

AFFILIATED MANAGERS GROUP, INC.

Form 10-Q

November 12, 2013

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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 September 30, 2013

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

04-3218510

(State or other jurisdiction  
of incorporation or organization)

(IRS Employer Identification Number)

600 Hale Street, P.O. Box 1000, Prides Crossing, Massachusetts 01965

(Address of principal executive offices)

(617) 747-3300

(Registrant's telephone number, including area code)

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 and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted 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 and post such files). Yes  No

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

Large accelerated filer  Accelerated filer  Non-accelerated filer   
(Do not check if a smaller reporting company)

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 52,978,842 shares of the registrant's common stock outstanding on November 5, 2013.

## 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		For the Nine Months	
	Ended September 30, 2012	2013	Ended September 30, 2012	2013
Revenue	\$467.3	\$551.6	\$1,314.5	\$1,594.8
Operating expenses:				
Compensation and related expenses	196.8	229.8	565.9	679.7
Selling, general and administrative	93.9	106.4	267.7	298.2
Intangible amortization and impairments	24.0	32.7	169.1	98.1
Depreciation and other amortization	3.5	3.4	10.6	10.3
Other operating expenses	9.4	10.2	27.7	27.5
	327.6	382.5	1,041.0	1,113.8
Operating income	139.7	169.1	273.5	481.0
Income from equity method investments	19.4	34.1	47.3	121.0
Other non-operating (income) and expenses:				
Investment and other income	(6.9 )	(8.0 )	(20.3 )	(20.0 )
Interest expense	21.8	19.9	58.8	68.5
Imputed interest and contingent payment arrangements	6.7	3.9	(35.7 )	26.5
	21.6	15.8	2.8	75.0
Income before income taxes	137.5	187.4	318.0	527.0
Income taxes	19.4	31.0	46.0	106.6
Net income	118.1	156.4	272.0	420.4
Net income (non-controlling interests)	(63.2 )	(81.2 )	(173.1 )	(218.1 )
Net income (controlling interest)	\$54.9	\$75.2	\$98.9	\$202.3
Average shares outstanding—basic	51.7	53.2	51.6	53.0
Average shares outstanding—diluted	53.0	56.9	52.9	54.7
Earnings per share—basic	\$1.06	\$1.41	\$1.92	\$3.82
Earnings per share—diluted	\$1.04	\$1.37	\$1.87	\$3.70

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		For the Nine Months	
	Ended September 30,		Ended September 30,	
	2012	2013	2012	2013
Net income	\$ 118.1	\$ 156.4	\$ 272.0	\$ 420.4
Other comprehensive income (loss):				
Foreign currency translation adjustment	15.2	18.1	19.7	(14.4 )
Change in net realized and unrealized gain (loss) on derivative securities, net of tax	(0.3 )	—	(0.9 )	0.8
Change in net unrealized loss on investment securities, net of tax	1.2	6.3	(1.1 )	(3.9 )
Other comprehensive income (loss)	16.1	24.4	17.7	(17.5 )
Comprehensive income	134.2	180.8	289.7	402.9
Comprehensive income (non-controlling interests)	(63.4 )	(80.8 )	(174.8 )	(216.3 )
Comprehensive income (controlling interest)	\$ 70.8	\$ 100.0	\$ 114.9	\$ 186.6

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

AFFILIATED MANAGERS GROUP, INC.  
CONSOLIDATED BALANCE SHEETS  
(in millions)  
(unaudited)

	December 31, 2012	September 30, 2013
Assets		
Current assets:		
Cash and cash equivalents	\$ 430.4	\$ 522.4
Investment advisory fees receivable	255.5	269.9