
**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

FORM 10-K

(Mark One)

**ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES
EXCHANGE ACT OF 1934**

For the fiscal year ended December 31, 2020

OR

**TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES
EXCHANGE ACT OF 1934**

For the transition period from to

Commission File Number 001-13459



AFFILIATED MANAGERS GROUP, INC.

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction
of incorporation or organization)

04-3218510

(IRS Employer Identification Number)

777 South Flagler Drive, West Palm Beach, Florida, 33401

(Address of principal executive offices)

(800) 345-1100

(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock (\$0.01 par value)	AMG	New York Stock Exchange
5.875% Junior Subordinated Notes due 2059	MGR	New York Stock Exchange
4.750% Junior Subordinated Notes due 2060	MGRB	New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act:

None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes No

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such

files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or emerging growth company. See the definitions of “large accelerated filer,” “accelerated filer,” “smaller reporting company,” and “emerging growth company” in Rule 12b-2 of the Exchange Act.

Large accelerated filer Accelerated filer Non-accelerated filer Smaller reporting company Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant has filed a report on and attestation to its management’s assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report.

Indicate by check mark whether the Registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes No

At June 30, 2020, the aggregate market value of the common stock held by non-affiliates of the registrant, based upon the closing price of \$74.56 on June 30, 2020 on the New York Stock Exchange, was \$3,462,090,036. There were 42,622,300 shares of the registrant’s common stock outstanding on February 18, 2021.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the definitive proxy statement to be filed with the Securities and Exchange Commission within 120 days after December 31, 2020, and delivered to stockholders in connection with the registrant’s annual meeting of stockholders, are incorporated by reference into Part III.

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PART I

Forward-Looking Statements

Certain matters discussed in this Annual Report on Form 10-K, in our other filings with the U.S. Securities and Exchange Commission (the “SEC”), in our press releases and in oral statements made with the approval of an executive officer may constitute “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995. 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, and may be prefaced with words such as “outlook,” “guidance,” “believes,” “expects,” “potential,” “preliminary,” “continues,” “may,” “will,” “should,” “seeks,” “approximately,” “predicts,” “projects,” “positioned,” “prospects,” “intends,” “plans,” “estimates,” “pending investments,” “anticipates” or the negative version of these words or other comparable words. Such statements are subject to certain risks and uncertainties, including, among others, the factors discussed under the caption “Item 1A. Risk Factors.” These factors (among others) could affect our financial condition, business activities, results of operations, cash flows or overall financial performance and cause actual results and business activities to differ materially from historical periods and those presently anticipated and projected. Forward-looking statements speak only as of the date they are made, and we will not undertake and we specifically disclaim any obligation to release publicly the result of any revisions that may be made to any forward-looking statements to reflect events or circumstances after the date of such statements or to reflect the occurrence of events, whether or not anticipated. In that respect, we caution readers not to place undue reliance on any such forward-looking statements.

Item 1. Business

We are a leading partner to independent active investment management firms globally. Our strategy is to generate long-term value by investing in a diverse array of excellent partner-owned investment firms, which we call our “Affiliates,” through a proven partnership approach, and allocating resources across our unique opportunity set to the areas of highest growth and return. Our innovative partnership approach enables each Affiliate’s management team to own significant equity in their firm while maintaining operational and investment autonomy. In addition, we offer our Affiliates growth capital, global distribution, and other strategic value-added capabilities, which enhance the long-term growth of these independent businesses and enable them to align equity incentives across generations of principals to build enduring franchises. As of December 31, 2020, our aggregate assets under management were approximately \$716 billion, across a broad range of active, return-oriented strategies.

We generate long-term value by investing in new Affiliates, existing Affiliates, and centralized capabilities through which we can leverage our scale and resources to benefit our Affiliates, and then by returning excess capital to shareholders, primarily through share repurchases. In partnering with Affiliates, we are focused on investing in leading independent investment firms around the world managing active, return-oriented strategies, including traditional, alternative, and wealth management firms. Within our target universe, we seek strong and growing firms that offer illiquid and liquid alternative strategies, global equity strategies, US equity strategies and multi-asset and fixed income strategies. Given their long-term performance records, our Affiliates are recognized as being among the industry’s leaders in their respective investment disciplines.

Through our partnership approach, we hold meaningful equity interests in each of our Affiliates, and typically each Affiliate’s management team retains a significant equity interest in their own firm. Affiliate management equity ownership (along with our long-term ownership) aligns our interests and preserves Affiliate management equity incentives, including the opportunity for Affiliate management to participate directly in the long-term future growth and profitability of their firms.

In certain cases, we invest in our Affiliates by providing growth capital or complementing their own marketing resources with our proven global distribution capabilities. We also provide succession planning solutions and advice to our Affiliates, which can include a degree of liquidity and financial diversification along with incentive alignment for next-generation partners. We take a long-term partnership approach with our Affiliates, which provides stability in facilitating succession planning across generations of Affiliate management principals. We are uniquely able to provide strategic support and expertise across various stages of our Affiliates’ growth. We believe that clients recognize certain fundamental characteristics of focused independent investment managers, especially direct equity ownership by management principals as well as investment and operational independence, as competitive advantages for these firms in achieving client investment goals and objectives, especially through alpha generation. Our investment approach preserves these essential elements for our Affiliates, and in partnering with us, our Affiliates can continue to grow while retaining their independence. Independent

firms seeking an institutional partner are attracted to our unique partnership approach and our global reputation and track record across nearly three decades as a successful and supportive partner to boutique investment firms around the world.

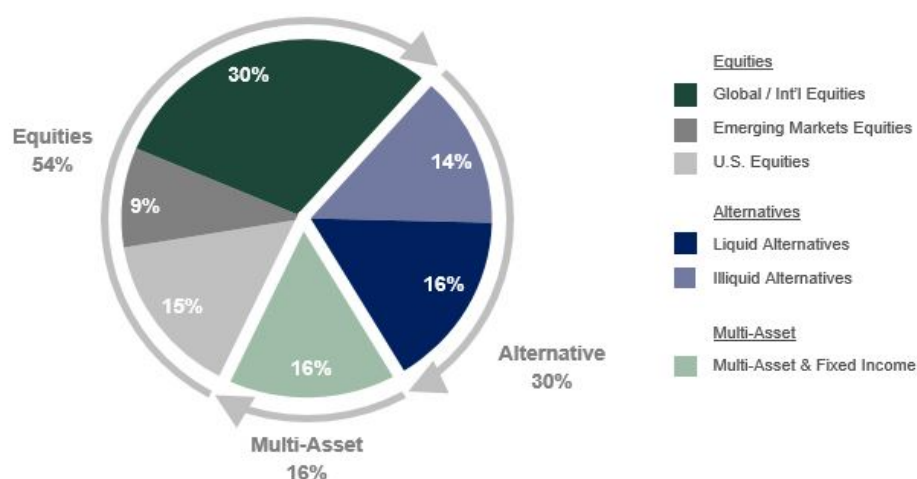
We anticipate that the principal owners of independent investment firms will continue to seek access to an evolving range of growth and succession solutions. We will, therefore, continue to have a significant opportunity to invest in outstanding firms across the global asset management industry, including investment opportunities resulting from subsidiary divestitures, secondary sales and other special situations. In addition, we have the opportunity to make additional equity investments in our existing Affiliates, or invest in their growth by providing seed or other growth capital. We are well-positioned to execute upon these investment opportunities through our established process of identifying and cultivating high-quality investment prospects; our broad industry network and proprietary relationships developed with prospects over many years; our substantial experience and expertise in structuring and negotiating transactions; and our strong global reputation as an outstanding partner to our Affiliates, as well as for providing innovative solutions for the strategic needs of independent investment firms.

Investment Management Operations

Through our Affiliates, we provide a comprehensive and diverse range of active, return-oriented strategies designed to assist institutional, retail, and high net worth clients worldwide in achieving their investment objectives. We manage disciplined and focused investment strategies that address the specialized needs of institutional clients, including foundations and endowments, defined benefit and defined contribution plans for corporations and municipalities, and multi-employer plans. We provide investment management expertise to retail investors through advisory and sub-advisory services to active, return-oriented mutual funds, Undertakings for the Collective Investment of Transferable Securities (“UCITS”), collective investment trusts, and other retail products. We also provide investment management and customized investment counseling and fiduciary services to high net worth individuals, families, charitable foundations, and individually managed accounts directly and through intermediaries, including brokerage firms or other sponsors.

As of December 31, 2020, we managed approximately \$716 billion in equity, alternative, and multi-asset strategies across investment styles, asset classes, and geographies. The following chart provides information regarding our equity, alternative, and multi-asset strategies as of December 31, 2020.

Assets Under Management



Through our Affiliates, we offer investors access to a broad and diverse array of independent investment managers with distinct brands and specialized investment processes. Our Affiliates distribute their investment services and products to institutional investors through direct sales efforts and established relationships with consultants and intermediaries around the world through their own business development resources. In addition, our global distribution platform operates in major markets to extend the reach of our Affiliates’ own business development efforts, including strategy, marketing, distribution, and product development. Our Affiliates benefit from the expertise of our senior sales and marketing professionals located in the U.S., the UK, the Middle East, Asia, and Australia.

Our Affiliates' investment management services are also distributed globally to retail investors through our Affiliates' own efforts and through our retail distribution platform in the form of advisory and sub-advisory services to mutual funds and other retail oriented products. Our Affiliates' investment management services are delivered to retail investors through various intermediaries, including independent investment advisers, retirement plan sponsors, broker-dealers, major fund marketplaces, sponsors of separately managed accounts (including unified managed accounts), and bank trust departments.

Our Affiliates currently manage assets for investors in more than 50 countries, including all major developed markets.

Our Structure and Relationship with Affiliates

We maintain long-term partnerships with the management equity owners of our Affiliates, and believe that Affiliate management equity ownership (along with our long-term ownership) aligns our and our Affiliates' interests, enhances Affiliate management equity incentives, and preserves the opportunity for Affiliate management to participate directly in the long-term future growth and profitability of their firm. Our innovative partnership approach maintains our Affiliates' unique entrepreneurial cultures, investment independence, and operational autonomy in managing their businesses. Although the equity structure of each Affiliate investment is tailored to meet the needs of the management equity owners of the particular Affiliate, we typically maintain a meaningful equity interest in the Affiliate, with a significant equity interest retained by Affiliate management.

Each of our Affiliates operates through distinct legal entities, which affords us the flexibility to design a separate operating agreement for each Affiliate that reflects our customized arrangements with respect to governance, economic participation, equity incentives and the other terms of our relationship. In each case, the operating agreement provides for a governance structure that gives Affiliate management the authority to manage and operate the business on a day-to-day basis. The operating agreement also reflects the specific terms of our economic participation in the Affiliate, which, in each case, uses a "structured partnership interest" to ensure alignment of our economic interests with those of Affiliate management.

For a majority of our Affiliates, we use structured partnership interests in which we contractually share in the Affiliate's revenue without regard to expenses. In this type of structured partnership interest, the Affiliate allocates a specified percentage of its revenue to us and Affiliate management, while using the remainder of its revenue for operating expenses and for additional distributions to Affiliate management. We and Affiliate management, therefore, participate in any increase or decrease in revenue, and only Affiliate management participates in any increase or decrease in expenses. Under these structured partnership interests our contractual share of revenue generally has priority over distributions to Affiliate management.

For other Affiliates, we use structured partnership interests in which we contractually share in the Affiliate's revenue less agreed-upon expenses. This type of partnership interest allows us to benefit from any increase in revenue or any decrease in the agreed-upon expenses, but also exposes us to any decrease in revenue or any increase in such expenses. The degree of our exposure to expenses from these structured partnership interests varies by Affiliate and includes Affiliates in which we fully share in the expenses of the business.

When we own a controlling equity interest in an Affiliate, we consolidate the Affiliate's financial results into our Consolidated Financial Statements. When we do not own a controlling equity interest in an Affiliate, but have significant influence, we account for our interest in the Affiliate under the equity method. Under the equity method of accounting, we do not consolidate the Affiliate's results into our Consolidated Financial Statements. Instead, our share of earnings or losses, net of amortization and impairments, is included in Equity method loss (net) in our Consolidated Statements of Income, and our interest in these Affiliates is reported in Equity method investments in Affiliates (net) in our Consolidated Balance Sheets.

Whether we consolidate an Affiliate's financial results or use the equity method of accounting, we maintain the same innovative partnership approach and provide support and assistance in substantially the same manner for all of our Affiliates. From time to time, we may restructure our interest in an Affiliate to better support the Affiliate's growth strategy.

Competition

Our Affiliates compete with a large number of domestic and foreign investment management firms, as well as with subsidiaries of larger financial organizations. These firms may have significantly greater financial, technological, and marketing resources; captive distribution; and assets under management. Many of these firms offer an even broader array of products and services in particular investment strategies such as passively-managed products, including exchange traded funds, that typically carry lower fee rates, as well as environmental, social, and governance ("ESG") strategies and other developing strategies or trends. Certain of our Affiliates offer their investment management services to the same client types and, from

time to time, may compete with each other for clients. In addition, there are relatively few barriers to entry for new investment management firms, especially for those looking to provide investment management services to institutional and high net worth investors. We believe that the most important factors affecting our Affiliates' ability to compete for clients are the:

- investment performance, investment styles, and reputations of our Affiliates and their management teams;
- diversity of our Affiliates' investment strategies and products and the continued development, either organically or through new investments, of investment strategies to meet the changing needs and risk tolerances of investors;
- depth and continuity of our and our Affiliates' client relationships and the level of client service offered;
- maintenance of strong business relationships by us and our Affiliates with major intermediaries; and
- continued success of our and our Affiliates' distribution efforts.

The relative importance of each of these factors can vary depending on client type and the investment management service involved, as well as general market conditions. The ability to compete with other investment management firms also depends, in part, on the relative attractiveness of our Affiliates' active, return-oriented strategies, market trends, fees, or a combination of these factors.

We compete with a number of acquirers of and investors in boutique investment firms, including other investment management companies, private equity firms, sovereign wealth funds, and larger financial organizations. We believe that the most important factors affecting our ability to compete for future investments are the:

- breadth and depth of our relationships with boutique investment firms;
- target firms' view of our innovative partnership approach, including our succession planning solutions and the preservation of their unique entrepreneurial cultures, investment independence, and operational autonomy in managing their businesses;
- purchase price, liquidity, equity incentive structures, and access to economies of scale that we offer (financially, operationally or otherwise) as compared to acquisition or investment arrangements offered by others; and
- reputation and performance of our Affiliates, by which target firms may judge us and our future prospects.

Government Regulation

Our Affiliates offer their investment management services and products around the world, and are subject to complex and extensive regulation by regulatory and self-regulatory authorities and exchanges in various jurisdictions. Virtually all aspects of the asset management business, including the provision of advice, investment strategies and trading, fund sponsorship, and product-related sales and distribution activities, are subject to regulation. These regulations are primarily intended to protect the clients of investment advisers and generally grant regulatory authorities broad administrative and enforcement powers.

The majority of our Affiliates are registered with the SEC as investment advisers under the Investment Advisers Act of 1940, as amended (the "Advisers Act"). The Advisers Act imposes numerous obligations on registered investment advisers, including fiduciary duties, compliance and disclosure obligations, and operational and recordkeeping requirements. Our Affiliates operating outside of the U.S. may be subject to the Advisers Act and are also subject to regulation by various regulatory and self-regulatory authorities and exchanges in the relevant jurisdictions, including, for those Affiliates active in the UK, the Financial Conduct Authority (the "FCA"). Many of our Affiliates also sponsor or advise registered and unregistered funds in the U.S. and in other jurisdictions, and are subject to regulatory requirements in the jurisdictions where those funds are sponsored or offered, including, with respect to mutual funds in the U.S., the Investment Company Act of 1940, as amended (the "Investment Company Act"). The Investment Company Act governs the operations of mutual funds and imposes obligations on their advisers, including investment restrictions and other governance, compliance, reporting and fiduciary obligations relating to the management of mutual funds. Many of our Affiliates are also subject to directives and regulations in the European Union and other jurisdictions relating to funds, such as the UCITS Directive and the Alternative Investment Fund Managers Directive ("AIFMD"), with respect to depositary functions, remuneration policies and sanctions, among other matters.

Our Affiliates' sales and marketing activities are subject to regulation by authorities in the jurisdictions in which they offer investment management products and services. Our Affiliates' ability to transact business in these jurisdictions, and to conduct related cross-border activities, is subject to the continuing availability of regulatory authorizations and exemptions. Through our global distribution platform, we also engage in sales and marketing activities that extend the reach of our Affiliates' own business development efforts, and which are subject to regulation in numerous jurisdictions. Our U.S. retail distribution subsidiary is registered with the SEC under the Advisers Act. This subsidiary sponsors mutual funds registered under the Investment Company Act, and serves as an investment adviser and/or administrator for the AMG Funds complex. In the UK, our global distribution subsidiary is regulated by the FCA. We also have global distribution subsidiaries or branches of subsidiaries regulated by the Dubai Financial Services Authority, the Securities and Futures Commission in Hong Kong, and the Australian Securities and Investments Commission, and our activities in the European Union are regulated by various regulators in European jurisdictions.

Certain of our Affiliates and our U.S. retail distribution subsidiary are subject to the Employee Retirement Income Security Act of 1974, as amended ("ERISA"), and related regulations, with respect to retirement plan clients. ERISA imposes duties on persons who are fiduciaries under ERISA, and prohibits certain transactions involving related parties to a retirement plan. The U.S. Department of Labor ("DOL") administers ERISA and regulates investment advisers who service retirement plan clients, and has been increasingly active in proposing and adopting additional regulations applicable to the asset management industry. Certain of our Affiliates and our U.S. retail distribution subsidiary are also members of the National Futures Association and are regulated by the U.S. Commodity Futures Trading Commission ("CFTC") with respect to the management of funds and other products that utilize futures, swaps or other CFTC-regulated instruments.

In addition, certain of our Affiliates and our U.S. retail broker-dealer subsidiary are registered broker-dealers and members of the Financial Industry Regulatory Authority ("FINRA"), for the purpose of distributing funds or other products. FINRA has adopted extensive regulatory requirements relating to sales practices, registration of personnel, compliance and supervision, and compensation and disclosure. FINRA and the SEC have the authority to conduct periodic examinations of member broker-dealers, and may also conduct administrative proceedings. These broker-dealers are also subject to net capital rules in the U.S. that mandate the maintenance of certain levels of capital, and our Affiliates and our global distribution subsidiaries may also be subject to other regulatory capital requirements imposed by non-U.S. regulatory authorities.

Due to the extensive laws and regulations to which we and our Affiliates are subject, we and our Affiliates must devote substantial time, expense and effort to remain current on, and to address, legal and regulatory compliance matters. We have established compliance programs for each of our operating subsidiaries, and each of our Affiliates has established compliance programs to address regulatory compliance requirements for its operations. We and our Affiliates have experienced legal and compliance professionals in place to address these requirements, and have relationships with various legal and regulatory advisers in each of the countries where we and our Affiliates conduct business. See "Item 1A. Risk Factors".

Human Capital Resources

As of December 31, 2020, we and our Affiliates had approximately 3,900 employees, the substantial majority of which were employed by our Affiliates and not by AMG. Through our innovative partnership approach with our Affiliates, each Affiliate's management team retains operational autonomy in managing and operating their business on a day-to-day basis, including with respect to their human capital. AMG and Affiliates frequently share and discuss best practices in managing, aligning and engaging their respective workforce. Given this approach, the following is a discussion of AMG's workforce, or approximately 5% of the total employees, and the policies and cultural initiatives in respect of our human capital.

Our employees and our reputation are our most important assets, and attracting, retaining, and motivating top talent to execute on our strategic business objectives is a fundamental imperative. We support that imperative through our strong values-based culture, commitment to career development and training, employee engagement, attractive compensation and benefits programs, attention to succession planning, and fostering of diversity and inclusion at all levels of our organization.

Our leadership training and sponsored skills development programs cover a wide range of subject area expertise as well as career development generally, and are anchored on a comprehensive performance review process, which includes a company-wide 360-degree review program. Further, we support employees' educational pursuits relating to degree programs and certifications through company-supported time off for professional development and flexible work arrangements tailored to individual employees' educational goals. We regularly conduct company-wide surveys to solicit feedback from our employees on a variety of topics, including philanthropic interests, remote working, work-from-home technology needs, flexible time off, and general job satisfaction, which help us enhance employee engagement and retention. Our 2020 anonymous employee

engagement survey reported an employee satisfaction rating of 92%, relative to 88% in 2019, which we attribute to our focus and commitment to our employees.

We prioritize employee engagement through a range of cross-functional, multi-level communication mediums, which historically have included small working group lunches, company-wide town halls, management off-sites, and charitable volunteer activities, and more recently have continued in virtual forums. Through employee participation in our corporate philanthropic initiatives across our global offices, we are committed to giving back to the communities in which we operate, and we believe that these initiatives also support our efforts to attract and retain employees. We provide company-supported time off to encourage employees in their charitable endeavors. We also have a formal program to match employee donations to eligible non-profit institutions through AMG and The AMG Charitable Foundation. Through our matching program as well as through direct grants, AMG and The AMG Charitable Foundation have made donations to over 300 organizations around the world.

We believe diversity and inclusion result in a highly creative and innovative workforce, and are committed to fostering and promoting an inclusive and diverse work environment. We seek to recruit the best people for the job without regard to gender, ethnicity or other protected traits, and it is our policy to comply fully with all domestic, foreign and local laws relating to discrimination in the workplace. We have achieved gender diversity of approximately 40% across management positions in our workforce, and overall approximately 50% of our employees are women (in each case, excluding our U.S. retail distribution subsidiary). Further, 50% of the independent members of our Board of Directors are women, and 33% of the independent directors are ethnically diverse, in each case, above the average of S&P 500 companies. We continually seek to enhance the diversity of our employee base, as our employees around the world contribute their distinct perspectives to improve our business and the communities in which our businesses operate. Our executive management team has responsibility for diversity initiatives, in coordination with our Sustainability Committee, and reviews these initiatives with our Board of Directors at least annually.

Our Website

Our website is www.amg.com. Our website provides information about us, and, from time to time, we may use it to distribute material company information. We routinely post financial, investment performance and other important information regarding the Company in the Investor Relations section of our website and we encourage investors to consult that section regularly. The Investor Relations section of our website also includes copies of our Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q and Current Reports on Form 8-K, including exhibits, and any amendments to those reports filed or furnished with the SEC pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended. We make these reports available through our website as soon as reasonably practicable after our electronic filing of such materials with, or the furnishing of them to, the SEC. The information contained or incorporated on our website is not a part of this Annual Report on Form 10-K.

Item 1A. Risk Factors

We and our Affiliates face a variety of risks that are substantial and inherent in our businesses. The following are some of the more important factors that could affect our and our Affiliates' businesses. Certain statements in "Risk Factors" are forward-looking statements. See "Forward-Looking Statements."

RISKS RELATED TO OUR INDUSTRY, BUSINESS AND OPERATIONS

Our financial results depend on our Affiliates' receipt of asset and performance based fees, and are impacted by investment performance, as well as changes in fee levels, product mix and the relative levels of assets under management among our Affiliates.

Our financial results depend on our Affiliates' receipt of asset and performance based fees, which may vary substantially from year to year. Our Affiliates' ability to maintain current fee levels depends on a number of factors, including our Affiliates' investment performance, as well as competition and trends in the asset management industry, including investor demand for passively-managed products, including exchange traded funds, that typically carry lower fee rates, or preferences for other developing strategies or trends. Further, different types of assets under management can generate different ratios of asset based fees to assets under management ("asset based fee ratio"), based on factors such as the investment strategy and the type of client. Thus, a change in the composition of our assets under management, either within an Affiliate or among our Affiliates, could result in a decrease in our aggregate fees even if our aggregate assets under management remains unchanged or increases. Products that use fee structures based on investment performance may also vary significantly from period to period, depending on the investment performance of the particular product. For some of our Affiliates, performance based fees include a high-watermark provision, which generally provides that if a product underperforms on an absolute basis or relative to its benchmark, it must regain such underperformance before the Affiliate will earn any performance based fees. In addition, in the ordinary course of business, our Affiliates may reduce or waive fees on certain products for particular time periods, to attract or retain assets or for other reasons. No assurances can be given that our Affiliates will be able to maintain current fee structures or levels. A reduction in the fees that our Affiliates receive could have an adverse impact on our financial condition and results of operations.

Additionally, our structured partnership interests are tailored to meet the needs of each Affiliate and are therefore varied, and our earnings may be adversely affected by changes in the relative performance or in the relative levels and mix of assets under management among our Affiliates, independent of our aggregate operating performance measures. Further, certain Affiliates contribute more significantly to our results than other Affiliates and, therefore, changes in fee levels, product mix, assets under management or investment performance of such Affiliates could have a disproportionate adverse impact on our financial condition and results of operations.

Our financial results could be adversely affected by any reduction in our assets under management, which could reduce the asset and performance based fees earned by our Affiliates.

Our financial results may be impacted by changes in the total level of our assets under management. The total level of our assets under management generally or with respect to particular products or Affiliates could be adversely affected by conditions outside of our control, including:

- a decline in the market value of our assets under management, due to declines or heightened volatility in the capital markets, fluctuations in foreign currency exchange rates and interest rates, inflation rates or the yield curve, and other market factors;
- changes in investor risk tolerance or investment preferences, which could result in investor allocations away from active, return-oriented strategies offered by our Affiliates;
- our Affiliates' ability to attract and retain client assets and market products and services, which may be impacted by investment performance, client relationships, demand for product and service offerings, and the prices of securities generally;
- global economic conditions, which may be exacerbated by changes in the equity or debt markets;
- financial crises, political or diplomatic developments, public health crises, such as pandemics, trade wars, social or civil unrest, insurrection, war, terrorism, or natural disasters; and
- other factors that are difficult to predict.

A reduction in our assets under management could adversely affect the fees payable to our Affiliates and, ultimately, our financial condition and results of operations.

If our or our Affiliates' reputations are harmed, we could suffer losses in our business and financial results.

The success of our business depends on earning and maintaining the trust and confidence of our Affiliates and our stockholders, our ability to compete for future investment opportunities, and our and our Affiliates' reputations among existing and potential clients. Our and our Affiliates' reputations are critical to our business and could be impacted by events that may be difficult or impossible to control, and costly or impossible to remediate. For example, alleged or actual failures by us, our Affiliates or our respective employees to comply with applicable laws, rules or regulations, errors in our public reports, cyber-attack or data breach incidents, expectations and perceptions of our or our Affiliates' ESG practices, threatened or actual litigation against us, any of our Affiliates or our respective employees, or the public announcement and potential publicity surrounding any of these issues, even if inaccurate, satisfactorily addressed, or if no violation or wrongdoing actually occurred, could adversely impact our or our Affiliates' reputations and their relationships with clients, our relationships with our Affiliates, and our ability to negotiate agreements with new independent investment firms, any of which could have an adverse effect on our financial condition and results of operations.

The asset management industry is highly competitive.

Our Affiliates compete with a broad range of domestic and foreign investment management firms, including public, private and client-owned investment advisers; firms managing passively-managed products, including exchange traded funds, as well as other firms managing active, return-oriented strategies; firms associated with securities broker-dealers, financial institutions, insurance companies, private equity firms, sovereign wealth funds; and other entities. These firms may have significantly greater financial, technological and marketing resources, captive distribution and assets under management, and many of these firms offer an even broader array of products and services in particular investment strategies, including ESG strategies and other developing strategies and trends. These firms may also compete by seeking to capitalize on a trend towards institutions consolidating the number of investment managers they work with. Competition from these firms may reduce the fees that our Affiliates can obtain for investment management services, or could impair our Affiliates' ability to attract and retain client assets. We believe that our Affiliates' ability to compete effectively with other firms depends upon our Affiliates' strategies, investment performance, reputations, client relationships, fee structures, client-servicing capabilities, and the marketing and distribution of their investment strategies, among other factors. See "Competition" in Item 1. Our Affiliates may not compare favorably with their competitors in any or all of these categories. From time to time, our Affiliates may also compete with each other for clients.

Investment management contracts are subject to termination on short notice.

Through our Affiliates, we derive almost all of our asset and performance based fees from clients pursuant to investment management contracts. While certain of our Affiliates' private equity and alternative products have long-term commitment periods, many of our Affiliates' investment management contracts are terminable by the client without penalty upon relatively short notice (typically not longer than 60 days). We cannot be certain that our Affiliates will be able to retain their existing clients or attract new clients. If our Affiliates' clients terminate their investment management contracts or withdraw a substantial amount of assets, it is likely to harm our results of operations. In addition, investment management contracts with mutual funds or other retail products are subject to annual approval by the fund's board of directors.

We may need to raise additional capital in the future, and existing or future resources may not be available to us in sufficient amounts or on acceptable terms.

While we believe that our existing cash resources and cash flow from operations will be sufficient to meet our working capital needs for normal operations for the foreseeable future, our continuing acquisitions of interests in independent investment firms and our other strategic initiatives may require additional capital. Further, we have significant repurchase obligations relating to Affiliate equity interests, and it is difficult to predict the frequency and magnitude of these repurchases. As of December 31, 2020, the current redemption value relating to Affiliate equity repurchase obligations was presented within Redeemable non-controlling interests on our Consolidated Balance Sheets and was \$671.5 million, which includes \$35.4 million of consolidated Affiliate sponsored investment products primarily attributable to third-party investors. See "Liquidity and Capital Resources-Affiliate Equity" in Item 7 and Notes 17 and 18 of the Consolidated Financial Statements. These obligations may require more cash than is then available from our existing cash resources and cash flows from operations. Thus, we may need to raise capital through additional borrowings or by selling shares of our common stock or other equity or debt securities, or otherwise refinance a portion of these obligations.

As of December 31, 2020, we had outstanding debt of \$2.5 billion. Our level of indebtedness may increase if we fund future investments or other expenses through borrowings. Any additional indebtedness could increase our vulnerability to general adverse economic and industry conditions and may require us to dedicate a greater portion of our cash flows from operations to payments on our indebtedness.

The financing activities described above could increase our Interest expense, decrease our Net income (controlling interest) or dilute the interests of our existing stockholders. In addition, our access to additional capital, and the cost of capital we are able to access, is influenced by a number of factors, including the state of global credit and equity markets, interest rates, credit spreads and our credit ratings. We are rated A3 by Moody's Investors Service and BBB+ by S&P Global Ratings. A reduction in our credit ratings could also increase our borrowing costs under our credit facilities or, in certain cases, give rise to a termination right by the counterparty under our derivative financial instruments.

Our debt agreements impose certain covenants relating to the conduct of our business, including financial covenants under our credit facilities, any breach of which could result in the acceleration of the repayment of any amounts borrowed or outstanding thereunder.

Our debt agreements contain customary affirmative operating covenants and negative covenants that, among other things, place certain limitations on our and our subsidiaries' ability to incur debt, merge or transfer assets, and create liens and, in the case of our credit facilities, require us to maintain specified financial ratios, including a maximum leverage ratio and a minimum interest coverage ratio. The breach of any covenant (either due to our actions or omissions or, in the case of financial covenants, due to a significant and prolonged market-driven decline in our operating results) could result in a default under the applicable debt agreement and, in the case of our credit facilities, lenders could refuse to make further extensions of credit to us. Further, in the event of certain defaults, amounts borrowed under our debt agreements, together with accrued interest and other fees, could become immediately due and payable. If any indebtedness were to become subject to accelerated repayment, we may not have sufficient liquid assets to repay such indebtedness in full.

We have substantial intangibles on our balance sheet, and any impairment of our intangibles could adversely affect our financial condition and results of operations.

As of December 31, 2020, our total assets were \$7.9 billion, of which \$3.7 billion were intangibles, and \$2.1 billion were equity method investments in Affiliates, an amount primarily composed of intangible assets. We cannot be certain that we will realize the value of such intangible assets. Our intangible assets may become impaired as a result of any number of factors, including changes in market conditions, declines in the value of assets under management, client attrition, product performance, reductions in fee rates and changes in strategic objectives or growth prospects of an Affiliate. An impairment of our intangible assets or an other-than-temporary decline in the value of our equity method investments could adversely affect our financial condition and results of operations. Determining the value of intangible assets, and evaluating them for impairment, requires management to exercise significant judgment. In recent periods, we have recorded expenses to reduce the carrying value to fair value of certain Affiliates and certain acquired client relationships, and may experience similar impairment events in future reporting periods. See "Critical Accounting Estimates and Judgments" in Item 7 and Notes 9 and 10 of the Consolidated Financial Statements.

Market risk management activities may adversely affect our liquidity and results of operations.

From time to time, we and our Affiliates seek to offset exposure to changes in interest rates, foreign currency exchange rates and markets by entering into derivative financial instruments. See Note 7 of the Consolidated Financial Statements. The scope of these risk management activities is selective and varies based on the level and volatility of interest rates, foreign currency exchange rates and other changing market conditions. We and our Affiliates do not seek to hedge exposure to all market risks, which means that exposure to certain market risks is not limited. Further, the use of derivative financial instruments does not entirely eliminate the possibility of fluctuations in the value of the underlying position or prevent losses if the value of the position declines, and also can limit the opportunity for gain if the value of the position increases. There can be no assurance that our or our Affiliates' derivative financial instruments will meet their overall objective or that we or our Affiliates will be successful in entering into such instruments in the future. Further, while hedging arrangements may reduce certain risks, such arrangements themselves may entail other risks, may generate significant transaction costs, and may require the posting of cash collateral. For example, if our or our Affiliates' counterparties fail to honor their obligations in a timely manner, including any obligations to return posted collateral, our liquidity and results of operations could be adversely impacted.

The anticipated replacement of the London Interbank Offered Rate ("LIBOR") introduces a number of risks for us, our Affiliates and their clients, and for the global asset management industry more broadly.

LIBOR and other financial benchmarks are currently the subject of national, international, and other regulatory guidance and proposals for reform. Currently, LIBOR is expected to be discontinued, but there remains uncertainty as to such timing, as well as the nature of any replacement rate. These reforms may have consequences that create uncertainties, including changes in the valuation of financial instruments linked to benchmark indices, which could impact Affiliate sponsored investment products, investments, derivatives or other instruments, and may result in pricing, operational and legal implementation risks. Further, the proposed reforms could result in an increase in our or our Affiliates' debt service costs. While it is not currently possible to determine precisely how, or to what extent, the withdrawal and replacement of LIBOR or the alteration of any other financial benchmarks would affect us and our Affiliates, the changes may have an adverse effect on our financial condition and results of operations.

The ongoing COVID-19 pandemic, or an outbreak of another highly infectious or contagious disease, could adversely affect our business, financial condition and results of operations.

As of the date of this Form 10-K, the outbreak of COVID-19, which the World Health Organization declared a Public Health Emergency of International Concern in early 2020, is ongoing. This pandemic has adversely impacted the global economy and contributed to significant volatility in equity and debt markets. Many jurisdictions continue to institute quarantines, limitations on travel, and restrictions on access to schools, offices, and other public venues. Businesses have implemented similar precautionary measures, many of which remain in effect. Such measures, as well as the general uncertainty surrounding the containment and impact of COVID-19, have created significant disruption in economic activity.

These developments, including the duration and spread of the pandemic, the timing and effectiveness of vaccines, the terms and duration of mandated shut downs and other restrictions, and the impact on the global economy and financial markets, as well as the extent of the impact on us and our Affiliates, remain difficult to predict and will depend on a number of factors, including actions taken by governmental authorities and other third parties that are not within our control. If financial markets become depressed for a prolonged period as a result of the COVID-19 or another pandemic or public health crisis, our assets under management, aggregate fees, and earnings could be adversely affected and our intangible assets could become impaired. These developments could also increase our costs of capital or reduce the availability of credit, or adversely change the interest rates or credit ratings applicable to us. Further, our growth strategy depends in part upon our ability to make investments in independent investment firms and to pursue other strategic partnerships. Our ability to pursue these transactions could be impacted during the period of market and economic disruption relating to COVID-19 or another pandemic or public health crisis, as a result of the availability of capital or other factors. Additionally, although we maintain contingency plans for pandemics and we and our Affiliates have remained fully operational throughout the pandemic, the further spread of COVID-19, or an outbreak of another contagious disease, could also impact the availability of key personnel necessary to conduct our or our Affiliates' businesses or the business and operations of third parties that perform critical services for our or our Affiliates' businesses.

These factors and others relating to the COVID-19 pandemic, or of another highly infectious or contagious disease, could adversely affect our business, financial condition, and results of operations, or cause volatility in the market price of our common stock.

RISKS RELATED TO OUR STRATEGY AND OUR STRUCTURED PARTNERSHIPS WITH AFFILIATES

Our growth strategy depends in part upon our ability to make investments in independent investment firms and to pursue other strategic partnerships.

Our continued success in investing in independent investment firms will depend upon our ability to find suitable firms in which to invest or make additional investments in our existing Affiliates, our ability to negotiate agreements with such firms on acceptable terms, and our ability to raise the capital necessary to finance such transactions. The market for acquisitions of interests in these firms is highly competitive. Many other public and private financial services companies, including commercial and investment banks, private equity firms, sovereign wealth funds, insurance companies and investment management firms, also invest in boutique investment firms and may have significantly greater resources than we do. In addition to direct competition on particular prospects, these firms can also negatively impact the volume and value of transactions more broadly. Further, our long-term innovative partnership approach with our Affiliates is designed to provide succession planning and enhanced equity incentives for management equity owners, and the management of some target firms may prefer terms and structures offered by our competitors.

The success of our investments depends on our and our Affiliates' ability to grow their businesses and carry out their management succession plans. In addition, our investments involve a number of risks, including the existence of unknown liabilities that may arise after making an investment, some of which may depend upon factors that are not under our control.

We may not be successful in making investments in new firms or maintaining existing investments, and any firms that we do invest in may not have favorable results or performance following our investment, which could have an adverse effect on our financial condition and results of operations. Further, the consummation of our announced investments is generally subject to a number of closing conditions, contingencies and approvals, including, but not limited to, obtaining certain consents of the independent investment firm's clients and applicable regulatory approvals. In the event that an announced transaction is not consummated, we may experience a decline in the price of our common stock.

Our growth strategy also includes pursuing strategic partnerships in areas where we can assist our Affiliates in growing and diversifying their businesses. These strategic partnerships may involve risks and require resources and investment, and there is no certainty that such partnerships will deliver the anticipated benefits over the expected time frame or at all.

The structure of our partnership interests in our Affiliates may expose us to unanticipated changes in Affiliate revenue, operating expenses and other commitments, which we may not anticipate and may have limited ability to control.

For a majority of our Affiliates, we use structured partnership interests in which we contractually share in the Affiliate's revenue without regard to expenses. In this type of structured partnership interest, the Affiliate allocates a specified percentage of its revenue to us and Affiliate management, while using the remainder of its revenue for operating expenses and for additional distributions to Affiliate management. In these types of structures, while our distributions generally have priority, our agreed allocations may not anticipate changes in the revenue and operating expense base of the Affiliate, and the revenue remaining after our specified share is allocated to us may not be large enough to cover all of the Affiliate's operating expenses, which could result in a reduction of the amount allocated to us or could negatively impact the Affiliate's operations and prospects.

For other Affiliates, we use structured partnership interests in which we contractually share in the Affiliate's revenue less agreed-upon expenses. This type of partnership interest allows us to benefit from any increase in revenue or any decrease in the agreed-upon expenses, but also exposes us to any decrease in revenue or any increase in such expenses. The degree of our exposure to expenses from these structured partnership interests varies by Affiliate and includes Affiliates in which we fully share in the expenses of the business. In these types of structures, we may have limited or no ability to control the level of expenses at the Affiliate, and our distributions generally do not have priority. Further, the impact of Affiliate expenses on our earnings and our stock price could increase if the portion of our earnings derived from such Affiliates increases.

As a result of these factors, unanticipated changes in revenue, operating expenses or other commitments at any of our Affiliates could leave the Affiliate with a shortfall in remaining funds for distribution to us or Affiliate management, or for funding their operations. Changes in the global marketplace in particular could result in rapid changes to our Affiliates' earnings or expenses, and our Affiliates may be unable to make appropriate expense reductions in a timely manner to respond to such changes. Any of these developments could have an adverse effect on our financial condition generally and on our results of operations for the applicable reporting period.

Additionally, regardless of the particular structure, we may elect to defer or forgo the receipt of our share of an Affiliate's revenue or earnings, or to adjust any expenses allocated to us, to permit the Affiliate to fund expenses in light of unanticipated changes in revenue or operating expenses, with the aim of maximizing the long-term benefits. We cannot be certain that any such deferral or forbearance would be of any greater long-term benefit to us, and such a deferral or forbearance may have an adverse effect on our near- or long-term financial condition and results of operations.

We may reposition or divest our equity interests in our Affiliates, and we cannot be certain that any such repositioning or divestment will benefit us in the near- or long-term.

From time to time, we may reposition our relationships with our Affiliates, which could, among other things, include changes to our structured partnership interests, including changes in our ownership level and in the calculation of our share of revenue and/or operating expenses. Such repositioning may be done in order to address an Affiliate's succession planning, changes in its revenue or operating expense base, strategic planning or other developments. Any repositioning of our interest in an Affiliate may result in increased exposure to changes in the Affiliate's revenue and/or operating expenses, or in additional investments or commitments from us, or could increase or reduce our interest in the Affiliate. In some cases, this could result in the full divestment of our interest to Affiliate management or to a third party, or in our acquisition of all of the equity interests of the Affiliate. In addition, certain of our Affiliates accounted for under the equity method have customary rights in certain circumstances to sell a majority interest in their firm to a third party and to cause us to participate in such sale. Any such changes could have an adverse impact on our financial condition and results of operations.

We and our Affiliates rely on certain key personnel and cannot guarantee their continued service.

We depend on the efforts of our executive officers and our other officers and employees. Our executive officers, in particular, play an important role in the stability and growth of our existing Affiliates and in identifying potential investments in independent investment firms. There is no guarantee that these executive officers will remain with the Company. We generally do not have employment agreements with our executive officers, although each has a significant deferred equity interest in the Company and is subject to non-solicitation and non-competition restrictions that may be triggered upon their departure. Further, we seek to attract and retain our key officers and employees through a number of initiatives and programs, including developing a strong values-based culture, a commitment to career development, employee engagement, attractive compensation and benefits programs, attention to succession planning, and fostering of diversity and inclusion, any of which may not be successful in contributing to the retention of such employees. Changes in our management team, in particular, may be disruptive to our business, and failure to attract and retain members of our executive or senior management team, or to effectively implement and manage appropriate succession plans, could adversely affect our business, financial condition and results of operations.

In addition, our Affiliates depend heavily on the services of key principals who, in many cases, have managed their firms for many years. These principals often are primarily responsible for their firm's investment decisions. Although we use a combination of economic incentives, transfer restrictions and, in some instances, non-solicitation, non-competition and employment agreements in an effort to retain key Affiliate personnel, there is no guarantee that these principals will remain with their firms. Since certain of our Affiliates contribute more significantly to our revenue than other Affiliates, the loss of key personnel at these Affiliates could have a disproportionately adverse impact on our business, financial condition and results of operations.

RISKS RELATED TO OUR COMMON STOCK

Equity markets and our common stock have been volatile.

The market price of our common stock has experienced and may continue to experience volatility, and the broader equity markets have experienced and may continue to experience significant price and volume fluctuations as a result of the COVID-19 pandemic or other factors. In addition, announcements of our financial and operating results or other material information, including changes in net client cash flows and assets under management, changes in our financial guidance or our failure to meet such guidance, our new investments activity, changes in general conditions in the economy or the financial markets, perceptions regarding our ESG profile, and other developments affecting us, our Affiliates or our competitors, as well as geopolitical, social, regulatory, capital markets, economic, and business factors unrelated to us, could cause the market price of our common stock to fluctuate substantially.

The sale or issuance of substantial amounts of our common stock, or the expectation that such sales or issuances will occur, could adversely impact the price of our common stock.

The sale or issuance of substantial amounts of our common stock in the public market could adversely impact its price. In connection with our financing activities, we have issued junior convertible trust preferred securities and entered into an equity distribution program, either of which may result in the issuance of our common stock upon the occurrence of certain events. We also have exercisable options outstanding and unvested restricted stock that have been awarded under our share-based incentive plans. Additionally, we have the right to settle certain Affiliate equity repurchase obligations with shares of our common stock. Moreover, in connection with future financing activities, we may issue additional convertible securities or shares of our common stock, including through forward equity transactions. Any such issuance of shares of our common stock could have the effect of substantially diluting the interests of our current equity holders. In the event that a large number of shares of our common stock are sold or issued in the public market, or the expectation that such sales or issuances will occur, the price of our common stock may decline as a result.

Provisions in our organizational documents, Delaware law and other factors could delay or prevent a change in control of the Company, or adversely affect our financial results in periods prior to and following a change in control.

Provisions in our charter and by-laws and anti-takeover provisions under Delaware law could discourage, delay or prevent an unsolicited change in control of the Company. These provisions may also have the effect of making it more difficult for third parties to replace our executive officers without the consent of our Board of Directors. These provisions include:

- the ability of our Board of Directors to issue preferred stock and to determine the terms, rights, and preferences of the preferred stock without stockholder approval;

- the prohibition on the right of stockholders to call meetings or act by written consent and limitations on the right of stockholders to present proposals or make nominations at stockholder meetings; and
- legal restrictions on mergers and other business combinations between us and any holder of 15 percent or more of our outstanding common stock.

Further, given our long-term innovative partnership approach with our Affiliates, which is designed to maintain their unique entrepreneurial cultures, investment independence, and operational autonomy in managing their businesses, a change in control may be viewed negatively by our Affiliates, impacting their relationships with us. Additionally, the disposition of certain of our Affiliates following a change in control could result in the immediate realization of taxes owed on any excess proceeds above our tax basis in the relevant Affiliate, which could impact the valuation a third party may apply to us in a change in control. Any of the forgoing factors may inhibit a change in control in circumstances that could give our stockholders the opportunity to realize a premium over the market price of our common stock, or may result in negative impacts on our financial results in periods prior to and following a change in control.

In addition, a change in control of the Company or the acquisition of a large ownership position in shares of our outstanding common stock by a single holder may constitute a change in control for certain of our Affiliates for purposes of the Advisers Act and the Investment Company Act. In that case, absent client consents, the Affiliate's management agreements may be deemed to be "assigned" in violation of the agreement and, for mutual fund clients, will terminate. We cannot be certain that any required client consents (which the impacted Affiliates would need to be involved in requesting) would be obtained if such a change of control occurs. Any termination, deemed assignment or renegotiation of any of our Affiliates' management agreements could result in a reduction in our assets under management or the fees payable to our Affiliates and, ultimately, our aggregate fees. Further, certain of our Affiliates operate regulated businesses in jurisdictions outside of the U.S. that, in some cases, require regulatory notifications and other filings if a single stockholder acquires an ownership position in the Company exceeding certain specified thresholds, regardless of whether a change in control has occurred for purposes of the Advisers Act or the Investment Company Act. Such an ownership position could also trigger approvals under FINRA, for Affiliates operating a broker-dealer in the U.S. As a result, a large ownership position in our stock, whether or not resulting in a change of control of the Company, could result in increased regulatory reporting and compliance costs, and potential restrictions on our or our Affiliates' business activities, and could reduce the fees that our Affiliates receive under investment management contracts, any of which could have an adverse effect on the Company's financial condition and results of operations.

LEGAL AND REGULATORY RISKS

Our and our Affiliates' businesses are highly regulated.

Our and our Affiliates' businesses are subject to complex and extensive regulation by regulatory and self-regulatory authorities and exchanges in various jurisdictions around the world, which, for our Affiliates and our U.S. retail distribution subsidiary, include those applicable to investment advisers, as detailed in "Government Regulation" in Item 1. Applicable laws, rules and regulations impose requirements, restrictions and limitations on our and our Affiliates' businesses, and can result in significant compliance costs. Further, this regulatory environment may be altered without notice by new laws or regulations, revisions to existing laws or regulations, or new or revised interpretations, guidance or enforcement priorities. Any determination of a failure to comply with applicable laws, rules or regulations could expose us, our Affiliates, or our respective employees to civil liability, criminal liability, or disciplinary or enforcement action, with penalties that could include the disgorgement of fees, fines, sanctions, suspensions, termination of adviser status, or censure of individual employees or revocation or limitation of business activities or registration, any of which could have an adverse impact on our stock price, financial condition, and results of operations. Further, if we, any of our Affiliates or our respective employees were to fail to comply with applicable laws, rules, or regulations, or be named as a subject of an investigation or other regulatory action, the public announcement and potential publicity surrounding any such investigation or action could have an adverse effect on our stock price and result in increased costs, even if we, our Affiliates, or our respective employees were found not to have violated such laws, rules or regulations.

Recently implemented and proposed regulations globally have called for more stringent oversight of the financial services industry in which we and our Affiliates operate. In the U.S., the new presidential administration may shift enforcement priorities under existing regulations, alter existing regulations or pursue additional rulemaking impacting the financial services industry. These regulatory developments could adversely affect our and our Affiliates' businesses, increase compliance costs, require that we or our Affiliates curtail operations or investment offerings, or impact our and our Affiliates' access to capital and the market for our common stock.

Further, in recent years, regulators in the U.S., the UK and other jurisdictions have expanded rules and devoted greater resources and attention to the enforcement of anti-bribery and anti-money laundering laws, and while we and our Affiliates have developed and implemented policies and procedures designed to comply with these rules, such policies and procedures may not be effective in all instances to prevent violations.

Our and our Affiliates' international operations are subject to foreign risks, including political, regulatory, economic and currency risks.

We and certain of our Affiliates conduct business outside the U.S., and a number of our Affiliates are based outside the U.S. and, accordingly, are subject to risks inherent in doing business internationally. These risks may include difficulties in staffing and managing foreign operations, longer payment cycles, difficulties in collecting investment advisory fees receivable, different (and in some cases less stringent) legal, regulatory and accounting regimes, political instability, exposure to fluctuations in currency exchange rates, expatriation controls, expropriation risks and potential adverse tax consequences. For example, our and our Affiliates' businesses may be impacted by the terms of trade agreements negotiated by the UK in connection with its exit from the European Union, which could result in fluctuations in exchange rates, disruptions in the capital markets, changes in investor risk tolerance or investment preferences, potential regulatory shifts resulting from the UK's status as a third-country with the European Union, increased compliance and administrative costs, or other impacts. Further, as part of our and certain of our Affiliates' response to the UK's exit from the European Union, we and such Affiliates have implemented changes to our business operations and, while we do not expect these changes to have a significant impact on our or our Affiliates' businesses, these changes could result in increased compliance and administrative outsourcing and costs. Additionally, regulations in the European Union pertaining to integrating ESG topics may materially impact the asset management industry in member states that adopt such legislation. For example, the European Union's recent action plan on financing sustainable growth includes initiatives to integrate ESG into the financial system, including such areas as MiFID2, UCITS and AIFMD regulations. Similar regulatory measures may be introduced in other jurisdictions in which we or our Affiliates currently have investments or plan to invest in the future, including in the U.S. and the UK. These types of ESG-related regulations could impact our or our Affiliates' businesses, increases regulatory and compliance costs and adversely affect our profitability. In addition, as a result of operating internationally, certain of our Affiliates and our global distribution subsidiaries are subject to requirements under foreign regulations to maintain minimum levels of capital, and such capital requirements may be increased from time to time, which may have the effect of limiting withdrawals of capital and the payment of distributions to us. These or other risks related to our and our Affiliates' international operations may have an adverse effect on our business, financial condition and results of operations.

Changes in tax laws or exposure to additional tax liabilities could have an adverse impact on our business, financial condition and results of operations.

We are subject to income taxes as well as non-income-based taxes in the U.S. and certain foreign jurisdictions, and our Affiliates are generally subject to taxes in the jurisdictions in which they operate. Tax laws, regulations and administrative practices in these jurisdictions may be subject to significant change, with or without notice, and significant judgment is required in estimating and evaluating tax provisions and accruals. Our and our Affiliates' effective tax rates could be affected by a change in the mix of earnings with differing statutory tax rates, changes to our or their existing businesses, and changes in relevant tax, accounting or other laws, regulations, administrative practices and interpretations. In the U.S., the new presidential administration has indicated that it may raise the corporate tax rate and may pursue other tax reforms. If any such proposals are ultimately enacted into legislation, they could materially impact our tax provision, deferred tax assets, tax liabilities and effective tax rate. Further, a portion of our earnings is from outside of the U.S., and the foreign government agencies in jurisdictions in which we and our Affiliates do business continue to focus on the taxation of multinational companies, and could implement changes to their tax laws. For example, changes in the tax laws of foreign jurisdictions could arise as a result of the base erosion and profit shifting ("BEPS") project undertaken by the Organization for Economic Co-operation and Development ("OECD"), which includes recommendations that may be adopted in various jurisdictions in which we and our Affiliates do business. Any changes to federal, state or foreign tax laws, regulations, accounting standards or administrative practices, or the release of additional guidance, interpretations or other information, could impact our estimated effective tax rate and overall tax expense, as well as our earnings estimates, and could result in adjustments to our treatment of deferred taxes, including the realization or value thereof, or in unanticipated additional tax liabilities, any of which could have an adverse effect on our business, financial condition and results of operations.

In addition, we and our Affiliates may be subject to tax examinations by certain federal, state, and foreign tax authorities. We regularly assess the likely outcomes of examinations that we are subject to, in order to determine the appropriateness of our tax provision; however, tax authorities may disagree with certain positions we have taken or may take, and may assess

additional taxes and/or penalties and interest. There can be no assurance that we will accurately predict the outcomes of any examinations and the actual outcomes could have an adverse impact on our financial condition and results of operations.

We or our Affiliates may be involved in legal proceedings and regulatory matters from time to time, and we may be held responsible for liabilities incurred by certain of our Affiliates.

Our operating agreements with our Affiliates provide for governance structures that give Affiliate management the authority to manage and operate their businesses on a day-to-day basis, including investment management operations, marketing, product development, client relationships, employee matters, compensation programs, and compliance activities. As a consequence, our financial condition and results of operations may be adversely affected by problems stemming from the day-to-day operations of our Affiliates that we are not involved in, and where weaknesses or failures in internal processes or systems, legal or regulatory matters, or other operational challenges could lead to a disruption or cessation of our Affiliates' operations, liability to their clients, exposure to claims or disciplinary action, or reputational harm.

Certain of our Affiliates are limited liability companies or limited partnerships (or equivalent non-U.S. forms) of which we, or entities controlled by us, are the managing member or general partner (or equivalent). Consequently, to the extent that any of these Affiliates incur liabilities or expenses that exceed their ability to pay for them, we may be directly or indirectly liable for their payment. Similarly, an Affiliate's payment of distributions to us may be subject to claims by potential creditors, and an Affiliate may default on distributions that are payable to us. In addition, with respect to each of these Affiliates, we may be held liable in some circumstances as a control person for the acts of the Affiliate or its employees. Further, we also conduct distribution, sales, and marketing activities through our U.S. retail distribution subsidiary and our global distribution subsidiaries, to extend the reach of our Affiliates' own business development efforts, and any liability arising in connection with these activities, whether as a result of our own actions or the actions of our participating Affiliates, could result in direct liability to us. Accordingly, we and our Affiliates may face various claims, litigation or complaints from time to time, and we cannot predict the eventual outcome of such matters, some of which may be resolved in a manner unfavorable to us or our Affiliates, or whether any such matters could become material to a particular Affiliate or us in any reporting period. See "Legal Proceedings" in Item 3. While we and our Affiliates maintain errors and omissions and general liability insurance in amounts believed to be adequate to cover potential liabilities, we cannot be certain that we or our Affiliates will not have claims or related expenses that exceed the limits of available insurance coverage, that the insurers will remain solvent and will meet their obligations to provide coverage, or that insurance coverage will continue to be available to us and our Affiliates with sufficient limits and at a reasonable cost. Any legal proceedings or regulatory matters that we or our Affiliates are subject to could, whether with or without merit, be time consuming and expensive to defend and could divert management attention and resources, and could result in judgments, findings, settlements or allegations of wrongdoing that could adversely affect our or their reputation, current and future business relationships, and our financial condition and results of operations.

Our or our Affiliates' controls and procedures and risk management policies may be inadequate, fail or be circumvented, and operational risk could adversely affect our or our Affiliates' reputation and financial position.

We and our Affiliates have adopted various controls, procedures, policies, and systems to monitor and manage risk in our and their businesses. While we currently believe that our and our Affiliates' operational controls are effective, we cannot provide assurance that those controls, procedures, policies, and systems will always be adequate to identify and manage the internal and external risks in our and our Affiliates' various businesses. Furthermore, we or our Affiliates may have errors in business processes or fail to implement proper procedures in operating our respective businesses, which may expose us or our Affiliates to risk of financial loss or failure to comply with regulatory requirements. Additionally, although we and our Affiliates have systems and practices in place to monitor third-party service providers, such third parties are subject to similar risks. We and our Affiliates, as well as our respective service providers, are also subject to the risk that employees or contractors, or other third parties, may deliberately seek to circumvent established controls to commit fraud or act in ways that are inconsistent with our or their controls, policies and procedures. The financial and reputational impact of control failures can be significant.

In addition, our and our Affiliates' businesses and the markets in which we and our Affiliates operate are continuously evolving. If our or our Affiliates' risk frameworks are ineffective, either because of a failure to keep pace with changes in the financial markets, regulatory requirements, our or our Affiliates' businesses, counterparties, clients, or service providers, or for other reasons, we or our Affiliates could incur losses, suffer reputational damage, or be out of compliance with applicable regulatory or contractual mandates or expectations.

Failure to maintain and properly safeguard an adequate technology infrastructure may limit our or our Affiliates' growth, result in losses or disrupt our or our Affiliates' businesses.

Our and our Affiliates' businesses are reliant upon financial, accounting, and technology systems and networks to process, transmit, and store information, including sensitive client and proprietary information, and to conduct many business activities and transactions with clients, advisers, regulators, vendors, and other third parties. The failure to implement, maintain, and safeguard an infrastructure commensurate with the size and scope of our and our Affiliates' businesses could impede productivity and growth, which could adversely impact our financial condition and results of operations. Further, we and our Affiliates rely on third parties for certain aspects of our respective businesses, including financial intermediaries, providers of technology infrastructure, and other service providers such as broker-dealers, custodians, administrators and other agents, as well as accounting, legal and other professional advisors, and these parties are susceptible to similar risks.

Although we and our Affiliates take protective measures and endeavor to modify them as circumstances warrant, computer systems, software, networks, and mobile devices may be vulnerable to cyber-attacks, data privacy or security breaches, ransomware, social engineering, unauthorized access, theft, misuse, computer viruses, or other malicious code and other events that could have a security impact. Further, although we and our Affiliates have systems and practices in place to monitor the third parties on whom we and our Affiliates rely, such third parties may have similar vulnerabilities and may lack the necessary infrastructure or resources, or may otherwise fail, to adequately protect against or respond to any cyber-attacks, data breaches, or other incidents. If any such events occur, it could jeopardize confidential, proprietary, or other sensitive information of ours, our Affiliates and our respective clients, employees or counterparties that may be stored in, or transmitted through, internal or third-party computer systems, networks, and mobile devices, or could otherwise cause interruptions or malfunctions in our and our Affiliates' operations or those of our respective clients or counterparties, or in the operations of third parties on whom we and our Affiliates rely. Despite efforts to ensure the integrity of systems and networks, it is possible that we, our Affiliates or our respective third-party service providers may not be able to anticipate or to implement effective preventive measures against all threats, especially because the techniques used change frequently and can originate from a wide variety of sources. The recent shift to work-from-home environments has increased exposures to these security-related risks. As a result, we or our Affiliates could experience disruption, significant losses, increased costs, reputational harm, regulatory actions, or legal liability, any of which could have an adverse effect on our financial condition and results of operations. We or our Affiliates may be required to spend significant additional resources to modify protective measures or to investigate and remediate vulnerabilities or other exposures, and may be subject to litigation, regulatory investigations, and potential fines, and financial losses that are either not insured against fully or not fully covered through any insurance that we or our Affiliates maintain. Further, government and regulatory oversight of data privacy in particular has been growing in recent years, including through the European Union's General Data Protection Regulation and the California Consumer Privacy Act, resulting in heightened data security and handling requirements, increased fines, and expanded incident response and reporting obligations. Recent well-publicized security breaches at other companies have exemplified security-related vulnerabilities, and may lead to further government and regulatory scrutiny and heightened security requirements.

Item 1B. Unresolved Staff Comments

None.

Item 2. Properties

We conduct our operations around the world using a combination of leased and owned facilities. While we believe we have suitable property resources currently, we will continue to evaluate our property needs and will adjust these resources as necessary. Our Affiliates also typically lease office space in the city or cities in which they conduct business, as appropriate for their respective business needs.

Item 3. Legal Proceedings

Governmental and regulatory authorities in the U.S. and other jurisdictions in which we and our Affiliates operate regularly make inquiries and administer examinations with respect to our and our Affiliates' compliance with applicable laws and regulations, and from time to time, we and our Affiliates may be parties to various claims, lawsuits, complaints, regulatory investigations, and other proceedings in the ordinary course of business.

Currently, there are no such claims, lawsuits, complaints, regulatory investigations, or other proceedings against us or our Affiliates that, in our opinion, would have a material adverse effect on our financial position, liquidity, or results of operations. However, there is no assurance as to whether or not any such matters could arise or have a material effect on our or our Affiliates' financial position, liquidity, or results of operations in any future reporting period.

Item 4. Mine Safety Disclosures

Not applicable.

PART II**Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities**

Our common stock is traded on the New York Stock Exchange (symbol: AMG). As of February 18, 2021, there were 101 stockholders of record, including banks, brokers, and other financial institutions holding shares in omnibus accounts for their customers (in total representing substantially all of the beneficial holders of our common stock).

Issuer Purchases of Equity Securities

Period	Total Number of Shares Purchased ⁽¹⁾	Average Price Paid Per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Average Price Paid Per Share	Maximum Number of Shares that May Yet Be Purchased Under Outstanding Plans or Programs ⁽²⁾
October 1-31, 2020	113,256	\$ 74.76	113,256	\$ 74.76	3,960,298
November 1-30, 2020	483,400	87.44	483,400	87.44	3,476,898
December 1-31, 2020 ⁽³⁾	1,558,813	112.47	1,558,226	112.48	1,918,672
Total	2,155,469	104.88	2,154,882	104.88	

⁽¹⁾ Includes shares surrendered to the Company to satisfy tax withholding and/or option exercise price obligations in connection with stock swap option exercise transactions, if any.

⁽²⁾ Our Board of Directors authorized share repurchase programs in January 2021, October 2019, and January 2019 to repurchase up to 5.0 million, 6.0 million, and 3.3 million shares of our common stock, respectively, and these authorizations have no expiry. Purchases may be made from time to time, at management's discretion, in the open market or in privately negotiated transactions, including through the use of trading plans as well as pursuant to accelerated share repurchase programs or other share repurchase strategies that may include derivative financial instruments. As of December 31, 2020, we had repurchased all of the shares of the January 2019 program. As of the January 2021 authorization, there were a total of 6.9 million shares available for repurchase under our January 2021 and October 2019 share repurchase programs.

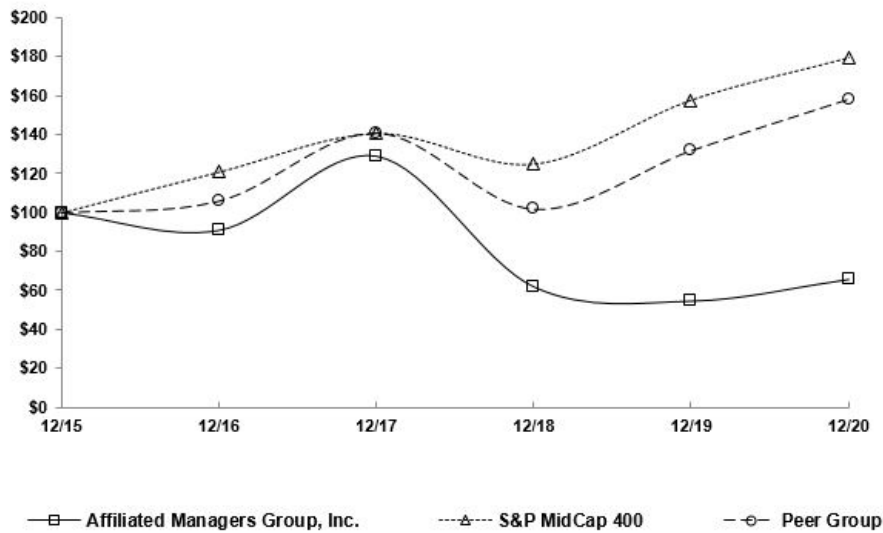
⁽³⁾ As of December 31, 2020, we had unsettled market share repurchases under a \$100.0 million accelerated share repurchase program, of which 0.8 million shares are included in our total number of shares purchased during December 2020 in accordance with the upfront delivery of shares in the agreement. Under the program, which was completed on February 5, 2021, we repurchased a total of 0.9 million shares of our common stock at an average price of \$110.10 per share.

Between January 1 and February 18, 2021, we repurchased 1.2 million shares of our common stock for \$151.9 million, including shares repurchased in the open market, through a 10b5-1 trading plan, and pursuant to an accelerated share repurchase program.

Performance Graph

Our peer group comprises AllianceBernstein Holding L.P., Ameriprise Financial, Inc., Ares Management Corporation, Franklin Resources, Inc., Invesco Ltd., Janus Henderson Group plc, Lazard Ltd. and T. Rowe Price Group, Inc. Prior to this year, our peer group also included Eaton Vance Corp. and Legg Mason, Inc., both of which have been, or are in the process of being, acquired. The following graph compares the cumulative stockholder return on our common stock from December 31, 2015 through December 31, 2020, with the cumulative total return, during the same period, on the Standard & Poor's MidCap 400 Index, and our current peer group. The comparison below assumes the investment of \$100 on December 31, 2015 in our common stock and each of the comparison indices and, in each case, assumes reinvestment of all dividends.

COMPARISON OF 5 YEAR CUMULATIVE TOTAL RETURN*
Among Affiliated Managers Group, Inc., the S&P MidCap 400 Index,
and a Peer Group



*\$100 invested on 12/31/15 in stock or index, including reinvestment of dividends.
Fiscal year ending December 31.

Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations

The following executive overview, which summarizes the significant trends affecting our results of operations and financial condition, as well as the remainder of this Management’s Discussion and Analysis of Financial Condition and Results of Operations of Affiliated Managers Group, Inc. and its subsidiaries, should be read in conjunction with the “Forward-Looking Statements” section set forth in Part I and the “Risk Factors” section set forth in Item 1A of Part I of this Annual Report on Form 10-K and in any more recent filings with the SEC, and with our Consolidated Financial Statements and the notes thereto contained elsewhere in this Annual Report on Form 10-K.

Our discussion and analysis of the key operating performance measures and financial results for fiscal year 2020 compared to fiscal year 2019 is included herein. For discussion and analysis of fiscal year 2019 compared to fiscal year 2018, please refer to “Management’s Discussion and Analysis of Financial Condition and Results of Operations” in Item 7 of Part II in our Annual Report on Form 10-K for the fiscal year ended December 31, 2019, which was filed with the SEC on February 28, 2020.

Executive Overview

We are a leading partner to independent active investment management firms globally. Our strategy is to generate long-term value by investing in a diverse array of excellent partner-owned investment firms, which we call our “Affiliates,” through a proven partnership approach, and allocating resources across our unique opportunity set to the areas of highest growth and return. Our innovative partnership approach enables each Affiliate’s management team to own significant equity in their firm while maintaining operational and investment autonomy. In addition, we offer our Affiliates growth capital, global distribution, and other strategic value-added capabilities, which enhance the long-term growth of these independent businesses and enable them to align equity incentives across generations of principals to build enduring franchises. As of December 31, 2020, our aggregate assets under management were approximately \$716 billion across a broad range of active, return-oriented strategies.

For the year ended December 31, 2020, the ongoing pandemic caused by the novel coronavirus (“COVID-19”) had a significant impact on the global economy. The overall extent and duration of COVID-19, including the timing and effectiveness of vaccines, and its impact on businesses and economic activity going forward, remains difficult to predict. We and our Affiliates remain focused on the health and well-being of the individuals and families at AMG, our Affiliates, and the community at large. Given the nature of our decentralized operations and our entrepreneurial culture, we and our Affiliates remain fully operational and have experienced minimal disruption in our ability to serve our key stakeholders, most importantly our clients. We continue to monitor the economic uncertainty related to COVID-19, and the extent of the impact on our business operations and financial results will depend on a number of factors and future developments, which are uncertain and cannot be predicted.

New Investments

In 2020, we completed minority investments in Comvest Partners, a leading middle-market private equity and credit investment firm, Inclusive Capital Partners LP, a newly founded investment firm focused on responsible capitalism and the advancement of economic and social inclusion and environmental stewardship, and Jackson Square Partners LLC, an investment manager specializing in long-only, growth-oriented equity strategies. On February 1, 2021, we completed a minority investment in Boston Common Asset Management LLC, a women-owned leader in sustainable and impact investing.

We account for these investments under the equity method of accounting. Following the close of each transaction, Affiliate management continues to hold a significant portion of the equity in their business and directs the day-to-day-operations.

Operating Performance Measures

Under accounting principles generally accepted in the U.S. (“GAAP”), we are required to consolidate certain of our Affiliates and use the equity method of accounting for others. Whether we consolidate an Affiliate or use the equity method of accounting, we maintain the same innovative partnership approach and provide support and assistance in substantially the same manner for all of our Affiliates. Furthermore, all of our Affiliates are boutique investment managers and are impacted by similar marketplace factors and industry trends. Therefore, our key aggregate operating performance measures are important in providing management with a more comprehensive view of the operating performance and material trends across our entire business.

The following table presents our key aggregate operating performance measures:

<i>(in billions, except as noted)</i>	For the Years Ended December 31,					
	2018	2019	% Change		2020	% Change
Assets under management	\$ 736.0	\$ 722.5	(2)	%	\$ 716.2	(1) %
Average assets under management	819.9	758.1	(8)	%	664.4	(12) %
Aggregate fees (in millions)	5,442.4	4,962.7	(9)	%	4,626.4	(7) %

Assets under management and, therefore average assets under management, include the assets under management of our consolidated and equity method Affiliates, and as of October 1, 2019, exclude the assets under management of certain Affiliates in which we have repositioned our interests and that are not significant to our operating performance measures or our results of operations. Assets under management is presented on a current basis without regard to the timing of the inclusion of an Affiliate's financial results in our operating performance measures and Consolidated Financial Statements. Average assets under management reflects the timing of the inclusion of an Affiliate's financial results in our operating performance measures and Consolidated Financial Statements. Average assets under management for mutual funds and similar retail investment products represents an average of the daily net assets under management, while for institutional and high net worth clients, average assets under management generally represents an average of the assets at the beginning or end of each month during the applicable period.

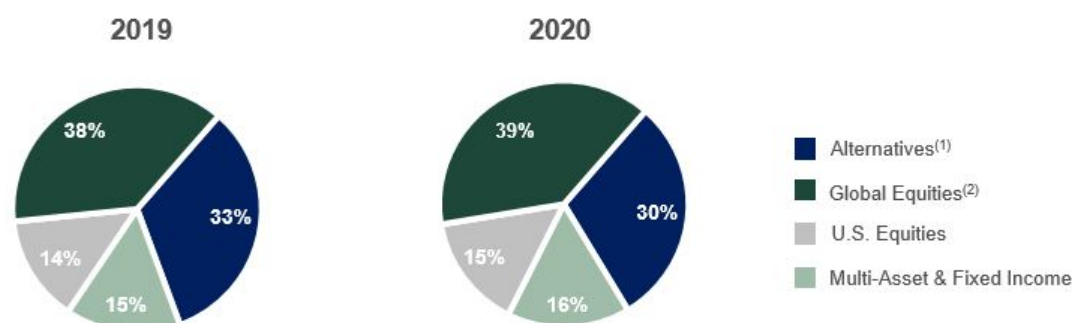
Aggregate fees consist of the total asset and performance based fees earned by all of our consolidated and equity method Affiliates, and include the aggregate fees of certain Affiliates in which we have repositioned our interests. These Affiliates are not significant to our operating performance measures or our results of operations. For certain of our Affiliates accounted for under the equity method, we report aggregate fees and the Affiliate's financial results in our Consolidated Financial Statements one quarter in arrears. Aggregate fees are provided in addition to, but not as a substitute for, Consolidated revenue or other GAAP performance measures.

Assets Under Management

Through our Affiliates, we provide a comprehensive and diverse range of active, return-oriented strategies designed to assist institutional, retail, and high net worth clients worldwide in achieving their investment objectives. We continue to see demand for active, return-oriented strategies, particularly in illiquid alternative and multi-asset and fixed income strategies, reflecting continued investor demand for returns that are less correlated to traditional equity markets, while we are experiencing outflows in quantitative strategies across liquid alternative strategies and equity strategies. In addition, investor demand for passively-managed products, including exchange traded funds has continued, and we have experienced outflows in certain equity strategies, consistent with this industry-wide trend. We believe the best-performing active equity managers (whether global-, regional-, or country-specific) will continue to have significant opportunities to grow as a result of net client cash inflows. We believe we are well-positioned to benefit from these trends.

The following charts present information regarding the composition of our assets under management by active, return-oriented strategy as of December 31, 2019 and 2020:

Assets Under Management by Strategy



- ⁽¹⁾ Alternatives include illiquid alternative strategies, which accounted for 13% and 14% of our assets under management as of December 31, 2019 and 2020, respectively.
- ⁽²⁾ Global equities include emerging markets strategies, which accounted for 9% of our assets under management as of both December 31, 2019 and 2020.

The following table presents changes in our assets under management by active, return-oriented strategy:

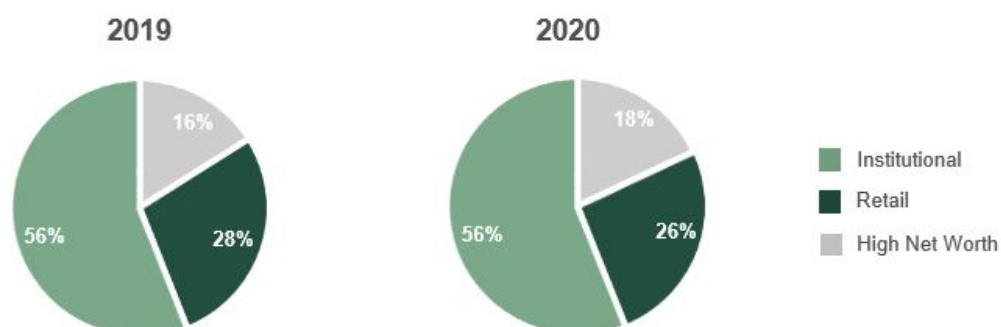
<i>(in billions)</i>	Alternatives	Global Equities	U.S. Equities	Multi-Asset & Fixed Income	Total
December 31, 2019	\$ 241.2	\$ 274.9	\$ 100.0	\$ 106.4	\$ 722.5
Client cash inflows and commitments	29.6	33.3	14.7	23.9	101.5
Client cash outflows	(51.7)	(61.2)	(29.4)	(21.0)	(163.3)
Net client cash flows	(22.1)	(27.9)	(14.7)	2.9	(61.8)
New investments	3.7	4.2	6.4	—	14.3
Market changes	(3.4)	26.4	12.7	8.3	44.0
Foreign exchange ⁽¹⁾	0.9	1.3	0.3	0.2	2.7
Realizations and distributions (net)	(2.6)	(0.2)	(0.2)	(0.2)	(3.2)
Other ⁽²⁾	(1.2)	(0.2)	(1.0)	0.1	(2.3)
December 31, 2020	\$ 216.5	\$ 278.5	\$ 103.5	\$ 117.7	\$ 716.2

⁽¹⁾ Foreign exchange reflects the impact of translating into U.S. dollars the assets under management of our Affiliates whose functional currency is not the U.S. dollar.

⁽²⁾ Other includes assets under management attributable to product transitions and reclassifications.

The following charts present information regarding the composition of our assets under management by client type as of December 31, 2019 and 2020:

Assets Under Management by Client Type



The following table presents changes in our assets under management by client type:

<i>(in billions)</i>	Institutional	Retail	High Net Worth	Total
December 31, 2019	\$ 407.2	\$ 198.1	\$ 117.2	\$ 722.5
Client cash inflows and commitments	40.8	39.9	20.8	101.5
Client cash outflows	(78.8)	(63.3)	(21.2)	(163.3)
Net client cash flows	(38.0)	(23.4)	(0.4)	(61.8)
New investments	12.1	2.2	—	14.3
Market changes	22.0	12.7	9.3	44.0
Foreign exchange ⁽¹⁾	1.4	1.1	0.2	2.7
Realizations and distributions (net)	(2.6)	(0.5)	(0.1)	(3.2)
Other ⁽²⁾	(1.1)	(0.9)	(0.3)	(2.3)
December 31, 2020	<u>\$ 401.0</u>	<u>\$ 189.3</u>	<u>\$ 125.9</u>	<u>\$ 716.2</u>

⁽¹⁾ Foreign exchange reflects the impact of translating into U.S. dollars the assets under management of our Affiliates whose functional currency is not the U.S. dollar.

⁽²⁾ Other includes assets under management attributable to product transitions and reclassifications.

Aggregate Fees

Aggregate fees consist of asset and performance based fees of our consolidated and equity method Affiliates. Asset based fees include advisory and other fees earned by our Affiliates for services provided to their clients and are typically determined as a percentage of the value of a client's assets under management. Performance based fees are based on investment performance, typically on an absolute basis or relative to a benchmark, and are generally recognized when it is improbable that there will be a significant reversal in the amount of revenue recognized. Performance based fees are generally billed less frequently than asset based fees, and although performance based fees inherently depend on investment performance and will vary from period to period, we anticipate performance based fees will be a recurring component of our aggregate fees.

Aggregate fees are generally determined by the level of our average assets under management and the composition of these assets across our strategies that realize different asset based fee ratios and performance based fees. Our asset based fee ratio is calculated as asset based fees divided by average assets under management.

Aggregate fees were \$4,626.4 million in 2020, a decrease of \$336.3 million or 7% as compared to 2019. The decrease in our aggregate fees was due to a \$525.0 million or 11% decrease in asset based fees, partially offset by a \$188.7 million or 4% increase in performance based fees. The decrease in asset based fees was due to a decrease in our average assets under management, due to net client cash outflows principally in our quantitative strategies, and a change in the composition of our assets under management.

Financial and Supplemental Financial Performance Measures

The following table presents our key financial and supplemental financial performance measures:

<i>(in millions)</i>	For the Years Ended December 31,					
	2018	2019	% Change		2020	% Change
Net income (controlling interest)	\$ 243.6	\$ 15.7	(94)	%	\$ 202.2	N.M. ⁽¹⁾
Adjusted EBITDA (controlling interest) ⁽²⁾	961.8	841.6	(12)	%	798.8	(5) %
Economic net income (controlling interest) ⁽²⁾	780.7	720.2	(8)	%	624.4	(13) %

⁽¹⁾ Percentage change is not meaningful.

⁽²⁾ Adjusted EBITDA (controlling interest) and Economic net income (controlling interest) are non-GAAP performance measures and are discussed in "Supplemental Financial Performance Measures."

Adjusted EBITDA (controlling interest) is an important supplemental financial performance measure for management as it provides a comprehensive view of our share of the financial performance of our business. Adjusted EBITDA (controlling interest) decreased \$42.8 million or 5% in 2020. The decrease in Adjusted EBITDA (controlling interest) was primarily due to a \$336.3 million or 7% decrease in aggregate fees and a \$17.5 million increase in share-based compensation principally due to an event that accelerated certain share-based compensation, partially offset by a \$6.0 million decrease in travel-related expenses attributable to the controlling interest.

While Adjusted EBITDA (controlling interest) decreased \$42.8 million or 5% in 2020, our Net income (controlling interest) increased \$186.5 million. The increase in Net income (controlling interest) was primarily due to a \$300.0 million decrease in equity method intangible amortization and impairments, partially offset by a \$78.6 million increase in Income tax expense attributable to the controlling interest.

We believe Economic net income (controlling interest) is an important supplemental financial performance measure because it represents our performance before non-cash expenses relating to our acquisition of interests in Affiliates and improves comparability of performance between periods. Economic net income (controlling interest) decreased \$95.8 million or 13% in 2020, primarily due to a \$42.8 million decrease in Adjusted EBITDA (controlling interest), a \$37.2 million increase in current and other deferred taxes primarily attributable to the controlling interest and a \$16.1 million increase in Interest expense attributable to the controlling interest.

Results of Operations

The following discussion includes the key operating performance measures and financial results of our consolidated and equity method Affiliates. Our consolidated Affiliates' financial results are included in our Consolidated revenue, Consolidated expenses, and Investment and other income, and our share of our equity method Affiliates' financial results is reported, net of intangible amortization and impairments, in Equity method loss (net).

Consolidated Revenue

Our Consolidated revenue is derived from our consolidated Affiliates, primarily from asset based fees from investment management services. For these Affiliates, we typically use structured partnership interests in which we contractually share in the Affiliate's revenue without regard to expenses. Consolidated revenue is generally determined by the level of our consolidated Affiliate average assets under management and the composition of these assets across our strategies that realize different asset based fee ratios and performance based fees.

The following table presents our consolidated Affiliate average assets under management and Consolidated revenue:

<i>(in millions, except as noted)</i>	For the Years Ended December 31,					
	2018	2019	% Change		2020	% Change
Consolidated Affiliate average assets under management (in billions)	\$ 419.6	\$ 395.1	(6)	%	\$ 362.6	(8) %
Consolidated revenue	\$ 2,378.4	\$ 2,239.6	(6)	%	\$ 2,027.5	(9) %

Our Consolidated revenue decreased \$212.1 million or 9% in 2020, due to a \$191.2 million or 9% decrease in asset based fees and a \$20.9 million or less than 1% decrease in performance based fees. The decrease in asset based fees was due to a decrease in consolidated Affiliate average assets under management, due to net client cash outflows principally in our equity strategies, and a change in the composition of our assets under management.

Consolidated Expenses

Our Consolidated expenses are primarily attributable to the non-controlling interests of our consolidated Affiliates in which we share in revenue without regard to expenses. For these Affiliates, the amount of expenses attributable to the non-controlling interests, including compensation, is generally determined by the percentage of revenue allocated to expenses as part of the structured partnership interests in place at the respective Affiliate. Accordingly, increases in revenue generally will increase a consolidated Affiliate's expenses attributable to the non-controlling interests and decreases in revenue will generally decrease a consolidated Affiliate's expenses attributable to the non-controlling interests.

The following table presents our Consolidated expenses:

(in millions)	For the Years Ended December 31,					
	2018	2019	% Change		2020	% Change
Compensation and related expenses	\$ 987.2	\$ 943.0	(4)	%	\$ 883.7	(6) %
Selling, general and administrative	417.7	376.8	(10)	%	321.4	(15) %
Intangible amortization and impairments	114.8	144.5	26	%	140.5	(3) %
Interest expense	80.6	76.2	(5)	%	92.3	21 %
Depreciation and other amortization	22.0	21.3	(3)	%	19.1	(10) %
Other expenses (net)	69.7	57.0	(18)	%	52.8	(7) %
Total consolidated expenses	\$ 1,692.0	\$ 1,618.8	(4)	%	\$ 1,509.8	(7) %

Compensation and related expenses decreased \$59.3 million or 6% in 2020, primarily due to an \$88.1 million decrease in bonus and salary expenses, principally as a result of a decline in Consolidated revenue and headcount repositioning in 2019. This decrease was partially offset by a \$17.5 million increase in share-based compensation, primarily due to an event that accelerated certain share-based compensation and an \$11.3 million increase in Affiliate equity compensation expense.

Selling, general and administrative expenses decreased \$55.4 million or 15% in 2020, primarily due to a \$21.7 million decrease in travel-related expenses, a \$17.5 million decrease in sub-advisory and distribution expenses related to a decrease in certain assets under management, and a \$12.1 million decrease in renewal commissions.

Intangible amortization and impairments decreased \$4.0 million or 3% in 2020, primarily due to a \$33.8 million reduction in amortization expense related to certain definite-lived assets being fully amortized and a \$4.3 million reduction in amortization expense related to a decrease in actual and expected client attrition. These decreases were partially offset by a \$34.1 million increase in expenses to reduce the carrying value of acquired client relationships at certain of our Affiliates to fair value. See Note 9 of our Consolidated Financial Statements.

Interest expense increased \$16.1 million or 21% in 2020, primarily due to an \$11.1 million increase from the termination of our pound sterling-denominated forward foreign currency contracts, a \$10.3 million increase from our debt securities issued in 2020 and a \$4.3 million increase from our debt securities issued in 2019. These increases were partially offset by a \$9.5 million decrease from lower interest rates and lower borrowings on our senior unsecured term loan facility (the "term loan") and senior unsecured multicurrency revolving credit facility (the "revolver" and, together with the term loan, the "credit facilities").

Other expenses (net) decreased \$4.2 million or 7% in 2020, primarily due to an \$8.1 million expense recorded in 2019 to reduce certain right-of use assets to their fair value, related to the reduction in leased office space which did not reoccur and a \$2.4 million gain recorded in 2020 related to changes in the value of Affiliate equity repurchase obligations. These decreases were partially offset by a \$5.7 million expense recorded in 2020 related to the early termination of a lease.

There were no significant changes in Depreciation and other amortization in 2020.

Equity Method Loss (Net)

When we do not own a controlling equity interest in an Affiliate, but have significant influence, we account for our interest in the Affiliate under the equity method. Our share of earnings or losses from Affiliates accounted for under the equity method, net of amortization and impairments, is included in Equity method loss (net) in our Consolidated Statements of Income.

For a majority of these Affiliates, we use structured partnership interests in which we contractually share in the Affiliate's revenue less agreed-upon expenses. We also use structured partnership interests in which we contractually share in the Affiliate's revenue without regard to expenses. Our share of earnings or losses from Affiliates accounted for under the equity method, net of amortization and impairments, is included in Equity method loss (net).

Our equity method revenue is derived primarily from asset and performance based fees from investment management services. Equity method revenue incorporates the total asset and performance based fees earned by all of our Affiliates accounted for under the equity method and is generally determined by the level of our equity method Affiliate average assets under management and the composition of these assets across our strategies that realize different asset based fee ratios and performance based fees. Our Affiliates accounted for under the equity method manage a greater proportion of assets subject to

performance based fees than our consolidated Affiliates and, as a result, equity method revenue will generally have more performance based fees than Consolidated revenue.

The following table presents equity method Affiliate average assets under management and equity method revenue, as well as equity method earnings and equity method intangible amortization and impairments, which in aggregate form Equity method loss (net):

<i>(in millions, except as noted)</i>	For the Years Ended December 31,				
	2018	2019	% Change	2020	% Change
Operating Performance Measures					
Equity method Affiliate average assets under management (in billions)	\$ 400.3	\$ 363.0	(9) %	\$ 301.8	(17) %
Equity method revenue	\$ 3,064.0	\$ 2,723.1	(11) %	\$ 2,598.9	(5) %
Financial Performance Measures					
Equity method earnings	\$ 370.6	\$ 289.4	(22) %	\$ 288.6	0 %
Equity method intangible amortization and impairments	(370.8)	(627.4)	69 %	(332.0)	(47) %
Equity method loss (net)	\$ (0.2)	\$ (338.0)	N.M. ⁽¹⁾	\$ (43.4)	(87) %

⁽¹⁾ Percentage change is not meaningful.

Our equity method revenue decreased \$124.2 million or 5% in 2020, due to a \$333.8 million or 13% decrease in asset based fees, partially offset by a \$209.6 million or 8% increase in performance based fees. The decrease in asset based fees was primarily due to a decrease in equity method Affiliate average assets under management, due to net client cash outflows principally in our quantitative strategies, and a change in the composition of our assets under management. These decreases were partially offset by the impact of new investments, which had higher asset based fee ratios than our average asset based fee ratio.

While equity method revenue decreased \$124.2 million or 5% in 2020, equity method earnings decreased \$0.8 million or less than 1%. Equity method earnings decreased less than equity method revenue on a percentage basis due to the recognition of performance based fees at Affiliates in which we hold more of an economic interest, partially offset by a decline in earnings at certain Affiliates in which we share in revenue less agreed-upon expenses.

Equity method intangible amortization and impairments decreased \$295.4 million or 47% in 2020, primarily due to a \$300.0 million decrease in expenses to reduce the carrying value of certain Affiliates to fair value. See Note 10 of our Consolidated Financial Statements. This decrease was partially offset by a \$6.4 million increase in amortization expense due to investments in new Affiliates.

Investment and other income

The following table presents our Investment and other income:

<i>(in millions)</i>	For the Years Ended December 31,				
	2018	2019	% Change	2020	% Change
Investment and other income	\$ 27.4	\$ 25.2	(8) %	\$ 34.1	35 %

Investment and other income increased \$8.9 million or 35% in 2020, primarily due to a \$10.8 million increase in foreign currency gains, partially offset by a \$1.4 million decrease in interest income.

Income Tax Expense

The following table presents our Income tax expense:

<i>(in millions)</i>	For the Years Ended December 31,				
	2018	2019	% Change	2020	% Change
Income tax expense	\$ 181.3	\$ 2.9	(98) %	\$ 81.4	N.M. ⁽¹⁾

⁽¹⁾ Percentage change is not meaningful.

Income tax expense increased \$78.5 million in 2020, primarily due to a \$265.1 million increase in income before income taxes attributable to the controlling interest and an \$18.7 million increase in valuation allowances against certain state and foreign loss carryforwards. These increases were partially offset by a \$3.4 million decrease in stock compensation tax shortfalls during 2020.

Net Income

The following table presents Net income, Net income (controlling interest) and Net income (non-controlling interest):

<i>(in millions)</i>	For the Years Ended December 31,					
	2018	2019	% Change		2020	% Change
Net income	\$ 532.3	\$ 305.1	(43)	%	\$ 427.0	40 %
Net income (non-controlling interests)	288.7	289.4	0	%	224.8	(22) %
Net income (controlling interest)	243.6	15.7	(94)	%	202.2	N.M. ⁽¹⁾

⁽¹⁾ Percentage change is not meaningful.

Net income (controlling interest) increased \$186.5 million in 2020, primarily due to a decrease in Equity method loss (net). This increase was partially offset by an increase in Income tax expense attributable to the controlling interest, an increase in share-based compensation attributable to the controlling interest and a decrease in Consolidated revenue.

Supplemental Financial Performance Measures

Adjusted EBITDA (controlling interest)

As supplemental information, we provide a non-GAAP measure that we refer to as Adjusted EBITDA (controlling interest). Adjusted EBITDA (controlling interest) is an important supplemental financial performance measure for management as it provides a comprehensive view of our share of the financial performance of our business before interest, taxes, depreciation, amortization, impairments, certain Affiliate equity expenses, gains and losses on general partner and seed capital investments, and adjustments to contingent payment arrangements. We believe that many investors use this measure when assessing the financial performance of companies in the investment management industry. This non-GAAP performance measure is provided in addition to, but not as a substitute for, Net income (controlling interest) or other GAAP performance measures.

The following table presents a reconciliation of Net income (controlling interest) to Adjusted EBITDA (controlling interest):

<i>(in millions)</i>	For the Years Ended December 31,		
	2018	2019	2020
Net income (controlling interest)	\$ 243.6	\$ 15.7	\$ 202.2
Interest expense	80.6	76.2	92.3
Income taxes	169.4	(9.1)	69.5
Intangible amortization and impairments ⁽¹⁾	454.9	745.8	427.7
Other items ⁽²⁾	13.3	13.0	7.1
Adjusted EBITDA (controlling interest)	\$ 961.8	\$ 841.6	\$ 798.8

⁽¹⁾ Intangible amortization and impairments in our Consolidated Statements of Income include amortization attributable to the non-controlling interests of our consolidated Affiliates. For our Affiliates accounted for under the equity method, we do not separately report intangible amortization and impairments in our Consolidated Statements of Income. Our share of these Affiliates' amortization is reported in Equity method loss (net). The following table presents the Intangible

amortization and impairments shown above:

(in millions)	For the Years Ended December 31,		
	2018	2019	2020
Consolidated intangible amortization and impairments	\$ 114.8	\$ 144.5	\$ 140.5
Consolidated intangible amortization and impairments (non-controlling interests)	(30.7)	(26.1)	(44.8)
Equity method intangible amortization and impairments	370.8	627.4	332.0
Total	\$ 454.9	\$ 745.8	\$ 427.7

⁽²⁾ Other items include depreciation and adjustments to contingent payment arrangements. Beginning with the first quarter of 2020, other items also include certain Affiliate equity expenses and gains and losses on general partner and seed capital investments. These changes were made to improve the comparability of performance between periods. Prior periods have not been revised as the amounts were not significant.

Economic Net Income (controlling interest) and Economic Earnings Per Share

As supplemental information, we also provide non-GAAP performance measures that we refer to as Economic net income (controlling interest) and Economic earnings per share. We believe Economic net income (controlling interest) and Economic earnings per share are important measures because they represent our performance before non-cash expenses relating to the acquisition of interests in Affiliates and improve comparability of performance between periods. Economic net income (controlling interest) and Economic earnings per share are used by our management and Board of Directors as our principal performance benchmarks, including as one of the measures for aligning executive compensation with stockholder value. These non-GAAP performance measures are provided in addition to, but not as substitutes for, Net income (controlling interest) and Earnings per share (diluted) or other GAAP performance measures.

We adjust Net income (controlling interest) to calculate Economic net income (controlling interest) by adding back our share of pre-tax intangible amortization and impairments attributable to intangible assets (including the portion attributable to equity method investments in Affiliates) because these expenses do not correspond to the changes in the value of these assets, which do not diminish predictably over time. We also add back the deferred taxes attributable to intangible assets because we believe it is unlikely these accruals will be used to settle material tax obligations. Further, we add back other economic items to improve comparability of performance between periods.

Economic earnings per share represents Economic net income (controlling interest) divided by the Average shares outstanding (adjusted diluted). In this calculation, the potential share issuance in connection with our junior convertible securities is measured using a “treasury stock” method. Under this method, only the net number of shares of common stock equal to the value of these junior convertible securities in excess of par, if any, is deemed to be outstanding. We believe the inclusion of net shares under a treasury stock method best reflects the benefit of the increase in available capital resources (which could be used to repurchase shares of common stock) that occurs when these securities are converted and we are relieved of our debt obligation. This method does not take into account any increase or decrease in our cost of capital in an assumed conversion.

The following table presents a reconciliation of Net income (controlling interest) to Economic net income (controlling interest) and Economic earnings per share:

(in millions, except per share data)	For the Years Ended December 31,		
	2018	2019	2020
Net income (controlling interest)	\$ 243.6	\$ 15.7	\$ 202.2
Intangible amortization and impairments ⁽¹⁾	454.9	745.8	427.7
Intangible-related deferred taxes	79.7	(51.3)	(9.9)
Other economic items ⁽²⁾	2.5	10.0	4.4
Economic net income (controlling interest)	\$ 780.7	\$ 720.2	\$ 624.4
Average shares outstanding (diluted)	53.8	50.6	46.7
Stock options and restricted stock units	—	—	—
Assumed issuance of junior convertible securities shares	—	—	—
Average shares outstanding (adjusted diluted)	53.8	50.6	46.7
Economic earnings per share	\$ 14.50	\$ 14.22	\$ 13.36

⁽¹⁾ See note (1) to the table in “Adjusted EBITDA (controlling interest).”

⁽²⁾ Other economic items include non-cash imputed interest (principally related to the accounting for convertible securities and contingent payment arrangements) and certain Affiliate equity expenses. Beginning with the first quarter of 2019, other economic items also include tax windfalls and shortfalls from share-based compensation. Beginning with the first quarter of 2020, other economic items also include gains and losses on general partner and seed capital investments. These changes were made to improve the comparability of performance between periods. Prior periods have not been revised as the amounts were not significant. For the years ended December 31, 2018, 2019 and 2020, other economic items were net of income tax expense of \$0.8 million, \$0.7 million and \$2.6 million, respectively.

Liquidity and Capital Resources

We generate long-term value by investing in new Affiliate partnerships, investing in existing Affiliates, and investing in centralized capabilities through which we can leverage our scale and resources to benefit our Affiliates and enhance their long-term growth prospects. Given our annual cash generation from operations, in addition to investing for growth in our business, we are also able to return excess capital to shareholders primarily through share repurchases. We continue to manage our capital structure consistent with an investment grade company and are currently rated A3 by Moody’s Investors Service and BBB+ by S&P Global Ratings.

Cash and cash equivalents were \$1,039.7 million as of December 31, 2020, and were attributable to both the controlling and non-controlling interests. In 2020, we met our cash requirements primarily through cash generated by operating activities. Our principal uses of cash in 2020 were for share repurchases, investments in existing Affiliates through repurchases of Affiliate equity interests, and investments in new Affiliates. Additionally, in 2020, we

issued debt securities to enhance our balance sheet through extending duration and lower interest rates. The net cash proceeds from debt securities issued in 2020 were used to pay down outstanding indebtedness on our revolver and term loan, with a majority of the remainder retained for general corporate purposes and included in our Cash and cash equivalents balance in the Consolidated Balance Sheets as of December 31, 2020.

We expect investments in new Affiliates, investments in existing Affiliates, primarily through repurchases of Affiliate equity interests and general partner and seed capital investments, the return of capital through share repurchases, the payment of cash dividends on our common stock, repayment of debt, distributions to Affiliate equity holders, and general working capital to be the primary uses of cash for the foreseeable future. We anticipate that our current cash balance, cash flows from operations, and borrowings under our revolver, will be sufficient to support our uses of cash for the foreseeable future. In addition, we may draw funding from the debt and equity capital markets, and our credit ratings, among other factors, allow us to access these sources of funding on favorable terms.

The following table presents operating, investing and financing cash flow activities:

<i>(in millions)</i>	For the Years Ended December 31,		
	2018	2019	2020
Operating cash flow	\$ 1,140.6	\$ 929.1	\$ 1,009.3
Investing cash flow	(18.2)	(24.4)	(53.7)
Financing cash flow	(983.1)	(934.7)	(455.4)

Operating Cash Flow

Operating cash flows are calculated by adjusting Net income for other significant sources and uses of cash, significant non-cash items and timing differences in the cash settlement of assets and liabilities.

For the year ended December 31, 2020, Cash flows from operating activities were \$1,009.3 million, primarily from Net income of \$427.0 million adjusted for non-cash items of \$346.0 million and \$236.8 million of distributions of earnings received from equity method investments. In 2020, operating cash flows were primarily attributable to the controlling interest.

Investing Cash Flow

For the year ended December 31, 2020, Cash flows used in investing activities were \$53.7 million, primarily due to investments in new Affiliates of \$44.5 million and purchases of fixed assets of \$8.5 million.

Financing Cash Flow

For the year ended December 31, 2020, Cash flows used in financing activities were \$455.4 million, primarily due to the return of \$351.9 million of capital to shareholders through share repurchases and dividends on our common stock, \$306.3 million of distributions to non-controlling interests, \$294.9 million of Affiliate equity repurchases, net of issuances, and a \$100.0 million paydown of our term loan. Cash flows used in financing activities were partially offset by the receipt of \$624.8 million of proceeds from the issuance of debt securities in 2020.

Affiliate Equity

We periodically repurchase Affiliate equity from and issue Affiliate equity to our consolidated Affiliate partners and our officers, under agreements that provide us with a conditional right to call and Affiliate equity holders with a conditional right to put their Affiliate equity interests to us at certain intervals. For Affiliates accounted for under the equity method, we do not typically have such put and call arrangements. The purchase price of these conditional purchases is generally calculated based upon a multiple of the Affiliate's cash flow distributions, which is intended to represent fair value. Affiliate equity holders are also permitted to sell their equity interests to other individuals or entities in certain cases, subject to our approval or other restrictions.

As of December 31, 2020, the current redemption value of \$671.5 million for these interests (including \$35.4 million of consolidated Affiliate sponsored investment products primarily attributable to third-party investors) has been presented as Redeemable non-controlling interests. Although the timing and amounts of these purchases are difficult to predict, we paid \$294.9 million for Affiliate equity repurchases, net of issuances during 2020, and we expect net repurchases of approximately \$125 million of Affiliate equity in 2021. In the event of a repurchase, we become the owner of the cash flow associated with the repurchased equity. See Notes 17 and 18 of our Consolidated Financial Statements.

Share Repurchases

Our Board of Directors authorized share repurchase programs in January 2021, October 2019, and January 2019 to repurchase up to 5.0 million, 6.0 million, and 3.3 million shares of our common stock, respectively, and these authorizations have no expiry. Purchases may be made from time to time, at management's discretion, in the open market or in privately negotiated transactions, including through the use of trading plans as well as pursuant to accelerated share repurchase programs or other share repurchase strategies that may include derivative financial instruments. For the year ended December 31, 2020, we repurchased 5.0 million shares of our common stock, at an average price per share of \$86.35. As of December 31, 2020, we had repurchased all of the shares of the January 2019 program. As of the January 2021 authorization, there were a total of 6.9 million shares available for repurchase under our January 2021 and October 2019 share repurchase programs.

Debt

The following table presents the carrying value of our outstanding indebtedness. See Note 6 of our Consolidated Financial Statements.

(in millions)	December 31,		
	2018	2019	2020
Senior bank debt	\$ 780.0	\$ 450.0	\$ 350.0
Senior notes	746.2	746.8	1,097.3
Junior convertible securities	312.5	315.4	318.4
Junior subordinated notes	—	290.7	565.7

The carrying value of our debt differs from the amount reported in the notes to our Consolidated Financial Statements, as the carrying value of our debt in the table above is not reduced for debt issuance costs.

Senior Bank Debt

We have a \$1.25 billion revolver and a \$350.0 million term loan. The revolver matures on January 18, 2024, and the term loan, as amended, matures on January 18, 2026. Subject to certain conditions, we may increase the commitments under the revolver by up to an additional \$500.0 million and may borrow up to an additional \$75.0 million under the term loan.

Under the terms of the credit facilities we are required to meet two financial ratio covenants. The first of these covenants is a maximum ratio of debt to EBITDA (the “bank leverage ratio”) of 3.25x. The second covenant is a minimum EBITDA to cash interest expense ratio of 3.00x (the “bank interest coverage ratio”). For purposes of calculating these ratios, share-based compensation and certain Affiliate equity expenses are added back to Adjusted EBITDA. As of December 31, 2020, our bank leverage and bank interest coverage ratios were 1.6x and 10.1x, respectively, and we were in compliance with all of the terms of our credit facilities.

As of December 31, 2020, we had no outstanding borrowings under the revolver, and could borrow all capacity and remain in compliance with our credit facilities.

On January 8, 2021, we amended and refinanced the term loan to adjust the marginal rate by 0.075% to 0.950% and to extend the maturity by three years from January 18, 2023 to January 18, 2026. The commercial terms of the term loan otherwise remained the same.

Senior Notes and Junior Subordinated Notes

As of December 31, 2020, we had the following senior notes and junior subordinated notes outstanding, the respective principal terms of which are presented below.

	2024 Senior Notes	2025 Senior Notes	2030 Senior Notes	2059 Junior Subordinated Notes	2060 Junior Subordinated Notes
Issue date	February 2014	February 2015	June 2020	March 2019	September 2020
Maturity date	February 2024	August 2025	June 2030	March 2059	September 2060
Par value (in millions)	\$ 400.0	\$ 350.0	\$ 350.0	\$ 300.0	\$ 275.0
Stated coupon	4.25 %	3.50 %	3.30 %	5.875 %	4.750 %
Coupon frequency	Semi-annually	Semi-annually	Semi-annually	Quarterly	Quarterly
Potential call date	Any time	Any time	Any time	March 2024	September 2025
Listing	N.A.	N.A.	N.A.	NYSE	NYSE

In the second quarter of 2020, we used \$250.0 million of the net proceeds from the 2030 senior notes to repay all of the outstanding indebtedness under our revolver, and the remaining net proceeds of \$100.0 million to repay a portion of the outstanding indebtedness under the term loan.

The majority of the net proceeds from the 2060 junior subordinated notes were retained for general corporate purposes, which may include the repayment of indebtedness, share repurchases, investments in new independent investment management firms, and investments in our existing Affiliates, and were included in our Cash and cash equivalents balance as of December 31, 2020.

Junior Convertible Securities

As of December 31, 2020, we had 5.15% junior convertible trust preferred securities outstanding (the “junior convertible securities”) with a carrying value of \$318.4 million. The carrying value is accreted to the principal amount at maturity (\$430.8 million) over a remaining life of approximately 17 years. Holders of the junior convertible securities have no rights to put these securities to us. Upon conversion, holders will receive cash or shares of our common stock, or a combination thereof, at our election. We may redeem the junior convertible securities, subject to our stock trading at or above certain specified levels over specified times periods, and may also repurchase junior subordinated notes in the open market or in privately negotiated transactions from time to time at management’s discretion. The junior convertible securities are considered contingent payment debt instruments under federal income tax regulations, which require us to deduct interest in an amount greater than our reported interest expense. We estimate that these deductions will generate annual deferred tax liabilities of approximately \$9 million. Assuming no redemptions or repurchases, these deferred tax liabilities will be reclassified directly to stockholders’ equity if our common stock is trading above certain thresholds at the time of the conversion of the securities. If we redeem the securities or repurchase the notes at a price below such thresholds, all or a portion of these deferred tax liabilities may be reclassified to income taxes payable which is presented within Other liabilities on our Consolidated Balance Sheets. In August 2019, in accordance with the convertible securities indenture, we adjusted the conversion rate of the junior convertible securities as a result of the cumulative declared dividends on our common stock.

Equity Distribution Program

We have equity distribution and forward equity agreements with several major securities firms under which we may, from time to time, issue and sell shares of our common stock (immediately or on a forward basis) having an aggregate sales price of up to \$500.0 million (the “equity distribution program”). As of December 31, 2020, no sales had occurred under the equity distribution program.

Derivatives

In 2020, we entered into an interest rate swap contract (the “interest rate swap”) with a financial institution, which will expire in March 2023. The interest rate swap, which is designated as a cash flow hedge, is used to exchange a portion of our LIBOR-based interest payments for fixed rate interest payments. Under the contract, we receive payments based on one month LIBOR and make payments based on an annual fixed rate of 0.5135% on a notional amount of \$250.0 million.

In 2020, we terminated our forward contracts and corresponding collar contracts entered into in 2018, and we received net proceeds of \$24.9 million upon settlement. See Note 7 of our Consolidated Financial Statements.

Commitments

See Note 8 of our Consolidated Financial Statements.

Leases

As of December 31, 2020, our lease obligations were \$40.7 million through 2021, \$69.1 million in 2022-2023, \$47.4 million in 2024-2025 and \$59.6 million thereafter. The portion of these lease obligations attributable to the controlling interest were \$11.9 million through 2021, \$19.8 million in 2022-2023, \$13.5 million in 2024-2025 and \$2.3 million thereafter. See Note 11 of our Consolidated Financial Statements.

Recent Accounting Developments

See Note 1 of our Consolidated Financial Statements.

Critical Accounting Estimates and Judgments

The preparation of financial statements and related disclosures in conformity with GAAP requires us to make judgments, assumptions, and estimates that affect the amounts reported in our Consolidated Financial Statements and accompanying notes. See Note 1 of our Consolidated Financial Statements for a discussion of our significant accounting policies.

The following are our critical accounting estimates and judgments used in the preparation of our Consolidated Financial Statements, and due to their subjectivity, actual results could differ materially from the amounts reported.

Fair Value Measurements

Accounting standards define fair value as the price that would be received to sell an asset or paid to transfer a liability in the principal or most advantageous market in an orderly transaction between market participants at the measurement date. These standards establish a fair value hierarchy that gives the highest priority to quoted prices in active markets for identical assets or liabilities and the lowest priority to unobservable inputs.

We make judgments to determine the fair value of certain assets, liabilities, and equity interests when allocating the purchase price of our new investments, when revaluing our contingent payment arrangements, when we issue or repurchase Affiliate equity interests and when we test our goodwill, indefinite and definite-lived acquired client relationships, or equity method investments for impairment.

In determining fair values that reflect our own assumptions concerning unobservable inputs, we typically use valuation techniques, including probability-weighted discounted cash flow analyses, where we make assumptions about growth rates of assets under management, client attrition, asset and performance based fee rates, and expenses. In these analyses, we also consider historical and current market multiples, tax benefits, credit risk, interest rates, tax rates, discount rates, and discounts for lack of marketability. We consider the reasonableness of our assumptions by comparing our valuation conclusions to observed market transactions and, in certain instances, by consulting with third-party valuation firms. Changes in the assumptions used could significantly impact fair values.

Goodwill

Goodwill represents the future economic benefits arising from assets acquired in a business combination that are not separately recognized. We perform a qualitative impairment assessment at least annually to determine if the carrying value of our single reporting unit is in excess of its fair value. In this qualitative assessment, we typically measure the excess of the fair value of our reporting unit over its carrying value using various qualitative and quantitative factors (including our market capitalization and market multiples for asset management businesses). If there is an indication that the carrying value of the reporting unit is in excess of the fair value under this test, then we must determine if a potential impairment is more-likely-than-not. To determine if a potential impairment is more-likely-than-not, we perform a single step quantitative test with any excess of carrying value over fair value recorded as an expense in Intangible amortization and impairments.

We completed our annual goodwill impairment assessment as of September 30, 2020 and no impairment was indicated. Based on our assessment, the fair value of our reporting unit was substantially greater than its respective carrying amount, including goodwill.

Indefinite-Lived Acquired Client Relationships

Indefinite-lived acquired client relationships include investment advisory contracts between our Affiliates and their mutual funds and other retail-oriented investment products. Because these contracts are with the investment products themselves, and not with the underlying investors, and the contracts between our Affiliates and the investment products are typically renewed on an annual basis, industry practice under GAAP is to consider the contract life to be indefinite and, as a result, not amortizable.

We perform indefinite-lived acquired client relationship impairment assessments annually, or more frequently should circumstances indicate fair value has declined below the related carrying value. For purposes of our assessments, we consider various qualitative and quantitative factors (including market multiples) and determine if it is more-likely-than-not that the fair value of each asset group is greater than its carrying amount. If we determine that it is likely that the fair value has declined below our related carrying value, we perform discounted cash flow analyses to determine the fair value of the asset group and record an expense in Intangible amortization and impairments to reduce the carrying value to its fair value.

For the year ended December 31, 2020, we recorded \$45.3 million of expense attributable to the controlling interest (\$70.7 million in aggregate) to reduce the carrying values of the assets to fair value. See Note 9 of our Consolidated Financial Statements.

For the year ended December 31, 2020, we completed our annual assessment of our other indefinite-lived acquired client relationships and only a significant decline in the fair values of these assets would result in an impairment.

Definite-Lived Acquired Client Relationships

Definite-lived acquired client relationships include investment advisory contracts between our Affiliates and their underlying investors, and are amortized over their expected period of economic benefit. Significant judgment is required to estimate the period that these assets will contribute to our cash flows and the pattern over which these assets will provide an economic benefit. Formally, on an annual basis, or more frequently should client attrition trends warrant a potential revision,

we review historical and projected attrition rates and other events that may influence our projections of the future period of economic benefit that we will derive from these relationships. Changes in the expected period of economic benefit of these assets may warrant changes in the period over which the assets are amortized.

We perform definite-lived acquired client relationship impairment assessments annually, or more frequently should client attrition trends indicate fair value has declined below the related carrying value. If we determine that the fair value has declined below our related carrying value, an expense is recorded in Intangible amortization and impairments to reduce the carrying value to its fair value. We assess each of our definite-lived acquired client relationships for impairment by comparing their carrying value to the projected undiscounted cash flows of the acquired client relationships.

For the year ended December 31, 2020, we completed our annual assessment and noted that projected undiscounted cash flows over the remaining life of each of these assets exceed their carrying value and, accordingly, no impairments were identified.

Equity Method Investments in Affiliates

We periodically perform assessments to determine if the fair value of an investment may have declined below its related carrying value for our Affiliates accounted for under the equity method for a period that we consider to be other-than-temporary. Where we believe that such declines may have occurred, we determine the amount of impairment using valuation methods, such as discounted cash flow analyses. Impairments are recorded as an expense in Equity method loss (net) to reduce the carrying value of the Affiliate to its fair value.

When we test our equity method investments for impairment, we make assumptions about growth rates of projected assets under management, client attrition, asset and performance based fees, and expenses. In these analyses, we also make judgments about tax benefits, tax rates and discount rates. We consider the reasonableness of our assumptions by comparing our valuation conclusions to observed market transactions and, in certain instances, by consulting with third-party valuation firms. Changes in these assumptions could significantly impact the respective fair value of an Affiliate.

For the year ended December 31, 2020, we recorded \$185.0 million of expenses to reduce the carrying value of an Affiliate to fair value. See Note 10 of our Consolidated Financial Statements.

For the year ended December 31, 2020, we completed our annual assessment of our other investments in Affiliates accounted for under the equity method and no other impairments were identified.

Income Taxes

We and our Affiliates are subject to income taxes in the U.S. and certain foreign jurisdictions. Our income tax expense, deferred tax assets and liabilities, and liabilities for unrecognized tax benefits reflect management's best estimate of current and future taxes to be paid.

Deferred income taxes arise from temporary differences between the tax basis of assets and liabilities and their reported amounts in the financial statements, which will result in taxable or deductible amounts in the future. We measure our deferred taxes based on enacted tax rates and projected state apportionment percentages for the years in which the differences are expected to reverse. The effect on deferred tax assets and liabilities of a change in tax rates is recorded in Income tax expense in the Consolidated Statement of Income in the period in which the change in tax rates is enacted.

Our principal deferred tax assets relate to deferred compensation, state and foreign loss carryforwards, and the indirect benefits of uncertain foreign tax positions. We regularly assess the recoverability of our deferred tax assets, considering all available positive and negative evidence, including future reversals of existing taxable temporary differences, projected future taxable income, tax-planning strategies, and results of recent operations. A valuation allowance is utilized to adjust the carrying values of deferred tax assets to the amount that is more-likely-than-not to be realized.

We record unrecognized tax benefits based on whether it is more-likely-than-not that uncertain tax positions will be sustained on the basis of the technical merits of the position. If it is determined an uncertain tax position is more-likely-than-not to be sustained, we recognize the largest amount of tax benefit that is more than 50% likely to be realized upon ultimate settlement with the related tax authority.

See Note 20 of our Consolidated Financial Statements.

Share-Based Compensation and Affiliate Equity

We have share-based compensation arrangements covering directors, senior management, and employees. Our share-based compensation arrangements typically vest and become fully exercisable over three to five years of continued employment and, in some cases, may require the satisfaction of certain performance conditions.

We determine the fair value of our share-based compensation arrangements on their grant date and record compensation expense based on the number of awards expected to vest. For restricted stock units, we determine the fair value of the units using our share price on the date of grant and the number of shares expected to vest. For stock options, we estimate the fair value using the Black-Scholes option pricing model, which requires us to make assumptions about the volatility and dividend yield of our common stock and the expected life of our stock options. In measuring expected volatility, we consider both the historical volatility of our common stock, as well as the current implied volatility from traded options. For certain of our awards with performance conditions, the number of restricted stock units or stock options expected to vest may change over time depending upon the performance level achieved.

For share-based compensation arrangements without performance conditions, we recognize expense based on the number of awards expected to vest on a straight-line basis over the requisite service period, including grants that are subject to graded vesting. For all other arrangements, we recognize expense based on the number of awards expected to vest on a straight-line basis for each separately vesting portion of the award.

From time to time, we grant equity interests in our Affiliates to consolidated Affiliate partners and our officers, with vesting, forfeiture, and repurchase terms established at the date of grant. The fair value of the equity interests is determined as of the date of grant using a discounted cash flow analysis. Key valuation assumptions include projected assets under management, asset and performance based fees, tax rates, discount rates and discounts for lack of marketability. The use of different assumptions could change the value of these interests, including the amount of compensation expense, if any, that we may report upon their transfer or repurchase.

Redeemable non-controlling interests represent the currently redeemable value of Affiliate equity interests. We may pay for these Affiliate equity purchases in cash, shares of our common stock or other forms of consideration, at our election.

See Notes 16, 17 and 18 of our Consolidated Financial Statements.

Item 7A. Quantitative and Qualitative Disclosures About Market Risk

Assets Under Management Market Price Risk

Our Consolidated revenue and equity method revenue are derived primarily from asset based fees that are typically determined as a percentage of the value of a client's assets under management. Such values are affected by changes in financial markets (including declines in the capital markets, fluctuations in foreign currency exchange rates, inflation rates or the yield curve, and other market factors) and, accordingly, declines in the financial markets may negatively impact our Consolidated revenue and equity method revenue.

As of December 31, 2020, we estimate a proportional 1% change in the value of our assets under management would have resulted in a \$19.6 million annualized change in asset based fees in Consolidated revenue for our consolidated Affiliates and a \$13.2 million annualized change in asset based fees in equity method revenue for our Affiliates accounted for under the equity method. This proportional increase or decrease excludes assets under management on which asset based fees are charged on committed capital.

Interest Rate Risk

We have fixed rates of interest on our senior notes, junior subordinated notes, and junior convertible securities. While a change in market interest rates would not affect the interest expense incurred on our fixed rate securities, such a change may affect the fair value of these securities. We estimate that a 1% change in interest rates would have resulted in a \$107.3 million net change in the fair value of our fixed rate securities as of December 31, 2020. We pay a variable rate of interest on our credit facilities at specified rates, based either on an applicable LIBOR or prime rate, plus a marginal rate determined based on our credit rating. As of December 31, 2020, the interest rate for our outstanding borrowings under the credit facilities was LIBOR plus 0.875%. In the first quarter of 2020, we entered into an interest rate swap to exchange a portion of our LIBOR-based interest payments for fixed rate interest payments, reducing our variable interest rate exposure. We estimate that a 1% change in interest rates would have changed our annual interest expense on the outstanding balances under our credit facilities not participating in the interest rate swap by \$1.0 million, as of December 31, 2020.

Currently, LIBOR is expected to be discontinued, however, there remains uncertainty as to the timing of the transition to, as well to as the nature of, any replacement rate. See “Item 1A. Risk Factors”. We and our Affiliates have been monitoring these developments, and we currently do not expect to be significantly impacted by this transition. Our term loan and our revolver both include “fallback” language allowing for the substitution of a comparable or successor rate, as further described in the respective agreements. We will continue to monitor and evaluate our agreements and the developments with respect to LIBOR as the potential end-date for LIBOR approaches.

Foreign Currency Exchange Risk

The functional currency of most of our Affiliates is the U.S. dollar. Certain of our Affiliates have the pound sterling or the Canadian dollar as their functional currency, and are, therefore, impacted by movements in pound sterling and Canadian dollar to U.S. dollar foreign currency exchange rates. In addition, the valuations of our foreign Affiliates with a non-U.S. dollar functional currency change based on fluctuations in foreign currency exchange rates, among other factors. Changes due to fluctuations in foreign currency exchange rates are recorded as a component of stockholders’ equity.

To illustrate the effect of possible changes in foreign currency exchange rates, we estimate a 1% change in the pound sterling and Canadian dollar to U.S. dollar exchange rates would have resulted in a \$10.8 million and \$2.1 million change to stockholders’ equity, respectively, based on the December 31, 2020 carrying value of Affiliates whose functional currency is the pound sterling or the Canadian dollar, and of our and our Affiliates’ pound sterling-denominated derivative financial instruments. For the year ended December 31, 2020, we estimate a 1% change in the pound sterling and the Canadian dollar to U.S. dollar exchange rates would have resulted in \$1.1 million and \$0.1 million in annual changes to Income before income taxes (controlling interest), respectively.

Derivative Risk

From time to time, we and our Affiliates seek to offset exposure to changes in interest rates, foreign currency exchange rates, and markets by entering into derivative financial instruments. There can be no assurance that our or our Affiliates’ derivative financial instruments will meet their overall objective or that we or our Affiliates will be successful in entering into such instruments in the future.

Item 8. Financial Statements and Supplementary Data

Management’s Report on Internal Control Over Financial Reporting

Management of Affiliated Managers Group, Inc. (the “Company”) is responsible for establishing and maintaining adequate internal control over financial reporting. The Company’s internal control over financial reporting processes are designed by, or under the supervision of, the Company’s chief executive and chief financial officers and applied by the Company’s Board of Directors, management and other senior employees to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the Company’s financial statements for external reporting purposes in accordance with accounting principles generally accepted in the U.S.

The Company’s internal control over financial reporting includes policies and procedures that pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect transactions and dispositions of assets; provide reasonable assurances that transactions are recorded as necessary to permit preparation of financial statements in accordance with accounting principles generally accepted in the U.S., and that receipts and expenditures are being made only in accordance with authorizations of management and the directors of the Company; and provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the Company’s assets that could have a material effect on its financial statements.

As of December 31, 2020, management conducted an assessment of the effectiveness of the Company’s internal control over financial reporting based on the framework established in *Internal Control—Integrated Framework* (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Based on this assessment, management has determined that the Company’s internal control over financial reporting as of December 31, 2020 was effective.

The Company’s internal control over financial reporting as of December 31, 2020 has been audited by PricewaterhouseCoopers LLP, an independent registered public accounting firm, as stated in their report appearing in “Report of Independent Registered Public Accounting Firm,” which expresses an unqualified opinion on the effectiveness of the Company’s internal control over financial reporting as of December 31, 2020.

Report of Independent Registered Public Accounting Firm

To the Board of Directors and Stockholders of Affiliated Managers Group, Inc.:

Opinions on the Financial Statements and Internal Control over Financial Reporting

We have audited the accompanying consolidated balance sheets of Affiliated Managers Group, Inc. and its affiliates (the “Company”) as of December 31, 2020 and 2019, and the related consolidated statements of income, of comprehensive income, of changes in equity and of cash flows for each of the three years in the period ended December 31, 2020, including the related notes and financial statement schedule listed in the index appearing under Item 15(a)(2) (collectively referred to as the “consolidated financial statements”). We also have audited the Company’s internal control over financial reporting as of December 31, 2020, based on criteria established in *Internal Control - Integrated Framework* (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2020 and 2019, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2020 in conformity with accounting principles generally accepted in the United States of America. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2020, based on criteria established in *Internal Control - Integrated Framework* (2013) issued by the COSO.

Basis for Opinions

The Company’s management is responsible for these consolidated financial statements, for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting, included in Management’s Report on Internal Control over Financial Reporting appearing under Item 8. Our responsibility is to express opinions on the Company’s consolidated financial statements and on the Company’s internal control over financial reporting based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud, and whether effective internal control over financial reporting was maintained in all material respects.

Our audits of the consolidated financial statements included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

Definition and Limitations of Internal Control over Financial Reporting

A company’s internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company’s internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company’s assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Critical Audit Matters

The critical audit matter communicated below is a matter arising from the current period audit of the consolidated financial statements that was communicated or required to be communicated to the audit committee and that (i) relates to accounts or disclosures that are material to the consolidated financial statements and (ii) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

Impairment Evaluation for Equity Method Investments in Affiliates

As described in Notes 1 and 10 to the consolidated financial statements, the Company's equity method investments in affiliates balance was \$2,074.8 million as of December 31, 2020. Management periodically evaluates its equity method investments in affiliates for impairment by performing assessments to determine if fair value may have declined below related carrying value for a period that they consider to be other-than-temporary. In the first and fourth quarters of 2020, management concluded that due to declines in assets under management and reductions in projected growth that there were \$140.0 million and \$45.0 million impairments, respectively, to reduce the carrying value of an affiliate to fair value. The fair value of the investment was determined using probability-weighted discounted cash flow analyses that require assumptions such as growth rates of assets under management, client attrition, asset and performance based fee rates, expenses, tax benefits, tax rates and discount rates.

The principal considerations for our determination that performing procedures relating to the impairment evaluation for equity method investments in affiliates is a critical audit matter are: (i) the significant judgment by management to evaluate the significant assumptions used in the discounted cash flow analyses to determine the fair value of the investment which was used to determine the amount that fair value had declined below its related carrying value for a period considered to be other-than-temporary, which in turn led to a high degree of auditor judgment, subjectivity and effort in performing procedures related to the growth rates of assets under management and discount rates used in the impairment evaluation, and (ii) the audit effort involved the use of professionals with specialized skill and knowledge to assist in evaluating the audit evidence obtained from these procedures.

Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the consolidated financial statements. These procedures included testing the effectiveness of controls relating to management's impairment evaluation for equity method investments in affiliates, including controls over the discounted cash flow analysis and significant assumptions used to determine the fair value of equity method investments in affiliates. These procedures also included, among others, testing management's process for determining the fair value of its equity method investments in affiliates, including evaluating the appropriateness of the discounted cash flow analysis, testing the completeness and accuracy of the underlying data used in the discounted cash flow analysis, and evaluating the reasonableness of the significant assumptions used by management in developing the fair value measurement, related to the growth rates of assets under management and discount rates. Evaluating the reasonableness of the growth rates of assets under management involved considering (i) the consistency with external market and industry data, (ii) the consistency with past performance of the affiliate, and (iii) whether the growth rates were consistent with evidence obtained in other areas of the audit. Professionals with specialized skill and knowledge were used to assist in the evaluation of the discount rates used to determine whether the fair value of the equity method investment had declined below its carrying value for a period considered to be other-than-temporary.

/s/ PricewaterhouseCoopers LLP
Boston, Massachusetts
February 19, 2021

We have served as the Company's auditor since 1993.

AFFILIATED MANAGERS GROUP, INC.
CONSOLIDATED STATEMENTS OF INCOME
(in millions, except per share data)

	For the Years Ended December 31,		
	2018	2019	2020
Consolidated revenue	\$ 2,378.4	\$ 2,239.6	\$ 2,027.5
Consolidated expenses:			
Compensation and related expenses	987.2	943.0	883.7
Selling, general and administrative	417.7	376.8	321.4
Intangible amortization and impairments	114.8	144.5	140.5
Interest expense	80.6	76.2	92.3
Depreciation and other amortization	22.0	21.3	19.1
Other expenses (net)	69.7	57.0	52.8
Total consolidated expenses	<u>1,692.0</u>	<u>1,618.8</u>	<u>1,509.8</u>
Equity method loss (net)	(0.2)	(338.0)	(43.4)
Investment and other income	27.4	25.2	34.1
Income before income taxes	<u>713.6</u>	<u>308.0</u>	<u>508.4</u>
Income tax expense	181.3	2.9	81.4
Net income	<u>532.3</u>	<u>305.1</u>	<u>427.0</u>
Net income (non-controlling interests)	(288.7)	(289.4)	(224.8)
Net income (controlling interest)	<u>\$ 243.6</u>	<u>\$ 15.7</u>	<u>\$ 202.2</u>
Average shares outstanding (basic)	53.6	50.5	46.5
Average shares outstanding (diluted)	53.8	50.6	46.7
Earnings per share (basic)	\$ 4.55	\$ 0.31	\$ 4.34
Earnings per share (diluted)	\$ 4.52	\$ 0.31	\$ 4.33

The accompanying notes are an integral part of the Consolidated Financial Statements.

AFFILIATED MANAGERS GROUP, INC.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(in millions)

	For the Years Ended December 31,		
	2018	2019	2020
Net income	\$ 532.3	\$ 305.1	\$ 427.0
Other comprehensive income (loss), net of tax:			
Foreign currency translation gain (loss)	(102.1)	10.9	15.2
Change in net realized and unrealized gain (loss) on derivative financial instruments	(0.1)	1.7	(1.5)
Other comprehensive income (loss), net of tax	(102.2)	12.6	13.7
Comprehensive income	430.1	317.7	440.7
Comprehensive income (non-controlling interests)	(273.7)	(301.8)	(228.0)
Comprehensive income (controlling interest)	\$ 156.4	\$ 15.9	\$ 212.7

The accompanying notes are an integral part of the Consolidated Financial Statements.

AFFILIATED MANAGERS GROUP, INC.
CONSOLIDATED BALANCE SHEETS
(in millions, except par value)

	December 31,	
	2019	2020
Assets		
Cash and cash equivalents	\$ 539.6	\$ 1,039.7
Receivables	417.1	421.6
Investments in marketable securities	59.4	74.9
Goodwill	2,651.7	2,661.4
Acquired client relationships (net)	1,182.0	1,048.8
Equity method investments in Affiliates (net)	2,195.6	2,074.8
Fixed assets (net)	92.3	79.6
Other investments	211.8	257.2
Other assets	304.0	230.9
Total assets	\$ 7,653.5	\$ 7,888.9
Liabilities and Equity		
Payable and accrued liabilities	\$ 634.6	\$ 712.4
Debt	1,793.8	2,312.1
Deferred income tax liability (net)	450.2	423.4
Other liabilities	359.1	452.2
Total liabilities	3,237.7	3,900.1
Commitments and contingencies (Note 8)		
Redeemable non-controlling interests	916.7	671.5
Equity:		
Common stock (\$0.01 par value, 153.0 shares authorized; 58.5 shares outstanding in 2019 and 2020)	0.6	0.6
Additional paid-in capital	707.2	728.9
Accumulated other comprehensive loss	(108.8)	(98.3)
Retained earnings	3,819.8	4,005.5
	4,418.8	4,636.7
Less: Treasury stock, at cost (10.4 shares in 2019 and 14.5 shares in 2020)	(1,481.3)	(1,857.0)
Total stockholders' equity	2,937.5	2,779.7
Non-controlling interests	561.6	537.6
Total equity	3,499.1	3,317.3
Total liabilities and equity	\$ 7,653.5	\$ 7,888.9

The accompanying notes are an integral part of the Consolidated Financial Statements.

AFFILIATED MANAGERS GROUP, INC.
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(in millions)

	Total Stockholders' Equity						
	Common Stock	Additional Paid-In Capital	Accumulated Other Comprehensive Income (Loss)	Retained Earnings	Treasury Stock at Cost	Non- controlling Interests	Total Equity
December 31, 2017	\$ 0.6	\$ 808.6	\$ (21.8)	\$ 3,698.5	\$ (663.7)	\$ 756.3	\$ 4,578.5
Net income	—	—	—	243.6	—	288.7	532.3
Other comprehensive loss, net of tax	—	—	(87.2)	—	—	(15.0)	(102.2)
Share-based compensation	—	44.7	—	—	—	—	44.7
Common stock issued under share-based incentive plans	—	(11.6)	—	—	6.6	—	(5.0)
Shares repurchases	—	—	—	—	(489.5)	—	(489.5)
Dividends (\$1.20 per share)	—	—	—	(65.3)	—	—	(65.3)
Issuance costs and other	—	(0.5)	—	—	—	—	(0.5)
Affiliate equity activity:							
Affiliate equity compensation	—	16.7	—	—	—	39.7	56.4
Issuances	—	(6.8)	—	—	—	14.3	7.5
Repurchases	—	15.3	—	—	—	(9.0)	6.3
Changes in redemption value of Redeemable non-controlling interests	—	(30.8)	—	—	—	—	(30.8)
Transfers to Redeemable non-controlling interests	—	—	—	—	—	(44.8)	(44.8)
Capital contributions and other	—	—	—	—	—	17.8	17.8
Distributions to non-controlling interests	—	—	—	—	—	(370.5)	(370.5)
December 31, 2018	\$ 0.6	\$ 835.6	\$ (109.0)	\$ 3,876.8	\$ (1,146.6)	\$ 677.5	\$ 4,134.9
Impact of adoption of new accounting standard (ASU 2018-02)	—	—	—	(6.6)	—	—	(6.6)
Net income	—	—	—	15.7	—	289.4	305.1
Other comprehensive income, net of tax	—	—	0.2	—	—	12.4	12.6
Share-based compensation	—	49.9	—	—	—	—	49.9
Common stock issued under share-based incentive plans	—	(34.0)	—	—	28.6	—	(5.4)
Shares repurchases	—	2.5	—	—	(363.3)	—	(360.8)
Dividends (\$1.28 per share)	—	—	—	(66.1)	—	—	(66.1)
Issuance costs and other	—	0.1	—	—	—	—	0.1
Affiliate equity activity:							
Affiliate equity compensation	—	9.6	—	—	—	30.9	40.5
Issuances	—	(3.7)	—	—	—	14.9	11.2
Repurchases	—	13.2	—	—	—	(10.3)	2.9
Changes in redemption value of Redeemable non-controlling interests	—	(166.0)	—	—	—	—	(166.0)
Transfers to Redeemable non-controlling interests	—	—	—	—	—	(105.0)	(105.0)
Capital contributions and other	—	—	—	—	—	(0.3)	(0.3)
Distributions to non-controlling interests	—	—	—	—	—	(347.9)	(347.9)
December 31, 2019	\$ 0.6	\$ 707.2	\$ (108.8)	\$ 3,819.8	\$ (1,481.3)	\$ 561.6	\$ 3,499.1

Net income	—	—	—	202.2	—	224.8	427.0
Other comprehensive income, net of tax	—	—	10.5	—	—	3.2	13.7
Share-based compensation	—	67.4	—	—	—	—	67.4
Common stock issued under share-based incentive plans	—	(40.9)	—	—	34.4	—	(6.5)
Shares repurchases	—	(19.9)	—	—	(410.1)	—	(430.0)
Dividends (\$0.35 per share)	—	—	—	(16.5)	—	—	(16.5)
Issuance costs and other	—	—	—	—	—	—	—
Affiliate equity activity:							
Affiliate equity compensation	—	20.9	—	—	—	30.9	51.8
Issuances	—	(5.1)	—	—	—	25.2	20.1
Repurchases	—	58.7	—	—	—	(14.5)	44.2
Changes in redemption value of Redeemable non-controlling interests	—	(59.4)	—	—	—	—	(59.4)
Transfers to Redeemable non-controlling interests	—	—	—	—	—	7.8	7.8
Capital contributions and other	—	—	—	—	—	4.9	4.9
Distributions to non-controlling interests	—	—	—	—	—	(306.3)	(306.3)
December 31, 2020	<u>\$ 0.6</u>	<u>\$ 728.9</u>	<u>\$ (98.3)</u>	<u>\$ 4,005.5</u>	<u>\$ (1,857.0)</u>	<u>\$ 537.6</u>	<u>\$ 3,317.3</u>

The accompanying notes are an integral part of the Consolidated Financial Statements.

AFFILIATED MANAGERS GROUP, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(in millions)

	For the Years Ended December 31,		
	2018	2019	2020
Cash flow from (used in) operating activities:			
Net income	\$ 532.3	\$ 305.1	\$ 427.0
Adjustments to reconcile Net income to cash flow from (used in) operating activities:			
Intangible amortization and impairments	114.8	144.5	140.5
Depreciation and other amortization	22.0	21.3	19.1
Deferred income tax expense (benefit)	51.9	(55.8)	26.8
Equity method loss (net)	0.2	338.0	43.4
Distributions of earnings received from equity method investments	466.3	252.4	236.8
Share-based compensation and Affiliate equity expense	101.1	90.4	119.2
Other non-cash items	(2.7)	(17.7)	(3.0)
Changes in assets and liabilities:			
Purchases of securities by consolidated Affiliate sponsored investment products	(190.8)	(42.3)	(110.1)
Sales of securities by consolidated Affiliate sponsored investment products	49.6	16.5	99.6
Decrease (increase) in receivables	14.4	(15.8)	1.1
(Increase) decrease in other assets	(11.7)	(51.4)	73.1
Decrease in payables, accrued liabilities and other liabilities	(6.8)	(56.1)	(64.2)
Cash flow from operating activities	<u>1,140.6</u>	<u>929.1</u>	<u>1,009.3</u>
Cash flow from (used in) investing activities:			
Investments in Affiliates	(7.3)	(162.3)	(44.5)
Divestments of Affiliates	—	117.7	—
Purchase of fixed assets	(18.7)	(9.6)	(8.5)
Purchase of investment securities	(40.8)	(43.1)	(47.7)
Sale of investment securities	48.6	72.9	47.0
Cash flow used in investing activities	<u>(18.2)</u>	<u>(24.4)</u>	<u>(53.7)</u>
Cash flow from (used in) financing activities:			
Borrowings of senior bank debt, senior notes and junior subordinated notes	1,150.0	470.7	874.8
Repayments of senior bank debt	(1,180.6)	(510.0)	(350.0)
Repurchase of common stock (net)	(496.1)	(356.1)	(335.1)
Dividends paid on common stock	(64.4)	(65.3)	(16.8)
Distributions to non-controlling interests	(370.5)	(347.9)	(306.3)
Affiliate equity (repurchases) / issuances (net)	(113.7)	(135.5)	(294.9)
Subscriptions to consolidated Affiliate sponsored investment products, net of redemptions	132.8	19.0	12.9
Other financing items	(40.6)	(9.6)	(40.0)
Cash flow used in financing activities	<u>(983.1)</u>	<u>(934.7)</u>	<u>(455.4)</u>
Effect of foreign currency exchange rate changes on cash and cash equivalents	(10.1)	8.7	2.1
Net increase (decrease) in cash and cash equivalents	129.2	(21.3)	502.3
Cash and cash equivalents at beginning of period	439.5	565.5	539.6
Effect of deconsolidation of Affiliates and Affiliate sponsored investment products	(3.2)	(4.6)	(2.2)
Cash and cash equivalents at end of period	<u>\$ 565.5</u>	<u>\$ 539.6</u>	<u>\$ 1,039.7</u>
Supplemental disclosure of cash flow information:			
Interest paid	\$ 76.9	\$ 84.1	\$ 88.3
Income taxes paid (refunds received), net	160.2	102.7	(12.4)
Lease liabilities paid	—	35.4	39.1
Supplemental disclosure of non-cash investing and financing activities:			
Payables recorded for Affiliate equity repurchases	36.2	19.8	22.0
Payables recorded for share repurchases	6.9	10.6	105.6
Payables recorded for contingent payment arrangements	—	—	40.0
Payables recorded for investments in Affiliates	—	—	69.2
Stock issued upon vesting of restricted stock units	4.7	32.7	35.6
Stock received for tax withholdings on share-based payments	14.7	6.4	6.7
Right-of-use assets obtained in exchange for new operating leases	—	189.7	24.4

The accompanying notes are an integral part of the Consolidated Financial Statements.

AFFILIATED MANAGERS GROUP, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Business and Summary of Significant Accounting Policies

(a) Organization and Nature of Operations

Affiliated Managers Group, Inc. (the “Company”) is a leading partner to independent active investment management firms globally. AMG’s strategy is to generate long-term value by investing in a diverse array of partner-owned investment firms, referred to as “Affiliates.” The Company’s Affiliates provide a comprehensive and diverse range of active, return-oriented strategies designed to assist institutional, retail, and high net worth clients worldwide in achieving their investment objectives. The Company operates in one segment, global asset management.

Each of the Company’s Affiliates operates through distinct legal entities, which affords the Company the flexibility to design a separate operating agreement for each Affiliate. Each operating agreement reflects the specific terms of the Company’s economic participation in the Affiliate, which, in each case, uses a “structured partnership interest.”

For a majority of Affiliates, the Company uses structured partnership interests in which the Company contractually shares in the Affiliate’s revenue without regard to expenses. In this type of structured partnership interest, the Affiliate allocates a specified percentage of its revenue to the Company and Affiliate management, while using the remainder of its revenue for operating expenses and for additional distributions to Affiliate management. The Company and Affiliate management, therefore, participate in any increase or decrease in revenue and only Affiliate management participates in any increase or decrease in expenses. Under these structured partnership interests, the Company’s contractual share of revenue generally has priority over distributions to Affiliate management. For other Affiliates, the Company uses structured partnership interests in which the Company contractually shares in the Affiliate’s revenue less agreed-upon expenses. This type of partnership interest allows the Company to benefit from any increase in revenue or any decrease in the agreed-upon expenses, but also exposes the Company to any decrease in revenue or any increase in such expenses. The degree of the Company’s exposure to expenses from these structured partnership interests varies by Affiliate and includes Affiliates in which the Company fully shares in the expenses of the business.

(b) Basis of Presentation and Use of Estimates

The Consolidated Financial Statements of the Company have been prepared in accordance with accounting principles generally accepted in the U.S. (“GAAP”). All dollar amounts, except per share data in the text and tables herein, are stated in millions unless otherwise indicated. All intercompany balances and transactions have been eliminated. Certain reclassifications have been made to the prior period’s financial statements to conform to the current period’s presentation.

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts and disclosures in the financial statements. Actual results could differ from those estimates.

(c) Principles of Consolidation

In evaluating whether an investment must be consolidated, the Company evaluates the risk, rewards, and significant terms of each of its Affiliates and other investments to determine if an investment is considered a voting rights entity (“VRE”) or a variable interest entity (“VIE”). An entity is a VRE when the total equity investment at risk is sufficient to enable the entity to finance its activities independently, and when the equity holders have the obligation to absorb losses, the right to receive residual returns, and the right to direct the activities of the entity that most significantly impact its economic performance. An entity is a VIE when it lacks one or more of the characteristics of a VRE, which, for the Company, are Affiliate investments structured as partnerships (or similar entities) where the Company is a limited partner and lacks substantive kick-out or substantive participation rights over the general partner. Assessing whether an entity is a VRE or VIE involves judgment. Upon the occurrence of certain events, management reviews and reconsiders its previous conclusion regarding the status of an entity as a VRE or a VIE.

The Company consolidates VREs when it has control over significant operating, financial, and investing decisions of the entity. When the Company lacks such control, but is deemed to have significant influence, the Company accounts for the VRE under the equity method. Other investments in which the Company does not have rights to exercise significant influence are recorded at fair value on the Consolidated Balance Sheets, with changes in fair value included in Investment and other income on the Consolidated Statements of Income.

The Company consolidates VIEs when it is the primary beneficiary of the entity, which is defined as having the power to direct the activities that most significantly impact the VIE's economic performance and the obligation to absorb losses of, or the right to receive benefits from, the entity that could potentially be significant to the VIE. Substantially all of the Company's consolidated Affiliates considered VIEs are controlled because the Company holds a majority of the voting interests or it is the managing member or general partner. Furthermore, an Affiliate's assets can be used for purposes other than the settlement of the respective Affiliate's obligations. The Company applies the equity method of accounting to VIEs where the Company is not the primary beneficiary, but has the ability to exercise significant influence over operating and financial matters of the VIE. See Note 5.

Investments in Affiliates

Substantially all of the Company's Affiliates are considered VIEs and are either consolidated or accounted for under the equity method. A limited number of the Company's Affiliates are considered VREs and most of these are accounted for under the equity method.

When an Affiliate is consolidated, the portion of the earnings attributable to Affiliate management's equity ownership is included in Net income (non-controlling interests) in the Consolidated Statements of Income. Undistributed earnings attributable to Affiliate managements' equity ownership, along with their share of any tangible or intangible net assets, are presented within Non-controlling interests on the Consolidated Balance Sheets. Affiliate equity interests where the holder has certain rights to demand settlement are presented, at their current redemption values, as Redeemable non-controlling interests on the Consolidated Balance Sheets. The Company periodically issues, sells, and repurchases the equity of its consolidated Affiliates. Because these transactions take place between entities under common control, any gains or losses attributable to these transactions are required to be included in Additional paid-in capital on the Consolidated Balance Sheets, net of any related income tax effects in the period the transaction occurs.

When an Affiliate is accounted for under the equity method, the Company's share of an Affiliate's earnings or losses, net of amortization and impairments, is included in Equity method loss (net) in the Consolidated Statements of Income and the carrying value of the Affiliate is reported in Equity method investments in Affiliates (net) in the Consolidated Balance Sheets. Deferred taxes recorded on intangible assets upon acquisition of an Affiliate accounted for under the equity method are presented on a gross basis within Equity method investments in Affiliates (net) and Deferred income tax liability (net) in the Consolidated Balance Sheets. The Company's share of income taxes incurred directly by Affiliates accounted for under the equity method is recorded in Income tax expense in the Consolidated Statements of Income.

The Company periodically performs assessments to determine if fair value of an investment may have declined below its related carrying value for its Affiliates accounted for under the equity method for a period that the Company considers to be other-than temporary. Where the Company believes that such declines may have occurred, the Company determines the amount of impairment using valuation methods, such as discounted cash flow analyses. Impairments are recorded as an expense in Equity method loss (net) to reduce the carrying value of the Affiliate to its fair value.

Affiliate Sponsored Investment Products

The Company's Affiliates sponsor various investment products where they also act as the investment adviser. These investment products are typically owned primarily by third-party investors; however, certain products are funded with general partner and seed capital investments from the Company and its Affiliates.

Third-party investors in Affiliate sponsored investment products are generally entitled to substantially all of the economics of these products, except for the asset and performance based fees earned by the Company's Affiliates or any gains or losses attributable to the Company's or its Affiliates' investments in these products. As a result, the Company does not generally consolidate these products unless the Company's or its consolidated Affiliates' interest in the product is considered substantial. When the Company's or its consolidated Affiliates' interests are considered substantial and the products are consolidated, the Company retains the specialized investment company accounting principles of the underlying products, and all of the underlying investments are carried at fair value in Investments in marketable securities in the Consolidated Balance Sheets, with corresponding changes in the investments' fair values included in Investment and other income. Purchases and sales of securities are presented within purchases and sales by consolidated Affiliate sponsored investment products in the Consolidated Statements of Cash Flows and the third-party investors' interest is recorded in Redeemable non-controlling interests. When the Company or its consolidated Affiliates no longer control these products, due to a reduction in ownership or other reasons, the products are deconsolidated with only the Company's or its consolidated Affiliate's investment in the product reported from the date of deconsolidation.

AFFILIATED MANAGERS GROUP, INC.**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)***(d) Cash and Cash Equivalents*

The Company considers all highly liquid investments, including money market mutual funds, with original maturities of three months or less to be cash equivalents. Cash equivalents are stated at cost, which approximates market value due to the short-term maturity of these investments. Money market mutual funds with a floating net asset value (“NAV”) would not meet the definition of a cash equivalent if the fund has enacted liquidity fees or redemption gates.

(e) Receivables

The Company’s Affiliates earn asset and performance based fees, which are billed based on the terms of the related contracts. Billed but uncollected asset and performance based fees are presented within Receivables on the Consolidated Balance Sheets and are generally short-term in nature.

Certain of the Company’s Affiliates in the UK act as intermediaries between clients and their sponsored investment products. Normal settlement periods on transactions initiated by these clients with the sponsored investment products result in unsettled fund share receivables and payables that are presented on a gross basis within Receivables and Payables and accrued liabilities on the Consolidated Balance Sheets. The gross presentation of these receivables and offsetting payables reflects the legal relationship between the underlying investor, the Company’s Affiliates and the sponsored investment products.

(f) Investments in Marketable Securities

Realized and unrealized gains or losses on investments in marketable securities are reported within Investment and other income. Realized gains and losses are recorded on the trade date on a specific identified basis, except for consolidated Affiliate sponsored investment products, which use an average cost basis.

(g) Fair Value Measurements

The Company determines the fair value of certain investment securities and other financial and non-financial assets and liabilities. Fair value is determined based on the price that would be received for an asset or paid to transfer a liability in an orderly transaction between market participants in the principal or most advantageous market at the measurement date, utilizing a hierarchy of three different valuation techniques:

Level 1 - Unadjusted quoted market prices for identical instruments in active markets;

Level 2 - Quoted prices for similar instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; and model-derived valuations whose inputs, or significant value drivers, are observable; and

Level 3 - Prices that reflect the Company’s own assumptions concerning unobservable inputs to the valuation model. In these valuation models, the Company is required to make judgments about growth rates of assets under management, client attrition, asset and performance based fee rates, and expenses. These valuation models also require judgments about tax benefits, credit risk, interest rates, tax rates, discount rates, and discounts for lack of marketability. These inputs require significant management judgment and reflect the Company’s assumptions that the Company believes market participants would use in pricing the asset or liability.

(h) Acquired Client Relationships and Goodwill

Each Affiliate in which the Company makes an investment has identifiable assets arising from contractual or other legal rights with their clients (“acquired client relationships”). In determining the value of acquired client relationships, the Company analyzes the net present value of these Affiliates’ existing client relationships based on a number of factors, including: the Affiliate’s historical and potential future operating performance; the Affiliate’s historical and potential future rates of attrition of existing clients; the stability and longevity of existing client relationships; the Affiliate’s recent, as well as long-term, investment performance; the characteristics of the firm’s products and investment styles; the stability and depth of the Affiliate’s management team; and the Affiliate’s history and perceived franchise or brand value.

The Company has determined that certain of its acquired client relationships meet the criteria to be considered indefinite-lived assets because the Company expects the contracts to be renewed annually and, therefore, the cash flows generated by these contracts to continue indefinitely. Accordingly, the Company does not amortize these intangible assets, but instead assesses these assets annually or more frequently whenever events or circumstances occur indicating that the recorded indefinite-lived acquired client relationship may be impaired. Each reporting period, the Company assesses whether events or circumstances have occurred that indicate that the indefinite life criteria are no longer met.

AFFILIATED MANAGERS GROUP, INC.**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

The Company has determined that certain of its acquired client relationships meet the criteria to be considered definite-lived assets, including investment advisory contracts between its Affiliates and their underlying investors, and are amortized over their expected period of economic benefit. The expected period of economic benefit of definite-lived acquired client relationships is a judgment based on the historical and projected attrition rates of each Affiliate's existing clients, and other factors that may influence the expected future economic benefit the Company will derive from these relationships. The expected lives of definite-lived acquired client relationships are analyzed annually or more frequently whenever events or circumstances have occurred that indicate the expected period of economic benefit may no longer be appropriate.

The Company assesses for the possible impairment of indefinite and definite-lived acquired client relationships annually or more frequently whenever events or changes in circumstances indicate that the carrying amount of the asset may not be recoverable. If such indicators exist, the Company considers various qualitative and quantitative factors (including market multiples) to determine if the fair value of each asset is greater than its carrying value. If the carrying value is greater than the fair value, an expense would be recorded in Intangible amortization and impairments in the Consolidated Statements of Income to reduce the carrying value of the asset to fair value.

Goodwill represents the future economic benefits arising from assets acquired in a business combination that are not separately recognized. Goodwill is not amortized, but is instead reviewed for impairment. The Company performs an impairment assessment annually or more frequently whenever events or circumstances occur indicating that the carrying value of its single reporting unit is in excess of its fair value. In this assessment, the Company typically measures the fair value of its reporting unit using various qualitative and quantitative factors (including the Company's market capitalization and market multiples for asset management businesses). If a potential impairment is more-likely-than-not, then the Company will perform a single step assessment with any excess of carrying value over fair value recorded as an expense in Intangible amortization and impairments.

(i) Fixed Assets

Fixed assets are recorded at cost and depreciated using the straight-line method over their estimated useful lives. The estimated useful lives of office equipment and furniture and fixtures range from two years to ten years. Computer software developed or obtained for internal use is amortized over the estimated useful life of the software, generally two years to five years. Leasehold improvements are amortized over the shorter of their estimated useful lives or the term of the lease. Buildings are amortized over their expected useful lives, generally not to exceed 39 years. The costs of improvements that extend the life of a fixed asset are capitalized, while the cost of repairs and maintenance are expensed as incurred. Land and artwork are not depreciated; artwork is included in Other assets on the Consolidated Balance Sheets.

(j) Leases

Leases are classified as either operating leases or finance leases. The Company and its Affiliates currently lease office space and equipment primarily under operating lease arrangements. As these leases expire, it is expected that, in the normal course of business, they will be renewed or replaced. Whether a lease is classified as an operating lease or a finance lease, the Company and its Affiliates must record a right-of-use asset and a lease liability at the commencement date of the lease, other than for leases with an initial term of 12 months or less. As permitted under Accounting Standard Update ("ASU") 2016-02 Leases (and related ASUs), the Company and its Affiliates elect not to record short-term leases with an initial lease term less than 12 months on the Company's Consolidated Balance Sheets. Right-of-use assets and lease liabilities are reported in Other assets and Other liabilities, respectively, on the Consolidated Balance Sheets. A lease liability is initially and subsequently reported at the present value of the outstanding lease payments determined by discounting those lease payments over the remaining lease term using the incremental borrowing rate of the legal entity entering into the lease as of the commencement date. A right-of-use asset is initially reported at the present value of the corresponding lease liability plus any prepaid lease payments and initial direct costs of entering into the lease, and reduced by any lease incentives. Subsequently, a right-of-use asset is reported at the present value of the lease liability adjusted for any prepaid or accrued lease payments, remaining balances of any lease incentives received, unamortized initial direct costs of entering into the lease and any impairments of the right-of-use asset. The Company and its Affiliates test for possible impairments of right-of-use assets annually or more frequently whenever events or changes in circumstances indicate that the carrying value of a right-of-use asset may exceed its fair value. If the carrying value of the right-of-use asset exceeds its fair value, then the carrying value of the right-of-use asset is reduced to its fair value and the expense is recorded in Other expenses (net) on the Consolidated Statements of Income. Subsequent to an impairment, the carrying value of the right-of-use asset is amortized on a straight-line basis over the remaining lease term.

AFFILIATED MANAGERS GROUP, INC.**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

Lease liabilities and right-of-use assets based on variable lease payments that depend on an index or rate are initially measured using the index or rate at the commencement date with any subsequent changes in variable lease payments reported in Other expenses (net) as incurred. Most lease agreements for office space that are classified as operating leases contain renewal options, rent escalation clauses or other lease incentives provided by the lessor. Lease expense is accrued to recognize lease escalation provisions and renewal options that are reasonably certain to be exercised, as well as lease incentives provided by the lessor, on a straight-line basis over the lease term and is reported in Other expenses (net). If a right-of-use asset is impaired, the lease expense is subsequently reported in Other expenses (net) as the straight-line amortization of the right-of-use asset and the accretion of the lease liability, thereby transitioning to a front-loaded expense recognition profile for the associated lease.

The Company and its Affiliates combine lease and non-lease components for their office space leases and separate non-lease components for their equipment leases in calculating their lease liabilities. Sublease income is reported in Investment and other income.

(k) Issuance Costs

Issuance costs related to the Company's senior bank debt are amortized over the remaining term of the senior unsecured multicurrency revolving credit facility (the "revolver") and the senior unsecured term loan facility (the "term loan" and, together with the revolver, the "credit facilities"), which approximates the effective interest method. Issuance costs associated with the revolver are included in Other assets. Issuance costs associated with the term loan are included as a reduction of the related debt balance. Issuance costs associated with the Company's senior notes, junior subordinated notes and junior convertible securities are amortized over the expected term of the security, and are included as a reduction of Debt in the Consolidated Balance Sheets. The expense resulting from the amortization of these issuance costs is reported in Interest expense in the Consolidated Statements of Income.

(l) Derivative Financial Instruments

The Company and its Affiliates may use derivative financial instruments to offset exposure to changes in interest rates, foreign currency exchange rates and markets. The Company records derivatives in the Consolidated Balance Sheets at fair value. If the Company's or its Affiliates' derivative financial instruments do not qualify as cash flow, net investment or fair value hedges, changes in the fair value of the derivatives are recorded as a gain or loss in Investment and other income.

If the Company's or its Affiliates' derivative financial instruments qualify as cash flow or net investment hedges, the effective portion of the unrealized gain or loss is recorded in Other comprehensive income (loss) as a separate component of stockholders' equity and reclassified to earnings with the hedged item. The Company assesses hedge effectiveness on a quarterly basis. For interest rate swaps designated as cash flow hedges, we use a qualitative method of assessing hedge effectiveness by comparing the notional amount, timing of payments, and interest rates of the swap to the interest payments hedged. If the qualitative assessment indicates ineffectiveness, then we perform a quantitative assessment which is generally measured by comparing the present value of the cumulative change in the expected future cash flows of the hedged contract with the present value of the cumulative change in the expected future cash flows of the hedged item. For net investment hedges, hedge effectiveness is measured using the spot rate method. For fair value hedges, the entire change in the fair value of the hedging instrument is presented within earnings with the hedged item, unless the changes in fair value are not equal, which would result in hedge ineffectiveness which is presented within Investment and other income. Changes in the fair values of cash flow hedges are reported in Change in net realized and unrealized gain (loss) on derivative financial instruments in the Consolidated Statements of Comprehensive Income. Upon termination of cash flow hedges, any gain or loss recognized will be reclassified into earnings. Changes in the fair values of the effective net investment hedges are reported in Foreign currency translation gain (loss) in the Consolidated Statements of Comprehensive Income. Upon the sale or liquidation of the underlying investment, any gain or loss remaining in Accumulated other comprehensive loss will be reclassified to earnings.

Changes in fair value of a hedging instrument that are excluded from the assessment of hedge effectiveness, also known as excluded components, are recorded in earnings and amortized on a straight-line basis over the respective period of the contracts as a reduction to Interest expense.

(m) Revenue Recognition

Consolidated revenue primarily represents asset and performance based fees earned by the Company and its Affiliates for managing the assets of clients. Substantially all of the Company's and its Affiliates' contracts contain a single performance obligation, which is the provision of investment management services. Investment management, broker-dealer, and administrative services are performed and consumed simultaneously and, therefore, the Company recognizes these asset based fees ratably over time. Substantially all the Company's asset based fees for services are based on the value of client assets over time, which are typically determined using observable market data. Services may be invoiced in advance or in arrears and are

AFFILIATED MANAGERS GROUP, INC.**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

payable upon receipt. Any asset based fees collected in advance are deferred and recognized as the services are performed and consumed. Consolidated revenue recognized by the Company is adjusted for any expense reimbursement arrangements.

Performance based fees, including carried interests, are recognized only upon the satisfaction of performance obligations, the resolution of any constraints, which include exceeding performance benchmarks or hurdle rates that may extend over one or more reporting periods, and when it is improbable that there will be a significant reversal in the amount of revenue recognized. As a result, any performance based fees or carried interest recognized in the current reporting period may relate to performance obligations satisfied in a previous reporting period.

The Company and its Affiliates have contractual arrangements with third parties to provide distribution-related services. Fees received and expenses incurred under these arrangements are primarily based on the value of client assets over time. Distribution-related fees are presented within Consolidated revenue gross of any related expenses when the Company and its Affiliates are the principal in their role as primary obligor under their distribution-related services arrangements. Distribution-related expenses are presented within Selling, general and administrative expenses in the Consolidated Statements of Income.

The Company and its Affiliates may enter into contracts for which the costs to obtain or fulfill the contract are based upon a percentage of the value of a client's future assets under management. The Company records these variable costs when incurred because they are subject to market volatility and are not estimable upon the inception of a contract with a client. Any expenses paid in advance are capitalized and amortized on a systematic basis, consistent with the transfer of services, which is the equivalent of recognizing the costs as incurred.

(n) Contingent Payment Arrangements

The Company periodically enters into contingent payment arrangements in connection with its investments in Affiliates. In these arrangements, the Company agrees to pay additional consideration to the sellers to the extent that certain specified financial targets are achieved. For consolidated Affiliates, the Company estimates the fair value of these potential future obligations at the time the investment in an Affiliate is consummated and records a liability in Other liabilities. The Company then accretes the obligation to its expected payment amount over the period until the arrangement is measured. If the Company's expected payment amount subsequently changes, the obligation is reduced or increased in the current period resulting in a gain or loss, respectively. Gains and losses resulting from changes to expected payments are included in Other expenses (net) and the accretion of these obligations to their expected payment amounts are included in Interest expense. For Affiliates accounted for under the equity method of accounting, the Company records a liability in Payables and accrued liabilities when a payment becomes probable, with a corresponding increase to the carrying value of the Affiliate in Equity method investments in Affiliates (net).

(o) Income Taxes

The Company accounts for income taxes using the asset and liability method, which requires the recognition of deferred tax assets and liabilities for the expected future tax consequences of differences between the financial reporting bases of assets and liabilities and their respective tax bases, using tax rates in effect for the year in which the differences are expected to reverse. The effect on deferred tax assets and liabilities of a change in tax rates is recorded in Income tax expense in the period when the change is enacted.

The Company regularly assesses the recoverability of its deferred income tax assets to determine whether these assets are more-likely-than-not to be realized. In making such a determination, the Company considers all available positive and negative evidence, including future reversals of existing taxable temporary differences, projected future taxable income, tax planning strategies and results of recent operations. If the Company determines it would not be able to realize its deferred tax assets, it records a valuation allowance to reflect the deferred tax assets at their current value. The recording of adjustments to the valuation allowance will increase or decrease Income tax expense.

The Company records unrecognized tax benefits based on whether it is more-likely-than-not that the uncertain tax positions will be sustained on the basis of the technical merits of the position. If it is determined that an uncertain tax position is more-likely-than-not to be sustained, the Company records the largest amount of tax benefit that is more than 50% likely to be realized upon ultimate settlement with the related tax authority in Income tax expense. Interest and penalties related to unrecognized tax benefits are also recorded in Income tax expense.

The Company has elected to treat taxes due on U.S. inclusions in taxable income related to Global Intangible Low Taxed Income ("GILTI") as a current period expense when incurred (the "period cost method").

AFFILIATED MANAGERS GROUP, INC.**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)***(p) Foreign Currency Translation*

Assets and liabilities denominated in a functional currency other than the U.S. dollar are translated into U.S. dollars using exchange rates in effect as of the balance sheet date. Revenue and expenses denominated in a functional currency other than the U.S. dollar are translated into U.S. dollars using average exchange rates for the relevant period. Because of the long-term nature of the Company's investments in its Affiliates, net translation exchange gains and losses resulting from foreign currency translation are recorded in Accumulated other comprehensive loss as a separate component of stockholders' equity on the Consolidated Balance Sheets. Foreign currency transaction gains and losses are included in Investment and other income.

(q) Concentration of Credit Risk

Financial instruments that potentially subject the Company to significant concentrations of credit risk consist principally of cash investments and derivative financial instruments. The Company and its Affiliates maintain cash and cash equivalents, investments and, at times, certain derivative financial instruments with various high credit-quality financial institutions. These financial institutions are typically located in countries in which the Company and its Affiliates operate. For the Company and certain of its Affiliates, cash deposits at a financial institution may exceed Federal Deposit Insurance Corporation insurance limits.

(r) Earnings Per Share

The calculation of Earnings per share (basic) is based on the weighted average number of shares of the Company's common stock outstanding during the period. Earnings per share (diluted) is similar to Earnings per share (basic), but adjusts for the dilutive effect of the potential issuance of incremental shares of the Company's common stock.

The Company had junior convertible securities outstanding during the periods presented and is required to apply the if-converted method to these securities in its calculation of Earnings per share (diluted). Under the if-converted method, shares that are issuable upon conversion are deemed outstanding, regardless of whether the securities are contractually convertible into the Company's common stock at that time. For this calculation, the interest expense (net of tax) attributable to these dilutive securities is added back to Net income (controlling interest), reflecting the assumption that the securities have been converted. Issuable shares for these securities and related interest expense are excluded from the calculation if an assumed conversion would be anti-dilutive to diluted earnings per share.

The Company had share-based compensation awards outstanding during the periods presented with vesting provisions subject to certain performance conditions. These awards are excluded from the calculation of Earnings per share (diluted) if the performance condition has not been met as of the end of the reporting period.

(s) Share-Based Compensation Plans

The Company recognizes expenses for all share-based compensation arrangements based on the number of awards expected to vest. The expense for awards without performance conditions is recognized on a straight-line basis over the requisite service period, including grants that are subject to graded vesting. The Company recognizes expenses for all other arrangements on a straight-line basis for each separately vesting portion of the award.

Tax windfalls or shortfalls are recorded in Income tax expense and have been classified as operating activities in the Consolidated Statements of Cash Flows. Taxes paid by the Company when it withholds shares to satisfy tax withholding obligations are classified as a financing activity in the Consolidated Statements of Cash Flows.

(t) Recent Accounting Developments

Effective January 1, 2020, the Company adopted ASU 2016-13, Measurement of Credit Losses on Financial Instruments issued by the Financial Accounting Standards Board ("FASB"). The adoption of this standard did not have a significant impact on the Company's Consolidated Financial Statements.

In August 2020, the FASB issued ASU 2020-06, Debt with Conversion and Other Options and Derivatives and Hedging - Contracts in Entity's Own Equity. The standard is effective for interim and annual periods beginning after December 15, 2021 for the Company and its consolidated Affiliates, and is effective for interim and annual periods beginning after December 15, 2023 for the Company's Affiliates accounted for under the equity method. This standard requires use of the if-converted method for convertible instruments and the inclusion of instruments where the Company has an option to settle in cash or shares in its calculation of Earnings per share (diluted). The Company is evaluating the impact of this standard on its Consolidated Financial Statements.

AFFILIATED MANAGERS GROUP, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

In June 2020, the FASB extended the effective date of ASU 2016-02, Leases for the Company's Affiliates accounted for under the equity method. After the extension, ASU 2016-02 is effective for annual periods beginning after December 15, 2021 and interim periods beginning after December 15, 2022. The Company does not expect the adoption of this standard by its equity method investments to have a significant impact on its Consolidated Financial Statements.

In December 2019, the FASB issued ASU 2019-12, Simplifying the Accounting for Income Taxes. The standard is effective for interim and annual periods beginning after December 15, 2020 for the Company and its consolidated Affiliates, and is effective for annual periods beginning after December 15, 2021 and interim periods beginning after December 15, 2022 for the Company's Affiliates accounted for under the equity method. The Company does not expect the adoption of this standard to have a significant impact on its Consolidated Financial Statements.

2. Investments in Marketable Securities

The following is a summary of the cost, gross unrealized gains, unrealized losses, and fair value of Investments in marketable securities:

	December 31,	
	2019	2020
Cost	\$ 57.9	\$ 69.4
Unrealized gains	2.1	5.5
Unrealized losses	(0.6)	(0.0)
Fair value	\$ 59.4	\$ 74.9

As of December 31, 2019 and 2020, Investments in marketable securities include consolidated Affiliate sponsored investment products with fair values of \$38.1 million and \$52.3 million, respectively.

3. Other Investments

Other investments consist of investments in funds advised by the Company's Affiliates that are carried at NAV as a practical expedient and investments without readily determinable fair values. The income or loss related to these investments is recorded in Investment and other income.

Investments Measured at NAV as a Practical Expedient

The Company's Affiliates sponsor investment products in which the Company and its consolidated Affiliates may make general partner and seed capital investments. The Company uses the NAV of these investments as a practical expedient for their fair values. The following table summarizes the fair values of these investments and any related unfunded commitments:

Category of Investment	December 31, 2019		December 31, 2020	
	Fair Value	Unfunded Commitments	Fair Value	Unfunded Commitments
Private equity funds ⁽¹⁾	\$ 203.3	\$ 127.2	\$ 235.4	\$ 122.2
Investments in other strategies ⁽²⁾	8.5	—	8.0	—
Total ⁽³⁾	\$ 211.8	\$ 127.2	\$ 243.4	\$ 122.2

⁽¹⁾ The Company accounts for its interests in private equity funds under the equity method of accounting and, therefore, uses NAV as a practical expedient, one quarter in arrears (adjusted for current period calls and distributions) to determine the fair value. These funds primarily invest in a broad range of third-party funds and direct investments. Distributions will be received as the underlying assets are liquidated over the life of the funds, which is generally up to 15 years.

⁽²⁾ These are multi-disciplinary funds that invest across various asset classes and strategies, including equity, credit, and real estate. Investments are generally redeemable on a daily, monthly or quarterly basis.

⁽³⁾ Fair value attributable to the controlling interest was \$137.6 million and \$164.4 million as of December 31, 2019 and 2020, respectively.

As of December 31, 2019 and 2020, the Company held investments without readily determinable fair values of zero and \$13.8 million, respectively. The carrying value of these investments included an upward adjustment of \$5.3 million based on an observable price change during the fourth quarter of 2020.

AFFILIATED MANAGERS GROUP, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
4. Fair Value Measurements

The following tables summarize the Company's financial assets and liabilities that are measured at fair value on a recurring basis:

	December 31, 2019	Fair Value Measurements		
		Level 1	Level 2	Level 3
Financial Assets				
Investments in marketable securities	\$ 59.4	\$ 24.4	\$ 35.0	\$ —
Derivative financial instruments ⁽¹⁾	7.9	—	7.9	—
Financial Liabilities⁽²⁾				
Affiliate equity repurchase obligations	\$ 19.8	\$ —	\$ —	\$ 19.8
Derivative financial instruments	1.0	—	1.0	—

	December 31, 2020	Fair Value Measurements		
		Level 1	Level 2	Level 3
Financial Assets				
Investments in marketable securities	\$ 74.9	\$ 25.7	\$ 49.2	\$ —
Derivative financial instruments ⁽¹⁾	3.5	—	3.5	—
Financial Liabilities⁽²⁾				
Affiliate equity repurchase obligations	\$ 22.0	\$ —	\$ —	\$ 22.0
Derivative financial instruments	4.2	—	4.2	—

⁽¹⁾ Amounts are presented within Other assets.

⁽²⁾ Amounts are presented within Other liabilities.

Level 3 Financial Assets and Liabilities

The following table presents the changes in level 3 assets and liabilities for Affiliate equity repurchase obligations:

	For the Years Ended December 31,	
	2019	2020
Balance, beginning of period	\$ 36.2	\$ 19.8
Net realized and unrealized (gains) losses ⁽¹⁾	0.1	(4.3)
Purchases and issuances ⁽²⁾	118.6	310.6
Settlements and reductions	(135.1)	(304.1)
Balance, end of period	\$ 19.8	\$ 22.0
Net change in unrealized (gains) losses relating to instruments still held at the reporting date	\$ —	\$ —

⁽¹⁾ Accretion expense for these arrangements and obligations is recorded in Interest expense.

⁽²⁾ Includes transfers from Redeemable non-controlling interests.

The following table presents certain quantitative information about the significant unobservable inputs used in valuing the Company's recurring level 3 fair value measurements:

	Valuation Techniques	Unobservable Input	Quantitative Information About Level 3 Fair Value Measurements					
			December 31, 2019			December 31, 2020		
			Fair Value	Range	Weighted Average ⁽¹⁾	Fair Value	Range	Weighted Average ⁽¹⁾
Affiliate equity repurchase obligations	Discounted cash flow	Growth rates ⁽²⁾	\$ 19.8	(9)% - 7%	5%	\$ 22.0	(5)% - 8%	3 %
		Discount rates		14% - 17%	15%		14% - 16%	15 %

⁽¹⁾ Calculated by comparing the relative fair value of an obligation to its respective total.

⁽²⁾ Represents growth rates of asset and performance based fees.

Affiliate equity repurchase obligations include agreements to repurchase Affiliate equity. As of December 31, 2020, there were no changes to growth or discount rates that had a significant impact to Affiliate equity repurchase obligations recorded in prior periods.

Other Financial Assets and Liabilities Not Carried at Fair Value

The Company has other financial assets and liabilities, which are not required to be carried at fair value, but the Company is required to disclose their fair values. The carrying amount of Cash and cash equivalents, Receivables, and Payables and accrued liabilities approximates fair value because of the short-term nature of these instruments. The carrying value of notes receivable, which is reported in Other assets, approximates fair value because interest rates and other terms are at market rates. The carrying value of the credit facilities approximates fair value because the credit facilities have variable interest based on selected short-term rates.

The following table summarizes the Company's other financial liabilities not carried at fair value:

	December 31, 2019		December 31, 2020		Fair Value Hierarchy
	Carrying Value	Fair Value	Carrying Value	Fair Value	
Senior notes	\$ 746.8	\$ 797.4	\$ 1,097.3	\$ 1,206.6	Level 2
Junior convertible securities	315.4	415.7	318.4	427.6	Level 2
Junior subordinated notes	290.7	327.7	565.7	623.1	Level 2

5. Investments in Affiliates and Affiliate Sponsored Investment Products

Investments in Affiliates

The Company's Affiliates are consolidated or accounted for under the equity method, depending upon the underlying structure of and relationship with each Affiliate.

Substantially all of the Company's consolidated Affiliates are considered VIEs. The unconsolidated assets, net of liabilities and non-controlling interests of Affiliates accounted for under the equity method considered VIEs, and the Company's carrying value and maximum exposure to loss, were as follows:

	December 31, 2019		December 31, 2020	
	Unconsolidated VIE Net Assets	Carrying Value and Maximum Exposure to Loss	Unconsolidated VIE Net Assets	Carrying Value and Maximum Exposure to Loss
Affiliates accounted for under the equity method	\$ 1,141.4	\$ 1,843.0	\$ 1,384.2	\$ 1,962.1

As of December 31, 2019 and 2020, the carrying value and maximum exposure to loss for all of the Company's Affiliates accounted for under the equity method was \$2,195.6 million and \$2,074.8 million, respectively, including Affiliates accounted for under the equity method considered VREs of \$352.6 million and \$112.7 million, respectively.

Affiliate Sponsored Investment Products

AFFILIATED MANAGERS GROUP, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

The Company's carrying value, and maximum exposure to loss from unconsolidated Affiliate sponsored investment products is its, or its consolidated Affiliates', interest in the unconsolidated net assets of the respective products. The net assets of unconsolidated VIEs attributable to Affiliate sponsored investment products, and the Company's carrying value and maximum exposure to loss, were as follows:

	December 31, 2019		December 31, 2020	
	Unconsolidated VIE Net Assets	Carrying Value and Maximum Exposure to Loss	Unconsolidated VIE Net Assets	Carrying Value and Maximum Exposure to Loss
Affiliate sponsored investment products	\$ 2,282.1	\$ 0.9	\$ 2,378.2	\$ 0.9

6. Debt

The following table summarizes the Company's Debt:

	December 31,	
	2019	2020
Senior bank debt	\$ 449.7	\$ 349.8
Senior notes	743.8	1,091.9
Junior convertible securities	310.6	314.0
Junior subordinated notes	289.7	556.4
Debt	\$ 1,793.8	\$ 2,312.1

The Company's senior notes, junior convertible securities, and junior subordinated notes are carried at amortized cost. Unamortized discounts and debt issuance costs are presented within the Consolidated Balance Sheets as an adjustment to the carrying value of the associated debt. As of December 31, 2020, Debt with a par value of \$400.0 million and \$350.0 million matures in 2024 and 2025, respectively.

Senior Bank Debt

The Company has a \$1.25 billion senior unsecured multicurrency revolving credit facility and a \$350.0 million senior unsecured term loan facility. The revolver matures on January 18, 2024, and the term loan, as amended, matures on January 18, 2026. Subject to certain conditions, the Company may increase the commitments under the revolver by up to an additional \$500.0 million and may borrow up to an additional \$75.0 million under the term loan. The Company pays interest on any outstanding obligations under the credit facilities at specified rates, based either on an applicable LIBOR or prime rate, plus a marginal rate determined based on its credit rating. As of December 31, 2020, the interest rate for the Company's outstanding borrowings under the credit facilities was LIBOR plus 0.875%.

The credit facilities contain financial covenants with respect to leverage and interest coverage, as well as customary affirmative and negative covenants, including limitations on priority indebtedness, asset dispositions and fundamental corporate changes, and certain customary events of default.

As of December 31, 2019 and 2020, the Company had no outstanding borrowings under the revolver. As of December 31, 2019 and 2020, the Company had outstanding borrowings under the term loan of \$450.0 million and \$350.0 million, respectively, and the weighted-average interest rate on outstanding borrowings was 2.66% and 1.02%, respectively. The Company pays commitment fees on the unused portion of its revolver. For the years ended December 31, 2019 and 2020, these fees amounted to \$1.5 million.

On January 8, 2021, the Company amended and refinanced the term loan to adjust the marginal rate by 0.075% to 0.950% and to extend the maturity by three years from January 18, 2023 to January 18, 2026. The commercial terms of the term loan otherwise remained the same.

Senior Notes and Junior Subordinated Notes

As of December 31, 2020, the Company had senior notes and junior subordinated notes outstanding. The carrying value of the senior notes and junior subordinated notes is accreted to the principal amount at maturity over the remaining life of the underlying instrument.

The principal terms of the senior notes and junior subordinated notes were as follows:

AFFILIATED MANAGERS GROUP, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

	2024 Senior Notes	2025 Senior Notes	2030 Senior Notes	2059 Junior Subordinated Notes	2060 Junior Subordinated Notes
Issue date	February 2014	February 2015	June 2020	March 2019	September 2020
Maturity date	February 2024	August 2025	June 2030	March 2059	September 2060
Par value (in millions)	\$ 400.0	\$ 350.0	\$ 350.0	\$ 300.0	\$ 275.0
Stated coupon	4.25 %	3.50 %	3.30 %	5.875 %	4.750 %
Coupon frequency	Semi-annually	Semi-annually	Semi-annually	Quarterly ⁽³⁾	Quarterly ⁽³⁾
Potential call date	Any time ⁽¹⁾	Any time ⁽¹⁾	Any time ⁽¹⁾	March 2024 ⁽²⁾	September 2025 ⁽²⁾
Call price	As defined ⁽¹⁾	As defined ⁽¹⁾	As defined ⁽¹⁾	As defined ⁽²⁾	As defined ⁽²⁾
Listing	N.A.	N.A.	N.A.	NYSE	NYSE

⁽¹⁾ The 2024, 2025 and 2030 senior notes may be redeemed, in whole or in part, at any time, in the case of the 2024 and 2025 senior notes, and at any time prior to March 15, 2030, in the case of the 2030 senior notes. In each case, the senior notes may be redeemed at a make-whole redemption price plus accrued and unpaid interest. The make-whole redemption price, in each case, is equal to the greater of 100% of the principal amount of the notes to be redeemed and the remaining principal and interest payments on the notes being redeemed (excluding accrued but unpaid interest to, but not including, the redemption date) discounted to their present value as of the redemption date at the applicable treasury rate plus 0.25%, in the case of the 2024 and the 2025 senior notes, and to their present value as of the redemption date on a semi-annual basis at the applicable treasury rate plus 0.40%, in the case of the 2030 senior notes.

⁽²⁾ The 2059 and 2060 junior subordinated notes may be redeemed at any time, in whole or in part, on or after March 30, 2024, in the case of the 2059 junior subordinated notes, and on or after September 30, 2025, in the case of the 2060 junior subordinated notes. In each case, the junior subordinated notes may be redeemed at 100% of the principal amount of the notes being redeemed plus any accrued and unpaid interest thereon. Prior to the applicable redemption date, at the Company's option, the applicable junior subordinated notes may also be redeemed, in whole but not in part, at 100% of the principal amount, plus any accrued and unpaid interest, if certain changes in tax laws, regulations or interpretations occur; or at 102% of the principal amount, plus any accrued and unpaid interest, if a rating agency makes certain changes relating to the equity credit criteria for securities with features similar to the applicable notes.

⁽³⁾ The Company may, at its option, and subject to certain conditions and restrictions, defer interest payments subject to the terms of the junior subordinated notes.

As of December 31, 2020, the effective interest rates of the 2024, the 2025 and the 2030 senior notes were 4.42%, 3.66% and 3.39%, respectively. As of December 31, 2020, the effective interest rates of the 2059 and the 2060 junior subordinated notes were 5.90% and 4.83%, respectively.

Junior Convertible Securities

The following table summarizes the Company's junior convertible trust preferred securities outstanding (the "junior convertible securities"). The carrying value and principal amount at maturity of the junior convertible securities were as follows:

	December 31, 2019		December 31, 2020	
	Carrying Value	Principal Amount at Maturity	Carrying Value	Principal Amount at Maturity
Junior convertible securities ⁽¹⁾	\$ 315.4	\$ 430.8	\$ 318.4	\$ 430.8

⁽¹⁾ The carrying value is accreted to the principal amount at maturity over a remaining life of 17 years.

The junior convertible securities bear interest at a rate of 5.15% per annum, payable quarterly in cash. Holders of the junior convertible securities have no rights to put these securities to the Company. Upon conversion, holders will receive cash or shares of common stock, or a combination thereof, at the Company's election. The Company may redeem the junior convertible securities, subject to the stock trading at or above certain specified levels over specified times periods, and may also

AFFILIATED MANAGERS GROUP, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

repurchase junior subordinated notes in the open market or in privately negotiated transactions from time to time at management's discretion. The junior convertible securities are considered contingent payment debt instruments under federal income tax regulations, which require the Company to deduct interest in an amount greater than its reported interest expense. The Company estimates that these deductions will generate annual deferred tax liabilities of approximately \$9 million. Assuming no redemptions or repurchases, these deferred tax liabilities will be reclassified directly to stockholders' equity if the Company's common stock is trading above certain thresholds at the time of the conversion of the securities. If the Company redeems the securities or repurchases the notes at a price below such thresholds, all or a portion of these deferred tax liabilities may be reclassified to income taxes payable which is presented within Other liabilities. In August 2019, in accordance with the convertible securities indenture, the Company adjusted the conversion rate of the junior convertible securities to 0.2558 shares of common stock per \$50.00 junior convertible security, equivalent to an adjusted conversion price of \$195.47 per share of common stock. The adjustment was the result of the Company's cumulative declared dividends on its common stock since the prior adjustment. The Company may redeem the junior convertible securities if the closing price of its common stock exceeds \$254.10 per share for 20 trading days in a period of 30 consecutive trading days.

7. Derivative Financial Instruments

In 2018, the Company entered into two separate pound sterling-denominated forward foreign currency contracts (the "forward contracts") with a large financial institution (the "counterparty"). Concurrent to entering into each of the forward contracts, the Company also entered into two separate collar contracts (the "collar contracts") with the same counterparty for the same notional amounts and expiration dates as each of the forward contracts. The combinations of the forward contracts and the collar contracts were designated as net investment hedges against fluctuations in foreign currency exchange rates on certain of the Company's investments in Affiliates with the pound sterling as their functional currency.

In the first quarter of 2020, the Company terminated the forward contracts and the corresponding collar contracts, and upon settlement received net proceeds of \$24.9 million. The net proceeds from the termination of the contracts are presented within sale of investment securities in the Consolidated Statements of Cash Flows. The Company's forward contracts and collar contracts with the counterparty were governed by an International Swaps and Derivative Association Master Agreement, which provided for legally enforceable rights to set-off. The terms of the contracts also required the Company and the counterparty to post cash collateral in certain circumstances throughout the duration of the contracts. As of December 31, 2019, the Company held \$8.7 million of cash collateral from the counterparty, and the counterparty held no cash collateral from the Company.

In the first quarter of 2020, the Company entered into an interest rate swap contract (the "interest rate swap") with a large financial institution (the "swap counterparty"), which will expire in March 2023. The interest rate swap, which is designated as a cash flow hedge, is used to exchange a portion of the Company's LIBOR-based interest payments for fixed rate interest payments. Under the contract, the Company receives payments based on one month LIBOR and makes payments based on an annual fixed rate of 0.5135% on a notional amount of \$250.0 million. The terms of the contract also require the Company and the swap counterparty to post cash collateral in certain circumstances throughout the duration of the contract. As of December 31, 2020, the Company held no cash collateral from the swap counterparty, and the swap counterparty held \$2.2 million of cash collateral from the Company.

Certain of the Company's Affiliates use forward foreign currency contracts to hedge the risk of foreign currency exchange rate movements, which were not significant.

The following table summarizes the Company's and its Affiliates' derivative financial instruments measured at fair value on a recurring basis:

	December 31, 2019		December 31, 2020	
	Assets	Liabilities	Assets	Liabilities
Forward contracts	\$ 23.8	\$ (1.0)	\$ 3.5	\$ (2.3)
Put options	—	(31.0)	—	—
Call options	15.1	—	—	—
Interest rate swap	—	—	—	(1.9)
Total	\$ 38.9	\$ (32.0)	\$ 3.5	\$ (4.2)

The forward and collar contracts entered into in 2018 included a set-off right and were therefore, presented on a net basis in Other assets; they were \$5.7 million as of December 31, 2019. The Company and certain of its consolidated Affiliates have also entered into contracts that do not include set-off rights and are, therefore, presented on a gross basis in Other assets and

AFFILIATED MANAGERS GROUP, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Other liabilities; they were \$2.2 million and \$1.0 million, respectively, as of December 31, 2019, and \$3.5 million and \$4.2 million, respectively, as of December 31, 2020.

The following table summarizes the effect of the derivative financial instruments on the Consolidated Statements of Comprehensive Income and the Consolidated Statements of Income:

	For the Years Ended December 31,					
	2019			2020		
	Gain (Loss) Recorded in Other Comprehensive Income	Gain Reclassified from Accumulated Other Comprehensive Income into Earnings	Gain Recorded in Earnings from Excluded Components ⁽¹⁾	Gain (Loss) Recorded in Other Comprehensive Income (Loss)	Gain Reclassified from Accumulated Other Comprehensive Loss into Earnings	Gain Recorded in Earnings from Excluded Components ⁽¹⁾
Forward contracts	\$ (21.7)	\$ 0.5	\$ 13.9	\$ 65.4	\$ 0.6	\$ 2.8
Put options	29.3	—	—	(47.7)	—	—
Call options	(19.0)	—	—	(1.3)	—	—
Interest rate swap	—	—	—	(1.9)	—	—
Total	\$ (11.4)	\$ 0.5	\$ 13.9	\$ 14.5	\$ 0.6	\$ 2.8

⁽¹⁾ The excluded components of the forward contracts were recognized in earnings on a straight-line basis over the respective period of the contracts as a reduction to Interest expense.

8. Commitments and Contingencies

From time to time, the Company and its Affiliates may be subject to claims, legal proceedings, and other contingencies in the ordinary course of their business activities. Any such matters are subject to various uncertainties, and it is possible that some of these matters may be resolved in a manner unfavorable to the Company or its Affiliates. The Company and its Affiliates establish accruals, as necessary, for matters for which the outcome is probable and the amount of the liability can be reasonably estimated.

The Company has committed to co-invest in certain Affiliate sponsored investment products. As of December 31, 2020, these unfunded commitments were \$122.2 million and may be called in future periods.

In addition, as of December 31, 2020, the Company was contingently liable to make payments related to the achievement of specified financial targets by certain of its Affiliates accounted for under the equity method, of which, \$37.5 million may become payable in 2022 and \$77.5 million from 2023 through 2025. As of December 31, 2020, the Company expected to make payments of approximately \$13 million. In the event certain financial targets are not met at one of the Company's Affiliates, the Company may receive payments of up to \$12.5 million and also has the option to reduce its ownership interest and receive an incremental payment of \$25.0 million.

Affiliate equity interests provide holders at consolidated Affiliates with a conditional right to put their interests to the Company over time. See Note 18. In connection with one of the Company's investments in an Affiliate accounted for under the equity method, a minority owner has the right to elect to sell a portion of its ownership interest in the Affiliate to the Company annually. As of December 31, 2020, the minority owner maintains a 14% ownership interest in the Affiliate. In the fourth quarter of 2020, the Company was notified by the minority owner that it may, after determining the fair market value of its interest, elect to sell a 5% ownership interest in the Affiliate to the Company. If the minority owner elects to sell this interest, the transaction is expected to close in the first half of 2021; however, the Company cannot currently predict the amount that may be paid to settle this commitment. If the minority owners sells its interest to the Company, then the Company will continue to account for the Affiliate under the equity method.

The Company and certain of its consolidated Affiliates operate under regulatory authorities that require the maintenance of minimum financial or capital requirements. Management is not aware of any significant violations of such requirements.

9. Goodwill and Acquired Client Relationships

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

The following tables present the changes in the Company's consolidated Affiliates' Goodwill and components of Acquired client relationships (net):

	Goodwill	
	2019	2020
Balance, beginning of period	\$ 2,633.4	\$ 2,651.7
Foreign currency translation	18.3	11.6
Other	—	(1.9)
Balance, end of period	\$ 2,651.7	\$ 2,661.4

As of September 30, 2020, the Company completed its impairment assessment on goodwill and no impairment was indicated.

	Acquired Client Relationships (Net)					
	Definite-lived		Net Book Value	Indefinite-lived		Total
	Gross Book Value	Accumulated Amortization		Net Book Value	Net Book Value	
Balance, as of December 31, 2018	\$ 1,279.8	\$ (976.2)	\$ 303.6	\$ 1,006.3	\$ 1,309.9	
Intangible amortization and impairments	—	(93.4)	(93.4)	(51.1)	(144.5)	
Foreign currency translation	5.1	(5.5)	(0.4)	17.0	16.6	
Transfers ⁽¹⁾	(36.1)	36.1	—	—	—	
Balance, as of December 31, 2019	\$ 1,248.8	\$ (1,039.0)	\$ 209.8	\$ 972.2	\$ 1,182.0	
Intangible amortization and impairments	—	(69.8)	(69.8)	(70.7)	(140.5)	
Foreign currency translation	3.5	(3.7)	(0.2)	7.5	7.3	
Transfers ⁽¹⁾	(85.7)	85.7	—	—	—	
Balance, as of December 31, 2020	\$ 1,166.6	\$ (1,026.8)	\$ 139.8	\$ 909.0	\$ 1,048.8	

⁽¹⁾ Transfers include acquired client relationships at Affiliates that were deconsolidated during the period.

Definite-lived acquired client relationships at the Company's consolidated Affiliates are amortized over their expected period of economic benefit. The Company recorded amortization expense in Intangible amortization and impairments for these relationships of \$114.4 million, \$93.4 million and \$55.3 million for the years ended December 31, 2018, 2019 and 2020, respectively. Based on relationships existing as of December 31, 2020, the Company estimates that its consolidated amortization expense will be approximately \$30 million in each of 2021, 2022, and 2023, approximately \$20 million in 2024 and approximately \$10 million in 2025.

In the fourth quarter of 2019, the Company completed an impairment assessment of the indefinite-lived acquired client relationships at one of its Affiliates, and determined that the fair value of the asset had declined below its carrying value. Accordingly, the Company recorded an expense in Intangible amortization and impairments of \$31.2 million attributable to the controlling interest (\$35.0 million in aggregate) to reduce the carrying value of the asset to fair value. The decline in the fair value was a result of a projected decline in assets under management that decreased the forecasted revenue associated with the asset. The fair value of the asset was determined using a probability-weighted discounted cash flow analysis, a level 3 fair value measurement that included a projected growth rate of (9)% for assets under management, discount rate of 14.5% for asset based fees, and a market participant tax rate of 25%. No other impairments of indefinite-lived acquired client relationships were indicated.

In addition, in the fourth quarter of 2019, the Company recorded an expense in Intangible amortization and impairments of \$16.1 million attributable to the controlling interest and in aggregate to reduce the carrying value of an indefinite-lived acquired client relationship to zero due to the closure of certain retail investment products on its U.S. retail distribution platform.

In the second quarter of 2020, the Company agreed with a consolidated Affiliate to strategically reposition their business and to sell its equity interest in the Affiliate. The Company recorded an expense in Intangible amortization and impairments of \$32.8 million attributable to the controlling interest (\$60.3 million in aggregate) to reduce the carrying value of the Affiliate's acquired client relationships to zero as of June 30, 2020. In the third quarter of 2020, the Company sold its interest in the Affiliate and the Company recorded no significant gain or loss on the transaction.

AFFILIATED MANAGERS GROUP, INC.**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

In the third quarter of 2020, the Company completed an impairment assessment of the indefinite-lived acquired client relationships at one of its Affiliates, and determined that the fair value of the asset had declined below its carrying value. Accordingly, the Company recorded an expense in Intangible amortization and impairments of \$12.5 million attributable to the controlling interest (\$14.0 million in aggregate) to reduce the carrying value of the asset to fair value. The decline in the fair value was a result of a projected decline in assets under management that decreased the forecasted revenue associated with the asset. The fair value of the asset was determined using a probability-weighted discounted cash flow analysis, a level 3 fair value measurement that included a projected growth rate of (14)% for assets under management, discount rate of 15% for asset based fees, and a market participant tax rate of 25%.

In addition, in the third quarter of 2020, the Company recorded an expense in Intangible amortization and impairments of \$7.4 million attributable to the controlling interest (\$10.9 million in aggregate) to reduce the carrying value of an indefinite-lived acquired client relationship to zero due to the closure of one of its Affiliate's retail investment products.

As of December 31, 2020, no other impairments of indefinite-lived acquired client relationships were indicated. If financial markets become depressed for a prolonged period as a result of the novel coronavirus global pandemic ("COVID-19") or other factors, the fair values of these assets could drop below their carrying values resulting in future impairments.

10. Equity Method Investments in Affiliates

In the first, third and fourth quarters of 2020, the Company completed minority investments in Comvest Partners, Inclusive Capital Partners LP and Jackson Square Partners LLC ("Jackson Square"), respectively. The majority of the consideration paid for Jackson Square is deductible for U.S. tax purposes over a 15 year life. The Company's purchase price allocation for each investment was measured using financial models that included assumptions of expected market performance, net client cash flows, and discount rates.

The financial results of certain Affiliates accounted for under the equity method are recognized in the Consolidated Financial Statements one quarter in arrears.

The following table presents the change in Equity method investments in Affiliates (net):

	Equity Method Investments in Affiliates (Net)	
	2019	2020
Balance, beginning of period	\$ 2,791.0	\$ 2,195.6
Earnings	289.4	288.6
Intangible amortization and impairments	(627.4)	(332.0)
Distributions of earnings	(252.4)	(236.8)
Foreign currency translation	(40.0)	5.1
Investments in Affiliates	162.3	128.7
Divestments of Affiliates	(117.7)	—
Other	(9.6)	25.6
Balance, end of period	\$ 2,195.6	\$ 2,074.8

Definite-lived acquired client relationships at the Company's Affiliates accounted for under the equity method are amortized over their expected period of economic benefit. The Company recorded amortization expense for these relationships of \$97.5 million, \$142.4 million and \$147.0 million for the years ended December 31, 2018, 2019 and 2020, respectively. Based on relationships existing as of December 31, 2020, the Company estimates the annual amortization expense attributable to its Affiliates will be approximately \$120 million in 2021 and approximately \$50 million in each of 2022, 2023, 2024 and 2025.

In the first quarter of 2019, the Company recorded a \$415.0 million expense to reduce the carrying value of an Affiliate to fair value. In March 2019, the Company concluded that the growth expectations of the Affiliate had declined and determined that the estimated fair value of the Affiliate had also declined meaningfully. Therefore, the Company performed a valuation to determine whether the fair value of the Affiliate had declined below its carrying value. The fair value of the investment was determined using a probability-weighted discounted cash flow analysis, a level 3 fair value measurement, that included a projected compounded asset based fee growth over the first five years of (13)%, discount rates of 11% and 20% for asset and performance based fees, respectively, and a market participant tax rate of 25%. Based on the probability-weighted discounted

AFFILIATED MANAGERS GROUP, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

cash flow analysis, the Company concluded that the fair value of its investment had declined below its carrying value and that the decline was other-than-temporary. In October 2019, the Company sold its interest in the Affiliate.

In the third quarter of 2019, the Company recorded a \$10.0 million expense to reduce the carrying value of an Affiliate to fair value. The fair value of the investment was determined using a probability-weighted discounted cash flow analysis, a level 3 fair value measurement, that included a projected growth rate of (20)%, discount rates of 11% and 20% for asset and performance based fees, respectively, and a market participant tax rate of 25%. Based on the discounted cash flow analysis, the Company concluded that the fair value of its investment had declined below its carrying value and that the decline was other-than-temporary.

In the fourth quarter of 2019, the Company recorded a \$60.0 million expense to reduce the carrying value of an Affiliate to fair value. The decline in the fair value was a result of a decline in assets under management and a reduction in projected growth, which decreased the forecasted revenue associated with the investment. The fair value of the investment was determined using a discounted cash flow analysis, a level 3 fair value measurement that included a projected growth rate of 9% for assets under management, discount rates of 11% and 20% for asset and performance based fees, respectively, and a market participant tax rate of 25%. Based on the discounted cash flow analysis, the Company concluded that the fair value of its investment had declined below its carrying value and that the decline was other-than-temporary.

In the first and fourth quarters of 2020, the Company recorded expenses of \$140.0 million and \$45.0 million, respectively, to reduce the carrying value of an Affiliate to fair value. The decline in the fair values was a result of declines in assets under management and reductions in projected growth, which decreased the forecasted revenues associated with the investment. The fair values of the investment were determined using probability-weighted discounted cash flow analyses, level 3 fair value measurements that included projected compounded growth in assets under management over the first five years of (2)% and (5)% for the first and fourth quarters of 2020, respectively, discount rates of 11% for asset based fees, discount rates of 20% for performance based fees, and market participant tax rates of 25%. Based on the discounted cash flow analyses, the Company concluded that the fair value of its investment had declined below its carrying value at each of the respective measurement dates and that the decline was other-than-temporary.

For the year ended December 31, 2020, the Company completed its annual assessment of its investments in Affiliates accounted for under the equity method and no other impairments were indicated. If financial markets become depressed for a prolonged period as a result of COVID-19 or other factors, or the financial performance of an Affiliate worsens as a result of net client cash outflows or performance, regardless of the performance of financial markets, the fair values of these assets could drop below their carrying values for periods considered other than temporary, resulting in future impairments.

In connection with one of the Company's investments in an Affiliate, a minority owner has the right to elect to sell a portion of its ownership interest in the Affiliate to the Company annually. In the second quarter of 2019, the minority owner sold a 5% ownership interest in the Affiliate to the Company for \$25.7 million.

In the fourth quarter of 2020, the Company recorded a liability in Other liabilities of \$40.0 million, with a corresponding increase to the carrying value of the Affiliate in Equity method investments in Affiliates (net), related to the achievement of specified financial targets by the Affiliate. This payment is expected to settle in 2022.

As of December 31, 2020, the Company was obligated to make payments related to an investment in an Affiliate accounted for under the equity method. The maximum the company is obligated to pay is \$35.0 million in 2021 and \$37.5 million in 2022.

The following table presents summarized financial information for Affiliates accounted for under the equity method:

	For the Years Ended December 31,		
	2018	2019	2020
Revenue ⁽¹⁾	\$ 3,231.7	\$ 2,760.9	\$ 2,659.7
Net income ⁽¹⁾	1,286.1	1,061.3	1,061.8
		December 31,	
		2019	2020
Assets		\$ 2,718.5	\$ 2,958.9
Liabilities and Non-controlling interests		1,212.7	1,245.5

AFFILIATED MANAGERS GROUP, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

⁽¹⁾ Revenue and net income include asset and performance based fees, the impact of consolidated sponsored investment products and investments in new Affiliates for the full-year, regardless of the date of the Company's investment.

The Company's share of undistributed earnings from equity method investments is recorded in Equity method investments in Affiliates (net) and was \$170.6 million as of December 31, 2020.

11. Lease Commitments

The Company and its Affiliates currently lease office space and equipment under various operating leasing arrangements. For the year ended December 31, 2018, consolidated lease costs were \$40.5 million. The following table presents total lease costs (net) for 2019 and 2020:

	For the Years Ended December 31,	
	2019	2020
Operating lease costs	\$ 41.7	\$ 37.6
Short-term lease costs	2.1	0.8
Variable lease costs	0.1	0.0
Sublease income	(4.4)	(5.0)
Total lease costs (net)	\$ 39.5	\$ 33.4

For the years ended December 31, 2019 and 2020, new right-of-use assets obtained in exchange for lease liabilities were \$26.1 million and \$24.4 million, respectively. As of December 31, 2019 and 2020, the Company's and its Affiliates' weighted average operating lease term was eight years and seven years, respectively, and the weighted average operating lease discount rate was 4% as of both December 31, 2019 and 2020.

As of December 31, 2020, the maturities of lease liabilities were as follows:

Year	Operating Leases
2021	\$ 40.5
2022	36.7
2023	32.0
2024	25.9
2025	21.3
Thereafter	59.6
Total undiscounted lease liabilities⁽¹⁾	\$ 216.0

⁽¹⁾ Total undiscounted lease liabilities were \$34.9 million greater than the operating leases recorded in Other liabilities primarily due to present value discounting. Both amounts exclude leases with initial terms of 12 months or less and leases that have not yet commenced.

In the fourth quarter of 2019, the Company recorded an \$8.1 million expense to reduce the carrying value to fair value of certain of the Company's right-of-use assets related to a reduction in leased office space. The fair values of the right-of-use assets were determined using a discounted cash flow analysis, a Level 3 fair value measurement that included market rental rates ranging from \$13 to \$68 per square foot (a weighted-average of \$46 per square foot), weighted-average discount rates ranging from 3.3% to 5.5% and a market participant tax rate of 25%. In 2020, no impairments of right-of-use assets were indicated.

12. Fixed Assets

AFFILIATED MANAGERS GROUP, INC.**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

Fixed assets (net) consisted of the following:

	December 31,	
	2019	2020
Buildings and leasehold improvements	\$ 116.3	\$ 116.5
Software	52.6	55.3
Equipment	43.0	44.3
Furniture and fixtures	21.3	21.0
Land, improvements and other	17.9	18.0
Fixed assets, at cost	251.1	255.1
Accumulated depreciation and amortization	(158.8)	(175.5)
Fixed assets (net)	\$ 92.3	\$ 79.6

13. Payables and Accrued Liabilities

Payables and accrued liabilities consisted of the following:

	December 31,	
	2019	2020
Accrued compensation	\$ 421.5	\$ 400.0
Other	213.1	312.4
Payables and accrued liabilities	\$ 634.6	\$ 712.4

14. Related Party Transactions

A prior owner of one of the Company's consolidated Affiliates retains interests in certain of the Affiliate's private equity partnerships and, as a result, is a related party of the Company. The prior owner's interests are presented within Other liabilities and were \$38.5 million and \$35.4 million as of December 31, 2019 and 2020, respectively.

The Company may invest from time to time in funds or products advised by its Affiliates. The Company's executive officers and directors may invest from time to time in funds advised or products offered by its Affiliates on substantially the same terms as other investors. In addition, the Company and its Affiliates earn asset and performance based fees and incur distribution and other expenses for services provided to Affiliate sponsored investment products. Affiliate management owners and the Company's officers may serve as trustees or directors of certain investment vehicles from which the Company or an Affiliate earns fees.

The Company has related party transactions in association with its contingent payment arrangements and Affiliate equity transactions, as more fully described in Notes 8, 10, 17 and 18.

15. Stockholders' EquityCommon Stock

The Company is authorized to issue up to 150.0 million shares of voting common stock and 3.0 million shares of class B non-voting common stock.

The Company's Board of Directors authorized share repurchase programs in October 2019 and January 2019 to repurchase up to 6.0 million and 3.3 million shares of its common stock, respectively, and these authorizations have no expiry. Purchases may be made from time to time, at management's discretion, in the open market or in privately negotiated transactions, including through the use of trading plans as well as pursuant to accelerated share repurchase programs or other share repurchase strategies that may include derivative financial instruments. As of December 31, 2020, the Company had repurchased all of the shares of the January 2019 program, and there were a total of 1.9 million shares available for repurchase under the Company's October 2019 share repurchase program.

AFFILIATED MANAGERS GROUP, INC.**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

The following is a summary of the Company's share repurchase activity:

Year	Shares Repurchased	Average Price
2018	3.3	\$ 150.31
2019	4.1	88.73
2020	5.0	86.35

Between January 1 and February 18, 2021, the Company repurchased 1.2 million shares of its common stock for \$151.9 million, including shares repurchased in the open market, through a 10b5-1 trading plan, and pursuant to an accelerated share repurchase program.

Equity Distribution Program

The Company has equity distribution and forward equity agreements with several major securities firms under which it may, from time to time, issue and sell shares of its common stock (immediately or on a forward basis) having an aggregate sales price of up to \$500.0 million (the "equity distribution program"). As of December 31, 2020, no sales had occurred under the equity distribution program.

Preferred Stock

The Company is authorized to issue up to 5.0 million shares of Preferred Stock. Any such Preferred Stock issued by the Company may rank prior to common stock as to dividend rights, liquidation preference or both, may have full or limited voting rights and may be convertible into shares of common stock.

Financial Instruments

The Company's junior convertible securities contain an embedded right for holders to receive shares of the Company's common stock under certain conditions. These arrangements, as well as the equity distribution program, meet the definition of equity and are not required to be accounted for separately as derivative financial instruments.

16. Share-Based CompensationShare-Based Incentive Plans

The Company has established various plans under which it is authorized to grant restricted stock, restricted stock units, stock options, and stock appreciation rights. The Company may also grant cash awards that can be notionally invested in one or more specified measurement funds, including the Company's common stock. Awards granted under the Company's share-based incentive plans typically participate in any dividends declared, but such amounts are deferred until delivery of the shares and are forfeitable if the requisite service is not satisfied. Dividends may accrue in cash or may be reinvested in the Company's common stock.

Share-Based Compensation

The following table presents share-based compensation expense:

Year	Share-Based Compensation Expense	Tax Benefit
2018	\$ 44.7	\$ 11.2
2019	49.9	8.2
2020	67.4	10.3

The excess tax benefit (deficiency) recognized from share-based incentive plans was \$0.7 million, \$(3.2) million, and \$(3.9) million, for the years ended December 31, 2018, 2019, and 2020, respectively.

As of December 31, 2019, the Company had unrecognized share-based compensation expense of \$106.6 million. As of December 31, 2020, the Company had \$86.2 million of unrecognized share-based compensation, which will be recognized over a weighted average period of approximately three years (assuming no forfeitures).

Restricted Stock

AFFILIATED MANAGERS GROUP, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

The following table summarizes transactions in the Company's restricted stock units:

	Restricted Stock Units	Weighted Average Grant Date Value
Unvested units—December 31, 2019	1.1	\$ 123.70
Units granted	0.4	73.75
Units vested	(0.4)	141.67
Units forfeited	(0.0)	134.52
Performance condition changes	0.1	105.92
Unvested units—December 31, 2020	<u>1.2</u>	99.46

The Company granted restricted stock unit awards with fair values of \$37.7 million, \$59.7 million, and \$31.8 million for the years ended December 31, 2018, 2019, and 2020, respectively. These restricted stock units were valued based on the closing price of the Company's common stock on the grant date and the number of shares expected to vest. Restricted stock units containing vesting conditions generally require service over a period of three years to four years and may also require the satisfaction of certain performance conditions. For awards with performance conditions, the number of restricted stock units expected to vest may change over time depending upon the performance level achieved.

The total fair value of shares vested was \$5.9 million, \$18.9 million, and \$24.1 million during the years ended December 31, 2018, 2019, and 2020, respectively. As of December 31, 2020, the Company had 3.3 million shares available for grant under its plans.

Stock Options

The following table summarizes transactions in the Company's stock options:

	Stock Options	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life (Years)
Unexercised options outstanding—December 31, 2019	2.3	\$ 85.58	
Options granted	0.2	74.31	
Options exercised	(0.0)	86.78	
Options forfeited	(0.0)	147.77	
Performance condition changes	0.4	74.42	
Unexercised options outstanding—December 31, 2020	<u>2.9</u>	82.14	5.1
Exercisable at December 31, 2020	0.4	126.95	1.7

The Company granted stock options with fair values of \$1.0 million, \$34.2 million, and \$4.4 million for the years ended December 31, 2018, 2019, and 2020, respectively. Stock options generally vest over a period of three years to five years and expire seven years after the grant date. All stock options have been granted with exercise prices equal to the closing price of the Company's common stock on the grant date. Substantially all of the Company's outstanding stock options contain both service and performance conditions. For awards with performance conditions, the number of stock options expected to vest may change over time depending upon the performance level achieved.

The Company generally uses treasury stock to settle stock option exercises. The total intrinsic value of stock options exercised during the years ended December 31, 2018, 2019, and 2020 was \$8.2 million, \$0.2 million, and \$0.0 million, respectively. The cash received for stock options exercised was \$9.7 million, \$0.9 million, and zero during the years ended December 31, 2018, 2019, and 2020, respectively. As of December 31, 2020, the intrinsic value of exercisable stock options outstanding was \$0.5 million, and 1.2 million options were available for grant under the Company's option plans.

The weighted average fair value of stock options was \$48.64, \$18.36, and \$18.33, per option, for the years ended December 31, 2018, 2019, and 2020, respectively. The Company uses the Black-Scholes option pricing model to determine the fair value of options. The weighted average grant date assumptions used to estimate the fair value of stock options granted were as follows:

	For the Years Ended December 31,					
	2018		2019		2020	
Dividend yield	0.8	%	1.7	%	1.6	%
Expected volatility ⁽¹⁾	25.5	%	29.4	%	30.5	%
Risk-free interest rate ⁽²⁾	2.8	%	1.5	%	0.9	%
Expected life of stock options (in years) ⁽³⁾		5.7		5.7		5.7
Forfeiture rate	0.0	%	0.0	%	0.0	%

⁽¹⁾ Expected volatility is based on historical and implied volatility.

⁽²⁾ Risk-free interest rate is based on the U.S. Treasury yield curve in effect at the date of grant.

⁽³⁾ Expected life of options (in years) is based on the Company's historical and expected exercise behavior.

17. Redeemable Non-Controlling Interests

Affiliate equity interests provide holders with an equity interest in one of the Company's Affiliates, consistent with the structured partnership interests in place at the respective Affiliate. Affiliate equity holders generally have a conditional right to put their interests to the Company at certain intervals (between five years and 15 years from the date the equity interest is received by the Affiliate equity holder or on an annual basis following an Affiliate equity holder's departure). Prior to becoming redeemable, the value of the Company's Affiliate equity is presented within Non-controlling interests. Upon becoming redeemable, the value of these interests is reclassified and the current redemption value of these interests is presented as Redeemable non-

controlling interests. Changes in the current redemption value are recorded to Additional paid-in capital. When the Company receives a put notice, and, therefore, has an unconditional obligation to repurchase Affiliate equity interests, they are reclassified to Other liabilities.

The following table presents the changes in Redeemable non-controlling interests:

	Redeemable Non-controlling Interests	
	2019	2020
Balance, beginning of period ⁽¹⁾	\$ 833.7	\$ 916.7
(Decreases) increases attributable to consolidated Affiliate sponsored investment products	(69.4)	13.8
Transfers to Other liabilities	(118.6)	(310.6)
Transfers from (to) Non-controlling interests	105.0	(7.8)
Changes in redemption value	166.0	59.4
Balance, end of period ⁽¹⁾	\$ 916.7	\$ 671.5

⁽¹⁾ As of December 31, 2019 and 2020, Redeemable non-controlling interests include consolidated Affiliate sponsored investment products primarily attributable to third-party investors of \$21.6 million and \$35.4 million, respectively.

18. Affiliate Equity

Affiliate equity interests are allocated income in a manner that is consistent with the structured partnership interests in place at the respective Affiliate. The Company's Affiliates generally pay quarterly distributions to Affiliate equity holders. Distributions paid to Affiliate equity holders (non-controlling interests) were \$370.5 million, \$347.9 million, and \$306.3 million for the years ended December 31, 2018, 2019, and 2020, respectively.

Affiliate equity interests provide the Company a conditional right to call (on an annual basis following an Affiliate equity holder's departure) and Affiliate equity holders have a conditional right to put their interests at certain intervals (between five years and 15 years from the date the equity interest is received by the Affiliate equity holder or on an annual basis following an Affiliate equity holder's departure). For Affiliates accounted for under the equity method, we do not typically have such put and call arrangements. The purchase price of these conditional purchases are generally calculated based upon a multiple of cash flow distributions, which is intended to represent fair value. Affiliate equity holders are also permitted to sell their equity interests to other individuals or entities in certain cases, subject to the Company's approval or other restrictions. The Company,

AFFILIATED MANAGERS GROUP, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

at its option, may pay for Affiliate equity purchases in cash, shares of its common stock or other forms of consideration, and can consent to the transfer of these interests to other individuals or entities.

The Company periodically repurchases Affiliate equity from and issues Affiliate equity to the Company's consolidated Affiliate partners and its officers. The amount of cash paid for repurchases was \$120.0 million, \$146.0 million, and \$315.1 million for the years ended December 31, 2018, 2019, and 2020, respectively. The total amount of cash received for issuances was \$6.3 million, \$10.5 million, and \$20.2 million for the years ended December 31, 2018, 2019, and 2020, respectively.

Sales and repurchases of Affiliate equity generally occur at fair value; however, the Company also grants Affiliate equity to its consolidated Affiliate partners and its officers as a form of compensation. If the equity is issued for consideration below the fair value of the equity, or repurchased for consideration above the fair value of the equity, the difference is recorded as compensation expense in Compensation and related expenses in the Consolidated Statements of Income over the requisite service period.

The following table presents Affiliate equity compensation expense:

	For the Years Ended December 31,		
	2018	2019	2020
Controlling interest	\$ 16.7	\$ 9.6	\$ 20.9
Non-controlling interests	39.7	30.9	30.9
Total	\$ 56.4	\$ 40.5	\$ 51.8

The following table presents unrecognized Affiliate equity compensation expense:

Year	Controlling Interest	Remaining Life	Non-controlling Interests	Remaining Life
2018	\$ 38.7	5 years	\$ 118.3	6 years
2019	40.9	4 years	124.6	6 years
2020	35.9	4 years	109.7	5 years

The Company records amounts receivable from, and payable to, Affiliate equity holders in connection with the transfer of Affiliate equity interests that have not settled at the end of the period and other related transactions. The total receivable was \$14.8 million and \$9.6 million as of December 31, 2019 and 2020, respectively, and was included in Other assets. The total payable was \$19.8 million and \$22.0 million as of December 31, 2019 and 2020, respectively, and was included in Other liabilities.

Effects of Changes in the Company's Ownership in Affiliates

The Company periodically acquires interests from, and transfers interests to, Affiliate equity holders. Because these transactions do not result in a change of control, any gain or loss related to these transactions is recorded to Additional paid-in capital, which increases or decreases the controlling interest's equity. No gain or loss related to these transactions is recorded in the Consolidated Statements of Income or the Consolidated Statements of Comprehensive Income.

While the Company presents the current redemption value of Affiliate equity within Redeemable non-controlling interests, with changes in the current redemption value increasing or decreasing the controlling interest's equity over time, the following table presents the cumulative effect that ownership changes had on the controlling interest's equity related only to Affiliate equity transactions that settled during the applicable periods:

	For the Years Ended December 31,		
	2018	2019	2020
Net income (controlling interest)	\$ 243.6	\$ 15.7	\$ 202.2
(Decrease) increase in controlling interest paid-in capital from Affiliate equity issuances	(5.0)	(3.1)	1.1
Decrease in controlling interest paid-in capital from Affiliate equity repurchases	(67.9)	(50.8)	(239.1)
Net income (loss) (controlling interest) including the net impact of Affiliate equity transactions	\$ 170.7	\$ (38.2)	\$ (35.8)

19. Benefit Plans

AFFILIATED MANAGERS GROUP, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

The Company has a defined contribution plan that is a qualified employee profit-sharing plan, covering substantially all of its employees. Under this plan, the Company is able to make discretionary contributions for the benefit of its employees that are qualified plan participants, up to Internal Revenue Service limits. The Company's consolidated Affiliates generally have their own qualified defined contribution retirement plans covering their respective employees or, for several Affiliates, have their employees covered under the Company's plan. In each case, the relevant Affiliate is able to make discretionary contributions for the benefit of its employees, as applicable, that are qualified plan participants, up to Internal Revenue Service limits. Consolidated expenses related to these plans were \$20.8 million, \$19.4 million, and \$17.6 million for the years ended December 31, 2018, 2019, and 2020, respectively. The controlling interest's portion of expenses related to these plans were \$4.8 million, \$3.6 million, and \$3.0 million for the years ended December 31, 2018, 2019, and 2020, respectively.

20. Income Taxes

The Company's consolidated income tax provision includes taxes attributable to the controlling interest and, to a lesser extent, taxes attributable to non-controlling interests.

The following table presents the consolidated provision for income taxes:

	For the Years Ended December 31,		
	2018	2019	2020
Controlling interest:			
Current taxes	\$ 117.2	\$ 46.5	\$ 44.6
Intangible-related deferred taxes	79.7	(51.3)	(9.9)
Other deferred taxes	(27.5)	(4.3)	34.8
Total controlling interest	<u>169.4</u>	<u>(9.1)</u>	<u>69.5</u>
Non-controlling interests:			
Current taxes	\$ 12.2	\$ 12.2	\$ 10.0
Deferred taxes	(0.3)	(0.2)	1.9
Total non-controlling interests	<u>11.9</u>	<u>12.0</u>	<u>11.9</u>
Income tax expense	<u>\$ 181.3</u>	<u>\$ 2.9</u>	<u>\$ 81.4</u>
Income before income taxes (controlling interest)	<u>\$ 413.0</u>	<u>\$ 6.6</u>	<u>\$ 271.7</u>
Effective tax rate (controlling interest) ⁽¹⁾	41.0 %	(137.0)%	25.6 %

⁽¹⁾ Taxes attributable to the controlling interest divided by income before income taxes (controlling interest).

The consolidated provision for income taxes consisted of the following:

	For the Years Ended December 31,		
	2018	2019	2020
Current:			
Federal	\$ 52.2	\$ (18.2)	\$ (9.6)
State	28.6	(8.8)	17.0
Foreign	48.6	85.7	47.2
Total current	<u>129.4</u>	<u>58.7</u>	<u>54.6</u>
Deferred:			
Federal	\$ 51.3	\$ (23.9)	\$ 20.1
State	13.2	3.4	5.4
Foreign	(12.6)	(35.3)	1.3
Total deferred	<u>51.9</u>	<u>(55.8)</u>	<u>26.8</u>
Income tax expense	<u>\$ 181.3</u>	<u>\$ 2.9</u>	<u>\$ 81.4</u>

For financial reporting purposes, Income before income taxes consisted of the following:

AFFILIATED MANAGERS GROUP, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

	For the Years Ended December 31,		
	2018	2019	2020
Domestic	\$ 637.3	\$ 152.2	\$ 446.1
International	76.3	155.8	62.2
Total	<u>\$ 713.6</u>	<u>\$ 308.0</u>	<u>\$ 508.3</u>

The following table reconciles the U.S. federal statutory tax rate to the Company's effective tax rate:

	For the Years Ended December 31,		
	2018	2019	2020
Statutory U.S. federal tax rate	21.0 %	21.0 %	21.0 %
State income taxes, net of federal benefit	3.7	3.5	3.5
Foreign operations	1.3	(471.2)	(8.5)
Compensation plans	1.6	240.6	5.8
Changes in tax laws	—	—	3.0
Change in valuation allowances	0.0	(107.2)	6.9
Unrecognized tax benefits	0.5	420.4	(1.1)
Affiliate divestments	—	(120.4)	(6.2)
Reduction in carrying value of Affiliates	13.0	—	—
Changes in U.S. tax provision to return	(1.0)	(195.7)	0.8
Other	0.9	72.0	0.4
Effective tax rate (controlling interest)	<u>41.0 %</u>	<u>(137.0)%</u>	<u>25.6 %</u>
Effect of income from non-controlling interests	(15.6)	137.9	(9.6)
Effective tax rate	<u>25.4 %</u>	<u>0.9 %</u>	<u>16.0 %</u>

The Company's effective tax rate (controlling interest) in 2018 is higher than the marginal tax rate primarily due to a \$240.0 million expense recorded to reduce the carrying value of one of the Company's Affiliates to fair value for which the Company did not recognize an income tax benefit. The effective tax rate (controlling interest) in 2019 is lower than the marginal tax rate primarily due to lower Income before income taxes, as a result of increased Intangible amortization and impairments expense, and tax benefits related to an Affiliate divestment. The effective tax rate (controlling interest) in 2020 is not significantly different from the marginal tax rate.

Deferred income tax liability (net) reflects the expected future tax consequences of temporary differences between the financial reporting bases and tax bases of the Company's assets and liabilities. The significant components of the Company's Deferred income tax liability (net) are as follows:

AFFILIATED MANAGERS GROUP, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

	December 31,	
	2019	2020
Deferred Tax Assets		
Deferred compensation	\$ 13.8	\$ 15.4
State loss carryforwards	15.9	17.0
Foreign loss carryforwards	17.7	19.7
Tax benefit of uncertain tax positions	27.4	26.3
Deferred income	3.0	—
Lease liabilities	12.3	10.0
Foreign tax credits	—	8.2
Other	2.6	—
Total deferred tax assets	92.7	96.6
Valuation allowance	(16.9)	(35.6)
Deferred tax assets, net of valuation allowance	\$ 75.8	\$ 61.0
Deferred Tax Liabilities		
Intangible asset amortization	\$ (293.7)	\$ (235.6)
Non-deductible intangible amortization	(110.9)	(116.6)
Junior convertible securities interest	(91.6)	(99.3)
Right-of-use assets	(10.3)	(7.3)
Deferred income	—	(10.7)
Other	(4.1)	(8.5)
Total deferred tax liabilities	(510.6)	(478.0)
Deferred income tax liability (net) ⁽¹⁾	\$ (434.8)	\$ (417.0)

⁽¹⁾ As of December 31, 2019 and 2020, foreign loss carryforwards of \$17.7 million and \$19.7 million, respectively, net of a \$2.3 million and a \$13.3 million valuation allowance, respectively, are presented within Other assets as they represent a net deferred tax asset in a foreign jurisdiction.

As of December 31, 2020, the Company had available state net operating loss carryforwards of \$243.7 million, a majority of which will expire over ten years to 15 years. As of December 31, 2020, the Company had foreign loss carryforwards of \$74.2 million, of which \$64.6 million will expire over 11 years to 19 years and \$9.6 million will carry forward indefinitely. As of December 31, 2020, the Company had foreign tax credit carryforwards of \$8.2 million which will expire over eight years to ten years.

The Company believed it was more-likely-than-not that the benefit from certain state and foreign loss carryforwards and foreign tax credit carryforwards would not be fully realized, and, as of December 31, 2020, had valuation allowances of \$14.1 million, \$13.3 million, and \$8.2 million on the state and foreign loss carryforwards and the foreign tax credit carryforwards, respectively. For the years ended December 31, 2019 and 2020, there was a \$7.2 million reduction and an \$18.7 million increase in the valuation allowances, respectively.

The Company's estimates and assumptions regarding the realization of its state and foreign loss carryforwards do not contemplate certain changes in ownership of the Company's stock which could limit the utilization of these carryforwards.

The Company does not provide for U.S. income taxes on the excess of the financial reporting bases over tax bases in the Company's investments in foreign subsidiaries considered permanent in duration. Such amount would generally become taxable upon the repatriation of assets from, or a sale or liquidation of, the foreign subsidiaries. While a determination of the potential amount of unrecognized deferred U.S. income tax liability related to these amounts is not practicable because of the numerous assumptions associated with this hypothetical calculation, as of December 31, 2020, the estimated amount of such difference was \$317.1 million.

A reconciliation of the changes in unrecognized tax benefits is as follows:

AFFILIATED MANAGERS GROUP, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

	For the Years Ended December 31,		
	2018	2019	2020
Balance, beginning of period	\$ 32.4	\$ 33.1	\$ 65.4
Additions based on current year tax positions	2.4	39.8	1.1
Additions based on prior years' tax positions	8.4	3.2	1.7
Reduction for prior years' tax positions	(2.0)	(3.5)	(0.4)
Lapse of the statute of limitations	(6.3)	(4.0)	(7.6)
Settlements	(1.3)	(0.4)	—
Foreign currency translation	(0.5)	(2.8)	3.3
Balance, end of period	<u>\$ 33.1</u>	<u>\$ 65.4</u>	<u>\$ 63.5</u>

Included in the balance of unrecognized tax benefits as of December 31, 2018, 2019, and 2020 were \$33.1 million, \$65.4 million, and \$63.5 million, respectively, of tax benefits that, if recognized, would favorably affect the Company's effective tax rate (controlling interest). As of December 31, 2020, certain of these benefits, if realized, would be offset by the utilization of indirect tax benefits, for which the Company has accrued deferred tax assets of \$26.3 million.

The Company records accrued interest and penalties, if any, related to unrecognized tax benefits in Income tax expense. For the years ended December 31, 2018, 2019, and 2020, interest and penalties related to unrecognized tax benefits were \$0.4 million, \$8.4 million, and \$0.8 million, respectively. As of December 31, 2019 and 2020, the Company had accrued interest and penalties related to unrecognized tax benefits of \$10.5 million and \$11.4 million, respectively.

The Company is subject to U.S. federal, state and local, and foreign income tax in multiple jurisdictions and is periodically subject to tax examinations in these jurisdictions. The completion of examinations may result in the payment of additional taxes and/or the recognition of tax benefits. The Company is generally no longer subject to income tax examinations by U.S. federal, state and local, or foreign taxing authorities for periods prior to 2016.

21. Earnings Per Share

The calculation of Earnings per share (basic) is based on the weighted average number of shares of the Company's common stock outstanding during the period. Earnings per share (diluted) is similar to Earnings per share (basic), but adjusts for the dilutive effect of the potential issuance of incremental shares of the Company's common stock. The following is a reconciliation of the numerator and denominator used in the calculation of basic and diluted earnings per share available to common stockholders:

	For the Years Ended December 31,		
	2018	2019	2020
Numerator			
Net income (controlling interest)	\$ 243.6	\$ 15.7	\$ 202.2
Interest expense on junior convertible securities, net of taxes	—	—	—
Net income (controlling interest), as adjusted	<u>\$ 243.6</u>	<u>\$ 15.7</u>	<u>\$ 202.2</u>
Denominator			
Average shares outstanding (basic)	53.6	50.5	46.5
Effect of dilutive instruments:			
Stock options and restricted stock units	0.2	0.1	0.2
Junior convertible securities	—	—	—
Average shares outstanding (diluted)	<u>53.8</u>	<u>50.6</u>	<u>46.7</u>

Average shares outstanding (diluted) in the table above excludes stock options and restricted stock units that have not met certain performance conditions and items that have an anti-dilutive effect on Earnings per share (diluted). The following is a summary of items excluded from the denominator in the table above:

AFFILIATED MANAGERS GROUP, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

	For the Years Ended December 31,		
	2018	2019	2020
Stock options and restricted stock units	0.2	2.6	2.9
Junior convertible securities	2.2	2.2	2.2

The Company may settle portions of its Affiliate equity purchases in shares of its common stock. Because it is the Company's intention to settle these potential purchases in cash, the calculation of Average shares outstanding (diluted) excludes any potential dilutive effect from possible share settlements of Affiliate equity purchases.

22. Comprehensive Income

The following tables present the tax effects allocated to each component of Other comprehensive income (loss):

	For the Year Ended December 31, 2018		
	Pre-Tax	Tax Expense	Net of Tax
Foreign currency translation loss	\$ (87.0)	\$ (15.1)	\$ (102.1)
Change in net realized and unrealized loss on derivative financial instruments	(0.1)	—	(0.1)
Other comprehensive loss	\$ (87.1)	\$ (15.1)	\$ (102.2)

	For the Year Ended December 31, 2019		
	Pre-Tax	Tax Benefit	Net of Tax
Foreign currency translation gain (loss)	\$ (11.4)	\$ 22.3	\$ 10.9
Change in net realized and unrealized gain on derivative financial instruments	1.7	—	1.7
Other comprehensive income (loss)	\$ (9.7)	\$ 22.3	\$ 12.6

	For the Year Ended December 31, 2020		
	Pre-Tax	Tax (Expense) Benefit	Net of Tax
Foreign currency translation gain (loss)	\$ 25.5	\$ (10.3)	\$ 15.2
Change in net realized and unrealized gain (loss) on derivative financial instruments	(1.9)	0.4	(1.5)
Other comprehensive income (loss)	\$ 23.6	\$ (9.9)	\$ 13.7

The components of accumulated other comprehensive income (loss), net of taxes, were as follows:

	Foreign Currency Translation Adjustment	Realized and Unrealized Gains (Losses) on Derivative Financial Instruments	Total
Balance, as of December 31, 2018	\$ (188.0)	\$ (0.5)	\$ (188.5)
Other comprehensive income before reclassifications	10.9	2.2	13.1
Amounts reclassified	—	(0.5)	(0.5)
Net other comprehensive income	10.9	1.7	12.6
Balance, as of December 31, 2019	\$ (177.1)	\$ 1.2	\$ (175.9)
Other comprehensive income (loss) before reclassifications	15.2	(0.9)	14.3
Amounts reclassified	—	(0.6)	(0.6)
Net other comprehensive income (loss)	15.2	(1.5)	13.7
Balance, as of December 31, 2020	\$ (161.9)	\$ (0.3)	\$ (162.2)

In connection with the adoption of ASU 2018-02 in 2019, the Company elected to reclassify to Retained earnings \$6.6 million of tax effects stranded in Accumulated other comprehensive loss as a result of the enactment of the Tax Cuts and Jobs Act on December 22, 2017.

23. Geographic Information

AFFILIATED MANAGERS GROUP, INC.**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

The following table presents Consolidated revenue and Fixed assets (net) of the Company by geographic location. For Affiliates, this information is primarily based on the location of the Affiliates' headquarters.

	For the Years Ended December 31,		
	2018	2019	2020
Consolidated revenue			
United States	\$ 1,611.7	\$ 1,642.2	\$ 1,524.0
United Kingdom	628.8	515.2	462.3
Other	137.9	82.2	41.2
Total	<u>\$ 2,378.4</u>	<u>\$ 2,239.6</u>	<u>\$ 2,027.5</u>
		December 31,	
		2019	2020
Fixed assets (net)			
United States		\$ 75.6	\$ 64.2
United Kingdom		15.8	14.6
Other		0.9	0.8
Total		<u>\$ 92.3</u>	<u>\$ 79.6</u>

AFFILIATED MANAGERS GROUP, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Schedule II
Valuation and Qualifying Accounts

<i>(in millions)</i>	Balance Beginning of Period	Additions Charged to Costs and Expenses	Additions Charged to Other Accounts	Deductions	Balance End of Period
Income Tax Valuation Allowance					
Year Ending December 31,					
2020	\$ 16.9	\$ 18.4	\$ 0.3	\$ —	\$ 35.6
2019	24.1	4.9	—	12.1	16.9
2018	24.1	0.6	—	0.6	24.1
Other Allowances⁽¹⁾					
Year Ending December 31,					
2020	\$ 4.1	\$ 3.8	\$ —	\$ 3.1	\$ 4.8
2019	5.0	1.0	—	1.9	4.1
2018	3.6	6.4	—	5.0	5.0

⁽¹⁾ Other allowances represented reserves on notes received in connection with transfers of our interests in certain Affiliates, as well as other receivable amounts, which we considered uncollectible. Deductions represented the reversal of such reserves upon collection of the amounts due.

AFFILIATED MANAGERS GROUP, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

None.

Item 9A. Controls and Procedures

As required by Rule 13a-15 of the Securities and Exchange Act of 1934, as amended (the “Exchange Act”), as of December 31, 2020, we carried out an evaluation under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of our disclosure controls and procedures. Based upon that evaluation, the Chief Executive Officer and Chief Financial Officer concluded that, as of the end of the period covered by this report, our disclosure controls and procedures are effective in ensuring that (i) information required to be disclosed by us in the reports we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC’s rules and forms, and (ii) such information is accumulated and communicated to our management, including our principal executive officer and principal financial officers, as appropriate, to allow timely decisions regarding required disclosure. In designing and evaluating our disclosure controls and procedures, we recognize that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives, and our management necessarily was required to apply its judgment in evaluating and implementing possible controls and procedures. Our disclosure controls and procedures were designed to provide reasonable assurance of achieving their stated objectives, and our principal executive officer and principal financial officers concluded that our disclosure controls and procedures were effective at the reasonable assurance level. We review on an ongoing basis and document our disclosure controls and procedures, and our internal control over financial reporting, and we may from time to time make changes in an effort to enhance their effectiveness and ensure that our systems evolve with our business. See “Management’s Report on Internal Control over Financial Reporting” in Item 8.

Our independent registered public accounting firm, PricewaterhouseCoopers LLP, has issued an audit report on our internal control over financial reporting, which is included in Item 8.

No change in our internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) occurred during the fiscal quarter ended December 31, 2020 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

Item 9B. Other Information

None.

AFFILIATED MANAGERS GROUP, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

PART III

Item 10. Directors, Executive Officers and Corporate Governance

Information required by this Item will be set forth in our proxy statement for our 2020 Annual Meeting of Stockholders (to be filed within 120 days after December 31, 2020) (the “Proxy Statement”), and is incorporated herein by reference.

Item 11. Executive Compensation

Information required by this Item will be set forth in our Proxy Statement, and is incorporated herein by reference.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

Information required by this Item will be set forth in our Proxy Statement, and is incorporated herein by reference.

Item 13. Certain Relationships and Related Transactions and Director Independence

Information required by this Item will be set forth in our Proxy Statement, and is incorporated herein by reference.

Item 14. Principal Accountant Fees and Services

Information required by this Item will be set forth in our Proxy Statement, and is incorporated herein by reference.

PART IV

Item 15. Exhibits, Financial Statement Schedules

(a) (1) Financial Statements: See Item 8 of this Annual Report on Form 10-K.

(2) Financial Statement Schedule required by Part II, Item 8 is included in Item 8:

Schedule II - Valuation and Qualifying Accounts for the years ended December 31, 2020, 2019 and 2018

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(3) Exhibits: See the Exhibit Index below and incorporated by reference herein.

Item 16. Form 10-K Summary

None.

Exhibit Index

- 3.1 [Amended and Restated Certificate of Incorporation \(incorporated by reference to the Company's Registration Statement on Form S-1/A \(No. 333-34679\), filed October 29, 1997\)](#)
- 3.2 [Amendment to Amended and Restated Certificate of Incorporation \(incorporated by reference to the Company's Registration Statement on Form S-8 \(No. 333-129748\), filed November 16, 2005\)](#)
- 3.3 [Amendment to Amended and Restated Certificate of Incorporation \(incorporated by reference to the Company's Proxy Statement on Schedule 14A \(No. 001-13459\), filed April 28, 2006\)](#)
- 3.4 [Amendment to Amended and Restated Certificate of Incorporation \(incorporated by reference to the Company's Quarterly Report on Form 10-Q \(No. 001-13459\), filed August 3, 2017\)](#)
- 3.5 [Amended and Restated By-laws \(incorporated by reference to the Company's Quarterly Report on Form 10-Q \(No. 001-13459\), filed July 31, 2020\)](#)
- 4.1 [Specimen certificate for shares of common stock of the Registrant \(incorporated by reference to the Company's Annual Report on Form 10-K \(No. 001-13459\), filed February 23, 2018\)](#)
- 4.2 [Amended and Restated Declaration of Trust of AMG Capital Trust II, dated as of October 17, 2007, by and among Affiliated Managers Group, Inc., U.S. Bank National Association, successor in interest to Bank of America National Trust Delaware, successor by merger to LaSalle National Trust Delaware, as Delaware Trustee, U.S. Bank National Association, successor in interest to Bank of America, N.A., successor by merger to LaSalle Bank National Association, as Property Trustee and Institutional Administrator, and the holders from time to time of undivided beneficial interests in the assets of AMG Capital Trust II \(incorporated by reference to the Company's Current Report on Form 8-K \(No. 001-13459\), filed October 18, 2007\)](#)
- 4.3 [Indenture, dated as of October 17, 2007, by and between Affiliated Managers Group, Inc. and U.S. Bank National Association, successor in interest to Bank of America, N.A., successor by merger to LaSalle Bank National Association, as Debenture Trustee \(incorporated by reference to the Company's Current Report on Form 8-K \(No. 001-13459\), filed October 18, 2007\)](#)
- 4.4 [First Supplemental Indenture, dated as of January 10, 2014, by and between Affiliated Managers Group, Inc. and U.S. Bank National Association, successor in interest to Bank of America, N.A., successor by merger to LaSalle Bank National Association, as Debenture Trustee \(incorporated by reference to the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2013 \(No. 001-13459\), filed February 27, 2014\)](#)
- 4.5 [Guarantee Agreement, dated as of October 17, 2007, by and between Affiliated Managers Group, Inc. and U.S. Bank National Association, successor in interest to Bank of America, N.A., successor by merger to LaSalle Bank National Association, as Guarantee Trustee \(incorporated by reference to the Company's Current Report on Form 8-K \(No. 001-13459\), filed October 18, 2007\)](#)
- 4.6 [Indenture, dated as of February 11, 2014, by and between Affiliated Managers Group, Inc. and U.S. Bank National Association, as Trustee \(incorporated by reference to the Company's Current Report on Form 8-K \(No. 001-13459\), filed February 11, 2014\)](#)
- 4.7 [Supplemental Indenture related to the 4.250% Senior Notes due 2024, dated as of February 11, 2014, by and between Affiliated Managers Group, Inc. and U.S. Bank National Association, as Trustee, including the form of Global Note attached as Annex A thereto \(incorporated by reference to the Company's Current Report on Form 8-K \(No. 001-13459\), filed February 11, 2014\)](#)
- 4.8 [Second Supplemental Indenture related to the 3.500% Senior Notes due 2025, dated as of February 13, 2015, by and between Affiliated Managers Group, Inc. and U.S. Bank National Association, as Trustee, including the form of Global Note attached as Annex A thereto \(incorporated by reference to the Company's Current Report on Form 8-K \(No. 001-13459\), filed February 13, 2015\)](#)
- 4.9 [Indenture, dated as of March 27, 2019, by and between Affiliated Managers Group, Inc., as issuer, and U.S. Bank National Association, as trustee \(incorporated by reference to the Company's Current Report on Form 8-K \(No. 001-13459\), filed March 27, 2019\)](#)
- 4.10 [First Supplemental Indenture related to the 5.875% Junior Subordinated Notes due 2059, dated as of March 27, 2019, between Affiliated Managers Group, Inc., as issuer, and U.S. Bank National Association, as trustee, including the form of Global Note attached as Annex A thereto \(incorporated by reference to the Company's Current Report on Form 8-K \(No. 001-13459\), filed March 27, 2019\)](#)
- 4.11 [Second Supplemental Indenture related to the 4.750% Junior Subordinated Notes due 2060, dated as of September 23, 2020, between Affiliated Managers Group, Inc., as issuer, and U.S. Bank National Association, as trustee, including the form of Global Note attached as Annex A thereto \(incorporated by reference to the Company's Current Report on Form 8-K \(No. 001-13459\), filed September 23, 2020\)](#)
- 4.12 [Indenture for Senior Notes between Affiliated Managers Group, Inc., as issuer, and U.S. Bank National Association, as trustee, dated as of June 5, 2020 \(incorporated by reference to the Company's Current Report on Form 8-K \(No. 001-13459\), filed June 5, 2020\)](#)

- 4.13 [First Supplemental Indenture related to the 3.300% Senior Notes due 2030, dated as of June 5, 2020, between Affiliated Managers Group, Inc., as issuer, and U.S. Bank National Association, as trustee, including the form of Global Note attached as Annex A thereto \(incorporated by reference to the Company's Current Report on Form 8-K \(No. 001-13459\), filed June 5, 2020\)](#)
- 4.14 [Description of Registrant's Securities*](#)
- 10.1† [Affiliated Managers Group, Inc. Defined Contribution Plan \(incorporated by reference to the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 1999 \(No. 001-13459\), filed March 30, 2000\)](#)
- 10.2† [Affiliated Managers Group, Inc. Executive Incentive Plan \(incorporated by reference to the Company's Proxy Statement on Schedule 14A \(No. 001-13459\), filed April 29, 2015\)](#)
- 10.3† [Affiliated Managers Group, Inc. Amended and Restated 1997 Stock Option and Incentive Plan \(incorporated by reference to the Company's Quarterly Report on Form 10-Q \(No. 001-13459\), filed May 10, 2004\)](#)
- 10.4† [Amendment No. 1 to Affiliated Managers Group, Inc. 1997 Stock Option and Incentive Plan \(incorporated by reference to the Company's Quarterly Report on Form 10-Q \(No. 001-13459\), filed July 31, 2020\)](#)
- 10.5† [Affiliated Managers Group, Inc. Amended and Restated 2002 Stock Option and Incentive Plan \(incorporated by reference to the Company's Quarterly Report on Form 10-Q \(No. 001-13459\), filed May 10, 2004\)](#)
- 10.6† [Amendment No. 1 to Affiliated Managers Group, Inc. 2002 Stock Option and Incentive Plan \(incorporated by reference to the Company's Quarterly Report on Form 10-Q \(No. 001-13459\), filed July 31, 2020\)](#)
- 10.7† [Affiliated Managers Group, Inc. 2006 Stock Option and Incentive Plan \(incorporated by reference to the Company's Proxy Statement on Schedule 14A \(No. 001-13459\), filed April 28, 2006\)](#)
- 10.8† [Amendment No. 1 to Affiliated Managers Group, Inc. 2006 Stock Option and Incentive Plan \(incorporated by reference to the Company's Quarterly Report on Form 10-Q \(No. 001-13459\), filed July 31, 2020\)](#)
- 10.9† [Affiliated Managers Group, Inc. Amended and Restated Long-Term Stock and Investment Plan \(incorporated by reference to the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2013 \(No. 001-13459\), filed February 27, 2014\)](#)
- 10.10† [Affiliated Managers Group, Inc. Executive Retention Plan \(incorporated by reference to the Company's Quarterly Report on Form 10-Q \(No. 001-13459\), filed November 9, 2005\)](#)
- 10.11† [Affiliated Managers Group, Inc. Deferred Compensation Plan \(incorporated by reference to the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2008 \(No. 001-13459\), filed March 2, 2009\)](#)
- 10.12† [Affiliated Managers Group, Inc. Long-Term Equity Interests Plan 2010, LP \(incorporated by reference to the Company's Current Report on Form 8-K \(No. 001-13459\), filed December 17, 2010\)](#)
- 10.13† [Affiliated Managers Group, Inc. 2011 Stock Option and Incentive Plan \(incorporated by reference to the Company's Proxy Statement on Schedule 14A \(No. 001-13459\), filed April 19, 2011\)](#)
- 10.14† [Amendment No. 1 to Affiliated Managers Group, Inc. 2011 Stock Option and Incentive Plan \(incorporated by reference to the Company's Quarterly Report on Form 10-Q \(No. 001-13459\), filed July 31, 2020\)](#)
- 10.15† [Affiliated Managers Group, Inc. Long-Term Equity Interests Plan 2011, LP \(incorporated by reference to the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2011 \(No. 001-13459\), filed February 23, 2012\)](#)
- 10.16† [Affiliated Managers Group, Inc. Long-Term Equity Interests Plan, LP \(incorporated by reference to the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2012 \(No. 001-13459\), filed February 22, 2013\)](#)
- 10.17† [Affiliated Managers Group, Inc. 2013 Incentive Stock Award Plan \(incorporated by reference to the Company's Proxy Statement on Schedule 14A \(No. 001-13459\), filed April 30, 2013\)](#)
- 10.18† [Amendment No. 1 to Affiliated Managers Group, Inc. 2013 Incentive Stock Award Plan \(incorporated by reference to the Company's Annual Report on Form 10-K \(No. 001-13459\), filed February 28, 2020\)](#)
- 10.19† [Affiliated Managers Group, Inc. 2020 Equity Incentive Plan \(incorporated by reference to the Company's Registration Statement on Form S-8 \(No. 333-240091\), filed July 24, 2020\)](#)
- 10.20† [Form of Restricted Stock Unit Award Agreement pursuant to Affiliated Managers Group, Inc. 2013 Incentive Stock Award Plan \(incorporated by reference to the Company's Annual Report on Form 10-K \(No. 001-13459\), filed February 28, 2020\)](#)
- 10.21† [Form of Stock Option Agreement pursuant to Affiliated Managers Group, Inc. Stock Option and Incentive Plan \(incorporated by reference to the Company's Quarterly Report on Form 10-Q \(No. 001-13459\), filed July 31, 2020\)](#)
- 10.22† [Form of Restricted Stock Unit Award Agreement pursuant to Affiliated Managers Group, Inc. 2002 Stock Option Incentive Plan \(incorporated by reference to the Company's Quarterly Report on Form 10-Q \(No. 001-13459\), filed July 31, 2020\)](#)
- 10.23† [Form of Award Agreement pursuant to Affiliated Managers Group, Inc. Incentive Plan \(incorporated by reference to the Company's Annual Report on Form 10-K \(No. 001-13459\), filed February 28, 2020\)](#)
- 10.24† [Form of Award Agreement pursuant to Affiliated Managers Group, Inc. Deferred Compensation Plan \(incorporated by reference to the Company's Annual Report on Form 10-K \(No. 001-13459\), filed February 28, 2020\)](#)

- 10.25† [Form of Affiliated Managers Group, Inc. Award Agreement \(incorporated by reference to the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2013 \(No. 001-13459\), filed February 27, 2014\)](#)
- 10.26† [Form of Restricted Stock Unit Award Agreement pursuant to Affiliated Managers Group, Inc. 2020 Equity Incentive Plan*](#)
- 10.27† [Form of Restricted Stock Unit Award Agreement for Directors pursuant to Affiliated Managers Group, Inc. 2020 Equity Incentive Plan \(incorporated by reference to the Company's Quarterly Report on Form 10-Q \(No. 001-13459\), filed July 31, 2020\)](#)
- 10.28† [Form of Stock Option Award Agreement pursuant to Affiliated Managers Group, Inc. 2020 Equity Incentive Plan*](#)
- 10.29† [Form of Stock Option Award Agreement for Directors pursuant to Affiliated Managers Group, Inc. 2020 Equity Incentive Plan \(incorporated by reference to the Company's Quarterly Report on Form 10-Q \(No. 001-13459\), filed July 31, 2020\)](#)
- 10.30† [Form of Indemnification Agreement entered into by each Director and Executive Officer \(incorporated by reference to the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2010 \(No. 001-13459\), filed March 1, 2011\)](#)
- 10.31† [Service Agreement, dated as of December 6, 2016, by and between Affiliated Managers Group, Inc. and Hugh P. B. Cutler \(incorporated by reference to the Company's Annual Report on Form 10-K \(No. 001-13459\), filed February 23, 2018\)](#)
- 10.32† [Agreement, dated as of May 15, 2020, by and between Affiliated Managers Group, Inc. and Hugh P. B. Cutler \(incorporated by reference to the Company's Quarterly Report on Form 10-Q \(No. 001-13459\), filed July 31, 2020\)](#)
- 10.33† [Annual Director Compensation*](#)
- 10.34 [Amended and Restated Credit Agreement, dated as of January 18, 2019, by and among Affiliated Managers Group, Inc., Bank of America, N.A., as administrative agent, letter of credit issuer and swingline lender, and the other lending institutions from time to time party thereto, and the exhibits and schedules thereto \(incorporated by reference to the Company's Current Report on Form 8-K \(No. 001-13459\), filed January 22, 2019\)](#)
- 10.35 [Third Amended and Restated Term Credit Agreement, dated as of January 18, 2019, by and among Affiliated Managers Group, Inc., Bank of America, N.A., as administrative agent, and the other lending institutions from time to time party thereto, and the exhibits and schedules thereto \(incorporated by reference to the Company's Current Report on Form 8-K \(No. 001-13459\), filed January 22, 2019\)](#)
- 10.36 [First Amendment to Third Amended and Restated Term Credit Agreement, dated as of January 8, 2021, among Affiliated Managers Group, Inc., as borrower, Bank of America, N.A., as administrative agent, and the lenders party thereto \(incorporated by reference to the Company's Current Report on Form 8-K \(No. 001-13459\), filed January 8, 2021\)](#)
- 10.37 [Form of Equity Distribution Agreement, dated as of March 27, 2019 \(incorporated by reference to the Company's Current Report on Form 8-K \(No. 001-13459\), filed March 27, 2019\)](#)
- 10.38 [Form of Master Confirmation Letter Agreement, dated as of March 27, 2019 \(incorporated by reference to the Company's Current Report on Form 8-K \(No. 001-13459\), filed March 27, 2019\)](#)
- 21.1 [Schedule of Subsidiaries*](#)
- 23.1 [Consent of PricewaterhouseCoopers LLP*](#)
- 31.1 [Certification of Registrant's Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002*](#)
- 31.2 [Certification of Registrant's Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002*](#)
- 32.1 [Certification of Registrant's Chief Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002**](#)
- 32.2 [Certification of Registrant's Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002**](#)
- 101 The following financial statements from the Registrant's Annual Report on Form 10-K for the fiscal year ended December 31, 2020 are filed herewith, formatted in XBRL (Inline eXtensible Business Reporting Language): (i) the Consolidated Statements of Income for the years ended December 31, 2020, 2019, and 2018, (ii) the Consolidated Balance Sheets as of December 31, 2020 and December 31, 2019, (iii) the Consolidated Statement of Equity for the years ended December 31, 2020, 2019, and 2018, (iv) the Consolidated Statements of Cash Flows for the years ended December 31, 2020, 2019, and 2018, and (v) the Notes to the Consolidated Financial Statements
- 104 The cover page from the Registrant's Annual Report on Form 10-K for the fiscal year ended December 31, 2020, formatted in XBRL (Inline eXtensible Business Reporting Language) and contained in Exhibit 101

† Indicates a management contract or compensatory plan

* Filed herewith

** Furnished herewith

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Date: February 19, 2021

AFFILIATED MANAGERS GROUP, INC.
(Registrant)
By: /s/ JAY C. HORGEN
Jay C. Horgen
President and Chief Executive Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

<u>Signature</u>	<u>Title</u>	<u>Date</u>
<u>/s/ JAY C. HORGEN</u> Jay C. Horgen	President, Chief Executive Officer (Principal Executive Officer) and Director	February 19, 2021
<u>/s/ THOMAS M. WOJCIK</u> Thomas M. Wojcik	Chief Financial Officer (Principal Financial and Principal Accounting Officer)	February 19, 2021
<u>/s/ KAREN L. ALVINGHAM</u> Karen L. Alvingham	Director	February 19, 2021
<u>/s/ TRACY A. ATKINSON</u> Tracy A. Atkinson	Director	February 19, 2021
<u>/s/ DWIGHT D. CHURCHILL</u> Dwight D. Churchill	Director	February 19, 2021
<u>/s/ REUBEN JEFFERY III</u> Reuben Jeffery III	Director	February 19, 2021
<u>/s/ FELIX V. MATOS RODRIGUEZ</u> Felix V. Matos Rodriguez	Director	February 19, 2021
<u>/s/ TRACY P. PALANDJIAN</u> Tracy P. Palandjian	Director	February 19, 2021

**DESCRIPTION OF THE REGISTRANT'S SECURITIES
REGISTERED PURSUANT TO SECTION 12 OF THE
SECURITIES EXCHANGE ACT OF 1934**

Affiliated Managers Group, Inc. (“AMG”, “we”, “us” or “our”) has three classes of securities registered under Section 12 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”): (i) common stock, par value \$0.01 per share (“common stock”), (ii) 5.875% Junior Subordinated Notes due 2059 (the “2059 Junior Subordinated Notes”) and (iii) 4.750% Junior Subordinated Notes due 2060 (the “2060 Junior Subordinated Notes” and together with the 2059 Junior Subordinated Notes, the “Notes”).

DESCRIPTION OF COMMON STOCK

The following is a summary description of certain material terms and provisions of our common stock, and may not contain all the information that is important to you. Therefore, we encourage you to read our charter, our by-laws and applicable provisions of the Delaware General Corporation Law for additional information related to our common stock.

General

Under our charter, we currently have authority to issue up to 150,000,000 shares of common stock, and up to 3,000,000 shares of Class B non-voting common stock, par value \$0.01 per share (“Class B non-voting common stock”). Under Delaware law, stockholders generally are not responsible for our debts or obligations. No shares of Class B non-voting common stock are currently issued and outstanding. All shares of common stock currently outstanding are duly authorized, fully paid and nonassessable. Our common stock is listed on the New York Stock Exchange under the symbol “AMG”.

Dividends

Subject to preferential rights of any other class or series of stock, holders of common stock and Class B non-voting common stock may receive dividends out of assets that we can legally use to pay dividends, when, as and if they are declared by our board of directors, with each share of common stock and each share of Class B non-voting common stock sharing equally in such dividends (with each share of Class B non-voting common stock being equal to the number of shares of common stock into which it would then be convertible). If dividends are declared that are payable in shares of common stock or shares of Class B non-voting common stock, such dividends will be declared payable at the same rate in both classes of stock and the dividends payable in shares of common stock will be payable to the holders of shares of common stock, and the dividends payable in shares of Class B non-voting common stock will be payable to the holders of shares of Class B non-voting common stock.

Voting Rights

Holders of common stock will have the exclusive power to vote on all matters presented to our stockholders, including the election of directors, except as otherwise required by Delaware law or as provided with respect to any other class or series of stock. Holders of common stock are entitled to one vote per share. There is no cumulative voting in the election of our directors, which means that, subject to any rights to elect directors that are granted to the holders of any class or series of preferred stock, a majority of the votes cast at a meeting of stockholders at which a quorum is present is required to elect a director in an uncontested election.

Liquidation/Dissolution Rights

Subject to the preferential rights of any other class or series of stock, holders of shares of our common stock and Class B non-voting common stock shall be entitled to share ratably in the remaining assets available for distribution in the event we are liquidated, dissolved or our affairs are wound up after we pay or make adequate provision for all of our known debts and liabilities (with each share of Class B non-voting common stock being equal to the number of shares of common stock into which it would then be convertible).

Other Rights

Subject to the preferential rights of any other class or series of stock, all shares of common stock have equal dividend, distribution, liquidation and other rights, and have no preference, appraisal or exchange rights, except for any appraisal rights provided by Delaware law. Furthermore, holders of shares of our common stock have no conversion, sinking fund or redemption rights, or preemptive rights to subscribe for any of our securities, other than the conversion rights afforded to the holders of our Class B non-voting common stock that are described below.

Anti-Takeover Provisions of our Charter, our By-Laws and Delaware Law

Under Delaware law, a corporation generally cannot dissolve, amend its charter, merge, sell all or substantially all of its assets, engage in a share exchange or engage in similar transactions outside the ordinary course of business unless approved by the affirmative vote of stockholders holding a majority of the shares entitled to vote on the matter, unless a different percentage is set forth in the corporation's charter, which percentage will not in any event be less than a majority of all of the shares entitled to vote on such matter. Our charter provides that whenever any vote of the holders of voting stock is required to amend or repeal any provision of the charter, then in addition to any other vote of the holders of voting stock that is required by the charter or by-laws, the affirmative vote of the holders of a majority of our outstanding shares of stock entitled to vote on such amendment or repeal, voting together as a single class, is required. However, with respect to the amendment or repeal of any of the provisions of our charter relating to stockholder action without an annual or special meeting, the election, term or removal of directors, vacancies on the board of directors, or the limitation of liability of directors, the affirmative vote of the holders of at least eighty percent (80%) of our outstanding shares of stock entitled to vote on such amendment or repeal, voting together as a single class, will be required.

Rights of Class B Non-Voting Common Stock

The holders of our Class B non-voting common stock generally have the same rights and privileges as holders of our common stock, except that holders of Class B non-voting common stock do not have any voting rights other than those which may be provided under our charter or applicable law. Each share of Class B non-voting common stock is convertible, at the option of the holder, into one share of common stock; provided, that such conversion is not inconsistent with any regulation, rule or other requirement of any governmental authority applicable to the holder.

To the extent the holders of Class B non-voting common stock are entitled to vote under our charter or applicable law, such holders shall vote together as a single class with the holders of common stock, except as required by law.

Transfer Agent

The transfer agent and registrar for our common stock is Computershare Trust Company, N.A.

DESCRIPTION OF JUNIOR SUBORDINATED NOTES

The following is a summary description of certain material terms and provisions of the 2059 Junior Subordinated Notes and the 2060 Junior Subordinated Notes, and may not contain all the information that is important to you. Therefore, you should read the Junior Subordinated Notes Indenture, dated as of March 27, 2019 (the “Base Indenture”), as supplemented by the First Supplemental Indenture, dated as of March 27, 2019 (together with the Base Indenture, the “2059 Junior Subordinated Notes Indenture”), and the Second Supplemental Indenture, dated as of September 23, 2020 (together with the Base Indenture, the “2060 Junior Subordinated Notes Indenture” and together with the 2059 Junior Subordinated Notes Indenture, the “Junior Subordinated Indentures”), in each case, between AMG and U.S. Bank National Association, as trustee (the “Trustee”), and the forms of certificates evidencing each series of Notes, for additional information related to the Notes.

General

The 2059 Junior Subordinated Notes are a series of junior subordinated notes issued under the 2059 Junior Subordinated Indenture, and the 2060 Junior Subordinated Notes are a series of junior subordinated notes issued under the 2060 Junior Subordinated Indenture. The material terms and provisions of each such series of Notes are the same, except for the principal amounts, interest rates, maturity dates and other relevant dates, as described below.

The 2059 Junior Subordinated Notes were initially issued in the aggregate principal amount of \$280.0 million. An additional \$20.0 million of 2059 Junior Subordinated Notes was subsequently issued pursuant to the underwriters’ exercise of an overallotment option, increasing the total amount of 2059 Junior Subordinated Notes issued to \$300.0 million, which remains the aggregate principal amount outstanding. The 2060 Junior Subordinated Notes were initially issued in the aggregate principal amount of \$250.0 million. An additional \$25.0 million of 2060 Junior Subordinated Notes was subsequently issued pursuant to the underwriters’ exercise of an overallotment option, increasing the total amount of 2060 Junior Subordinated Notes issued to \$275.0 million, which remains the aggregate principal amount outstanding.

The Junior Subordinated Indentures do not limit the aggregate principal amount of junior subordinated notes that may be issued under the Junior Subordinated Indentures and provide that junior subordinated notes may be issued from time to time in one or more series pursuant to an additional supplemental indenture. We may, at any time and without the consent of the holders of the 2059 Junior Subordinated Notes or the 2060 Junior Subordinated Notes, issue additional notes having the same ranking and the same interest rate, maturity and other terms as such Notes (except for the public offering price and issue date and the initial interest accrual date and initial Interest Payment Date (as defined below), if applicable). Any additional notes having such similar terms, together with the 2059 Junior Subordinated Notes or the 2060 Junior Subordinated Notes, as the case may be, will constitute a single series of junior subordinated notes under the applicable indenture; provided that if such additional notes are not fungible with the applicable series of outstanding Notes for U.S. federal income tax purposes, then they will be issued under a separate CUSIP number.

The Junior Subordinated Indentures do not contain provisions that afford holders of the Notes protection in the event of a highly leveraged transaction involving us.

Unless earlier redeemed, the entire principal amount of the applicable series of Notes will mature and become due and payable, together with any accrued and unpaid interest thereon, on March 30, 2059, in the case of the 2059 Junior Subordinated Notes, and on September 30, 2060, in the case of the 2060 Junior Subordinated Notes. The Notes are not subject to any sinking fund provision. The Notes are available for purchase in denominations of \$25.00 and integral multiples of \$25.00 in excess thereof.

The 2059 Junior Subordinated Notes are listed on the New York Stock Exchange under the symbol “MGR”, and the 2060 Junior Subordinated Notes are listed on the New York Stock Exchange under the symbol “MGRB”.

Interest

Each 2059 Junior Subordinated Note bears interest at the fixed rate of 5.875% per annum (the “2059 Notes Securities Rate”) from the date of original issuance, and each 2060 Junior Subordinated Note bears interest at the fixed rate of 4.750% per annum (the “2060 Notes Securities Rate”). Subject to our right to defer interest payments as described below, interest on the Notes will be payable quarterly in arrears on March 30, June 30, September 30 and December 30 of each year (each, an “Interest Payment Date”) to the person in whose name such Note is registered at the close of business (i) on the Business Day immediately preceding such Interest Payment Date if the Notes are in book-entry only form or (ii) on the 15th calendar day preceding such Interest Payment Date if the Notes are not in book-entry only form (whether or not a Business Day). The initial Interest Payment Date was June 30, 2019, in the case of the 2059 Junior Subordinated Notes, and was December 30, 2020, in the case of the 2060 Junior Subordinated Notes. The amount of interest payable will be computed on the basis of a 360-day year of twelve 30-day months. In the event that any date on which interest is payable on the Notes is not a Business Day, then payment of the interest payable on such date will be made on the next succeeding day which is a Business Day (and without any interest or other payment in respect of any such delay), with the same force and effect as if made on such date. “Business Day” means each Monday, Tuesday, Wednesday, Thursday and Friday which is not a day on which banking institutions in The City of New York are authorized or obligated by law or executive order to close or be closed.

Option to Defer Interest Payments

At our option, we may, on one or more occasions, defer payment of all or part of the current and accrued interest otherwise due on the 2059 Junior Subordinated Notes and/or the 2060 Junior Subordinated Notes by extending the interest payment period for up to 20 consecutive quarterly periods (each period, commencing on the date that the first such interest payment would otherwise have been made, an “Optional Deferral Period”). A deferral of interest payments may not extend beyond the maturity date of the applicable series of Notes or end on a day other than an Interest Payment Date. Any deferred interest on the applicable Notes will accrue Additional Interest at the applicable Securities Rate from the applicable Interest Payment Date to the date of payment, compounded quarterly (such deferred interest and additional interest accrued thereon, “Additional Interest”), to the extent permitted under applicable law. No interest will be due and payable on the applicable Notes until the end of an Optional Deferral Period, except upon a redemption of such Notes during such Optional Deferral Period.

At the end of an Optional Deferral Period or on any redemption date, we will be obligated to pay all accrued and unpaid interest, including any Additional Interest, on the applicable series of Notes. Once we pay all accrued and unpaid interest payments on the applicable Notes, including any Additional Interest, we can again defer interest payments on such Notes as described above, but not beyond the maturity date of the applicable series of Notes.

We are required to provide to the Trustee written notice of any optional deferral of interest at least 10 and not more than 60 Business Days prior to the earlier of (1) the next applicable Interest Payment Date or (2) the date, if any, upon which it is required to give notice of such Interest Payment Date or the record date therefor to the New York Stock Exchange or any applicable self-regulatory organization. In addition, we are required to deliver to the Trustee an officers' certificate stating that no Default or Event of Default shall have occurred and be continuing. Subject to receipt of the officers' certificate, the Trustee is required to promptly forward such notice to each holder of record of the applicable Notes.

Certain Limitations During an Optional Deferral Period

During an Optional Deferral Period, subject to the exceptions noted below, we shall not:

- declare or pay any dividend or make any distributions, or redeem, purchase, acquire or make a liquidation payment with respect to, any of our capital stock, or
- make any payment of interest on, principal of or premium, if any, on or repay, repurchase or redeem any debt securities (including guarantees) issued by us which rank equally ("pari passu securities" including, in the case of the 2060 Junior Subordinated Notes, the 2059 Junior Subordinated Notes) or junior ("junior securities"), in each case, in right of payment to the Notes.

None of the foregoing, however, shall restrict:

- any of the actions described in the preceding sentence resulting from any reclassification of our capital stock or the exchange or conversion of one class or series of our capital stock for another class or series of our capital stock;
- the purchase of fractional interests in shares of our capital stock pursuant to an acquisition or the conversion or exchange provisions of such capital stock or the security being converted or exchanged;
- dividends, payments or distributions payable in shares of capital stock or warrants, options or rights to acquire our capital stock;
- redemptions, purchases or other acquisitions of shares of capital stock in connection with any employment contract, incentive plan, benefit plan or other similar arrangement of ours or any of our subsidiaries or in connection with a dividend reinvestment or stock purchase plan;
- any declaration of a dividend in connection with implementation of any stockholders' rights plan, or the issuance of rights, stock or other property under any such plan, or the redemption, repurchase or other acquisition of any such rights pursuant thereto;
- an administrative action, which means any judicial decision or any official administrative pronouncement, ruling, regulatory procedure, notice or announcement including any notice or announcement of intent to issue or adopt any administrative pronouncement, ruling, regulatory procedure or regulation;
- any amendment to, clarification of, or change in the official position or the interpretation of any administrative action or judicial decision or any interpretation or pronouncement that

provides for a position with respect to an administrative action or judicial decision that differs from the previously generally accepted position, in each case by any legislative body, court, governmental authority or regulatory body, regardless of the time or manner in which that amendment, clarification or change is introduced or made known; or

- a threatened challenge asserted in writing in connection with our audit or an audit of any of our subsidiaries, or a publicly-known threatened challenge asserted in writing against any other taxpayer that has raised capital through the issuance of securities that are substantially similar to the Notes, which amendment, clarification or change is effective or the administrative action is taken or judicial decision, interpretation or pronouncement is issued or threatened challenge is asserted or becomes publicly-known after the date of the original issuance of the Notes, there is more than an insubstantial risk that interest payable by us on the Notes is not deductible, or within 90 days would not be deductible, in whole or in part, by us for U.S. federal income tax purposes.

Right to Redeem Upon a Rating Agency Event

Before March 30, 2024, in the case of the 2059 Junior Subordinated Notes, or before September 30, 2025, in the case of the 2060 Junior Subordinated Notes, we may, upon not less than 10 nor more than 60 days' notice, within the 90 days after the occurrence of a Rating Agency Event (as defined below), redeem, in whole but not in part, each series of Notes at 102% of their principal amount plus any accrued and unpaid interest thereon (including any Additional Interest) to the redemption date.

“Rating Agency Event” means that any nationally recognized statistical rating organization within the meaning of Section 3(a)(62) under the Exchange Act, that then publishes a rating for us (a “rating agency”) amends, clarifies or changes the criteria it uses to assign equity credit to securities such as the Notes, which amendment, clarification or change results in (a) the shortening of the length of time the applicable Notes are assigned a particular level of equity credit by that rating agency as compared to the length of time they would have been assigned that level of equity credit by that rating agency or its predecessor on the initial issuance of the applicable Notes; or (b) the lowering of the equity credit (including up to a lesser amount) assigned to the applicable Notes by that rating agency compared to the equity credit assigned by that rating agency or its predecessor on the initial issuance of the applicable Notes.

Ranking

Our payment obligations under each series of Notes are unsecured and rank junior and subordinated in right of payment and upon liquidation to all of our senior indebtedness (as defined below), and rank equally with all of our junior unsubordinated indebtedness, in each case whether presently existing or from time to time hereafter incurred, created, assumed or existing.

No payment of principal of (including redemption payments, if any), premium, if any, on or interest on (including Additional Interest) the Notes may be made if (a) any senior indebtedness is not paid when due and any applicable grace period with respect to such default has ended with such default not being cured or waived or otherwise ceasing to exist, or (b) the maturity of any senior indebtedness has been accelerated because of a default, or (c) notice has been given of the exercise of an option to require repayment, mandatory payment or prepayment or otherwise of the senior indebtedness. Upon any payment or distribution of our assets to creditors upon any liquidation, dissolution, winding-up, reorganization, assignment for the benefit of creditors, marshalling of assets or liabilities, or any bankruptcy, insolvency or similar proceedings of AMG, the holders of senior indebtedness shall be entitled to receive payment in full of

all amounts due or to become due on or in respect of all senior indebtedness before the holders of the Notes are entitled to receive or retain any payment or distribution. Subject to the prior payment of all senior indebtedness, the rights of the holders of the Notes will be subrogated to the rights of the holders of senior indebtedness to receive payments and distributions applicable to such senior indebtedness until all amounts owing on the Notes are paid in full.

The term “senior indebtedness” means, with respect to us, (i) any payment due in respect of our indebtedness, whether outstanding at the date of execution of the 2059 Junior Subordinated Notes Indenture or the 2060 Junior Subordinated Notes Indentures, as the case may be, or thereafter incurred, created, or assumed after such date, (a) in respect of money borrowed or (b) evidenced by securities, debentures, bonds, notes or other similar instruments issued by us that, by their terms, are senior or senior subordinated debt securities including, without limitation, all such obligations under our indentures with various trustees; (ii) all obligations in respect of any financial derivative, hedging or futures contract or similar instrument; (iii) all capitalized lease obligations; (iv) all obligations issued or assumed as the deferred purchase price of property, all conditional sale obligations and all of our obligations under any title retention agreement (but excluding trade accounts payable arising in the ordinary course of business and long-term purchase obligations); (v) all obligations for the reimbursement of any letter of credit, banker’s acceptance, security purchase facility or similar credit transaction; (vi) all obligations of the type referred to in clauses (i) through (v) above of other persons the payment of which we are responsible or liable as obligor, guarantor or otherwise; and (vii) all obligations of the type referred to in clauses (i) through (vi) above of other persons secured by any lien on any of our properties or assets (whether or not such obligation is assumed by us), except for (1) any such indebtedness that is by its terms subordinated to or that ranks equally with the Notes, (2) obligations to trade creditors and (3) any unsecured indebtedness between or among us or our subsidiaries. Such senior indebtedness shall continue to be senior indebtedness and be entitled to the benefits of the subordination provisions contained in the Junior Subordinated Indenture irrespective of any amendment, modification or waiver of any term of such senior indebtedness.

The Junior Subordinated Indentures do not limit the aggregate amount of senior indebtedness that we may issue. Our right, and, hence, the right of any of our creditors (including holders of the Notes) to participate in any distribution of the assets of any subsidiary or Affiliate, whether upon liquidation, reorganization or otherwise, is subject to prior claims of creditors and preferred and preferences stockholders of each subsidiary.

Events of Default

An “Event of Default” with respect to the Notes shall occur only upon certain events of bankruptcy, insolvency or reorganization involving us.

If an Event of Default occurs, the principal of and accrued interest (including Additional Interest) on each series of Notes shall be immediately due and payable without declaration or other act on the part of the Trustee of any holder of the Notes.

With respect to each series of Notes, and for purposes of the immediately succeeding paragraph, the term “Default” means the following events: (a) default in the payment of any interest upon any of the Notes when due and payable on an interest payment date other than at maturity, including Additional Interest in respect thereof, and continuance of such default for a period of 30 days; provided, however, that a valid extension of the interest payment period by us pursuant to the terms of the applicable Junior Subordinated Indenture shall not constitute a default in the payment of interest for this purpose, (b) default in the payment

of the principal of (or premium, if any), or interest (including Additional Interest) on, the Notes when due and payable at maturity or earlier redemption or (c) default in the performance or breach of any covenant or warranty of AMG in the Junior Subordinated Indentures (other than a covenant or warranty a default in whose performance or whose breach is addressed in clause (a) or (b), and continuance of such default or breach for a period of 90 days after there has been given, by registered or certified mail, to us by the Trustee, or to us and the Trustee by the holders of at least 25% in principal amount of the outstanding Notes.

Upon the occurrence and continuance of a Default, the Trustee and the holders of the Notes will have the same rights and remedies, and will be subject to the same limitations, restrictions, protections and exculpations, and we will be subject to the same obligations and restrictions, in each case, as would apply if such Default was an Event of Default or an event which after notice or lapse of time or both would become an Event of Default; *provided* that the principal of and accrued interest (including Additional Interest) on the Notes may not be declared immediately due and payable by reason of the occurrence and continuation of a Default, and any notice of declaration or acceleration based on such Default will be null and void with respect to the Notes; *provided, further*, that in case a Default has occurred and is continuing, the Trustee will not be subject to the requirement to exercise, with respect to the Notes, the same degree of care as a prudent individual would exercise in the conduct of his or her own affairs, unless an Event of Default has occurred and is continuing.

The Junior Subordinated Indentures provide that if there occurs a Default specified in clauses (a) or (b) of the second preceding paragraph, the Trustee or the holder of the Notes may or, if directed by the holders of a majority in principal amount of the Notes then outstanding, the Trustee shall, subject to the provisions of the applicable Junior Subordinated Indenture, demand payment of the amount then due and payable and may institute judicial proceedings for the collection of such amount if we fail to make payment thereof upon demand.

The holders of not less than a majority in aggregate outstanding principal amount of each series of Notes may, on behalf of the holders of all of such Notes, waive any past Default with respect to such Notes, except (i) a default in the payment of principal or interest (including Additional Interest) or (ii) a default in respect of a covenant or provision which under Article 10 of each Junior Subordinated Indenture cannot be modified or amended without the consent of the holders of the applicable outstanding Notes.

Agreement by Holders to Certain Tax Treatment

Each holder of each series of Notes will, by accepting the Notes or a beneficial interest therein, be deemed to have agreed that the holder intends that the Notes constitute debt and will treat the Notes as debt for U.S. federal, state and local tax purposes.

Defeasance

Covenant Defeasance. Under current U.S. federal tax law, we are able to make the deposit described below and be released from some of the restrictive covenants in the Junior Subordinated Indentures. This is called “covenant defeasance.” In that event, the holder would lose their protection of those restrictive covenants but would gain the protection of having money and government securities set aside in trust to repay their Notes. In order to achieve covenant defeasance, we must do the following:

- Deposit in trust for the benefit of all holders of each series of Notes a combination of money and government or government agency debt securities or bonds in U.S. dollars that will

generate enough cash to make interest, principal and any other payments on the Notes in U.S. dollars on their various due dates.

- Deliver to the Trustee a legal opinion of our counsel confirming that, under current U.S. federal income tax law, we may make the above deposit without causing holders to be taxed on the Notes any differently than if we did not make the deposit and just repaid the Notes ourselves at maturity.

If we accomplish covenant defeasance, holders can still look to us for repayment of the Notes if there were a shortfall in the trust deposit or the Trustee is prevented from making payment. In fact, if one of the remaining Events of Default occurred (such as our bankruptcy) and the Notes became immediately due and payable, there might be a shortfall. Depending on the event causing the Default, holders may not be able to obtain payment of the shortfall.

Full Defeasance. If there is a change in U.S. federal tax law, as described below, we can legally release ourselves from all payment and other obligations on the Notes (called “full defeasance”) if we put in place the following other arrangements for holders to be repaid:

- We must deposit in trust for the benefit of all holders of the Notes a combination of money and government or government agency debt securities or bonds in U.S. dollars that will generate enough cash to make interest, principal and any other payments on the Notes in U.S. dollars on their various due dates.
- We must deliver to the Trustee a legal opinion confirming that there has been a change in current U.S. federal tax law or an IRS ruling that allows us to make the above deposit without causing you to be taxed on the Notes any differently than if we did not make the deposit and just repaid the Notes ourselves at maturity. Under current U.S. federal tax law, the deposit and our legal release from the Notes would be treated as though we paid holders their share of the cash and the debt securities or bonds at the time the cash and the debt securities or bonds were deposited in trust in exchange for holders’ Notes and holders would recognize gain or loss on their Notes at the time of the deposit.

If we ever did accomplish full defeasance, as described above, holders would have to rely solely on the trust deposit for repayment of the Notes. Holders could not look to us for repayment in the unlikely event of any shortfall. Conversely, the trust deposit would most likely be protected from claims of our lenders and other creditors if we ever became bankrupt or insolvent.

Covenant defeasance and full defeasance are both subject to certain conditions, such as no Default or Event of Default occurring and continuing, and that such defeasance does not result in a breach or violation of, constitute a default under, any material agreement or instrument (other than the Junior Subordinated Indenture) to which we, or any of our subsidiaries, are a party or bound.

Discharge of the Junior Subordinated Indenture

We may satisfy and discharge our obligations under each Junior Subordinated Indenture with respect to the applicable Notes by delivering to the Trustee for cancellation all outstanding applicable Notes or by depositing with the Trustee or the Paying Agent in respect of such Notes that have either become due and payable, will become due and payable within one year or are scheduled for redemption or repayment within one year, cash sufficient to pay all of the outstanding Notes and paying all other sums payable under the applicable Junior Subordinated Indenture.

Registration and Transfer

We are not required to (i) issue, register the transfer of or exchange the Notes during a period of 15 days immediately preceding the date notice is given identifying the Notes called for redemption or issue, register the transfer of or exchange any Notes so selected for redemption, in whole or in part, except the unredeemed portion of any Note being redeemed in part.

Payment and Paying Agent

Payment of principal will be made only against surrender to the Paying Agent of the Notes. Principal of and interest on the Notes will be payable, subject to any applicable laws and regulations, at the office of such Paying Agent or Paying Agents as we may designate from time to time, except that, at our option, payment of any interest may be made by wire transfer or other electronic transfer or by check mailed to the address of the person entitled to an interest payment as such address shall appear in the Security Register with respect to the Notes. Payment of interest on the Notes on any interest payment date will be made to the person in whose name the Notes (or predecessor security) are registered at the close of business on the record date for such interest payment.

The Trustee will act as Paying Agent with respect to the Notes. We may at any time designate additional Paying Agents or rescind the designation of any Paying Agents or approve a change in the office through which any Paying Agent acts.

All moneys paid by us to a Paying Agent for the payment of the principal of or interest on the Notes which remain unclaimed at the end of two years after such principal or interest shall have become due and payable will be repaid to us, and the holder of the Notes will from that time forward look only to us for payment of such principal and interest.

Modification

Subject to certain exceptions, the Junior Subordinated Indentures or the Notes may be amended with the consent of the holders of at least a majority in principal amount of the applicable series of Notes then outstanding (including, without limitation, consents obtained in connection with a purchase of, or tender offer or exchange offer for, Notes) and, subject to certain exceptions, any past default or compliance with any provisions may be waived with the consent of the holders of at least a majority in principal amount of the applicable Notes then outstanding (including, without limitation, consents obtained in connection with a purchase of, or tender offer or exchange offer for, Notes). However, without the consent of each holder of an outstanding Note affected, no amendment may, among other things:

- reduce the percentage in aggregate principal amount of Notes whose holders must consent to an amendment of the applicable Junior Subordinated Indenture or to waive any past default;
- reduce the rate of or change the stated time for payment of interest on any Note;
- reduce the principal of or change the stated maturity of any Note;
- reduce the redemption price of any note or adversely affect a right of repayment with respect to any Note that is at such holder's option;
- make any note payable in a currency, or at a place, other than that stated in the Note;
- change the ranking of the Notes in a manner that is adverse to the holders of the Notes;

- impair the right of any holder to institute suit for the enforcement of any payment on or with respect to such holder's Notes on or after their maturity date or, in the case of redemption, on or after their redemption date;
- make any change in the amendment provisions which require each holder's consent or in the waiver provisions of the applicable Junior Subordinated Indenture; or
- modify the provisions of the applicable Junior Subordinated Indenture with respect to the subordination of the Notes in a manner materially adverse to such holder.

Notwithstanding the provisions described above, without the consent of any holder, we and the Trustee may amend each Junior Subordinated Indenture to:

- cure any ambiguity, omission, defect or inconsistency in the applicable Junior Subordinated Indenture;
- provide for the assumption by a successor person of our obligations under the applicable Junior Subordinated Indenture as described below under the heading "-Consolidation, Merger, Sale or Conveyance";
- add guarantees with respect to the Notes;
- secure the Notes;
- add to our covenants for the benefit of the holders or surrender any right or power conferred upon us;
- add to the Events of Default with respect to the Notes;
- facilitate the issuance of new Notes;
- make any change that does not adversely affect the rights of any holder;
- to change or eliminate any of the provisions of the applicable Junior Subordinated Indenture with respect to the Notes that have not yet been issued under such Junior Subordinated Indenture;
- provide for a successor trustee;
- comply with any requirement of the Securities and Exchange Commission in connection with the qualification of the applicable Junior Subordinated Indenture under the Trust Indenture Act;
- to make any change to Article 12 of the applicable Junior Subordinated Indenture that would limit or terminate the benefits to any holder of senior indebtedness under such Article; or
- to conform the terms of the applicable Junior Subordinated Indenture or the Notes to the description thereof in this prospectus supplement.

The consent of the holders is not necessary under the Junior Subordinated Indenture to approve the particular form of any proposed amendment. It is sufficient if such consent approves the substance of the proposed amendment.

Consolidation, Merger, Sale or Conveyance

The Junior Subordinated Indentures provide that we shall not consolidate with or merge with or into, or convey, transfer or lease all or substantially all of our properties and assets to, another person (in a transaction in which we are not the surviving entity) unless (1) the resulting, surviving or transferee person (in a transaction in which we are not the surviving entity) is an entity organized and existing under the laws of the United States of America, any state thereof or the District of Columbia, and such person expressly assumes by supplemental indenture all of our obligations under each series of Notes and the Junior Subordinated Indentures; and (2) immediately after giving effect to such transaction, no Event of Default has occurred and is continuing under the Junior Subordinated Indentures. Upon any such consolidation, merger or transfer, the resulting, surviving or transferee person (in a transaction in which we are not the surviving

entity) shall succeed to, and may exercise every right and power of, AMG under the Junior Subordinated Indentures.

This covenant will not apply to any consolidation or merger, or any sale, assignment, transfer, conveyance, lease or other disposition of assets, between or among us and our subsidiaries.

Trustee

U.S. Bank National Association is the Trustee, Security Registrar and Paying Agent.

Applicable Law

The Notes and the Junior Subordinated Indentures are governed by and construed in accordance with the laws of the State of New York.

**RESTRICTED STOCK UNIT AWARD AGREEMENT
PURSUANT TO AFFILIATED MANAGERS GROUP, INC.
2020 EQUITY INCENTIVE PLAN**

Pursuant to the Affiliated Managers Group, Inc. 2020 Equity Incentive Plan, as amended and/or restated from time to time (the “Plan”), and subject to the terms of this agreement (the “Agreement”), Affiliated Managers Group, Inc. (the “Company”) hereby grants to the grantee named on Exhibit A hereto (the “Grantee”) an Award (the “Award”) of restricted stock units (each a “Unit,” and together, the “Units”), consisting of the right to receive a distribution of the number of shares of common stock, par value \$0.01 per share, of the Company (the “Shares”) specified on Exhibit A, to be issued and distributed to the Grantee according to the terms set forth herein and in the Plan, and the vesting schedule and performance requirements (if any) set forth herein.

1. Vesting and Performance Measure.

a. Vesting. Except as set forth below, and subject to the discretion of the Administrator to accelerate the vesting schedule, the Units shall vest in the amounts and on the dates indicated on Exhibit A; provided that, Grantee’s Employment is through the applicable vesting date or this Award qualifies as a Retirement Eligible Award, in each case, as set forth on Exhibit A. In addition, if this Award is subject to a Performance Measure (but not otherwise), Section 1(b) shall apply. For the avoidance of doubt, the vesting of the Award may be accelerated automatically in certain circumstances described herein.

b. Performance Measure. If this Award is subject to a Performance Measure (as defined herein), the Shares subject to this Award shall be issued and distributed only if the Units have vested in accordance with Section 1(a) and the Compensation Committee has certified the attainment of the Performance Measure with respect to all or any portion thereof; it being understood that if vesting of the Units is accelerated pursuant to Sections 1(c)(y) or 3(a)(ii) hereof, such vested Units shall remain subject to the attainment of the Performance Measure and no Shares shall be issued and distributed in respect of such Units unless and until the Compensation Committee has certified that the Performance Measure has been attained. If such Performance Measure remains in effect and the Compensation Committee certifies that it has *not* been attained with respect to all or any portion of the Units (including any Units that have vested pursuant to Sections 1(c)(y) or 3(a)(ii) hereof), this Award shall terminate immediately and be of no further force or effect with respect to all of the Units or such portion thereof, as applicable.

c. Change of Control. Notwithstanding anything to the contrary herein or in the Plan, in the event of termination of Grantee’s Employment (i) by the Company without Cause or (ii) by the Grantee for Good Reason, in either case occurring within the two-year period following a Change of Control, the Units subject to this Award shall automatically fully vest at the time of such termination; provided that, if this Award is subject to a Performance Measure, the Shares subject to this Award shall only be issued and distributed pursuant to Section 1(b) if (x) the Compensation Committee has certified that the Performance Measure has been attained on or before the date of termination, and in such case shall be issued and distributed at the time of such termination in the amount indicated on Exhibit A, or (y) the attainment of the Performance Measure is not yet determinable as of such date, and in such case shall fully vest at the time of such termination but the vested Units shall remain subject to the attainment of the Performance Measure and no Shares shall be

issued and distributed in respect of such Units unless and until the Compensation Committee has certified that the Performance Measure has been attained (and shall be issued and distributed at the time of such certification (if any) in the amount indicated on Exhibit A). (For the avoidance of doubt, if the Units subject to this Award (including any Units that vested pursuant to sub-clause (y) above) are subject to a Performance Measure that the Compensation Committee has certified has *not* been attained with respect to all or any portion thereof, this Award shall terminate with respect to all of the Units or such portion thereof, as applicable, in accordance with Section 1(b) hereof.)

2. **Definitions.** Except as otherwise expressly provided, all terms used herein shall have the same meaning as in the Plan, as applicable and as may be amended from time to time. For purposes of this Agreement, as applicable, the following terms shall have the following meanings:

a. “Cause” means any of the following:

i. the Grantee’s engagement in any criminal act which is or involves a serious felony offense, a violation of federal or state securities laws (or equivalent laws of any country or political subdivision thereof), embezzlement, fraud, wrongful taking or misappropriation of property, or theft or any other crime involving dishonesty;

ii. the Grantee’s willful or grossly negligent failure to perform duties owed to the Company or an Affiliate;

iii. the Grantee’s willful violation of any securities or commodities laws, any rules or regulations issued pursuant to such laws, or the rules and regulations of any securities or commodities exchange or association of which the Company or any of its subsidiaries or Affiliates is a member; or

iv. the Grantee’s willful violation of any Company policy or any applicable policy of any of its subsidiaries or Affiliates concerning confidential or proprietary information, or material violation of any other Company or applicable subsidiary or Affiliate policy or written agreement as in effect from time to time; and

v. for purposes of Section 7(a) and the Retirement Policy, “Cause” also means the occurrence of any of the following, as determined by the Company: (a) the Grantee’s performance of the Grantee’s duties and responsibilities to the Company or its subsidiaries or Affiliates, as applicable, in a manner deemed by the Company to be in any way unsatisfactory and/or inconsistent with the needs of the business; (b) the Grantee’s breach of this Agreement or any other agreement between the Grantee and the Company or any of its subsidiaries or Affiliates; or (c) the Grantee’s misconduct, including, but not limited to, fraud, violation of or disregard for the rules, policies, and procedures of the Company or any of its subsidiaries or Affiliates, dishonesty, insubordination, theft, or other illegal or inappropriate conduct.

The determination as to whether “Cause” has occurred shall be made by the Administrator. The Administrator shall also have the authority to waive the consequences under the Plan of the existence or occurrence of any of the events, acts or omissions constituting “Cause.” If, subsequent to the Grantee’s termination of Employment for other than Cause, it is determined that the Grantee’s Employment could have been terminated for Cause, the Grantee’s Employment shall be deemed to

have been terminated for Cause retroactively to the date the events giving rise to such Cause occurred. Notwithstanding the foregoing, if Grantee is party to an employment, severance-benefit, change of control or similar agreement with the Company (or any of its subsidiaries or Affiliates, as applicable) that contains a definition of “Cause” (or a correlative term), such definition will apply (in the case of such Grantee for purposes of this Agreement) in lieu of Sections 2(a)(i) through (iv) of the definition of “Cause” set forth above during the term of such other agreement, provided that Section 2(a)(v) of the definition set forth above will always apply for purposes of this Agreement.

b. “*Client*” shall mean all Past Clients, Present Clients and Potential Clients, subject to the following general rules:

i. with respect to each Client, the term “Client” shall also include any Persons who are Affiliates of such Client and, to the extent known by the Grantee to have such connection with such Client (and the Grantee shall be deemed to have such knowledge if the Grantee would reasonably have been expected to have such knowledge in the ordinary course of the Grantee’s duties while the Grantee was employed by the Company or any of its subsidiaries or Affiliates, as applicable), directors, officers or employees of such Client or any such subsidiaries or Affiliates thereof, or Persons who are members of the immediate family of such Client or any of the other foregoing Persons or Affiliates of any of them;

ii. with respect to any Present Client or Past Client (as applicable) that is a Fund, the term “Client” shall also include (x) the sponsor of such Client, and any other Fund sponsored by such Person or its Affiliates, and (y) any investor in such Client (provided that, except to the extent the Grantee had knowledge of the identity of an investor therein while the Grantee was employed by the Company or any of its subsidiaries or Affiliates, as applicable (and the Grantee shall be deemed to have had such knowledge if the Grantee would reasonably have been expected to have had such knowledge in the ordinary course of the Grantee’s duties while the Grantee was employed by the Company or any of its subsidiaries or Affiliates, as applicable), in the case of any Fund, an investor therein shall not be deemed a Present Client or Past Client (as applicable) hereunder);

iii. with respect to any Client that is a trust or similar entity, the term “Client” shall include the settlor and, to the extent such beneficiary is known to the Grantee to be such a beneficiary (and the Grantee shall be deemed to have had such knowledge if the Grantee would reasonably have been expected to have had such knowledge in the ordinary course of the Grantee’s duties while the Grantee was employed by the Company or any of its subsidiaries or Affiliates, as applicable), any Person who is a beneficiary of such Client and the Affiliates and immediate family members of any such Persons;

iv. with respect to so-called “wrap programs,” “SMA programs” or similar programs, the term “Client” shall include (x) the sponsor of such program, and (y) the underlying participants in such program (provided that, except to the extent the Grantee had knowledge of the identity of a participant therein while the Grantee was employed by the Company or any of its subsidiaries or Affiliates, as applicable (and the Grantee shall be deemed to have had such knowledge if the Grantee would reasonably have been expected to have had such knowledge in the ordinary course of the Grantee’s duties while the Grantee was employed by the Company or any of its subsidiaries or Affiliates, as applicable), a participant therein shall not be deemed a Present Client or Past Client (as applicable) hereunder); and

v. with respect to each Client, the term “Client” shall also include any Persons who (x) in U.S. retail markets, serve as intermediaries, including, but not limited to, broker-dealers and financial advisers, and, (y) in all other markets, serve as an intermediary with discretion as to whether or not to make Affiliate products available to their underlying clients.

c. “Fund” shall mean any collective investment vehicle (whether open-ended or closed-ended), including, without limitation, an investment company (whether or not registered under the Investment Company Act of 1940, as amended), a general or limited partnership, a trust or a commingled fund, in any such case organized (or otherwise formed) in any jurisdiction.

d. “Good Reason” shall mean any of the following events or conditions occurring without the Grantee’s express written consent, provided that the Grantee shall have given notice of such event or condition within 90 days of the initial existence of such event or condition and the Company shall not have remedied such event or condition within 30 days after receipt of such notice:

i. a materially adverse alteration in the nature or status of the Grantee’s duties or responsibilities;

ii. a material reduction in the Grantee’s annual base salary or any target bonus, other than an across-the-board reduction that applies to the Grantee and similarly-situated employees; or

iii. a change of 50 miles or more in the Grantee’s principal place of Employment, except for required travel on business to an extent substantially consistent with the Grantee’s business travel obligations. Notwithstanding the foregoing, if the Grantee is party to an employment, severance-benefit, change of control or similar agreement with the Company (or any of its subsidiaries or Affiliates, as applicable) that contains a definition of “Good Reason” (or a correlative term), such definition will apply (in the case of the Grantee for purposes of this Agreement) in lieu of the definition set forth above during the term of such agreement.

e. “Investment Management Services” shall mean any services which involve: (i) the management of an investment account or Fund (or portions thereof or a group of investment accounts or Funds); (ii) the giving of advice with respect to the investment and/or reinvestment of assets or funds (or any group of assets or funds); or (iii) otherwise acting as an “investment adviser” within the meaning of the Investment Advisers Act of 1940, as amended, including, without limitation, in each of the foregoing cases, performing activities related or incidental thereto.

f. “Past Client” shall mean, subject to the general rules under the definition of Client, at any particular time of determination, any Person (i) who at any point prior to such time of determination had been, directly or indirectly (and including, without limitation, through one or more intermediaries such as a wrap sponsor or as an investor in a Fund for which the Company or any subsidiary or Affiliate thereof acts (or acted) as a sponsor, adviser or sub-adviser or in a similar capacity), an advisee or investment advisory customer or client of, or otherwise a recipient of Investment Management Services from, (x) the Company or any subsidiary or Affiliate thereof, and/or (y) any owner, part owner, shareholder, partner, member, director, officer, trustee, employee, agent or consultant of the Company or any subsidiary or Affiliate thereof acting on behalf of the Company or

any of its subsidiaries or Affiliates, but at such time is not an advisee or investment advisory customer or client of (or otherwise a direct or indirect recipient of Investment Management Services from) the Company or any subsidiary or Affiliate thereof (or any of the foregoing Persons acting on their behalf), and (ii) with which Grantee or Grantee's department had material, direct interaction with and/or with respect to which Grantee had access to proprietary or confidential information; provided, however, that, from and after the termination of Grantee's Employment, the term "Past Client" shall thereafter be limited (solely with respect to the Grantee) to those Past Clients who were (directly or indirectly) advisees or investment advisory customers or clients of, or recipients of Investment Management Services from, the Company or any subsidiary or Affiliate thereof, or any owner, part owner, shareholder, partner, member, director, officer, trustee, employee, agent or consultant (or persons acting in any similar capacity) of the Company or any subsidiary or Affiliate thereof, at any time during the two (2) years immediately preceding the date of such termination.

g. "*Performance Measure*" shall mean the target(s) for the applicable Performance Period(s) (each as set forth on Exhibit A, as applicable), as established by the Compensation Committee.

h. "*Person*" shall mean any individual, partnership (limited or general), corporation, limited liability company, limited liability partnership, association, trust, joint venture, unincorporated organization or other entity.

i. "*Potential Client*" shall mean, subject to the general rules under the definition of Client, at any particular time of determination, any Person (i) to whom (x) the Company or any subsidiary or Affiliate thereof, and/or (y) any owner, part owner, shareholder, partner, member, director, officer, trustee, employee, agent or consultant (or persons acting in any similar capacity) of the Company or any subsidiary or Affiliate thereof, acting on behalf of the Company or any subsidiary or Affiliate thereof in any such case has within one (1) year prior to such time of determination offered (whether by means of a personal meeting, telephone call, letter, written proposal or otherwise) to serve as investment adviser or otherwise provide Investment Management Services, but who is not at such time an advisee or investment advisory customer or client of (or otherwise a direct or indirect recipient of Investment Management Services from) the Company or any subsidiary or Affiliate thereof (or any of the foregoing Persons acting on their behalf), and (ii) with which Grantee or Grantee's department had material, direct interaction with and/or with respect to which Grantee had access to proprietary or confidential information; provided, however, that, from and after the termination of Grantee's Employment, the term "Potential Client" shall thereafter be limited (solely with respect to the Grantee) to those Potential Clients to whom such an offer to provide Investment Management Services was made at any time during the one (1) year immediately preceding the date of such termination. The preceding sentence is meant to exclude advertising, if any, through mass media in which the offer, if any, is available to the general public, such as magazines, newspapers and sponsorships of public events.

j. "*Present Client*" shall mean, subject to the general rules under the definition of Client, at any particular time of determination, any Person (i) who is at such time of determination, directly or indirectly (and including, without limitation, through one or more intermediaries such as a wrap sponsor, or as an investor in a Fund for which the Company or any subsidiary or Affiliate thereof acts as a sponsor, adviser or sub-adviser or in a similar capacity), an advisee or investment advisory customer or client of (or otherwise a direct or indirect recipient of Investment Management Services

from) (x) the Company or any subsidiary or Affiliate thereof and/or (y) any owner, part owner, shareholder, partner, member, director, officer, trustee, employee, agent or consultant (or persons acting in any similar capacity) of the Company or any subsidiary or Affiliate thereof acting on behalf of the Company or any subsidiary or Affiliate thereof, and (ii) with which Grantee or Grantee's department had material, direct interaction with and/or with respect to which Grantee had access to proprietary or confidential information.

k. "Retirement Eligible Award" shall have the meaning set forth in the Company's Employee Equity Retirement Policy, as may be in effect from time to time (the "Retirement Policy").

3. Termination of Service. If the Grantee's Employment terminates, this Award may be subject to earlier termination, accelerated vesting or post-termination vesting, as set forth below.

a. Termination by Reason of Death or Disability. If the Grantee's Employment terminates by reason of death or disability, the Units subject to this Award shall automatically fully vest at the time of such termination; provided that, if this Award is subject to a Performance Measure, the Shares subject to this Award shall only be issued and distributed pursuant to Section 1(b) if (i) the Compensation Committee has certified that the Performance Measure has been attained on or before the date of termination, and in such case shall be issued and distributed at the time of such termination in the amount indicated on Exhibit A, or (ii) the attainment of the Performance Measure is not yet determinable as of such date, and in such case shall fully vest at the time of such termination but the vested Units shall remain subject to the attainment of the Performance Measure and no Shares shall be issued and distributed in respect of such Units unless and until the Compensation Committee has certified that the Performance Measure has been attained (and shall be issued and distributed at the time of such certification (if any) in the amount indicated on Exhibit A). (For the avoidance of doubt, if the Units subject to this Award (including any Units that vested pursuant to sub-clause (ii) above) are subject to a Performance Measure that the Compensation Committee has certified has *not* been attained with respect to all or any portion thereof, this Award shall terminate with respect to all of the Units or any portion thereof, as applicable, in accordance with Section 1(b) hereof.)

b. Retirement. If this Award qualifies as a Retirement Eligible Award, as indicated on Exhibit A, then the applicable provisions of the Retirement Policy shall apply to this Award.

c. Other Termination. If the Grantee's Employment terminates for any reason other than death or disability, Retirement (as such term is defined in the Retirement Policy), or in connection with a Change of Control described in Section 1(c), this Award shall, to the extent not already vested as described herein, terminate immediately and be of no further force or effect; it being understood that this Award shall remain outstanding following the date of any termination with respect to any Units subject to a Performance Measure that have vested (including pursuant to Sections 1(c)(y) or 3(a)(ii) hereof) until the Shares to be issued in respect thereof are issued and distributed or the Award is terminated in accordance with Section 1(b).

The Administrator's determination of the reason that the Grantee's Employment has terminated shall be conclusive and binding on the Grantee and Grantee's representatives, legal guardians or legatees.

4. Vesting and Distribution. The Units shall be distributed only in Shares, such that the Grantee shall be entitled to receive one Share for each vested Unit following, if applicable, attainment of the Performance Measure. The Shares subject to this Award shall be issued and distributed to the Grantee pursuant to Section 1 hereof, and the vesting schedule and, if applicable, performance requirements set forth on Exhibit A, with such issuance and distribution of the Shares (whether the Shares are to be held by the Company on the Grantee's behalf pursuant to Section 14(b) hereof or issued directly to the Grantee) to occur, in all cases, no later than March 15 of the year following the year in which the Units vest, in accordance with the short-term deferral exception under Code Section 409A and the regulations and guidance thereunder.

Any sales of Shares subject to this Award are subject to the Company's insider trading policy, equity ownership guidelines and other Company policies as may be in effect from time to time or otherwise established by the Administrator.

5. Dividend Equivalent Rights. If the Company makes any cash dividends or other cash distributions to the holders of Shares of the Company's common stock, the Grantee shall have the right to receive payments in lieu thereof in respect of the Units subject to this Award ("Dividend Equivalent Rights"). If the Company makes such a cash dividend or other cash distribution prior to the issuance and distribution of the Shares subject to this Award or prior to termination of the Award, the Company shall credit a bookkeeping account of the Dividend Equivalent Rights on behalf of the Grantee as of the record date of such cash dividend or other cash distribution. The amount credited shall be equal to the per-Share cash dividend or other cash distribution paid by the Company multiplied by the total number of then outstanding Units. Such amounts shall be subject to the same vesting, payment (without interest), issuance, distribution and other terms and conditions of the Units to which they relate as provided in this Agreement, including, for the avoidance of doubt, the attainment of any Performance Measure, as certified by the Compensation Committee. References in this Agreement to Units shall, as appropriate, include any Dividend Equivalent Rights described in this Section 5.

6. Stockholder Rights. This Award shall not be interpreted to bestow upon the Grantee any equity interest or ownership in the Company or any subsidiary or Affiliate prior to the dates on which the Company delivers Shares to the Grantee. The Grantee shall have no rights as a stockholder with respect to the Units, and shall have the rights of a stockholder only as to those Shares, if any, that are actually delivered under this Award.

7. Noncompetition, Intellectual Property and Confidentiality.

a. In consideration of the Award of Units granted herein, the Grantee agrees that during the term of the Grantee's Employment with the Company or any of its subsidiaries or Affiliates and for one (1) year thereafter (or two (2) years if the Grantee breaches the Grantee's fiduciary duty to the Company or its subsidiaries or Affiliates, or unlawfully takes, physically or electronically, property belonging to the Company or its subsidiaries or Affiliates) for any reason other than termination by the Company without Cause, the Grantee: (i) will not, directly or indirectly, whether as owner, partner, shareholder, member, consultant, agent, employee, co-venturer or otherwise, engage, participate or invest in any Competing Business (as hereinafter defined) (provided, however, that nothing in this clause (i) shall prohibit the Grantee from acting as an agent for a Competing Business in the course of the Grantee's employment (or other applicable service relationship) for a business which is not a Competing Business); (ii) will not, directly or indirectly, take any action to negotiate or discuss with

any person or entity or solicit or entertain from any person or entity, any investment, purchase, proposal, offer or indication of interest regarding (A) any investment in any entity in which the Company or any of its subsidiaries or Affiliates holds any securities or other investment interests or (B) any investment in any other entity with whom the Company or any of its subsidiaries or Affiliates is or was discussing or negotiating any possible investment therein at any time during the one (1) year preceding the termination (if any) of the Grantee's Employment with the Company or any of its subsidiaries or Affiliates.

For purposes of this Agreement, the term "Competing Business" shall mean a business or a division of a business, conducted anywhere in the world, which invests in or acquires boutique or specialist investment managers or advisers, or has adopted a strategy or developed a business plan to invest in or acquire multiple boutique or specialist investment managers or advisers. Notwithstanding the foregoing, the Grantee may own up to five percent (5%) of the outstanding stock of a publicly held corporation which constitutes or is affiliated with a Competing Business.

b. During the term of the Grantee's Employment with the Company or any of its subsidiaries or Affiliates and for two (2) years thereafter, the Grantee will refrain from directly or indirectly employing, attempting to employ, recruiting or otherwise soliciting, inducing or influencing any person to leave Employment with the Company or its subsidiaries or Affiliates (other than terminations of Employment of subordinate employees undertaken in the course of the Grantee's Employment with the Company or any of its subsidiaries or Affiliates).

c. In addition to (and not in limitation of) the provisions of Sections 7(a) and (b) of this Agreement, the Grantee agrees, for the benefit of the Company and its subsidiaries and Affiliates, that the Grantee shall not, during the term of the Grantee's Employment with the Company or any of its subsidiaries or Affiliates and for one (1) year thereafter, directly or indirectly (whether individually or as owner, part owner, shareholder, partner, member, director, officer, trustee, employee, agent, consultant or in any other capacity, on behalf of the Grantee or any other Person (other than the Company or a subsidiary or Affiliate thereof while employed by the Company)):

- i. provide Investment Management Services to any Person that is a Client (which includes Past Clients, Present Clients, and Potential Clients);
- ii. solicit or induce (whether directly or indirectly) any Person for the purpose (which need not be the sole or primary purpose) of (A) causing any funds or accounts with respect to which the Company or any of its subsidiaries or Affiliates provides Investment Management Services to be withdrawn from such management or other services, or (B) causing any Client (including any Potential Client) not to engage the Company or any of its subsidiaries or Affiliates to provide Investment Management Services for any additional funds or accounts (or otherwise attempt to cause any of the foregoing to occur);
- iii. otherwise divert or take away (or seek to divert or take away) any funds or investment accounts with respect to which the Company or any subsidiary or Affiliate thereof provides Investment Management Services; or

iv. contact or communicate with, whether directly or indirectly, any Past Clients, Present Clients or Potential Clients in connection with providing Investment Management Services to such Persons;

provided, however, that this Section 7(c) shall not be applicable to Clients (including Potential Clients) who are also immediate family members of the Grantee.

d. The Grantee understands that the restrictions set forth in Sections 7(a), (b) and (c) of this Agreement are intended and necessary to protect the Company's and its subsidiaries' and Affiliates' interests in its and their Proprietary Information (as hereinafter defined) and established employee and client relationships and goodwill, and agrees that such restrictions are reasonable and appropriate for this purpose.

e. The Grantee agrees and acknowledges that any and all presently existing business of the Company and its subsidiaries and Affiliates and all business developed by the Company, any of its subsidiaries or Affiliates, the Grantee and/or any other employee (or other service provider) of the Company and its subsidiaries and Affiliates, including, without limitation, all client lists, the Company's deal structures (as represented by the transactions it has completed, attempted or actually proposed), compensation records, agreements, and any other incident of any business developed by the Company or carried on by the Company, and all trade names, service marks and logos under which the Company, its subsidiaries and its and their Affiliates do business, including, without limitation, "Affiliated Managers Group" and any combinations or variations thereof and all related logos, are and shall be the exclusive property of the Company or such subsidiary or Affiliate, as applicable, for its or their sole use, and (where applicable) amounts received in respect of the foregoing shall be payable directly to the Company or such subsidiary or Affiliate. The Grantee acknowledges that, in the course of performing services for the Company and otherwise, the Grantee will from time to time have access to information concerning the Company's, its subsidiaries' or its Affiliates' current or proposed businesses, technologies, business relationships, clients, personnel, processes, operations, strategies, plans, methods, investments, investment recommendations, investment processes, investment methodologies, products, confidential records, manuals, data, client and contact lists, trade secrets, or financial, corporate, sales, marketing or personnel affairs, which the Company or such subsidiary or Affiliate has not released to the general public, and all memoranda, notes, papers, items, tangible media, electronic files and communications related thereto (collectively, "Proprietary Information"). The Grantee agrees that Proprietary Information of the Company or any subsidiary or Affiliate thereof is and will be the exclusive property of the Company or such subsidiary or Affiliate, as the case may be, and further agrees to always keep secret and never (during the term of this Agreement or thereafter) publish, divulge, furnish, use or make accessible to anyone (other than in the regular course of business of the Company or any subsidiary or Affiliate thereof or otherwise at the Company's request) such Proprietary Information. Anything contained herein to the contrary notwithstanding, this Section 7(e) shall not (i) apply to any knowledge, information or property which (x) is generally known or available to the public or in the public domain, (y) has been previously disclosed or made available to the public, unless the Grantee knows or has reason to know that such disclosure or availability was the direct or indirect result of the violation or breach of a confidentiality or non-disclosure obligation, or (z) is required to be disclosed or delivered by any court, agency or other governmental authority or is otherwise required to be disclosed by law, or (ii) preclude the Grantee from cooperating with any governmental process, or any governmental or law enforcement agency in any investigation, or from making any other communications (without notice to or consent

from the Company) with a governmental agency. The Grantee understands that the Grantee will not be held criminally or civilly liable under any federal or state trade secret law for disclosing a trade secret (i) in confidence to a federal, state, or local government official, either directly or indirectly, or to an attorney, solely for the purpose of reporting or investigating a suspected violation of law, or (ii) in a complaint or other document filed under seal in a lawsuit or other proceeding; provided, however, that notwithstanding this immunity from liability, the Grantee may be held liable if the Grantee accesses trade secrets by unauthorized means.

f. The Grantee will make full and prompt disclosure to the Company of all inventions, discoveries, designs, developments, methods, modifications, improvements, processes, algorithms, databases, computer programs, formulae, techniques, trade secrets and other works of authorship (collectively, "Developments"), whether or not patentable or copyrightable, that are created, made, conceived, or reduced to practice by the Grantee (alone or jointly with others) or under Grantee's direction during Grantee's Employment. The Grantee acknowledges and confirms that the Grantee hereby assigns and transfers, and will assign and transfer, to the Company and its successors and assigns all the Grantee's right, title and interest in all Developments that (i) relate to the business of the Company, any subsidiary or Affiliate or any customer of or supplier to the Company or any of the products or services being researched, developed, manufactured, serviced, licensed or sold by the Company or which may be used with such products or services; or (ii) result from tasks assigned to the Grantee by the Company, a subsidiary or an Affiliate; or (iii) result from the use of premises or personal property (whether tangible or intangible) owned, leased or contracted for by the Company, a subsidiary or an Affiliate ("Company-Related Developments"), and all related patents, patent applications, trademarks and trademark applications, copyrights and copyright applications, and other intellectual property rights in all countries and territories worldwide and under any international conventions ("Intellectual Property Rights").

g. Upon termination of the Grantee's Employment for any reason, the Grantee shall, and agrees to, return all Proprietary Information in the Grantee's possession or control to the Company and such Proprietary Information shall remain in the Company's possession. The Grantee will cooperate fully with the Company and its subsidiaries and Affiliates, both during Employment and following termination of Employment for any reason, in order for the Company and its subsidiaries and Affiliates to enforce and protect any of their rights and interests with respect to Proprietary Information, Company-Related Developments, and Intellectual Property Rights in Company-Related Developments, including, without limitation whatsoever, signing all papers, copyright applications, patent applications, declarations, oaths, assignments of priority rights, and powers of attorney which the Company may deem necessary or desirable in order to protect such rights and interests.

h. The Grantee and the Company agree that, in the event that any provision of this Section 7 is determined by any court of competent jurisdiction to be unenforceable by reason of its being extended over too great a time, too large a geographic area or too great a range of activities, the applicable provision shall be deemed to be modified to permit its enforcement to the maximum extent permitted by law.

i. Notwithstanding the foregoing or anything to the contrary herein, if this Award qualifies as a Retirement Eligible Award, as set forth on Exhibit A, the Grantee may be subject to additional terms and conditions regarding non-competition, and any such terms and conditions are in

addition to, and not in limitation of, the terms and conditions set forth herein, including, without limitation, the provisions addressing non-competition and non-solicitation.

8. Remedies Upon Breach. In the event that the Grantee breaches any of the provisions of Section 7 of this Agreement, including without limitation, following the termination of the Grantee's Employment, the entire value of the vested Award (as of the date Grantee's Employment is terminated, whether or not paid, settled or distributed by the Company), shall be paid to or retained by the Company, as applicable, as liquidated damages (the "Liquidated Damages"). The parties agree that in the event of such breach by the Grantee it will be difficult to ascertain with certainty the amount of damages suffered by the Company and its subsidiaries and Affiliates. The amount of the Liquidated Damages represents a reasonable estimate of the damages expected to be suffered by the Company and its subsidiaries and Affiliates as a result of the Grantee's default and, in any such event, in addition to (and not in limitation of) such other remedies as the Company may have against the Grantee, until the Liquidated Damages are recovered in their entirety, (x) the Company shall be entitled to withhold any payments to which the Grantee otherwise would be entitled (whether pursuant to this Agreement or any other agreement, plan or policy, including, without limitation, distributions hereunder), and (y) the Grantee, at the request of the Company, shall return all or some incentive compensation (which shall include any compensation distributed or awarded to the Grantee other than base compensation); provided that, any amounts so withheld or returned shall be promptly released to the original payee to the extent it is determined (whether by settlement, judgment or arbitral decision) that such amounts are required to be so released, together with interest thereon as may be agreed or determined in connection with such settlement, judgment or decision. The Grantee agrees that the remedies provided in this Section 8 are reasonably related to anticipated losses that the Company and/or any of its subsidiaries or Affiliates would suffer upon a breach of such provisions by the Grantee. The Grantee recognizes and agrees that the Company's remedies at law for any breach, or threatened breach, of the provisions of this Agreement would be inadequate, and that for any breach or threatened breach of such provisions by the Grantee, the Company shall, in addition to such other remedies as may be available to it at law or in equity or as provided in this Agreement, be entitled to injunctive relief and enforcement of its rights by an action for specific performance to the extent permitted by law (and without having to post bond), and to an award of reasonable attorneys' fees and costs incurred in connection with securing any of its rights hereunder. Notwithstanding the foregoing, the Grantee recognizes and agrees that if this Award qualifies as a Retirement Eligible Award, as set forth on Exhibit A, the Retirement Policy, to the extent applicable, may provide for alternative remedies upon any breach of the terms and conditions set forth therein.

9. Notice of Termination.

a. Grantee's Employment may be terminated at any time by the Company or, if different, any subsidiary or Affiliate of the Company that is the Grantee's employer (the "Grantee's employer"), or by the Grantee; provided that, the Grantee (but not the Company or, if different, the Grantee's employer) shall be required to provide at least six (6) months advance written notice of such termination. For the avoidance of doubt, for purposes of Section 7 of this Agreement, termination of Employment shall be deemed to occur upon delivery of notice of termination by the Grantee.

b. Where notice of termination has been delivered by the Grantee, the Company (and, if different, the Grantee's employer) shall be under no obligation to provide any activities to Grantee to carry out on behalf of the Company or its subsidiaries or Affiliates, and may require the Grantee (i) not to attend any premises of the Company or any subsidiary or Affiliate thereof, (ii) to resign with immediate effect from any offices the Grantee holds with the Company or any subsidiary or Affiliate thereof (or any Client thereof), (iii) to refrain from any business contact with any Clients, partners or employees of the Company or any subsidiary or Affiliate thereof, and (iv) to take any leave time the Grantee has accrued under the policies of the Company (or any of its subsidiaries or Affiliates, as applicable).

c. Notwithstanding the foregoing, if the Grantee is a party to an employment agreement with the Company or any subsidiary or Affiliate thereof, and/or if this Award qualifies as a Retirement Eligible Award, as set forth on Exhibit A, any applicable terms of such employment agreement and/or the Retirement Policy, as applicable, shall supersede and apply in precedence to the provisions of clauses (a) and (b) of this Section 9, and clauses (a) and (b) of this Section 9 shall not be taken to amend the related terms of such employment agreement and/or the Retirement Policy, as applicable.

d. In connection with the termination of Grantee's Employment, the Grantee shall reasonably cooperate with the Company and, if different, the Grantee's employer, to prepare a communication plan regarding Grantee's departure, and Grantee shall not make any other public statement regarding the Grantee's departure without the prior written consent of the Company.

10. Nondisparagement. In exchange for the consideration herein, the Grantee agrees not to make any disparaging, derogatory, damaging, and/or critical statements concerning the Company or any subsidiaries or any of their respective affiliates, partners, officers, directors, employees, services, products and/or activities.

11. Third-Party Agreements and Rights.

a. The Grantee hereby confirms that the Grantee is not bound by the terms of any agreement with any previous employer or other party which restricts in any way the Grantee's use or disclosure of information or the Grantee's engagement in any business. In the Grantee's work for the Company or any of its subsidiaries or Affiliates, the Grantee will not disclose or use any information in violation of any rights of any such previous employer or other party.

b. The Grantee's employer, if different than the Company, is an intended third-party beneficiary under this Agreement and may enforce the terms of Sections 7, 8, 9, 12, 13 and 14 of this Agreement. This right is subject to (i) the rights of the parties hereto to rescind or vary this Agreement without the consent of any such subsidiary or Affiliate and (ii) the other terms and conditions of this Agreement and the Plan.

12. Transferability. This Agreement is personal to the Grantee, is non-assignable and is not transferable in any manner, by operation of law or otherwise, other than by will or the laws of descent and distribution or as permitted by the Administrator (or its delegatee). The Grantee may transfer, without consideration for the transfer, the Award to members of the Grantee's immediate

family, to trusts for the benefit of such family members, or to partnerships in which such family members are the only partners, provided that the transferee (and, as required by the Administrator, the beneficiaries or members of such transferee) agrees in writing with the Company to be bound by all of the terms and conditions of the Plan and this Agreement.

13. Certain Tax Matters. To the extent permitted by law, the Company, the Grantee's employer or their agents shall have the right to withhold or deduct from any distributions (including any Shares acquired or otherwise deliverable and the payment of other amounts with respect to the Units) or payments to the Grantee the amount of all taxes, at a rate up to the maximum applicable withholding rate, and any social security contributions required to be withheld or deducted by federal, state or local governments, in any case, as determined by the Company (or the Grantee's employer, if different) in its discretion. The Grantee expressly acknowledges and agrees that the Grantee's rights hereunder are subject to the Grantee promptly paying to the Company or the Grantee's employer in cash (or by such other means as may be acceptable to the Company or the Grantee's employer in its discretion, including, if the Administrator so determines, by the delivery of previously acquired Shares or Shares acquired hereunder or by the withholding of amounts from any payment hereunder) the applicable tax withholding obligation and any social security contributions required to be withheld in connection with such award, vesting, issuance, distribution or payment. Such payment by the Grantee shall be made no later than the date as of which any Shares or other amounts provided hereunder first become includable in the gross income of the Grantee for U.S. federal income tax purposes or as otherwise required by the Company or the Grantee's employer under applicable law.

14. Miscellaneous.

a. The Units are subject to adjustment in accordance with the provisions of Section 7 of the Plan.

b. The Company shall maintain an account on its books in the name of the Grantee which shall reflect the number of Units awarded to the Grantee and the number of Shares the Grantee is eligible to receive thereunder. The Grantee acknowledges and agrees that the Company, in its sole discretion, may (i) hold all vested Units and all Shares issued and distributed in respect thereof pursuant to this Award on behalf of the Grantee, until such time as the Grantee submits a request for delivery, and, in such case, will exercise voting rights and take all other corporate actions for any Shares issued pursuant to this Award for such time as such Shares may be held by the Company on behalf of the Grantee, unless the Grantee provides written notice to the Human Resources Department to the contrary, or (ii) release any such Shares issued and distributed in respect hereof pursuant to this Award to the Company's designated broker, and such broker may hold such Shares until such time as they are distributed to the Grantee. The Grantee further agrees to follow such administrative procedures as may be established from time to time by the Company and/or its designated broker.

c. Notice hereunder shall be given (i) to the Company at its principal place of business, and (ii) to the Grantee at the address on file in the Company's records, or in either case at such other address as one party may subsequently furnish to the other party in writing.

d. The Grantee hereby acknowledges and agrees to the following: (i) this Award is offered to the Grantee at the complete discretion of the Company; (ii) the Plan, this Award and the Retirement Policy do not form part of any contract of employment (or other provision of services)

between Grantee and the Company or any of its subsidiaries or Affiliates and do not confer upon the Grantee any rights with respect to continuance as an employee (or other service provider) of the Company or any of its subsidiaries or Affiliates; (iii) this Award will not affect any right the Company or any of its subsidiaries or Affiliates may have under any employment agreement with the Grantee or under applicable law to terminate the Employment of the Grantee at any time with or without Cause; (iv) this Award is not part of the Grantee's base salary or wages and will not be taken into account in determining any other employment-related rights that the Grantee may have, such as any rights the Grantee may have to pension or severance pay; and (v) this Award does not confer on the Grantee any implied right or entitlement to the exercise of any discretion in the Grantee's favor with respect to any discretionary terms in this Award.

e. The Grantee hereby waives all and any rights to compensation or damages in consequence of the termination of Grantee's Employment with the Company, or any of its subsidiaries or Affiliates, for any reason whatsoever (whether lawfully or unlawfully) insofar as those rights arise or may arise from the Grantee ceasing to have rights under or be entitled to this Award as a result of such termination or from the loss or diminution in value of such rights or entitlements. In the event of any conflict between the terms of this Section 14(e) and the Grantee's terms of employment, this Section 14(e) shall take precedence (except as required by applicable legislation).

f. Pursuant to Section 10 of the Plan, the Administrator may at any time amend or cancel any outstanding portion of this Award for any purpose that may at the time be permitted by law, but no such action may be taken that materially and adversely affects the Grantee's rights under this Agreement without the Grantee's consent.

g. If the Grantee is resident outside of the United States, to the extent permitted by applicable law, the Grantee hereby consents to the holding, processing and transfer of data relating to the Grantee (including sensitive personal data as defined in the UK Data Protection Act 1998) by: (i) the Company and any of its subsidiaries and Affiliates; (ii) any person providing services to the Company, its subsidiaries or Affiliates (including, but not limited to, any third party broker, registrar or administrator); and (iii) any trustee appointed by the Company, its subsidiaries or Affiliates, in each case for all purposes relating to the administration or operation of the Plan, including the grant, holding or vesting of an Award and the delivery, holding or sale of Stock and, to the extent permitted by applicable law, this consent includes consent to the transfer of such data to countries outside the European Economic Area even if the country in question does not maintain adequate data protection standards.

h. The provisions of this Agreement and all claims or disputes arising out of or based upon this Agreement or relating to the subject matter hereof or thereof will be governed by and construed in accordance with the domestic substantive laws of the State of Delaware without giving effect to any choice or conflict of laws provision or rule that would cause the application of the domestic substantive laws of any other jurisdiction. Notwithstanding the foregoing or anything to the contrary herein, if the Grantee is a resident of, or employed in, the Commonwealth of Massachusetts for at least 30 days prior to the termination of the Grantee's Employment with the Company or any of its subsidiaries or Affiliates, Section 7(a) and all claims or disputes arising out of or based upon such section or relating to the subject matter thereof, will be governed by and construed in accordance with the domestic substantive laws of the Commonwealth of Massachusetts without giving effect to any

choice or conflict of laws provision or rule that would cause the application of the domestic substantive laws of any other jurisdiction.

i. The Grantee hereby acknowledges that the Grantee (i) has read thoroughly this Agreement, including, without limitation, Section 7(a), and if this Award qualifies as a Retirement Eligible Award, the Retirement Policy, (ii) is satisfied that the Grantee understands completely this Agreement and, to the extent applicable, the Retirement Policy, and (iii) agrees to be bound by the terms and conditions set forth herein and, to the extent applicable, in the Retirement Policy. The Grantee understands that the Grantee has the right to consult an attorney before signing this Agreement. Notwithstanding anything to the contrary herein, Sections 3(b) and 7(a) shall not take effect until ten (10) business days after the Grant Date listed on Exhibit A hereto.

j. Notwithstanding anything herein to the contrary, this Award shall be, and the Grantee hereby acknowledges that it is, subject to and governed by all the terms and conditions of the Plan.

[Remainder of this page is intentionally left blank]

IN WITNESS WHEREOF, this Agreement has been executed and delivered by the parties hereto as of the Grant Date.

AFFILIATED MANAGERS GROUP, INC.

By: _____
Name: David M. Billings
Title: Executive Vice President, General
Counsel and Secretary

Please execute this Agreement and return it to the Human Resources Department.

Grantee:

**STOCK OPTION AGREEMENT
PURSUANT TO AFFILIATED MANAGERS GROUP, INC.
2020 EQUITY INCENTIVE PLAN**

Pursuant to the Affiliated Managers Group, Inc. 2020 Equity Incentive Plan, as amended and restated from time to time (the “Plan”), and subject to the terms of this agreement (the “Agreement”), Affiliated Managers Group, Inc. (the “Company”) hereby grants to the optionee named on Exhibit A hereto (the “Optionee”) an option (the “Stock Option”) to purchase on or prior to the Expiration Date specified on Exhibit A all or part of the number of shares of common stock, par value \$0.01 per share, of the Company (such stock, the “Stock,” and such shares, the “Option Shares”) specified on Exhibit A at the Option Exercise Price per Share specified on Exhibit A, to be issued and distributed to the Optionee according to the terms set forth herein and in the Plan, and the vesting schedule and performance requirements (if any) set forth herein. This Stock Option is intended to be an “incentive stock option” within the meaning of Section 422 of the Internal Revenue Code of 1986, as amended (the “Code”), to the extent permitted by Section 6(b)(viii) of the Plan and is granted to the Optionee in connection with the Optionee’s Employment by the Company or a “subsidiary” corporation of the Company, as such term is defined in Section 424 of the Code.

1. Vesting; Exercisability and Performance Measure.

a. Vesting. Except as set forth below, and subject to the discretion of the Administrator to accelerate the vesting schedule, this Stock Option shall become vested with respect to the number of Option Shares on the dates indicated on Exhibit A; provided that, Optionee’s Employment is through the applicable vesting date or this Stock Option qualifies as a Retirement Eligible Award, in each case, as set forth on Exhibit A. In addition, if this Stock Option is subject to a Performance Measure (but not otherwise), Section 1(b) shall apply. For the avoidance of doubt, the vesting of this Stock Option may be accelerated automatically in certain circumstances described herein.

b. Exercisability and Performance Measure. No portion of this Stock Option may be exercised unless such portion has vested. Further, if this Stock Option is subject to a Performance Measure (as defined herein), vested portions of this Stock Option shall be exercisable only if the Compensation Committee has certified the attainment of the Performance Measure with respect to all or any portion thereof, and following such certification shall be exercisable into the number of Option Shares set forth on Exhibit A; it being understood that if vesting of this Stock Option is accelerated pursuant to Sections 1(c)(y) or 4(a)(ii) hereof, such vested Stock Option shall remain subject to the attainment of the Performance Measure, and this Stock Option shall not be exercisable unless and until the Compensation Committee has certified that the Performance Measure has been attained with respect to all or any portion thereof and following such certification shall be exercisable into the number of Option Shares set forth on Exhibit A. If such Performance Measure remains in effect and the Compensation Committee certifies that it has *not* been attained with respect to all or any portion of this Stock Option (including any portion of this Stock Option that has vested pursuant to Sections 1(c)(y) or 4(a)(ii) hereof), this Stock Option shall terminate immediately and be of no further force or effect with respect to all of the Option Shares or such portion thereof, as applicable.

c. Change of Control. Notwithstanding anything to the contrary herein or in the Plan, in the event of termination of the Optionee's Employment (i) by the Company without Cause or (ii) by the Optionee for Good Reason, in either case occurring within the two-year period following a Change of Control, this Stock Option shall automatically fully vest at the time of such termination; provided that, if subject to a Performance Measure, this Stock Option shall only be exercisable pursuant to this Section 1(c) if (x) the Compensation Committee has certified that the Performance Measure has been attained with respect to all or any portion thereof on or before the date of termination, and in such case shall vest at the time of such termination and shall be exercisable into the number of Option Shares set forth on Exhibit A, or (y) the attainment of the Performance Measure is not yet determinable as of such date, and in such case shall fully vest at the time of such termination but the vested Stock Option shall remain subject to the attainment of the Performance Measure and shall not be exercisable unless and until the Compensation Committee has certified that the Performance Measure has been attained with respect to all or any portion thereof, and following such certification shall be exercisable into the number of Option Shares set forth on Exhibit A. (For the avoidance of doubt, *if* this Stock Option (including any portion thereof that vested pursuant to sub-clause (y) above) is subject to a Performance Measure that the Compensation Committee has certified has *not* been attained with respect to all or any portion thereof, this Stock Option shall terminate with respect to all of the Option Shares or such portion thereof, as applicable, in accordance with Section 1(b) hereof.)

2. Manner of Exercise.

a. The Optionee may exercise this Stock Option only in the following manner: from time to time on or prior to the Expiration Date of this Stock Option, the Optionee may give written notice to the Chief Administrative Officer or General Counsel of the Optionee's election to purchase some or all of the vested Option Shares purchasable at the time of such notice. Such notice shall specify the number of Option Shares to be purchased.

Payment of the purchase price for the Option Shares may be made by one or more of the following methods: (i) in cash or by certified or bank check or other instrument acceptable to the Administrator; (ii) through the delivery of previously acquired unrestricted shares of Stock, or the withholding of unrestricted shares of Stock otherwise deliverable upon exercise, in either case, that have an aggregate Fair Market Value equal to the exercise price; (iii) by the Optionee delivering to the Company a properly executed exercise notice in a form acceptable to the Company together with irrevocable instructions to a broker to promptly deliver to the Company cash or a check payable and acceptable to the Company to pay the option purchase price; provided that, in the event the Optionee chooses to pay the option purchase price as so provided, the Optionee and the broker shall comply with such procedures and enter into such agreements of indemnity and other agreements as the Administrator shall prescribe as a condition of such payment procedure and shall comply with all applicable laws, which laws may in certain cases restrict the availability of this method; or (iv) a combination of (i), (ii), and (iii) above. Payment instruments will be received subject to collection.

Stock Option exercises and any sales of Option Shares will be subject to the Company's insider trading policy, equity ownership guidelines and other Company policies as may be in effect from time to time or otherwise established by the Administrator.

b. The issuance of Stock representing the Option Shares will be contingent upon the Company's receipt from the Optionee of full payment for the Option Shares, as set forth above, and any agreement, statement or other evidence that the Company and/or the Administrator may require to satisfy itself that the issuance of Stock to be purchased pursuant to the exercise of this Stock Option and any subsequent resale of the shares of Stock will be in compliance with all applicable laws and regulations and with the requirements hereof and of the Plan. The determination of the Administrator as to such compliance shall be final and binding on the Optionee. The Optionee is not entitled to vote any shares of Stock subject to this Stock Option by reason of the granting of this Stock Option or to receive or be credited with any dividends declared and payable on such shares prior to the payment date with respect to the Option Shares, subject to clause (c) below. This Stock Option shall not be interpreted to bestow upon the Optionee any equity interest or ownership in the Company or any subsidiary or Affiliate, and the Optionee shall not be deemed to be the holder of, or to have any of the rights of a holder with respect to, any shares of Stock subject to this Stock Option unless and until this Stock Option shall have been exercised pursuant to the terms hereof and of the Plan, and the Optionee's name shall have been entered as the stockholder of record on the books of the Company. Thereupon, the Optionee shall have full voting, dividend and other ownership rights with respect to such shares of Stock, subject to clause (c) below.

c. The Company shall maintain an account on its books in the name of the Optionee which shall reflect this Stock Option and the number of Option Shares set forth on Exhibit A. The Optionee acknowledges and agrees that, upon exercise of all or any portion of this Stock Option in accordance with the terms of this Agreement, the Company, in its sole discretion, may (i) hold all Option Shares on behalf of the Optionee, until such time as the Optionee submits a request for delivery, and in such case, the Company will exercise voting rights and take all other corporate actions for such Option Shares for such time as such Option Shares may be held by the Company on behalf of the Optionee, unless the Optionee provides written notice to the Human Resources Department to the contrary, or (ii) release any such Option Shares to the Company's designated broker, and such broker may hold such Option Shares until such time as they are distributed to the Optionee. The Optionee further agrees to follow such administrative procedures as may be established from time to time by the Company and/or its designated broker.

d. The minimum number of shares with respect to which this Stock Option may be exercised at any one time shall be 100 shares, unless the number of shares with respect to which this Stock Option is being exercised is the total number of shares that may be exercised under this Stock Option at the time or unless otherwise permitted by the Human Resources Department.

e. Notwithstanding any other provision hereof or of the Plan, no portion of this Stock Option shall be exercisable after the Expiration Date hereof. For the avoidance of doubt, any portion of this Stock Option that is not exercised by the Expiration Date will thereupon immediately terminate.

3. Definitions. Except as otherwise expressly provided, all terms used herein shall have the same meaning as in the Plan, as applicable and as may be amended from time to time. For purposes of this Agreement, as applicable, the following terms shall have the following meanings:

a. “Cause” means any of the following:

i. the Optionee’s engagement in any criminal act which is or involves a serious felony offense, a violation of federal or state securities laws (or equivalent laws of any country or political subdivision thereof), embezzlement, fraud, wrongful taking or misappropriation of property, or theft or any other crime involving dishonesty;

ii. the Optionee’s willful or grossly negligent failure to perform duties owed to the Company or an Affiliate;

iii. the Optionee’s willful violation of any securities or commodities laws, any rules or regulations issued pursuant to such laws, or the rules and regulations of any securities or commodities exchange or association of which the Company or any of its subsidiaries or Affiliates is a member; or

iv. the Optionee’s willful violation of any Company policy or any applicable policy of any of its subsidiaries or Affiliates concerning confidential or proprietary information, or material violation of any other Company or applicable subsidiary or Affiliate policy or written agreement as in effect from time to time; and

v. for purposes of Section 5(a) and the Retirement Policy, “Cause” also means the occurrence of any of the following, as determined by the Company: (a) the Optionee’s performance of the Optionee’s duties and responsibilities to the Company or its subsidiaries or Affiliates, as applicable, in a manner deemed by the Company to be in any way unsatisfactory and/or inconsistent with the needs of the business; (b) the Optionee’s breach of this Agreement or any other agreement between the Optionee and the Company or any of its subsidiaries or Affiliates; or (c) the Optionee’s misconduct, including, but not limited to, fraud, violation of or disregard for the rules, policies, and procedures of the Company or any of its subsidiaries or Affiliates, dishonesty, insubordination, theft, or other illegal or inappropriate conduct.

The determination as to whether “Cause” has occurred shall be made by the Administrator. The Administrator shall also have the authority to waive the consequences under the Plan of the existence or occurrence of any of the events, acts or omissions constituting “Cause.” If, subsequent to the Optionee’s termination of Employment for other than Cause, it is determined that the Optionee’s Employment could have been terminated for Cause, the Optionee’s Employment shall be deemed to have been terminated for Cause retroactively to the date the events giving rise to such Cause occurred. Notwithstanding the foregoing, if Optionee is party to an employment, severance-benefit, change of control or similar agreement with the Company (or any of its subsidiaries or Affiliates, as applicable) that contains a definition of “Cause” (or a correlative term), such definition will apply (in the case of such Optionee for purposes of this Agreement) in lieu of Sections 3(a)(i) through (iv) of the definition of “Cause” set forth above during the term of such other agreement, provided that Section 3(a)(v) of the definition set forth above will always apply for purposes of this Agreement.

b. “Client” shall mean all Past Clients, Present Clients and Potential Clients, subject to the following general rules:

i. with respect to each Client, the term “Client” shall also include any Persons who are Affiliates of such Client and, to the extent known by the Optionee to have such connection with such Client (and the Optionee shall be deemed to have such knowledge if the Optionee would reasonably have been expected to have such knowledge in the ordinary course of the Optionee’s duties while the Optionee was employed by the Company or any of its subsidiaries or Affiliates, as applicable), directors, officers or employees of such Client or any such subsidiaries or Affiliates thereof, or Persons who are members of the immediate family of such Client or any of the other foregoing Persons or Affiliates of any of them;

ii. with respect to any Present Client or Past Client (as applicable) that is a Fund, the term “Client” shall also include (x) the sponsor of such Client, and any other Fund sponsored by such Person or its Affiliates, and (y) any investor in such Client (provided that, except to the extent the Optionee had knowledge of the identity of an investor therein while the Optionee was employed by the Company or any of its subsidiaries or Affiliates, as applicable (and the Optionee shall be deemed to have had such knowledge if the Optionee would reasonably have been expected to have had such knowledge in the ordinary course of the Optionee’s duties while the Optionee was employed by the Company or any of its subsidiaries or Affiliates, as applicable), in the case of any Fund, an investor therein shall not be deemed a Present Client or Past Client (as applicable) hereunder);

iii. with respect to any Client that is a trust or similar entity, the term “Client” shall include the settlor and, to the extent such beneficiary is known to the Optionee to be such a beneficiary (and the Optionee shall be deemed to have had such knowledge if the Optionee would reasonably have been expected to have had such knowledge in the ordinary course of the Optionee’s duties while the Optionee was employed by the Company or any of its subsidiaries or Affiliates, as applicable), any Person who is a beneficiary of such Client and the Affiliates and immediate family members of any such Persons;

iv. with respect to so-called “wrap programs,” “SMA programs” or similar programs, the term “Client” shall include (x) the sponsor of such program, and (y) the underlying participants in such program (provided that, except to the extent the Optionee had knowledge of the identity of a participant therein while the Optionee was employed by the Company or any of its subsidiaries or Affiliates, as applicable (and the Optionee shall be deemed to have had such knowledge if the Optionee would reasonably have been expected to have had such knowledge in the ordinary course of the Optionee’s duties while the Optionee was employed by the Company or any of its subsidiaries or Affiliates, as applicable), a participant therein shall not be deemed a Present Client or Past Client (as applicable) hereunder); and

v. with respect to each Client, the term “Client” shall also include any Persons who (x) in U.S. retail markets, serve as intermediaries, including, but not limited to, broker-dealers and financial advisers, and, (y) in all other markets, serve as an intermediary with discretion as to whether or not to make Affiliate products available to their underlying clients.

c. “Fund” shall mean any collective investment vehicle (whether open-ended or closed-ended), including, without limitation, an investment company (whether or not registered under the Investment Company Act of 1940, as amended), a general or limited

partnership, a trust or a commingled fund, in any such case organized (or otherwise formed) in any jurisdiction.

d. “*Good Reason*” shall mean any of the following events or conditions occurring without the Optionee’s express written consent, provided that the Optionee shall have given notice of such event or condition within 90 days of the initial existence of such event or condition and the Company shall not have remedied such event or condition within 30 days after receipt of such notice:

- i. a materially adverse alteration in the nature or status of the Optionee’s duties or responsibilities;
- ii. a material reduction in the Optionee’s annual base salary or any target bonus, other than an across-the-board reduction that applies to the Optionee and similarly-situated employees; or
- iii. a change of 50 miles or more in the Optionee’s principal place of Employment, except for required travel on business to an extent substantially consistent with the Optionee’s business travel obligations.

Notwithstanding the foregoing, if the Optionee is party to an employment, severance-benefit, change of control or similar agreement with the Company (or any of its subsidiaries or Affiliates, as applicable) that contains a definition of “*Good Reason*” (or a correlative term), such definition will apply (in the case of the Optionee for purposes of this Agreement) in lieu of the definition set forth above during the term of such agreement.

e. “*Investment Management Services*” shall mean any services which involve: (i) the management of an investment account or Fund (or portions thereof or a group of investment accounts or Funds); (ii) the giving of advice with respect to the investment and/or reinvestment of assets or funds (or any group of assets or funds); or (iii) otherwise acting as an “investment adviser” within the meaning of the Investment Advisers Act of 1940, as amended, including, without limitation, in each of the foregoing cases, performing activities related or incidental thereto.

f. “*Past Client*” shall mean, subject to the general rules under the definition of Client, at any particular time of determination, any Person (i) who at any point prior to such time of determination had been, directly or indirectly (and including, without limitation, through one or more intermediaries such as a wrap sponsor or as an investor in a Fund for which the Company or any subsidiary or Affiliate thereof acts (or acted) as a sponsor, adviser or sub-adviser or in a similar capacity), an advisee or investment advisory customer or client of, or otherwise a recipient of Investment Management Services from, (x) the Company or any subsidiary or Affiliate thereof, and/or (y) any owner, part owner, shareholder, partner, member, director, officer, trustee, employee, agent or consultant of the Company or any subsidiary or Affiliate thereof acting on behalf of the Company or any of its subsidiaries or Affiliates, but at such time is not an advisee or investment advisory customer or client of (or otherwise a direct or indirect recipient of Investment Management Services from) the Company or any subsidiary or Affiliate thereof (or any of the foregoing Persons acting on their behalf), and (ii) with which Optionee or Optionee’s department had material, direct interaction with and/or with respect to

which Optionee had access to proprietary or confidential information; provided, however, that, from and after the termination of Optionee's Employment, the term "Past Client" shall thereafter be limited (solely with respect to the Optionee) to those Past Clients who were (directly or indirectly) advisees or investment advisory customers or clients of, or recipients of Investment Management Services from, the Company or any subsidiary or Affiliate thereof, or any owner, part owner, shareholder, partner, member, director, officer, trustee, employee, agent or consultant (or persons acting in any similar capacity) of the Company or any subsidiary or Affiliate thereof, at any time during the two (2) years immediately preceding the date of such termination.

g. "*Performance Measure*" shall mean the target(s) for the applicable Performance Period(s) (each as set forth on Exhibit A, as applicable), as established by the Compensation Committee.

h. "*Person*" shall mean any individual, partnership (limited or general), corporation, limited liability company, limited liability partnership, association, trust, joint venture, unincorporated organization or other entity.

i. "*Potential Client*" shall mean, subject to the general rules under the definition of Client, at any particular time of determination, any Person (i) to whom (x) the Company or any subsidiary or Affiliate thereof, and/or (y) any owner, part owner, shareholder, partner, member, director, officer, trustee, employee, agent or consultant (or persons acting in any similar capacity) of the Company or any subsidiary or Affiliate thereof, acting on behalf of the Company or any subsidiary or Affiliate thereof in any such case has within one (1) year prior to such time of determination offered (whether by means of a personal meeting, telephone call, letter, written proposal or otherwise) to serve as investment adviser or otherwise provide Investment Management Services, but who is not at such time an advisee or investment advisory customer or client of (or otherwise a direct or indirect recipient of Investment Management Services from) the Company or any subsidiary or Affiliate thereof (or any of the foregoing Persons acting on their behalf), and (ii) with which Optionee or Optionee's department had material, direct interaction with and/or with respect to which Optionee had access to proprietary or confidential information; provided, however, that, from and after the termination of Optionee's Employment, the term "Potential Client" shall thereafter be limited (solely with respect to the Optionee) to those Potential Clients to whom such an offer to provide Investment Management Services was made at any time during the one (1) year immediately preceding the date of such termination. The preceding sentence is meant to exclude advertising, if any, through mass media in which the offer, if any, is available to the general public, such as magazines, newspapers and sponsorships of public events.

j. "*Present Client*" shall mean, subject to the general rules under the definition of Client, at any particular time of determination, any Person (i) who is at such time of determination, directly or indirectly (and including, without limitation, through one or more intermediaries such as a wrap sponsor, or as an investor in a Fund for which the Company or any subsidiary or Affiliate thereof acts as a sponsor, adviser or sub-adviser or in a similar capacity), an advisee or investment advisory customer or client of (or otherwise a direct or indirect recipient of Investment Management Services from) (x) the Company or any subsidiary or Affiliate thereof and/or (y) any owner, part owner, shareholder, partner, member, director, officer, trustee, employee, agent or consultant (or persons acting in any similar capacity) of the Company or any subsidiary or Affiliate thereof acting on behalf of the Company or any

subsidiary or Affiliate thereof, and (ii) with which Optionee or Optionee's department had material, direct interaction with and/or with respect to which Optionee had access to proprietary or confidential information.

k. "Retirement Eligible Award" shall have the meaning set forth in the Company's Employee Equity Retirement Policy, as may be in effect from time to time (the "Retirement Policy").

4. Termination of Service. If the Optionee's Employment terminates, this Stock Option may be subject to earlier termination or accelerated vesting as set forth below.

a. Termination by Reason of Death or Disability. If the Optionee's Employment terminates by reason of death or disability, this Stock Option shall automatically fully vest at the time of such termination and may thereafter be exercised by the Optionee or the Optionee's legal representative or legatee, or by the Optionee's permitted transferee, if any, for a period of twelve (12) months from the date of death or disability, as the case may be, or until the Expiration Date, if earlier; provided that, if subject to a Performance Measure, this Stock Option shall only be exercisable pursuant to this Section 4(a) if (i) the Compensation Committee has certified that the Performance Measure has been attained with respect to all or any portion thereof on or before the date of termination, and in such case shall vest at the time of such termination and shall be exercisable into the number of Option Shares set forth on Exhibit A, or (ii) the attainment of the Performance Measure is not yet determinable as of such date, and in such case this Stock Option shall fully vest at the time of such termination but the vested Stock Option shall remain subject to the attainment of the Performance Measure, and this Stock Option shall not be exercisable unless and until the Compensation Committee has certified that the Performance Measure has been attained with respect to all or any portion thereof, and following such certification shall be exercisable into the number of Option Shares set forth on Exhibit A (in each case, by the Optionee or the Optionee's legal representative or legatee, or by the Optionee's permitted transferee, if any, for a period of twelve (12) months from the date of such certification or until the Expiration Date, if earlier). (For the avoidance of doubt, if this Stock Option (including any portion thereof that vested pursuant to sub-clause (ii) above) is subject to a Performance Measure that the Compensation Committee has certified has *not* been attained, this Stock Option shall terminate in accordance with Section 1(b) hereof.) In the case of termination by reason of disability, the death of the Optionee during the twelve-month period provided in this Section 4(a) shall extend such period for another twelve (12) months from the date of death or until the Expiration Date, if earlier.

b. Retirement. If this Stock Option qualifies as a Retirement Eligible Award, as indicated on Exhibit A, then the applicable provisions of the Retirement Policy shall apply to this Stock Option.

c. Termination for Cause. If the Optionee's Employment terminates for Cause, this Stock Option shall terminate immediately and be of no further force and effect.

d. Other Termination. If the Optionee's Employment terminates for any reason other than death or disability, Retirement (as such term is defined in the Retirement Policy), for Cause, or in connection with a Change of Control described in Section 1(c), and unless a longer period is determined by the Administrator, this Stock Option may be exercised by

the Optionee, to the extent exercisable on the date the Optionee's Employment terminates, for a period of ninety (90) days from the date the Optionee's Employment terminates or until the Expiration Date, if earlier. Any portion of the Stock Option that is not exercisable at such time shall terminate immediately and be of no further force or effect; it being understood that this Stock Option shall remain outstanding following the date of any termination due to death, disability or in connection with a Change of Control described in Section 1(c) with respect to any portion of this Stock Option that has vested pursuant to Sections 1(c)(y) or 4(a)(ii) hereof until this Stock Option is exercised or terminated in accordance with Section 1(c) or 4(a), as applicable.

The Administrator's determination of the reason that the Optionee's Employment has terminated shall be conclusive and binding on the Optionee and the Optionee's representatives, legal guardians or legatees.

5. Noncompetition, Intellectual Property and Confidentiality.

a. In consideration of the Stock Option granted herein, the Optionee agrees that during the term of the Optionee's Employment with the Company or any of its subsidiaries or Affiliates and for one (1) year thereafter (or two (2) years if the Optionee breaches the Optionee's fiduciary duty to the Company or its subsidiaries or Affiliates, or unlawfully takes, physically or electronically, property belonging to the Company or its subsidiaries or Affiliates) for any reason other than termination by the Company without Cause, the Optionee: (i) will not, directly or indirectly, whether as owner, partner, shareholder, member, consultant, agent, employee, co-venturer or otherwise, engage, participate or invest in any Competing Business (as hereinafter defined) (provided, however, that nothing in this clause (i) shall prohibit the Optionee from acting as an agent for a Competing Business in the course of the Optionee's employment (or other applicable service relationship) for a business which is not a Competing Business); (ii) will not, directly or indirectly, take any action to negotiate or discuss with any person or entity or solicit or entertain from any person or entity, any investment, purchase, proposal, offer or indication of interest regarding (A) any investment in any entity in which the Company or any of its subsidiaries or Affiliates holds any securities or other investment interests or (B) any investment in any other entity with whom the Company or any of its subsidiaries or Affiliates is or was discussing or negotiating any possible investment therein at any time during the one (1) year preceding the termination (if any) of the Optionee's Employment (or other applicable service relationship) with the Company or any of its subsidiaries or Affiliates.

For purposes of this Agreement, the term "Competing Business" shall mean a business or a division of a business, conducted anywhere in the world, which invests in or acquires boutique or specialist investment managers or advisers, or has adopted a strategy or developed a business plan to invest in or acquire multiple boutique or specialist investment managers or advisers. Notwithstanding the foregoing, the Optionee may own up to five percent (5%) of the outstanding stock of a publicly held corporation which constitutes or is affiliated with a Competing Business.

b. During the term of the Optionee's Employment with the Company or any of its subsidiaries or Affiliates and for two (2) years thereafter, the Optionee will refrain from directly or indirectly employing, attempting to employ, recruiting or otherwise soliciting, inducing or influencing any person to leave Employment with the Company or its subsidiaries or

Affiliates (other than terminations of Employment of subordinate employees undertaken in the course of the Optionee's Employment with the Company or any of its subsidiaries or Affiliates).

c. In addition to (and not in limitation of) the provisions of Sections 5(a) and (b) of this Agreement, the Optionee agrees, for the benefit of the Company and its subsidiaries and Affiliates, that the Optionee shall not, during the term of the Optionee's Employment (or other applicable service relationship) with the Company or any of its subsidiaries or Affiliates and for one (1) year thereafter, directly or indirectly (whether individually or as owner, part owner, shareholder, partner, member, director, officer, trustee, employee, agent, consultant or in any other capacity, on behalf of the Optionee or any other Person (other than the Company or a subsidiary or Affiliate thereof while employed by the Company)):

i. provide Investment Management Services to any Person that is a Client (which includes Past Clients, Present Clients, and Potential Clients);

ii. solicit or induce (whether directly or indirectly) any Person for the purpose (which need not be the sole or primary purpose) of (A) causing any funds or accounts with respect to which the Company or any of its subsidiaries or Affiliates provides Investment Management Services to be withdrawn from such management or other services, or (B) causing any Client (including any Potential Client) not to engage the Company or any of its subsidiaries or Affiliates to provide Investment Management Services for any additional funds or accounts (or otherwise attempt to cause any of the foregoing to occur);

iii. otherwise divert or take away (or seek to divert or take away) any funds or investment accounts with respect to which the Company or any subsidiary or Affiliate thereof provides Investment Management Services; or

iv. contact or communicate with, whether directly or indirectly, any Past Clients, Present Clients or Potential Clients in connection with providing Investment Management Services to such Persons;

provided, however, that this Section 5(c) shall not be applicable to Clients (including Potential Clients) who are also immediate family members of the Optionee.

d. The Optionee understands that the restrictions set forth in Sections 5(a), (b) and (c) of this Agreement are intended and necessary to protect the Company's and its subsidiaries' and Affiliates' interests in its and their Proprietary Information (as hereinafter defined) and established employee and client relationships and goodwill, and agrees that such restrictions are reasonable and appropriate for this purpose.

e. The Optionee agrees and acknowledges that any and all presently existing business of the Company and its subsidiaries and Affiliates and all business developed by the Company, any of its subsidiaries or Affiliates, the Optionee and/or any other employee (or other service provider) of the Company and its subsidiaries and Affiliates, including, without limitation, all client lists, the Company's deal structures (as represented by the transactions it has completed, attempted or actually proposed), compensation records, agreements, and any other incident of any business developed by the Company or carried on by the Company, and all trade names, service marks and logos under which the Company, its subsidiaries and its and their

Affiliates do business, including, without limitation, “Affiliated Managers Group” and any combinations or variations thereof and all related logos, are and shall be the exclusive property of the Company or such subsidiary or Affiliate, as applicable, for its or their sole use, and (where applicable) amounts received in respect of the foregoing shall be payable directly to the Company or such subsidiary or Affiliate. The Optionee acknowledges that, in the course of performing services for the Company and otherwise, the Optionee will from time to time have access to information concerning the Company’s, its subsidiaries’ or its Affiliates’ current or proposed businesses, technologies, business relationships, clients, personnel, processes, operations, strategies, plans, methods, investments, investment recommendations, investment processes, investment methodologies, products, confidential records, manuals, data, client and contact lists, trade secrets, or financial, corporate, sales, marketing or personnel affairs, which the Company or such subsidiary or Affiliate has not released to the general public, and all memoranda, notes, papers, items, tangible media, electronic files and communications related thereto (collectively, “Proprietary Information”). The Optionee agrees that Proprietary Information of the Company or any subsidiary or Affiliate thereof is and will be the exclusive property of the Company or such subsidiary or Affiliate, as the case may be, and further agrees to always keep secret and never (during the term of this Agreement or thereafter) publish, divulge, furnish, use or make accessible to anyone (other than in the regular course of business of the Company or any subsidiary or Affiliate thereof or otherwise at the Company’s request) such Proprietary Information. Anything contained herein to the contrary notwithstanding, this Section 5(e) shall not (i) apply to any knowledge, information or property which (x) is generally known or available to the public or in the public domain, (y) has been previously disclosed or made available to the public, unless the Optionee knows or has reason to know that such disclosure or availability was the direct or indirect result of the violation or breach of a confidentiality or non-disclosure obligation, or (z) is required to be disclosed or delivered by any court, agency or other governmental authority or is otherwise required to be disclosed by law, or (ii) preclude the Optionee from cooperating with any governmental process, or any governmental or law enforcement agency in any investigation, or from making any other communications (without notice to or consent from the Company) with a governmental agency. The Optionee understands that the Optionee will not be held criminally or civilly liable under any federal or state trade secret law for disclosing a trade secret (i) in confidence to a federal, state, or local government official, either directly or indirectly, or to an attorney, solely for the purpose of reporting or investigating a suspected violation of law, or (ii) in a complaint or other document filed under seal in a lawsuit or other proceeding; provided, however, that notwithstanding this immunity from liability, the Optionee may be held liable if the Optionee accesses trade secrets by unauthorized means.

f. The Optionee will make full and prompt disclosure to the Company of all inventions, discoveries, designs, developments, methods, modifications, improvements, processes, algorithms, databases, computer programs, formulae, techniques, trade secrets and other works of authorship (collectively, “Developments”), whether or not patentable or copyrightable, that are created, made, conceived, or reduced to practice by the Optionee (alone or jointly with others) or under the Optionee’s direction during the Optionee’s Employment. The Optionee acknowledges and confirms that the Optionee hereby assigns and transfers, and will assign and transfer, to the Company and its successors and assigns all the Optionee’s right, title and interest in all Developments that (i) relate to the business of the Company, any subsidiary or Affiliate or any customer of or supplier to the Company or any of the products or services being researched, developed, manufactured, serviced, licensed or sold by the Company or which may

be used with such products or services; or (ii) result from tasks assigned to the Optionee by the Company, a subsidiary or an Affiliate; or (iii) result from the use of premises or personal property (whether tangible or intangible) owned, leased or contracted for by the Company, a subsidiary or an Affiliate ("Company-Related Developments"), and all related patents, patent applications, trademarks and trademark applications, copyrights and copyright applications, and other intellectual property rights in all countries and territories worldwide and under any international conventions ("Intellectual Property Rights").

g. Upon termination of the Optionee's Employment for any reason, the Optionee shall, and agrees to, return all Proprietary Information in the Optionee's possession or control to the Company and such Proprietary Information will remain in the Company's possession. The Optionee will cooperate fully with the Company and its subsidiaries and Affiliates, both during Employment and following termination of Employment for any reason, in order for the Company and its subsidiaries and Affiliates to enforce and protect any of their rights and interests with respect to Proprietary Information, Company-Related Developments, and Intellectual Property Rights in Company-Related Developments, including, without limitation whatsoever, signing all papers, copyright applications, patent applications, declarations, oaths, assignments of priority rights, and powers of attorney which the Company may deem necessary or desirable in order to protect such rights and interests.

h. The Optionee and the Company agree that, in the event that any provision of this Section 5 is determined by any court of competent jurisdiction to be unenforceable by reason of its being extended over too great a time, too large a geographic area or too great a range of activities, the applicable provision shall be deemed to be modified to permit its enforcement to the maximum extent permitted by law.

i. Notwithstanding the foregoing or anything to the contrary herein, if this Stock Option qualifies as a Retirement Eligible Award, as set forth on Exhibit A, the Optionee may be subject to additional terms and conditions regarding non-competition, and any such terms and conditions are in addition to, and not in limitation of, the terms and conditions set forth herein, including, without limitation, the provisions addressing non-competition and non-solicitation.

6. Remedies Upon Breach. In the event that the Optionee breaches any of the provisions of Section 5 of this Agreement, including without limitation following the termination of the Optionee's Employment, the entire intrinsic value of the vested Stock Option (as of the date the Optionee's Employment is terminated, whether or not exercised or paid, settled or distributed by the Company), shall be paid to or retained by the Company, as applicable, as liquidated damages (the "Liquidated Damages"). The parties agree that in the event of such breach by the Optionee it will be difficult to ascertain with certainty the amount of damages suffered by the Company and its subsidiaries and Affiliates. The amount of the Liquidated Damages represents a reasonable estimate of the damages expected to be suffered by the Company and its subsidiaries and Affiliates as a result of the Optionee's default and, in any such event, in addition to (and not in limitation of) such other remedies as the Company may have against the Optionee, until the Liquidated Damages are recovered in their entirety, (x) the Company shall be entitled to withhold any payments to which the Optionee otherwise would be entitled (whether pursuant to this Agreement or any other agreement, plan or policy, including without limitation distributions hereunder), and (y) the Optionee, at the request of the Company,

shall return all or some incentive compensation (which shall include any compensation distributed or awarded to the Optionee other than base compensation); provided that, any amounts so withheld or returned shall be promptly released to the original payee to the extent it is determined (whether by settlement, judgment or arbitral decision) that such amounts are required to be so released, together with interest thereon as may be agreed or determined in connection with such settlement, judgment or decision. The Optionee agrees that the remedies provided in this Section 6 are reasonably related to anticipated losses that the Company and/or any of its subsidiaries or Affiliates would suffer upon a breach of such provisions by the Optionee. The Optionee recognizes and agrees that the Company's remedies at law for any breach, or threatened breach, of the provisions of this Agreement would be inadequate, and that for any breach or threatened breach of such provisions by the Optionee, the Company shall, in addition to such other remedies as may be available to it at law or in equity or as provided in this Agreement, be entitled to injunctive relief and enforcement of its rights by an action for specific performance to the extent permitted by law (and without having to post bond), and to an award of reasonable attorneys' fees and costs incurred in connection with securing any of its rights hereunder. Notwithstanding the foregoing, the Optionee recognizes and agrees that if this Stock Option qualifies as a Retirement Eligible Award, as set forth on Exhibit A, the Retirement Policy, to the extent applicable, may provide for alternative remedies upon any breach of the terms and conditions set forth therein.

7. Notice of Termination.

a. The Optionee's Employment may be terminated at any time by the Company or, if different, any subsidiary or Affiliate of the Company that is the Optionee's employer (the "Optionee's employer"), or by the Optionee; provided that, the Optionee (but not the Company or, if different, the Optionee's employer) shall be required to provide at least six (6) months advance written notice of such termination. For the avoidance of doubt, for purposes of Section 5 of this Agreement, termination of Employment shall be deemed to occur upon delivery of notice of termination by the Optionee.

b. Where notice of termination has been delivered by the Optionee, the Company and, if different, the Optionee's employer shall be under no obligation to provide any activities to Optionee to carry out on behalf of the Company or its subsidiaries or Affiliates, and may require the Optionee (i) not to attend any premises of the Company or any subsidiary or Affiliate thereof, (ii) to resign with immediate effect from any offices the Optionee holds with the Company or any subsidiary or Affiliate thereof (or any Client thereof), (iii) to refrain from any business contact with any Clients, partners or employees of the Company or any subsidiary or Affiliate thereof, and (iv) to take any leave time the Optionee has accrued under the policies of the Company (or any of its subsidiaries or Affiliates, as applicable).

c. Notwithstanding the foregoing, if the Optionee is a party to an employment agreement with the Company or any subsidiary or Affiliate thereof, and/or if this Stock Option qualifies as a Retirement Eligible Award, as set forth on Exhibit A, any applicable terms of such employment agreement and/or the Retirement Policy, as applicable, shall supersede and apply in precedence to the provisions of clauses (a) and (b) of this Section 7, and clauses (a) and (b) of this Section 7 shall not be taken to amend the related terms of such employment agreement and/or the Retirement Policy, as applicable.

d. In connection with the termination of the Optionee's Employment, the Optionee shall reasonably cooperate with the Company and, if different, the Optionee's employer, to prepare a communication plan regarding the Optionee's departure, and the Optionee shall not make any other public statement regarding the Optionee's departure without the prior written consent of the Company.

8. Nondisparagement. In exchange for the consideration herein, the Optionee agrees not to make any disparaging, derogatory, damaging, and/or critical statements concerning the Company or any subsidiaries or any of their respective affiliates, partners, officers, directors, employees, services, products and/or activities.

9. Third-Party Agreements and Rights.

a. The Optionee hereby confirms that the Optionee is not bound by the terms of any agreement with any previous employer or other party which restricts in any way the Optionee's use or disclosure of information or the Optionee's engagement in any business. In the Optionee's work for the Company or any of its subsidiaries or Affiliates, the Optionee will not disclose or use any information in violation of any rights of any such previous employer or other party.

b. The Optionee's employer, if different than the Company, is an intended third-party beneficiary under this Agreement and may enforce the terms of Sections 5, 6, 7, 8, 11 and 12 of this Agreement. This right is subject to (i) the rights of the parties hereto to rescind or vary this Agreement without the consent of any such subsidiary or Affiliate and (ii) the other terms and conditions of this Agreement and the Plan.

10. Transferability. This Agreement is personal to the Optionee, is non-assignable and is not transferable in any manner, by operation of law or otherwise, other than by will or the laws of descent and distribution or as permitted by the Administrator (or its delegee). This Stock Option is exercisable, during the Optionee's lifetime, only by the Optionee or the Optionee's legal guardian, if any, and thereafter, only by the Optionee's legal representative or legatee. Notwithstanding anything to the contrary, to the extent that the Administrator, in its sole discretion, determines that all or any portion of this Stock Option does not qualify as an "incentive stock option" under Section 422 of the Code, whether pursuant to Section 6(b)(viii) of the Plan or otherwise, the Optionee may transfer, without consideration for the transfer, such part of this Stock Option to members of the Optionee's immediate family, to trusts for the benefit of such family members, or to partnerships in which such family members are the only partners, provided that the transferee (and, as required by the Administrator, the beneficiaries or members of such transferee) agrees in writing with the Company to be bound by all of the terms and conditions of the Plan and this Agreement. Following such a permitted transfer, the provisions of this Agreement providing for the exercise of this Stock Option by the Optionee shall be deemed to permit exercises by a permitted transferee to whom all or a part of this Stock Option has been permissibly transferred.

11. Status of the Stock Option; Certain Tax Matters.

a. While all or a portion of this Stock Option may be intended to qualify as an "incentive stock option" under Section 422 of the Code, the Company does not represent or

warrant that this Stock Option qualifies as such, and none of the Company, any of its Affiliates, the Administrator or any person acting on behalf of the Company, any of its Affiliates or the Administrator, will be liable to the Optionee or to the estate or beneficiary of the Optionee or to any person by reason of the failure of the Stock Option to satisfy the requirements of Section 422 of the Code. The Optionee should consult with the Optionee's own tax advisors regarding the tax effects of this Stock Option and the requirements necessary to obtain favorable income tax treatment under Section 422 of the Code, including, but not limited to, holding period and exercise requirements. The Optionee acknowledges and agrees that the Company or the Administrator may take any action permitted under the Plan without regard to the effect such action may have on the status of the Stock Option as an incentive stock option and that such actions may cause the Stock Option to fail to be treated as an incentive stock option.

b. With respect to any portion of this Stock Option that is intended to qualify as an "incentive stock option" under Section 422 of the Code, if the Optionee intends to dispose or does dispose (whether by sale, gift, transfer or otherwise) of any shares of Stock underlying this Stock Option within the one-year period beginning on the date after the transfer of such shares to the Optionee, or within the two-year period beginning on the day after the grant of this Stock Option, the Optionee will notify the Company in writing within fifteen (15) days after such disposition.

c. To the extent that the aggregate Fair Market Value (determined at the time of grant) of the Option Shares subject to the portion of the Stock Option, if any, intended to qualify as an incentive stock option, and all other incentive stock options the Optionee holds that are exercisable for the first time during any calendar year (under all plans of the Company and its subsidiaries), exceeds \$100,000, the Stock Options held by the Optionee or portions thereof that exceed such limit (according to the order in which they were granted in accordance with the regulations under Section 422 of the Code) shall be treated as Non-Qualified Stock Options.

d. If at the time this Stock Option is exercised the Company determines that under applicable law and regulations it could be liable for the withholding of any federal, state or local tax or employee's social security contributions upon such exercise or with respect to a disposition of any shares of Stock acquired upon such exercise, the Optionee expressly acknowledges and agrees that the Optionee's rights hereunder, including the right to be issued shares of Stock upon exercise, are subject to the Optionee promptly paying to the Company in cash (or by such other means as may be acceptable to the Administrator in its discretion, including, if the Administrator so determines, by the delivery of previously acquired shares of Stock or Option Shares acquired hereunder or by the withholding of amounts from any payment hereunder) all such taxes, at a rate up to the maximum applicable withholding rate, and employee's social security contributions, in any case, as determined by the Administrator in its discretion. No shares of Stock will be transferred pursuant to the exercise of this Stock Option unless and until the person exercising this Stock Option has remitted to the Company an amount in cash sufficient to satisfy any federal, state, or local withholding tax and employee's social security contributions requirements, or has made other arrangements satisfactory to the Company with respect to such taxes and employee's social security contributions. The Optionee authorizes the Company and its subsidiaries to withhold such amount from any amounts otherwise owed to the Optionee, but nothing in this sentence shall be construed as relieving the Optionee of any liability for satisfying the Optionee's obligation under the preceding provisions of this Section 11(d).

12. Miscellaneous.

a. This Stock Option is subject to adjustment in accordance with the provisions of Section 7 of the Plan.

b. Notice hereunder shall be given (i) to the Company at its principal place of business, and (ii) to the Optionee at the address on file in the Company's records, or in either case at such other address as one party may subsequently furnish to the other party in writing.

c. The Optionee hereby acknowledges and agrees to the following: (i) this Stock Option is offered to the Optionee at the complete discretion of the Company; (ii) the Plan, this Stock Option and the Retirement Policy do not form part of any contract of employment (or other provision of services) between the Optionee and the Company or any of its subsidiaries or Affiliates and do not confer upon the Optionee any rights with respect to continuance as an employee (or other service provider) of the Company or any of its subsidiaries or Affiliates; (iii) this Stock Option will not affect any right the Company or any of its subsidiaries or Affiliates may have under any employment agreement with the Optionee or under applicable law to terminate the Employment of the Optionee at any time with or without Cause; (iv) this Stock Option is not part of the Optionee's base salary or wages and will not be taken into account in determining any other employment-related rights that the Optionee may have, such as any rights the Optionee may have to pension or severance pay; and (v) this Stock Option does not confer on the Optionee any implied right or entitlement to the exercise of any discretion in the Optionee's favor with respect to any discretionary terms in this Stock Option.

d. The Optionee hereby waives all and any rights to compensation or damages in consequence of the termination of Optionee's Employment with the Company, or any of its subsidiaries or Affiliates, for any reason whatsoever (whether lawfully or unlawfully) insofar as those rights arise or may arise from the Optionee ceasing to have rights under or be entitled to this Stock Option as a result of such termination or from the loss or diminution in value of such rights or entitlements. In the event of any conflict between the terms of this Section 12(d) and the Optionee's terms of employment, this Section 12(d) shall take precedence (except as required by applicable legislation).

e. Pursuant to Section 10 of the Plan, the Administrator may at any time amend or cancel any outstanding portion of this Stock Option for any purpose that may at the time be permitted by law, but no such action may be taken that materially and adversely affects the Optionee's rights under this Agreement without the Optionee's consent.

f. If the Optionee is resident outside of the United States, to the extent permitted by applicable law, the Optionee hereby consents to the holding, processing and transfer of data relating to the Optionee (including sensitive personal data as defined in the UK Data Protection Act 1998) by: (i) the Company and any of its subsidiaries and Affiliates; (ii) any person providing services to the Company, its subsidiaries or Affiliates (including, but not limited to, any third party broker, registrar or administrator); and (iii) any trustee appointed by the Company, its subsidiaries or Affiliates, in each case for all purposes relating to the administration or operation of the Plan, including the grant, holding, vesting or exercise of a Stock Option and the delivery, holding or sale of Stock and, to the extent permitted by applicable

law, this consent includes consent to the transfer of such data to countries outside the European Economic Area even if the country in question does not maintain adequate data protection standards.

g. The provisions of this Agreement and all claims or disputes arising out of or based upon this Agreement or relating to the subject matter hereof or thereof will be governed by and construed in accordance with the domestic substantive laws of the State of Delaware without giving effect to any choice or conflict of laws provision or rule that would cause the application of the domestic substantive laws of any other jurisdiction. Notwithstanding the foregoing or anything to the contrary herein, if the Optionee is a resident of, or employed in, the Commonwealth of Massachusetts for at least 30 days prior to the termination of the Optionee's Employment with the Company or any of its subsidiaries or Affiliates, Section 5(a) and all claims or disputes arising out of or based upon such section or relating to the subject matter thereof will be governed by and construed in accordance with the domestic substantive laws of the Commonwealth of Massachusetts without giving effect to any choice or conflict of laws provision or rule that would cause the application of the domestic substantive laws of any other jurisdiction.

h. The Optionee hereby acknowledges that the Optionee (i) has read thoroughly this Agreement, including, without limitation, Section 5(a), and if this Stock Option qualifies as a Retirement Eligible Award, the Retirement Policy, (ii) is satisfied that the Optionee understands completely this Agreement, and to the extent applicable, the Retirement Policy, and (iii) and agrees to be bound by the terms and conditions set forth herein and, to the extent applicable, in the Retirement Policy. The Optionee understands that the Optionee has the right to consult an attorney before signing this Agreement. Notwithstanding anything to the contrary herein, Sections 4(b) and 5(a) shall not take effect until ten (10) business days after the Grant Date listed on Exhibit A hereto.

i. Notwithstanding anything herein to the contrary, this Stock Option shall be, and the Optionee hereby acknowledges that it is, subject to and governed by all the terms and conditions of the Plan.

[Remainder of this page is intentionally left blank]

IN WITNESS WHEREOF, this Agreement has been executed and delivered by the parties hereto as of the Grant Date.

AFFILIATED MANAGERS GROUP, INC.

By:
Name: David M. Billings
Title: Executive Vice President,
General Counsel and Secretary

Please execute this Agreement and return it to the Human Resources Department.

Optionee:

[Stock Option Award Agreement]

Annual Director Compensation

Board of Directors:

Annual Equity Awards	
Restricted Stock Units	\$ 140,000
Stock Options	\$ 60,000
Base Annual Fee — Restricted Stock Units	\$ 80,000
Board Chair Annual Fee — Restricted Stock Units	\$ 100,000
Committee Fees — Restricted Stock Units	
Audit Committee Membership Annual Fee	\$ 20,000
Audit Committee Chair Annual Fee	\$ 35,000
Compensation Committee Membership Annual Fee	\$ 17,000
Compensation Committee Chair Annual Fee	\$ 20,000
Nominating and Governance Committee Membership Annual Fee	\$ 13,000
Nominating and Governance Committee Chair Annual Fee	\$ 15,000

SCHEDULE OF SUBSIDIARIES
(in alphabetical order)

Below is a list comprised of (i) wholly-owned subsidiaries of Affiliated Managers Group, Inc. (the “Company”), (ii) Affiliates in which the Company has a majority interest (direct and indirect) and (iii) Affiliates in which the Company has a minority investment (direct and indirect), as of December 31, 2020. Subsidiaries of majority- and minority-owned Affiliates are not listed. Minority investments are indicated via asterisk (*).

Abacos Atlantic Holdings Ltd., a Bahamas international business company
 Abax Investments Proprietary Limited, a limited liability private company incorporated in South Africa*
 Affiliated Managers Group (Asia) Limited, a Cayman Islands exempted company
 Affiliated Managers Group (Europe) Limited, a Malta limited liability company
 Affiliated Managers Group (Hong Kong) Limited, a limited company incorporated in Hong Kong
 Affiliated Managers Group Limited, a limited company incorporated in the United Kingdom
 Affiliated Managers Group Pty Ltd, a limited company incorporated in Australia
 AMG 2014 Capital LLC, a Delaware limited liability company
 AMG Andros Holdings Ltd., a Bahamas international business company
 AMG Arrow Holdings Ltd., a Bahamas international business company
 AMG Atlantic Holdings Ltd., a Bahamas international business company
 AMG Boston Holdings, LLC, a Delaware limited liability company
 AMG CA Holdings Corp., a New Jersey corporation
 AMG CA Holdings, LLC, a Delaware limited liability company
 AMG CA Holdings LP, a Delaware limited partnership
 AMG Canada Corp., a Nova Scotia corporation
 AMG Canada Holdings LLC, a Delaware limited liability company
 AMG Capital (Cayman) LLC, a Cayman Islands limited liability company
 AMG Conception Holdings 1 Ltd., a Bahamas international business company
 AMG Conception Holdings 3 Ltd., a Bahamas international business company
 AMG CVC Holdings LLC, a Delaware limited liability company
 AMG Distributors, Inc., a Delaware corporation
 AMG Edison Holdings, LLC, a Delaware limited liability company
 AMG FCMC Holdings, LLC, a Delaware limited liability company
 AMG Funds LLC, a Delaware limited liability company
 AMG Gamma Holdings Ltd., a Bahamas international business company
 AMG Genesis, LLC, a Delaware limited liability company
 AMG Global, Inc., a Delaware corporation
 AMG Gotham Holdings, LLC, a Delaware limited liability company
 AMG GWK Holdings, LLC, a Delaware limited liability company
 AMG ICN Holdings LLC, a Delaware limited liability company
 AMG New York Holdings Corp., a Delaware corporation
 AMG Northeast Holdings, Inc., a Delaware corporation
 AMG Northeast Investment Corp., a Delaware corporation
 AMG PA Holdings Partnership, a Delaware general partnership
 AMG PFM Holdings LP, a Delaware limited partnership
 AMG Plymouth UK Holdings (1) Limited, a limited company incorporated in England and Wales
 AMG Properties LLC, a Delaware limited liability company
 AMG Renaissance Holdings LLC, a Delaware limited liability company
 AMG SA Holdings Proprietary Limited, a limited liability private company incorporated in South Africa
 AMG TBC, LLC, a Delaware limited liability company
 AMG UK Holdings Ltd., a Bahamas international business company
 AMG Wealth Partners, LP, a Delaware limited partnership
 AMG WF Holdings LLC, a Delaware limited liability company
 AMG Windermere Holdings Ltd., a Bahamas international business company
 AMG WP GP Holdings Corp., a Delaware corporation
 AMG WP LP Holdings, LLC, a Delaware limited liability company
 AMG/FAMI Investment Corp., a Nova Scotia corporation

AMG/Midwest Holdings, Inc., a Delaware corporation
AMG/Midwest Holdings, LLC, a Delaware limited liability company
AMG/North America Holding Corp., a Delaware corporation
AQR Capital Management Holdings, LLC, a Delaware limited liability company*
Arrow Acquisition LLC, a Delaware limited liability company
Arrow Bidco Limited, a limited company incorporated in the United Kingdom
Artemis Asset Management Limited, a limited company incorporated in the United Kingdom
Artemis Investment Management LLP, a United Kingdom limited liability partnership
Artemis Strategic Asset Management Limited, a limited company incorporated in the United Kingdom
Baker Street Advisors LLC, a Delaware limited liability company
Baring Private Equity Asia Group Limited, a Cayman Islands exempted company*
Beutel, Goodman & Company Ltd., a limited company incorporated in Canada*
Bimini Atlantic Holdings Ltd., a Bahamas international business company
Capeview Capital LLP, an England and Wales limited liability partnership*
Capula Investment Management LLP, an England and Wales limited liability partnership*
Capula Management Limited, a Cayman Islands exempted company*
Catalyst Acquisition II, Inc., a Delaware corporation
CGH Acquisition II LLC, a Delaware limited liability company
CGH Acquisition LLC, a Delaware limited liability company
CML Holdings LLC, a Cayman Islands limited liability company
Comvest Group Holdings LP, a Delaware limited partnership*
Comvest Group Holdings II LP, a Delaware limited partnership*
Comvest Group GP II LLC, a Delaware limited liability company*
CVC Holdings LLC, a Cayman Islands limited liability company
EIG Asset Management, LLC, a Delaware limited liability company*
EIG Principals Incentive Carry Vehicle, LP, a Delaware limited partnership*
EIG Principals Incentive Carry Vehicle II, LP, a Delaware limited partnership*
EIG Principals Incentive Carry Vehicle II-A, LP, a Scotland limited partnership*
EIG Principals Incentive Carry Vehicle III, LP, a Cayman Islands limited partnership*
FA (WY) Acquisition Company, Inc., a Delaware corporation
El-Train Acquisition LLC, a Delaware limited liability company
FCMC Holdings LLC, a Delaware limited liability company
First Asset Capital Management (III) Inc., an Ontario corporation
First Quadrant, L.P., a Delaware limited partnership
Foyston, Gordon & Payne Inc., a Canada corporation
Frontier Capital Management Company, LLC, a Delaware limited liability company
Garda Capital Partners LP, a Delaware limited partnership*
GCP Acquisition LLC, a Delaware limited liability company
Genesis Investment Management, LLP, a United Kingdom limited liability partnership
Gotham Acquisition GP, LLC, a Delaware limited liability company
Gotham Acquisition LP, LLC, a Delaware limited liability company
GW&K Investment Management, LLC, a Delaware limited liability company
Harding Loevner LP, a Delaware limited partnership
HWL Holdings Corp., a Delaware corporation
Inclusive Capital Partners Holdco, L.P., a Delaware limited partnership*
Institutional Capital Network, Inc., a Delaware corporation*
Jackson Square Partners, LLC, a Delaware limited liability company*
JSP Acquisition LLC, a Delaware limited liability company
Montrusco Bolton Investments Inc., a Canada corporation*
myCIO Wealth Partners, LLC, a Delaware limited liability company
Pantheon Capital (Asia) Limited, a limited company incorporated in Hong Kong
Pantheon Holdings Limited, a limited company incorporated in England and Wales
Pantheon Ventures (Asia) Limited, a Cayman Islands exempted company
Pantheon Ventures Inc., a California corporation
Pantheon Ventures (Ireland) Designated Activity Company, an Ireland designated activity company
Pantheon Ventures Limited, a limited company incorporated in England and Wales
Pantheon Ventures (UK) LLP, an England and Wales limited liability partnership
Partner Advisory Services, L.P., a Delaware limited partnership*
Partner Asset Management LLC, a Delaware limited liability company*

PFM Acquisition LP, a Delaware limited partnership
Prides Crossing Holdings LLC, a Delaware limited liability company
River Road Asset Management, LLC, a Delaware limited liability company
RRAM Acquisition, LLC, a Delaware limited liability company
Spring GP I, L.P., a Delaware limited partnership*
Squam Acquisition GP, LLC, a Delaware limited liability company
Squam Acquisition LP, LLC, a Delaware limited liability company
Systematic Financial Management, L.P., a Delaware limited partnership
Systematica Investments GP Limited, a registered private company incorporated in Jersey*
Systematica Investments Limited, a registered private company incorporated in Jersey*
Systematica Investments LP, a Guernsey limited partnership*
The Renaissance Group LLC, a Delaware limited liability company
Third Avenue Holdings Delaware LLC, a Delaware limited liability company
TimesSquare Capital Management, LLC, a Delaware limited liability company
TimesSquare Manager Member, LLC, a Delaware limited liability company
Titan NJ GP Holdings, Inc., a Delaware corporation
Titan NJ LP Holdings, LLC, a Delaware limited liability company
TMF Corp., a Delaware corporation
Topspin Acquisition, LLC, a Delaware limited liability company
Tweedy, Browne Company LLC, a Delaware limited liability company
Union Acquisition, LLC, a Delaware limited liability company
ValueAct Holdings II, L.P., a Delaware limited partnership*
ValueAct Holdings GP, LLC, a Delaware limited liability company*
ValueAct Holdings, L.P., a Delaware limited partnership*
VAM Bidco Limited, a private UK limited company
Veritable, LP, a Delaware limited partnership
Veritas Asset Management LLP, a UK limited liability partnership
Watson Acquisition, LLC, a Delaware limited liability company
Wealth Partners Capital Group, LLC, a Delaware limited liability company*
Welch & Forbes LLC, a Delaware limited liability company
Windermere Cayman LP, a Cayman Islands exempted limited partnership
Winton Group Limited, a UK private limited company*
Yacktman Asset Management LP, a Delaware limited partnership

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Exhibit 23.1

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We hereby consent to the incorporation by reference in the Registration Statements on Form S-3 (No. 333-230423) and S-8 (No. 333-240091, No. 333-190412, No. 333-175912, No. 333-135416, No. 333-129748, No. 333-100628, No. 333-84485, and No. 333-72967) of Affiliated Managers Group, Inc. of our report dated February 19, 2021 relating to the financial statements and financial statement schedule and the effectiveness of internal control over financial reporting, which appears in this Form 10-K.

/s/ PricewaterhouseCoopers LLP

Boston, MA

February 19, 2021

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**CERTIFICATION PURSUANT TO SECTION 302(a)
OF THE SARBANES-OXLEY ACT OF 2002**

I, Jay C. Horgen, certify that:

1. I have reviewed this Annual Report on Form 10-K of Affiliated Managers Group, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 19, 2021

/s/ JAY C. HORGEN
Jay C. Horgen
President and Chief Executive Officer

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**CERTIFICATION PURSUANT TO SECTION 302(a)
OF THE SARBANES-OXLEY ACT OF 2002**

I, Thomas M. Wojcik, certify that:

1. I have reviewed this Annual Report on Form 10-K of Affiliated Managers Group, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 19, 2021

/s/ THOMAS M. WOJCIK

Thomas M. Wojcik
Chief Financial Officer

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Exhibit 32.1

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Annual Report on Form 10-K of Affiliated Managers Group, Inc. (the "Company") for the period ended December 31, 2020 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), the undersigned, Jay C. Horgen, President and Chief Executive Officer of the Company, hereby certifies, pursuant to 18 U.S.C. Section 1350, that:

- (1) the Report fully complies with the requirements of Section 13(a) or 15(d), as applicable, of the Securities Exchange Act of 1934, as amended; and
- (2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: February 19, 2021

/s/ JAY C. HORGEN

Jay C. Horgen
President and Chief Executive Officer

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Exhibit 32.2

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Annual Report on Form 10-K of Affiliated Managers Group, Inc. (the "Company") for the period ended December 31, 2020 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), the undersigned, Thomas M. Wojcik, Chief Financial Officer of the Company, hereby certifies, pursuant to 18 U.S.C. Section 1350, that:

- (1) the Report fully complies with the requirements of Section 13(a) or 15(d), as applicable, of the Securities Exchange Act of 1934, as amended; and
- (2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: February 19, 2021

/s/ THOMAS M. WOJCIK

Thomas M. Wojcik
Chief Financial Officer

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