



## AMG Study Shows Boutique Investment Managers Have Demonstrated Consistent Outperformance Over the Past Two Decades

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BOSTON--(BUSINESS WIRE)--Jun. 15, 2015-- Affiliated Managers Group, Inc. (NYSE: AMG) today released "The Boutique Premium," a comprehensive study evaluating the performance of boutique investment management firms. The analysis incorporated data from more than 1,200 investment management firms and nearly 5,000 institutional equity strategies comprising approximately \$7 trillion in assets under management. The study found that active boutique investment managers have consistently outperformed both non-boutique peers and indices over the past twenty years, in many cases by a wide margin.

### Key Highlights from the Study

The analysis found that over the last twenty years:

- **Boutiques significantly outperformed non-boutiques:** The average boutique outperformed the average non-boutique in 9 of 11 equity product categories, by an average annual 51 basis points. Investing exclusively with boutiques across all categories would have created 11 percent greater wealth for clients over the last twenty years, as opposed to investing with non-boutiques.
- **Boutiques delivered significant value as compared to primary indices:** The average boutique strategy outpaced its primary index in 9 of 11 equity product categories, by an average annual 141 basis points after fees.
- **Top-performing boutiques generated exceptional excess returns:** Top-decile and top-quartile boutique strategies added 1,133 basis points and 589 basis points, respectively, on an average annual basis after fees as compared to their primary indices.

"Our comprehensive study demonstrates that boutique investment managers have outperformed non-boutique peers and created significant value for clients over the long term," stated Sean M. Healey, Chairman and Chief Executive Officer of AMG.

"In addition, top-performing boutiques added 55 basis points more value than poorly performing boutiques detracted on an annual basis, illustrating that these strong returns were not simply a function of higher risk," said Andrew C. Dyson, AMG's Executive Vice President and Head of Global Distribution. "The top-performing boutiques also created exceptional net excess returns, with top-quartile boutique strategies outperforming their primary indices by an average annual 589 basis points after fees. These results support our belief that the alignment of interests fundamental to the boutique model creates significant value for clients."

Several core characteristics position boutiques to deliver consistent, superior long-term investment performance, including:

- Principals have significant, direct equity ownership, ensuring alignment of interests with clients;
- Presence of a multi-generational management team, fully engaged across the business;
- Entrepreneurial culture with a partnership orientation, which attracts and retains the most talented investors;
- Investment-centric organizational alignment, including careful management of investment capacity; and
- Principals have a long-term orientation and are committed to building an enduring franchise.

"The primacy of a boutique investment manager lies in its focused, entrepreneurial culture and ownership structure, with principals maintaining significant, direct equity in their business," Mr. Healey added. "We believe that these core characteristics give boutiques a competitive advantage in generating consistent outperformance. Our research clearly demonstrates the significant value that boutiques have generated for investors over an extended time horizon."

To review this analysis in full, download "The Boutique Premium" at [www.amg.com](http://www.amg.com).

### Methodology: *The Boutique Premium*

The study incorporated data from more than 1,200 investment management firms around the world and nearly 5,000 institutional equity strategies comprising approximately \$7 trillion in assets under management. The study analyzed rolling one-year returns for the trailing 20-year period ending December 31, 2014, across 11 broad institutional equity product categories, on a strategy-by-strategy basis.

The classification of firms as either "boutiques" or "non-boutiques" was based on AMG's proprietary analysis, while the MercerInsight® database was utilized for return data. Primary indices for comparison included MSCI Emerging Markets, MSCI World, Russell 1000® Value, Russell 1000® Growth, S&P 500®, Russell Midcap® Value, Russell Midcap® Growth, Russell Midcap®, Russell 2000® Value, Russell 2000® Growth and Russell 2000®.

The study estimated boutique net excess returns as compared to indices – incorporating boutiques' available published or "rack" fee rates in the MercerInsight® database – in order to assess net value creation for investors.

The classification of investment managers and their corresponding strategies as "boutiques" in the study was based on four criteria. First, principals were required to hold a significant amount of equity in their own firms, defined as at least 10 percent ownership. Second, investment management was the sole focus of each firm; investment managers captive in broader financial services platforms were excluded. Third, firms with assets under

management greater than \$100 billion were not eligible for inclusion. Finally, exclusively “smart beta” or fund-of-funds platforms were removed from consideration, as the analysis concentrated on active boutique investment managers with distinct investment philosophies and highly-focused investment processes.

## **About AMG**

AMG is a global asset management company with equity investments in leading boutique investment management firms. AMG’s innovative partnership approach allows each Affiliate’s management team to own significant equity in their firm while maintaining operational autonomy. AMG’s strategy is to generate growth through the internal growth of existing Affiliates, as well as through investments in new Affiliates. In addition, AMG provides centralized assistance to its Affiliates in strategic matters, marketing, distribution, product development and operations. As of March 31, 2015, the aggregate assets under management of AMG’s Affiliates were approximately \$638 billion, pro forma for a recently closed investment, in more than 400 investment products across a broad range of investment styles, asset classes and distribution channels. For more information, please visit the Company’s website at [www.amg.com](http://www.amg.com).

*Certain matters discussed in this press release may constitute forward-looking statements within the meaning of the federal securities laws. These statements include, but are not limited to, statements related to our expectations regarding the performance of our business, our financial results, our liquidity and capital resources and other non-historical statements. You can identify these forward-looking statements by the use of words such as “outlook,” “guidance,” “believes,” “expects,” “potential,” “continues,” “may,” “will,” “should,” “seeks,” “approximately,” “predicts,” “projects,” “intends,” “plans,” “estimates,” “anticipates” or the negative version of these words or other comparable words. Actual results and the timing of certain events could differ materially from those projected in or contemplated by the forward-looking statements due to a number of factors, including changes in the securities or financial markets or in general economic conditions, the availability of equity and debt financing, competition for acquisitions of interests in investment management firms, the ability to close pending investments, the investment performance and growth rates of our Affiliates and their ability to effectively market their investment strategies, the mix of Affiliate contributions to our earnings and other risks, uncertainties and assumptions, including those described under the section entitled “Risk Factors” in our Annual Report on Form 10-K for the year ended December 31, 2014, as such factors may be updated from time to time in our periodic filings with the SEC, which are accessible on the SEC’s website at [www.sec.gov](http://www.sec.gov). These factors should not be construed as exhaustive and should be read in conjunction with the other cautionary statements that are included in this release and in our filings with the SEC. We undertake no obligation to publicly update or review any forward-looking statements, whether as a result of new information, future developments or otherwise, except as required by applicable law.*

*From time to time, AMG may use its website as a distribution channel of material Company information. AMG routinely posts financial and other important information regarding the Company in the Investor Relations section of its website at [www.amg.com](http://www.amg.com) and encourages investors to consult that section regularly.*



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