior organic growth prospects and faster than average AUM build; b) among best in class EPS growth potential; and, c) likely still depressed EPS given net income only inflected positively and the franchise offers high earnings leverage potential. Such growth across multiple metrics is well ahead of likely industry norms.

Risks

In addition to low liquidity, the central risks to our price target are: 1) scale; 2) organic growth; 3) and adverse market depreciation.

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

Financial market risk — Changes in markets have a direct impact on AUM and investment management 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 potentially result in lower revenue.

Redemption risk — Investors can sell ETFs 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

Analyst Certification

The research analyst(s) primarily responsible for the preparation and content of this research report are named in bold text in the author block at the front of the product except for those sections where an analyst's name appears in bold alongside content which is attributable to that analyst. Each of these analyst(s) certify, with respect to the section(s) of the report for which they are responsible, that the views expressed therein accurately reflect their personal views about each issuer and security referenced and were prepared in an independent manner, including with respect to Citigroup Global Markets Inc and its affiliates. No part of the research analyst's compensation was, is, or will be, directly or indirectly, related to the specific recommendation(s) or view(s) expressed by that research analyst in this report.

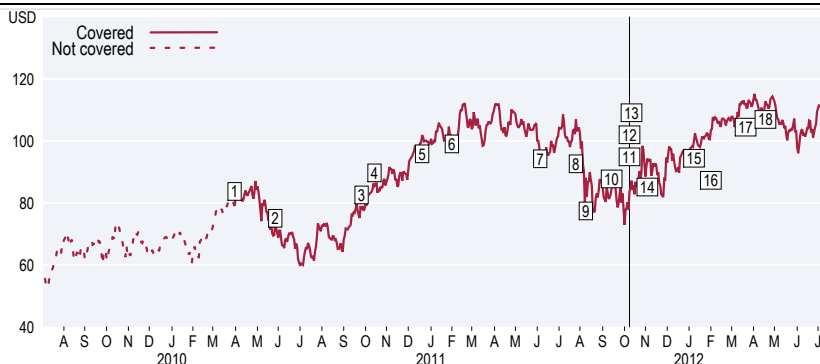
IMPORTANT DISCLOSURES

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
17	21-Mar-12	1	*129.00	112.19
18	18-Apr-12	1	*132.00	112.76

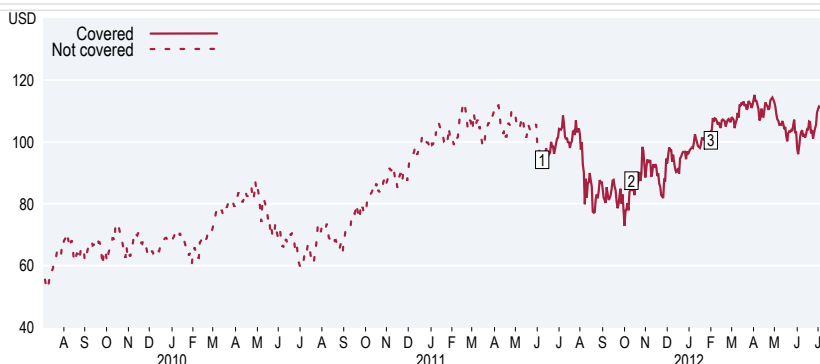
Rating/target price changes above reflect Eastern Standard Time

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

Rating/target price changes above reflect Eastern Standard Time

AllianceBernstein Holding LP (AB)

Ratings and Target Price History

Fundamental Research

Analyst: William R Katz

Covered since March 31 2010



	Date	Rating	Target Price	Closing Price
1	17-Jul-09	2H	*20.00	21.15
2	2-Aug-09	2H	*21.00	20.64
3	13-Oct-09	2H	*27.00	28.00
4	12-Feb-10	2H	*28.00	26.53
5	31-Mar-10	*1M	*35.50	30.66
6	12-May-10	1M	*35.00	30.92
7	27-May-10	1M	*32.00	29.11
8	3-Aug-10	1M	*30.00	26.30
9	8-Oct-10	*2M	*28.00	26.76

* Indicates change

	Date	Rating	Target Price	Closing Price
10	12-Oct-10	2M	*27.00	27.09
11	1-Nov-10	2M	*26.00	24.11
12	11-Nov-10	2M	*25.00	24.27
13	21-Dec-10	2M	*23.50	22.50
14	18-Jan-11	*3M	*20.00	22.13
15	11-Feb-11	*2M	*21.50	22.34
16	10-Mar-11	2M	*21.00	22.21
17	19-May-11	2M	*20.00	21.53
18	6-Jun-11	2M	*19.00	19.35

	Date	Rating	Target Price	Closing Price
19	9-Jun-11	2M	*18.00	19.45
20	29-Jul-11	2M	*17.00	17.00
21	9-Aug-11	2M	*14.50	14.37
22	8-Oct-11	Stock rating system changed		
23	8-Oct-11	*2	14.50	13.35
24	8-May-12	2	*15.00	14.27
25	12-Jun-12	2	*12.50	11.84

Rating/target price changes above reflect Eastern Standard Time

AllianceBernstein Holding LP (AB)

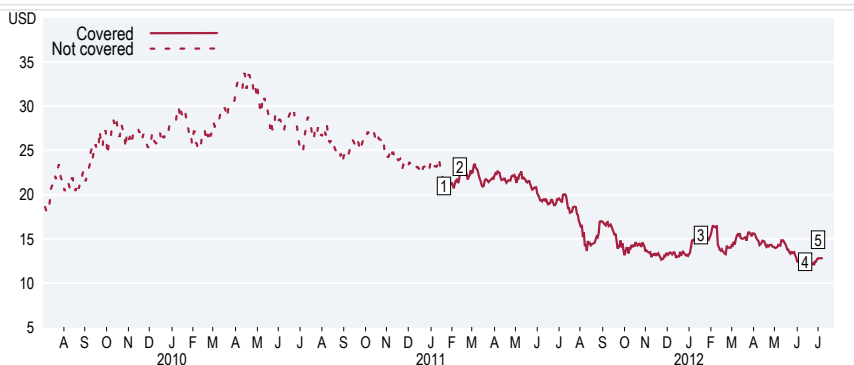
Ratings and Target Price History

Best Ideas Research

Relative Call (3 Month)

Analyst: William R Katz

Covered since March 31 2010



	Date	Rating	Target Price	Closing Price
1	20-Jan-11	*ADD LP	-	21.69
2	11-Feb-11	*REM LP	-	22.34

* Indicates change

	Date	Rating	Target Price	Closing Price
3	18-Jan-12	*ADD LP	-	14.60
4	13-Jun-12	*REM LP	-	11.86

	Date	Rating	Target Price	Closing Price
5	30-Jun-12	*N	-	12.69

Rating/target price changes above reflect Eastern Standard Time

TD Ameritrade Holding Corp (AMTD)

Ratings and Target Price History

Fundamental Research

Analyst: William R Katz

Covered since July 6 2011



	Date	Rating	Target Price	Closing Price
1	15-Jul-09	2H	*18.00	17.97
2	21-Jul-09	2H	*20.00	18.69
3	15-Oct-09	2H	*21.00	20.76
4	14-Jul-10	2H	*18.00	15.60
5	13-Apr-11	2H	*22.00	21.40
6	14-Apr-11	Coverage terminated		

* Indicates change

	Date	Rating	Target Price	Closing Price
7	6-Jul-11	*2M	*21.00	19.19
8	8-Aug-11	2M	*18.50	15.00
9	16-Sep-11	*1M	18.50	14.98
10	8-Oct-11	Stock rating system changed		
11	8-Oct-11	*1	18.50	15.35
12	8-Nov-11	1	*19.50	17.32

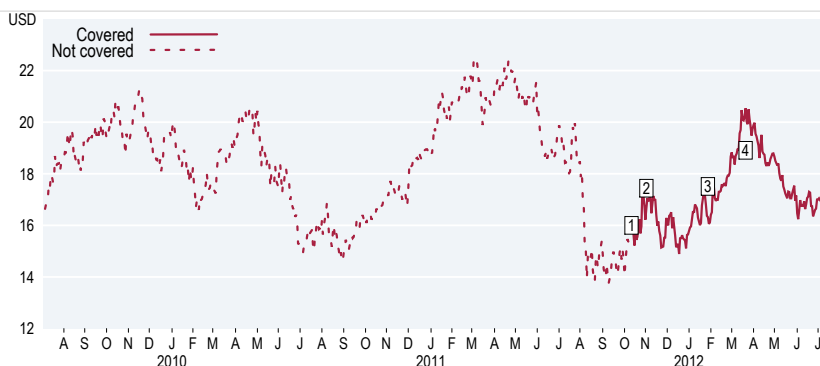
	Date	Rating	Target Price	Closing Price
13	18-Jan-12	1	*18.25	16.09
14	19-Mar-12	1	*23.00	20.07
15	9-May-12	1	*22.00	17.81
16	4-Jun-12	*2	*18.00	16.24

Rating/target price changes above reflect Eastern Standard Time

TD Ameritrade Holding Corp (AMTD)

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

Analyst: William R Katz
Covered since July 6 2011



	Date	Rating	Target Price	Closing Price
1	12-Oct-11	*ADD MP	-	15.99
2	2-Nov-11	*REM MP	-	16.66

* Indicates change

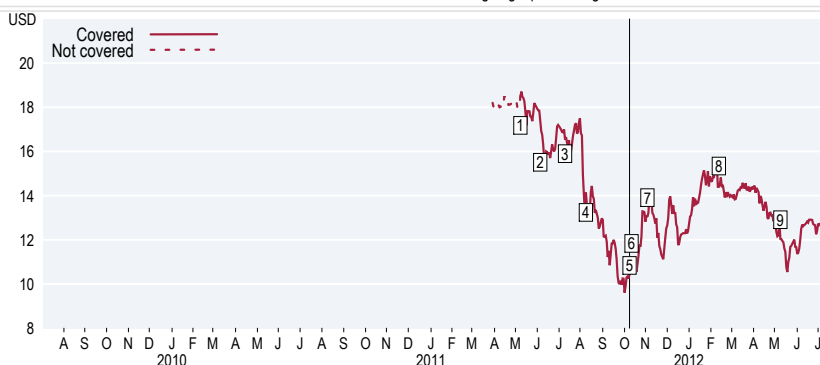
	Date	Rating	Target Price	Closing Price
3	27-Jan-12	*ADD MP	-	16.32
4	21-Mar-12	*REM MP	-	20.54

Rating/target price changes above reflect Eastern Standard Time

Apollo Global Management, LLC (APO)

Ratings and Target Price History Fundamental Research

Analyst: William R Katz
Covered since May 9 2011



	Date	Rating	Target Price	Closing Price
1	9-May-11	*1H	*24.00	18.50
2	6-Jun-11	1H	*23.00	17.40
3	11-Jul-11	1H	*22.00	16.54

* Indicates change

	Date	Rating	Target Price	Closing Price
4	9-Aug-11	1H	*18.00	14.14
5	8-Oct-11	Stock rating system changed		
6	12-Oct-11	*1	18.00	10.84

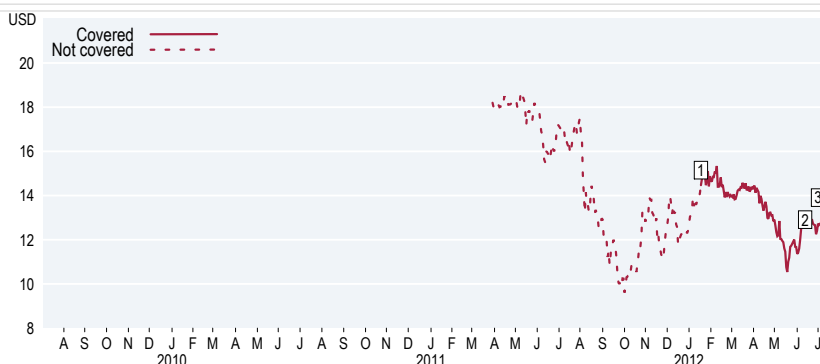
	Date	Rating	Target Price	Closing Price
7	3-Nov-11	1	*17.00	13.04
8	13-Feb-12	1	*16.50	14.40
9	9-May-12	1	*16.75	12.04

Rating/target price changes above reflect Eastern Standard Time

Apollo Global Management, LLC (APO)

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

Analyst: William R Katz
Covered since May 9 2011



	Date	Rating	Target Price	Closing Price
1	18-Jan-12	*ADD MP	-	14.47

* Indicates change

	Date	Rating	Target Price	Closing Price
2	13-Jun-12	*REM MP	-	12.70

	Date	Rating	Target Price	Closing Price
3	30-Jun-12	*N	-	12.40

Rating/target price changes above reflect Eastern Standard Time

Artio Global Investors Inc. (ART)

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	*2H	*26.00	24.74
2	7-May-10	2H	*23.00	19.40
3	27-May-10	2H	*21.00	18.40
4	13-Jul-10	2H	*19.50	16.81
5	30-Jul-10	2H	*18.50	16.07
6	28-Oct-10	2H	*16.50	16.43
7	11-May-11	2H	*16.00	15.58

* Indicates change

	Date	Rating	Target Price	Closing Price
8	6-Jun-11	2H	*14.00	12.53
9	13-Jul-11	2H	*12.00	11.52
10	9-Aug-11	2H	*9.00	8.60
11	19-Aug-11	2H	*8.50	8.32
12	8-Oct-11	Stock rating system changed		
13	8-Oct-11	*2	8.50	7.46
14	12-Oct-11	2	*8.00	8.02

	Date	Rating	Target Price	Closing Price
15	10-Nov-11	2	*7.00	6.36
16	13-Dec-11	2	*6.50	5.31
17	12-Jan-12	2	*5.00	5.01
18	18-Jan-12	*3H	*3.50	4.25
19	26-Apr-12	3H	*2.75	3.80

Rating/target price changes above reflect Eastern Standard Time

Artio Global Investors Inc. (ART)

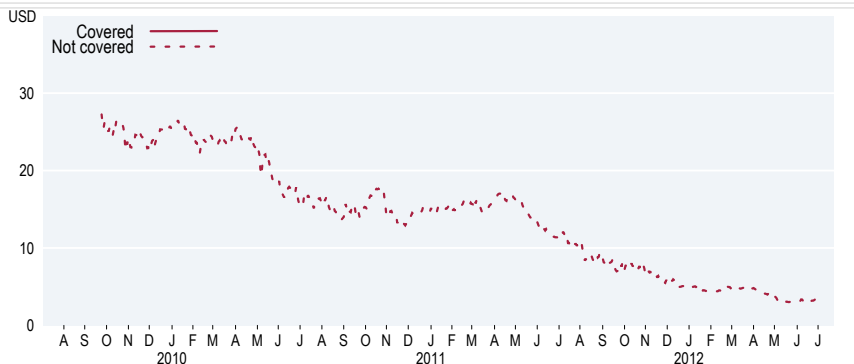
Ratings and Target Price History

Best Ideas Research

Relative Call (3 Month)

Analyst: William R Katz

Covered since March 31 2010



* Indicates change

Rating/target price changes above reflect Eastern Standard Time

Franklin Resources Inc (BEN)

Ratings and Target Price History

Fundamental Research

Analyst: William R Katz

Covered since March 31 2010



	Date	Rating	Target Price	Closing Price
1	17-Jul-09	2H	*80.00	72.57
2	2-Aug-09	2H	*89.00	88.68
3	14-Oct-09	2H	*114.00	108.98
4	29-Oct-09	2H	*120.00	107.56
5	31-Mar-10	*1L	*130.00	110.90
6	12-Apr-10	1L	*140.00	115.06
7	27-May-10	1L	*132.00	99.79
8	29-Jul-10	1L	*137.00	99.82
9	11-Oct-10	1L	*143.00	113.39

* Indicates change

	Date	Rating	Target Price	Closing Price
10	20-Oct-10	1L	*150.00	116.12
11	21-Dec-10	1L	*135.00	111.90
12	11-Jan-11	1L	*138.00	115.86
13	18-Jan-11	1L	*143.00	120.29
14	27-Jan-11	1L	*160.00	122.73
15	29-Apr-11	1L	*163.00	129.12
16	6-Jun-11	1L	*155.00	121.95
17	8-Aug-11	1L	*140.00	106.63
18	8-Oct-11	Stock rating system changed		

	Date	Rating	Target Price	Closing Price
19	8-Oct-11	*1	140.00	94.93
20	10-Oct-11	1	*130.00	99.77
21	27-Oct-11	1	*135.00	108.24
22	8-Dec-11	1	*125.00	96.48
23	11-Jan-12	*2	*105.00	96.67
24	1-Feb-12	2	*112.00	111.97
25	8-Feb-12	2	*120.00	116.70
26	8-Mar-12	2	*125.00	119.93
27	11-Jun-12	2	*117.00	105.41

Rating/target price changes above reflect Eastern Standard Time

Franklin Resources Inc (BEN)

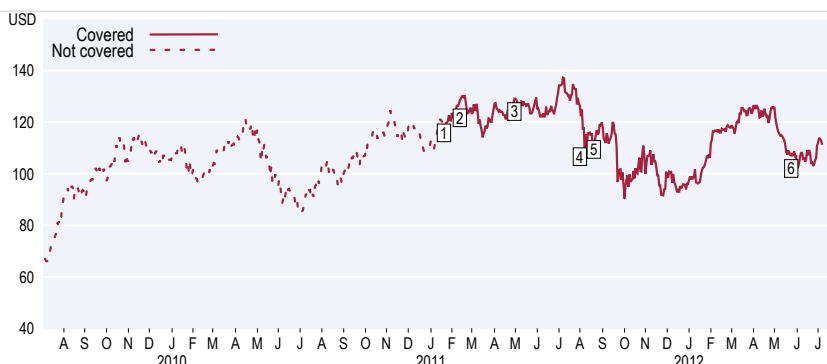
Ratings and Target Price History

Best Ideas Research

Relative Call (3 Month)

Analyst: William R Katz

Covered since March 31 2010



	Date	Rating	Target Price	Closing Price
1	20-Jan-11	*ADD MP	-	118.27
2	11-Feb-11	*REM MP	-	128.55

* Indicates change

	Date	Rating	Target Price	Closing Price
3	29-Apr-11	*ADD MP	-	129.12
4	1-Aug-11	*REM MP	-	126.44

	Date	Rating	Target Price	Closing Price
5	19-Aug-11	*ADD MP	-	110.63
6	24-May-12	*REM MP	-	108.00

Rating/target price changes above reflect Eastern Standard Time

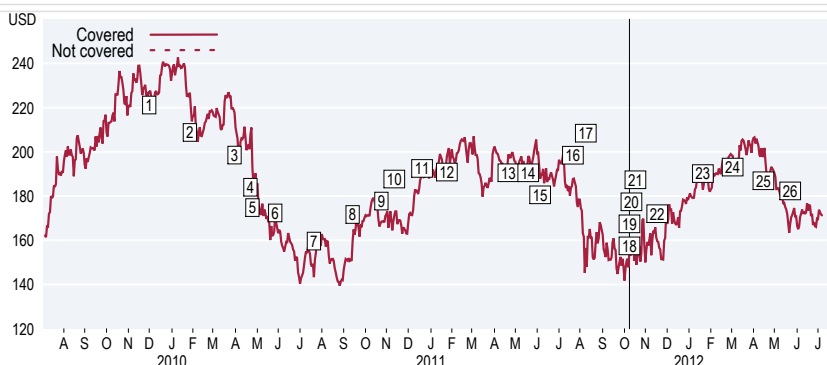
BlackRock Inc (BLK)

Ratings and Target Price History

Fundamental Research

Analyst: William R Katz

Covered since March 31 2010



	Date	Rating	Target Price	Closing Price
1	1-Dec-09	1M	*265.00	226.74
2	27-Jan-10	1M	*269.00	226.77
3	31-Mar-10	*3M	*190.00	217.76
4	22-Apr-10	*2M	*198.00	207.79
5	26-Apr-10	2M	*200.00	192.95
6	27-May-10	2M	*175.00	172.39
7	21-Jul-10	2M	*165.00	143.33
8	14-Sep-10	2M	*175.00	159.55
9	25-Oct-10	2M	*180.00	168.39

* Indicates change

	Date	Rating	Target Price	Closing Price
10	11-Nov-10	*1M	*210.00	171.20
11	21-Dec-10	1M	*225.00	192.51
12	25-Jan-11	1M	*240.00	198.01
13	21-Apr-11	1M	*250.00	198.88
14	19-May-11	1M	*265.00	198.10
15	6-Jun-11	1M	*255.00	187.85
16	21-Jul-11	1M	*250.00	187.72
17	9-Aug-11	1M	*225.00	156.54
18	8-Oct-11	Stock rating system changed		

	Date	Rating	Target Price	Closing Price
19	8-Oct-11	*1	225.00	147.78
20	12-Oct-11	1	*190.00	156.00
21	18-Oct-11	1	*180.00	156.30
22	17-Nov-11	1	*190.00	159.60
23	20-Jan-12	*2	*193.00	182.82
24	2-Mar-12	2	*197.00	198.25
25	16-Apr-12	2	*201.00	198.18
26	23-May-12	2	*180.00	167.50

Rating/target price changes above reflect Eastern Standard Time

BlackRock Inc (BLK)

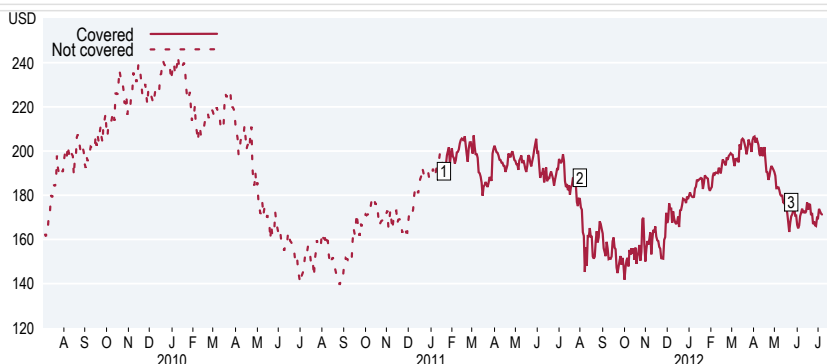
Ratings and Target Price History

Best Ideas Research

Relative Call (3 Month)

Analyst: William R Katz

Covered since March 31 2010



	Date	Rating	Target Price	Closing Price
1	20-Jan-11	*ADD MP	-	190.87

* Indicates change

	Date	Rating	Target Price	Closing Price
2	1-Aug-11	*REM MP	-	178.36

	Date	Rating	Target Price	Closing Price
3	24-May-12	*ADD MP	-	170.44

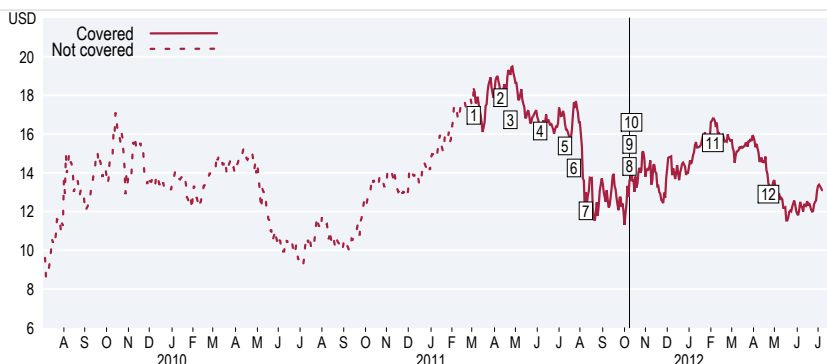
Rating/target price changes above reflect Eastern Standard Time

Blackstone Group L.P. (BX)

Ratings and Target Price History

Fundamental Research

Analyst: William R Katz
Covered since March 3 2011



	Date	Rating	Target Price	Closing Price
1	3-Mar-11	*1M	*23.50	18.33
2	11-Apr-11	1M	*24.00	18.00
3	25-Apr-11	1M	*25.50	19.06
4	6-Jun-11	1M	*23.00	16.16

* Indicates change

	Date	Rating	Target Price	Closing Price
5	11-Jul-11	1M	*22.00	16.53
6	22-Jul-11	1M	*24.00	17.63
7	9-Aug-11	1M	*20.00	13.00
8	8-Oct-11	Stock rating system changed		

	Date	Rating	Target Price	Closing Price
9	8-Oct-11	*1	20.00	12.75
10	12-Oct-11	1	*18.00	14.33
11	3-Feb-12	1	*19.00	16.81
12	23-Apr-12	1	*18.00	13.43

Rating/target price changes above reflect Eastern Standard Time

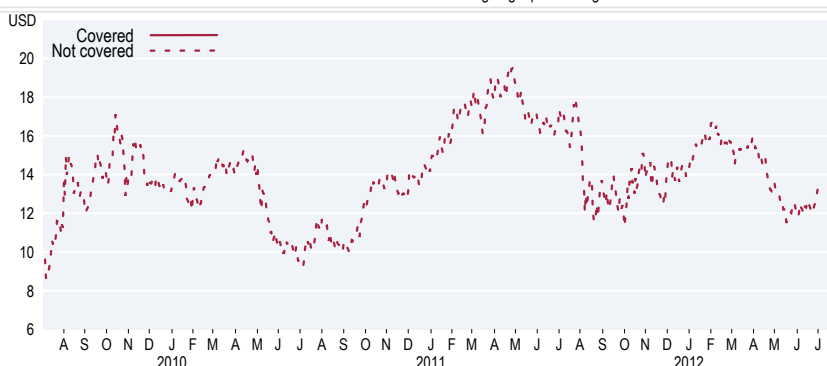
Blackstone Group L.P. (BX)

Ratings and Target Price History

Best Ideas Research

Relative Call (3 Month)

Analyst: William R Katz
Covered since March 3 2011



* Indicates change

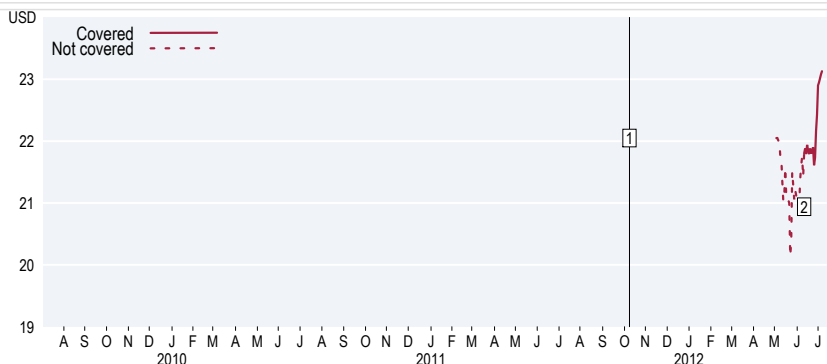
Rating/target price changes above reflect Eastern Standard Time

The Carlyle Group L.P. (CG)

Ratings and Target Price History

Fundamental Research

Analyst: William R Katz
Covered since June 12 2012



	Date	Rating	Target Price	Closing Price
1	8-Oct-11	Stock rating system changed		

* Indicates change

	Date	Rating	Target Price	Closing Price
2	12-Jun-12	*1	*29.00	21.80

Rating/target price changes above reflect Eastern Standard Time

The Carlyle Group L.P. (CG)

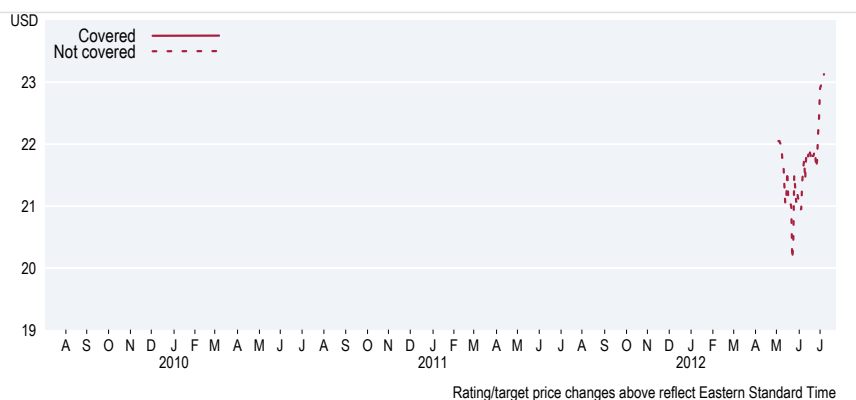
Ratings and Target Price History

Best Ideas Research

Relative Call (3 Month)

Analyst: William R Katz

Covered since June 12 2012



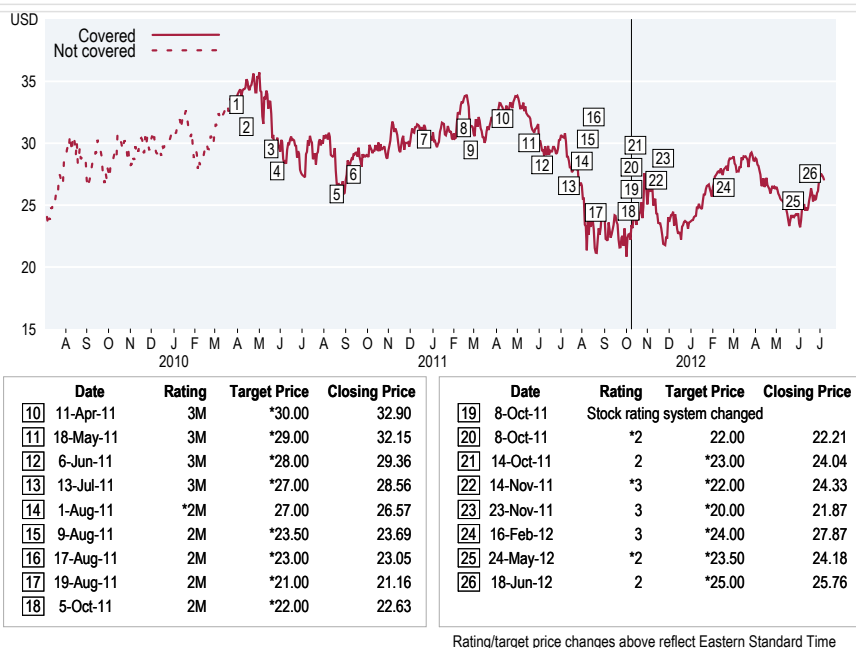
Eaton Vance (EV)

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	*2M	*34.00	33.54
2 14-Apr-10	2M	*36.00	35.17
3 19-May-10	2M	*34.00	32.38
4 27-May-10	2M	*32.00	30.45
5 19-Aug-10	*3M	*23.00	26.71
6 13-Sep-10	3M	*25.00	29.17
7 21-Dec-10	3M	*28.00	31.48
8 15-Feb-11	3M	*30.00	33.58
9 24-Feb-11	3M	*29.00	31.40

Date	Rating	Target Price	Closing Price
10 11-Apr-11	3M	*30.00	32.90
11 18-May-11	3M	*29.00	32.15
12 6-Jun-11	3M	*28.00	29.36
13 13-Jul-11	3M	*27.00	28.56
14 1-Aug-11	*2M	27.00	26.57
15 9-Aug-11	2M	*23.50	23.69
16 17-Aug-11	2M	*23.00	23.05
17 19-Aug-11	2M	*21.00	21.16
18 5-Oct-11	2M	*22.00	22.63

Date	Rating	Target Price	Closing Price
19 8-Oct-11	Stock rating system changed		
20 8-Oct-11	*2	22.00	22.21
21 14-Oct-11	2	*23.00	24.04
22 14-Nov-11	*3	*22.00	24.33
23 23-Nov-11	3	*20.00	21.87
24 16-Feb-12	3	*24.00	27.87
25 24-May-12	*2	*23.50	24.18
26 18-Jun-12	2	*25.00	25.76

* Indicates change

Eaton Vance (EV)

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 11-Feb-11	*ADD LP	-	33.38

Date	Rating	Target Price	Closing Price
2 1-Aug-11	*REM LP	-	26.57

Date	Rating	Target Price	Closing Price
3 19-Aug-11	*ADD LP	-	21.16

* Indicates change

Federated Investors, Inc (FII)

Ratings and Target Price History

Fundamental Research

Analyst: William R Katz

Covered since March 31 2010



	Date	Rating	Target Price	Closing Price
1	14-Oct-09	2M	*26.00	26.62
2	31-Mar-10	2M	*28.00	26.38
3	23-Apr-10	2M	*27.00	25.90
4	27-May-10	2M	*24.00	22.73
5	23-Jul-10	2M	*22.00	20.98
6	13-Sep-10	2M	*24.00	22.78
7	25-Oct-10	2M	*26.00	24.14
8	28-Oct-10	2M	*27.00	24.48

* Indicates change

	Date	Rating	Target Price	Closing Price
9	11-Mar-11	2M	*26.00	26.54
10	29-Apr-11	2M	*25.00	25.78
11	2-Jun-11	2M	*24.00	24.78
12	6-Jun-11	2M	*23.50	23.99
13	8-Aug-11	2M	*21.00	18.63
14	10-Aug-11	*3M	*16.00	16.91
15	19-Aug-11	3M	*15.00	16.39
16	8-Oct-11	Stock rating system changed		

	Date	Rating	Target Price	Closing Price
17	8-Oct-11	*3	15.00	17.56
18	10-Oct-11	3	*15.50	18.15
19	27-Oct-11	3	*16.00	20.78
20	8-Mar-12	3	*17.00	19.87
21	16-Apr-12	3	*18.00	20.73
22	30-Apr-12	*2	*22.00	22.08

Rating/target price changes above reflect Eastern Standard Time

Federated Investors, Inc (FII)

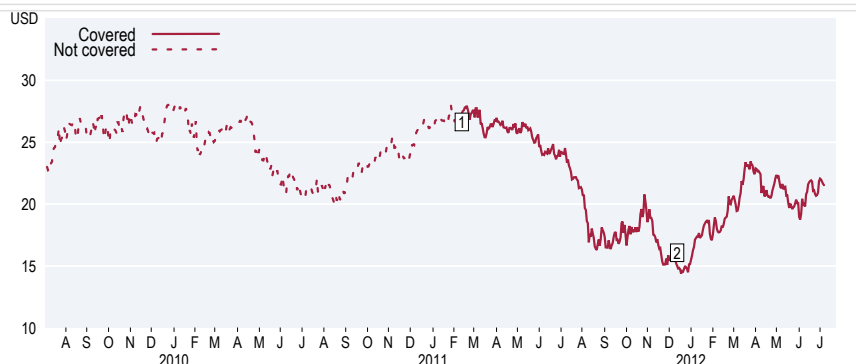
Ratings and Target Price History

Best Ideas Research

Relative Call (3 Month)

Analyst: William R Katz

Covered since March 31 2010



	Date	Rating	Target Price	Closing Price
1	11-Feb-11	*ADD LP	-	27.32

* Indicates change

	Date	Rating	Target Price	Closing Price
2	13-Dec-11	*REM LP	-	15.02

Rating/target price changes above reflect Eastern Standard Time

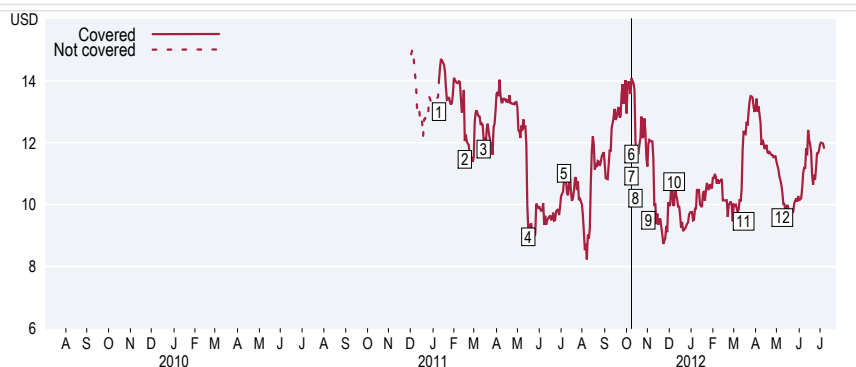
FXCM Inc (FXCM)

Ratings and Target Price History

Fundamental Research

Analyst: William R Katz

Covered since January 11 2011



	Date	Rating	Target Price	Closing Price
1	11-Jan-11	*1H	*18.00	14.02
2	16-Feb-11	*2H	*14.00	12.05
3	15-Mar-11	2H	*12.50	12.10
4	17-May-11	*3H	*7.00	9.17

* Indicates change

	Date	Rating	Target Price	Closing Price
5	6-Jul-11	*2H	*11.00	10.80
6	8-Oct-11	Stock rating system changed		
7	8-Oct-11	*2	-	13.57
8	14-Oct-11	*3	*11.25	12.01

	Date	Rating	Target Price	Closing Price
9	2-Nov-11	*2	11.25	11.96
10	8-Dec-11	2	*10.00	9.99
11	15-Mar-12	*1	*15.00	12.38
12	9-May-12	1	*14.50	10.40

Rating/target price changes above reflect Eastern Standard Time

FXCM Inc (FXCM)

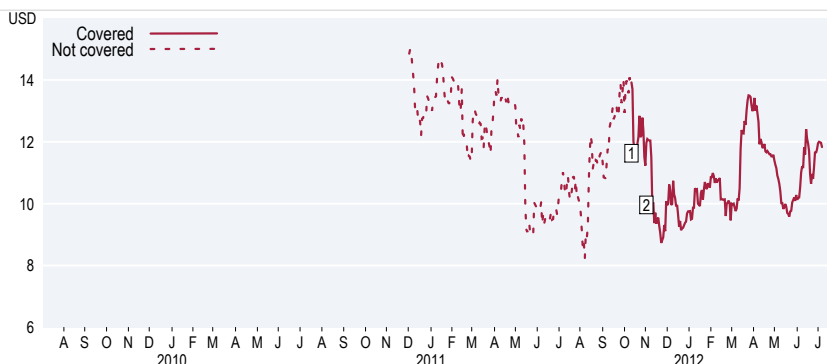
Ratings and Target Price History

Best Ideas Research

Relative Call (3 Month)

Analyst: William R Katz

Covered since January 11 2011



	Date	Rating	Target Price	Closing Price
[1]	12-Oct-11	*ADD LP	-	13.92

* Indicates change

	Date	Rating	Target Price	Closing Price
[2]	2-Nov-11	*REM LP	-	11.96

Rating/target price changes above reflect Eastern Standard Time

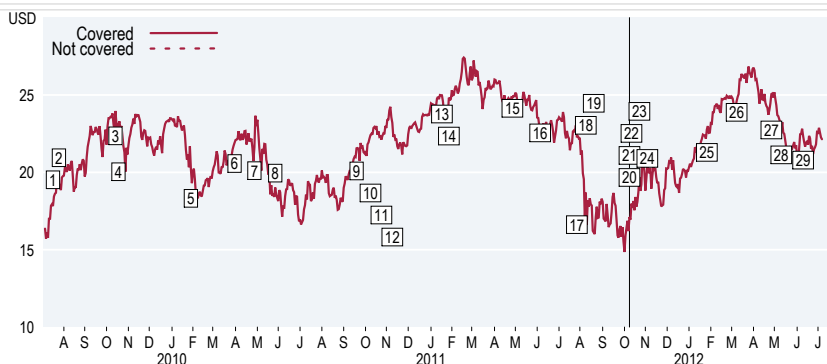
Invesco Ltd (IVZ)

Ratings and Target Price History

Fundamental Research

Analyst: William R Katz

Covered since March 31 2010



	Date	Rating	Target Price	Closing Price
[1]	17-Jul-09	1M	*21.00	17.82
[2]	27-Jul-09	1M	*22.00	19.28
[3]	14-Oct-09	1M	*27.00	23.97
[4]	19-Oct-09	1M	*30.00	23.12
[5]	28-Jan-10	1M	*27.00	20.21
[6]	31-Mar-10	1M	*26.00	21.91
[7]	28-Apr-10	1M	*27.00	21.61
[8]	27-May-10	1M	*25.00	19.02
[9]	20-Sep-10	1M	*26.00	21.60
[10]	8-Oct-10	1M	*27.00	22.41

* Indicates change

	Date	Rating	Target Price	Closing Price
[11]	25-Oct-10	1M	*28.00	22.11
[12]	9-Nov-10	1M	*26.50	23.20
[13]	18-Jan-11	*2M	26.50	24.98
[14]	27-Jan-11	2M	*27.00	24.83
[15]	27-Apr-11	2M	*25.50	24.82
[16]	6-Jun-11	2M	*24.50	22.55
[17]	27-Jul-11	2M	*24.00	22.26
[18]	9-Aug-11	2M	*18.50	18.69
[19]	19-Aug-11	2M	*17.00	16.11
[20]	8-Oct-11	Stock rating system changed		

	Date	Rating	Target Price	Closing Price
[21]	8-Oct-11	*2	17.00	16.20
[22]	12-Oct-11	*1	*21.00	17.98
[23]	24-Oct-11	1	*23.00	19.67
[24]	3-Nov-11	1	*25.00	20.45
[25]	26-Jan-12	1	*27.00	22.78
[26]	8-Mar-12	1	*30.00	24.60
[27]	26-Apr-12	1	*31.00	25.06
[28]	10-May-12	1	*28.50	22.74
[29]	11-Jun-12	1	*27.00	22.35

Rating/target price changes above reflect Eastern Standard Time

Invesco Ltd (IVZ)

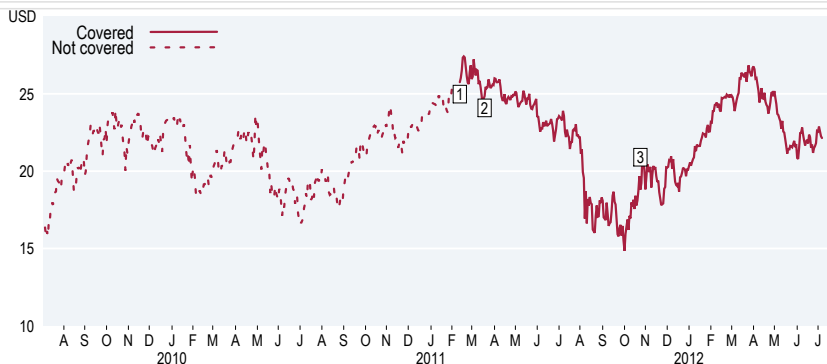
Ratings and Target Price History

Best Ideas Research

Relative Call (3 Month)

Analyst: William R Katz

Covered since March 31 2010



	Date	Rating	Target Price	Closing Price
[1]	11-Feb-11	*ADD MP	-	25.75

* Indicates change

	Date	Rating	Target Price	Closing Price
[2]	18-Mar-11	*REM MP	-	24.85

	Date	Rating	Target Price	Closing Price
[3]	25-Oct-11	*ADD MP	-	18.80

Rating/target price changes above reflect Eastern Standard Time

Janus Capital Group (JNS)

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	*2M	*15.00	14.29
2	22-Apr-10	2M	*14.00	14.14
3	19-May-10	2M	*13.00	11.78
4	1-Jul-10	*1M	13.00	9.00
5	22-Jul-10	1M	*14.00	10.59
6	8-Oct-10	*2H	*13.00	11.54
7	14-Oct-10	2H	*12.50	11.49
8	21-Oct-10	2H	*11.50	10.85

* Indicates change

	Date	Rating	Target Price	Closing Price
9	11-Nov-10	2H	*12.00	11.70
10	18-Jan-11	*3H	12.00	13.54
11	18-Mar-11	*2H	12.00	11.88
12	21-Apr-11	2H	*14.00	12.68
13	19-May-11	2H	*11.50	10.48
14	6-Jun-11	2H	*10.50	9.31
15	21-Jul-11	2H	*9.50	9.22
16	9-Aug-11	2H	*7.25	7.21

	Date	Rating	Target Price	Closing Price
17	19-Aug-11	2H	*6.50	5.92
18	8-Oct-11	Stock rating system changed		
19	8-Oct-11	*2	6.50	5.85
20	20-Oct-11	2	*6.25	6.38
21	18-Jan-12	*3	*5.50	7.05
22	26-Jan-12	3	*5.75	7.99
23	16-Apr-12	*2	*8.00	8.08
24	24-Apr-12	2	*7.75	7.74

Rating/target price changes above reflect Eastern Standard Time

Janus Capital Group (JNS)

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	11-Feb-11	*ADD LP	-	13.86

* Indicates change

	Date	Rating	Target Price	Closing Price
2	18-Mar-11	*REM LP	-	11.88

Rating/target price changes above reflect Eastern Standard Time

KKR & Co. L.P. (KKR)

Ratings and Target Price History

Fundamental Research

Analyst: William R Katz

Covered since August 5 2010



	Date	Rating	Target Price	Closing Price
1	5-Aug-10	*1H	*14.00	9.90
2	21-Oct-10	1H	*15.00	11.80
3	3-Nov-10	1H	*17.00	12.70
4	3-Dec-10	1H	*18.00	12.79
5	17-Dec-10	1H	*21.00	13.38
6	10-Jan-11	1H	*22.00	15.09

* Indicates change

	Date	Rating	Target Price	Closing Price
7	5-May-11	1H	*24.00	17.65
8	6-Jun-11	1H	*22.50	16.38
9	11-Jul-11	1H	*21.50	14.76
10	4-Aug-11	1H	*20.00	12.59
11	9-Aug-11	1H	*16.00	11.88
12	8-Oct-11	Stock rating system changed		

	Date	Rating	Target Price	Closing Price
13	8-Oct-11	*1	16.00	10.40
14	4-Nov-11	1	*17.00	13.52
15	10-Feb-12	1	*18.50	15.07
16	23-Apr-12	1	*19.00	13.63
17	30-Apr-12	1	*20.00	14.12

Rating/target price changes above reflect Eastern Standard Time

KKR & Co. L.P. (KKR)

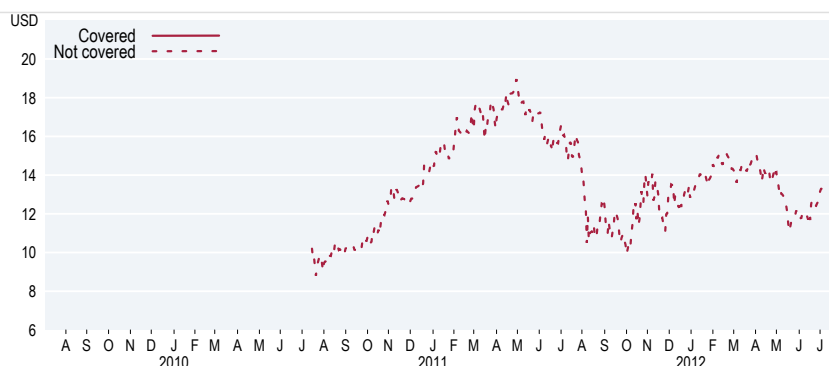
Ratings and Target Price History

Best Ideas Research

Relative Call (3 Month)

Analyst: William R Katz

Covered since August 5 2010



* Indicates change

Rating/target price changes above reflect Eastern Standard Time

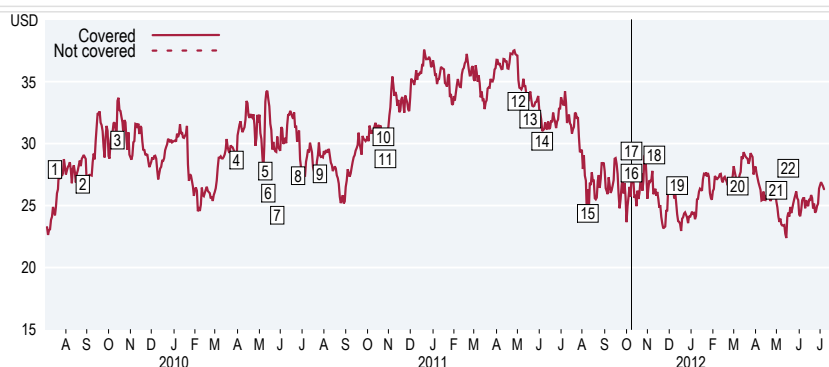
Legg Mason Inc (LM)

Ratings and Target Price History

Fundamental Research

Analyst: William R Katz

Covered since March 31 2010



* Indicates change

Rating/target price changes above reflect Eastern Standard Time

Date	Rating	Target Price	Closing Price
1 17-Jul-09	2H	*25.00	24.21
2 26-Aug-09	2H	*29.00	28.92
3 14-Oct-09	2H	*32.00	33.45
4 31-Mar-10	*2M	*29.50	28.67
5 11-May-10	2M	*33.50	33.38
6 14-May-10	*1M	*44.00	33.57
7 27-May-10	1M	*41.00	30.57
8 25-Jun-10	1M	*42.00	30.70

Date	Rating	Target Price	Closing Price
9 27-Jul-10	1M	*44.00	29.07
10 25-Oct-10	1M	*45.00	30.96
11 27-Oct-10	1M	*46.00	30.58
12 3-May-11	1M	*41.00	35.13
13 19-May-11	1M	*40.00	34.20
14 6-Jun-11	1M	*38.00	31.01
15 9-Aug-11	1M	*34.00	26.30
16 8-Oct-11	Stock rating system changed		

Date	Rating	Target Price	Closing Price
17 8-Oct-11	*1	34.00	25.72
18 10-Nov-11	1	*33.00	26.04
19 13-Dec-11	*2	*27.00	24.31
20 7-Mar-12	2	*29.00	26.69
21 1-May-12	2	*27.50	25.32
22 17-May-12	*1	*32.50	24.43

Legg Mason Inc (LM)

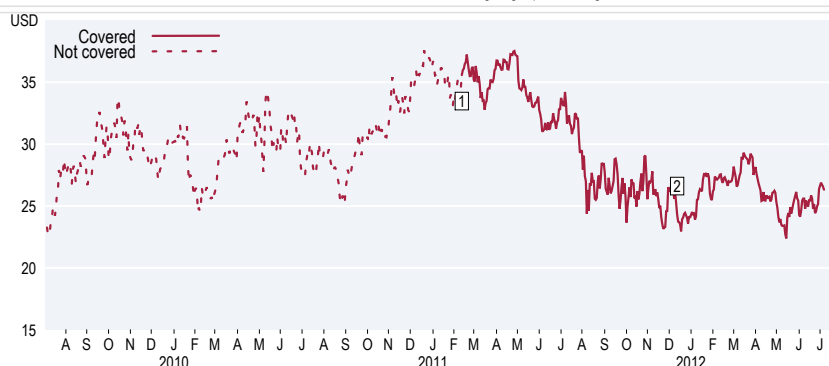
Ratings and Target Price History

Best Ideas Research

Relative Call (3 Month)

Analyst: William R Katz

Covered since March 31 2010



* Indicates change

Rating/target price changes above reflect Eastern Standard Time

Date	Rating	Target Price	Closing Price
1 11-Feb-11	*ADD MP	-	35.58

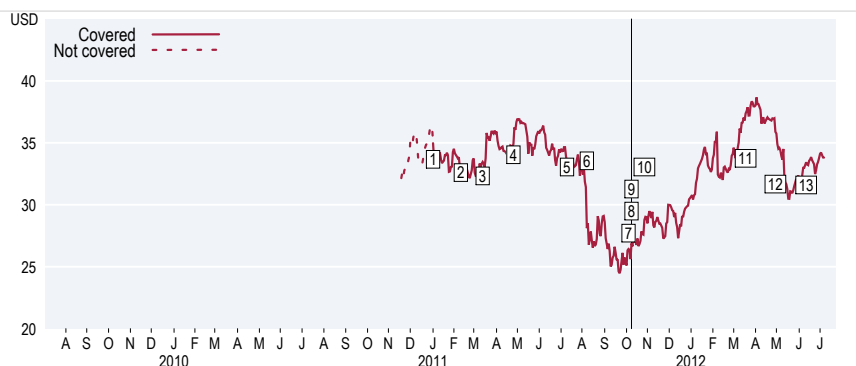
Date	Rating	Target Price	Closing Price
2 13-Dec-11	*REM MP	-	24.31

LPL Financial Holdings Inc (LPLA)

Ratings and Target Price History Fundamental Research

Analyst: William R Katz

Covered since January 3 2011



	Date	Rating	Target Price	Closing Price
1	3-Jan-11	*3M	*\$32.00	34.97
2	10-Feb-11	*2M	32.00	33.06
3	14-Mar-11	2M	*\$33.50	33.46
4	26-Apr-11	2M	*\$35.00	34.89
5	11-Jul-11	2M	*\$34.00	33.48

* Indicates change

	Date	Rating	Target Price	Closing Price
6	8-Aug-11	2M	*\$33.00	28.11
7	5-Oct-11	2M	*\$30.00	26.43
8	8-Oct-11	Stock rating system changed		
9	8-Oct-11	*2	30.00	25.61
10	27-Oct-11	2	*\$28.00	28.78

	Date	Rating	Target Price	Closing Price
11	19-Mar-12	2	*\$35.00	37.37
12	30-Apr-12	2	*\$34.00	35.89
13	12-Jun-12	2	*\$33.00	33.43

Rating/target price changes above reflect Eastern Standard Time

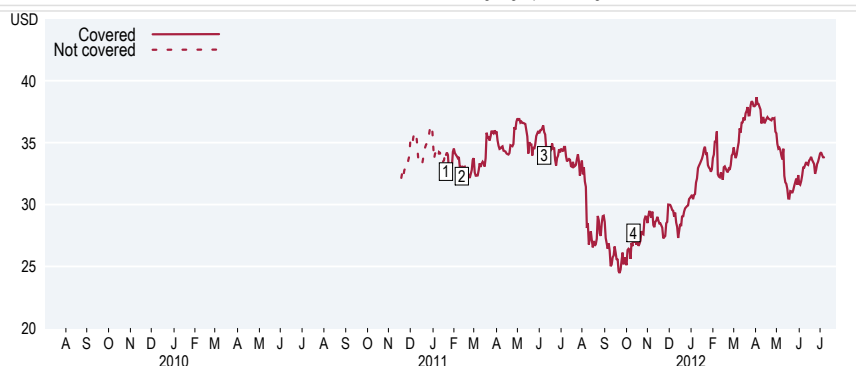
LPL Financial Holdings Inc (LPLA)

Ratings and Target Price History Best Ideas Research

Relative Call (3 Month)

Analyst: William R Katz

Covered since January 3 2011



	Date	Rating	Target Price	Closing Price
1	20-Jan-11	*ADD LP	-	34.01
2	11-Feb-11	*REM LP	-	32.95

* Indicates change

	Date	Rating	Target Price	Closing Price
3	8-Jun-11	*ADD LP	-	35.85
4	12-Oct-11	*REM LP	-	27.71

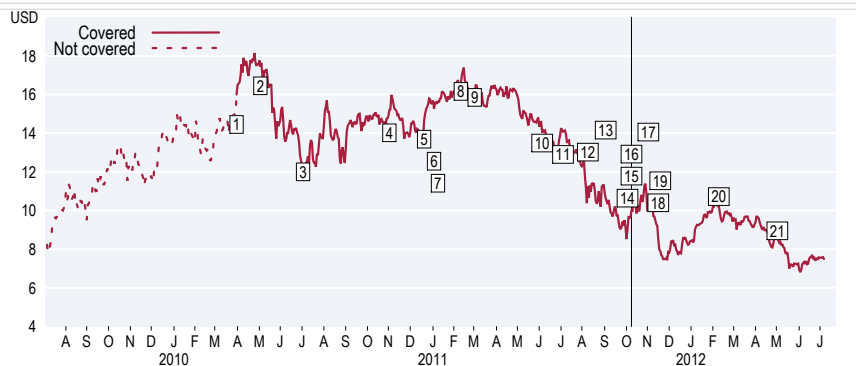
Rating/target price changes above reflect Eastern Standard Time

Och-Ziff Capital Management (OZM)

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	*1H	*\$20.00	16.00
2	4-May-10	1H	*\$22.00	17.44
3	2-Jul-10	1H	*\$21.00	12.30
4	2-Nov-10	1H	*\$19.00	15.20
5	21-Dec-10	1H	*\$21.00	14.66
6	4-Jan-11	1H	*\$20.00	15.26
7	10-Jan-11	1H	*\$21.00	15.66

* Indicates change

	Date	Rating	Target Price	Closing Price
8	10-Feb-11	1H	*\$22.00	16.56
9	2-Mar-11	1H	*\$21.00	15.96
10	6-Jun-11	1H	*\$20.00	14.03
11	5-Jul-11	1H	*\$19.00	14.08
12	9-Aug-11	1H	*\$16.00	11.26
13	2-Sep-11	1H	*\$15.50	10.63
14	4-Oct-11	1H	*\$14.00	9.03

	Date	Rating	Target Price	Closing Price
15	8-Oct-11	Stock rating system changed		
16	8-Oct-11	*1	14.00	9.66
17	2-Nov-11	1	*\$13.00	10.07
18	16-Nov-11	1	*\$12.00	8.50
19	18-Nov-11	1	*\$11.00	7.91
20	9-Feb-12	1	*\$12.00	10.26
21	2-May-12	1	*\$11.50	8.72

Rating/target price changes above reflect Eastern Standard Time

Och-Ziff Capital Management (OZM)

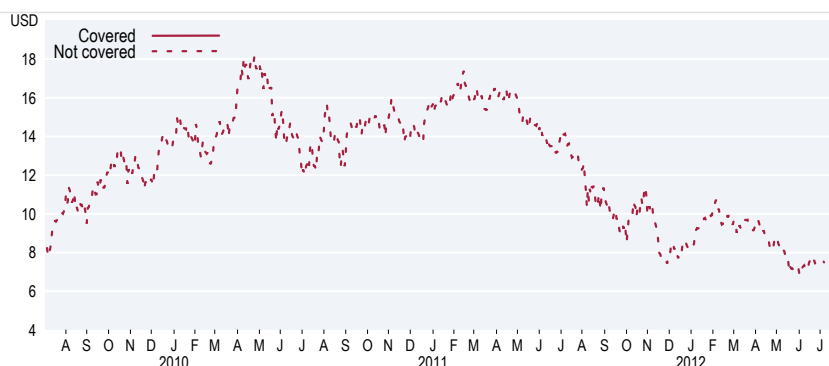
Ratings and Target Price History

Best Ideas Research

Relative Call (3 Month)

Analyst: William R Katz

Covered since March 31 2010



* Indicates change

Rating/target price changes above reflect Eastern Standard Time

The Charles Schwab Corporation (SCHW)

Ratings and Target Price History

Fundamental Research

Analyst: William R Katz

Covered since July 6 2011



* Indicates change

Rating/target price changes above reflect Eastern Standard Time

	Date	Rating	Target Price	Closing Price
1	23-Jul-09	*2M	*18.00	17.23
2	14-Jul-10	2M	*16.00	14.50
3	13-Apr-11	2M	*19.00	18.18
4	14-Apr-11	Coverage terminated		
5	6-Jul-11	2M	*18.00	15.79

	Date	Rating	Target Price	Closing Price
6	11-Jul-11	2M	*17.50	15.40
7	8-Aug-11	2M	*15.50	12.41
8	6-Oct-11	2M	*13.00	12.04
9	8-Oct-11	Stock rating system changed		
10	8-Oct-11	*2	13.00	11.64

	Date	Rating	Target Price	Closing Price
11	14-Dec-11	2	*12.00	10.97
12	19-Mar-12	*1	*20.00	15.31
13	4-Jun-12	*2	*13.00	11.83

The Charles Schwab Corporation (SCHW)

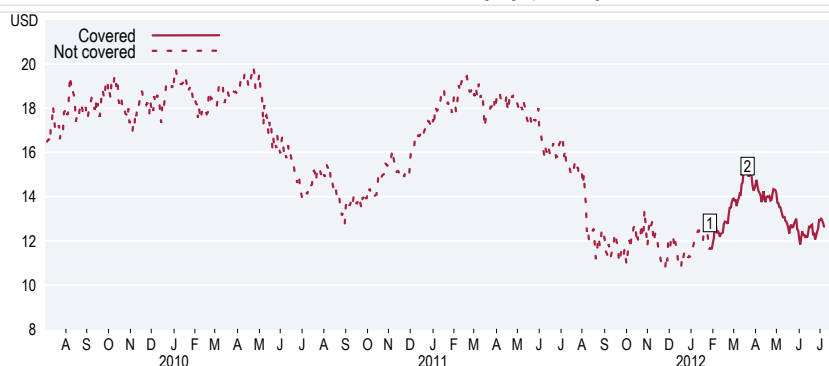
Ratings and Target Price History

Best Ideas Research

Relative Call (3 Month)

Analyst: William R Katz

Covered since July 6 2011



* Indicates change

Rating/target price changes above reflect Eastern Standard Time

	Date	Rating	Target Price	Closing Price
1	27-Jan-12	*ADD LP	-	11.67

	Date	Rating	Target Price	Closing Price
2	21-Mar-12	*REM LP	-	15.26

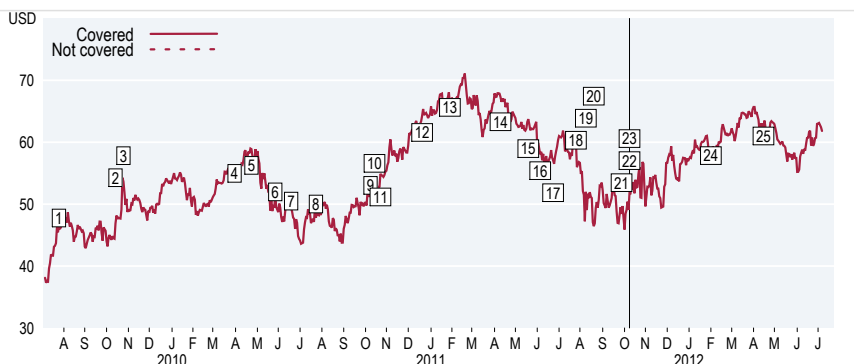
T Rowe Price Group Inc (TROW)

Ratings and Target Price History

Fundamental Research

Analyst: William R Katz

Covered since March 31 2010



	Date	Rating	Target Price	Closing Price
1	26-Jul-09	1M	*\$52.00	45.45
2	14-Oct-09	1M	*\$54.00	46.90
3	26-Oct-09	1M	*\$63.00	53.65
4	31-Mar-10	*1L	*\$62.00	54.97
5	23-Apr-10	1L	*\$66.00	58.88
6	27-May-10	1L	*\$60.00	51.47
7	18-Jun-10	1L	*\$57.00	49.34
8	23-Jul-10	1L	*\$56.00	47.85
9	8-Oct-10	*2L	*\$53.00	51.62

* Indicates change

	Date	Rating	Target Price	Closing Price
10	14-Oct-10	2L	*\$54.00	52.52
11	22-Oct-10	2L	*\$57.00	54.89
12	21-Dec-10	2L	*\$63.00	64.27
13	28-Jan-11	2L	*\$67.00	65.85
14	11-Apr-11	2L	*\$70.00	67.30
15	19-May-11	2L	*\$67.00	63.73
16	6-Jun-11	2L	*\$63.50	58.04
17	23-Jun-11	2L	*\$60.00	57.08
18	26-Jul-11	2L	*\$63.00	60.06

	Date	Rating	Target Price	Closing Price
19	9-Aug-11	2L	*\$53.00	51.99
20	19-Aug-11	2L	*\$47.00	46.44
21	28-Sep-11	2L	*\$49.00	48.42
22	8-Oct-11	Stock rating system changed		
23	8-Oct-11	*2	49.00	49.06
24	1-Feb-12	*3	*\$50.00	58.62
25	16-Apr-12	3	*\$56.00	62.18

Rating/target price changes above reflect Eastern Standard Time

T Rowe Price Group Inc (TROW)

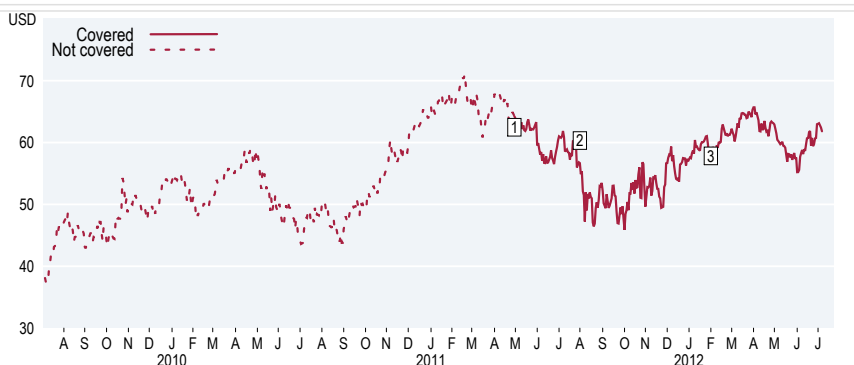
Ratings and Target Price History

Best Ideas Research

Relative Call (3 Month)

Analyst: William R Katz

Covered since March 31 2010



	Date	Rating	Target Price	Closing Price
1	29-Apr-11	*ADD LP	-	64.25

* Indicates change

	Date	Rating	Target Price	Closing Price
2	1-Aug-11	*REM LP	-	56.67

	Date	Rating	Target Price	Closing Price
3	1-Feb-12	*ADD LP	-	58.62

Rating/target price changes above reflect Eastern Standard Time

Waddell & Reed Financial, Inc (WDR)

Ratings and Target Price History

Fundamental Research

Analyst: William R Katz

Covered since March 31 2010



	Date	Rating	Target Price	Closing Price
1	17-Jul-09	2H	*\$25.00	24.60
2	28-Jul-09	2H	*\$27.00	26.93
3	14-Oct-09	2H	*\$30.00	29.93
4	28-Jan-10	2H	*\$34.00	31.41
5	31-Mar-10	*1M	*\$42.00	36.04
6	27-May-10	*2H	*\$32.00	28.43
7	8-Jul-10	2H	*\$27.00	23.90
8	28-Jul-10	2H	*\$26.00	23.76
9	13-Sep-10	2H	*\$28.00	26.79

* Indicates change

	Date	Rating	Target Price	Closing Price
10	26-Oct-10	*2M	*\$30.00	28.34
11	21-Dec-10	2M	*\$35.00	35.64
12	18-Jan-11	2M	*\$40.00	36.83
13	11-Feb-11	*1M	*\$44.00	40.08
14	18-Feb-11	1M	*\$47.00	42.06
15	26-Apr-11	1M	*\$48.00	39.64
16	6-Jun-11	1M	*\$45.00	35.17
17	9-Aug-11	1M	*\$40.00	31.11
18	19-Aug-11	1M	*\$36.00	27.13

	Date	Rating	Target Price	Closing Price
19	8-Oct-11	Stock rating system changed		
20	8-Oct-11	*1	36.00	24.26
21	12-Oct-11	1	*\$30.00	25.00
22	25-Oct-11	*2	*\$27.00	25.21
23	3-Nov-11	2	*\$29.00	29.13
24	1-Feb-12	*3	*\$24.00	28.48
25	8-Mar-12	3	*\$27.00	30.69
26	16-Apr-12	*2	*\$30.00	30.41
27	1-May-12	2	*\$32.00	32.33

Rating/target price changes above reflect Eastern Standard Time

Waddell & Reed Financial, Inc (WDR)

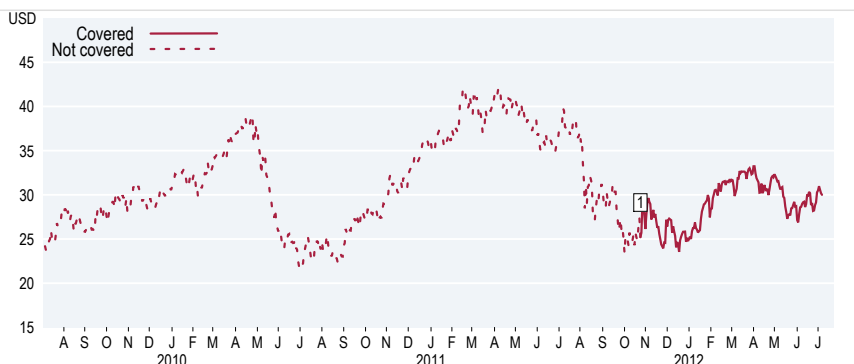
Ratings and Target Price History

Best Ideas Research

Relative Call (3 Month)

Analyst: William R Katz

Covered since March 31 2010



Date	Rating	Target Price	Closing Price
1 25-Oct-11	*ADD LP	-	25.21

* Indicates change

Rating/target price changes above reflect Eastern Standard Time

Citigroup Global Markets, Inc. is a senior co-manager in LPL Investment Holding's announced secondary offering of common stock.

Citigroup Global Markets Inc. or its affiliates beneficially owns 1% or more of any class of common equity securities of Blackstone Group L.P., KKR & Co. L.P., Och-Ziff Capital Management. This position reflects information available as of the prior business day.

Within the past 12 months, Citigroup Global Markets Inc. or its affiliates has acted as manager or co-manager of an offering of securities of BlackRock Inc, Blackstone Group L.P., The Carlyle Group L.P., KKR & Co. L.P., Legg Mason Inc, LPL Financial Holdings Inc, Och-Ziff Capital Management, The Charles Schwab Corporation.

Citigroup Global Markets Inc. or its affiliates has received compensation for investment banking services provided within the past 12 months from Affiliated Managers Group, Apollo Global Management, LLC, Franklin Resources Inc, BlackRock Inc, Blackstone Group L.P., The Carlyle Group L.P., Eaton Vance, Federated Investors, Inc, Invesco Ltd, Janus Capital Group, KKR & Co. L.P., Legg Mason Inc, LPL Financial Holdings Inc, Och-Ziff Capital Management, The Charles Schwab Corporation, T Rowe Price Group Inc, Waddell & Reed Financial, Inc.

Citigroup Global Markets Inc. or its affiliates expects to receive or intends to seek, within the next three months, compensation for investment banking services from Apollo Global Management, LLC, Franklin Resources Inc, BlackRock Inc, Blackstone Group L.P., The Carlyle Group L.P., Invesco Ltd, KKR & Co. L.P., The Charles Schwab Corporation.

Citigroup Global Markets Inc. or an affiliate received compensation for products and services other than investment banking services from Affiliated Managers Group, TD Ameritrade Holding Corp, Apollo Global Management, LLC, Artio Global Investors Inc., Franklin Resources Inc, BlackRock Inc, Blackstone Group L.P., The Carlyle Group L.P., Eaton Vance, Federated Investors, Inc, FXCM Inc, IG Group, Invesco Ltd, Janus Capital Group, KKR & Co. L.P., Legg Mason Inc, LPL Financial Holdings Inc, Och-Ziff Capital Management, The Charles Schwab Corporation, T Rowe Price Group Inc, Waddell & Reed Financial, Inc in the past 12 months.

Citigroup Global Markets Inc. currently has, or had within the past 12 months, the following as investment banking client(s): KKR & Co. L.P., FXCM Inc, Apollo Global Management, LLC, The Carlyle Group L.P., Affiliated Managers Group, Franklin Resources Inc, BlackRock Inc, Blackstone Group L.P., Eaton Vance, Federated Investors, Inc, Invesco Ltd, Janus Capital Group, Legg Mason Inc, LPL Financial Holdings Inc, Och-Ziff Capital Management, The Charles Schwab Corporation, T Rowe Price Group Inc, Waddell & Reed Financial, Inc.

Citigroup Global Markets Inc. currently has, or had within the past 12 months, the following as clients, and the services provided were non-investment-banking, securities-related: Affiliated Managers Group, TD Ameritrade Holding Corp, Apollo Global Management, LLC, Artio Global Investors Inc., Franklin Resources Inc, BlackRock Inc, Blackstone Group L.P., The Carlyle Group L.P., Eaton Vance, Federated Investors, Inc, FXCM Inc, IG Group, Invesco Ltd, Janus Capital Group, KKR & Co. L.P., Legg Mason Inc, LPL Financial Holdings Inc, Och-Ziff Capital Management, The Charles Schwab Corporation, T Rowe Price Group Inc, Waddell & Reed Financial, Inc.

Citigroup Global Markets Inc. currently has, or had within the past 12 months, the following as clients, and the services provided were non-investment-banking, non-securities-related: Affiliated Managers Group, TD Ameritrade Holding Corp, Apollo Global Management, LLC, Artio Global Investors Inc., Franklin Resources Inc, BlackRock Inc, Blackstone Group L.P., The Carlyle Group L.P., Eaton Vance, Federated Investors, Inc, Invesco Ltd, Janus Capital Group, KKR & Co. L.P., Legg Mason Inc, LPL Financial Holdings Inc, Och-Ziff Capital Management, The Charles Schwab Corporation, T Rowe Price Group Inc.

Analysts' compensation is determined based upon activities and services intended to benefit the investor clients of Citigroup Global Markets Inc. and its affiliates ("the Firm"). Like all Firm employees, analysts receive compensation that is impacted by overall firm profitability which includes investment banking revenues.

The Firm is a market maker in the publicly traded equity securities of TD Ameritrade Holding Corp, The Carlyle Group L.P., Invesco Ltd, LPL Financial Holdings Inc, The Charles Schwab Corporation, T Rowe Price Group Inc.

For important disclosures (including copies of historical disclosures) regarding the companies that are the subject of this Citi Research product ("the Product"), please contact Citi Research, 388 Greenwich Street, 28th Floor, New York, NY, 10013, Attention: Legal/Compliance [E6WYB6412478]. In addition, the same important disclosures, with the exception of the Valuation and Risk assessments and historical disclosures, are contained on the Firm's

disclosure website at https://www.citivelocity.com/cvr/eppublic/citi_research_disclosures. Valuation and Risk assessments can be found in the text of the most recent research note/report regarding the subject company. Historical disclosures (for up to the past three years) will be provided upon request.

Citi Research Ratings Distribution

<i>Data current as of 30 Jun 2012</i>	12 Month Rating			Relative Rating		
	Buy	Hold	Sell	Buy	Hold	Sell
Citi Research Global Fundamental Coverage	53%	37%	10%	10%	80%	10%
% of companies in each rating category that are investment banking clients	44%	43%	40%	48%	43%	45%

Guide to Citi Research Fundamental Research Investment Ratings:

Citi Research stock recommendations include an investment rating and an optional risk rating to highlight high risk stocks.

Risk rating takes into account both price volatility and fundamental criteria. Stocks will either have no risk rating or a High risk rating assigned.

Investment Ratings: Citi Research investment ratings are Buy, Neutral and Sell. Our ratings are a function of analyst expectations of expected total return ("ETR") and risk. ETR is the sum of the forecast price appreciation (or depreciation) plus the dividend yield for a stock within the next 12 months. The Investment rating definitions are: Buy (1) ETR of 15% or more or 25% or more for High risk stocks; and Sell (3) for negative ETR. Any covered stock not assigned a Buy or a Sell is a Neutral (2). For stocks rated Neutral (2), if an analyst believes that there are insufficient valuation drivers and/or investment catalysts to derive a positive or negative investment view, they may elect with the approval of Citi Research management not to assign a target price and, thus, not derive an ETR. Analysts may place covered stocks "Under Review" in response to exceptional circumstances (e.g. lack of information critical to the analyst's thesis) affecting the company and / or trading in the company's securities (e.g. trading suspension). As soon as practically possible, the analyst will publish a note re-establishing a rating and investment thesis. To satisfy regulatory requirements, we correspond Under Review and Neutral to Hold in our ratings distribution table for our 12-month fundamental rating system. However, we reiterate that we do not consider Under Review to be a recommendation.

Relative three-month ratings: Citi Research may also assign a three-month relative call (or rating) to a stock to highlight expected out-performance (most preferred) or under-performance (least preferred) versus the geographic and industry sector over a 3 month period. The relative call may highlight a specific near-term catalyst or event impacting the company or the market that is anticipated to have a short-term price impact on the equity securities of the company. Absent any specific catalyst the analyst(s) will indicate the most and least preferred stocks in the universe of stocks under consideration, explaining the basis for this short-term view. This three-month view may be different from and does not affect a stock's fundamental equity rating, which reflects a longer-term total absolute return expectation. For purposes of NASD/NYSE ratings-distribution-disclosure rules, most preferred calls correspond to a buy recommendation and least preferred calls correspond to a sell recommendation. Any stock not assigned to a most preferred or least preferred call is considered non-relative-rated (NRR). For purposes of NASD/NYSE ratings-distribution-disclosure rules we correspond NRR to Hold in our ratings distribution table for our 3-month relative rating system. However, we reiterate that we do not consider NRR to be a recommendation.

Prior to October 8, 2011, the firm's stock recommendation system included a risk rating and an investment rating. **Risk ratings**, which took into account both price volatility and fundamental criteria, were: Low (L), Medium (M), High (H), and Speculative (S). **Investment Ratings** of Buy, Hold and Sell were a function of the Citi Research expectation of total return (forecast price appreciation and dividend yield within the next 12 months) and risk rating. Additionally, analysts could have placed covered stocks "Under Review" in response to exceptional circumstances (e.g. lack of information critical to the analyst's thesis) affecting the company and/or trading in the company's securities (e.g. trading suspension). Stocks placed "Under Review" were monitored daily by management and as practically possible, the analyst published a note re-establishing a rating and investment thesis. For securities in developed markets (US, UK, Europe, Japan, and Australia/New Zealand), investment ratings were: Buy (1) (expected total return of 10% or more for Low-Risk stocks, 15% or more for Medium-Risk stocks, 20% or more for High-Risk stocks, and 35% or more for Speculative stocks); Hold (2) (0%-10% for Low-Risk stocks, 0%-15% for Medium-Risk stocks, 0%-20% for High-Risk stocks, and 0%-35% for Speculative stocks); and Sell (3) (negative total return). For securities in emerging markets (Asia Pacific, Emerging Europe/Middle East/Africa, and Latin America), investment ratings were: Buy (1) (expected total return of 15% or more for Low-Risk stocks, 20% or more for Medium-Risk stocks, 30% or more for High-Risk stocks, and 40% or more for Speculative stocks); Hold (2) (5%-15% for Low-Risk stocks, 10%-20% for Medium-Risk stocks, 15%-30% for High-Risk stocks, and 20%-40% for Speculative stocks); and Sell (3) (5% or less for Low-Risk stocks, 10% or less for Medium-Risk stocks, 15% or less for High-Risk stocks, and 20% or less for Speculative stocks).

Investment ratings are determined by the ranges described above at the time of initiation of coverage, a change in investment and/or risk rating, or a change in target price (subject to limited management discretion). At other times, the expected total returns may fall outside of these ranges because of market price movements and/or other short-term volatility or trading patterns. Such interim deviations from specified ranges will be permitted but will become subject to review by Research Management. Your decision to buy or sell a security should be based upon your personal investment objectives and should be made only after evaluating the stock's expected performance and risk.

NON-US RESEARCH ANALYST DISCLOSURES

Non-US research analysts who have prepared this report (i.e., all research analysts listed below other than those identified as employed by Citigroup Global Markets Inc.) are not registered/qualified as research analysts with FINRA. Such research analysts may not be associated persons of the member organization and therefore may not be subject to the NYSE Rule 472 and NASD Rule 2711 restrictions on communications with a subject company, public appearances and trading securities held by a research analyst account. The legal entities employing the authors of this report are listed below:

Citigroup Global Markets Inc	William R Katz; Neil Stratton, CFA; Steven J Fullerton
Citigroup Global Markets Ltd	Hugo Mills

OTHER DISCLOSURES

The subject company's share price set out on the front page of this Product is quoted as at 06 July 2012 04:00 PM on the issuer's primary market.

Citigroup Global Markets Inc. and/or its affiliates has a significant financial interest in relation to Affiliated Managers Group, TD Ameritrade Holding Corp, Franklin Resources Inc, BlackRock Inc, Eaton Vance, Federated Investors, Inc, Invesco Ltd, Janus Capital Group, Legg Mason Inc, LPL Financial Holdings Inc, The Charles Schwab Corporation. (For an explanation of the determination of significant financial interest, please refer to the policy for managing conflicts of interest which can be found at www.citiVelocity.com.)

Citigroup Global Markets Inc. or its affiliates beneficially owns 2% or more of any class of common equity securities of KKR & Co. L.P..

Citigroup Global Markets Inc. or its affiliates beneficially owns 5% or more of any class of common equity securities of Och-Ziff Capital Management.

This Product has been modified by the author following a discussion with one or more of the named issuers/issuers of the named securities.

For securities recommended in the Product in which the Firm is not a market maker, the Firm is a liquidity provider in the issuers' financial instruments and may act as principal in connection with such transactions. The Firm is a regular issuer of traded financial instruments linked to securities that may have been recommended in the Product. The Firm regularly trades in the securities of the issuer(s) discussed in the Product. The Firm may engage in securities transactions in a manner inconsistent with the Product and, with respect to securities covered by the Product, will buy or sell from customers on a principal basis.

Securities recommended, offered, or sold by the Firm: (i) are not insured by the Federal Deposit Insurance Corporation; (ii) are not deposits or other obligations of any insured depository institution (including Citibank); and (iii) are subject to investment risks, including the possible loss of the principal amount invested. Although information has been obtained from and is based upon sources that the Firm believes to be reliable, we do not guarantee its accuracy and it may be incomplete and condensed. Note, however, that the Firm has taken all reasonable steps to determine the accuracy and completeness of the disclosures made in the Important Disclosures section of the Product. The Firm's research department has received assistance from the subject company(ies) referred to in this Product including, but not limited to, discussions with management of the subject company(ies). Firm policy prohibits research analysts from sending draft research to subject companies. However, it should be presumed that the author of the Product has had discussions with the subject company to ensure factual accuracy prior to publication. All opinions, projections and estimates constitute the judgment of the author as of the date of the Product and these, plus any other information contained in the Product, are subject to change without notice. Prices and availability of financial instruments also are subject to change without notice. Notwithstanding other departments within the Firm advising the companies discussed in this Product, information obtained in such role is not used in the preparation of the Product. Although Citi Research does not set a predetermined frequency for publication, if the Product is a fundamental research report, it is the intention of Citi Research to provide research coverage of the/those issuer(s) mentioned therein, including in response to news affecting this issuer, subject to applicable quiet periods and capacity constraints. The Product is for informational purposes only and is not intended as an offer or solicitation for the purchase or sale of a security. Any decision to purchase securities mentioned in the Product must take into account existing public information on such security or any registered prospectus.

Investing in non-U.S. securities, including ADRs, may entail certain risks. The securities of non-U.S. issuers may not be registered with, nor be subject to the reporting requirements of the U.S. Securities and Exchange Commission. There may be limited information available on foreign securities. Foreign companies are generally not subject to uniform audit and reporting standards, practices and requirements comparable to those in the U.S. Securities of some foreign companies may be less liquid and their prices more volatile than securities of comparable U.S. companies. In addition, exchange rate movements may have an adverse effect on the value of an investment in a foreign stock and its corresponding dividend payment for U.S. investors. Net dividends to ADR investors are estimated, using withholding tax rates conventions, deemed accurate, but investors are urged to consult their tax advisor for exact dividend computations. Investors who have received the Product from the Firm may be prohibited in certain states or other jurisdictions from purchasing securities mentioned in the Product from the Firm. Please ask your Financial Consultant for additional details. Citigroup Global Markets Inc. takes responsibility for the Product in the United States. Any orders by US investors resulting from the information contained in the Product may be placed only through Citigroup Global Markets Inc.

Important Disclosures for Morgan Stanley Smith Barney LLC Customers: Morgan Stanley & Co. LLC (Morgan Stanley) research reports may be available about the companies that are the subject of this Citi Research research report. Ask your Financial Advisor or use smithbarney.com to view any available Morgan Stanley research reports in addition to Citi Research research reports.

Important disclosure regarding the relationship between the companies that are the subject of this Citi Research research report and Morgan Stanley Smith Barney LLC and its affiliates are available at the Morgan Stanley Smith Barney disclosure website at www.morganstanleysmithbarney.com/researchdisclosures.

For Morgan Stanley and Citigroup Global Markets, Inc. specific disclosures, you may refer to www.morganstanley.com/researchdisclosures and https://www.citivelocity.com/cvr/eppublic/citi_research_disclosures.

This Citi Research research report has been reviewed and approved on behalf of Morgan Stanley Smith Barney LLC. This review and approval was conducted by the same person who reviewed this research report on behalf of Citi Research. This could create a conflict of interest.

The Citigroup legal entity that takes responsibility for the production of the Product is the legal entity which the first named author is employed by. The Product is made available in **Australia** through Citi Global Markets Australia Pty Ltd. (ABN 64 003 114 832 and AFSL No. 240992), participant of the ASX Group and regulated by the Australian Securities & Investments Commission. Citigroup Centre, 2 Park Street, Sydney, NSW 2000. The Product is made available in Australia to Private Banking wholesale clients through Citigroup Pty Limited (ABN 88 004 325 080 and AFSL 238098). Citigroup Pty Limited provides all financial product advice to Australian Private Banking wholesale clients through bankers and relationship managers. If there is any doubt about the suitability of investments held in Citigroup Private Bank accounts, investors should contact the Citigroup Private Bank in Australia. Citigroup companies may compensate affiliates and their representatives for providing products and services to clients. The Product is made available in **Brazil** by Citigroup Global Markets Brasil - CCTVM SA, which is regulated by CVM - Comissão de Valores Mobiliários, BACEN - Brazilian Central Bank, APIMEC - Associação dos Analistas e Profissionais de Investimento do Mercado de Capitais and ANBID - Associação Nacional dos Bancos de Investimento. Av. Paulista, 1111 - 11º andar - CEP. 01311920 - São Paulo - SP. If the Product is being made available in certain provinces of **Canada** by Citigroup Global Markets (Canada) Inc. ("CGM Canada"), CGM Canada has approved the Product. Citigroup Place, 123 Front Street West, Suite 1100, Toronto, Ontario M5J 2M3. This product is available in **Chile** through Banchile Corredores de Bolsa S.A., an indirect subsidiary of Citigroup Inc., which is regulated by the Superintendencia de Valores y Seguros. Agustinas 975, piso 2, Santiago, Chile. The Product is made available in **France** by Citigroup Global Markets Limited, which is authorised and regulated by Financial Services Authority. 1-5 Rue Paul Cézanne, 8ème, Paris, France. The Product is distributed in **Germany** by Citigroup Global Markets Deutschland AG ("CGMD"), which is regulated by Bundesanstalt fuer Finanzdienstleistungsaufsicht (BaFin). CGMD, Reuterweg 16, 60323 Frankfurt am Main. Research which relates to "securities" (as defined in the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong)) is issued in **Hong Kong** by, or on behalf of, Citigroup Global Markets Asia Limited which takes full responsibility for its content. Citigroup Global Markets Asia Ltd. is regulated by Hong Kong Securities and Futures Commission. If the Research is made available through Citibank, N.A., Hong Kong Branch, for its clients in Citi Private Bank, it is made available by Citibank N.A., Citibank Tower, Citibank Plaza, 3 Garden Road, Hong Kong. Citibank N.A. is regulated by the Hong Kong Monetary Authority. Please contact your Private Banker in Citibank N.A., Hong Kong, Branch if you have any queries on

or any matters arising from or in connection with this document. The Product is made available in **India** by Citigroup Global Markets India Private Limited, which is regulated by Securities and Exchange Board of India. Bakhtawar, Nariman Point, Mumbai 400-021. The Product is made available in **Indonesia** through PT Citigroup Securities Indonesia. 5/F, Citibank Tower, Bapindo Plaza, Jl. Jend. Sudirman Kav. 54-55, Jakarta 12190. Neither this Product nor any copy hereof may be distributed in Indonesia or to any Indonesian citizens wherever they are domiciled or to Indonesian residents except in compliance with applicable capital market laws and regulations. This Product is not an offer of securities in Indonesia. The securities referred to in this Product have not been registered with the Capital Market and Financial Institutions Supervisory Agency (BAPEPAM-LK) pursuant to relevant capital market laws and regulations, and may not be offered or sold within the territory of the Republic of Indonesia or to Indonesian citizens through a public offering or in circumstances which constitute an offer within the meaning of the Indonesian capital market laws and regulations. The Product is made available in **Israel** through Citibank NA, regulated by the Bank of Israel and the Israeli Securities Authority. Citibank, N.A., Platinum Building, 21 Ha'arba'ah St, Tel Aviv, Israel. The Product is made available in **Italy** by Citigroup Global Markets Limited, which is authorised and regulated by Financial Services Authority. Via dei Mercanti, 12, Milan, 20121, Italy. The Product is made available in **Japan** by Citigroup Global Markets Japan Inc. ("CGMJ"), which is regulated by Financial Services Agency, Securities and Exchange Surveillance Commission, Japan Securities Dealers Association, Tokyo Stock Exchange and Osaka Securities Exchange. Shin-Marunouchi Building, 1-5-1 Marunouchi, Chiyoda-ku, Tokyo 100-6520 Japan. If the Product was distributed by SMBC Nikko Securities Inc. it is being so distributed under license. In the event that an error is found in an CGMJ research report, a revised version will be posted on the Firm's Citi Velocity website. If you have questions regarding Citi Velocity, please call (81 3) 6270-3019 for help. The Product is made available in **Korea** by Citigroup Global Markets Korea Securities Ltd., which is regulated by the Financial Services Commission, the Financial Supervisory Service and the Korea Financial Investment Association (KOFIA). Citibank Building, 39 Da-dong, Jung-gu, Seoul 110-180, Korea. KOFIA makes available registration information of research analysts on its website. Please visit the following website if you wish to find KOFIA registration information on research analysts of Citigroup Global Markets Korea Securities Ltd. <http://dis.kofia.or.kr/fs/dis2/fundMgr/DISFundMgrAnalystPop.jsp?companyCd2=A03030&pageDiv=02>. The Product is made available in **Malaysia** by Citigroup Global Markets Malaysia Sdn Bhd (Company No. 460819-D) ("CGMM") to its clients and CGMM takes responsibility for its contents. CGMM is regulated by the Securities Commission of Malaysia. Please contact CGMM at Level 43 Menara Citibank, 165 Jalan Ampang, 50450 Kuala Lumpur, Malaysia in respect of any matters arising from, or in connection with, the Product. The Product is made available in **Mexico** by Acciones y Valores Banamex, S.A. De C. V., Casa de Bolsa, Integrante del Grupo Financiero Banamex ("Accival") which is a wholly owned subsidiary of Citigroup Inc. and is regulated by Comision Nacional Bancaria y de Valores. Reforma 398, Col. Juarez, 06600 Mexico, D.F. In **New Zealand** the Product is made available to 'wholesale clients' only as defined by s5C(1) of the Financial Advisers Act 2008 ('FAA') through Citigroup Global Markets Australia Pty Ltd (ABN 64 003 114 832 and AFSL No. 240992), an overseas financial adviser as defined by the FAA, participant of the ASX Group and regulated by the Australian Securities & Investments Commission. Citigroup Centre, 2 Park Street, Sydney, NSW 2000. The Product is made available in **Pakistan** by Citibank N.A. Pakistan branch, which is regulated by the State Bank of Pakistan and Securities Exchange Commission, Pakistan. AWT Plaza, 1.1. Chundrigar Road, P.O. Box 4889, Karachi-74200. The Product is made available in the **Philippines** through Citicorp Financial Services and Insurance Brokerage Philippines, Inc., which is regulated by the Philippines Securities and Exchange Commission. 20th Floor Citibank Square Bldg. The Product is made available in the Philippines through Citibank NA Philippines branch, Citibank Tower, 8741 Paseo De Roxas, Makati City, Manila. Citibank NA Philippines NA is regulated by The Bangko Sentral ng Pilipinas. The Product is made available in **Poland** by Dom Maklerski Banku Handlowego SA an indirect subsidiary of Citigroup Inc., which is regulated by Komisja Nadzoru Finansowego. Dom Maklerski Banku Handlowego S.A. ul.Senatorska 16, 00-923 Warszawa. The Product is made available in the **Russian Federation** through ZAO Citibank, which is licensed to carry out banking activities in the Russian Federation in accordance with the general banking license issued by the Central Bank of the Russian Federation and brokerage activities in accordance with the license issued by the Federal Service for Financial Markets. Neither the Product nor any information contained in the Product shall be considered as advertising the securities mentioned in this report within the territory of the Russian Federation or outside the Russian Federation. The Product does not constitute an appraisal within the meaning of the Federal Law of the Russian Federation of 29 July 1998 No. 135-FZ (as amended) On Appraisal Activities in the Russian Federation. 8-10 Gasheka Street, 125047 Moscow. The Product is made available in **Singapore** through Citigroup Global Markets Singapore Pte. Ltd. ("CGMSPL"), a capital markets services license holder, and regulated by Monetary Authority of Singapore. Please contact CGMSPL at 8 Marina View, 21st Floor Asia Square Tower 1, Singapore 018960, in respect of any matters arising from, or in connection with, the analysis of this document. This report is intended for recipients who are accredited, expert and institutional investors as defined under the Securities and Futures Act (Cap. 289). The Product is made available by The Citigroup Private Bank in Singapore through Citibank, N.A., Singapore Branch, a licensed bank in Singapore that is regulated by Monetary Authority of Singapore. Please contact your Private Banker in Citibank N.A., Singapore Branch if you have any queries on or any matters arising from or in connection with this document. This report is intended for recipients who are accredited, expert and institutional investors as defined under the Securities and Futures Act (Cap. 289). This report is distributed in Singapore by Citibank Singapore Ltd ("CSL") to selected Citigold/Citigold Private Clients. CSL provides no independent research or analysis of the substance or in preparation of this report. Please contact your Citigold/Citigold Private Client Relationship Manager in CSL if you have any queries on or any matters arising from or in connection with this report. This report is intended for recipients who are accredited investors as defined under the Securities and Futures Act (Cap. 289). Citigroup Global Markets (Pty) Ltd. is incorporated in the **Republic of South Africa** (company registration number 2000/025866/07) and its registered office is at 145 West Street, Sandton, 2196, Saxonwold. Citigroup Global Markets (Pty) Ltd. is regulated by JSE Securities Exchange South Africa, South African Reserve Bank and the Financial Services Board. The investments and services contained herein are not available to private customers in South Africa. The Product is made available in **Spain** by Citigroup Global Markets Limited, which is authorised and regulated by Financial Services Authority. 29 Jose Ortega Y Gasset, 4th Floor, Madrid, 28006, Spain. The Product is made available in the **Republic of China** through Citigroup Global Markets Taiwan Securities Company Ltd. ("CGMTS"), 14 and 15F, No. 1, Songzhi Road, Taipei 110, Taiwan and/or through Citibank Securities (Taiwan) Company Limited ("CSTL"), 14 and 15F, No. 1, Songzhi Road, Taipei 110, Taiwan, subject to the respective license scope of each entity and the applicable laws and regulations in the Republic of China. CGMTS and CSTL are both regulated by the Securities and Futures Bureau of the Financial Supervisory Commission of Taiwan, the Republic of China. No portion of the Product may be reproduced or quoted in the Republic of China by the press or any third parties [without the written authorization of CGMTS and CSTL]. If the Product covers securities which are not allowed to be offered or traded in the Republic of China, neither the Product nor any information contained in the Product shall be considered as advertising the securities or making recommendation of the securities in the Republic of China. The Product is for informational purposes only and is not intended as an offer or solicitation for the purchase or sale of a security or financial products. Any decision to purchase securities or financial products mentioned in the Product must take into account existing public information on such security or the financial products or any registered prospectus. The Product is made available in **Thailand** through Citicorp Securities (Thailand) Ltd., which is regulated by the Securities and Exchange Commission of Thailand. 18/F, 22/F and 29/F, 82 North Sathorn Road, Silom, Bangrak, Bangkok 10500, Thailand. The Product is made available in **Turkey** through Citibank AS which is regulated

by Capital Markets Board. Tekfen Tower, Eski Buyukdere Caddesi # 209 Kat 2B, 23294 Levent, Istanbul, Turkey. In the **U.A.E**, these materials (the "Materials") are communicated by Citigroup Global Markets Limited, DIFC branch ("CGML"), an entity registered in the Dubai International Financial Center ("DIFC") and licensed and regulated by the Dubai Financial Services Authority ("DFSA") to Professional Clients and Market Counterparties only and should not be relied upon or distributed to Retail Clients. A distribution of the different Citi Research ratings distribution, in percentage terms for Investments in each sector covered is made available on request. Financial products and/or services to which the Materials relate will only be made available to Professional Clients and Market Counterparties. The Product is made available in **United Kingdom** by Citigroup Global Markets Limited, which is authorised and regulated by Financial Services Authority. This material may relate to investments or services of a person outside of the UK or to other matters which are not regulated by the FSA and further details as to where this may be the case are available upon request in respect of this material. Citigroup Centre, Canada Square, Canary Wharf, London, E14 5LB. The Product is made available in **United States** by Citigroup Global Markets Inc, which is a member of FINRA and registered with the US Securities and Exchange Commission. 388 Greenwich Street, New York, NY 10013. Unless specified to the contrary, within EU Member States, the Product is made available by Citigroup Global Markets Limited, which is regulated by Financial Services Authority.

Pursuant to Comissão de Valores Mobiliários Rule 483, Citi is required to disclose whether a Citi related company or business has a commercial relationship with the subject company. Considering that Citi operates multiple businesses in more than 100 countries around the world, it is likely that Citi has a commercial relationship with the subject company.

Many European regulators require that a firm must establish, implement and make available a policy for managing conflicts of interest arising as a result of publication or distribution of investment research. The policy applicable to Citi Research's Products can be found at https://www.citivelocity.com/cvr/eppublic/citi_research_disclosures.

Compensation of equity research analysts is determined by equity research management and Citigroup's senior management and is not linked to specific transactions or recommendations.

The Product may have been distributed simultaneously, in multiple formats, to the Firm's worldwide institutional and retail customers. The Product is not to be construed as providing investment services in any jurisdiction where the provision of such services would not be permitted.

Subject to the nature and contents of the Product, the investments described therein are subject to fluctuations in price and/or value and investors may get back less than originally invested. Certain high-volatility investments can be subject to sudden and large falls in value that could equal or exceed the amount invested. Certain investments contained in the Product may have tax implications for private customers whereby levels and basis of taxation may be subject to change. If in doubt, investors should seek advice from a tax adviser. The Product does not purport to identify the nature of the specific market or other risks associated with a particular transaction. Advice in the Product is general and should not be construed as personal advice given it has been prepared without taking account of the objectives, financial situation or needs of any particular investor. Accordingly, investors should, before acting on the advice, consider the appropriateness of the advice, having regard to their objectives, financial situation and needs. Prior to acquiring any financial product, it is the client's responsibility to obtain the relevant offer document for the product and consider it before making a decision as to whether to purchase the product. With the exception of our product that is made available only to Qualified Institutional Buyers (QIBs), Citi Research concurrently disseminates its research via proprietary and non-proprietary electronic distribution platforms. Periodically, individual Citi Research analysts may also opt to circulate research posted on such platforms to one or more clients by email. Such email distribution is discretionary and is done only after the research has been disseminated via the aforementioned distribution channels. Citi Research simultaneously distributes product that is limited to QIBs only through email distribution.

The level and types of services provided by Citi Research analysts to clients may vary depending on various factors such as the client's individual preferences as to the frequency and manner of receiving communications from analysts, the client's risk profile and investment focus and perspective (e.g. market-wide, sector specific, long term, short-term etc.), the size and scope of the overall client relationship with Citi and legal and regulatory constraints. Citi Research product may source data from dataCentral. dataCentral is a Citi Research proprietary database, which includes Citi estimates, data from company reports and feeds from Reuters and Datastream.

© 2012 Citigroup Global Markets Inc. Citi Research is a division of Citigroup Global Markets Inc. Citi and Citi with Arc Design are trademarks and service marks of Citigroup Inc. and its affiliates and are used and registered throughout the world. All rights reserved. Any unauthorized use, duplication, redistribution or disclosure of this report (the "Product"), including, but not limited to, redistribution of the Product by electronic mail, posting of the Product on a website or page, and/or providing to a third party a link to the Product, is prohibited by law and will result in prosecution. The information contained in the Product is intended solely for the recipient and may not be further distributed by the recipient to any third party. Where included in this report, MSCI sourced information is the exclusive property of Morgan Stanley Capital International Inc. (MSCI). Without prior written permission of MSCI, this information and any other MSCI intellectual property may not be reproduced, redisseminated or used to create any financial products, including any indices. This information is provided on an "as is" basis. The user assumes the entire risk of any use made of this information. MSCI, its affiliates and any third party involved in, or related to, computing or compiling the information hereby expressly disclaim all warranties of originality, accuracy, completeness, merchantability or fitness for a particular purpose with respect to any of this information. Without limiting any of the foregoing, in no event shall MSCI, any of its affiliates or any third party involved in, or related to, computing or compiling the information have any liability for any damages of any kind. MSCI, Morgan Stanley Capital International and the MSCI indexes are services marks of MSCI and its affiliates. The Firm accepts no liability whatsoever for the actions of third parties. The Product may provide the addresses of, or contain hyperlinks to, websites. Except to the extent to which the Product refers to website material of the Firm, the Firm has not reviewed the linked site. Equally, except to the extent to which the Product refers to website material of the Firm, the Firm takes no responsibility for, and makes no representations or warranties whatsoever as to, the data and information contained therein. Such address or hyperlink (including addresses or hyperlinks to website material of the Firm) is provided solely for your convenience and information and the content of the linked site does not in anyway form part of this document. Accessing such website or following such link through the Product or the website of the Firm shall be at your own risk and the Firm shall have no liability arising out of, or in connection with, any such referenced website.

ADDITIONAL INFORMATION IS AVAILABLE UPON REQUEST