
UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

FORM 10-Q

(Mark One)

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

For the quarterly period ended June 30, 2021

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
4.200% Junior Subordinated Notes due 2061	MGRD	New York Stock Exchange

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 an 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 is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

There were 41,205,816 shares of the registrant’s common stock outstanding on August 3, 2021.

FORM 10-Q
TABLE OF CONTENTS

<u>PART I</u>		
<u>Item 1.</u>	<u>Financial Statements (unaudited)</u>	
	<u>CONSOLIDATED STATEMENTS OF INCOME</u>	<u>2</u>
	<u>CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME</u>	<u>3</u>
	<u>CONSOLIDATED BALANCE SHEETS</u>	<u>4</u>
	<u>CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY</u>	<u>5</u>
	<u>CONSOLIDATED STATEMENTS OF CASH FLOWS</u>	<u>7</u>
	<u>NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (unaudited)</u>	<u>8</u>
<u>Item 2.</u>	<u>Management's Discussion and Analysis of Financial Condition and Results of Operations</u>	<u>25</u>
<u>Item 3.</u>	<u>Quantitative and Qualitative Disclosures About Market Risk</u>	<u>38</u>
<u>Item 4.</u>	<u>Controls and Procedures</u>	<u>38</u>
 <u>PART II</u>		
<u>Item 2.</u>	<u>Unregistered Sales of Equity Securities and Use of Proceeds</u>	<u>38</u>
<u>Item 5.</u>	<u>Other Information</u>	<u>39</u>
<u>Item 6.</u>	<u>Exhibits</u>	<u>39</u>

PART I—FINANCIAL INFORMATION

Item 1. Financial Statements

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

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2020	2021	2020	2021
Consolidated revenue	\$ 471.1	\$ 586.3	\$ 978.3	\$ 1,145.4
Consolidated expenses:				
Compensation and related expenses	216.5	248.9	424.4	495.8
Selling, general and administrative	73.6	88.6	163.8	167.4
Intangible amortization and impairments	80.9	8.9	101.5	16.4
Interest expense	22.3	26.8	41.8	54.3
Depreciation and other amortization	5.0	4.1	10.1	8.4
Other expenses (net)	11.3	12.6	22.3	26.1
Total consolidated expenses	<u>409.6</u>	<u>389.9</u>	<u>763.9</u>	<u>768.4</u>
Equity method income (loss) (net)	17.4	37.6	(95.8)	89.2
Investment and other income (expense)	<u>(12.1)</u>	<u>21.1</u>	<u>(9.7)</u>	<u>53.5</u>
Income before income taxes	66.8	255.1	108.9	519.7
Income tax expense	<u>3.3</u>	<u>70.9</u>	<u>5.5</u>	<u>121.5</u>
Net income	63.5	184.2	103.4	398.2
Net income (non-controlling interests)	<u>(32.8)</u>	<u>(75.2)</u>	<u>(88.3)</u>	<u>(139.3)</u>
Net income (controlling interest)	<u>\$ 30.7</u>	<u>\$ 109.0</u>	<u>\$ 15.1</u>	<u>\$ 258.9</u>
Average shares outstanding (basic)	47.2	41.6	47.5	42.1
Average shares outstanding (diluted)	47.3	44.6	47.6	45.0
Earnings per share (basic)	\$ 0.65	\$ 2.62	\$ 0.32	\$ 6.15
Earnings per share (diluted)	\$ 0.65	\$ 2.55	\$ 0.32	\$ 5.96

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

AFFILIATED MANAGERS GROUP, INC.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(in millions)

(unaudited)

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2020	2021	2020	2021
Net income	\$ 63.5	\$ 184.2	\$ 103.4	\$ 398.2
Other comprehensive income (loss), net of tax:				
Foreign currency translation gain (loss)	(23.2)	7.5	(76.1)	31.3
Change in net realized and unrealized gain (loss) on derivative financial instruments	(1.3)	0.4	(2.3)	0.9
Other comprehensive income (loss), net of tax	(24.5)	7.9	(78.4)	32.2
Comprehensive income	39.0	192.1	25.0	430.4
Comprehensive income (non-controlling interests)	(32.2)	(74.1)	(71.5)	(138.0)
Comprehensive income (loss) (controlling interest)	\$ 6.8	\$ 118.0	\$ (46.5)	\$ 292.4

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

AFFILIATED MANAGERS GROUP, INC.
CONSOLIDATED BALANCE SHEETS

(in millions)

(unaudited)

	December 31, 2020	June 30, 2021
Assets		
Cash and cash equivalents	\$ 1,039.7	\$ 777.9
Receivables	421.6	711.8
Investments in marketable securities	74.9	62.8
Goodwill	2,661.4	2,669.7
Acquired client relationships (net)	1,048.8	1,036.8
Equity method investments in Affiliates (net)	2,074.8	2,119.1
Fixed assets (net)	79.6	75.8
Other investments	257.2	312.1
Other assets	230.9	255.7
Total assets	<u>\$ 7,888.9</u>	<u>\$ 8,021.7</u>
Liabilities and Equity		
Payables and accrued liabilities	\$ 712.4	\$ 843.5
Debt	2,312.1	2,299.3
Deferred income tax liability (net)	423.4	497.1
Other liabilities	452.2	468.2
Total liabilities	<u>3,900.1</u>	<u>4,108.1</u>
Commitments and contingencies (Note 9)		
Redeemable non-controlling interests	671.5	755.7
Equity:		
Common stock (\$0.01 par value, 153.0 shares authorized; 58.5 shares outstanding in 2020 and 2021)	0.6	0.6
Additional paid-in capital	728.9	539.3
Accumulated other comprehensive loss	(98.3)	(64.8)
Retained earnings	4,005.5	4,263.4
	<u>4,636.7</u>	<u>4,738.5</u>
Less: Treasury stock, at cost (14.5 shares in 2020 and 17.2 shares in 2021)	<u>(1,857.0)</u>	<u>(2,128.9)</u>
Total stockholders' equity	2,779.7	2,609.6
Non-controlling interests	537.6	548.3
Total equity	<u>3,317.3</u>	<u>3,157.9</u>
Total liabilities and equity	<u>\$ 7,888.9</u>	<u>\$ 8,021.7</u>

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

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

(in millions)

(unaudited)

Three Months Ended June 30, 2020

	Total Stockholders' Equity						Non-controlling Interests	Total Equity
	Common Stock	Additional Paid-In Capital	Accumulated Other Comprehensive Loss	Retained Earnings	Treasury Stock at Cost			
March 31, 2020	\$ 0.6	\$ 860.7	\$ (146.5)	\$ 3,789.1	\$ (1,523.9)	\$ 528.9	\$ 3,508.9	
Net income	—	—	—	30.7	—	32.8	63.5	
Other comprehensive loss, net of tax	—	—	(23.9)	—	—	(0.6)	(24.5)	
Share-based compensation	—	22.5	—	—	—	—	22.5	
Common stock issued under share-based incentive plans	—	(6.4)	—	—	6.4	—	—	
Share repurchases	—	(4.5)	—	—	(45.5)	—	(50.0)	
Dividends (\$0.01 per share)	—	—	—	(0.5)	—	—	(0.5)	
Affiliate equity activity:								
Affiliate equity compensation	—	5.1	—	—	—	5.1	10.2	
Issuances	—	—	—	—	—	4.6	4.6	
Purchases	—	1.7	—	—	—	(11.2)	(9.5)	
Changes in redemption value of Redeemable non-controlling interests	—	(110.9)	—	—	—	—	(110.9)	
Transfers to Redeemable non-controlling interests	—	—	—	—	—	(0.3)	(0.3)	
Distributions to non-controlling interests	—	—	—	—	—	(72.1)	(72.1)	
June 30, 2020	<u>\$ 0.6</u>	<u>\$ 768.2</u>	<u>\$ (170.4)</u>	<u>\$ 3,819.3</u>	<u>\$ (1,563.0)</u>	<u>\$ 487.2</u>	<u>\$ 3,341.9</u>	

Three Months Ended June 30, 2021

	Total Stockholders' Equity						Non-controlling Interests	Total Equity
	Common Stock	Additional Paid-In Capital	Accumulated Other Comprehensive Income (Loss)	Retained Earnings	Treasury Stock at Cost			
March 31, 2021	\$ 0.6	\$ 619.7	\$ (73.8)	\$ 4,154.9	\$ (2,050.2)	\$ 536.1	\$ 3,187.3	
Net income	—	—	—	109.0	—	75.2	184.2	
Other comprehensive income (loss), net of tax	—	—	9.0	—	—	(1.1)	7.9	
Share-based compensation	—	13.6	—	—	—	—	13.6	
Common stock issued under share-based incentive plans	—	(2.0)	—	—	1.3	—	(0.7)	
Repurchases of junior convertible securities	—	(1.9)	—	—	—	—	(1.9)	
Share repurchases	—	—	—	—	(80.0)	—	(80.0)	
Dividends (\$0.01 per share)	—	—	—	(0.5)	—	—	(0.5)	
Affiliate equity activity:								
Affiliate equity compensation	—	2.7	—	—	—	6.8	9.5	
Issuances	—	(17.3)	—	—	—	19.5	2.2	
Purchases	—	(3.3)	—	—	—	—	(3.3)	
Changes in redemption value of Redeemable non-controlling interests	—	(72.2)	—	—	—	—	(72.2)	
Transfers to Redeemable non-controlling interests	—	—	—	—	—	(3.3)	(3.3)	
Capital contributions and other	—	—	—	—	—	6.0	6.0	
Distributions to non-controlling interests	—	—	—	—	—	(90.9)	(90.9)	
June 30, 2021	<u>\$ 0.6</u>	<u>\$ 539.3</u>	<u>\$ (64.8)</u>	<u>\$ 4,263.4</u>	<u>\$ (2,128.9)</u>	<u>\$ 548.3</u>	<u>\$ 3,157.9</u>	

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

AFFILIATED MANAGERS GROUP, INC.
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(in millions)
(unaudited)

Six Months Ended June 30, 2020

	Total Stockholders' Equity						
	Common Stock	Additional Paid-In Capital	Accumulated Other Comprehensive Loss	Retained Earnings	Treasury Stock at Cost	Non- controlling Interests	Total Equity
December 31, 2019	\$ 0.6	\$ 707.2	\$ (108.8)	\$ 3,819.8	\$ (1,481.3)	\$ 561.6	\$ 3,499.1
Net income	—	—	—	15.1	—	88.3	103.4
Other comprehensive loss, net of tax	—	—	(61.6)	—	—	(16.8)	(78.4)
Share-based compensation	—	30.7	—	—	—	—	30.7
Common stock issued under share-based incentive plans	—	(39.8)	—	—	33.4	—	(6.4)
Share repurchases	—	(4.5)	—	—	(115.1)	—	(119.6)
Dividends (\$0.33 per share)	—	—	—	(15.6)	—	—	(15.6)
Affiliate equity activity:							
Affiliate equity compensation	—	7.9	—	—	—	18.9	26.8
Issuances	—	(1.8)	—	—	—	18.6	16.8
Purchases	—	36.4	—	—	—	(11.2)	25.2
Changes in redemption value of Redeemable non-controlling interests	—	32.1	—	—	—	—	32.1
Transfers to Redeemable non-controlling interests	—	—	—	—	—	(5.4)	(5.4)
Capital contributions and other	—	—	—	—	—	4.9	4.9
Distributions to non-controlling interests	—	—	—	—	—	(171.7)	(171.7)
June 30, 2020	<u>\$ 0.6</u>	<u>\$ 768.2</u>	<u>\$ (170.4)</u>	<u>\$ 3,819.3</u>	<u>\$ (1,563.0)</u>	<u>\$ 487.2</u>	<u>\$ 3,341.9</u>

Six Months Ended June 30, 2021

	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, 2020	\$ 0.6	\$ 728.9	\$ (98.3)	\$ 4,005.5	\$ (1,857.0)	\$ 537.6	\$ 3,317.3
Net income	—	—	—	258.9	—	139.3	398.2
Other comprehensive income (loss), net of tax	—	—	33.5	—	—	(1.3)	32.2
Share-based compensation	—	23.3	—	—	—	—	23.3
Common stock issued under share-based incentive plans	—	(46.3)	—	—	35.4	—	(10.9)
Repurchases of junior convertible securities	—	(4.8)	—	—	—	—	(4.8)
Share repurchases	—	17.3	—	—	(307.3)	—	(290.0)
Dividends (\$0.02 per share)	—	—	—	(1.0)	—	—	(1.0)
Affiliate equity activity:							
Affiliate equity compensation	—	7.1	—	—	—	27.6	34.7
Issuances	—	(16.7)	—	—	—	20.6	3.9
Purchases	—	8.3	—	—	—	15.8	24.1
Changes in redemption value of Redeemable non-controlling interests	—	(177.8)	—	—	—	—	(177.8)
Transfers to Redeemable non-controlling interests	—	—	—	—	—	(3.8)	(3.8)
Capital contributions and other	—	—	—	—	—	6.0	6.0
Distributions to non-controlling interests	—	—	—	—	—	(193.5)	(193.5)
June 30, 2021	<u>\$ 0.6</u>	<u>\$ 539.3</u>	<u>\$ (64.8)</u>	<u>\$ 4,263.4</u>	<u>\$ (2,128.9)</u>	<u>\$ 548.3</u>	<u>\$ 3,157.9</u>

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

AFFILIATED MANAGERS GROUP, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS

(in millions)

(unaudited)

	For the Six Months Ended June 30,	
	2020	2021
Cash flow from (used in) operating activities:		
Net income	\$ 103.4	\$ 398.2
Adjustments to reconcile Net income to cash flow from (used in) operating activities:		
Intangible amortization and impairments	101.5	16.4
Depreciation and other amortization	10.1	8.4
Deferred income tax (benefit) expense	(19.5)	68.2
Equity method loss (income) (net)	95.8	(89.2)
Distributions of earnings received from equity method investments	160.2	226.6
Share-based compensation and Affiliate equity expense	57.5	58.0
Other non-cash items	24.3	(40.5)
Changes in assets and liabilities:		
Purchases of securities by consolidated Affiliate sponsored investment products	(64.8)	(60.1)
Sales of securities by consolidated Affiliate sponsored investment products	62.3	38.8
Increase in receivables	(92.5)	(293.3)
Decrease (increase) in other assets	14.0	(15.0)
(Decrease) increase in payables, accrued liabilities, and other liabilities	(76.9)	234.4
Cash flow from operating activities	<u>375.4</u>	<u>550.9</u>
Cash flow from (used in) investing activities:		
Investments in Affiliates	(2.4)	(144.8)
Purchase of fixed assets	(4.5)	(2.1)
Purchase of investment securities	(23.5)	(39.9)
Sale of investment securities	33.5	16.1
Cash flow from (used in) investing activities	<u>3.1</u>	<u>(170.7)</u>
Cash flow from (used in) financing activities:		
Borrowings of senior bank debt, senior notes, and junior subordinated notes	599.8	—
Repayments of senior bank debt and junior convertible securities	(350.0)	(22.8)
Repurchases of common stock (net)	(113.3)	(394.9)
Dividends paid on common stock	(15.8)	(0.9)
Distributions to non-controlling interests	(171.7)	(193.5)
Affiliate equity (purchases) / issuances (net)	(143.5)	(44.8)
Other financing items	(31.8)	14.9
Cash flow used in financing activities	<u>(226.3)</u>	<u>(642.0)</u>
Effect of foreign currency exchange rate changes on cash and cash equivalents	(10.2)	3.9
Net increase (decrease) in cash and cash equivalents	142.0	(257.9)
Cash and cash equivalents at beginning of period	539.6	1,039.7
Effect of deconsolidation of Affiliate sponsored investment products	—	(3.9)
Cash and cash equivalents at end of period	<u>\$ 681.6</u>	<u>\$ 777.9</u>

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

AFFILIATED MANAGERS GROUP, INC.**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (unaudited)****1. Basis of Presentation and Use of Estimates**

The Consolidated Financial Statements of Affiliated Managers Group, Inc. (the “Company”) have been prepared in accordance with accounting principles generally accepted in the U.S. (“GAAP”) for interim financial information and with the instructions to Form 10-Q and Rule 10-01 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by GAAP for full year financial statements. In the opinion of management, all normal and recurring adjustments considered necessary for a fair statement of the Company’s interim financial position and results of operations have been included and 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. Operating results for interim periods are not necessarily indicative of the results that may be expected for any other period or for the full year. The Company’s Annual Report on Form 10-K for the fiscal year ended December 31, 2020 includes additional information about its operations, financial position, and accounting policies, and should be read in conjunction with this Quarterly Report on Form 10-Q.

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.

All amounts in these notes, except per share data in the text and tables herein, are stated in millions unless otherwise indicated.

2. Accounting Standards and PoliciesRecently Adopted Accounting Standards

Effective January 1, 2021, the Company adopted Accounting Standard Update (“ASU”) 2019-12, Simplifying the Accounting for Income Taxes. The adoption of this standard did not have a significant impact on the Company’s Consolidated Financial Statements.

Recent Accounting Developments

In August 2020, the Financial Accounting Standards Board (“FASB”) issued ASU 2020-06, Debt with Conversion and Other Options and Derivatives and Hedging - Contracts in Entity’s Own Equity, which simplifies the accounting for convertible instruments and will also modify how particular convertible instruments and certain contracts that may be settled in cash or shares impact the diluted earnings per share calculation. 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. The Company’s adoption of ASU 2020-06 will result in the Company accounting for its convertible debt instrument as a single liability measured at amortized cost and will modify how certain equity instruments that may be settled in cash or shares, at the Company’s option, impact the calculation of Earnings per share (diluted). The Company continues to evaluate the impact of this standard on its Consolidated Financial Statements.

3. Investments in Marketable Securities

The following table summarizes the cost, gross unrealized gains, gross unrealized losses, and fair value of Investments in marketable securities:

	December 31, 2020	June 30, 2021
Cost	\$ 69.4	\$ 54.0
Unrealized gains	5.5	9.3
Unrealized losses	(0.0)	(0.5)
Fair value	\$ 74.9	\$ 62.8

As of December 31, 2020 and June 30, 2021, Investments in marketable securities include consolidated Affiliate sponsored investment products with fair values of \$52.3 million and \$19.7 million, respectively.

4. Other Investments

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

Other investments consist of investments in funds advised by the Company's Affiliates that are carried at net asset value ("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 (expense) on the Consolidated Statements of 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 value of these investments and any related unfunded commitments:

Category of Investment	December 31, 2020		June 30, 2021	
	Fair Value	Unfunded Commitments	Fair Value	Unfunded Commitments
Private equity funds ⁽¹⁾	\$ 235.4	\$ 122.2	\$ 281.2	\$ 128.5
Investments in other strategies ⁽²⁾	8.0	—	17.1	—
Total ⁽³⁾	<u>\$ 243.4</u>	<u>\$ 122.2</u>	<u>\$ 298.3</u>	<u>\$ 128.5</u>

⁽¹⁾ The Company accounts for the majority of its interests in private equity funds under the equity method of accounting and 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 \$164.4 million and \$202.3 million as of December 31, 2020 and June 30, 2021, respectively.

As of December 31, 2020 and June 30, 2021, the Company held investments without readily determinable fair values of \$13.8 million, including an upward adjustment of \$5.3 million based on an observable price change recognized during the fourth quarter of 2020.

5. Fair Value Measurements

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

	Fair Value Measurements			
	December 31, 2020	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (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 purchase obligations	\$ 22.0	\$ —	\$ —	\$ 22.0
Derivative financial instruments	4.2	—	4.2	—

AFFILIATED MANAGERS GROUP, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (unaudited)

	Fair Value Measurements			
	June 30, 2021	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Financial Assets				
Investments in marketable securities	\$ 62.8	\$ 48.2	\$ 14.6	\$ —
Derivative financial instruments ⁽¹⁾	1.6	—	1.6	—
Financial Liabilities⁽²⁾				
Affiliate equity purchase obligations	\$ 47.9	\$ —	\$ —	\$ 47.9
Derivative financial instruments	1.2	—	1.2	—

⁽¹⁾ Amounts are presented within Other assets on the Consolidated Balance Sheets.

⁽²⁾ Amounts are presented within Other liabilities on the Consolidated Balance Sheets.

Level 3 Financial Liabilities

The following table presents the changes in level 3 liabilities for Affiliate equity purchase obligations:

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2020	2021	2020	2021
Balance, beginning of period	\$ 115.1	\$ 66.1	\$ 19.8	\$ 22.0
Net realized and unrealized (gains) losses ⁽¹⁾	(2.4)	1.3	(3.9)	2.2
Purchases and issuances ⁽²⁾	13.0	12.3	207.0	83.0
Settlements and reductions	(52.4)	(31.8)	(149.6)	(59.3)
Balance, end of period	\$ 73.3	\$ 47.9	\$ 73.3	\$ 47.9
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 in the Consolidated Statements of Income.

⁽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 level 3 fair value measurements:

Quantitative Information About Level 3 Fair Value Measurements								
	Valuation Techniques	Unobservable Input	December 31, 2020			June 30, 2021		
			Fair Value	Range	Weighted Average ⁽¹⁾	Fair Value	Range	Weighted Average ⁽¹⁾
Affiliate equity purchase obligations	Discounted cash flow	Growth rates ⁽²⁾	\$ 22.0	(5)% - 8%	3 %	\$ 47.9	1% - 6%	4 %
		Discount rates		14% - 16%	15 %		15% - 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.

AFFILIATED MANAGERS GROUP, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (unaudited)

Affiliate equity purchase obligations include agreements to purchase Affiliate equity. As of June 30, 2021, there were no changes to growth or discount rates that had a significant impact to Affiliate equity purchase 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, 2020		June 30, 2021		Fair Value Hierarchy
	Carrying Value	Fair Value	Carrying Value	Fair Value	
Senior notes	\$ 1,097.3	\$ 1,206.6	\$ 1,097.6	\$ 1,186.4	Level 2
Junior subordinated notes	565.7	623.1	565.8	593.0	Level 2
Junior convertible securities	318.4	427.6	304.5	468.2	Level 2

6. Investments in Affiliates and Affiliate Sponsored Investment Products

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 (expense).

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.

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

AFFILIATED MANAGERS GROUP, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (unaudited)

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 purchases the equity of its consolidated Affiliates. Because these transactions take place between entities that are under common control, any gains or losses attributable to these transactions are required to be included in Additional paid-in capital in 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 income (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 the 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 income (loss) (net) to reduce the carrying value of the Affiliate to its fair value.

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, 2020		June 30, 2021	
	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	\$ 1,384.2	\$ 1,962.1	\$ 1,113.5	\$ 2,009.6

As of December 31, 2020 and June 30, 2021, the carrying value and maximum exposure to loss for all of the Company's Affiliates accounted for under the equity method was \$2,074.8 million and \$2,119.1 million, respectively, including Affiliates accounted for under the equity method considered VREs of \$112.7 million and \$109.5 million, respectively.

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 Affiliate's 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 (expense). 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' interests are 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.

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:

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

	December 31, 2020		June 30, 2021	
	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	\$ 2,378.2	\$ 0.9	\$ 2,960.8	\$ 13.1

7. Debt

The following table summarizes the Company's Debt:

	December 31, 2020	June 30, 2021
Senior bank debt	\$ 349.8	\$ 349.8
Senior notes	1,091.9	1,092.7
Junior subordinated notes	556.4	556.4
Junior convertible securities	314.0	300.4
Debt	\$ 2,312.1	\$ 2,299.3

The Company's senior notes, junior subordinated notes, and junior convertible securities 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. The table above does not include \$200.0 million of junior subordinated notes issued by the Company on July 13, 2021, as more fully described below.

Senior Bank Debt

The Company has a \$1.25 billion senior unsecured multicurrency revolving credit facility (the "revolver") and a \$350.0 million senior unsecured term loan facility (the "term loan" and, together with the revolver, the "credit facilities"). In January 2021, the Company amended the term loan to adjust the marginal rate by 0.075% to 0.95% and to extend the maturity by three years. In June 2021, the Company further amended the term loan to reduce the marginal rate by 0.10% to 0.85%. The commercial terms of the term loan otherwise remain the same. 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. For the three months ended June 30, 2021, the interest rate for the Company's borrowings under the term loan was LIBOR plus 0.85%. As of December 31, 2020 and June 30, 2021, the Company had no outstanding borrowings under the revolver.

Senior Notes and Junior Subordinated Notes

As of June 30, 2021, 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.

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

The principal terms of the senior notes and junior subordinated notes outstanding as of June 30, 2021 were as follows:

	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 %	4.75 %
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.

On July 13, 2021, the Company issued \$200.0 million of additional junior subordinated notes with a maturity date of September 30, 2061, (the "2061 junior subordinated notes"). The 2061 junior subordinated notes bear interest at a fixed-rate of 4.20% per annum. The junior subordinated notes are listed on the New York Stock Exchange. Interest is payable quarterly, commencing on September 30, 2021, and the Company has the right to defer interest payments in accordance with the terms of the notes. The 2061 junior subordinated notes were issued at 100% of the principal amount and rank junior and subordinate in right of payment and upon liquidation to all of the Company's current and future senior indebtedness. On or after September 30, 2026, at the Company's option, the 2061 junior subordinated notes may be redeemed in whole or in part, at 100% of the principal amount, plus any accrued and unpaid interest. Prior to September 30, 2026, at the Company's option, the 2061 junior subordinated notes may 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 2061 junior subordinated notes.

Junior Convertible Securities

As of June 30, 2021, the Company had 5.15% junior convertible trust preferred securities outstanding (the "junior convertible securities") with a carrying value of \$304.5 million. The carrying value is accreted to the principal amount at maturity (\$409.8 million) over a remaining life of approximately 16 years. 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 the Company's common stock, or a combination thereof, at the Company's election. The Company may redeem the junior convertible securities, subject to its stock trading at or above certain specified levels over specified times periods, and may also repurchase junior convertible

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

securities in the open market or in privately negotiated transactions from time to time at management's discretion. During the six months ended June 30, 2021, the Company paid \$22.8 million to repurchase a portion of its junior convertible securities, resulting in reductions of \$15.4 million and \$4.8 million to Debt and Additional paid-in capital, respectively. As a result of these repurchases, the Company also reduced its Deferred income tax liability (net) by \$4.9 million.

8. 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.

In the first quarter of 2020, the Company terminated its pound sterling-denominated forward foreign currency contracts and its corresponding collar contracts, which were designated as net investment hedges, and upon settlement, the Company 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 has 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 June 30, 2021, the Company held no cash collateral from the swap counterparty, and the swap counterparty held \$1.6 million of cash collateral from the Company.

Certain of the Company's Affiliates use forward foreign currency contracts to hedge the risk of foreign exchange rate movements, which are designated as cash flow hedges.

The Company assesses hedge effectiveness on a quarterly basis. For derivative financial instruments designated as cash flow hedges, the Company uses a qualitative method of assessing hedge effectiveness by comparing the notional amounts, timing of payments, currencies (for the forward foreign currency contracts), and interest rates (for the interest rate swap). Upon termination of these instruments or the repayment of the Company's outstanding LIBOR-based borrowings, any gain or loss recorded in Accumulated other comprehensive loss in the Consolidated Balance Sheets will be reclassified into earnings. 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. 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.

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

	December 31, 2020		June 30, 2021	
	Assets	Liabilities	Assets	Liabilities
Forward foreign currency contracts	\$ 3.5	\$ (2.3)	\$ 1.6	\$ —
Interest rate swap	—	(1.9)	—	(1.2)
Total	\$ 3.5	\$ (4.2)	\$ 1.6	\$ (1.2)

The Company and certain of its consolidated Affiliates have entered into contracts that do not include set-off rights and are therefore presented on a gross basis in Other assets and Other liabilities; they were \$3.5 million and \$4.2 million, respectively, as of December 31, 2020, and \$1.6 million and \$1.2 million, respectively, as of June 30, 2021.

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

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

	For the Three Months Ended June 30,					
	2020			2021		
	Loss Recognized in Other Comprehensive Income (Loss)	Gain Reclassified from Accumulated Other Comprehensive Loss into Earnings	Gain (Loss) Recognized in Earnings from Excluded Components ⁽¹⁾	Gain Recognized in Other Comprehensive Income	Gain Reclassified from Accumulated Other Comprehensive Loss into Earnings	Gain (Loss) Recognized in Earnings from Excluded Components ⁽¹⁾
Forward foreign currency contracts	\$ (0.5)	\$ 0.2	\$ —	\$ 0.3	\$ 0.5	\$ —
Interest rate swap	(1.2)	—	—	0.1	—	—
Total	\$ (1.7)	\$ 0.2	\$ —	\$ 0.4	\$ 0.5	\$ —

	For the Six Months Ended June 30,					
	2020			2021		
	Gain (Loss) Recognized in Other Comprehensive Income (Loss)	Gain Reclassified from Accumulated Other Comprehensive Loss into Earnings	Gain Recognized in Earnings from Excluded Components ⁽¹⁾	Gain Recognized in Other Comprehensive Income	Gain Reclassified from Accumulated Other Comprehensive Loss into Earnings	Gain (Loss) Recognized in Earnings from Excluded Components ⁽¹⁾
Forward foreign currency contracts	\$ 64.5	\$ 0.3	\$ 2.8	\$ 0.4	\$ 1.0	\$ —
Put options	(47.7)	—	—	—	—	—
Call options	(1.3)	—	—	—	—	—
Interest rate swap	(2.0)	—	—	0.6	—	—
Total	\$ 13.5	\$ 0.3	\$ 2.8	\$ 1.0	\$ 1.0	\$ —

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

9. 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 June 30, 2021, these unfunded commitments were \$128.5 million and may be called in future periods.

As of June 30, 2021, the Company was contingently liable to make payments of \$188.0 million related to the achievement of specified financial targets by certain of its Affiliates accounted for under the equity method, of which \$40.5 million may become payable in 2022 and \$147.5 million may become payable from 2023 through 2029. As of June 30, 2021, 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 15. 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. If the minority owner sells its interest to the Company, the Company will continue to account for the Affiliate under the equity method. In the fourth quarter of 2020, the Company was notified by the minority owner that it may elect to sell a 5% interest in the Affiliate to the Company. In the first quarter of 2021, with the consent of the Company, the

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

minority owner rescinded this notice. As of June 30, 2021, the minority owner maintained a 14% ownership interest in the Affiliate.

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

In July 2021, the Company entered into a definitive agreement to acquire a majority equity interest in Parnassus Investments ("Parnassus"), an ESG-dedicated fund manager. Following the close of the transaction, Parnassus partners will continue to hold a substantial portion of the equity of the business and direct its day-to-day operations. The transaction, which is expected to close during the second half of 2021, is subject to customary closing conditions and regulatory approvals.

10. Goodwill and Acquired Client Relationships

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

	Goodwill
Balance, as of December 31, 2020	\$ 2,661.4
Foreign currency translation	8.3
Balance, as of June 30, 2021	<u>\$ 2,669.7</u>

	Acquired Client Relationships (Net)				Total Net Book Value
	Definite-lived		Indefinite-lived		
	Gross Book Value	Accumulated Amortization	Net Book Value	Net Book Value	
Balance, as of December 31, 2020	\$ 1,166.6	\$ (1,026.8)	\$ 139.8	\$ 909.0	\$ 1,048.8
Intangible amortization and impairments	—	(16.4)	(16.4)	—	(16.4)
Foreign currency translation	3.9	(3.5)	0.4	4.0	4.4
Balance, as of June 30, 2021	<u>\$ 1,170.5</u>	<u>\$ (1,046.7)</u>	<u>\$ 123.8</u>	<u>\$ 913.0</u>	<u>\$ 1,036.8</u>

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 within Intangible amortization and impairments in the Consolidated Statements of Income for these relationships of \$20.6 million and \$41.2 million for the three and six months ended June 30, 2020, respectively, and \$8.9 million and \$16.4 million for the three and six months ended June 30, 2021, respectively. Based on relationships existing as of June 30, 2021, the Company estimates that its consolidated amortization expense will be approximately \$15 million for the remainder of 2021, approximately \$30 million in each of 2022 and 2023, approximately \$15 million in 2024, and approximately \$10 million in each of 2025 and 2026.

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.

As of June 30, 2021, no 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.

11. Equity Method Investments in Affiliates

In the first and second quarters of 2021, the Company completed minority investments in Boston Common Asset Management LLC ("Boston Common") and OCP Asia Limited ("OCP Asia"), respectively. The majority of the consideration paid for both Boston Common and OCP Asia 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.

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

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)
Balance, as of December 31, 2020	\$ 2,074.8
Investments in Affiliates	144.2
Earnings	153.7
Intangible amortization and impairments	(64.5)
Distributions of earnings	(226.6)
Foreign currency translation	28.4
Other	9.1
Balance, as of June 30, 2021	<u>\$ 2,119.1</u>

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 recognized amortization expense for these relationships of \$36.9 million and \$76.2 million for the three and six months ended June 30, 2020, respectively, and \$29.3 million and \$64.5 million for the three and six months ended June 30, 2021, respectively. Based on relationships existing as of June 30, 2021, the Company estimates the amortization expense attributable to its Affiliates will be approximately \$60 million for the remainder of 2021, approximately \$80 million in each of 2022 and 2023, and approximately \$50 million in each of 2024, 2025, and 2026.

In the first quarter of 2020, the Company recorded a \$140.0 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 probability-weighted discounted cash flow analysis, a level 3 fair value measurement, that included projected compounded growth in assets under management over the first five years of (2)%, 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.

As of June 30, 2021, the estimated fair values of the Company's Affiliates accounted for under the equity method exceeded their carrying values. 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.

As of June 30, 2021, the Company was obligated to make payments of \$104.4 million related to certain of its Affiliates accounted for under the equity method, of which, \$26.9 million is payable in 2021 and \$77.5 million is payable in 2022.

12. 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 \$35.4 million and \$32.8 million as of December 31, 2020 and June 30, 2021, 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.

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

The Company has related party transactions in association with its contingent payment arrangements and Affiliate equity transactions, as more fully described in Notes 9, 11, 14, and 15.

13. Share-Based Compensation

The following table presents share-based compensation expense:

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2020	2021	2020	2021
Share-based compensation	\$ 22.5	\$ 13.6	\$ 30.7	\$ 23.3
Tax benefit	4.1	2.2	5.6	4.4

As of December 31, 2020, the Company had unrecognized share-based compensation expense of \$86.2 million. As of June 30, 2021, the Company had unrecognized share-based compensation expense of \$85.4 million, which will be recognized over a weighted average period of approximately three years (assuming no forfeitures).

Restricted Stock

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

	Restricted Stock Units	Weighted Average Grant Date Value
Unvested units - December 31, 2020	1.2	\$ 99.46
Units granted	0.2	139.23
Units vested	(0.2)	154.47
Units forfeited	(0.1)	105.45
Performance condition changes	0.0	110.02
Unvested units - June 30, 2021	1.1	93.52

For the six months ended June 30, 2020 and 2021, the Company granted restricted stock units with fair values of \$30.5 million and \$26.9 million, 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.

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, 2020	2.9	\$ 82.14	
Options granted	0.0	150.07	
Options exercised	(0.2)	119.64	
Options forfeited	(0.0)	91.86	
Performance condition changes	—	—	
Unexercised options outstanding - June 30, 2021	2.7	79.66	5.0
Exercisable at June 30, 2021	0.2	136.09	1.6

For the six months ended June 30, 2020 and 2021, the Company granted stock options with fair values of \$3.9 million and \$1.8 million, respectively. Stock options generally vest over a period of three years to five years and expire seven years after

AFFILIATED MANAGERS GROUP, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (unaudited)

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 weighted average fair value of options granted was \$17.49 and \$54.25, per option, for the six months ended June 30, 2020 and 2021, 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 Six Months Ended June 30,	
	2020	2021
Dividend yield	1.7 %	0.0 %
Expected volatility	29.4 %	37.3 %
Risk-free interest rate	0.9 %	1.0 %
Expected life of options (in years)	5.7	5.7
Forfeiture rate	— %	— %

14. 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 Company's Affiliate equity is presented within Non-controlling interests. Upon becoming redeemable, these interests are reclassified to Redeemable non-controlling interests at their current redemption values. 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 purchase Affiliate equity interests, the interests are reclassified from Redeemable non-controlling interests to Other liabilities.

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

	Redeemable Non-controlling Interests
Balance, as of December 31, 2020 ⁽¹⁾	\$ 671.5
Decrease attributable to consolidated Affiliate sponsored investment products	(14.4)
Transfers to Other liabilities	(83.0)
Transfers from Non-controlling interests	3.8
Changes in redemption value	177.8
Balance, as of June 30, 2021 ⁽¹⁾	\$ 755.7

⁽¹⁾ As of December 31, 2020 and June 30, 2021, Redeemable non-controlling interests include consolidated Affiliate sponsored investment products primarily attributable to third-party investors of \$35.4 million and \$21.0 million, respectively.

15. 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 non-controlling interest Affiliate equity holders were \$171.7 million and \$193.5 million, for the six months ended June 30, 2020 and 2021, respectively.

The Company periodically purchases Affiliate equity from and issues Affiliate equity to the Company's consolidated Affiliate partners and its officers under agreements that provide the Company a conditional right to call and Affiliate equity holders the conditional right to put their Affiliate equity interests to the Company at certain intervals. For Affiliates accounted

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

for under the equity method, the Company does not typically have such put and call arrangements. For the six months ended June 30, 2020 and 2021, the amount of cash paid for purchases was \$160.6 million and \$62.4 million, respectively. For the six months ended June 30, 2020 and 2021, the total amount of cash received for issuances was \$17.1 million and \$17.6 million, respectively.

Sales and purchases 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 purchased 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 Three Months Ended June 30,		For the Six Months Ended June 30,	
	2020	2021	2020	2021
Controlling interest	\$ 5.1	\$ 2.7	\$ 7.9	\$ 7.1
Non-controlling interests	5.1	6.8	18.9	27.6
Total	\$ 10.2	\$ 9.5	\$ 26.8	\$ 34.7

The following table presents unrecognized Affiliate equity compensation expense:

	Controlling Interest	Remaining Life	Non-controlling Interests	Remaining Life
December 31, 2020	\$ 35.9	4 years	\$ 109.7	5 years
June 30, 2021	49.1	5 years	109.2	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. The total receivable was \$9.6 million and \$8.6 million as of December 31, 2020 and June 30, 2021, respectively, and was included in Other assets. The total payable was \$22.0 million and \$47.9 million as of December 31, 2020 and June 30, 2021, 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 recognized 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 Three Months Ended June 30,		For the Six Months Ended June 30,	
	2020	2021	2020	2021
Net income (controlling interest)	\$ 30.7	\$ 109.0	\$ 15.1	\$ 258.9
Decrease in controlling interest paid-in capital from Affiliate equity issuances	—	(17.0)	(1.3)	(17.5)
Decrease in controlling interest paid-in capital from Affiliate equity purchases	(5.5)	(8.2)	(160.6)	(56.0)
Net income (loss) (controlling interest) including the net impact of Affiliate equity transactions	\$ 25.2	\$ 83.8	\$ (146.8)	\$ 185.4

16. Income Taxes

AFFILIATED MANAGERS GROUP, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (unaudited)

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

The following table presents the consolidated provision for income taxes:

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2020	2021	2020	2021
Controlling interest:				
Current taxes	\$ 1.3	\$ 17.8	\$ 20.6	\$ 48.4
Intangible-related deferred taxes	(3.1)	31.0	(34.1)	39.9
Other deferred taxes	2.9	13.4	14.7	22.3
Total controlling interest	1.1	62.2	1.2	110.6
Non-controlling interests:				
Current taxes	\$ 2.2	\$ 2.7	\$ 4.4	\$ 4.9
Deferred taxes	0.0	6.0	(0.1)	6.0
Total non-controlling interests	2.2	8.7	4.3	10.9
Income tax expense	\$ 3.3	\$ 70.9	\$ 5.5	\$ 121.5
Income before income taxes (controlling interest)	\$ 31.8	\$ 171.2	\$ 16.3	\$ 369.5
Effective tax rate (controlling interest) ⁽¹⁾	3.4 %	36.3 %	7.6 %	29.9 %

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

The Company's effective tax rate (controlling interest) increased to 36.3% and 29.9% for the three and six months ended June 30, 2021, respectively, primarily due to a \$19.2 million deferred tax expense resulting from the revaluation of certain deferred tax liabilities due to an increase in the UK tax rate enacted during the second quarter of 2021, as well as a \$5.5 million benefit related to uncertain tax positions and a \$4.1 million benefit for a capital loss carried back to a fiscal year prior to the effective date of the Tax Cuts and Jobs Act in 2020 that did not reoccur.

17. 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.

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

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 Three Months Ended June 30,		For the Six Months Ended June 30,	
	2020	2021	2020	2021
Numerator				
Net income (controlling interest)	\$ 30.7	\$ 109.0	\$ 15.1	\$ 258.9
Interest expense on junior convertible securities, net of taxes	—	4.6	—	9.4
Net income (controlling interest), as adjusted	\$ 30.7	\$ 113.6	\$ 15.1	\$ 268.3
Denominator				
Average shares outstanding (basic)	47.2	41.6	47.5	42.1
Effect of dilutive instruments:				
Stock options and restricted stock units	0.1	0.9	0.1	0.8
Junior convertible securities	—	2.1	—	2.1
Average shares outstanding (diluted)	47.3	44.6	47.6	45.0

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:

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2020	2021	2020	2021
Stock options and restricted stock units	3.2	0.3	3.2	0.3
Junior convertible securities	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.

For the three and six months ended June 30, 2021, under its authorized share repurchase programs, the Company repurchased 0.5 million and 2.1 million shares of its common stock, respectively, at an average price per share of \$158.83 and \$135.92, respectively.

18. Comprehensive Income

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

	For the Three Months Ended June 30,					
	2020			2021		
	Pre-Tax	Tax Benefit	Net of Tax	Pre-Tax	Tax Expense	Net of Tax
Foreign currency translation gain (loss)	\$ (23.9)	\$ 0.7	\$ (23.2)	\$ 8.0	\$ (0.5)	\$ 7.5
Change in net realized and unrealized gain (loss) on derivative financial instruments	(1.6)	0.3	(1.3)	0.4	(0.0)	0.4
Other comprehensive income (loss)	\$ (25.5)	\$ 1.0	\$ (24.5)	\$ 8.4	\$ (0.5)	\$ 7.9

AFFILIATED MANAGERS GROUP, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (unaudited)

	For the Six Months Ended June 30,					
	2020			2021		
	Pre-Tax	Tax (Expense) Benefit	Net of Tax	Pre-Tax	Tax Expense	Net of Tax
Foreign currency translation gain (loss)	\$ (64.9)	\$ (11.2)	\$ (76.1)	\$ 37.6	\$ (6.3)	\$ 31.3
Change in net realized and unrealized gain (loss) on derivative financial instruments	(2.8)	0.5	(2.3)	1.0	(0.1)	0.9
Other comprehensive income (loss)	\$ (67.7)	\$ (10.7)	\$ (78.4)	\$ 38.6	\$ (6.4)	\$ 32.2

The components of accumulated other comprehensive 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, 2020	\$ (161.9)	\$ (0.3)	\$ (162.2)
Other comprehensive income before reclassifications	31.3	1.4	32.7
Amounts reclassified	—	(0.5)	(0.5)
Net other comprehensive income	31.3	0.9	32.2
Balance, as of June 30, 2021	\$ (130.6)	\$ 0.6	\$ (130.0)

Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations

Forward-Looking Statements

Certain matters discussed in this Quarterly Report on Form 10-Q, in our other filings with the Securities and Exchange Commission, 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” in our Annual Report on Form 10-K for the year ended December 31, 2020. 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.

Management’s Discussion and Analysis of Financial Condition and Results of Operations should be read in conjunction with our Consolidated Financial Statements and the notes thereto contained elsewhere in this Quarterly Report on Form 10-Q.

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 high-quality independent 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 June 30, 2021, our aggregate assets under management were \$755.7 billion across a broad range of return-oriented strategies.

In the first quarter of 2021, we completed a minority investment in Boston Common Asset Management LLC, a women-owned leader in global sustainable and impact investing. In the second quarter of 2021, we completed a minority investment in OCP Asia Limited, a leading alternative manager in private markets, providing customized secured lending solutions across the Asia-Pacific region.

In July 2021, we entered into a definitive agreement to acquire a majority equity interest in Parnassus Investments (“Parnassus”), an ESG-dedicated fund manager. Following the close of the transaction, Parnassus partners will continue to hold a substantial portion of the equity of the business and direct its day-to-day operations. The transaction, which is expected to close during the second half of 2021, is subject to customary closing conditions and regulatory approvals.

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 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>	As of and for the Three Months Ended June 30,			As of and for the Six Months Ended June 30,		
	2020	2021	% Change	2020	2021	% Change
Assets under management	\$ 638.4	\$ 755.7	18 %	\$ 638.4	\$ 755.7	18 %
Average assets under management	635.7	752.1	18 %	649.4	742.8	14 %
Aggregate fees (in millions)	960.9	1,185.6	23 %	2,214.0	2,600.0	17 %

Assets under management and therefore average assets under management, include the assets under management of our consolidated and equity method Affiliates. 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.

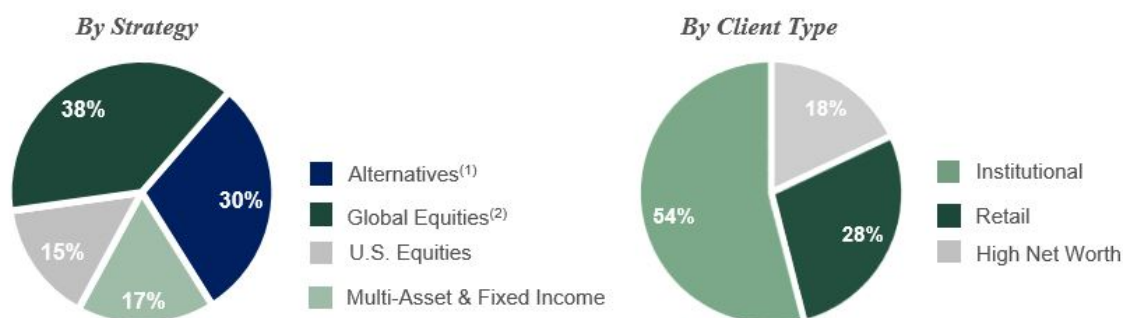
Aggregate fees consist of the total asset- and performance-based fees earned by all of our consolidated and equity method Affiliates. For certain of our Affiliates accounted for under the equity method, we report aggregate fees and the Affiliate's financial results in our Consolidated Financial Statements 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 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 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 equities 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. However, 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. We also anticipate that independent investment firms will continue to seek access to an evolving range of partnership solutions, and that we have a significant opportunity to invest in outstanding firms across the global asset management industry.

The following charts present information regarding the composition of our assets under management by strategy and client type as of June 30, 2021:

Assets Under Management



⁽¹⁾ Alternatives include illiquid alternative strategies, which accounted for 14% of our assets under management as of June 30, 2021.

⁽²⁾ Global equities include emerging markets strategies, which accounted for 8% of our assets under management as of June 30, 2021.

The following tables present changes in our assets under management by strategy and client type for the three and six months ended June 30, 2021:

By Strategy - Quarter to Date

<i>(in billions)</i>	Alternatives	Global Equities	U.S. Equities	Multi-Asset & Fixed Income	Total
March 31, 2021	\$ 222.8	\$ 284.7	\$ 110.7	\$ 119.8	\$ 738.0
Client cash inflows and commitments	9.1	10.3	7.7	6.5	33.6
Client cash outflows	(5.1)	(21.7)	(9.1)	(5.8)	(41.7)
Net client cash flows	4.0	(11.4)	(1.4)	0.7	(8.1)
New investments	2.6	—	—	—	2.6
Market changes	4.6	17.3	6.1	4.6	32.6
Foreign exchange ⁽¹⁾	0.2	0.7	0.1	0.2	1.2
Realizations and distributions (net)	(9.1)	(0.1)	—	—	(9.2)
Other ⁽²⁾	(1.4)	(0.1)	—	0.1	(1.4)
June 30, 2021	\$ 223.7	\$ 291.1	\$ 115.5	\$ 125.4	\$ 755.7

By Client Type - Quarter to Date

<i>(in billions)</i>	Institutional	Retail	High Net Worth	Total
March 31, 2021	\$ 408.9	\$ 196.8	\$ 132.3	\$ 738.0
Client cash inflows and commitments	12.4	15.2	6.0	33.6
Client cash outflows	(21.4)	(15.0)	(5.3)	(41.7)
Net client cash flows	(9.0)	0.2	0.7	(8.1)
New investments	2.3	—	0.3	2.6
Market changes	16.6	10.4	5.6	32.6
Foreign exchange ⁽¹⁾	0.6	0.5	0.1	1.2
Realizations and distributions (net)	(8.8)	(0.2)	(0.2)	(9.2)
Other ⁽²⁾	(1.0)	(0.2)	(0.2)	(1.4)
June 30, 2021	\$ 409.6	\$ 207.5	\$ 138.6	\$ 755.7

By Strategy - Year to Date

	Alternatives	Global Equities	U.S. Equities	Multi-Asset & Fixed Income	Total
December 31, 2020	\$ 216.5	\$ 278.5	\$ 103.5	\$ 117.7	\$ 716.2
Client cash inflows and commitments	17.5	19.5	14.3	13.2	64.5
Client cash outflows	(11.3)	(38.8)	(16.9)	(13.1)	(80.1)
Net client cash flows	6.2	(19.3)	(2.6)	0.1	(15.6)
New investments	2.6	2.9	1.1	—	6.6
Market changes	8.9	27.8	13.1	7.2	57.0
Foreign exchange ⁽¹⁾	0.4	1.4	0.3	0.4	2.5
Realizations and distributions (net)	(9.5)	(0.1)	—	—	(9.6)
Other ⁽²⁾	(1.4)	(0.1)	0.1	—	(1.4)
June 30, 2021	\$ 223.7	\$ 291.1	\$ 115.5	\$ 125.4	\$ 755.7

By Client Type - Year to Date

	Institutional	Retail	High Net Worth	Total
December 31, 2020	\$ 401.0	\$ 189.3	\$ 125.9	\$ 716.2
Client cash inflows and commitments	21.6	29.7	13.2	64.5
Client cash outflows	(36.9)	(32.3)	(10.9)	(80.1)
Net client cash flows	(15.3)	(2.6)	2.3	(15.6)
New investments	4.5	1.0	1.1	6.6
Market changes	28.7	18.8	9.5	57.0
Foreign exchange ⁽¹⁾	1.4	0.9	0.2	2.5
Realizations and distributions (net)	(9.2)	(0.1)	(0.3)	(9.6)
Other ⁽²⁾	(1.5)	0.2	(0.1)	(1.4)
June 30, 2021	<u>\$ 409.6</u>	<u>\$ 207.5</u>	<u>\$ 138.6</u>	<u>\$ 755.7</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 \$1,185.6 million for the three months ended June 30, 2021, an increase of \$224.7 million or 23% as compared to the three months ended June 30, 2020. The increase in our aggregate fees was due to a \$154.0 million or 16% increase from asset-based fees and a \$70.7 million or 7% increase from performance-based fees. The increase in asset-based fees was due to an increase in our average assets under management, primarily driven by significant market appreciation and strong Affiliate investment performance.

Aggregate fees were \$2,600.0 million for the six months ended June 30, 2021, an increase of \$386.0 million or 17% as compared to the six months ended June 30, 2020. The increase in our aggregate fees was due to a \$214.0 million or 10% increase from performance-based fees and a \$172.0 million or 7% increase from asset-based fees. The increase in asset-based fees was due to an increase in our average assets under management, primarily driven by significant market appreciation and strong Affiliate investment performance.

Financial and Supplemental Financial Performance Measures

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

<i>(in millions)</i>	For the Three Months Ended June 30,			For the Six Months Ended June 30,		
	2020	2021	% Change	2020	2021	% Change
Net income (controlling interest)	\$ 30.7	\$ 109.0	N.M. ⁽¹⁾	\$ 15.1	\$ 258.9	N.M. ⁽¹⁾
Adjusted EBITDA (controlling interest) ⁽²⁾	162.1	227.3	40 %	362.4	474.1	31 %
Economic net income (controlling interest) ⁽²⁾	129.6	171.2	32 %	280.9	356.0	27 %

⁽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. For the three months ended June 30, 2021, our Adjusted EBITDA (controlling interest) increased \$65.2 million or 40%, primarily due to a \$224.7 million or 23% increase in aggregate fees. Adjusted EBITDA (controlling interest) increased more than aggregate fees on a percentage basis due to the recognition of performance-based fees at Affiliates in which we hold a greater economic interest. The increase was also due to an \$8.9 million decrease in share-based compensation expense, primarily due to an event in 2020 that accelerated certain share-based compensation.

For the six months ended June 30, 2021, our Adjusted EBITDA (controlling interest) increased \$111.7 million or 31%, primarily due to a \$386.0 million or 17% increase in aggregate fees. Adjusted EBITDA (controlling interest) increased more than aggregate fees on a percentage basis due to the recognition of performance-based fees at Affiliates in which we hold a greater economic interest. The increase was also due to a \$7.4 million decrease in share-based compensation expense, primarily due to an event in 2020 that accelerated certain share-based compensation.

For the three months ended June 30, 2021, our Net income (controlling interest) increased \$78.3 million. The increase in Net income (controlling interest) was greater than the increase in Adjusted EBITDA (controlling interest) primarily due to a \$50.7 million decrease in intangible amortization and impairments attributable to the controlling interest and a \$29.6 million increase in Investment and other income attributable to the controlling interest, partially offset by a \$61.1 million increase in Income tax expense attributable to the controlling interest.

For the six months ended June 30, 2021, our Net income (controlling interest) increased \$243.8 million. The increase in Net income (controlling interest) was greater than the increase in Adjusted EBITDA (controlling interest) primarily due to a \$205.9 million decrease in intangible amortization and impairments attributable to the controlling interest and a \$46.9 million increase in Investment and other income attributable to the controlling interest, partially offset by a \$109.4 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 the acquisition of interests in Affiliates and improves comparability of performance between periods. For the three months ended June 30, 2021, our Economic net income (controlling interest) increased \$41.6 million or 32%, primarily due to a \$65.2 million increase in Adjusted EBITDA (controlling interest), partially offset by a \$27.0 million increase in current and other deferred taxes, attributable to the controlling interest.

For the six months ended June 30, 2021, our Economic net income (controlling interest) increased \$75.1 million or 27%, primarily due to a \$111.7 million increase in Adjusted EBITDA (controlling interest), partially offset by a \$35.4 million increase in current and other deferred taxes, 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 (expense), and our share of our equity method Affiliates’ financial results is reported, net of intangible amortization and impairments, in Equity method income (loss) (net).

Consolidated Revenue

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

	For the Three Months Ended June 30,		% Change	For the Six Months Ended June 30,		% Change
	2020	2021		2020	2021	
<i>(in millions, except as noted)</i>						
Consolidated Affiliate average assets under management (in billions)	\$ 339.8	\$ 435.4	28 %	\$ 345.9	\$ 428.7	24 %
Consolidated revenue	\$ 471.1	\$ 586.3	24 %	\$ 978.3	\$ 1,145.4	17 %

Our Consolidated revenue increased \$115.2 million or 24% for the three months ended June 30, 2021, due to a \$110.5 million or 23% increase from asset-based fees and a \$4.7 million or 1% increase from performance-based fees. The increase in asset-based fees was due to an increase in consolidated Affiliate average assets under management, primarily driven by significant market appreciation and strong Affiliate investment performance.

Our Consolidated revenue increased \$167.1 million or 17% for the six months ended June 30, 2021, due to a \$160.1 million or 16% increase from asset-based fees and a \$7.0 million or 1% increase from performance-based fees. The increase in asset-based fees was due to an increase in consolidated Affiliate average assets under management, primarily driven by significant market appreciation and strong Affiliate investment performance.

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 Three Months Ended June 30,			For the Six Months Ended June 30,		
	2020	2021	% Change	2020	2021	% Change
Compensation and related expenses	\$ 216.5	\$ 248.9	15 %	\$ 424.4	\$ 495.8	17 %
Selling, general and administrative	73.6	88.6	20 %	163.8	167.4	2 %
Intangible amortization and impairments	80.9	8.9	(89)%	101.5	16.4	(84)%
Interest expense	22.3	26.8	20 %	41.8	54.3	30 %
Depreciation and other amortization	5.0	4.1	(18)%	10.1	8.4	(17)%
Other expenses (net)	11.3	12.6	12 %	22.3	26.1	17 %
Total consolidated expenses	<u>\$ 409.6</u>	<u>\$ 389.9</u>	(5)%	<u>\$ 763.9</u>	<u>\$ 768.4</u>	1 %

Compensation and related expenses increased \$32.4 million or 15% for the three months ended June 30, 2021, primarily due to a \$42.1 million increase in compensation correlated to the increase in Consolidated revenue, partially offset by an \$8.9 million decrease in share-based compensation expense, primarily due to an event in 2020 that accelerated certain share-based compensation.

Compensation and related expenses increased \$71.4 million or 17% for the six months ended June 30, 2021, primarily due to a \$70.9 million increase in compensation correlated to the increase in Consolidated revenue, and an \$7.9 million increase in Affiliate equity compensation expense, partially offset by a \$7.4 million decrease in share-based compensation expense, primarily due to an event in 2020 that accelerated certain share-based compensation.

Selling, general and administrative expenses increased \$15.0 million or 20% for the three months ended June 30, 2021, primarily due to an \$8.3 million increase in distribution and investment-related expenses principally as a result of an increase in average assets under management on which these expenses are incurred, and a \$7.7 million increase in professional fees.

Selling, general and administrative expenses increased \$3.6 million or 2% for the six months ended June 30, 2021, primarily due to an \$8.4 million increase in distribution and investment-related expenses principally as a result of an increase in average assets under management on which these expenses are incurred, and a \$6.5 million increase in professional fees. These increases were partially offset by a \$6.6 million decrease in travel-related expenses as a result of reduced travel during the COVID-19 pandemic and a \$3.5 million decrease in reserves on notes receivable.

Intangible amortization and impairments decreased \$72.0 million or 89% for the three months ended June 30, 2021, primarily due to a \$60.3 million decrease in expenses to reduce the carrying value of certain acquired client relationships at one of our Affiliates to zero (see Note 10 of our Consolidated Financial Statements). The decrease was also due to a \$13.6 million reduction in amortization expense related to certain definite-lived assets being fully amortized.

Intangible amortization and impairments decreased \$85.1 million or 84% for the six months ended June 30, 2021, primarily due to a \$60.3 million decrease in expenses to reduce the carrying value of certain acquired client relationships at one of our

Affiliates to zero. See Note 10 of our Consolidated Financial Statements. The decrease was also due to a \$27.1 million reduction in amortization expense related to certain definite-lived assets being fully amortized.

Interest expense increased \$4.5 million or 20% for the three months ended June 30, 2021, primarily due to a \$5.4 million increase from our debt securities issued in 2020.

Interest expense increased \$12.5 million or 30% for the six months ended June 30, 2021, primarily due to an \$11.7 million increase from our debt securities issued in 2020 and a \$2.8 million increase from the termination of our pound sterling-denominated forward foreign currency contracts, which occurred in the first quarter of 2020. These increases were partially offset by a \$2.0 million decrease from lower interest rates and lower borrowings on our senior unsecured term loan facility (the “term loan”).

There were no significant changes in Depreciation and other amortization for the three and six months ended June 30, 2021.

There were no significant changes in Other expenses (net) for the three months ended June 30, 2021.

Other expenses (net) increased \$3.8 million or 17% for the six months ended June 30, 2021, primarily due to a \$5.9 million decrease in gains related to changes in the value of Affiliate equity purchase obligations, partially offset by a \$2.8 million gain resulting from the early termination of a lease.

Equity Method Income (Loss) (Net)

For our Affiliates accounted for under the equity method, we use structured partnership interests in which we contractually share in the Affiliate’s revenue or revenue less agreed-upon 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 income (loss) (net).

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 income (loss) (net):

<i>(in millions, except as noted)</i>	For the Three Months Ended June 30,			For the Six Months Ended June 30,		
	2020	2021	% Change	2020	2021	% Change
Operating Performance Measures						
Equity method Affiliate average assets under management (in billions)	\$ 295.9	\$ 316.7	7 %	\$ 303.5	\$ 314.1	3 %
Equity method revenue	\$ 489.8	\$ 599.3	22 %	\$ 1,235.7	\$ 1,454.6	18 %
Financial Performance Measures						
Equity method earnings	\$ 54.3	\$ 66.9	23 %	\$ 120.4	\$ 153.7	28 %
Equity method intangible amortization and impairments	(36.9)	(29.3)	(21)%	(216.2)	(64.5)	(70)%
Equity method income (loss) (net)	\$ 17.4	\$ 37.6	N.M. ⁽¹⁾	\$ (95.8)	\$ 89.2	N.M. ⁽¹⁾

⁽¹⁾ Percentage change is not meaningful.

Our equity method revenue increased \$109.5 million or 22% for the three months ended June 30, 2021, primarily due to a \$66.0 million or 13% increase from performance-based fees and a \$43.5 million or 9% increase from asset-based fees. The increase in asset-based fees was due to investments in new Affiliates and an increase in equity method Affiliate average assets under management, primarily driven by market appreciation, partially offset by net client cash outflows.

For the three months ended June 30, 2021, equity method earnings increased \$12.6 million or 23%, primarily due to a \$109.5 million or 22% increase in equity method revenue.

Equity method intangible amortization and impairments decreased \$7.6 million or 21% for the three months ended June 30, 2021, primarily due to a \$15.9 million decrease in amortization expense related to certain definite-lived assets being fully amortized. This decrease was partially offset by a \$5.2 million increase in amortization expense due to an increase in actual and

expected client attrition for certain defined-lived acquired client relationships, and a \$3.1 million increase in amortization expense due to investments in new Affiliates.

Our equity method revenue increased \$218.9 million or 18% for the six months ended June 30, 2021, primarily due to a \$207.0 million or 17% increase from performance-based fees and an \$11.9 million or 1% increase from asset-based fees.

For the six months ended June 30, 2021, equity method earnings increased \$33.3 million or 28%, primarily due to a \$218.9 million or 18% increase in equity method revenue. Equity method earnings increased more than equity method revenue on a percentage basis, primarily 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 \$151.7 million or 70% for the six months ended June 30, 2021, primarily due to a \$140.0 million decrease in expenses to reduce the carrying value of an Affiliates to fair value (see Note 11 of our Consolidated Financial Statements) and a \$27.2 million decrease in amortization expense related to certain definite-lived assets being fully amortized. These decreases were partially offset by a \$10.1 million increase in amortization expense due to an increase in actual and expected client attrition for certain defined-lived acquired client relationships, and a \$5.4 million increase in amortization expense due to investments in new Affiliates.

Investment and Other Income (Expense)

The following table presents our Investment and other income (expense):

(in millions)	For the Three Months Ended June 30,			For the Six Months Ended June 30,		
	2020	2021	% Change	2020	2021	% Change
Investment and other income (expense)	\$ (12.1)	\$ 21.1	N.M. ⁽¹⁾	\$ (9.7)	\$ 53.5	N.M. ⁽¹⁾

⁽¹⁾ Percentage change is not meaningful.

Investment and other income increased \$33.2 million for the three months ended June 30, 2021, primarily due to a \$33.8 million net increase from the valuation of Other investments.

Investment and other income increased \$63.2 million for the six months ended June 30, 2021, primarily due to a \$62.1 million net increase from the valuation of Other investments and Investments in marketable securities.

Income Tax Expense

The following table presents our Income tax expense:

(in millions)	For the Three Months Ended June 30,			For the Six Months Ended June 30,		
	2020	2021	% Change	2020	2021	% Change
Income tax expense	\$ 3.3	\$ 70.9	N.M. ⁽¹⁾	\$ 5.5	\$ 121.5	N.M. ⁽¹⁾

⁽¹⁾ Percentage change is not meaningful.

Income tax expense increased \$67.6 million for the three months ended June 30, 2021, primarily due to a \$139.4 million increase in income before income taxes attributable to the controlling interest and a \$25.1 million deferred tax expense resulting from the revaluation of certain deferred tax liabilities due to an increase in the UK tax rate enacted during the period.

Income tax expense increased \$116.0 million for the six months ended June 30, 2021, primarily due to a \$353.2 million increase in income before income taxes attributable to the controlling interest and a \$25.1 million deferred tax expense resulting from the revaluation of certain deferred tax liabilities due to an increase in the UK tax rate enacted during the period.

Net Income

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

<i>(in millions)</i>	For the Three Months Ended June 30,			For the Six Months Ended June 30,		
	2020	2021	% Change	2020	2021	% Change
Net income	\$ 63.5	\$ 184.2	N.M. ⁽¹⁾	\$ 103.4	\$ 398.2	N.M. ⁽¹⁾
Net income (non-controlling interests)	32.8	75.2	N.M. ⁽¹⁾	88.3	139.3	58 %
Net income (controlling interest)	30.7	109.0	N.M. ⁽¹⁾	15.1	258.9	N.M. ⁽¹⁾

⁽¹⁾ Percentage change is not meaningful.

Net income (controlling interest) increased \$78.3 million for the three months ended June 30, 2021, primarily due to an increase in Consolidated revenue, a decrease in Intangible amortization and impairments attributable to the controlling interest, an increase in Investment and other income attributable to the controlling interest, and an increase in Equity method income (net). These increases were partially offset by an increase in Income tax expense attributable to the controlling interest.

Net income (controlling interest) increased \$243.8 million for the six months ended June 30, 2021, primarily due to an increase in Equity method income (net), an increase in Consolidated revenue, a decrease in Intangible amortization and impairments attributable to the controlling interest, and an increase in Investment and other income attributable to the controlling interest. These increases were partially offset by an increase in Income tax expense attributable to the controlling interest.

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 our 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 Three Months Ended June 30,		For the Six Months Ended June 30,	
	2020	2021	2020	2021
Net income (controlling interest)	\$ 30.7	\$ 109.0	\$ 15.1	\$ 258.9
Interest expense	22.3	26.8	41.8	54.3
Income taxes	1.1	62.2	1.2	110.6
Intangible amortization and impairments ⁽¹⁾	86.3	35.6	282.0	76.1
Other items ⁽²⁾	21.7	(6.3)	22.3	(25.8)
Adjusted EBITDA (controlling interest)	\$ 162.1	\$ 227.3	\$ 362.4	\$ 474.1

⁽¹⁾ Intangible amortization and impairments in our Consolidated Statement 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 income (loss) (net). The following table presents the Intangible

amortization and impairments shown above:

(in millions)	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2020	2021	2020	2021
Consolidated intangible amortization and impairments	\$ 80.9	\$ 8.9	\$ 101.5	\$ 16.4
Consolidated intangible amortization and impairments (non-controlling interests)	(31.5)	(2.6)	(35.7)	(4.8)
Equity method intangible amortization and impairments	36.9	29.3	216.2	64.5
Total	\$ 86.3	\$ 35.6	\$ 282.0	\$ 76.1

⁽²⁾ Other items includes depreciation, adjustments to contingent payment arrangements, certain Affiliate equity expenses, and gains and losses on general partner and seed capital investments.

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 Three Months Ended June 30,		For the Six Months Ended June 30,	
	2020	2021	2020	2021
Net income (controlling interest)	\$ 30.7	\$ 109.0	\$ 15.1	\$ 258.9
Intangible amortization and impairments ⁽¹⁾	86.3	35.6	282.0	76.1
Intangible-related deferred taxes	(3.1)	31.0	(34.1)	39.9
Other economic items ⁽²⁾	15.7	(4.4)	17.9	(18.9)
Economic net income (controlling interest)	\$ 129.6	\$ 171.2	\$ 280.9	\$ 356.0
Average shares outstanding (diluted)	47.3	44.6	47.6	45.0
Assumed issuance of junior convertible securities shares	—	(2.1)	—	(2.1)
Average shares outstanding (adjusted diluted)	47.3	42.5	47.6	42.9
Economic earnings per share	\$ 2.74	\$ 4.03	\$ 5.90	\$ 8.30

- ⁽¹⁾ See note (1) to the table in “Adjusted EBITDA (controlling interest).”
- ⁽²⁾ Other economic items includes non-cash imputed interest (principally related to the accounting for convertible securities and contingent payment arrangements), tax windfalls and shortfalls from share-based compensation, certain Affiliate equity expenses, and gains and losses on general partner and seed capital investments. For the three and six months ended June 30, 2020 and 2021, other economic items were net of income tax expense (benefit) of \$(4.3) million and \$(3.2) million, respectively, and \$3.2 million and \$10.1 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 Investor Services and BBB+ by S&P Global Ratings.

Cash and cash equivalents were \$777.9 million as of June 30, 2021 and were attributable to both our controlling and the non-controlling interests. In the six months ended June 30, 2021, we met our cash requirements primarily through cash generated by operating activities. Our principal uses of cash in the six months ended June 30, 2021 were for share repurchases, investments in existing Affiliates through purchases of Affiliate equity interests, and investments in new Affiliates.

We expect investments in new Affiliates, including our pending investment in Parnassus, investments in existing Affiliates, primarily through purchases of Affiliate equity interests and general partner and seed capital investments, the return of capital through share repurchases and 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 on a consolidated basis 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 Six Months Ended June 30,	
	2020	2021
Operating cash flow	\$ 375.4	\$ 550.9
Investing cash flow	3.1	(170.7)
Financing cash flow	(226.3)	(642.0)

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 six months ended June 30, 2021, Cash flows from operating activities were \$550.9 million, primarily from Net income of \$398.2 million adjusted for non-cash items of \$21.3 million and \$226.6 million of distributions of earnings received from equity method investments. These items were partially offset by timing differences in the cash settlement of receivables and payables, accrued liabilities, and other liabilities of \$58.9 million, primarily due to the payment of incentive compensation, and net purchases of securities by consolidated sponsored investment products of \$21.3 million. For the six months ended June 30, 2021, operating cash flows were primarily attributable to the controlling interest.

Investing Cash Flow

For the six months ended June 30, 2021, Cash flows used in investing activities were \$170.7 million, primarily due to \$144.8 million of investments in new Affiliates and \$23.8 million of net purchases of investments securities. For the six months ended June 30, 2021, investing cash flows were primarily attributable to the controlling interest.

Financing Cash Flow

For the six months ended June 30, 2021, Cash flows used in financing activities were \$642.0 million, primarily due to the return of \$396.5 million of capital to shareholders, principally through share repurchases of our common stock, \$193.5 million of distributions to non-controlling interests, \$44.8 million of Affiliate equity purchases, net of issuances, \$22.8 million of

repurchases of our junior convertible securities, and \$11.3 million of taxes paid from shares withheld related to issuances of our common stock. Cash flows used in financing activities were partially offset by the receipt of \$34.6 million of subscriptions to consolidated funds, net of redemptions.

Affiliate Equity

We periodically purchase 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 June 30, 2021, our current redemption value of \$755.7 million for Affiliate equity interests (including \$21.0 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 \$44.8 million for Affiliate equity purchases, net of issuances during the six months ended June 30, 2021, and we expect net purchases of approximately \$70 million of Affiliate equity during the remainder of 2021. In the event of a purchase, we become the owner of the cash flow associated with the purchased equity. See Notes 14 and 15 of our Consolidated Financial Statements.

Share Repurchases

Our Board of Directors authorized share repurchase programs in January 2021 and October 2019 to repurchase up to 5.0 million and 6.0 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. During the three and six months ended June 30, 2021, we repurchased 0.5 million and 2.1 million shares of our common stock, respectively, at an average price per share of \$158.83 and \$135.92, respectively. As of June 30, 2021, we had repurchased all of the shares of the October 2019 authorized amount, and there were a total of 4.8 million shares available for repurchase under our January 2021 share repurchase program.

Debt

The following table presents the carrying value of our outstanding indebtedness. See Note 7 of our Consolidated Financial Statements:

<i>(in millions)</i>	December 31, 2020	June 30, 2021
Senior bank debt	\$ 350.0	\$ 350.0
Senior notes	1,097.3	1,097.6
Junior subordinated notes	565.7	565.8
Junior convertible securities	318.4	304.5

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. The table above does not include \$200.0 million of our junior subordinated notes issued on July 13, 2021, as more fully described below.

Senior Bank Debt

We have a \$1.25 billion senior unsecured multicurrency revolving credit facility (the "revolver") and a \$350.0 million term loan (together with the revolver, the "credit facilities"). In January 2021, we amended the term loan to adjust the marginal rate by 0.075% to 0.95% and to extend the maturity by three years. In June 2021, we further amended the term loan to reduce the marginal rate by 0.10% to 0.85%. The commercial terms of the term loan otherwise remain the same. 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.

As of June 30, 2021, we had no outstanding borrowings under the revolver, and could borrow all capacity and remain in compliance with our credit facilities.

Senior Notes and Junior Subordinated Notes

As of June 30, 2021, 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 %	4.75 %
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

On July 13, 2021, we issued \$200.0 million of additional junior subordinated notes with a maturity date of September 30, 2061 (the “2061 junior subordinated notes”). The 2061 junior subordinated notes bear interest at a fixed-rate of 4.20% per annum. The junior subordinated notes are listed on the New York Stock Exchange. Interest is payable quarterly, commencing on September 30, 2021, and we have the right to defer interest payments in accordance with the terms of the notes. The 2061 junior subordinated notes were issued at 100% of the principal amount and rank junior and subordinate in right of payment and upon liquidation to all of our current and future senior indebtedness. On or after September 30, 2026, at our option, the 2061 junior subordinated notes may be redeemed in whole or in part, at 100% of the principal amount, plus any accrued and unpaid interest. Prior to September 30, 2026, at our option, the 2061 junior subordinated notes may 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 2061 junior subordinated notes.

We intend to use the net proceeds from the 2061 junior subordinated notes for general corporate purposes, which may include the repayment of indebtedness, share repurchases, and investments in new and existing Affiliates.

Junior Convertible Securities

As of June 30, 2021, we had 5.15% junior convertible trust preferred securities outstanding (the “junior convertible securities”) with a carrying value of \$304.5 million. The junior convertible securities were issued by AMG Capital Trust II, a Delaware statutory trust, in October 2007. Each of the junior convertible securities represents an undivided beneficial interest in the assets of the trust. The trust’s only assets are junior subordinated convertible debentures issued to it by us, and have substantially the same payment terms as the junior convertible securities. We own all of the trust’s common securities, and have fully and unconditionally guaranteed, on a subordinated basis, the payment obligations on the junior convertible securities. We do not consolidate the trust’s financial results into our Consolidated Financial Statements.

The carrying value of the junior convertible securities is accreted to the principal amount at maturity (\$409.8 million) over a remaining life of approximately 16 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 convertible securities in the open market or in privately negotiated transactions from time to time at management’s discretion. During the six months ended June 30, 2021, we paid \$22.8 million to repurchase a portion of our junior convertible securities, resulting in reductions of \$15.4 million and \$4.8 million to Debt and Additional paid-in capital, respectively. As a result of these repurchases, we also reduced our Deferred income tax liability (net) by \$4.9 million.

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 June 30, 2021, no sales had occurred under the equity distribution program.

Derivatives

See Note 8 of our Consolidated Financial Statements.

Commitments

See Note 9 of our Consolidated Financial Statements.

Leases

As of June 30, 2021, our lease obligations were \$19.4 million for the remainder of 2021, \$73.3 million from 2022 through 2023, \$60.3 million from 2024 through 2025, and \$99.2 million thereafter. The portion of these lease obligations attributable to the controlling interest were \$5.1 million for the remainder of 2021, \$18.3 million from 2022 through 2023, \$18.1 million from 2024 through 2025, and \$14.6 million thereafter.

Recent Accounting Developments

See Note 2 of our Consolidated Financial Statements.

Critical Accounting Estimates and Judgments

Our 2020 Annual Report on Form 10-K includes additional information about our Critical Accounting Estimates and Judgments, and should be read in conjunction with this Quarterly Report on Form 10-Q.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

There have been no material changes to our Quantitative and Qualitative Disclosures About Market Risk for the three months ended June 30, 2021. Please refer to Item 7A of our 2020 Annual Report on Form 10-K.

Item 4. Controls and Procedures

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 during the quarter covered by this Quarterly Report on Form 10-Q. Based upon that evaluation, our Chief Executive Officer and Chief Financial Officer concluded that, as of the end of the quarter covered by this Quarterly Report on Form 10-Q, our disclosure controls and procedures are effective in ensuring that (i) the information required to be disclosed by us in the reports that we file or submit under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), is recorded, processed, summarized, and reported within the time periods specified in the Securities and Exchange Commission's rules and forms, and (ii) such information is accumulated and communicated to our management, including our principal executive officer and principal financial officer, 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 officer 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.

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 quarter covered by this Quarterly Report on Form 10-Q that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

PART II—OTHER INFORMATION

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

- (a) None.
- (b) None.
- (c) Purchases of Equity Securities by the Issuer:

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⁾
April 1-30, 2021	244,736	\$ 156.95	160,946	\$ 156.25	5,127,758
May 1-31, 2021	202,726	163.51	158,833	163.29	4,698,925
June 1-30, 2021	189,553	157.14	183,912	157.23	4,785,013
Total	637,015	159.09	503,691	158.83	

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

⁽²⁾ Our Board of Directors authorized share repurchase programs in January 2021 and October 2019 to repurchase up to 5.0 million and 6.0 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 June 30, 2021, we had repurchased all of the shares of the October 2019 authorized amount, and there were a total of 4.8 million shares available for repurchase under our January 2021 share repurchase program.

Item 5. Other Information

The Company's Board of Directors has amended and restated the Company's By-laws, effective as of the date of this Quarterly Report on Form 10-Q, to address administrative matters relating to meetings of stockholders, including rules of conduct at meetings, presiding officer selection and proposal information requirements, as well as to the notice provisions for meetings of our board of directors, in Sections 2, 3, and 12 of Article I, and Sections 3 and 10 of Article II. The preceding summary is qualified in its entirety by the text of the amended and restated By-laws, which are attached as Exhibit 3.1 to this Quarterly Report on Form 10-Q.

Item 6. Exhibits

The exhibits are listed on the Exhibit Index and are included elsewhere in this Quarterly Report on Form 10-Q.

EXHIBIT INDEX

Exhibit No.	Description
3.1	Amended and Restated By-Laws*
4.1	Indenture for Junior Subordinated Notes between Affiliated Managers Group, Inc., as issuer, and U.S. Bank National Association, as trustee, dated as of March 27, 2019 (incorporated by reference to Exhibit 4.1 to Affiliated Managers Group, Inc.'s Form 8-K, dated March 27, 2019).
4.2	Third Supplemental Indenture, dated as of July 13, 2021, 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 Exhibit 4.2 to Affiliated Managers Group, Inc.'s Current Report on Form 8-K filed July 13, 2021).
10.1	Second Amendment to Third Amended and Restated Term Credit Agreement, dated as of June 10, 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 Exhibit 10.1 to Affiliated Managers Group, Inc.'s Current Report on Form 8-K filed June 11, 2021).
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 Quarterly Report on Form 10-Q for the quarter ended June 30, 2021 are filed herewith, formatted in XBRL (Inline eXtensible Business Reporting Language): (i) the Consolidated Statements of Income for the three- and six-month periods ended June 30, 2021 and 2020, (ii) the Consolidated Statements of Comprehensive Income for the three- and six-month periods ended June 30, 2021 and 2020, (iii) the Consolidated Balance Sheets at June 30, 2021 and December 31, 2020, (iv) the Consolidated Statements of Changes in Equity for the three- and six-month periods ended June 30, 2021 and 2020, (v) the Consolidated Statements of Cash Flows for the six-month periods ended June 30, 2021 and 2020, and (vi) the Notes to the Consolidated Financial Statements
104	The cover page from the Registrant's Quarterly Report on Form 10-Q for the quarter ended June 30, 2021, 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 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.

August 5, 2021

AFFILIATED MANAGERS GROUP, INC.
(Registrant)

/s/ THOMAS M. WOJCIK

Thomas M. Wojcik
*on behalf of the Registrant as Chief Financial Officer (and also as Principal
Financial and Principal Accounting Officer)*

QuickLinks

[PART I—FINANCIAL INFORMATION](#)

[Item 1. Financial Statements](#)

[AFFILIATED MANAGERS GROUP, INC. CONSOLIDATED STATEMENTS OF INCOME \(in millions, except per share data\) \(unaudited\)](#)

[AFFILIATED MANAGERS GROUP, INC. CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME \(in millions\) \(unaudited\)](#)

[AFFILIATED MANAGERS GROUP, INC. CONSOLIDATED CONDENSED BALANCE SHEETS \(in millions\) \(unaudited\)](#)

[AFFILIATED MANAGERS GROUP, INC. CONSOLIDATED STATEMENT OF CHANGES IN EQUITY \(in millions\) \(unaudited\)](#)

[AFFILIATED MANAGERS GROUP, INC. CONSOLIDATED STATEMENTS OF CASH FLOWS \(in millions\) \(unaudited\)](#)

[AFFILIATED MANAGERS GROUP, INC. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS](#)

[Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations](#)

[Item 3. Quantitative and Qualitative Disclosures About Market Risk](#)

[Item 4. Controls and Procedures](#)

[PART II—OTHER INFORMATION](#)

[Item 2. Unregistered Sales of Equity Securities and Use of Proceeds](#)

[Item 5. Other Information](#)

[Item 6. Exhibits](#)

[EXHIBIT INDEX](#)

[SIGNATURES](#)

THIRD AMENDED AND RESTATED
BY-LAWS
OF
AFFILIATED MANAGERS GROUP, INC.

ARTICLE I.

Stockholders

SECTION 1. Annual Meeting. The annual meeting of stockholders shall be held at the hour, date and place within or without the United States which is fixed by the majority of the Board of Directors, the Chairman of the Board, if one is elected, or the Chief Executive Officer, which time, date and place may subsequently be changed at any time by vote of the Board of Directors. If no annual meeting has been held for a period of thirteen months after the Corporation's last annual meeting of stockholders, a special meeting in lieu thereof may be held, and such special meeting shall have, for the purposes of these By-laws or otherwise, all the force and effect of an annual meeting. Any and all references hereafter in these By-laws to an annual meeting or annual meetings also shall be deemed to refer to any special meeting(s) in lieu thereof.

SECTION 2. Matters to be Considered at Annual Meetings. At any annual meeting of stockholders or any special meeting in lieu of annual meeting of stockholders (the "Annual Meeting"), only such business shall be conducted, and only such proposals shall be acted upon, as shall have been properly brought before such Annual Meeting. To be considered as properly brought before an Annual Meeting, business must be: (a) specified in the notice of meeting, (b) otherwise properly brought before the meeting by, or at the direction of, the Board of Directors, or (c) otherwise properly brought before the meeting by any holder of record (both as of the time notice of such proposal is given by the stockholder as set forth below and as of the record date for the Annual Meeting in question) of any shares of capital stock of the Corporation entitled to vote at such Annual Meeting who complies with the requirements set forth in this Section 2 and such business must otherwise be a proper matter for stockholder action. Nominations of candidates for election as directors of the Corporation at an Annual Meeting are addressed in Article II, Section 3 of these By-laws.

In addition to any other applicable requirements, for business to be properly brought before an Annual Meeting by a stockholder of record of any shares of capital stock entitled to vote at such Annual Meeting, such stockholder shall: (i) give timely notice in proper form as required by this Section 2 to the Secretary of the Corporation and Timely Updates and Supplements thereof and (ii) be present at such meeting, either in person or by a representative. For all Annual Meetings, a stockholder's notice shall be timely if delivered to, or mailed to and received by, the Corporation at its principal executive office not less than 75 days nor more than 120 days prior to the anniversary date of the immediately preceding Annual Meeting (the "Anniversary Date"); provided, however, that in the event the Annual Meeting is scheduled to be held on a date more than 30 days before the Anniversary Date or more than 60 days after the

Anniversary Date, a stockholder's notice shall be timely if delivered to, or mailed to and received by, the Corporation at its principal executive office not later than the close of business on the later of (1) the 75th day prior to the scheduled date of such Annual Meeting or (2) the 15th day following the day on which public announcement of the date of such Annual Meeting is first made by the Corporation.

In addition, to be considered timely, a stockholder's notice shall further be updated and supplemented, if necessary, so that the information provided or required to be provided in such notice shall be true and correct as of the record date for the Annual Meeting and as of the date that is ten (10) business days prior to the Annual Meeting or any adjournment or postponement thereof, and such update and supplement shall be delivered to the Secretary at the principal executive offices of the Corporation not later than five (5) business days after the record date for the Annual Meeting in the case of the update and supplement required to be made as of the record date, and not later than eight (8) business days prior to the date for the Annual Meeting or any adjournment or postponement thereof in the case of the update and supplement required to be made as of ten (10) business days prior to the Annual Meeting or any adjournment or postponement thereof. For the avoidance of doubt, the obligation to update and supplement as set forth in this paragraph or any other Section of these By-Laws shall not limit the Company's rights with respect to any deficiencies in any notice provided by a stockholder, extend any applicable deadlines hereunder or under any other provision of the By-Laws or enable or be deemed to permit a stockholder who has previously submitted notice hereunder or under any other provision of the By-Laws to amend or update any proposal or to submit any new proposal, including by changing or adding nominees, matters, business and or resolutions proposed to be brought before a meeting of the stockholders. The updates and supplements referred to in this paragraph shall be referred to as the "Timely Updates and Supplements."

If any information submitted pursuant to this Section 2 by any stockholder proposing business for consideration or individuals to nominate for election or reelection as a director at a stockholder meeting shall be inaccurate in any respect, such information may be deemed not to have been provided in accordance with these By-laws. Any such stockholder shall notify the Secretary of any inaccuracy in any such information within two (2) business days of becoming aware of such inaccuracy.

Upon written request of the Secretary, the Board or any committee thereof, any such stockholder shall provide, within seven (7) business days after delivery of such request (or such other period as may be specified in such request), (A) written verification, reasonably satisfactory to the Board, any committee thereof or any authorized officer of the Corporation, to demonstrate the accuracy of any information submitted by the stockholder pursuant to this Section 2 and (B) a written update of any information (including written confirmation by such stockholder that such stockholder continues to intend to bring such nomination or other business before the meeting) submitted by the stockholder pursuant to this Section 2 as of an earlier date. If a stockholder fails to provide such written verification within such period, the information as to which written verification was requested may be deemed not to have been provided in accordance with this Section 2.

For purposes of these By-laws, (1) "public announcement" shall mean: (a) disclosure in a press release reported by the Dow Jones News Service, Associated Press, Business Wire or comparable national news service, (b) a report or other document filed publicly with the

Securities and Exchange Commission (including, without limitation, a Form 8-K), or (c) a letter or report sent to stockholders of record of the Corporation at the time of the mailing of such letter or report; and (2) “affiliate” and “associate” shall have the meanings ascribed thereto in Rule 405 under the Securities Exchange Act of 1934, as amended (the “Exchange Act”); provided, however, that the term “partner” as used in the definition of “associate” shall not include any limited partner that is not involved in the management of the relevant partnership.

A stockholder’s notice to the Secretary shall set forth as to each matter proposed to be brought before an Annual Meeting: (i) (a) a brief description of the business the stockholder desires to bring before such Annual Meeting, (b) the reasons for conducting such business at such Annual Meeting, (c) the complete text of the proposal or business (including the text of any resolutions proposed for consideration and in the event that such business includes a proposal to amend the By-laws or any other governing documents of the Corporation, the language of the proposed amendment), and (d) any material interest of the stockholder proposing to bring such business before such meeting (or any other stockholders known to be supporting such proposal) in such proposal; and (ii) as to the stockholder giving the notice, the beneficial owner, if any, on whose behalf the business is being brought and their respective affiliates or associates or others acting in concert therewith: (a) the name and address, as they appear on the Corporation’s stock transfer books, of the stockholder proposing such business, (b) the class and number of shares of the Corporation’s capital stock beneficially owned by the stockholder proposing such business, (c) the names and addresses of the beneficial owners, if any, of any capital stock of the Corporation registered in such stockholder’s name on such books, and the class and number of shares of the Corporation’s capital stock beneficially owned by such beneficial owners, (d) the names and addresses of other stockholders known by the stockholder proposing such business to support such proposal, and the class and number of shares of the Corporation’s capital stock beneficially owned by such other stockholders, (e) as to such stockholder and such beneficial owner, whether and the extent to which any hedging or other transaction or series of transactions has been entered into by or on behalf of, or any other agreement, arrangement or understanding (including any short position or any borrowing or lending of shares) has been made, the effect or intent of which is to mitigate loss to or manage risk or benefit of share price changes for, or to increase or decrease the voting power of, such stockholder or such beneficial holder with respect to any share of the Corporation’s capital stock (any of the foregoing, a “Short Interest”), (f) any proxy, contract, arrangement, understanding, or relationship pursuant to which such stockholder, such beneficial owner and their respective affiliates or associates or others acting in concert therewith have any right to vote any class or series of shares of the Corporation’s capital stock, (g) any option, warrant, convertible security, stock appreciation right, or similar right with an exercise or conversion privilege or a settlement payment or mechanism at a price related to any class or series of shares of the Corporation’s capital stock or with a value derived in whole or in part from the value of any class or series of shares of the Corporation’s capital stock, or any derivative or synthetic arrangement having the characteristics of a long position in any class or series of shares of the Corporation’s capital stock, or any contract, derivative, swap or other transaction or series of transactions designed to produce economic benefits and risks that correspond substantially to the ownership of any class or series of shares of the Corporation, including due to the fact that the value of such contract, derivative, swap or other transaction or series of transactions is determined by reference to the price, value or volatility of any class or series of shares of the Corporation’s capital stock, whether or not such instrument, contract or right shall be subject to settlement in the underlying class or series of shares of the Corporation’s capital stock, through the delivery of cash or other property, or otherwise, and without regard to

whether the stockholder of record, the beneficial owner, if any, or any affiliates or associates or others acting in concert therewith, may have entered into transactions that hedge or mitigate the economic effect of such instrument, contract or right, or any other direct or indirect opportunity to profit or share in any profit derived from any increase or decrease in the value of shares of the Corporation's capital stock (any of the foregoing, a "Derivative Instrument") directly or indirectly owned beneficially by such stockholder, the beneficial owner, if any, or any affiliates or associates or others acting in concert therewith, (h) any rights to dividends on the shares of the Corporation's capital stock owned beneficially by such stockholder, such beneficial owner and their respective affiliates or associates or others acting in concert therewith that are separated or separable from the underlying shares of the Corporation, (i) any proportionate interest in shares of the Corporation's capital stock or Derivative Instruments held, directly or indirectly, by a general or limited partnership in which such stockholder, such beneficial owner and their respective affiliates or associates or others acting in concert therewith is a general partner or, directly or indirectly, beneficially owns an interest in a general partner of such general or limited partnership, (j) any performance-related fees (other than an asset-based fee) that such stockholder, such beneficial owner and their respective affiliates or associates or others acting in concert therewith are entitled to be based on any increase or decrease in the value of shares of the Corporation's capital stock or Derivative Instruments, if any, including without limitation any such interests held by members of the immediate family sharing the same household of such stockholder, such beneficial owner and their respective affiliates or associates or others acting in concert therewith, (k) any equity interests or any Derivative Instruments or Short Interests in any principal competitor of the Corporation held by such stockholder, such beneficial owner and their respective affiliates or associates or others acting in concert therewith, (l) a description of all agreements, arrangements and understandings between such stockholder, such beneficial owner and their respective affiliates or associates or others acting in concert therewith, if any, and any other person or persons (including their names) in connection with the proposal of such business by such stockholder, (m) all information that would be required to be set forth in a Schedule 13D filed pursuant to Rule 13d-1(a) or an amendment pursuant to Rule 13d-2(a) if such a statement were required to be filed under the Exchange Act and the rules and regulations promulgated thereunder by such stockholder, and (n) a representation whether the stockholder or the beneficial owner, if any, intends or is part of a group which intends (I) to deliver a proxy statement and/or form of proxy to holders of at least the percentage of the Corporation's outstanding capital stock required to approve or adopt the proposal or elect the nominee and/or (II) otherwise to solicit proxies from stockholders in support of such proposal or nomination (the requirements of this subsection (ii), the "Requisite Stockholder Information").

If the Board of Directors or a designated committee thereof determines that any stockholder proposal was not made in a timely fashion in accordance with the provisions of this Section 2 or that the information provided in a stockholder's notice does not satisfy the information requirements of this Section 2 in any material respect, such proposal shall not be presented for action at the Annual Meeting in question. If neither the Board of Directors nor such committee makes a determination as to the validity of any stockholder proposal in the manner set forth above, the presiding officer of the Annual Meeting shall determine whether the stockholder proposal was made in accordance with the terms of this Section 2. If the presiding officer determines that any stockholder proposal was not made in a timely fashion in accordance with the provisions of this Section 2 or that the information provided in a stockholder's notice does not satisfy the information requirements of this Section 2 in any material respect, such proposal shall not be presented for action at the Annual Meeting in question. If the Board of Directors, a

designated committee thereof or the presiding officer determines that a stockholder proposal was made in accordance with the requirements of this Section 2, the presiding officer shall so declare at the Annual Meeting and ballots shall be provided for use at the meeting with respect to such proposal.

Notwithstanding the foregoing provisions of these By-laws, a stockholder shall also comply with all applicable requirements of the Exchange Act, and the rules and regulations thereunder with respect to the matters set forth in this Section 2, and nothing in this Section 2 shall be deemed to affect any rights of stockholders to request inclusion of proposals in the Corporation's proxy statement pursuant to Rule 14a-8 under the Exchange Act.

SECTION 3. Special Meetings. Except as otherwise required by law and subject to the rights, if any, of the holders of any series of preferred stock, special meetings of the stockholders of the Corporation may be called only by the Board of Directors pursuant to a resolution approved by the affirmative vote of a majority of the directors then in office.

SECTION 4. Matters to be Considered at Special Meetings. Only those matters set forth in the notice of the special meeting may be considered or acted upon at a special meeting of stockholders of the Corporation, unless otherwise provided by law.

SECTION 5. Notice of Meetings; Adjournments. A written notice of each Annual Meeting stating the hour, date and place of such Annual Meeting shall be given by the Secretary or an Assistant Secretary (or other person authorized by these By-laws or by law) not less than 10 days nor more than 60 days before the Annual Meeting, to each stockholder entitled to vote thereat and to each stockholder who, by law or under the Certificate of Incorporation of the Corporation (as the same may hereafter be amended and/or restated, the "Certificate") or under these By-laws, is entitled to such notice, by delivering such notice to him or by mailing it, postage prepaid, addressed to such stockholder at the address of such stockholder as it appears on the Corporation's stock transfer books. Such notice shall be deemed to be given when hand delivered to such address or deposited in the mail so addressed, with postage prepaid.

Notice of all special meetings of stockholders shall be given in the same manner as provided for Annual Meetings, except that the written notice of all special meetings shall state the purpose or purposes for which the meeting has been called.

Notice of an Annual Meeting or special meeting of stockholders need not be given to a stockholder if a written waiver of notice is signed before or after such meeting by such stockholder or if such stockholder attends such meeting, unless such attendance was for the express purpose of objecting at the beginning of the meeting to the transaction of any business because the meeting was not lawfully called or convened. Neither the business to be transacted at, nor the purpose of, any Annual Meeting or special meeting of stockholders need be specified in any written waiver of notice.

The Board of Directors may postpone or reschedule any previously scheduled Annual Meeting or special meeting of stockholders and any record date with respect thereto, regardless of whether any notice or public disclosure with respect to any such meeting has been sent or made pursuant to Section 2 of this Article I or Section 3 of Article II hereof or otherwise. In no event shall the public announcement of an adjournment, postponement or rescheduling of any

previously scheduled meeting of stockholders commence a new time period for the giving of a stockholder's notice under Section 2 of Article I and Section 3 of Article II of these By-laws.

When any meeting is convened, the presiding officer may adjourn the meeting if (a) no quorum is present for the transaction of business, (b) the Board of Directors determines that adjournment is necessary or appropriate to enable the stockholders to consider fully information which the Board of Directors determines has not been made sufficiently or timely available to stockholders, or (c) the Board of Directors determines that adjournment is otherwise in the best interests of the Corporation. When any Annual Meeting or special meeting of stockholders is adjourned to another hour, date or place, notice need not be given of the adjourned meeting other than an announcement at the meeting at which the adjournment is taken of the hour, date and place to which the meeting is adjourned; provided, however, that if the adjournment is for more than 30 days, or if after the adjournment a new record date is fixed for the adjourned meeting, notice of the adjourned meeting shall be given to each stockholder of record entitled to vote thereat and each stockholder who, by law or under the Certificate or these By-laws, is entitled to such notice.

SECTION 6. Quorum. A majority of the shares entitled to vote, present in person or represented by proxy, shall constitute a quorum at any meeting of stockholders. If less than a quorum is present at a meeting, the holders of voting stock representing a majority of the voting power present at the meeting or the presiding officer may adjourn the meeting from time to time, and the meeting may be held as adjourned without further notice, except as provided in Section 5 of this Article I. At such adjourned meeting at which a quorum is present, any business may be transacted which might have been transacted at the meeting as originally noticed. The stockholders present at a duly constituted meeting may continue to transact business until adjournment, notwithstanding the withdrawal of enough stockholders to leave less than a quorum.

SECTION 7. Exclusive Forum for Adjudication of Disputes. Unless the Corporation consents in writing to the selection of an alternative forum, the sole and exclusive forum for (i) any derivative action or proceeding brought on behalf of the Corporation, (ii) any action asserting a claim for or based on a breach of a fiduciary duty owed by any current or former director or officer or other employee of the Corporation to the Corporation or the Corporation's stockholders, including a claim alleging the aiding and abetting of such a breach of fiduciary duty, (iii) any action asserting a claim against the Corporation or any current or former director or officer or other employee of the Corporation arising pursuant to any provision of the General Corporation Law of the State of Delaware, as amended from time to time (the "DGCL"), or the Certificate or these By-laws (as either may be amended from time to time), (iv) any action asserting a claim related to or involving the Corporation that is governed by the internal affairs doctrine, or (v) any action asserting an "internal corporate claim" as that term is defined in Section 115 of the DGCL shall be a state court located within the State of Delaware (or, if no state court located within the State of Delaware has jurisdiction, the federal court for the District of Delaware).

SECTION 8. Voting and Proxies. Stockholders shall have one vote for each share of stock entitled to vote owned by them of record according to the books of the Corporation, unless otherwise provided by law or by the Certificate. Stockholders may vote either in person or by written proxy, but no proxy shall be voted or acted upon after three years from its date, unless the

proxy provides for a longer period. Proxies shall be filed with the Secretary of the meeting before being voted. Except as otherwise limited therein or as otherwise provided by law, proxies shall entitle the persons authorized thereby to vote at any adjournment of such meeting, but they shall not be valid after final adjournment of such meeting. A proxy with respect to stock held in the name of two or more persons shall be valid if executed by or on behalf of any one of them unless at or prior to the exercise of the proxy the Corporation receives a specific written notice to the contrary from any one of them.

SECTION 9. Action at Meeting. When a quorum is present, any matter (other than a contested election of directors) before any meeting of stockholders shall be determined by a majority of votes cast on such matter, except where a larger vote is required by law, by the Certificate or by these By-laws. For the avoidance of doubt, abstentions and broker non-votes shall count toward establishing a quorum, but shall not be considered votes cast on a matter. In a contested election, directors shall be elected by a plurality of the votes cast. A contested election shall be one in which there are more nominees than positions on the Board to be filled at the meeting. The Corporation shall not directly or indirectly vote any shares of its own stock; provided, however, that the Corporation may vote shares which it holds in a fiduciary capacity to the extent permitted by law.

SECTION 10. Stockholder Lists. The Secretary or an Assistant Secretary (or the Corporation's transfer agent or other person authorized by these By-laws or by law) shall prepare and make, at least 10 days before every Annual Meeting or special meeting of stockholders, a complete list of the stockholders entitled to vote at the meeting, arranged in alphabetical order, and showing the address of each stockholder and the number of shares registered in the name of each stockholder. Such list shall be open to the examination of any stockholder, for any purpose germane to the meeting, during ordinary business hours, for a period of at least 10 days prior to the meeting, either at a place within the city where the meeting is to be held, which place shall be specified in the notice of the meeting, or, if not so specified, at the place where the meeting is to be held. The list shall also be produced and kept at the hour, date and place of the meeting during the whole time thereof, and may be inspected by any stockholder who is present.

SECTION 11. Presiding Officer. The Chairman of the Board, if one is elected, or if not elected or in his or her absence, the Chief Executive Officer or the Secretary, shall preside at all Annual Meetings or special meetings of stockholders and shall have the power, among other things, to adjourn such meeting at any time and from time to time, subject to Sections 5 and 6 of this Article I. If both the Chief Executive Officer and the Secretary are unable to fill the role of presiding officer in the absence of the Chairman of the Board, the Board of Directors shall have the exclusive authority to select the presiding officer for any such meeting. The presiding officer shall also have the explicit authority to regulate conduct at meetings, subject to Section 12 of this Article I. The order of business and all other matters of procedure at any meeting of the stockholders shall be determined by the presiding officer.

SECTION 12. Conduct of Meetings. The date and time of the opening and the closing of the polls for each matter upon which the stockholders will vote at any meeting of stockholders shall be announced at the meeting by the presiding officer of such meeting. The Board of Directors may adopt by resolution such rules and regulations for the conduct of any meeting of stockholders as it shall deem appropriate. Except to the extent inconsistent with such rules and regulations as adopted by the Board, the presiding officer shall have the right and authority to

convene and (for any or no reason) to recess and/or adjourn the meeting, to prescribe such rules, regulations and procedures, and to do all such acts as, in the judgment of such presiding officer, are appropriate for the proper conduct of the meeting. Such rules, regulations or procedures, whether adopted by the Board or prescribed by the presiding officer, may include or address, without limitation, the following: (a) the establishment of an agenda or order of business for the meeting; (b) the determination of when the polls shall open and close for any given matter to be voted on at the meeting; (c) maintenance of order and security at the meeting and the safety of those present; (d) limitations on attendance at or participation in the meeting to stockholders of record of the Corporation, their duly authorized and constituted proxies, or such other persons as the presiding officer shall determine; (e) restrictions on entry to the meeting after the time fixed for the commencement thereof; (f) limitations on the time allotted to questions or comments by participants; (g) removing any stockholder or any other individual who refuses to comply with the meeting rules, regulations and procedures as set forth by the presiding officer; (h) conclusion, recess or adjournment of the meeting, regardless of whether a quorum is present in person or by proxy, to a later date and time and at a place announced at the meeting; (i) restricting the use of audio/video recording devices, cell phones and other electronic devices; and (j) complying with any state or local laws and regulations concerning safety and security. The presiding officer, in addition to making any other determinations that may be appropriate to the conduct of the meeting, shall, if the facts warrant, determine and declare to the meeting that a matter or business was not properly brought before the meeting, and if the presiding officer should so determine, the presiding officer shall so declare to the meeting and any such matter or business not properly brought before the meeting shall not be transacted or considered. Unless and to the extent determined by the Board or the presiding officer, meetings of stockholders shall not be required to be held in accordance with the rules of parliamentary procedure.

SECTION 13. Voting Procedures and Inspectors of Elections. The Corporation shall, in advance of any meeting of stockholders, appoint one or more inspectors to act at the meeting and make a written report thereof. The Corporation may designate one or more persons as alternate inspectors to replace any inspector who fails to act. If no inspector or alternate is able to act at a meeting of stockholders, the presiding officer shall appoint one or more inspectors to act at the meeting. Any inspector may, but need not, be an officer, employee or agent of the Corporation. Each inspector, before entering upon the discharge of his or her duties, shall take and sign an oath faithfully to execute the duties of inspector with strict impartiality and according to the best of his or her ability. The inspectors shall perform such duties as are required by the DGCL, including the counting of all votes and ballots. The inspectors may appoint or retain other persons or entities to assist the inspectors in the performance of the duties of the inspectors. The presiding officer may review all determinations made by the inspectors, and in so doing the presiding officer shall be entitled to exercise his or her sole judgment and discretion and he or she shall not be bound by any determinations made by the inspectors. All determinations by the inspectors and, if applicable, the presiding officer, shall be subject to further review by any court of competent jurisdiction.

ARTICLE II.

Directors

SECTION 1. Powers. The business and affairs of the Corporation shall be managed by or under the direction of the Board of Directors except as otherwise provided by the Certificate or required by law.

SECTION 2. Number and Terms. The number of directors of the Corporation shall be fixed by resolution duly adopted from time to time by the Board of Directors. The directors shall hold office in the manner provided in the Certificate.

SECTION 3. Director Nominations. Nominations of candidates for election as directors of the Corporation at any Annual Meeting may be made only (a) by, or at the direction of, a majority of the Board of Directors or (b) by any holder of record (both as of the time notice of such nomination is given by the stockholder as set forth below and as of the record date for the Annual Meeting in question) of any shares of the capital stock of the Corporation entitled to vote at such Annual Meeting who complies with the timing, informational and other requirements set forth in this Section 3. Any stockholder who has complied with the timing, informational and other requirements set forth in this Section 3 and who seeks to make such a nomination, or his, her or its representative, must be present in person at the Annual Meeting. Only persons nominated in accordance with the procedures set forth in this Section 3 shall be eligible for election as directors at an Annual Meeting.

Nominations, other than those made by, or at the direction of, the Board of Directors, shall be made pursuant to timely notice in proper form, along with Timely Updates and Supplements thereof, in writing to the Secretary of the Corporation as set forth in this Section 3 (including, in the case of nominations, the completed and signed questionnaire, representation and agreement required by Article II, Section 4 of these By-laws). For all Annual Meetings, a stockholder's notice shall be timely if delivered to, or mailed to and received by, the Corporation at its principal executive office not less than 75 days nor more than 120 days prior to the Anniversary Date; provided, however, that in the event the Annual Meeting is scheduled to be held on a date more than 30 days before the Anniversary Date or more than 60 days after the Anniversary Date, a stockholder's notice shall be timely if delivered to, or mailed and received by, the Corporation at its principal executive office not later than the close of business on the later of (x) the 75th day prior to the scheduled date of such Annual Meeting or (y) the 15th day following the day on which public announcement of the date of such Annual Meeting is first made by the Corporation.

In addition, to be considered timely, a stockholder's notice shall further be updated and supplemented, if necessary, to the extent contemplated by the Timely Updates and Supplements provision and provisos thereto set forth in Article I, Section 2 of these By-laws.

A stockholder's notice to the Secretary shall set forth as to each person whom the stockholder proposes to nominate for election or re-election as a director: (1) the name, age, business address and residence address of such person, (2) the principal occupation or employment of such person, (3) the class and number of shares of the Corporation's capital stock which are beneficially owned by such person on the date of such stockholder notice, (4) the consent of each nominee to be named in the Corporation's proxy statement and to serve as a director for the full term if elected, (5) all information relating to such person that is required to be disclosed in solicitations of proxies for election of directors in an election contest, or is otherwise required, in each case pursuant to and in accordance with Regulation 14A under the

Exchange Act, regardless of whether the stockholder is seeking to include the nominee in the Corporation's proxy statement, and (6) a description of all direct and indirect compensation and other material monetary agreements, arrangements and understandings during the past three years, and any other material relationships, between or among such stockholder and beneficial owner, if any, and their respective affiliates and associates, or others acting in concert therewith, on the one hand, and each proposed nominee, and his or her respective affiliates and associates, or others acting in concert therewith, on the other hand, including, without limitation, all information that would be required to be disclosed pursuant to Rule 404 promulgated under Regulation S-K if the stockholder making the nomination and any beneficial owner on whose behalf the nomination is made, if any, or any affiliate or associate thereof or person acting in concert therewith, were the "registrant" for purposes of such rule and the nominee were a director or executive officer of such registrant. With respect to each individual, if any, whom the stockholder proposes to nominate for election or re-election as a director, a stockholder's notice must, in addition to the matters set forth in the paragraphs above, also include a completed and signed questionnaire, representation and agreement required by Section 4 of Article II of these By-laws. The Corporation may require any proposed nominee to furnish such other information as may reasonably be required by the Corporation to determine the eligibility of such proposed nominee to serve as an independent director of the Corporation or that could be material to a reasonable stockholder's understanding of the independence, or lack thereof, of such nominee.

A stockholder's notice to the Secretary shall further set forth as to the stockholder giving such notice, the beneficial owner, if any, on whose behalf the business is being brought and their respective affiliates or associates or others acting in concert therewith: (a) the name and address, as they appear on the Corporation's stock transfer books, of such stockholder and of the beneficial owners (if any) of the Corporation's capital stock registered in such stockholder's name and the name and address of other stockholders known by such stockholder to be supporting such nominee(s), (b) the class and number of shares of the Corporation's capital stock which are held of record, beneficially owned or represented by proxy by such stockholder and by any other stockholders known by such stockholder to be supporting such nominee(s) on the record date for the Annual Meeting in question (if such date shall then have been made publicly available) and on the date of such stockholder's notice, (c) a description of all arrangements or understandings between such stockholder and each nominee and any other person or persons (naming such person or persons) pursuant to which the nomination or nominations are to be made by such stockholder and (d) the Requisite Stockholder Information contemplated by Article I, Section 2 herein.

The Board of Directors may require any proposed director nominee to submit to interviews with the Board or any committee thereof to determine the eligibility, suitability or qualifications of such person to serve as a director, and such person shall make himself or herself available for any such interviews within no less than ten (10) business days following the date of delivery of such request. If the Board of Directors or a designated committee thereof determines that any stockholder nomination was not made in accordance with the terms of this Section 3 or that the information provided in a stockholder's notice does not satisfy the informational requirements of this Section 3 in any material respect, then such nomination shall not be considered at the Annual Meeting in question. If neither the Board of Directors nor such committee makes a determination as to whether a nomination was made in accordance with the provisions of this Section 3, the presiding officer of the Annual Meeting shall determine whether a nomination was made in accordance with such provisions. If the presiding officer determines

that any stockholder nomination was not made in accordance with the terms of this Section 3 or that the information provided in a stockholder's notice does not satisfy the informational requirements of this Section 3 in any material respect, then such nomination shall not be considered at the Annual Meeting in question. If the Board of Directors, a designated committee thereof or the presiding officer determines that a nomination was made in accordance with the terms of this Section 3, the presiding officer shall so declare at the Annual Meeting and ballots shall be provided for use at the meeting with respect to such nominee.

Notwithstanding anything to the contrary in the second paragraph of this Section 3, in the event that the number of directors to be elected to the Board of Directors of the Corporation is increased and there is no public announcement by the Corporation naming all of the nominees for director or specifying the size of the increased Board of Directors at least 75 days prior to the Anniversary Date, a stockholder's notice required by this Section 3 shall also be considered timely, but only with respect to nominees for any new positions created by such increase, if such notice shall be delivered to, or mailed to and received by, the Corporation at its principal executive office not later than the close of business on the 15th day following the day on which such public announcement is first made by the Corporation.

No person shall be elected by the stockholders as a director of the Corporation unless nominated in accordance with the procedures set forth in this Section. Election of directors at an Annual Meeting need not be by written ballot, unless otherwise provided by the Board of Directors or presiding officer at such Annual Meeting. If written ballots are to be used, ballots bearing the names of all the persons who have been nominated for election as directors at the Annual Meeting in accordance with the procedures set forth in this Section shall be provided for use at the Annual Meeting.

SECTION 4. Qualification. No director need be a stockholder of the Corporation. To be eligible to be a nominee of any stockholder for election or re-election as a director of the Corporation, a person must deliver (in accordance with the time periods prescribed for delivery of notice under Section 3 of Article II of these By-laws) to the Secretary at the principal executive office of the Corporation a written questionnaire with respect to the background and qualifications of such individual and the background of any other person or entity on whose behalf, directly or indirectly, the nomination is being made (which questionnaire shall be provided to the nominee by the Secretary upon written request within ten (10) days after receiving such request), and a written representation and agreement (in the form provided to the proposed nominee by the Secretary upon written request) that such individual (A) is not and will not become a party to (1) any agreement, arrangement or understanding with, and has not given any commitment or assurance to, any person or entity as to how such person, if elected as a director of the Corporation, will act or vote on any issue or question (a "Voting Commitment") that has not been disclosed to the Corporation, and (2) any Voting Commitment that could limit or interfere with such individual's ability to comply, if elected as a director of the Corporation, with such individual's fiduciary duties under applicable law; (B) is not and will not become a party to any agreement, arrangement or understanding with any person or entity other than the Corporation with respect to any direct or indirect compensation, reimbursement or indemnification in connection with service or action as a director that has not been disclosed to the Corporation; and (C) in such individual's personal capacity and on behalf of any person or entity on whose behalf, directly or indirectly, the nomination is being made, would be in compliance, if elected as a director of the Corporation, and will comply, with all applicable

corporate governance, conflict of interest, confidentiality, and stock ownership and trading policies and guidelines of the Corporation.

SECTION 5. Vacancies. Subject to the rights, if any, of the holders of any series of preferred stock to elect directors and to fill vacancies in the Board of Directors relating thereto, any and all vacancies in the Board of Directors, however occurring, including, without limitation, by reason of an increase in size of the Board of Directors, or the death, resignation, disqualification or removal of a director, shall be filled solely by the affirmative vote of a majority of the remaining directors then in office, even if less than a quorum of the Board of Directors. Any director appointed in accordance with the preceding sentence shall hold office until the next annual meeting of stockholders and until such director's successor shall have been duly elected and qualified or until his or her earlier resignation or removal. No decrease in the number of directors shall shorten the term of any incumbent director. In the event of a vacancy in the Board of Directors, the remaining directors, except as otherwise provided by law, may exercise the powers of the full Board of Directors until the vacancy is filled.

SECTION 6. Removal. Directors may be removed from office in the manner provided in the Certificate.

SECTION 7. Resignation. A director may resign at any time by giving written notice to the Chairman of the Board, if one is elected, the Chief Executive Officer or the Secretary. A resignation shall be effective upon receipt, unless the resignation or the Corporate Governance Guidelines of the Corporation otherwise provide.

SECTION 8. Regular Meetings. The regular annual meeting of the Board of Directors shall be held at such hour, date and place as the Board of Directors may determine by resolution or as the Secretary shall designate without notice other than such resolution or designation provided to the Board. Other regular meetings of the Board of Directors may be held at such hour, date and place as the Board of Directors may by resolution from time to time determine without notice other than such resolution.

SECTION 9. Special Meetings. Special meetings of the Board of Directors may be called, orally or in writing, by or at the request of a majority of the directors, the Chairman of the Board, if one is elected, or the Chief Executive Officer. The person calling any such special meeting of the Board of Directors may fix the hour, date and place thereof.

SECTION 10. Notice of Meetings. Notice of the hour, date and place of all special meetings of the Board of Directors shall be given to each director by the Secretary or an Assistant Secretary, or in case of the death, absence, incapacity or refusal of such persons, by the Chairman of the Board, if one is elected, or the Chief Executive Officer or such other officer designated by the Chairman of the Board, if one is elected, or the Chief Executive Officer. Notice of any special meeting of the Board of Directors shall be given to each director in person, by telephone, or by facsimile, telex, telecopy, telegram, or other written form of electronic communication, sent to his or her business or home address, at least 24 hours in advance of the meeting, or by written notice mailed to his or her business or home address, at least 48 hours in advance of the meeting. A majority of the directors, the Chairman of the Board, if one is elected, or the Chief Executive Officer may call for a special meeting on less than 24 hours' notice (but no less than 6 hours' notice), if such shorter notice period is reasonably determined to be

necessary or appropriate under the circumstances. Such notice shall be deemed to be delivered when hand delivered to such address, read to such director by telephone, deposited in the mail so addressed, with postage thereon prepaid if mailed, dispatched or transmitted if faxed, telexed or telecopied, or when delivered to the telegraph company if sent by telegram.

When any Board of Directors meeting, either regular or special, is adjourned for 30 days or more, notice of the adjourned meeting shall be given as in the case of an original meeting. It shall not be necessary to give any notice of the hour, date or place of any meeting adjourned for less than 30 days or of the business to be transacted thereat, other than an announcement at the meeting at which such adjournment is taken of the hour, date and place to which the meeting is adjourned.

A written waiver of notice signed before or after a meeting by a director and filed with the records of the meeting shall be deemed to be equivalent to notice of the meeting. The attendance of a director at a meeting shall constitute a waiver of notice of such meeting, except where a director attends a meeting for the express purpose of objecting at the beginning of the meeting to the transaction of any business because such meeting is not lawfully called or convened. Except as otherwise required by law, by the Certificate or by these By-laws, neither the business to be transacted at, nor the purpose of, any meeting of the Board of Directors need be specified in the notice or waiver of notice of such meeting.

SECTION 11. Quorum. At any meeting of the Board of Directors, a majority of the directors then in office shall constitute a quorum for the transaction of business, but if less than a quorum is present at a meeting, a majority of the directors present may adjourn the meeting from time to time, and the meeting may be held as adjourned without further notice, except as provided in Section 10 of this Article II. Any business which might have been transacted at the meeting as originally noticed may be transacted at such adjourned meeting at which a quorum is present.

SECTION 12. Action at Meeting. At any meeting of the Board of Directors at which a quorum is present, a majority of the directors present may take any action on behalf of the Board of Directors, unless otherwise required by law, by the Certificate or by these By-laws.

SECTION 13. Action by Consent. Any action required or permitted to be taken at any meeting of the Board of Directors may be taken without a meeting if all members of the Board of Directors consent thereto in writing. Such written consent shall be filed with the records of the meetings of the Board of Directors and shall be treated for all purposes as a vote at a meeting of the Board of Directors.

SECTION 14. Manner of Participation. Directors may participate in meetings of the Board of Directors by means of conference telephone or similar communications equipment by means of which all directors participating in the meeting can hear each other, and participation in a meeting in accordance herewith shall constitute presence in person at such meeting for purposes of these By-laws.

SECTION 15. Committees. The Board of Directors, by vote of a majority of the directors then in office, may elect from its number one or more committees, including, without limitation, an Executive Committee, a Compensation Committee, a Stock Option Committee and an Audit

Committee, and may delegate thereto some or all of its powers except those which by law, by the Certificate or by these By-laws may not be delegated. Except as the Board of Directors may otherwise determine, any such committee may make rules for the conduct of its business, but unless otherwise provided by the Board of Directors or in such rules, its business shall be conducted so far as possible in the same manner as is provided by these By-laws for the Board of Directors. All members of such committees shall hold such offices at the pleasure of the Board of Directors. The Board of Directors may abolish any such committee at any time. Any committee to which the Board of Directors delegates any of its powers or duties shall keep records of its meetings and shall report its action to the Board of Directors. The Board of Directors shall have power to rescind any action of any committee, to the extent permitted by law, but no such rescission shall have retroactive effect.

SECTION 16. Compensation of Directors. Directors shall receive such compensation for their services as shall be determined by a majority of the Board of Directors provided that directors who are serving the Corporation as employees and who receive compensation for their services as such, shall not receive any salary or other compensation for their services as directors of the Corporation.

SECTION 17. Chairman of the Board. The Board may elect from among its members a director designated as the Chairman of the Board. The Chairman of the Board, if one is elected, shall preside, when present, at all meetings of the stockholders and of the Board of Directors. The Chairman of the Board shall have such other powers and shall perform such other duties as the Board of Directors may from time to time designate.

SECTION 18. Lead Director. Unless the Chairman of the Board is an independent director (within the meaning of the New York Stock Exchange listing standards), the Board shall appoint a lead director, who will generally be the Chairman of the Nominating and Governance Committee, unless the Board determines that special circumstances warrant otherwise. The principal responsibilities of the lead director, if one has been appointed, will be determined from time to time by the Board, in consultation with the selected lead director, but are expected to include serving as a key source of communication between the independent directors and the Chief Executive Officer of the Corporation, and coordinating the agenda for and leading meetings of the independent directors.

ARTICLE III.

Officers

SECTION 1. Enumeration. The officers of the Corporation shall consist of a Chief Executive Officer, a Treasurer, a Secretary and such other officers, including, without limitation, a Chairman of the Board of Directors, a President, a Chief Financial Officer, a Chief Operating Officer, a General Counsel and one or more Managing Directors, Vice Presidents (including Executive Vice Presidents or Senior Vice Presidents), Assistant Treasurers and Assistant Secretaries, as the Board of Directors may determine.

SECTION 2. Election. At the regular annual meeting of the Board, the Board of Directors shall elect the Chief Executive Officer, the Treasurer and the Secretary. Other officers

may be elected by the Board of Directors at such regular annual meeting of the Board of Directors or at any other regular or special meeting.

SECTION 3. Qualification. No officer need be a stockholder or a director. Any person may occupy more than one office of the Corporation at any time. Any officer may be required by the Board of Directors to give bond for the faithful performance of his or her duties in such amount and with such sureties as the Board of Directors may determine.

SECTION 4. Tenure. Except as otherwise provided by the Certificate or by these Bylaws, each of the officers of the Corporation shall hold office until the regular annual meeting of the Board of Directors and until his or her successor is elected and qualified or until his or her earlier resignation or removal.

SECTION 5. Resignation. Any officer may resign by delivering his or her written resignation to the Corporation addressed to the Chief Executive Officer or the Secretary, and such resignation shall be effective upon receipt unless it is specified to be effective at some other time or upon the happening of some other event.

SECTION 6. Removal. Except as otherwise provided by law, the Board of Directors may remove any officer with or without cause by the affirmative vote of a majority of the directors then in office.

SECTION 7. Absence or Disability. In the event of the absence or disability of any officer, the Board of Directors may designate another officer to act temporarily in place of such absent or disabled officer.

SECTION 8. Vacancies. Any vacancy in any office may be filled for the unexpired portion of the term by the Board of Directors.

SECTION 9. Chief Executive Officer. The Chief Executive Officer shall, subject to the direction of the Board of Directors, have general supervision and control of the Corporation's business. If there is no Chairman of the Board or if he or she is absent, the Chief Executive Officer shall preside, when present, at all meetings of stockholders and of the Board of Directors. The Chief Executive Officer shall have such other powers and perform such other duties as the Board of Directors may from time to time designate.

SECTION 10. President. The President, if one is elected, shall have such powers and shall perform such duties as the Board of Directors may from time to time designate.

SECTION 11. Managing Directors and Vice Presidents. Any Managing Director and any Vice President (including any Executive Vice President or Senior Vice President) shall have such powers and shall perform such duties as the Board of Directors or the Chief Executive Officer may from time to time designate.

SECTION 12. Treasurer and Assistant Treasurers. The Treasurer shall, subject to the direction of the Board of Directors and except as the Board of Directors or the Chief Executive Officer may otherwise provide, have general charge of the financial affairs of the Corporation and shall cause to be kept accurate books of account. The Treasurer shall have custody of all

funds, securities, and valuable documents of the Corporation. He or she shall have such other duties and powers as may be designated from time to time by the Board of Directors or the Chief Executive Officer.

Any Assistant Treasurer shall have such powers and perform such duties as the Board of Directors or the Chief Executive Officer may from time to time designate.

SECTION 13. Secretary and Assistant Secretaries. The Secretary shall record all the proceedings of the meetings of the stockholders and the Board of Directors (including committees of the Board) in books kept for that purpose. In his or her absence from any such meeting, a temporary secretary chosen at the meeting shall record the proceedings thereof. The Secretary shall have charge of the stock ledger (which may, however, be kept by any transfer or other agent of the Corporation). The Secretary shall have custody of the seal of the Corporation, and the Secretary, or an Assistant Secretary, shall have authority to affix it to any instrument requiring it, and, when so affixed, the seal may be attested by his or her signature or that of an Assistant Secretary. The Secretary shall have such other duties and powers as may be designated from time to time by the Board of Directors or the Chief Executive Officer. In the absence of the Secretary, any Assistant Secretary may perform his or her duties and responsibilities.

Any Assistant Secretary shall have such powers and perform such duties as the Board of Directors or the Chief Executive Officer may from time to time designate.

SECTION 14. Other Powers and Duties. Subject to these By-laws and to such limitations as the Board of Directors may from time to time prescribe, the officers of the Corporation shall each have such powers and duties as generally pertain to their respective offices, as well as such powers and duties as from time to time may be conferred by the Board of Directors or the Chief Executive Officer.

ARTICLE IV.

Capital Stock

SECTION 1. Certificates of Stock. Each stockholder shall be entitled to a certificate of the capital stock of the Corporation in such form as may from time to time be prescribed by the Board of Directors. Such certificate shall be signed by the Chairman of the Board of Directors, the Chief Executive Officer or a Vice President and by the Treasurer or an Assistant Treasurer, or the Secretary or an Assistant Secretary. The Corporation seal and the signatures by the Corporation's officers, the transfer agent or the registrar may be facsimiles. In case any officer, transfer agent or registrar who has signed or whose facsimile signature has been placed on such certificate shall have ceased to be such officer, transfer agent or registrar before such certificate is issued, it may be issued by the Corporation with the same effect as if he or she were such officer, transfer agent or registrar at the time of its issue. Every certificate for shares of stock which are subject to any restriction on transfer and every certificate issued when the Corporation is authorized to issue more than one class or series of stock shall contain such legend with respect thereto as is required by law.

SECTION 2. Transfers. Subject to any restrictions on transfer and unless otherwise provided by the Board of Directors, shares of stock may be transferred only on the books of the

Corporation by the surrender to the Corporation or its transfer agent of the certificate theretofore properly endorsed or accompanied by a written assignment or power of attorney properly executed, with transfer stamps (if necessary) affixed, and with such proof of the authenticity of signature as the Corporation or its transfer agent may reasonably require.

SECTION 3. Record Holders. Except as may otherwise be required by law, by the Certificate or by these By-laws, the Corporation shall be entitled to treat the record holder of stock as shown on its books as the owner of such stock for all purposes, including the payment of dividends and the right to vote with respect thereto, regardless of any transfer, pledge or other disposition of such stock, until the shares have been transferred on the books of the Corporation in accordance with the requirements of these By-laws.

It shall be the duty of each stockholder to notify the Corporation of his or her post office address and any changes thereto.

SECTION 4. Record Date. In order that the Corporation may determine the stockholders entitled to notice of or to vote at any meeting of stockholders or any adjournment thereof or entitled to receive payment of any dividend or other distribution or allotment of any rights, or entitled to exercise any rights in respect of any change, conversion or exchange of stock or for the purpose of any other lawful action, the Board of Directors may fix a record date, which record date shall not precede the date upon which the resolution fixing the record date is adopted by the Board of Directors, and which record date: (a) in the case of determination of stockholders entitled to vote at any meeting of stockholders, shall, unless otherwise required by law, not be more than sixty nor less than ten days before the date of such meeting and (b) in the case of any other action, shall not be more than sixty days prior to such other action. If no record date is fixed: (i) the record date for determining stockholders entitled to notice of or to vote at a meeting of stockholders shall be at the close of business on the day next preceding the day on which notice is given, or, if notice is waived, at the close of business on the day next preceding the day on which the meeting is held and (ii) the record date for determining stockholders for any other purpose shall be at the close of business on the day on which the Board of Directors adopts the resolution relating thereto.

SECTION 5. Replacement of Certificates. In case of the alleged loss, destruction or mutilation of a certificate of stock, a duplicate certificate may be issued in place thereof, upon such terms as the Board of Directors may prescribe.

ARTICLE V.

Indemnification

SECTION 1. Definitions. For purposes of this Article:

(a) "Director" means any person who serves or has served the Corporation as a director on the Board of Directors of the Corporation;

(b) "Officer" means any person who serves or has served the Corporation as an officer appointed by the Board of Directors of the Corporation;

(c) “Non-Officer Employee” means any person who serves or has served as an employee of the Corporation, but who is not or was not a Director or Officer;

(d) “Proceeding” means any threatened, pending or completed action, suit, arbitration, alternate dispute resolution mechanism, inquiry, investigation, administrative hearing or other proceeding, whether civil, criminal, administrative, arbitral or investigative;

(e) “Expenses” means all reasonable attorneys’ fees, retainers, court costs, transcript costs, fees of expert witnesses, private investigators and professional advisors (including, without limitation, accountants and investment bankers), travel expenses, duplicating costs, printing and binding costs, costs of preparation of demonstrative evidence and other courtroom presentation aids and devices, costs incurred in connection with document review, organization, imaging and computerization, telephone charges, postage, delivery service fees, and all other disbursements, costs or expenses of the type customarily incurred in connection with prosecuting, defending, preparing to prosecute or defend, investigating, being or preparing to be a witness in, settling or otherwise participating in, a Proceeding;

(f) “Corporate Status” describes the status of a person who (i) in the case of a Director, is or was a director of the Corporation and is or was acting in such capacity, (ii) in the case of an Officer, is or was an officer, employee or agent of the Corporation or is or was a director, officer, employee, trustee or agent of any other corporation, partnership, joint venture, trust, employee benefit plan or other enterprise which such Officer is or was serving at the request of the Corporation, and (iii) in the case of a Non-Officer Employee, is or was an employee of the Corporation or is or was a director, officer, employee, trustee or agent of any other corporation, partnership, joint venture, trust, employee benefit plan or other enterprise which such Non-Officer Employee is or was serving at the request of the Corporation; and

(g) “Disinterested Director” means, with respect to each Proceeding in respect of which indemnification is sought hereunder, a Director of the Corporation who is not and was not a party to such Proceeding.

SECTION 2. Indemnification of Directors and Officers. Subject to the operation of Section 4 of this Article V, each Director and Officer shall be indemnified and held harmless by the Corporation to the fullest extent authorized by the DGCL, as the same exists or may hereafter be amended (but, in the case of any such amendment, only to the extent that such amendment permits the Corporation to provide broader indemnification rights than such law permitted the Corporation to provide prior to such amendment) against any and all Expenses, judgments, penalties, fines and amounts reasonably paid in settlement that are incurred by such Director or Officer or on such Director or Officer’s behalf in connection with any threatened, pending or completed Proceeding or any claim, issue or matter therein, which such Director or Officer is, or is threatened to be made, a party to or participant in by reason of such Director or Officer’s Corporate Status, if such Director or Officer acted in good faith and in a manner such Director or Officer reasonably believed to be in or not opposed to the best interests of the Corporation and, with respect to any criminal proceeding, had no reasonable cause to believe his or her conduct was unlawful. The rights of indemnification provided by this Section 2 shall continue as to a Director or Officer after he or she has ceased to be a Director or Officer and shall inure to the benefit of his or her heirs, executors, administrators and personal representatives. Notwithstanding the foregoing, the Corporation shall indemnify any Director or Officer seeking

indemnification in connection with a Proceeding initiated by such Director or Officer only if such Proceeding was authorized by the Board of Directors of the Corporation.

SECTION 3. Indemnification of Non-Officer Employees. Subject to the operation of Section 4 of this Article V, each Non-Officer Employee may, in the discretion of the Board of Directors of the Corporation, be indemnified by the Corporation to the fullest extent authorized by the DGCL, as the same exists or may hereafter be amended, against any or all Expenses, judgments, penalties, fines and amounts reasonably paid in settlement that are incurred by such Non-Officer Employee or on such Non-Officer Employee's behalf in connection with any threatened, pending or completed Proceeding or any claim, issue or matter therein, which such Non-Officer Employee is, or is threatened to be made, a party to or participant in by reason of such Non-Officer Employee's Corporate Status, if such Non-Officer Employee acted in good faith and in a manner such Non-Officer Employee reasonably believed to be in or not opposed to the best interests of the Corporation and, with respect to any criminal proceeding, had no reasonable cause to believe his or her conduct was unlawful. The rights of indemnification provided by this Section 3 shall continue as to a Non-Officer Employee after he or she has ceased to be a Non-Officer Employee and shall inure to the benefit of his or her heirs, personal representatives, executors and administrators. Notwithstanding the foregoing, the Corporation may indemnify any Non-Officer Employee seeking indemnification in connection with a Proceeding initiated by such Non-Officer Employee only if such Proceeding was authorized by the Board of Directors of the Corporation.

SECTION 4. Good Faith. No indemnification shall be provided pursuant to this Article V to a Director, to an Officer or to a Non-Officer Employee with respect to a matter as to which such person shall have been finally adjudicated in any Proceeding (i) not to have acted in good faith and in a manner such person reasonably believed to be in or not opposed to the best interests of the Corporation and (ii) with respect to any criminal Proceeding, to have had reasonable cause to believe his or her conduct was unlawful. In the event that a Proceeding is compromised or settled prior to final adjudication so as to impose any liability or obligation upon a Director, an Officer or a Non-Officer Employee, no indemnification shall be provided pursuant to this Article V to said Director, Officer or Non-Officer Employee with respect to a matter if there be a reasonable good faith determination that with respect to such matter such person did not act in good faith and in a manner such person reasonably believed to be in, or not opposed to, the best interests of the Corporation, and, with respect to any criminal Proceeding, had no reasonable cause to believe his or her conduct was unlawful. The determination contemplated by the preceding sentence shall be made (a) by a majority vote of the Disinterested Directors, even though less than a quorum of the Board of Directors, (b) by a committee of Disinterested Directors designated by a majority vote of Disinterested Directors, even though less than a quorum of the Board of Directors, (c) if there are no such Disinterested Directors, or if a majority of Disinterested Directors so direct, by independent counsel in a written opinion, or (d) by the stockholders of the Corporation.

SECTION 5. Advancement of Expenses to Directors and Officers Prior to Final Disposition. The Corporation shall advance all Expenses incurred by or on behalf of any Director or Officer in connection with any Proceeding in which such Director or Officer is involved by reason of such Director or Officer's Corporate Status within ten days after the receipt by the Corporation of a written statement from such Director or Officer requesting such advance or advances from time to time, whether prior to or after final disposition of such Proceeding. Such

statement or statements shall reasonably evidence the Expenses incurred by such Director or Officer and shall be preceded or accompanied by an undertaking by or on behalf of such Director or Officer to repay any Expenses so advanced if it shall ultimately be determined that such Director or Officer is not entitled to be indemnified against such Expenses.

SECTION 6. Advancement of Expenses to Non-Officer Employees Prior to Final Disposition. The Corporation may, in the discretion of the Board of Directors of the Corporation, advance any or all Expenses incurred by or on behalf of any Non-Officer Employee in connection with any Proceeding in which such Non-Officer Employee is involved by reason of such Non-Officer Employee's Corporate Status upon the receipt by the Corporation of a statement or statements from such Non-Officer Employee requesting such advance or advances from time to time, whether prior to or after final disposition of such Proceeding. Such statement or statements shall reasonably evidence the Expenses incurred by such Non-Officer Employee and shall be preceded or accompanied by an undertaking by or on behalf of such Non-Officer Employee to repay any Expenses so advanced if it shall ultimately be determined that such Non-Officer Employee is not entitled to be indemnified against such Expenses.

SECTION 7. Contractual Nature of Rights. The foregoing provisions of this Article V shall be deemed to be a contract between the Corporation and each Director and Officer who serves in such capacity at any time while this Article V is in effect, and any repeal or modification thereof shall not affect any rights or obligations then existing with respect to any state of facts then or theretofore existing or any Proceeding theretofore or thereafter brought based in whole or in part upon any such state of facts. If a claim for indemnification or advancement of Expenses hereunder by a Director or Officer is not paid in full by the Corporation within (a) 60 days after the Corporation's receipt of a written claim for indemnification, or (b) 10 days after the Corporation's receipt of documentation of Expenses and the required undertaking, such Director or Officer may at any time thereafter bring suit against the Corporation to recover the unpaid amount of the claim, and if successful in whole or in part, such Director or Officer shall also be entitled to be paid the expenses of prosecuting such claim. The failure of the Corporation (including its Board of Directors or any committee thereof, independent legal counsel, or stockholders) to make a determination concerning the permissibility of such indemnification or advancement of Expenses under this Article V shall not be a defense to the action and shall not create a presumption that such indemnification or advancement is not permissible.

SECTION 8. Non-Exclusivity of Rights. The rights to indemnification and advancement of Expenses set forth in this Article V shall not be exclusive of any other right which any Director, Officer or Non-Officer Employee may have or hereafter acquire under any statute, provision of the Corporation's Certificate or these By-laws, agreement, vote of stockholders or Disinterested Directors or otherwise.

SECTION 9. Insurance. The Corporation may maintain insurance, at its expense, to protect itself and any Director, Officer or Non-Officer Employee against any liability of any character asserted against or incurred by the Corporation or any such Director, Officer or Non-Officer Employee, or arising out of any such person's Corporate Status, whether or not the Corporation would have the power to indemnify such person against such liability under the DGCL or the provisions of this Article V.

ARTICLE VI.

Miscellaneous Provisions

SECTION 1. Fiscal Year. Except as otherwise determined by the Board of Directors, the fiscal year of the Corporation shall end on the last day of December of each year.

SECTION 2. Seal. The Board of Directors shall have power to adopt and alter the seal of the Corporation.

SECTION 3. Execution of Instruments. All deeds, leases, transfers, contracts, bonds, notes and other obligations to be entered into by the Corporation in the ordinary course of its business without director action may be executed on behalf of the Corporation by the Chairman of the Board, if one is elected, the Chief Executive Officer or the Treasurer or any other officer, employee or agent of the Corporation as the Board of Directors or Executive Committee may authorize.

SECTION 4. Voting of Securities. Unless the Board of Directors otherwise provides, the Chairman of the Board, if one is elected, the Chief Executive Officer or the Treasurer may waive notice of and act on behalf of this Corporation, or appoint another person or persons to act as proxy or attorney in fact for this Corporation with or without discretionary power and/or power of substitution, at any meeting of stockholders or stockholders of any other corporation or organization, any of whose securities are held by this Corporation.

SECTION 5. Resident Agent. The Board of Directors may appoint a resident agent upon whom legal process may be served in any action or proceeding against the Corporation.

SECTION 6. Corporate Records. The original or attested copies of the Certificate, Bylaws and records of all meetings of the incorporators, stockholders and the Board of Directors and the stock transfer books, which shall contain the names of all stockholders, their record addresses and the amount of stock held by each, may be kept outside the State of Delaware and shall be kept at the principal office of the Corporation, at the office of its counsel or at an office of its transfer agent or at such other place or places as may be designated from time to time by the Board of Directors.

SECTION 7. Amendment of By-laws.

(a) Amendment by Directors. Except as provided otherwise by law, these By-laws may be amended or repealed by the Board of Directors by the affirmative vote of a majority of the directors then in office.

(b) Amendment by Stockholders. These By-laws may be amended or repealed at any Annual Meeting of stockholders, or special meeting of stockholders called for such purpose, by the affirmative vote of a at least two-thirds of the shares present in person or represented by proxy at such meeting and entitled to vote on such amendment or repeal, voting together as a single class; provided, however, that if the Board of Directors recommends that

stockholders approve such amendment or repeal at such meeting of stockholders, such amendment or repeal shall only require the affirmative vote of the majority of the shares present in person or represented by proxy at such meeting and entitled to vote on such amendment or repeal, voting together as a single class.

Adopted and effective as of August 5, 2021

**CERTIFICATION PURSUANT TO SECTION 302(a)
OF THE SARBANES-OXLEY ACT OF 2002**

I, Jay C. Horgen, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q 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: August 5, 2021

/s/ JAY C. HORGEN

Jay C. Horgen
President and Chief Executive Officer

QuickLinks

[Exhibit 31.1](#)

**CERTIFICATION PURSUANT TO SECTION 302(a)
OF THE SARBANES-OXLEY ACT OF 2002**

I, Thomas M. Wojcik, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q 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: August 5, 2021

/s/ THOMAS M. WOJCIK

Thomas M. Wojcik
Chief Financial Officer

QuickLinks

[Exhibit 31.2](#)

**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 Quarterly Report on Form 10-Q of Affiliated Managers Group, Inc. (the "Company") for the period ended June 30, 2021, 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 to his knowledge:

- (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: August 5, 2021

/s/ JAY C. HORGEN

Jay C. Horgen

President and Chief Executive Officer

QuickLinks

[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 Quarterly Report on Form 10-Q of Affiliated Managers Group, Inc. (the "Company") for the period ended June 30, 2021, 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 to his knowledge:

- (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: August 5, 2021

/s/ THOMAS M. WOJCIK

Thomas M. Wojcik
Chief Financial Officer

QuickLinks

[Exhibit 32.2](#)