CAPITAL MARKETS DAY
TRANSCRIPT – OM ASSET MANAGEMENT

Peter Bain: Thank all of you for being here today. Certainly appreciate your attention and energy. I'm the last of the four presenters so I will try and keep us engaged by trying to cover about four and a half hours of material in about 28 minutes, so I think that will be fun for all of us. And then I will look forward to the Q&A. I actually always learn a lot from Q&A in these conversations so I hope you will find it useful as I do.

I would like to get at about five core components of the discussion today. The first is to give you all the best understanding I can of what we stand for as a business enterprise and then the actions that we've taken to date to implement this business model with some rigour and some consistency, how we've been able to develop a growth strategy that capitalises on what we think are the competitive advantages of this business model and what we stand for, and the result that we've been able to generate as a result of the disciplined execution of that strategy, leading us to where we're positioned today to take this business forward and continue to grow and deliver value to our shareholders.

So starting point really is just that very first slide which is what OMAM is today is a market leading asset management business rooted in the fact that it's a diversified multi-boutique model. We'll talk about all of these things as I work through the conversation with you today but it's rooted in the multi-boutique asset management model which has some very particular characteristics to it which we think are particularly well suited to an increasingly competitive institutional active management industry.

It's grounded on the fact that it consists of eight leading affiliates each of which has its own discipline and its own identity and its own reputation in that institutional market. We've run the business through the disciplined execution of what we believe is a uniquely differentiated and aligned business model where we at the centre and the affiliates are aligned on as many conceivable levels as possible to enable us to move this business forward together.

The management team has come together over the last half decade plus we work together collaboratively, collegiately. As a bonus we happen to like each other which is always encouraging.

The strategy that we've developed we think creates more opportunities to generate growth than might otherwise be available to a monoline or a command and control sort of asset management business that you see more in the retail side.

We've delivered pretty strong financial results on a consistent basis and we think the business is positioned to generate ongoing inorganic growth in addition to the organic capabilities as a result of our ability to execute acquisitions of new affiliates to bring them into the structure because it's uniquely well-suited to undertake acquisition activity.

So let's get into what we stand for which is really the next slide, and we challenge ourselves. We would have gotten this to one sentence, I promise, except the multi-boutique requires two, because you have to talk about what the overall franchise is, but then you also have to be very clear as to what the role the centre plays in this business model. And we challenge ourselves every day and, actually, you should share in that challenge with me today. We should be able to answer virtually any question you have about this business by referencing one of these two sentences. So what we are, what we stand for, is an institutionally driven active investment management business delivered in a diversified multi-boutique framework seeking to generate sustainable alpha for our clients around the globe. And we at the centre of that model are committed to delivering genuinely strategic capabilities to our affiliates so that they can concentrate on doing the three critical things they need to do to create value for their clients and thus our shareholders, which is to deliver superior investment performance over a full market cycle, be on the leading edge of innovative product development given the always evolving standards in the institutional arena, and taking really good care of their clients. That's what this business stands for.

And the next page takes you to what we've done rooted in that commitment over the last half decade plus what we've been through together. We came together as a management team, I joined in February of 2011, and really almost from a narrative arc framework from there we really spent the bulk of 2011 sorting through how we were going to take what was a not particularly well managed or clearly strategized business and turning it into one.

That involved designing what we wanted to stand for, developing those two sentences, putting together the management team and then beginning to execute on pursuing the mission. That led us to the bulk of 2012 where we fundamentally restructured the existing business model which we'll talk about. That enabled us over the course of that work to position the business for growth and yet while we positioned the business for growth we managed it at the centre in a very disciplined way, so in fact when you look at our apples to apples operating expenses in 2015, they're actually $4 million less than they were in 2011. And when you look at our headcount at the centre in 2015, it's actually down 10% from 2011. And yet while we were doing those efficiency reductions and disciplined execution moves, we were positioning this business to grow. That enabled us to develop the strategy that we began to implement in 2013 which involves working collaboratively with the affiliates to diversify them in ways that we'll go through together. Structuring and beginning to execute on a central led global distribution capability which led the business to the position in 2014 so that we were able to successfully take it public. In 2015, we had a very successful secondary offering. That enabled us, with the proof points of the business model now well established and understood in the market, to execute on a first acquisition as a team which we announced in June of this year. We then funded that acquisition with an investment grade debt offering where we broke it into two different tranches, 10 and 15 year, which we'll talk about, culminating in our actually closing the acquisition of Landmark Partners in August.

So that's what we've been doing and the chart on the left takes that narrative strategic management exercise and turns it into hard numbers. So what we started with when we came together as a team was a multi-boutique business that had 17 different affiliates in it. We took that down by more than half. There are eight today. And yet while we were doing that, having reduced the number of affiliates by more than half, we manage virtually the same level of client assets today as we did when we came together. We took a business that was bleeding AUM at a net rate of about $25 billion in 2011 and are basically break even in 2016, and importantly we took that net AUM flow which translated into $41 million of revenue attrition in 2011. And actually when you annualise our first six months this year, we've generated $8 million on an annualised basis of organic revenue growth in the face of a very challenging, volatile, active asset management market.

Our ENI which is our measurement of earnings in the States, we report economic net income. Our economic net income over that period is up over 70% on a post minority interest but pre-tax basis which is what's available to our shareholders, which is why we report it that way, and we've effectively doubled the operating margin of the enterprise. While we've done that, the affiliate's investment performance has actually improved over that period as well.

So if you looked at the revenues generated by strategies beating benchmark, and this is an important measure that we'll come back to this as well, the market tends to think generally about AUM flow, AUM beating benchmark. We take this an important step further when we meet with our shareholders and constituencies. We talk about how it translates into revenue because revenue is one big step closer to free cash flow generation which is our goal for our shareholders, number one. And number two, it also reinforces in the market our understanding of the fact that not all assets under management are created equal. They have very different revenue generating characteristics and that matters to us in managing the business.

So if you looked at our investment performance in 2011 on those key institutional three and five year bases, 60% of our revenue was being generated by strategies beating benchmark on a three year basis, 56% on a five year. June 30 this year, that's 63% and 72% respectively.

So the business is well positioned to go forward and I think the next slide gives us a sense to share with you how we're looking at the overall industry, where we view the opportunities and risks involved. And this takes the overall asset management world globally and comprehensively. So this involves all geographies and retail as well as institutional asset classes. This is work that Casey Quirk does every year. And this takes a forward looking view of their sense of what's going to be happening in the market between this year and 2020. This is a very important chart. It imbues some of our strategic thinking and

I think it will help provide you with a context of where we're taking the business and why we're taking the actions we're taking.

There are some things on here that I think everyone would expect to see. When you look at the percentage growth of AUM, that's that first column and it references the different asset class categories across the industry, you see some things that I think are generally written and talked about widely in the press which is the asset classes that are deemed to be likely to have the greatest AUM flow fall into the low fee, other cash management, passive equity, fixed income categories, as well as solutions. Solutions is multi asset class and we'll come back to that. And then alternatives – and we'll walk through this together, it's important – alternatives, while it says only expecting it to generate 3% AUM net flow over the next five years, that's a critically interesting number for us because that 3% is a net number. What it reflects is a substantial outflow from the traditional single strategy hedge fund managers who have failed to deliver the promised returns over the last decade. Out of that class, but moving into other alternative asset classes, which we believe have much more durable characteristics at alpha generation like private equity, like secondary private equity, like alternative credit, and we'll talk about that.

But what matters to us on this chart again is something that people don't write about because they don't really have access to the data. But I'm going to take you to the far right column because what matters to us isn't so much whether we think there's going to be net AUM flow in and out, what matters to us is the revenue opportunity. This is something that drives the way we think about building an active alpha generating institutional business. And if you look at this chart, the single greatest revenue opportunity is in the alternative space. It's over $91 billion. The other piece that I think is critically important to understand about this revenue opportunity analysis is people think about flow, 'Oh my gosh, assets are going passive, what does that mean?' If you look at the actual revenue opportunity attached to the net flow number, that's the little green part of that far right bar, the vast majority of actual revenue in play over the next half decade, and this is the same – you can look over any time period in the institutional space – the actual amount of revenue that's going to be generated is a function of what we call replacement activity. These are active searches for clients and institutional consultants who are replacing managers who failed to deliver on the mandate they were awarded. If you are able to deliver disciplined, rigorous investment processes that withstand the increasingly sophisticated diligence analysis in the institutional arena to win a mandate that that client is giving you for a very specific reason, you have the opportunity to hold that mandate over a full market cycle, deliver the promised alpha, and participate increasingly in building your business because of the revenue replacement opportunity.

That's how we look at this. And so when you really look at this chart, with all the noise in the market about people going passive and people indexing and people going to cash, if you're really running an asset management business what you want to build is a business that's very strong in the alternative space, and then in the bottom five categories which are projected to suffer net AUM outflow. But when you add the other domestic emerging markets global, international and US equity categories it's $132 billion of revenue opportunity. So that's how we think about this business going forward, it really drills down a little deeper than I think most people generally are aware of day to day.

So the next slide tells you how we take that view of the market and the industry and turn it in to a growth strategy. It's rooted in the bottom, that sort of concrete coloured rectangle that we present as the foundation of the business. That's where the business model that we've implemented with consistency and discipline matters, I think, to us, to our affiliates, to the clients, and to the consultant community. We are implementing an operating model that combines two, what we believe are necessary but not sufficient, characteristics that no one else in the industry is implementing in the way we are today. And we think that it empowers the growth strategy in the pyramid that has four components to it, which we do not believe our competitors can implement because of their business models versus ours. Those two components are, first, all of our affiliates own real equity in themselves, not in OMAM. Acadian owns equity in Acadian, Barrow Hanley owns equity in Barrow Hanley. The consultant community and their clients want Acadian focused on Acadian, that creates an environment that's entrepreneurial in nature, and it attracts the kind of investing DNA that wants to compound value and grow it over time.

That equity ownership at the affiliate level by the affiliate talent base combines with our economic operating model, which is profit sharing not revenue share. And I think revenue share is something that's talked about a little bit in this industry, it's very simply what it sounds like, taking a slice off the top. The holding company's earnings are effectively a slice of the gross revenue with the affiliates. We don't do that. Our participation is in the earnings of the affiliate, that aligns us in being able to invest alongside the affiliates to build, diversify, expand and strengthen their businesses in a way that a revenue sharing partner cannot do. That enables the four components of this growth, which is, one, if you've got a really well aligned business model where you're not constantly at odds with your affiliates because you're arguing about who bears what cost and who bears what revenue, but you're aligned. We believe you're going to own good affiliates, and we do. And those good affiliates are going to generate core growth going forward.

But we also believe that the aligned model, the combination of profit sharing and equity at the affiliate level, enables us to grow organically with our affiliates by strategically engaging. We also believe it empowers us to put in place incremental, non-overlapping, non-redundant distribution to enhance their ability to grow. And then that top pyramid on that growth strategy is if we implement this model with discipline and success, we believe we'll be a very attractive acquirer for other leading asset management business. And the multi-boutique is uniquely positioned as a business model to add through acquisition.

The next slide gives you a sense, we'll start then at the top of that pyramid, which is new partnerships. We acquired and closed the acquisition in August of Landmark Partners. I was talking with Ian, earlier in the session today, who understands this business well, it was nice. Landmark is a world class leading secondary private equity, real estate and real asset management business. It takes us from our dominant position in the long only equity classes and diversifies us in to the alternative asset class segment in a way that we've been very straight with the market about wanting to pursue. This business is well-established, well-known, it's got a true franchising brand in the industry. Its economic structure and the way we structure the transaction results in a very accretive event for us and our shareholders. And the way we structured it aligns them going forward to want to build the business with us in the sense that, like the other affiliates, we did not acquire 100% of the business, we acquired 60% of the equity of Landmark. Management continues to own the remaining 40%.

In addition, we paid $240 million, but we put in place a second tranche of potential value for management that's purely a function of their success in their next round fundraising, which they're engaged in right now. And the way that transaction is structured, frankly, the higher the earn out payment that we make to management, the greater the accretion to our shareholders. So we've put in place a highly aligned acquisition with a strategic asset class, with a leading firm within its space in the asset management industry that ought to develop meaningful economic benefit to us going forward. That's the acquisition piece.

I want to switch to the next slide, and now start again with that bottom of that pyramid, the core affiliate growth component of the business franchise, to give you a feel for what the franchise looks like today. This gives you a view of the eight affiliates who make up OMAM today, each of them has a very distinct investment discipline, each of them has a very distinct place in the institutional arena, each of them is an extremely well run business on its own with good executive management in addition to investment talent. And each of them plays a very particular role in what consolidates up in to a well-diversified overall franchise.

The next slide takes those businesses and shows how you can have specialised capability and still build a well-diversified company. And again, this is one of the unique benefits of running a multi-boutique, because as you can see we're very well-diversified across asset class, we're very well-diversified across type of client. But this is not a business where we're seeking to be all things to all clients because that, from our perspective, is a recipe for mediocrity. The multi-boutique enables each affiliate to be a specialist, and therefore by each affiliate doing what it does well for its clients we create a franchise that rolls up in to this level of diversification without compromising Alpha generation.

Next slide takes us in to investment performance. We look at investment performance three different ways. And again, this sets us apart in the industry because the traditional way asset management businesses report their performance to the market is this far right graph, the asset weighted graph. This is, in essence, what percentage of a firm's AUM are beating benchmark on a one, three and five year basis. So we report that every quarter because the market expects it, and that's fine. But what we care about, to be perfectly frank, are the two left graphs, and I'll jump all the way to the left side now. The left one is where we take that AUM weighting and turn it to revenue, again taking that one step closer, like we talked about earlier, in to how are we going to generate free cash flow for our clients, and are we likely to continue to generate free cash flow? The left graph says what percentage of our revenue is being generated by strategies that are beating their benchmarks on a one, three and five year basis? And here we're in a very solid position going forward.

The middle one is also important, and we're not aware of anyone in the industry who reports this to the market, but we think it's, again, valuable because we think it gives our clients and our shareholders an insight in to how likely is it that we're going to be successful in continuing to grow going forward. The equal weighted graph takes all of our investment strategies that we believe are a critical mass, that should be marketable, and we've defined critical mass as more than $100 million under management in that strategy. We think a strategy that's got north of $100 million AUM in it ought to be marketable. And then it simply takes of those at scale strategies, how many of them are beating benchmark? And what you see here is a substantial number of our "at scale" strategies are beating benchmark, and therefore our view is we have a greater likelihood of having the vehicles in the marketplace that can generate ongoing growth and sustain that going forward. We're not a franchise that's dependent upon a couple of big winning products.

Next slide takes that analysis of the overall business and turns it in to the flows that we've generated over time. And again, this is an important one to understand how we think about the business. The left hand graph on this page, that AUM net flow, a very traditional graph, that's what any firm you would look at in the marketplace would show you. It essentially says on a quarterly basis what is our AUM client cash flow?

But the right one is important because we take that net AUM flow but we translate it in to what we actually generated for our shareholders in terms of net revenue growth. And the proof point about my comment earlier about not all assets are created equal, rests in the two line items on the bottom of that right hand graph. And I can see it, because I know it really well anyway, I hope you guys can see it on the chart, it's tough to tell because I was out there watching some of these slides. But there's a line item here that says basis point inflows and basis point outflows. What we're essentially saying is, look, net AUM, it's not some magic number, it's a function of what assets did you bring in and what assets went out. And more critically, what were the revenues on the assets you brought in, and what were the revenues on the assets that went out. And what you can see is consistently we're building a business model where the assets we're bringing in are the higher fee, more in demand, more competitive in terms of performance where you can set yourself apart, and therefore not be at risk of commoditisation assets. And the assets that have flowed out are the ones that are lower fee, more commoditised assets. So in fact you have quarters in our business, like Q1, Q3 2015 where we reported net AUM outflow, but in fact in those quarters we generated organic revenue growth. And that's something we pay a great deal of attention to.

The next slide then takes us in to the collaborative components of the business model where we're able to work with our affiliates to find ways to expand, strengthen and diversify their businesses because of our alignment with them through profit sharing and they're owning real equity. They're incentivised and motivated to invest in building the business, not just milk it like an annuity, because they own equity in it. So they will participate in the compound value they create as owners of the business, so they're rewarded for engaging in long term investing, not just short term annual bonus maximisation. The second piece about profit sharing is the annual incentive compensation plans of all of our affiliates is a mathematical function of their operating profit before bonus. So they are economically incentivised to manage good businesses and deliver good margins because their annual incentive comp is a function of that as well.

And so we're positioned to work with our affiliates the way it's described on the right side of this page, to invest in their businesses. Because, again, investing in an asset management business to grow it, it's not like Proctor & Gamble wants to make more soap so they build a factory, they put it on the balance sheet, and they write it off the balance sheet over its useful life. When you invest in an asset management to diversify and grow it you're hiring a new team, or you're seeding a new product that's got to create a track record for three to five years before it's commercially marketable. Or you're accessing a new distribution channel where you've got to build up access to it over time. These are all legitimate capexes, if you will, but they run through the P&L. Because we're a profit share, not taking a slice off the top, the affiliates will engage in those initiatives with us because we're participating alongside them. And so that's what the strategic engagement enables us to do with our affiliates, to launch new products, to diversify them in to new asset classes, which protects them in downmarket, and makes them less vulnerable or less dependent upon a single product strategy. So we're aligned with them again, not just to generate economic growth and value, but to build more resilient, better positioned businesses for volatile markets.

The next slide provides an overview of what we've done on distribution. And again, the distribution piece here is you need to understand the affiliate model and the institutional market. We've carved up the global distribution world into three basic component parts. The first is what I'll call just traditional institutional separate account, sales, client, service and consultant relations, in the United States. That business is so well disintermediated and so well developed, our view is the affiliates themselves must own that, it's their responsibility, it's their deliverable. The clients and consultants expect to meet directly with them, they expect to meet directly with the clients and consultants, and we agree.

But there are two aspects of the distribution world that we can add value from centre. The first is in the very large defined contribution platform business in the United States, that's a business where the war has to some large degree been fought and won. And you have a handful of very large platform businesses, those platforms are all open architecture, they're all multi-product, the vast majority of the products themselves are multi-sleeve. We, from the centre, can know those business platforms very well and come to them with specific ideas about where one of our affiliates can be slotted into one of their offerings, to be the Alpha generator. That creates an institutional relationship for our business where the end user is a retail investor, it's a very efficient way for us to engage in that business. So we built that at the centre in Boston.

And the second piece we've built is what's reflected on the map, which is looking at those markets globally that are sufficiently well-developed, sufficiently well-regulated and advanced, and large enough that there's the kind of demand for the sophisticated strategies that our affiliates deliver, that's it worthwhile for us to build the capability to go in to those markets. And that's what we've done. We've got people on the ground in Toronto, London, Hong Kong, and they're accessing Canada, UK, Nordics, Benelux which we think is distinct from the European market, the Middle East and Asia, ex Japan. And that's the distribution piece I mentioned earlier that we really launched at the beginning of 2013.

The next slide takes you to what this strategy translates into in terms of hard deliverable. And what this shows you is, we start with 2012 which was when we really finished the restructuring of the business and got the strategy clearly defined and in a position to execute. So 2013, 2014, and 2015, reflect our execution of this strategy in the marketplace. And what this shows is between the work we've done collaboratively with the affiliates through the aligned model, seed capital, co-investment capital, new initiatives, combined what we've built from a standing start in distribution, our efforts at the centre have delivered between a quarter and third of the gross sales into the franchise. It's important for a couple of reasons, one, it creates real economic value because the marginal profitability of those sorts of AUM flow is very high. But, two, it strengthens our relationship with the affiliates because they acknowledge that the centre is in fact doing something of value to them. And the multi-boutique model it can't be emphasised enough that the quality of the relationships between the centre and affiliate is fundamental to the ongoing stability of the business. And I think that's an area where I think a number of multi-boutiques struggled in the past.

So that would be, I think, my framework for sharing with you how we think about structuring, strategising and executing. We also pay a great deal of attention to cost structure, and this next slide provides you an overview of that. Again, the alignment in the model is such that it also therefore includes a very high degree of variable cost discipline. I mentioned earlier that the annual incentive compensation framework for every affiliate is a function of the profitability they generate. And so what we do is stress test the business model, what the left side of this page shows you is if we had an immediate global 10% drop in the equity markets, given the diversification of our revenue base, particularly reflecting the strength of revenue our alternative managers, buttressed by our acquisition of Landmark, our gross revenue would drop about 8%. And our variable cost structure would immediately mathematically adjust such as the actual impact on our bottom line of a global 10% equity collapse would be 11% on our ENI. That's just structural of the model, that's before we've taken any active steps. So the business is disciplined structurally, in addition to enabling growth.

And then the right side just shares with you the metrics that we generally share with our shareholders and the market about the way we monitor and evaluate the business. These are the key operating ratios that we track and report on a consistent basis.

The next slide gives you a sense of how we look at the balance sheet, the balance sheet is pretty well structured currently. We did a very successful $400 million debt offering in July, we broke it in to a 10 and 15 year tranche, they're both investment grade rated by S&P and Moody's. And our debt to EBITDA ratio, I mean our debt to equity ratio is about 1.5 currently, so we've got some room to move in terms of taking on incremental leverage if we felt it would help the business.

Our capital management approach is on the right side, from the day we went public we have paid a dividend, we intend to continue to pay a dividend. And we base our dividend on about 25% pay-out ratio target. We intend to sustain that for the foreseeable future, we don't see any reason to change. When we engage in the kind of collaborative investment in our affiliates to grow them that we talked about, we've got a very clear and rigorously enforced IRR, fully loaded after tax hurdle rate that we use to evaluate the quality and likelihood of success of an investment in building an affiliate. We've got very clear metrics that must be met if we're going to undertake an acquisition transaction. We're very comfortable buying shares back, we've got a little bit of a real world challenge which our shareholders certainly know, which is our public float isn't what I think they would like it to be. Therefore we're thoughtful about reducing the public float through buy backs. But we've been very straight with the market that we're very comfortable and have capacity to do a meaningful buy back with PLC. And what we've said publically on that is in the $150 million range.

Last piece in that sort of capital management puzzle is as a part of the managed separation process we have taken some agreements we have with PLC dealing with the repatriation of seed capital, as well as the deferred tax asset realisation schedule, which we embodied as a part of our going public and have now adjusted the timeframe on those agreements to be more in line with the managed separation process.

That really, I think, would be the best overview I probably have for you of the business. The last slide therefore, kind of, gives you a view of how we think this all ties together. You start in the north-west quadrant of this, it's a multi-boutique business built on the strength of a very strong group of existing investment management affiliates who are the value creators, who are diversified, who are growing, and who are in the right asset classes at the right time. Moving clockwise, we're able to take that foundation and implement a highly aligned business model that we've talked about. We think the combination of the strength of the affiliates, coupled with the aligned business model, had generated, continuing to move around the clock, very strong financial results that are sustainable. And the final proof point in the business model is our successful acquisition of Landmark Partners, proving out that in fact a world class firm that really could have sold to anyone, electing to partner with us. I would welcome all of your participation in our earnings call on 2nd November to discuss our third quarter results, to save you the trouble of asking me anything about the third quarter in this session. And with that, I would love to invite Steve Belgrade, my chief financial officer, up to the dais, and I'd welcome Q&A about the business.

Greig Paterson: Cheers. A quick question on the outcome for the stock, so we'll let Lee ask the difficult question.

Peter Bain: We hope today will change that.

Greig Paterson: Yeah, I was pondering though, you know, with the Department of Labour and guidelines that are coming and this best interest, and how some people are arguing that absolute returns funds speak to the best interest, and that's a competitive advantage. How will DoL play out with you guys?

Peter Bain: Actually that's a very good question. For those of you who may or may not be aware, but the Department of Labour in the States have issued a whole new set of regulations dealing with fiduciary duty for asset managers for their clients. As an institutional business we're already fiduciaries, and so the implementation and the impact of the new DoL regulations hits the retail firms, and they're going to have a lot of work to do to address that. So when we talk about why we try and approach institutional relationships and try and implement access to retail and use our investors through institutional quality relationships, it insulates us from that. So in fact those DoL regs will have no impact on us, and enable us in fact to provide more solutions to those retail businesses who are going to have to figure out ways to meet the new regs. One of the ways they're going to be able to meet the new regs is engage in a lot more sub-advisor relationships with firms like ours. So from our perspective, net-net, we probably are a winner in that one. Yes, sir.

Male: Thank you. How do you deal with the potential of one of your affiliates wanting to compete with another one of your affiliates, launching new products or geographies, etc?

Peter Bain: Yeah, it's a combination of things. One, we do pay attention to asset classes, but more importantly investment process within those asset classes. Our view is it's more valuable to our shareholders if we're going to make an acquisition to acquire a business that's not doing what one of our existing affiliates is already doing. So strategically we're very thoughtful about that.

And the second piece in this puzzle is the eight that we have, remember we started with 17, we worked through that as a part of the rationalisation and restructuring of the business to come down to the eight that we have. They really don't compete with each other. And to the extent you may have Barrow Hanley viewed as a value equity manager and Acadian viewed as a value equity manager, and they may end up in a search. Acadian's investment process is so distinguishable in terms of its actual application, it uses quantitative analytics differently. Barrow Hanley tends to be very fundamental, very concentrated bottom up. That sometimes a consultant might bring both firms in, but it's provided its potential client with a real choice. And so if our guys end up bumping in to each other in a final, they're actually not competing with each other because the reality is the ultimate decision is going to be made on the basis of the investment process itself. So we don't really have the problem, we're going to continue to be mindful of the problem. And in the real world if we end up in that situation, you know, it's going to be a good problem to have because it means we've grown so much that we've brought on capabilities that do end up occasionally bumping in to each other. And on that level it's just the real world of being a large investment management firm. And we remind our children that there are many other people in the market who are trying to kill them besides their siblings, and that they have bigger things to worry about. And that just does seem to resonate, but you have to be very aware of it and thoughtful about it.

Steve Belgrade: And the point of what we're trying to do is almost look at the portfolio of overall and there are certain asset classes that are capacity constrained, like small cap. So in a situation like that you actually want to have a number of affiliates in small cap because you need to be able to increase your ability to grow, and yet keep capacity at a level at each one where investors want it to be small. Same thing with emerging markets, you know, one of our affiliates, Acadian, was beginning to approach capacity on their emerging markets product. And we thought there was a potential at Barrow Hanley to actually grow emerging markets there. A different investment style, as Peter said, but still you want to make sure when there's an important asset class that you always have the capacity and the products open with good track records so you can slot in and take advantage of it.

Peter Bain: And my understanding is that we have someone on the phone. Michael.

Michael Christe;is: Yeah, hi guys.

Peter Bain: Hi. Yeah, it's good.

Michael Christelis: Okay. I'm just wondering, a quick question if I can Peter, when you listed the business 2 years ago we had an in depth discussion around, you know, you had quite a long list of potential acquisitions that you were targeting, and you almost were able to name them by name at the table. And yet I look at the business 2 years later, there's been one deal. Is there a specific reason why you haven't been able to perhaps execute on some of the deals you were hoping to at that stage?

Peter Bain: Yeah, I think, Michael, on every single one there's been a very specific reason. You know, we're going to be really disciplined about it and I think that that's a challenge. But our view is the ones upon which we actually execute will be more sustainable, more successful, and generate greater value. And that just takes some good discipline. But there are a couple of other components that I think just real world are true, one is we probably did put a little extra emphasis on getting the first one right, on trying to execute on a first M&A deal that hit as many strategic criteria as possible that we had enumerated. And Landmark really does do that. We had the opportunity to execute on a couple of narrower or niche manager situations, or ones where there wasn't a particularly appealing opportunity for our global distribution team to distribute them further. Then we were just tough on those transactions. So I think that's relevant. And look, in fairness, you know, we're in conversations now and I think in the real world there are number of firms that have said, "Well, PLC has announced a managed separation, let's wait and see how the end game plays out. And once we know what your new ownership is going forward then we'll be able to judge the situation more realistically." And that's fine. So I think it's a combination of just being really tough and not overpaying, and not settling, and being prepared to be disciplined.