UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K

(Mark One)

☒ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the fiscal year ended December 31, 2020
OR
☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the transition period from to
Commission File Number 001-38979

BrightSphere Investment Group Inc.

(Exact name of registrant as specified in its charter)

Delaware	**47-1121020**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

200 Clarendon Street, 53rd Floor		
Boston,	**Massachusetts**	**02116**
(Address of principal executive offices)		(Zip Code)

(617)-369-7300
(Registrant's telephone number, including area code)
Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Ticker Symbol	Name of each exchange on which registered
Common stock, par value $0.001 per share	BSIG	New York Stock Exchange
4.800% Notes due 2026	BSIG 26	New York Stock Exchange
5.125% Notes due 2031	BSA	New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act: None.

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

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

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

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (229.405 of this chapter) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ☐

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. (Check one):

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

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

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

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

At June 30, 2020, the aggregate market value of the shares of common stock held by non-affiliates of the registrant, based upon the closing price of $12.46 on that date on the New York Stock Exchange, was $653,651,438. Calculation of holdings by non-affiliates is based upon the assumption, for this purpose only, that executive officers, directors and any persons holding 10% or more of the registrant's shares of common stock are affiliates. There were 79,399,859 shares of the registrant's shares of common stock outstanding on February 25, 2021.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the definitive Proxy Statement to be delivered to shareholders in connection with the Annual Meeting of Shareholders to be held on or about June 23, 2021 are incorporated by reference into Part III.

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EXPLANATORY NOTE

On July 12, 2019, the BrightSphere corporate group, which consisted of BrightSphere Investment Group plc, a public company limited by shares incorporated under the laws of England and Wales and its operating subsidiaries (such operating subsidiaries and the holding company collectively, the “BrightSphere Group”), completed a redomestication, resulting in BrightSphere Investment Group Inc., a Delaware corporation, becoming the publicly traded parent company of the BrightSphere Group (the “Redomestication”). As part of the Redomestication, which was approved by the shareholders of BrightSphere Investment Group plc, existing shares of BrightSphere Investment Group plc were exchanged on a one-for-one basis for newly issued shares of common stock of BrightSphere Investment Group Inc. immediately prior to the effective time of the Redomestication. As a result, all outstanding shareholders of BrightSphere Investment Group plc became common stockholders of BrightSphere Investment Group Inc. Throughout this Annual Report on Form 10-K, references to “BrightSphere,” “the Company,” “we” and “us” (i) for periods until the completion of the Redomestication, refer to BrightSphere Investment Group plc and (ii) for periods after the completion of the Redomestication, refer to BrightSphere Investment Group Inc. Also throughout this Annual Report on Form 10-K, we refer to our equity securities (i) for periods until the completion of the Redomestication, as ordinary shares and (ii) for periods after the completion of the Redomestication, as shares of common stock.

Forward-Looking Statements

This Annual Report on Form 10-K includes forward-looking statements, as that term is used in the Private Securities Litigation Reform Act of 1995, including information relating to anticipated revenues, margins or earnings, anticipated performance of our business, expected future net cash flows and the sufficiency of capital resources, our anticipated expense levels, expectations regarding market conditions and the closing of our sale of Investment Counselors of Maryland. The words or phrases "will likely result," "are expected to," "will continue," "is anticipated," "can be," "may be," "aim to," "may affect," "may depend," "intends," "expects," "believes," "estimate," "plan," "project," and other similar expressions are intended to identify such forward-looking statements. Such statements are subject to various known and unknown risks and uncertainties and we caution readers that any forward-looking information provided by or on behalf of us is not a guarantee of future performance.

Actual results may differ materially from those in forward-looking information as a result of various factors including but not limited to our dependence on our Affiliates, reliance on key personnel, the potential for reputational harm, actual or potential conflicts of interest, potential losses on seed and co-investment capital, foreign currency exchange risk, litigation risk, competition, risks associated with governmental regulation, and other risks discussed under the heading "Risk Factors" in Item 1A of this Annual Report on Form 10-K. Due to such risks and uncertainties and other factors, we caution each person receiving such forward-looking information not to place undue reliance on such statements. Further, such forward-looking statements speak only as of the date of this Annual Report on Form 10-K and we undertake no obligations to update any forward looking statement to reflect events or circumstances after the date of this Annual Report on Form 10-K or to reflect the occurrence of unanticipated events.

Unless we state otherwise or the context otherwise requires, references in this Annual Report on Form 10-K to "BrightSphere" or "BSIG" refer to BrightSphere Investment Group Inc., references to the "Company" and references to "we," "our" and "us" refer to BSIG and its consolidated subsidiaries and equity-accounted Affiliate, excluding discontinued operations. References to the "Center" refer to the holding company excluding the Affiliates and/or BrightSphere Inc., or BSUS, a Delaware corporation and wholly owned subsidiary of BSIG. Unless we state otherwise or the context otherwise requires, references in this Annual Report on Form 10-K to "Affiliates" or an "Affiliate" refer to the asset management firms in which we have an ownership interest, and references to our Affiliates' sponsored investment entities are "Funds." References in this Annual Report on Form 10-K to "OM plc" refer to Old Mutual plc, our former parent. References to the "Offering" refer to our initial public offering which occurred on October 8, 2014. None of the information in this Annual Report on Form 10-K constitutes either an offer or a solicitation to buy or sell any of our Affiliates' products or services, nor is any such information a recommendation for any of our Affiliates' products or services.

Performance measures used in this report

We present economic net income, or ENI, to help us describe our operating and financial performance. ENI is the key measure our management uses to evaluate the financial performance of, and make operational decisions for, our business. ENI is not audited, and is not a substitute for net income or other performance measures that are derived in accordance with accounting principles generally accepted in the United States, or U.S. GAAP. Furthermore, our calculation of ENI may differ from similarly titled measures provided by other companies. Please refer to "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations—Non-GAAP Supplemental Performance Measure—Economic Net Income and Segment Analysis" for a more thorough discussion of ENI and a reconciliation of ENI to U.S. GAAP net income.

PART I

Item 1. Business.

Overview

We are a global, diversified asset management company with $156.7 billion of assets under management as of December 31, 2020. We operate our business through our five Affiliates.

We ensure that key management professionals at each Affiliate retain meaningful levels of equity in their own businesses to maintain strong alignment of interests between us, our Affiliates, their clients, and our shareholders. Our approach to investing in Affiliates includes a profit-sharing arrangement to provide incentives for growth and prudent business management across multiple generations of Affiliate partners.

We have broad and deep experience in working with asset managers. Our collaboration with our Affiliates extends to the commitment of seed and co-investment capital to launch new products and investment capital to financially support new growth initiatives.

Currently, our business comprises interests in the following Segments:

Quant & Solutions	Alternatives	Liquid Alpha(1)
• Highly scalable offerings with substantial capacity and growing global demand • Leveraging data and technology in computational factor-based investment process • Versatile, highly-tailored, outcome-driven investing to achieve client-specific goals • Ongoing product innovation responds to evolving client needs • Multi-Asset Class capability meeting increased demand for broad-based, bespoke investment solutions	• Diverse secondaries private market strategies in private equity, real estate and real assets • Predominately private market, with selected differentiated liquid strategies • More than 90% of revenue comprising management fees from long-term committed capital • Long-dated investment periods provide long-term committed assets • Growing global investor base and substantial capacity	• Demonstrated long-term alpha generation across diverse, long-only international and domestic public securities strategies including equities and fixed income • Strong performance over market cycles driven by consistent investment discipline • Expansion into in-demand, higher fee offerings to support healthy operating margins • Disciplined adherence to investment processes across market cycles

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(1) On July 24, 2020, we sold all of our equity interests in Copper Rock, a former Affiliate in the Liquid Alpha segment, to Spouting Rock Asset Management LLC. On November 17, 2020, we completed the sale of all of our equity interests in Barrow Hanley, a former Affiliate in the Liquid Alpha segment, to Perpetual U.S. Holdings Company Inc. ("Perpetual"). On February 6, 2021, we entered into a definitive agreement to sell all our interests in ICM, an Affiliate in the Liquid Alpha segment. The transaction is expected to close during second quarter of 2021.

Our diversification, by Affiliate, asset class, geography and investment strategy, enhances relative earnings stability and provides multiple sources of growth for us. Collectively, our Affiliates offer 64 distinct, active investment strategies in U.S., global, international and emerging markets equities; U.S. fixed income; and alternative investments, including forestry and secondary strategies. In addition, there is significant diversification within each of our Affiliate firms through the breadth of their respective investment capabilities. We believe our Affiliates have generated competitive absolute and relative performance returns.

Through our Affiliates, we serve a diverse investor base in the institutional and sub-advisory channels in the U.S. and around the world. These clients are highly sophisticated, value the stability and equity ownership of our Affiliates, and typically reward our Affiliates' strong process-driven investment performance with long-term relationships and asset flows. Our sub-advisory clients also provide access to the retail and defined-contribution marketplace where decision makers take a more institutional approach to choosing asset management providers. Our Affiliates currently manage assets for non-U.S. clients in approximately 29 countries, including Australia, Canada, Ireland,, Denmark, the Netherlands, China and the United Kingdom.

Competitive Strengths

We believe our success as an asset management company is driven by the following competitive strengths:

Well-Established, Diverse Affiliates. Through our five current Affiliates, we are well-diversified by brand, strategy and asset class, providing multiple sources of revenue and growth opportunities for our business across global market cycles, while limiting downside risk. Each Affiliate has its own brand and investment processes and generally operates in distinct asset classes. Our assets under management across Affiliates are invested in both global/non-U.S. and U.S. equities (75.9% and 7.4%, respectively) and alternative assets including forestry and secondary strategies focused in real estate, infrastructure, and private equity, as well as fixed income. We are also well-diversified by investment strategy within each asset class, with 64 distinct investment strategy composites. The breadth of our investment capabilities and distinct brand identities appeal to a wide range of clients. We have a well-diversified client base with low levels of client concentration. Our business serves over 550 institutional and sub-advisory clients, with our top 25 client relationships representing approximately 25% of run rate gross management fee revenue, including our equity-accounted Affiliate, as of December 31, 2020. Total run rate gross management fee revenue reflects the sum for each account at each of our five Affiliates, of the product of (a) assets under management in each account at December 31, 2020, multiplied by (b) the relevant management fee rate on that account. This calculation includes all accounts at our equity-accounted Affiliate.

Differentiated Model Drives Growth. We have a two-pronged approach for successfully collaborating with our Affiliate firms. First, we align our interests with those of our Affiliates by providing Affiliate partners with equity in their own firms and through a profit-sharing structure that sets bonuses as a percentage of pre-bonus profit. This structure gives our Affiliate partners meaningful wealth creation opportunities through equity ownership and encourages investments in long-term growth while maintaining an appropriate focus on profitability, efficient capital management and risk control. Second, we offer our Affiliates financial support to grow and enhance their businesses through the investment of seed and co-investment capital to help launch new investment strategies.

Track Record of Competitive Investment Performance Across Market Cycles. Our Affiliates have produced competitive long-term investment performance across their product offerings, generating outperformance relative to benchmarks across market cycles. Through December 31, 2020, 46 of our Affiliates' 59 strategies that have performance benchmarks have outperformed their relevant benchmarks since inception. These strategies represent 94% of the total assets in the 59 strategies that have performance benchmarks. Investment performance is calculated on a gross basis, excluding the impact of management, administration, and performance fees. Based on our current average management fee rate, investment returns net of fees would be on average approximately 40 bps lower than gross returns (excluding products which are not benchmarked). For the rolling 10-year period ending December 31, 2020, approximately 88% of benchmarked assets have outperformed their relevant benchmarks. Our Affiliates' four largest benchmarked investment strategies, Acadian Asset Management (AAM) Emerging Markets Equity, AAM Global Equity, Thompson, Siegel & Walmsley LLC (TSW) International, and AAM Global Managed Volatility, have each outperformed their relevant benchmarks since inception by 2.2%, 1.5%, 1.4%, and 0.2%, respectively, on an annualized basis.

Attractive Financial Model. Our model has generated strong, recurring free cash flow to our business that we can use for growth initiatives on behalf of our Affiliates, return to shareholders through dividends and stock repurchases, repay outstanding debt obligations or in certain circumstances, use to make investments in new Affiliates. Our revenue consists largely of recurring management fees on assets under management and is not heavily dependent upon more volatile performance fees. We earn an attractive margin on revenue enhanced by our profit-sharing model that enables us to participate directly in margin expansion as our Affiliates grow. Our U.S. GAAP operating margin was 23% for 2016 (23% excluding consolidated Funds) and 25% for 2020 (24% excluding consolidated Funds). Our comparable ENI operating margin (calculated before Affiliate key employee distributions) was 35% in 2016 and 35% in 2020 as we continued to invest in the business.

Growth Strategy

We strive to maintain and enhance the characteristics which have made our Affiliates market leaders in their areas of expertise. Growth initiatives are primarily driven by our Affiliates, who by virtue of their day to day management of their operations are able to identify new products and business opportunities. We seek to support their growth through capital deployment and strategic guidance. Our Affiliates are strong investment management firms with highly-defined and rigorous investment strategies for which there is real demand in the institutional marketplace. Our Affiliates have excellent long-term performance records and have generated strong growth through net client revenue flows. See "—Overview of Current Affiliates."

Our Operating Model and Holding Company Activities

Overview

We manage our business through five Affiliates, each of which operates autonomously and employs its own distinct investment processes. Our collaboration with our Affiliates primarily extends to the commitment of seed and co-investment capital to launch new products and investment capital to financially support new growth initiatives. We also encourage our Affiliates to pursue inorganic growth opportunities such as team lift outs and bolt-on acquisitions and are willing to provide strategic advice and capital support in these endeavors. We align incentives with our Affiliates through our partnership structure, which provides employee partners of our Affiliates with equity in their respective firms through an equity recycling program, and participation in established profit-sharing arrangements.

Affiliate Partnership Model

We are a partner dedicated to providing our Affiliates with operational autonomy in a structure that aligns our common economic interests. By offering Affiliate management direct participation in the growth and profitability of their businesses through equity ownership and a profit-share-based bonus pool, we provide our Affiliates with a strong incentive to manage their businesses for the long-term, investing with us to build equity value over time.

- *Affiliate Operating Autonomy.* Affiliates retain day-to-day operating autonomy over their businesses, including decisions related to hiring, compensation, investment processes, product distribution and branding. We retain oversight through Affiliate board representation, remuneration committee participation, and certain approval rights, including approval of each Affiliate's annual business plan.
- *Affiliate Partners Have Retained Equity in their Own Firms.* Partners in each of our Affiliates own meaningful equity positions in their respective businesses. Among our consolidated Affiliates, their equity stakes generally range from approximately 20% to 40%, in some cases following a distribution preference to BSIG. We may facilitate the recycling of Affiliate equity to the next generation of Affiliate partners. When this occurs, the impact to us is generally cash-neutral.

- *Profit-Share Economics.* Rather than invest in a fixed percentage of Affiliate revenues (a "revenue-share" model), Affiliate partners and we each invest in the underlying profits of their respective businesses, a model we refer to as a "profit-share" model (with the exception of ICM, which has a legacy revenue-share model that was not restructured). Distributions of profit to the Affiliate equity-holders are based on their proportionate ownership of their businesses, in some cases following a preferred return to us. In addition, bonus pools for Affiliates are typically contractually set at 25% to 35% of Affiliate pre-bonus profit. This enables us to participate in the margin increases of our Affiliates, while incentivizing Affiliate management and us to jointly support growth initiatives. For additional information on our profit-sharing model, see "Management's Discussion and Analysis of Financial Condition and Results of Operations—The Economics of Our Business."

Collaborative Growth Initiatives

Our collaboration with Affiliates generally consists of the following:

- *Seed Capital.* As of December 31, 2020, we have approximately $24 million committed to seed capital, which is currently invested in six products across four different asset classes. Our Affiliates' use of seed capital generally falls into two categories: incubation capital and scale capital. Incubation capital is used to establish a track record for a new investment strategy. These new strategies generally take three to five years to season to the point where they are recommended by consultants or become attractive for clients. Alternatively, scale capital is used to extend a product with an established track record into a co-mingled fund, and is generally outstanding for a shorter period of time. Scale capital allows third-party clients to invest in the new fund without individually representing too substantial a percentage of the vehicle. Over $9 billion of our current AUM are in products which have been seeded by us since 2004, and our seeding program has generated an annualized internal rate of return of approximately 24% over this period, including investment returns on the seeded products and the incremental value generated by third party assets raised, including annual profits and a terminal value.
- *Co-Investment Capital.* We also provide co-investment capital to support the formation of closed-end, long-term partnerships managed by our Affiliates. These fixed-life partnerships typically require us and/or the Affiliate or its employees to invest 1% to 3% of the product's capital to align interests with those of their clients. Of our current $46 million portfolio of co-investments at fair value, 15% is managed by Campbell Global (investing in forestry), 75% is managed by Landmark Partners (investing in secondary strategies), and 11% remains managed by Heitman LLC ("Heitman"), a former Affiliate (investing in real estate). As part of the sale of our interest in Heitman to its management, we retained our co-investment interests in Heitman-managed funds as well as any carried interest associated with these investments. In consideration for providing co-investment capital, which is typically illiquid for approximately seven to ten years, we receive returns on our underlying partnership investment, our proportionate share of profits on assets in the fund, and the potential for fund incentive fee allocations.
- *Inorganic Growth Opportunities.* We provide strategic advice and capital support to our Affiliates in pursuing inorganic growth opportunities such as team lift outs and bolt-on acquisitions when such opportunities emerge.

Capital Management

Our asset management business generates significant, recurring free cash flow that can be re-invested in the growth-oriented strategies described above to create value for our shareholders. Strategic and efficient management of our capital underpins our approach to investing in these strategies. In particular, we believe we can generate strong returns on allocated capital by (i) providing seed capital to fund new products and strategies; (ii) committing co-investment capital to launch new fund partnerships in which our Affiliates act as the general partner; (iii) providing investment capital to support organic growth; and (iv) implementing opportunistic share repurchase programs. Management undertakes detailed business case analyses with respect to all growth opportunities, and only considers those that yield an acceptable return while operating within the parameters of our risk appetite. For the period January 1, 2016 to December 31, 2020, we have repurchased approximately 36% of our shares.

Overview of Current Affiliates

Acadian Asset Management LLC, or Acadian ($108.1 billion in AUM as of December 31, 2020), founded in 1986, is a leading quantitative investment manager of active global, international equity, and alternative strategies. The firm pursues a fundamentally-grounded, data rich and highly structured approach to investing that seeks to identify and exploit systematic and structural inefficiencies in the markets. Acadian applies a range of investment and risk considerations to a universe of over 43,000 securities taken from 200 global markets. Managed strategies include global, international and emerging markets equities, long/short strategies, and managed volatility strategies. Its flagship Emerging Markets Equity strategy has outperformed its benchmark, MSCI Emerging Markets (Net), by 2.2% (USD, gross of fees) on an annualized basis since its inception in 1994 through December 31, 2020.

Acadian invests on behalf of a wide range of institutional clients across the globe, including public and private funds, endowments and foundations, and retail clients through sub-advisory channels. The firm's clients are domiciled in 19 countries across Asia, Australia, Europe and North America. Acadian's management team is led by Co-Chief Executive Officers Ross Dowd and John Chisholm, and Acadian's Chief Investment Officer, Brendan Bradley. The firm has over 100 investment and research professionals and manages over 70 distinct investment products and strategies.

Campbell Global LLC, or Campbell Global ($4.7 billion in AUM as of December 31, 2020), is a global investment manager focused on forestland. They are widely recognized as an authority on both forest management and investing. Based in Portland, Oregon, Campbell Global has more than three decades of experience in timberland management and value creation. A pioneer in the field, over the last 35 years they have managed more than 5.3 million acres (2.1 million hectares) worldwide for pension funds, endowments, foundations and other global institutional investors. At Campbell Global, responsible investing is not a box they check. It is a fundamental belief and a core practice. They remain true to the values they live by while creating exceptional value for their clients. Campbell Global takes an innovative approach to responsible investing, including developing strategies for carbon sequestration and forest restoration. Campbell Global combines ingenuity, data-supported decision making and a passion for responsible investing to deliver the best possible performance to their clients.

As of December 31, 2020, the firm employed 159 individuals and managed nearly 1.7 million acres (0.7 million hectares) in North America, Australasia, and Latin America. Campbell Global's management team is led by Chief Executive Officer and Chairman John Gilleland and Angie Davis, President and Managing Director. The firm has 32 investment professionals managing its investment portfolios.

Overview of Current Affiliates (cont.)

Investment Counselors of Maryland, LLC,[1] or ICM ($3.2 billion in AUM as of December 31, 2020), founded in 1972, focuses on value-driven equities and invests through a well-established, bottom-up investment process that it applies with an emphasis on small- and mid-cap companies. The firm employs a team orientation in making investment decisions. Each member of ICM's investment team has a sector focus and is responsible for generating and analyzing ideas within that sector. The most promising investment ideas are reviewed by the entire team, and the ultimate buy/sell decisions are made by the respective portfolio manager teams.

For over four decades, ICM has been managing assets for institutional clients and high net worth individuals through separate accounts and an institutional mutual fund, and has generated excellent results for its clients over this time. ICM's management team is led by Managing Partner and Chief Investment Officer, William V. Heaphy. The firm has eight investment professionals managing three distinct investment strategies.

(1) Accounted for under the equity method of accounting. On February 6, 2021, we entered into a definitive agreement to sell all our interests in ICM. The transaction is expected to close during second quarter of 2021.

Landmark Partners, LLC, or Landmark ($18.4 billion in AUM as of December 31, 2020), founded in 1989 and acquired by us in August 2016, specializes in secondary market transactions of private equity, real estate and infrastructure investments. The firm has one of the longest track records in the industry and is a leading source of liquidity to owners of interests in real estate, real asset, venture, mezzanine and buyout limited partnerships. Landmark has formed 34 funds over the last 31 years. These funds have been capitalized at more than $28.6 billion, which has been deployed across over 2,420 partnership interests that comprise over 29,100 underlying company and property investments.

Landmark's investor base is mostly comprised of institutional investors including: sovereign wealth funds, public pensions, corporate pensions, insurance companies, asset managers and foundations located globally.

Landmark is led by President and Managing Partner, Timothy Haviland and Chairman and Managing Partner, Francisco Borges, supported by a team of eighteen Partners. As of December 31, 2020, Landmark employed 150 individuals across six offices in Simsbury, CT; Boston, MA; New York, NY; and Dallas, TX in the United States, together with London in the United Kingdom and a newly opened office in Hong Kong China.

Overview of Current Affiliates (cont.)

T | S | W

Thompson, Siegel & Walmsley LLC, or TSW ($22.3 billion in AUM as of December 31, 2020), founded in 1969, applies a value-oriented investment approach across a range of products in U.S. and international equities, fixed income and alternative investments. TSW's singular investment objective is to outperform its benchmarks, net of fees, over rolling three- to five-year periods. TSW employs a proprietary screening process to generate focused lists of companies that are most attractive within different market capitalization ranges. The firm's investment teams then use fundamental analysis to construct portfolios, which they believe possess catalysts that can unlock value.

TSW has a diverse client base that includes corporations, public pensions, high-net-worth families and individuals, and sub-advisory clients and has a history of providing investors with strong long-term results. The firm's management team is led by Chief Executive Officer Frank Reichel, President John Reifsnider, and Director of Operations, Lori Anderson. The firm has 21 investment professionals managing approximately fifteen investment strategy composites.

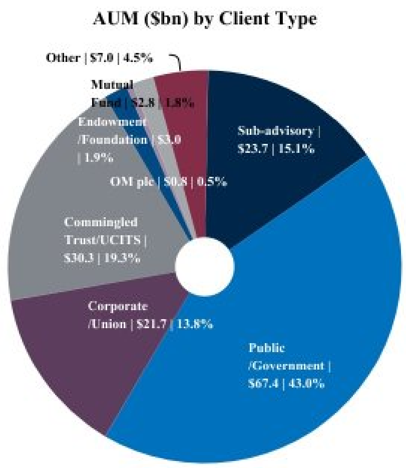
Distribution Model and Client Base

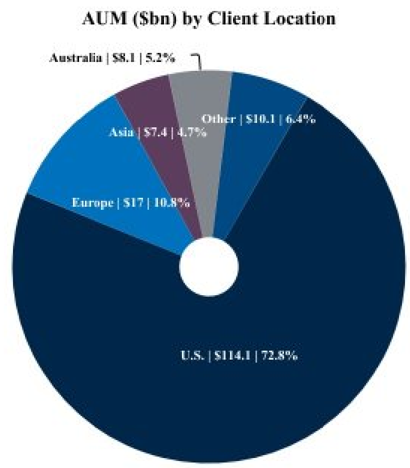
Our distribution is focused on the institutional and sub-advisory channels, reached through Affiliate-led sales efforts. During the year ended December 31, 2020 we repositioned our distribution strategy and discontinued supplemental distribution efforts from the Center. As a result all distribution activities are concentrated at the Affiliate level. Our Affiliates have teams of established sales and client service professionals with broad and deep relationships across the major segments of the institutional investor community. In aggregate, our Affiliates service over 550 institutional and sub-advisory clients.

The institutional channel accounts for 79% of our AUM. Within this channel, we have strong relationships in the public/government pension market (43% of our AUM) and the corporate plan market (14% of our AUM), which comprise a substantial portion of the institutional investment market overall, particularly in the U.S. Our institutional marketplace clients are highly diverse across segments and geographies and have various growth characteristics.

While our Affiliates market primarily to institutional investors, we participate in the individual investor market through the sub-advisory channel, which represents 15% of our AUM. Within this channel, we manage assets for mutual funds, giving us exposure to a retail investor base and the defined contribution market. We have approximately 55 sub-advisory mandates on approximately 30 leading platforms, including Transamerica, SEI, and Strategic Advisors Inc (SAI). Our top ten sub-advisory relationships account for approximately 14% of AUM and 8% of run rate gross management fee revenue, including our equity-accounted Affiliate, and have an average tenure of over ten years.

Across our Affiliates, our client base is highly diverse with no significant concentration in our portfolio, though some Affiliates may have client exposures that are meaningful to their individual businesses. As of December 31, 2020, our Affiliates' top five client relationships represented 10% of total run rate gross management fee revenue, including our equity-accounted Affiliate, and our Affiliates' top 25 clients represented 25% of run rate gross management fee revenue, including our equity-accounted Affiliate.





Total AUM: $156.7 bn

Data as of December 31, 2020

Segments

We continually monitor and review our segment reporting structure in accordance with authoritative guidance to determine whether any changes have occurred that would impact its reportable segments. Our segment reporting structure is based on our various investment strategies. We have the following business segments:

- *Quant & Solutions*—comprised of versatile, often highly-tailored strategies that leverage data and technology in a computational, factor-based investment process across a range of asset classes and geographies, including Global, non-U.S., and emerging markets equities, as well as multi-asset and managed volatility products.
- *Alternatives*—comprised of illiquid and differentiated liquid investment strategies that include private equity, real estate and real assets, including forestry, as well as a growing suite of liquid alternative capabilities in areas such as long/short, market neutral and absolute return.
- *Liquid Alpha*(1)—comprised of specialized investment strategies with a focus on alpha-generation across market cycles in long-only small-, mid-, and large-cap U.S. and non-U.S. equities, as well as fixed income.

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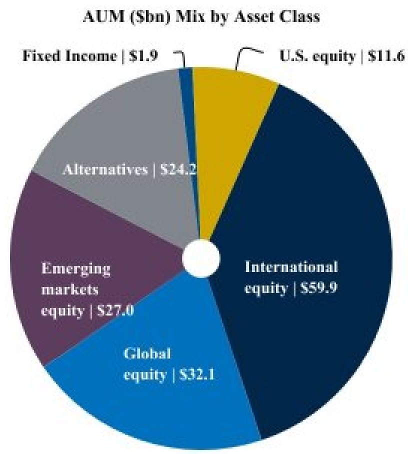
(1) On July 24, 2020, we sold all of our equity interests in Copper Rock, a former Affiliate in the Liquid Alpha segment, to Spouting Rock Asset Management LLC. On November 17, 2020, we completed the sale of all of our equity interests in Barrow Hanley, a former Affiliate in the Liquid Alpha segment, to Perpetual U.S. Holdings Company Inc. ("Perpetual"). On February 6, 2021, we entered into a definitive agreement to sell all our interests in ICM, an Affiliate in the Liquid Alpha segment. The transaction is expected to close during second quarter of 2021.

Products and Investment Performance

Product Mix

Our Affiliates offer leading products in U.S., global, international and emerging markets equities; U.S. fixed income; and alternative investments, including forestry and secondary strategies.

The chart below presents our assets under management by asset class and illustrates the diversification benefits of our business model. Each of the five major asset classes provides a balanced earnings stream to our business. Moreover, within our three largest asset classes of revenue — international equity, global equity and emerging markets equity — we offer a range of strategies which provide further stability to our earnings.



Total AUM: $156.7 bn

Data as of December 31, 2020

* Excludes equity-accounted Affiliate

We believe our Affiliates' product offerings are well-positioned in areas of investor demand, and the diversity of investment style and asset class enables us to participate in growing segments of the industry in multiple investing environments. The chart below illustrates the diversity of our assets under management by asset class and Affiliate. In total, our Affiliates manage 64 strategy composites.

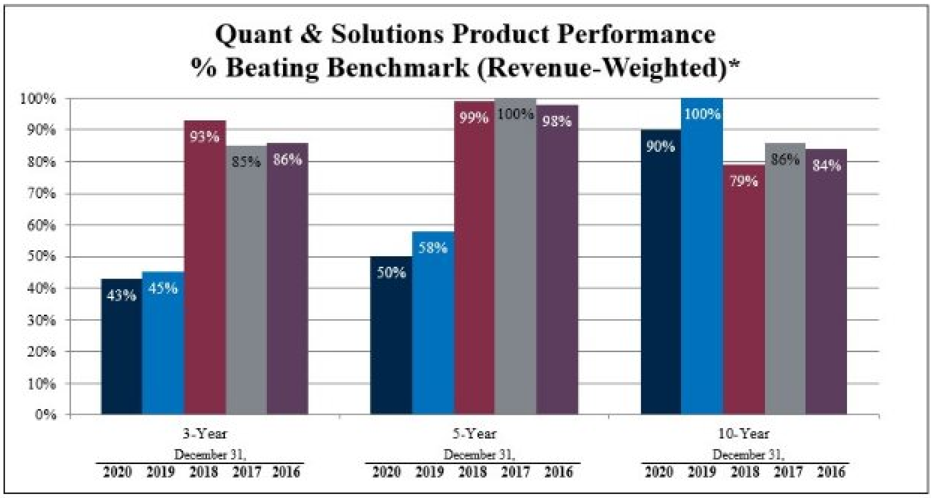
As of Dec 31, 2020 (AUM $B)		U.S. EQUITY				GLOBAL / NON U.S. EQUITY				FIXED INCOME	ALTERNATIVES			
Affiliate	# of Strategy Composites	Large Cap Value	Mid Cap Value	Small / SMID Cap Value	All Cap / Blend	Global	International / Regional	Small Cap & SMID Cap Global / International	Emerging Markets / Frontier	U.S. Investment Grade	Secondary Investments	Forestry	Long Short / Market Neutral / Hedge Fund	TOTAL AUM
Acadian	42													$108.1
ICM	3													$3.2
TSW	15													$22.3
Campbell Global	1													$4.7
Landmark	3													$18.4
TOTAL	64	$0.2	$4.1	$4.4	$2.9	$31.6	$45.8	$14.6	$27.0	$1.9	$18.4	$4.7	$1.1	$156.7

$0–5b $5–25b $25–50b $50+b

Investment Performance

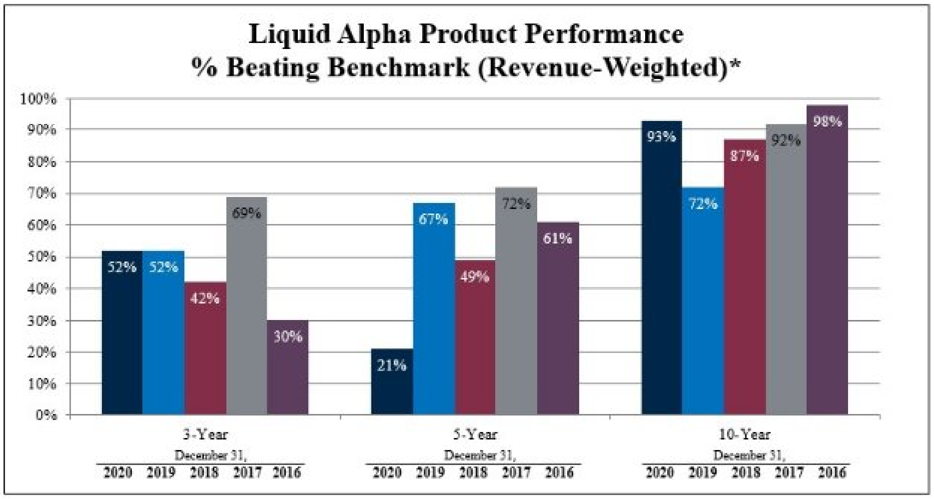
While each of our segments have distinct investment processes and generally operate in different asset classes, our unifying mission is to produce risk-adjusted performance, or alpha, for our clients. For our Quant & Solutions and Liquid Alpha segments, we measure alpha generation relative to the specific benchmarks our clients use to evaluate our performance in these strategies. Our Alternative segment strategies are generally not measured relative to benchmarks. Looking at this measure on a consolidated basis, our segments have competitive near- and long-term performance records and are well-positioned for continued growth. Investment performance is calculated on a gross basis, excluding the impact of management, administration, and performance fees.

In the chart below, which measures revenue-weighted performance relative to benchmarks for the Quant & Solutions and Liquid Alpha segments over the last five years, we typically derive between 45% and 90% of our revenue from benchmarked products (which represented approximately 76% of our total AUM as of December 31, 2020) performing ahead of their respective benchmarks on a three-, five- and ten-year basis.



Data as of December 31 for the years 2016 to 2020

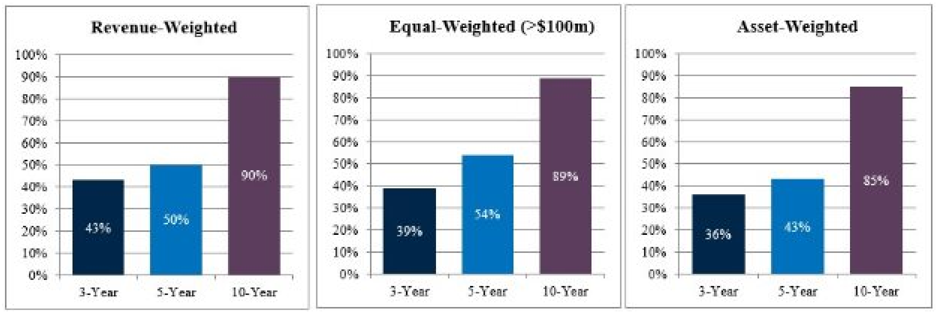
* Quant & Solutions assets representing 82%, 82%, 32%, 11%, and 47% of revenue were outperforming benchmarks on a 1- year basis as of December 31, 2016, 2017, 2018, 2019, and 2020, respectively.



Data as of December 31 for the years 2016 to 2020

* Liquid Alpha assets representing 23%, 53%, 34%, 43%, and 2% of revenue were outperforming benchmarks on a 1- year basis as of December 31, 2016, 2017, 2018, 2019, and 2020, respectively.

In addition to analyzing our segment performance on a revenue-weighted basis, which gives us a perspective on product performance with respect to our segments' existing client base, we also consider the number of our segments' at-scale product strategies (defined as strategies with greater than $100 million of AUM) beating benchmarks. This latter measure, labeled as "equal-weighted," indicates the opportunity we have to generate sales in a variety of market environments. For instance, strong performance in a newer, smaller product such as small-cap emerging markets may not affect revenue-weighted performance, but it can have a meaningful effect on revenue growth given client demand for this higher fee product. The chart below indicates performance on a revenue-weighted and equal-weighted (by product) basis relative to benchmark, as at December 31, 2020. In addition, we have indicated the percentage of our assets beating their benchmarks over the same time periods. While we believe the first two methodologies provide better insight into our performance trends, we have also included AUM-weighted performance, as this is a more standard industry performance metric.



Quant & Solutions Investment Performance*

Data as of December 31, 2020[*]

* As of December 31, 2020, Quant & Solutions assets representing 47% of revenue were outperforming benchmarks on a 1- year basis.

Liquid Alpha Investment Performance*

Data as of December 31, 2020[*]

* As of December 31, 2020, Liquid Alpha assets representing 2% of revenue were outperforming benchmarks on a 1- year basis.

Competition

We and our Affiliates face competition from many segments in the asset management industry. We compete with other investment management firms, including investment management holding companies, insurance companies, banks and private equity firms. Our Affiliates compete globally with international and domestic investment management firms, hedge funds and other subsidiaries of financial institutions for institutional assets.

Many of the organizations our Affiliates compete with offer investment strategies similar to those offered by our firms, and these organizations may have greater financial resources and distribution capabilities than we or our Affiliates are able to offer. Some of these firms offer other products and services in particular investment strategies such as passively-managed products, including exchange traded funds, that typically carry lower fee rates, as well as environmental, social, and governance ("ESG") strategies and other developing strategies or trends. Additionally, there are limited barriers to entry for new investment managers. Our Affiliates compete with these organizations to attract and retain institutional clients and their assets based on the following primary factors:

- the investment performance records of our Affiliates' investment strategies;
- the breadth of active investment strategies offered by our Affiliates in the asset classes in which they specialize;
- the alignment of our Affiliates' investment strategies to the current market conditions and investment preferences of potential clients;
- the quality and reputation of the investment teams that execute the investment strategies at our Affiliates;
- the strength of our Affiliates' and our distribution teams; and
- the strength of our Affiliates' client service and long-term client relationships.

Business History

The predecessor of BSIG was formed in 1980. We were incorporated on May 29, 2014 as a private limited company under the laws of England and Wales. At the time of our initial public offering of our ordinary shares, or the Offering, we changed our name to OM Asset Management plc.

From the Offering until May 2017, we were a majority-owned subsidiary of OM Group (UK) Limited, or OMGUK, which was in turn wholly owned by OM plc. The board of directors of OM plc elected to undertake the Offering which was priced on October 8, 2014. On October 9, 2014, we began trading on the New York Stock Exchange under the ticker symbol "OMAM." On March 2, 2018, we announced the change of our name to BrightSphere Investment Group plc and on March 26, 2018, our ticker symbol changed to "BSIG." On July 12, 2019, we completed a redomestication process to change our publicly traded parent company from a company incorporated under the laws of England and Wales to a Delaware corporation. Effective as of the close of business on July 12, 2019, all issued ordinary shares of BrightSphere Investment Group plc were exchanged on a one-for-one basis for newly issued shares of common stock of BrightSphere Investment Group Inc. The common stock of BrightSphere Investment Group Inc. began trading on July 15, 2019, and our trading symbol on the NYSE remained unchanged as "BSIG."

Between the time of the Offering and November 2017, OM plc implemented a plan to dispose of our shares in an orderly manner which balanced value, cost, time and risk. A series of transactions were executed to dispose of OM plc's shareholdings, including secondary offerings on the public market, sales of shares from OM plc to HNA Capital U.S., or HNA, and our repurchase and retirement of shares held by OM plc. Following these transactions, at December 31, 2017, HNA owned 24.95% of our outstanding ordinary shares and OM plc held 1,000 of our ordinary shares. On November 18, 2018, HNA notified us that it had agreed to sell the substantial majority of its ordinary shares to Paulson & Co ("Paulson"). On February 25, 2019, this transaction was completed and Paulson held approximately 21.7% of our ordinary shares and we bought back the remaining shares held by HNA in the first quarter of 2019. See Note 1, "Organization and Description of the Business" in our Consolidated Financial Statements included in Item 8 herein for a further description of these transactions.

In August 2016, we completed the acquisition of Landmark Partners and in January 2018, we completed the sale of our stake in Heitman LLC (“Heitman”) to members of Heitman’s management. In July 2020, we completed the sale of Copper Rock Capital Partners LLC and in November 2020 we completed the sale of Barrow Hanley Mewhinney & Strauss, LLC. In February 2021, we entered into a definitive agreement to sell all our interests in ICM. This transaction is expected to close during second quarter of 2021. We believe these acquisitions and divestitures have resulted in a mix of Affiliates well positioned to meet the ever changing needs of asset management clients.

Employees and Human Capital

As of December 31, 2020, we had 800 full-time equivalent employees, of which 30 were employees of the Company and 770 were employees of our Affiliates. Neither the Company’s employees nor our Affiliates’ employees are represented by any collective bargaining agreements. Management considers its employee relations to be good. We believe our ability and the ability of our Affiliates to attract and retain employees is a key to our success. Accordingly, the Company and our Affiliates each strive to offer competitive compensation and employee benefits and monitor compensation and benefits to the competitive market. BrightSphere and our Affiliates are committed to pay equity for employees doing similar work, regardless of gender, race or ethnicity and comply with applicable local regulations.

Operations, Systems and Technology

We generally use both third-party commercial technology solutions and services to support investment management and operational activities, including functions such as portfolio management, trading, investment accounting, client reporting and financial reporting. Certain Affiliates have built proprietary systems to support the investment process where competitive advantages to do so exist. Systems and processes are customized as necessary to support our investment processes and operations. Information security, business continuity and data privacy programs have been implemented to help mitigate risks.

Available Information

Our web site is www.bsig.com. Our web site provides information about us, and from time to time we may use it as a distribution channel of material company information. We routinely post financial and other important information in the “Investor Relations” section of our web site and we encourage investors to consult that section regularly. That section of our web site includes “Public Filings” where one can download copies of our Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K, including exhibits, and any other report filed or furnished with the U.S. Securities and Exchange Commission, or the SEC, pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended. We make these reports available through our web site as soon as reasonably practicable after our electronic filing of such materials with, or the furnishing of them to, the SEC. The information contained or incorporated on our web site is not a part of this Annual Report on Form 10-K.

In addition, the SEC maintains a website that contains reports, proxy statement and other information about issuers, such as BSIG, who file electronically with the SEC. The address of the website is www.sec.gov.

Item 1A. Risk Factors

You should carefully consider the following risk factors in addition to the other information included or incorporated by reference in this Annual Report on Form 10-K before investing in our common stock. Any of the following risks could have a material adverse effect on our business, financial condition, results of operations or cash flow. If any of the following risks and uncertainties actually occurs, you may lose all or part of your investment. The risks and uncertainties described below are not the only ones we face. Additional risks and uncertainties not presently known to us or that we currently believe to be immaterial may also adversely affect our business.

Summary of Risk Factors

Our business is subject to numerous risks and uncertainties, discussed in more detail in the following section. These risks include, among others, the following key risks:

- Our overall financial results are dependent on the ability of our Affiliates to generate earnings;
- The ability of our Affiliates to attract and retain assets under management and generate earnings is dependent on our Affiliates maintaining competitive investment performance, as well as market and other factors;
- We derive a substantial portion of our revenue from a limited number of Affiliates and investment strategies;
- Our growth strategy is dependent upon continued growth of our existing Affiliates;
- We and our Affiliates rely on certain key personnel, and our results are dependent upon our ability to retain and attract key personnel;
- Reputational harm could result in a loss of assets under management and revenues for our Affiliates and us;
- Impairment of our Affiliates' relationships with clients and/or consultants may negatively impact their businesses and our results of operations;
- Pressure on fee levels of our Affiliates and changes to their mix of assets could impact our results of operations;
- If our techniques for managing risk are ineffective, we may be exposed to material unanticipated losses;
- Our expenses are subject to fluctuations that could materially impact our results of operations;
- Investments in non-U.S. markets and in securities of non-U.S. companies may involve foreign currency exchange risk, and tax, political, social and economic uncertainties, and a reduction in assets under management associated with investments in non-U.S. equities could have a disproportionately adverse impact on our results of operations;
- Our outstanding indebtedness may impact our business and may restrict our growth and results of operations;
- Any significant limitation on the use of our facilities or the failure or security breach of our software applications or operating systems and networks, including the potential risk of cyber-attacks, could result in the accidental or unlawful destruction, loss, alteration, unauthorized disclosure of, or access to, confidential client information or personal data, damage to our reputation, additional costs, regulatory penalties and financial losses;

- The novel coronavirus (COVID-19) pandemic has disrupted and may continue to disrupt financial markets and our business;

- We operate in a highly regulated industry, and continually changing federal, state, local and foreign laws and regulations could materially adversely affect our business, financial condition and results of operations;

Risks Related to Affiliate Operations

Our overall financial results are dependent on the ability of our Affiliates to generate earnings.

Substantially all of our revenue generation is dependent on our Affiliates, who are registered investment advisers under the Investment Advisers Act of 1940, as amended, or the Advisers Act, and who receive the majority of their fees based on the values of assets under management. Substantially all of our cash flows consist of distributions received from our Affiliates. As a result, our cash flows and ability to fund operations are largely dependent upon the profitability of our Affiliates.

Each Affiliate is required to make certain cash distributions to us under the operating agreement we entered into with such Affiliate. Distributions to us from an Affiliate may be subject to the Affiliate maintaining sufficient working capital, regulatory requirements, claims of creditors of the Affiliate and applicable bankruptcy and insolvency laws. Any material decrease in profits at, or material reduction in distributions from, our Affiliates could negatively impact our business and results of operations.

The ability of our Affiliates to attract and retain assets under management and generate earnings is dependent on our Affiliates maintaining competitive investment performance, as well as market and other factors.

Our financial performance is dependent upon the abilities of our Affiliates to minimize outflows and increase inflows through sound relative investment performance over measured periods of time compared to relevant benchmarks and peer performance results. The performance of our Affiliates' investment strategies, which can be impacted by factors within and/or outside the control of our Affiliates, including general market and economic conditions, is critical to retaining existing client assets and investors, including in mutual funds and private funds our Affiliates advise or sub-advise, and attracting new client and investor assets. Poor performance can be caused by our Affiliates' choices in investing in sectors, industries, companies or assets that do not perform as well as others. Additionally, companies in which our Affiliates invest may incur negative changes in their financial conditions or suffer other adverse events that could reduce the values of investments in those companies.

Net flows related to our investment strategies can be affected by investment performance relative to other competing investment strategies or to established benchmarks. Investment management strategies may be rated, ranked or assessed by independent third parties, distribution partners, and industry periodicals and services. These assessments often influence the investment decisions of our Affiliates' clients and investors in mutual funds and private funds our Affiliates advise or sub-advise. If the performance or assessment of our Affiliates' investment strategies is seen as underperforming relative to peers, it could, among other things, result in an increase in the withdrawal of assets by existing clients and investors in mutual funds and private funds our Affiliates advise or sub-advise, the termination of an Affiliate as a sub-adviser to a mutual fund and the inability to attract additional investments from existing and new clients or investors. If a significant portion of clients or investors decides to withdraw their investments or terminate their investment management agreements or sub-advisory agreements with our Affiliates, our Affiliates' abilities to generate earnings would decline and our results of operations and financial condition would be affected.

In addition, assets could be withdrawn for any number of reasons other than poor absolute or relative investment performance, including macro-economic factors unrelated to investment performance, a reduction in market demand for the asset classes, products or strategies offered by our Affiliates, the loss of key personnel, price declines in the securities markets generally, price declines in those assets in which client assets are concentrated or changes in investment patterns of clients, or a failure by our Affiliates to comply with applicable client and regulatory investment guidelines. Any of these factors could have a negative impact on the revenues and profits of an Affiliate and an adverse impact on our results of operations and financial condition.

Our relationships with our Affiliates are critical to our success.

Maintaining strong relationships with our Affiliates is critical to our business model. Any potential disagreements over matters such as economics or management policies, growth strategies and compensation philosophy would impact our relationships with our Affiliates if not effectively managed. Any strains in the relationships that we have with our Affiliates could be detrimental to our overall business.

Each of our Affiliates operates under ownership, governance and economic arrangements that we and such Affiliate negotiated either at inception or during the course of our relationship. Periodically, these arrangements are reviewed and, in some instances, may be renegotiated and revised. Any renegotiation that results in a reduction in our ownership interest in an Affiliate and/or a revision to the economic arrangements could reduce the economic benefits derived by us from that Affiliate.

We derive a substantial portion of our revenue from a limited number of Affiliates and investment strategies.

As of December 31, 2020, Acadian and Landmark represented 81% of our assets under management, from which we derive a substantial portion of our revenue. An adverse change in the operating results of either of these Affiliates, whether as a result of poor investment performance, withdrawals of assets under management or otherwise, could have a substantial impact on our results of operations.

While our Affiliates invest in a number of asset classes on behalf of their clients, a significant portion of the assets are invested in a limited number of investment strategies. As of December 31, 2020, $68.4 billion, or 44%, of our assets under management were concentrated across five investment strategies: Acadian’s Emerging Markets Equity ($21.4 billion, or 14%), TSW’s International ($12.5 billion, or 8%), Landmark’s Private Equity ($11.9 billion, or 8%), Acadian’s Global Managed Volatility Equity ($11.6 billion, or 7%) and Acadian’s All-Country World ex-U.S. ($11 billion, or 7%). Consequently, our results of operations are dependent upon the abilities of our Affiliates that manage these investment strategies to minimize the risk of outflows through relatively strong performance over measured periods of time compared to relevant benchmarks and peer performance results. Also, certain investors may evaluate us on the basis of the asset-weighted performance of our assets under management. A relatively small change in the relative performance of one of our largest strategies, such as Acadian’s Emerging Markets Equity, could have a significant impact on the asset-weighted performance of our assets under management. Such volatility could adversely affect our results of operations and investors’ perception of us.

Our business model limits our ability to manage our Affiliates’ investment management practices and certain other aspects of their day-to-day operations.

Our structure offers a diversity of investment styles and client bases. While our agreements with all of our consolidated Affiliates give us ultimate control over the business activities of those Affiliates if necessary, we generally do not become directly involved in managing their day-to-day operations, including investment management practices, policies and procedures, fee levels, marketing and product development, client relationships and employment and compensation programs. If we fail to intervene in the operations of our Affiliates as needed, our results of operations could be adversely affected.

For ICM, we exercise significant influence rather than control. Our ability to (i) direct the activities of ICM, (ii) influence its decision-making processes and (iii) require that our risk management and governance practices are applied may be limited and not consistent with those of our controlled Affiliates.

Our growth strategy is dependent upon continued growth of our existing Affiliates.

Since we depend on distributions from our Affiliates to conduct our operations, the inability of our Affiliates to grow their businesses and contribute to our future growth at current or historical levels could impact our ability to grow. In addition, capacity constraints, particularly on our Affiliates' smaller strategies, or the unavailability of appropriate investment opportunities could limit our Affiliates' ability to accept new client assets and, therefore, limit the growth of their and our revenue.

Our growth strategy may also be enhanced from time to time by our ability to successfully make new acquisitions or investment in new products or strategies. There is no certainty that we will identify suitable investments at prices and terms we consider attractive, consummate any such acquisition or investment on acceptable terms, have sufficient resources to complete an identified acquisition or investment or that our strategy for pursuing acquisitions or investments will be effective. Any acquisition or investment can involve a number of risks, including the existence of known liabilities or contingent liabilities or those not disclosed or known by us prior to closing an acquisition or investment. An acquisition or investment may impose additional demands on our staff that could strain our operational resources and increase the possibility of operational error, and require expenditure of substantial legal, investment banking and accounting fees. We may be required to issue common stock or otherwise obtain additional capital or spend significant cash to consummate an acquisition or investment, resulting in dilution of ownership, a potential decline in our stock price or additional debt leverage, or spend additional time and money on facilitating the acquisition or investment that otherwise would be spent on the development and expansion of our existing businesses. Following a completed acquisition or investment, failure by us to achieve a strong, long-term relationship, or failure to realize incremental growth may result in our inability to achieve the anticipated benefits of the acquisition or investment, and could have an adverse impact on our business, financial condition and results of operations.

We and our Affiliates rely on certain key personnel, and our results are dependent upon our ability to retain and attract key personnel.

We and our Affiliates depend on the skills and expertise of our key investment and management personnel, and our success and growth depends on our ability to attract and retain key personnel. Our Affiliates rely heavily upon the services of certain key investment and management personnel, many of whom have managed their firms for a number of years and who primarily guide the investment decision-making processes and strategies at the firms. The loss of key investment and management personnel at any of our Affiliates for any reason could have an adverse impact upon our business, results of operations and financial condition. Any of our key investment or management personnel could resign at any time, join a competitor or form a competing company. We and our Affiliates have entered into non-competition agreements with some, but not all, of our investment and management personnel, but these agreements may not be enforceable or may not be enforceable to their full extent. In addition, we and our Affiliates may agree to waive a non-competition agreement applicable to investment or management personnel in light of the circumstances of our relationship with that person.

All of our Affiliates have established equity plans which are intended to attract, retain and motivate key personnel and pursuant to which key Affiliate personnel may be awarded or be able to purchase equity in their firm. The equity plans provide key employees with the opportunity to participate in the appreciation in the value of their businesses. Award documents under these plans typically limit a recipient's right to provide competitive services to clients of the Affiliates or solicit employees of the Affiliates for prescribed periods. Additionally, certain of our Affiliates' key executive management personnel may have entered into, or been offered the opportunity to enter into, agreements with us that are structured to motivate and retain such personnel. However, retention strategies we and our Affiliates have put into place may not be successful and, to the extent the plans do not produce the desired results, our Affiliates may suffer a loss of valued personnel.

For certain of our Affiliates, a number of key management personnel may, from time to time, arrive at the point in their careers where they may be looking to limit their day-to-day involvement in their businesses or withdraw entirely. We have instituted succession planning at our Affiliates in an attempt to mitigate any disruption caused by these changes but cannot predict whether such efforts will be successful and whether the firms will be able to retain clients, assets and personnel or attract new assets and talent.

We rely upon the contributions of our senior management team to establish and implement our strategy and to manage the future growth of our business. The amount and structure of compensation and opportunities for equity ownership we offer are key components of our ability to attract and retain qualified management personnel. There is no assurance that we will be successful in designing and implementing an attractive compensation model.

Our Affiliates' business operations are complex, and a failure to properly perform operational tasks or maintain infrastructure could have an adverse effect on our revenues and income.

In addition to providing investment management services, our Affiliates must have the necessary operational capabilities to manage their businesses effectively in accordance with client expectations and applicable law. The required non-investment management functions include sales, marketing, portfolio recordkeeping and accounting, security pricing, trading activity, investor reporting, corporate governance, compliance, net asset value computations, account reconciliations and calculations of required distributions to accounts. Some of these functions are performed either independently or with the support of or in conjunction with us or third-party service providers that are overseen by our Affiliates. Also, certain of our Affiliates are highly dependent on specially developed proprietary systems. Any material failure to properly develop, update, or maintain sufficient technological infrastructure, or perform and monitor non-investment management functions and operations, or adequately oversee the entities that provide the services, could result in potential liability to clients, regulatory sanctions, investment losses, loss of clients and damage to the reputation of our Affiliates or to our reputation.

Reputational harm could result in a loss of assets under management and revenues for our Affiliates and us.

The integrity of our brand and reputation, as well as the integrity of the brand and reputation of each of our Affiliates, is critical to the ability of us and our Affiliates to attract and retain clients, business partners and employees and maintain relationships with consultants. We operate within the highly regulated financial services industry and various potential scenarios could result in harm to our reputation. They include internal operational failures, failure to follow investment or legal guidelines in the management of accounts, instances of financial criminal activity by our employees or employees of our Affiliates, intentional or unintentional misrepresentation of our Affiliates' products and services in offering or advertising materials, public relations information, social media or other external communications, employee misconduct or investments in businesses or industries that are controversial to certain special interest groups. Such factors could potentially result in regulatory actions and litigation. The negative publicity associated with any of these factors could harm our reputation and those of our Affiliates and adversely impact relationships with existing and potential clients, third-party distributors, consultants and other business partners and subject us to regulatory sanctions. Damage to our brands or reputations would negatively impact our standing in the industry and result in loss of business in both the short term and the long term.

We or our Affiliates may not always successfully manage actual or potential conflicts of interests that may arise in our businesses.

As we continue to expand the scope of our business, we continue to confront actual, potential and perceived conflicts of interest relating to our activities and the investment activities of our Affiliates. Conflicts may arise with respect to decisions regarding, among other things, the allocation of specific investment opportunities among accounts in which Affiliates may receive an allocation of profits and accounts in which they do not receive such an allocation or among client accounts that have overlapping investment objectives yet different fee structures, including certain accounts which may pay Affiliates performance-based fees.

Certain client accounts of our Affiliates have similar investment objectives and may engage in transactions in the same types of securities and instruments. These transactions could impact the prices and availability of the securities and instruments in which a client account invests and could have an adverse impact on an account's performance. An Affiliate may also buy or sell positions in a client account while another Affiliate, on behalf of other client accounts, is undertaking a similar, differing or opposite strategy, which could disadvantage the other accounts.

The SEC and other regulators have increased their scrutiny of conflicts of interest. Our Affiliates have implemented procedures and controls to identify, manage, mitigate (where possible) and disclose actual, potential or perceived conflicts of interest, but it is possible that the procedures adopted by our Affiliates may not be effective in identifying, managing or mitigating all conflicts which could give rise to the dissatisfaction of, or litigation by, investors or regulatory enforcement actions. Appropriately dealing with conflicts of interest is complex and difficult, and the reputations of us and our Affiliates could be damaged if we or they fail, or appear to fail, to deal appropriately with one or more potential or actual conflicts of interest. Regulatory scrutiny, litigation or reputational risk incurred in connection with conflicts of interest would adversely impact our business in a number of ways, including by making counterparties reluctant to do business with us, impeding our ability to retain or increase our assets under management, subjecting us to potential litigation and adversely impacting our results of operations.

Conflicts of interest also may arise between our Affiliates where, for example, for competitive business reasons, more than one Affiliate may seek the same business opportunity, clients or talent or make other competitive business decisions.

We may make business decisions which we believe are in our best interests but that may have indirect negative effects on one or more of our Affiliates. We also may be required to make strategic and financial or other resource allocation decisions that may directly benefit one or more Affiliates and not others. Any decision that does not directly or indirectly benefit an Affiliate could negatively impact our relationship with that Affiliate.

Equity ownership by key employees of each Affiliate is at the level of the applicable Affiliate and not at the holding company level, although employees of our Affiliates may acquire our common stock. There may be instances where the interests of an Affiliate and its key employee equity-holders may not align with ours in effecting a desired outcome.

There is no assurance that a resolution of any conflicts of interest may be possible or the interests of all parties can be taken into account.

Impairment of our Affiliates' relationships with clients and/or consultants may negatively impact their businesses and our results of operations.

Our Affiliates have strong client and consultant relationships in their core institutional marketplaces, and they depend upon these relationships to successfully market their existing products and strategies and to introduce new products and strategies. Some Affiliates may have client exposures that are meaningful to their individual businesses. As of December 31, 2020, our Affiliates' top five client relationships represented 10% of total run rate gross management fee revenue, including our equity-accounted Affiliate, and our Affiliates' top 25 clients represented 25% of run rate gross management fee revenue, including our equity-accounted Affiliate. Total run rate gross management fee revenue reflects the sum for each account at each of our five current Affiliates, of the product of (a) assets under management in each account at December 31, 2020, multiplied by (b) the relevant management fee rate on that account. This calculation includes the management fees paid by accounts at our equity-accounted Affiliate. Any negative changes in these relationships that reduce the number of client or consultant contacts, restrict access to existing or potential clients, or result in negative statements by a consultant, could have an adverse impact on our Affiliates' businesses and negatively impact our results of operations.

The business of our Affiliates is dependent upon investment advisory agreements that are subject to negotiation, non-renewal, or termination, including termination upon assignment.

Our Affiliates derive substantially all of their revenues from the fees charged to their clients under their investment advisory agreements with those clients. The agreements generally provide for fees to be paid on the basis of the values of assets under management, although a portion also provide for performance-based fees to be paid on the basis of investment performance against stated benchmarks.

An investment advisory agreement may be terminated by a client without penalty upon relatively short notice (typically no more than 30 days). In addition, the investment advisory agreements and sub-advisory agreements with respect to registered investment companies generally may be terminated by the mutual fund or, in those instances where an Affiliate serves as a sub-adviser, the mutual fund’s adviser, without penalty, upon 60 days’ notice and are subject to annual approval by the mutual fund’s board of directors or trustees. Clients may decide to terminate or not renew an agreement for poor investment performance or any variety of reasons which may be beyond the control of our Affiliates. A decrease in revenues resulting from termination of an investment advisory agreement or sub-advisory agreement for any reason could have a material adverse effect on the revenue and profits of our Affiliates and a negative effect on our results of operations.

Pursuant to the Advisers Act, investment advisory agreements between our Affiliates, who are (or who have subsidiaries who are) U.S. registered investment advisers, and their clients are not assignable without the consent of the client. As required by the Investment Company Act of 1940, or the Investment Company Act, investment advisory agreements and sub-advisory agreements between our Affiliates and investment company clients and/or the investment advisers to those investment companies terminate upon their assignment. Assignment, as generally defined, includes direct assignments as well as assignments that may be deemed to occur, under certain circumstances, upon the direct or indirect transfer of a “controlling block” of the voting securities of the respective Affiliate. A transaction is not deemed an assignment under the Advisers Act or the Investment Company Act, however, if it does not result in a change of actual control or management of the relevant Affiliate.

If anyone acquires, or is deemed to have acquired, a controlling block of our voting securities in the future, the contractual anti-assignment and termination provisions of the investment advisory and sub-advisory agreements between our Affiliates and their clients may be implicated. If an assignment of an investment advisory or sub-advisory agreement is deemed to occur, and clients do not consent to the assignment or, with respect to investment company clients, enter into a new agreement, which may require the approval of the investment company’s shareholders in addition to its board of directors or trustees, our results of operations could be materially and adversely affected.

Pressure on fee levels of our Affiliates and changes to their mix of assets could impact our results of operations.

Our profit margins and net income are dependent on the ability of our Affiliates to maintain current fee levels for the products and services they offer. The competitive nature of the asset management industry has led to a trend toward lower fees in certain segments of the asset management market, and there can be no assurance that our Affiliates will be able to maintain their current pricing structures. Our Affiliates also may be required to restructure their fees due to regulatory changes. These factors also could inhibit the ability of our Affiliates to increase fees for certain products. A reduction in the fees charged by our Affiliates, or limited opportunities to increase fees, will reduce or limit our revenues and could reduce or limit our net income.

The fees charged by our Affiliates on their assets under management vary by asset class and produce different revenues per dollar of assets under management based on factors such as the type of assets being managed, the applicable investment strategy, the type of client and the client fee schedule. Institutional clients may have significant negotiating leverage in establishing the terms of an advisory relationship, particularly with respect to the level of fees paid, and the competitive pressure to attract and retain institutional clients may impact the level of fee income earned by an Affiliate. In order for an Affiliate to maintain its fee structure in a competitive environment, it may elect to decline to manage additional assets from potential clients who demand lower fees even though our revenues may be adversely affected in the short term.

Furthermore, a shift in the mix of assets under management from asset classes or products that generate higher fees to those that generate lower fees may result in a decrease in revenues while aggregate assets under management remain unchanged or increase. Such shifts can occur as various investment strategies go in and out of favor due to competition in the industry or as a result of movements between asset classes or certain products no longer being available to investors. In addition, in the event current or future Affiliates have or develop a focus on strategies that generate lower fees, a decrease in revenues may result. A decrease in revenues without a reduction in expenses will result in reduced net income.

Changes in how clients choose to access asset management services may also exert downward pressure on fees. Some investment consultants, for example, are implementing programs in which the consultant provides a range of services, including selection, in a fiduciary capacity, of asset managers to serve as sub-adviser at lower fee rates than the manager's otherwise applicable rates, with the expectation of a larger amount of assets under management through that consultant. The expansion of those and similar programs could, over time, make it more difficult for us to maintain our fee rates.

If our techniques for managing risk are ineffective, we may be exposed to material unanticipated losses.

In order to manage the significant risks inherent in our business, we and our Affiliates must maintain effective policies, procedures and systems that enable us to identify, monitor and control our exposure to operational, legal and reputational risks. Our or our Affiliates' risk management methods may prove to be ineffective due to their design or implementation, or as a result of the lack of adequate, accurate or timely information or otherwise. If our or our Affiliates' risk management efforts are ineffective, we could suffer losses that could have a material adverse effect on our financial condition or results of operations. The potential for some types of operational risks, including, for example, trading errors, may be increased or amplified in periods of increased volatility, which can magnify the cost of an error. We may experience operational errors, including trading errors, in the future. Additionally, we or our Affiliates could be subject to litigation, particularly from our clients, and investigations and enforcement proceedings by and sanctions or fines from regulators. Our Affiliates' techniques for managing operational, legal and reputational risks in client portfolios may not fully mitigate the risk exposure in all economic or market environments, including exposure to risks that we might fail to identify or anticipate.

We or our Affiliates may be exposed to potential liability as a general partner or a controlling person.

Our Affiliates are limited liability companies of which we are, or an entity controlled by us is the majority member, except for ICM in which case we have certain consent and management rights. Certain of our Affiliates may serve as general partners, managing members or their equivalents for investment products that are organized as partnerships or other commingled vehicles. As such, we or an Affiliate may be exposed to liability in the limited liability company, partnership or investment vehicle or required to undertake certain obligations under applicable law that we or they otherwise would not be required to undertake as a holding company or investment adviser. In addition we may be deemed to be a control person of our Affiliates, as that term is defined in various U.S. federal and state statutes and, as such, potentially liable for the acts of our Affiliates or their employees. Consequently, if under such circumstances any of our Affiliates incurs liabilities or expenses that exceed its ability to pay, we may be directly or indirectly liable for its payment to the extent provided in the governing documents of the limited liability company, partnership or investment vehicle or under applicable law. While we and our Affiliates maintain errors and omissions and general liability insurance in amounts believed to be adequate to cover certain potential liabilities, we cannot be certain that claims will not be made against us that exceed the limits of available insurance coverage, that the insurers will remain solvent and will meet their obligations to provide coverage or that an adequate amount of insurance coverage will continue to be available to us and our Affiliates at a reasonable cost. A judgment against any of our Affiliates and/or us in excess of available insurance coverage could have a material adverse impact on our business and financial condition.

Our expenses are subject to fluctuations that could materially impact our results of operations.

Our results of operations are dependent upon the level of our expenses and those of our Affiliates, which can vary from period to period. We and our Affiliates have certain fixed expenses that we incur as going concerns, and some of those expenses are not subject to adjustment. If our revenues decrease, without a corresponding decrease in expenses, our results of operations would be negatively impacted. While we and our Affiliates attempt to project expense levels in advance, there is no guarantee that an unforeseen expense will not arise or that we will be able to adjust our variable expenses quickly enough to match a declining asset base. Consequently, either event could have either a temporary or permanent negative impact on our results of operations.

Losses on our seed and co-investment capital could adversely impact our results of operations or financial condition.

Our support of our Affiliates extends to the commitment of seed and co-investment capital to launch new products and investment capital to financially support new growth initiatives. As of December 31, 2020, we had approximately $24 million committed to seed capital, which is currently invested in 6 products across 4 different asset classes. We also provide co-investment capital (currently a $46 million portfolio) to support the formation of closed-end, long-term partnerships managed by our Affiliates. These fixed-life partnerships typically require us and/or the Affiliate or its employees to invest 1% to 3% of the product’s capital to align interests with those of their clients. The capital utilized in the seed and co-investment portfolios may be subject to liquidity constraints over certain time periods and is subject to market conditions. A decline in the value of our seed and co-investment capital would adversely impact our results of operations or financial condition.

The cost of insuring our business is meaningful and may increase.

Our insurance costs are meaningful and can fluctuate significantly from year to year. In addition, certain insurance coverage may not be available or may only be available at prohibitive costs. As we renew our insurance coverage, we may be subject to additional costs caused by premium increases, higher deductibles, co-insurance liability, changes in the size of our business or nature of our operations, litigation or acquisitions or dispositions. Higher insurance costs and incurred deductibles, as with any expense, would reduce our net income. In addition, we may obtain additional liability insurance for our directors and officers. There have been historical periods in which directors’ and officers’ liability insurance and errors and omissions insurance have been available only with limited coverage amounts, less favorable terms or at prohibitive cost, and these conditions could recur.

Investments in non-U.S. markets and in securities of non-U.S. companies may involve foreign currency exchange risk, and tax, political, social and economic uncertainties, and a reduction in assets under management associated with investments in non-U.S. equities could have a disproportionately adverse impact on our results of operations.

A significant amount of our Affiliates’ assets under management is represented by strategies that invest in securities of non-U.S. companies. Fluctuations in foreign currency exchange rates could negatively impact the account values and the investment returns of clients who are invested in these strategies, with a corresponding reduction in management fee income. In addition, an increase in the value of the U.S. dollar relative to non-U.S. currencies could result in a decrease in the U.S. dollar value of assets under management that are denominated in non-U.S. currencies, which in turn would result in lower revenues.

Many non-U.S. financial markets are not as developed or as efficient as the U.S. financial markets and, as a result, have limited liquidity and greater price volatility and may lack established regulations. Liquidity in such markets also may be adversely impacted by political or economic events, government policies, expropriation, volume trading limits by foreign investors, and social or civil unrest. The ability to dispose of an investment and its market value may be adversely impacted by any of these factors. In addition, non-U.S. legal and regulatory financial accounting standards and practices may be different from those of the U.S., and there may be less publicly available information about non-U.S. companies and non-U.S. markets. Governments of foreign jurisdictions may assert their abilities to tax local gains and/or income of foreign investors, including clients of our Affiliates, which could adversely impact the economics associated with investing in foreign jurisdictions or non-U.S. based companies. These risks also could impact the performance of strategies that invest in such markets and, in particular, strategies that concentrate investments in emerging market companies and countries.

In general, management fees for accounts that invest in non-U.S. equity markets, particularly emerging markets, are higher than those for accounts that invest in the domestic markets. Since 76% of our Affiliates' total assets under management as of December 31, 2020 were invested in global, international and emerging markets equities, a significant reduction in assets under management associated with such investments could have a disproportionately adverse impact on our results of operations.

Our Affiliates' non-U.S. distribution initiatives may be unsuccessful, may expose us to other tax and regulatory risks and may not facilitate the growth of our business.

One of the primary opportunities for growth lies in expanding the geographic regions in which our Affiliates' investment products and services are distributed. The success of these non-U.S. initiatives is dependent upon the ability of our Affiliates' teams to structure products that appeal to the global markets. The inability of our Affiliates to successfully execute on their non-U.S. distribution plans may adversely impact the growth prospects of our Affiliates.

The non-U.S. distribution initiatives of our Affiliates has required and will continue to require the incurence of a number of up-front expenses, including those associated with obtaining regulatory approvals, as well as additional ongoing expenses, including those associated with the employment of additional support staff and regulatory compliance. Our Affiliates' employees travel outside the U.S. in connection with distribution efforts and may spend extended periods of time in one or more non-U.S. jurisdictions. Their activities outside the U.S. may raise both tax and regulatory issues. If our Affiliates are incorrect in their analysis of the applicability or the extent of the impact of non-U.S. tax or regulatory requirements, such Affiliates could incur costs, penalties or be the subject of an enforcement or other action. In addition, operating our business in non-U.S. markets generally will be more expensive than in the U.S. To the extent that our revenues do not increase as much as our expenses in connection with distribution initiatives outside the U.S., our profitability could be adversely affected. Expanding our distribution initiatives into non-U.S. markets may also place significant demands on our or our Affiliates' existing infrastructure and employees.

Our outstanding indebtedness may impact our business and may restrict our growth and results of operations.

As of December 31, 2020, we have $394.3 million of long-term bonds outstanding and $0.0 million of debt outstanding under our revolving credit facility with third-party lenders. For additional information regarding our revolving credit facility and our long-term bonds, see "Management's Discussion and Analysis of Financial Condition and Results of Operations—Capital Resources and Liquidity—Working Capital and Long-Term Debt."

We may incur additional indebtedness in the future for a variety of business reasons, including in relation to our share repurchases, for seed or co-investment capital, or for other strategic reasons. We will be dependent on the cash flow generated from our Affiliates to service any indebtedness that is taken on by us.

The level of our indebtedness has important consequences to investors in our securities. For example, our level of indebtedness may require us to use a substantial portion of our cash flow from operations to pay interest and principal on our debt, which would reduce the funds available to us for working capital, capital expenditures and other general corporate purposes and may limit our ability to pay future dividends. Too much debt may limit our ability to implement our business strategy; heighten our vulnerability to downturns in our business, the financial services industry or in the general economy and limit our flexibility in planning for, or reacting to, changes in our business and the financial services industry; limit our access to additional debt; or prevent us from taking advantage of business opportunities as they arise or successfully carrying out our plans to expand our business and our Affiliates' product offerings. Any of these consequences could have a material adverse effect on our financial condition or results of operations.

We may be unable to obtain sufficient capital and liquidity to meet the financing requirements of our business.

In July 2016 we issued an aggregate of $400 million of long-term bonds. On August 20, 2019, we entered into a $450 million senior unsecured revolving credit facility with third party lenders. In February 2021, we assigned this credit facility to Acadian and the available borrowings were decreased to $125 million in connection with the assignment. Accordingly, this credit facility is no longer available to us for future borrowings. Our ability to finance our operations, strategic initiatives and maturing obligations under our long-terms bonds is therefore dependent on future issuances of long-term bonds and the profitability of our Affiliates and our future operating performance. Any future inability to obtain financing on reasonable terms and with reasonable restrictions on the operation of our business could impair our liquidity, have a negative impact on our growth and that of our Affiliates and negatively impact our financial condition.

Our business involves risks of potential litigation that could harm our business.

We and our Affiliates may be named as defendants or co-defendants in lawsuits, or may be involved in disputes that include the threat of lawsuits seeking substantial damages. Any such legal action, whether threatened or actual, could result in reputational damage, loss of clients and assets, increased costs and expenses in resolving a claim, diversion of employee resources and resulting financial losses.

Our Affiliates make investment decisions on behalf of their clients that could result in substantial losses to those clients. If their clients suffer significant losses or otherwise are dissatisfied with the service of one of our Affiliates, that Affiliate could be subject to the risk of legal liability or actions alleging, among other theories, negligent misconduct, breach of fiduciary duty, breach of contract, unjust enrichment and/or fraud. These risks often are difficult to assess or quantify and their existence and magnitude often remain unknown for substantial periods of time, even after an action has been commenced. Our Affiliates may incur substantial legal expenses in defending against litigation commenced by a client or regulatory authority. Substantial legal liability levied on any one of our Affiliates could have a material adverse effect on our business, financial condition, or results of operations and could cause significant reputational harm.

Any significant limitation on the use of our facilities or the failure or security breach of our software applications or operating systems and networks, including the potential risk of cyber-attacks, could result in the accidental or unlawful destruction, loss, alteration, unauthorized disclosure of, or access to, confidential client information or personal data, damage to our reputation, additional costs, regulatory penalties and financial losses.

We and our Affiliates depend upon our principal business offices and our various centers of operation for the continued operations of our businesses. A disruption in the infrastructure that supports our businesses or prevents our employees from performing their job functions, including communication failures, natural disasters, terrorist attacks, third party hacks and international hostilities, may have a material impact on our ability to continue business operations without interruption. Insurance and other safeguards might not be available or might only partially reimburse us for our losses.

Although we and our Affiliates have back-up systems and disaster recovery programs in place and test their uses periodically, there can be no assurance that the recovery programs will be sufficient to mitigate any harm that may result from a disruption or disaster. Additionally, it is possible that any such disruption or disaster could have a significant impact on the general economy, domestic and local financial and capital markets or specific industries, including the financial services industry.

A significant portion of our operations relies heavily on the secure processing, storage and transmission of confidential and other information as well as the monitoring of a large number of complex transactions. With the evolving proliferation of new technologies and the increasing use of the Internet and mobile devices to conduct financial transactions, financial institutions such as us have been, and will continue to be, subject to an increasing risk of cyber incidents from these activities. We and our Affiliates take protective measures to secure information, including through system security technology. However, our technology systems may still be vulnerable to unauthorized access, computer malware or other events that have a security impact, such as an authorized employee or vendor inadvertently causing the release of confidential information or third-party unauthorized access or account takeovers, which could materially damage our operations or cause the disclosure or modification of sensitive or confidential information. Breach of our technology systems through cyber-attacks, or failure to manage and secure our technology environment, could result in interruptions or malfunctions in the operations of our business, loss of valuable information, liability for stolen assets or information, remediation costs to repair damage caused by a breach, additional costs to mitigate against future incidents and litigation costs resulting from an incident. Moreover, accidental or unlawful destruction, loss, alteration, unauthorized disclosure of, or access to, personal data and confidential client information could harm our reputation and subject us to liability under the laws that protect personal data and confidential information, resulting in increased costs or loss of revenues.

Our Affiliates and third parties with which we do business may also be sources of cybersecurity or other technological risks as we outsource certain functions. While we engage in certain actions to reduce the exposure resulting from outsourcing, such as performing onsite security control assessments, limiting third-party access to the least privileged level necessary to perform job functions, and restricting third-party processing to systems stored within our data centers, ongoing threats may result in accidental or unlawful destruction, loss, alteration, unauthorized disclosure of, or access to, data and information, or other cyber incidents with increased costs and consequences to us such as those discussed above.

We are subject to data protection laws under European Union ("EU") and United Kingdom ("UK") legislation, and any breaches of such legislation could adversely affect our business, reputation, results of operations and financial condition.

Certain of our and our Affiliates' processing activities are subject to the General Data Protection Regulation (EU) 2016/679 ("GDPR") and the Data Protection Act 2018 in the UK ("Act") (together "EU Data Protection Laws"). The EU Data Protection Laws have a wide territorial reach and apply to data controllers and data processors which have an establishment in the European Union and UK respectively, or which offer goods or services to, or monitor the behavior of, data subjects in the European Union and UK respectively. The EU Data Protection Laws impose stringent operational requirements on data controllers and data processors. These include (i) accountability and transparency obligations which require organizations to demonstrate and record compliance with the EU Data Protection Laws and to provide detailed information to data subjects regarding the processing of their personal data, (ii) obligations to consider data privacy as any new products or services are developed and to limit the amount of information they collect, process and store, (iii) ensuring and maintaining an appropriate level of security for personal data, and (iv) reporting breaches to data protection authorities and, in some cases, affected individuals. The EU Data Protection Laws give strong enforcement powers to data protection authorities in the European Union and UK respectively, and introduce significant penalties for non-compliance, with fines of up to 4% of total annual worldwide turnover or €20 million (whichever is higher), depending on the type and severity of the breach. The interpretation of EU Data Protection Laws and other privacy laws to which we are subject around the world can be uncertain, and as business practices are challenged by regulators, data subjects and consumer protection agencies, it is possible that these laws may be interpreted and applied in a manner that is inconsistent with our data protection practices.

The carrying value of goodwill and other intangible assets on our balance sheet could become impaired, which would adversely affect our financial condition and results of operations.

We have recorded goodwill and intangible asset impairments in the past and could incur such charges in the future as acquisitions occur and we take on more goodwill. We review the carrying value of goodwill and intangible assets not subject to amortization on an annual basis, or more frequently if indications exist suggesting that the fair value of our intangible assets may be below their carrying values. We test the values of intangible assets subject to amortization whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Should such review indicate impairment, a write-down of the carrying value of goodwill or the intangible asset could occur, resulting in a non-cash charge that may, in turn, affect our reported results of operations, financial condition and shareholders' equity.

The failure of a counterparty to meet its obligations could affect our business adversely.

Our Affiliates routinely execute transactions with counterparties in the financial industry and for the provision of services that are important to the business, and we may engage in transactions with counterparties as part of our corporate finance management function and for the provision of services, including insurance protection. As a result, we and our Affiliates and clients have exposure to the credit, operational and other risks posed by such counterparties, including the risk of default by or bankruptcy of a counterparty. The failure of a counterparty to meet its obligations or provide the services or insurance protection we depend on for these or other reasons could adversely affect our ability to conduct our businesses and result in loss of client assets and potential liability. Additionally, we hold insurance policies which cover historical and future tax benefits relating to certain of our deferred tax assets. The insurers of the policies are considered a significant counterparty to us.

We are subject to the U.S. Foreign Corrupt Practices Act, the U.K. Bribery Act and other anti-corruption laws, as well as export control laws, customs laws, sanctions laws, anti-facilitation of tax evasion laws and other laws governing our operations. If we fail to comply with these laws, we could be subject to civil or criminal penalties, other remedial measures, and legal expenses, which could adversely affect our business, results of operations and financial condition.

Our operations are subject to anti-corruption laws, including the U.S. Foreign Corrupt Practices Act, or the FCPA, the U.K. Bribery Act 2010, or the Bribery Act, and other anti-corruption laws that apply in countries where we do business. The FCPA, the Bribery Act and these other laws generally prohibit us and our employees and intermediaries from bribing, being bribed or making other prohibited payments to government officials or other persons to obtain or retain business or gain some other business advantage. We and our commercial partners operate in a number of jurisdictions that may pose a risk of potential FCPA or Bribery Act violations, and we participate in collaborations and relationships with third parties whose actions could potentially subject us to liability under FCPA, the Bribery Act or local anti-corruption laws. In addition, we cannot predict the nature, scope or effect of future regulatory requirements to which our internal operations might be subject or the manner in which existing laws might be administered or interpreted.

We are also subject to other laws and regulations governing our international operations, including regulations administered by the governments of the U.S. and the United Kingdom, or U.K., and authorities in the European Union, including applicable export control regulations, economic sanctions on countries or persons, customs requirements and currency exchange regulations, anti-facilitation of tax evasion rules (including the U.K. Criminal Finances Act 2017), or Trade Control Laws.

There is no assurance that we will be completely effective in ensuring our compliance with all applicable anti-corruption laws, including the FCPA, the Bribery Act or other legal requirements, including Trade Control Laws. If we are not in compliance with the FCPA, the Bribery Act and other anti-corruption laws or Trade Control Laws, we may be subject to criminal and civil penalties, disgorgement and other sanctions and remedial measures, and legal expenses, which could have an adverse impact on our business, financial condition, results of operations and liquidity. Likewise, any investigation of any potential violations of the FCPA, the Bribery Act, other anti-corruption laws or Trade Control Laws by U.K., U.S. or other authorities could also have an adverse impact on our reputation, business, results of operations and financial condition.

The United Kingdom exit from the European Union ("Brexit") could adversely impact our business.

The United Kingdom left the European Union on January 31, 2020 (commonly referred to as "Brexit"). During an 11-month transition period, the United Kingdom and the European Union agreed to a Trade and Cooperation Agreement which sets out the agreement for certain parts of the future relationship between the European Union and the United Kingdom from January 1, 2021. The Trade and Cooperation Agreement does not provide the United Kingdom with the same level of rights or access to all goods and services in the European Union as the United Kingdom previously maintained as a member of the European Union and during the transition period. In particular the Trade and Cooperation Agreement does not include an agreement on financial services which is yet to be agreed. Accordingly, uncertainty remains in certain areas as to the future relationship between the United Kingdom and the European Union.

From January 1, 2021, European Union laws ceased to apply in the United Kingdom. However, many European Union laws have been transposed into English law and these transposed laws will continue to apply until such time that they are repealed, replaced or amended. Depending on the terms of any future agreement between the European Union and the United Kingdom on financial services, substantial amendments to English law may occur, and it is impossible to predict the consequences of this on us and our investments.

Although one cannot predict the full effect of Brexit, it could have a significant adverse impact on the United Kingdom, European and global macroeconomic conditions and could lead to prolonged political, legal, regulatory, tax and economic uncertainty. This uncertainty is likely to continue to impact the global economic climate and may impact opportunities, pricing, availability and cost of bank financing, regulation, values or exit opportunities of companies or assets based, doing business, or having service or other significant relationships in, the United Kingdom or the European Union, including companies or assets held by us or considered by us as a prospective investment.

The future application of European Union-based legislation to the investment management industry in the United Kingdom and the European Union will ultimately depend on how the United Kingdom renegotiates the regulation of the provision of financial services within and to persons in the European Union. There can be no assurance that any renegotiated terms or regulations will not have an adverse impact on us and our investments, including our ability to achieve our investment objectives. Brexit may result in significant market dislocation, heightened counterparty risk, an adverse effect on the management of market risk and, in particular, asset and liability management due in part to redenomination of financial assets and liabilities, an adverse effect on our ability to manage, operate and invest, and increased legal, regulatory or compliance burden for us and our Affiliates, each of which may have a negative impact on our operations, financial condition, returns or prospects.

Areas where the uncertainty created by the United Kingdom's withdrawal from the European Union is relevant include, but are not limited to, trade within Europe, foreign direct investment in Europe, the scope and functioning of European regulatory frameworks, industrial policy pursued within European countries, immigration policy pursued within European Union countries, the regulation of the provision of financial services within and to persons in Europe and trade policy within European countries and internationally. The volatility and uncertainty caused by the withdrawal may adversely affect the value of our investments and the ability to achieve our investment objectives.

The novel coronavirus (COVID-19) pandemic has disrupted and may continue to disrupt financial markets and our business.

The outbreak of COVID-19 and the related containment and mitigation measures put in place have had, and may continue to have, a serious impact on the economy and the financial and securities markets. As a result, the investment results of our Affiliates have been, and may continue to be, negatively affected, resulting in decreases to our assets under management and related revenue and earnings in the first half of 2020. In addition, the economic conditions caused by the COVID-19 pandemic may increase our funding costs or limit our access to the capital markets, which could impact our ability to finance our operations through borrowing. As the potential impact of COVID-19 is impossible to predict, the extent to which COVID-19 could negatively affect our and our Affiliates' operating results or the duration of any potential business disruption is uncertain.

In addition, our operations and the operations of our Affiliates, as well as third-party service providers on whom we rely, have been, and are expected to continue to be, significantly impacted by the COVID-19 pandemic. No assurance can be given that the steps we have taken with respect to business continuity plans will be effective or appropriate. While our employees have been successful in working remotely, operational challenges may arise in the future. In the event that our workforce, the workforce of one or more Affiliates, or the workforces of our or our Affiliates' key service providers were to experience significant illness levels, our ability to operate our business normally could be materially disrupted. Any such material disruptions to our business operations could have a material adverse impact on our results of operation or financial condition.

We may not achieve the expected strategic and financial benefits of current or potential divestitures.

In 2020, we divested our affiliates Barrow Hanley and Copper Rock and, in early 2021, we have agreed to the divestiture of our affiliate ICM. We effected these divestitures because we believe that it better positioned our business and the consideration received was additive to shareholder value. We may in the future divest additional investments in the event we believe there is a similarly strong strategic and financial rationale for such divestitures. There can be no assurances, however, that we will be able to achieve the expected strategic and financial benefits from these divestitures.

We may be adversely affected by the phase-out of, or changes in the method of determining, the London Interbank Offered Rate ("LIBOR") or the replacement of LIBOR with a different reference rate.

LIBOR is the basic rate of interest used in lending between banks on the London interbank market and is widely used as a reference for setting the interest rate on U.S. dollar-denominated loans globally. Our credit facility, originally entered into on August 20, 2019 and assigned to Acadian on February 23, 2021, uses LIBOR a a reference rate such that the interest due to our creditors under the facility is calculated using LIBOR. On July 27, 2017, the U.K.'s Financial Conduct Authority (the authority that administers LIBOR) announced that it intends to phase out LIBOR by the end of 2021. It is unclear whether new methods of calculating LIBOR will be established such that it continues to exist after 2021, or if alternative rates or benchmarks will be adopted. Changes in the method of calculating LIBOR, or the replacement of LIBOR with an alternative rate or benchmark, may adversely affect interest rates and result in higher borrowing costs. This could materially and adversely affect our results of operations, cash flows, and liquidity. We cannot predict the effect of the potential changes to LIBOR or the establishment and use of alternative rates or benchmarks.

Industry Risks

We operate in a competitive environment.

The investment management industry is highly competitive, with competition based on a variety of factors, including investment performance, investment management fee rates, continuity of investment professionals and client relationships, the quality of services provided to clients, reputation and the strategies offered. We and our Affiliates compete against a broad range of domestic and international asset management firms, broker-dealers, hedge funds, investment banking firms and other financial institutions. We directly compete against these organizations with respect to investment products, distribution channels, opportunities to acquire other investment management firms and retention and recruitment of talent. The capital resources, scale, name recognition and geographic footprints of many of these organizations are greater than ours. The recent trend toward consolidation in the investment management industry, and the financial services industry in general, has served to increase the size and strength of a number of our competitors. Some investors may prefer to invest with an investment manager that is not publicly traded based on the perception that a publicly traded asset manager may focus on the manager’s own growth to the detriment of investment performance for clients. Some competitors may operate in a different regulatory environment than we do, which may give them certain competitive advantages in the investment products and portfolio structures that they offer.

In addition, each of our Affiliates competes against other investment managers offering the same or different investment strategies. The competition in our industry results in pressure on fees which may hinder the ability of our Affiliates to compete. All of our Affiliates rely upon their investment performance as a competitive advantage, which may not always position them to compare favorably to their competitors. In certain instances, our Affiliates also may compete against one another for clients. It is likely that new competitors will enter the market as there are low costs and limited barriers to entry.

Our ability to attract assets also is dependent upon the ability of our Affiliates to offer a mix of products and services that meet client demand and their abilities to maintain investment management fees at competitive levels. There are a number of asset classes and product types that currently are not well covered by our Affiliates, such as index funds, passive exchange-traded funds and hedge funds. When these asset classes or products are in favor with either existing or potential clients, our Affiliates will miss the opportunity to attract and manage these assets and face the risk of assets being withdrawn in favor of competitors who manage the asset classes and/or provide these products. If our Affiliates are unable to compete effectively in their markets, our results of operations and potential business growth could be adversely affected.

Our sole business is asset management. As a result, we may be more impacted by trends and issues and more susceptible to negative events impacting the asset management industry than other more diversified financial services companies that provide asset management and other financial services.

We operate in a highly regulated industry, and continually changing federal, state, local and foreign laws and regulations could materially adversely affect our business, financial condition and results of operations.

The investment management business is highly regulated and, as a result, our Affiliates are required to comply with a wide array of domestic and international laws and regulations. The requirements imposed by our regulators are designed to ensure the integrity of the financial markets and to protect customers and other third parties who deal with us, and are not designed to protect our shareholders. Accordingly, these regulators often serve to limit our activities, including through client protection and market conduct requirements.

Our Affiliates are subject to extensive regulation in the U.S. through their primary regulator, the SEC, under the Advisers Act. Those of our Affiliates that act as investment advisers or sub-advisers to registered investment companies must comply with the terms of the Investment Company Act and the rules thereunder. The Advisers Act imposes numerous obligations on registered investment advisers, including fiduciary, record keeping, advertising and operational requirements, disclosure obligations, and prohibitions on fraudulent activities. The Investment Company Act regulates the structure and operations of registered investment companies and imposes additional obligations on advisers to registered investment companies, including detailed disclosure and regulatory requirements applicable to the registered investment companies and additional compliance responsibilities which must strictly be adhered to by the funds and their advisers. Certain of our advisory Affiliates also are subject to the rules and regulations adopted by the Commodity Futures Trading Commission, under the Commodity Exchange Act; by the Department of Labor, under ERISA; the Financial Industry Regulatory Authority, Inc., or FINRA; and state regulators.

The domestic regulatory environment in which we operate has seen significantly increased regulation in recent years. In particular, the Dodd-Frank Wall Street Reform and Consumer Protection Act, or the Dodd-Frank Act, represents a comprehensive overhaul of the financial services industry in the U.S. and includes, among other things: (i) the creation of a Financial Stability Oversight Council to identify emerging systemic risks posed by financial firms, activities and practices, and to improve cooperation among federal agencies, (ii) the creation of the Consumer Financial Protection Bureau authorized to promulgate and enforce consumer protection regulations relating to financial products and services, and (iii) enhanced regulation of financial markets, including the derivatives and securitization markets. Certain provisions of the Dodd-Frank Act may require our Affiliates to change, or adopt new limitations on, the manner in which they conduct their business. The Dodd-Frank Act and the rules promulgated thereunder have also increased regulatory burdens and related reporting and compliance costs. Certain provisions may have unintended adverse consequences on the liquidity or structure of the financial markets. In addition, the scope and impact of many provisions of the Dodd-Frank Act remain to be determined by implementing regulations, some of which have involved lengthy proposal and promulgation periods and could lead to additional legislation or regulation. The Dodd-Frank Act impacts a broad range of market participants with whom our Affiliates interact or may interact. These changes may also impact the way in which our Affiliates conduct business with their counterparties and many aspects of the regulatory landscape continue to evolve. As a result of these uncertainties, the full impact of the Dodd-Frank Act on the investment management industry and on our and our Affiliates' businesses, in particular, cannot be predicted at this time.

We and our Affiliates also are subject to the regulatory environments of the non-U.S. jurisdictions in which we and they operate, some of which also recently implemented or are in the process of implementing changes in regulations. In the U.K., certain of our Affiliates are subject to regulation by the Financial Conduct Authority, or FCA, which impose a comprehensive system of regulation on investment advisers and the manner in which we and they conduct our businesses. Certain other of our Affiliates may be registered in jurisdictions outside of the United States and are subject to applicable regulation in those jurisdictions. We and our Affiliates are additionally subject to regulation relating to the offer and sale of financial products in each of the European Union countries in which we and they operate. The system of financial regulation outside the United States continues to develop and evolve and, as a result, the rules to which we and our Affiliates are subject (including rules relating to the remuneration of staff) are and will continue to be subject to change. As we execute on our growth strategy and continue to expand our distribution efforts into non-U.S. jurisdictions, including other member countries of the European Union, Latin America, the Middle East and Asian countries, we and our Affiliates may be required to register with additional foreign regulatory authorities or otherwise comply with non-U.S. rules and regulations that currently are not applicable to our businesses and with respect to which we may have limited or no compliance experience. Our lack of experience in complying with any such non-U.S. or non-English laws and regulations may increase our risk of becoming a party to litigation or subject to regulatory actions. Additionally, one or more of the jurisdictions in which we operate may require our shareholders to seek the approval of, or provide notice to, an applicable regulator before acquiring a substantial amount of our outstanding shares.

Developments in the regulatory environment in the U.S. may include heightened and additional examinations and inspections by regulators and the imposition of additional reporting and disclosure obligations. Regulators also may take a more aggressive posture on bringing enforcement proceedings which could result in fines, penalties and additional remedial activities.

Policy and legislative changes in the U.S. and in other countries are affecting many aspects of financial regulation. Our business, results of operations and financial condition may be adversely affected as a result of new or revised legislation or regulations or by changes in the interpretation or enforcement of existing laws and regulations in any of the jurisdictions in which we and our Affiliates conduct business. The ability of us and our Affiliates to function in this legislative and regulatory environment will depend on our and our Affiliates' ability to monitor and promptly react and adapt to legislative and regulatory changes, including situations where such changes in regulatory requirements may be driven by internal factors. It is impossible to determine the extent of the impact of any new laws, regulations or initiatives that may be proposed, or whether any of the proposals will become law. Any new laws or regulations could make compliance more difficult and expensive and affect the manner in which we and our Affiliates conduct business.

Failure to comply with applicable laws or regulations could result in fines, suspension or revocation of an Affiliate's registration as an investment adviser, suspensions of individual employees, revocation of licenses to operate in certain jurisdictions or other sanctions, which could materially adversely affect our business, financial condition and results of operations. Even if an investigation or proceeding did not result in a fine or sanction, or the fine or sanction imposed against an Affiliate or us or our respective employees by a regulator were small in monetary amount, the adverse publicity relating to an investigation, proceeding or imposition of a fine or sanction could cause us to suffer financial loss, harm our reputation and cause us to lose business or fail to attract new business which would have a direct adverse impact on our business, financial condition and results of operations.

If we were deemed an investment company under the Investment Company Act, we would become subject to burdensome regulatory requirements and our business activities could be restricted.

We do not believe that we are an "investment company" under the Investment Company Act. Generally, a company is an "investment company" if, absent an applicable exemption, it (i) is, or holds itself out as being, engaged primarily, or proposes to engage primarily, in the business of investing, reinvesting or trading in securities or (ii) engages, or proposes to engage, in the business of investing, reinvesting, owning, holding or trading in securities and owns or proposes to acquire "investment securities" having a value exceeding 40% of the value of its total assets (exclusive of U.S. government securities and cash items) on an unconsolidated basis. We believe we are primarily engaged in a non-investment company business and that less than 40% of our total assets (exclusive of U.S. government securities and cash items) on an unconsolidated basis are comprised of assets that could be considered investment securities.

We and our Affiliates intend to conduct our operations so that we will not be deemed an investment company under the Investment Company Act. However, if we were to be deemed an investment company, restrictions imposed by the Investment Company Act, including limitations on our capital structure and our ability to transact with our Affiliates, could make it impractical for us to continue our business as currently conducted and could have a material adverse effect on our financial performance and operations.

Risks Related to Our Ownership Structure

Any sale of a controlling block of our voting securities could adversely impact our relationship with our Affiliates and their clients.

Our Affiliates are (or have subsidiaries who are) U.S. registered investment advisers. Certain of our Affiliates provide investment advisory services to investment companies registered under the Investment Company Act pursuant to the terms of an investment advisory agreement between the Affiliate and the applicable U.S. registered investment company. Certain of our Affiliates have been retained by U.S. registered investment advisers to certain U.S. registered investment companies to provide investment subadvisory services to U.S. registered investment companies pursuant to the terms of an investment subadvisory agreement between the Affiliate and the relevant U.S. registered investment adviser. Each of these investment advisory and subadvisory agreements provides for its automatic termination in the event of its "assignment," as defined in the Investment Company Act. The investment advisory agreements between our Affiliates, (or their subsidiaries) and their non-registered investment company clients provide that there can be no "assignment," as defined under the Advisers Act, of those agreements without the consent of the client. An assignment is generally defined to include direct assignments as well as assignments that may be deemed to occur, under certain circumstances, upon the direct or indirect transfer of a "controlling block" of the voting securities of the respective Affiliate.

If any acquisition of a block of our voting securities by a third party, separately or together, were deemed an "assignment" of the underlying investment advisory and subadvisory agreements between our Affiliates (or their subsidiaries) and their clients under the Advisers Act and Investment Company Act and (ii) non-registered investment company clients do not consent to the assignment and/or registered investment company clients do not enter into new advisory agreements, our results of operations could be materially and adversely affected.

Paulson has meaningful ability to influence our business.
As of February 26, 2021, Paulson & Co., Inc. ("Paulson") owns 25.19% of our common stock. This concentration of ownership may have the effect of delaying or preventing a change in control of us or discouraging others from making tender offers for our common stock. It also may make it difficult for other shareholders to replace management and may adversely impact the trading price of our common stock because investors often perceive disadvantages in owning common stock in companies with significant shareholders. Additional repurchases of our common stock could, without any action by Paulson, further increase Paulson's concentration of ownership. Additionally, Paulson has the right to appoint two directors so long as Paulson holds at least 20% of our outstanding common stock and has the right to appoint one director so long as Paulson holds at least 7% of our outstanding common stock. Paulson also has the right to transfer these appointment rights to a transferee that acquires from Paulson the foregoing percentages of our common stock, at which point such unknown third party may have a meaningful ability to influence our business.

Risks Related to Our Tax Matters

Our global effective tax rate is subject to a variety of different factors, which could create volatility in that rate, expose us to greater than anticipated tax liabilities and cause us to adjust previously recognized tax assets and liabilities.

We are subject to income taxes in the U.S., U.K. and many other jurisdictions. As a result, our global effective tax rate from period to period can be affected by many factors, including our global mix of earnings, the tax characteristics of our income and changes in tax legislation. Significant judgment is required in determining our worldwide provision for income taxes, and our determination of our tax liability is always subject to review by applicable tax authorities.

We cannot provide any assurances as to what our tax rate will be in any period because of, among other things, uncertainty regarding the nature and extent of our business activities in any particular jurisdiction in the future and the tax laws of such jurisdictions, as well as changes in U.S. and other tax laws, treaties and regulations. Our actual global tax rate may vary from our expectation and that variance may be material.

Failure to comply with the tax laws of the U.S., the U.K. or other jurisdictions, which laws are subject to potential legislative, judicial or administrative change and differing interpretations, possibly on a retroactive basis, may result in erroneous filings, adjustments to previously recognized tax assets and liabilities, negative impact to income and reputational damage.

We and our Affiliates are subject to a range of taxes and tax audits and may be subject to future audits and examinations by both foreign and domestic taxing authorities. Tax and other regulatory authorities may disagree with tax positions taken by us and our Affiliates based on our, or their, interpretations of the relevant tax laws, including, for example, with respect to our tax positions related to the Redomestication or to prior reorganizations, which could result in erroneous filings, retroactive adverse impact on income, the loss of tax benefits and reputational damage. The resolution of such audits and examinations could impact our tax rate in future periods, as would any reclassification or other matter (such as changes in applicable accounting rules) that increases the amounts we have provided for income taxes in our Consolidated Financial Statements. We will regularly assess the likelihood of favorable or unfavorable outcomes resulting from these audits and examinations to determine the adequacy of our provision for income taxes, which will require estimates and judgments. Although we will make these tax estimates and judgments on a reasonable basis, there can be no assurance that the tax authorities will agree with such estimates and judgments. From time to time, we may have to engage in litigation to attempt to achieve the results reflected in our estimates, which may be time-consuming and expensive and may have other adverse impacts. There can be no assurance that we will be successful in any such litigation or other attempts to mitigate adverse effects resulting from such audits or examinations or that any final determination of our tax liability will not be materially different from the historical treatment reflected in our historical income tax provisions and accruals. Our inability to mitigate the negative consequences of any resolution of audits and examinations could cause our global tax rate to increase, our use of cash to increase and our financial condition and results of operations to suffer.

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

The tax laws of the U.S., the U.K. and other jurisdictions could change in the future, and such changes could cause a material change in our effective tax rate and otherwise adversely affect our results of operations. As a result of the recent presidential and congressional elections in the United States, there could be significant changes in tax law and regulations. While the likelihood and nature of any such legislation or regulations is uncertain, the new administration may pursue tax policies seeking to increase the corporate tax rate and further limit the deductibility of interest, among other things. Such changes could materially increase the amount of taxes we are required to pay.

Further, pursuant to ongoing efforts to encourage global tax compliance, the U.S. Congress, the Organization for Economic Co-operation and Development (the “OECD”) and other government agencies in jurisdictions in which we and our Affiliates invest or do business have maintained a focus on issues related to the taxation of multinational companies. The OECD, which represents a coalition of member countries, is contemplating changes to numerous long-standing tax principles through its base erosion and profit shifting (“BEPS”) project, which is focused on a number of issues, including profit shifting among affiliated entities in different jurisdictions, interest deductibility and eligibility for the benefits of double tax treaties. Some member countries have been moving forward on, and have implemented aspects of, the BEPS agenda but, because timing of implementation and the specific measures adopted will vary among participating states, significant uncertainty remains regarding the impact of BEPS proposals. These and other proposals could adversely affect us, our Affiliates, and the Funds. In addition, the OECD is working on a BEPS 2.0 initiative, which is aimed at (i) shifting taxing rights to the jurisdiction of the consumer and (ii) ensuring all companies pay a global minimum tax. New rules could be recommended in 2021 and if implemented could impact us and our Affiliates. The timing and scope of any provisions are subject to significant uncertainty.

Any changes in domestic or foreign tax laws, regulations, or accompanying standards or the release of additional guidance, interpretation or information relating to existing legislation (including the Tax Act) could impact our effective tax rate or result in unanticipated additional tax liabilities, which could have an adverse effect on our business, financial condition or results of operations.

Risks Related to Investing in our Common Stock

Future sales of our common stock by us, Paulson or other shareholders could cause our share price to decline.

If we, Paulson or other shareholders sell, or indicate an intention to sell, or there is a perception that they might sell a substantial number of shares of our common stock in the public market or in privately negotiated transactions, the trading price of our common stock could decline below the current trading level.

Sales by Paulson or other stockholders or the possibility that these sales may occur also may make it more difficult for us to raise additional capital by selling equity securities in the future, at a time and price that we deem appropriate.

We cannot predict the size of future issuances or sales of our common stock or the effect, if any, that future issuances and sales of our common stock may have on the market price of our common stock. Sales or distributions of substantial amounts of our common stock, including shares issued in connection with an acquisition, or the perception that such sales or distributions could occur, may cause the market price of our common stock to decline.

Our amended and restated certificate of incorporation designates the Court of Chancery of the State of Delaware as the sole and exclusive forum for certain types of actions and proceedings that may be initiated by our stockholders, which could limit our stockholders' ability to obtain a favorable judicial forum for disputes with us or our directors, officers, employees or agents.

Our amended and restated certificate of incorporation provides that, unless we consent in writing to an alternative forum, the Court of Chancery of the State of Delaware will be the sole and exclusive forum for (i) any derivative action or proceeding brought on our behalf, (ii) any action asserting a claim of breach of a fiduciary duty owed by any of our directors, officers, employees or agents to us or our stockholders, (iii) any action asserting a claim arising pursuant to any provision of the Delaware General Corporation Law or (iv) any action asserting a claim that is governed by the internal affairs doctrine, in each case subject to the Court of Chancery having personal jurisdiction over the indispensable parties named as defendants therein and the claim not being one which is vested in the exclusive jurisdiction of a court or forum other than the Court of Chancery or for which the Court of Chancery does not have subject matter jurisdiction. Any person purchasing or otherwise acquiring any interest in any shares of our capital stock shall be deemed to have notice of and to have consented to this provision of our amended and restated certificate of incorporation. This choice of forum provision may limit our stockholders' ability to bring a claim in a judicial forum that it finds favorable for disputes with us or our directors, officers, employees or agents, which may discourage such lawsuits against us and our directors, officers, employees and agents. Alternatively, if a court were to find this provision of our restated certificate of incorporation inapplicable to, or unenforceable in respect of, one or more of the specified types of actions or proceedings, we may incur additional costs associated with resolving such matters in other jurisdictions, which could adversely affect our business and financial condition. The exclusive forum provision described above does not impact the Federal courts' exclusive jurisdiction over Exchange Act claims or the Federal and state courts' concurrent jurisdiction over Securities Act claims.

General Risk Factors

The market price of our common stock and the broader equity markets have been, and may continue to be, volatile.

The market price of our common stock has been and may continue to be volatile, and equity markets have experienced and may continue to experience significant price and volume fluctuations. Among the factors that may affect our stock price are the following:

- Speculation in the investment community or the press about, or actual changes in, our competitive position, organizational structure, executive team, operations, financial condition, financial reporting and results, ability to maximize shareholder returns or plans to engage in strategic transactions by us or others in our industry;

- The announcement of mergers, acquisitions, dispositions or new products or services by us or others in our industry;
- Announcements of our financial results, including changes in net client cash flows and assets under management, changes in earnings estimates by the investment community, and variations between estimated financial results and actual financial results; and
- The pricing structure for products offered by us, our Affiliates or our competitors.

Changes in general conditions and volatility in the economy, the financial markets and our industry, and other developments affecting us, our Affiliates or our competitors, as well as geopolitical, regulatory, economic, and business factors unrelated to us, could cause the market price of our common stock to fluctuate substantially. Declines in the market price of our common stock or failure of the market price to increase could also harm our ability to retain key employees, reduce our access to capital and otherwise harm our business.

Our ability to pay regular dividends to our stockholders is subject to the discretion of our Board of Directors and may be limited by our structure and applicable provisions of Delaware law.

Any declaration of dividends will be at the discretion of our Board of Directors, and will depend on our financial condition, earnings, cash needs, regulatory constraints, capital requirements and any other factors that our Board of Directors deems relevant in making such a determination. However, our ability to make such distributions will be subject to our operating results, which are impacted by the ability of our Affiliates to make distributions to us, cash requirements and financial condition, the applicable provisions of Delaware law that may limit the amount of funds available for distribution, our compliance with covenants and financial ratios related to existing or future indebtedness, including under our notes and our credit facilities, and our other agreements with third parties. In addition, we are dependent upon the ability of our Affiliates to generate earnings and cash flows and distribute them to us so that we may pay dividends to our stockholders. As a consequence of these various limitations and restrictions, we may not be able to make, or may have to reduce or eliminate, the payment of dividends on our common stock.

Our management devotes substantial time to compliance with our public company legal and reporting obligations.

We are subject to the reporting requirements of the Securities Exchange Act of 1934, as amended, or the Exchange Act, and are required to implement specific corporate governance practices and adhere to a variety of reporting requirements under the Sarbanes-Oxley Act of 2002, or Sarbanes-Oxley, and the related rules and regulations of the SEC, as well as the rules of the NYSE. The Exchange Act requires us to file annual, quarterly and current reports with respect to our business and financial condition. Our management and other personnel devote substantial time to compliance with our public company obligations. Moreover, these rules and regulations increase our legal and financial compliance costs and make some activities more time-consuming and costly.

In addition, Sarbanes-Oxley requires, among other things, that we maintain effective internal control over financial reporting and disclosure controls and procedures. In particular, commencing with our Annual Report on Form 10-K for fiscal year 2015, we have performed system and process evaluations and we have tested our internal control over financial reporting to allow management to report on the effectiveness of our internal control over financial reporting, as required by Section 404 of Sarbanes-Oxley, and obtain an auditor attestation as to the effectiveness of our internal controls.

Testing may reveal deficiencies in our internal control over financial reporting that are deemed to be material weaknesses. Our compliance with Section 404 has required that we incur additional accounting expense and expend additional management time on compliance-related issues. Moreover, if at any time we are not able to comply with the requirements of Section 404 in a timely manner, or if we identify deficiencies in our internal control over financial reporting that are deemed to be material weaknesses, the market price of our common stock could decline, and we could be subject to sanctions or investigations by the NYSE, the SEC or other regulatory authorities, which would require additional financial and management resources.

Item 1B. Unresolved Staff Comments.

There are no unresolved written comments that were received from the Securities and Exchange Commission staff 180 days or more before the end of our fiscal year relating to our periodic or current reports under the Securities Exchange Act of 1934, as amended.

Item 2. Properties.

Our principal executive office is located at 200 Clarendon Street, 53rd Floor, Boston, Massachusetts 02116. In Boston, we lease 28,606 square feet under a lease that expires on December 31, 2022. Each Affiliate has its own primary office where core investment management activities take place. Primary Affiliate-leased locations include Boston, MA; Baltimore, MD; Portland, OR; and Richmond, VA, as well as an owned property in Simsbury, CT. In addition, both we and several of our Affiliates have leased secondary offices to support research, distribution and client servicing. Key locations for secondary offices include (but are not limited to) London, New York, Singapore and Sydney. We believe existing facilities are appropriate in size, location and functionality to meet current and future business requirements.

Item 3. Legal Proceedings.

From time to time, we and our Affiliates may be parties to various claims, suits and complaints in the ordinary course of our business. Although the amount of liability that may result from these matters cannot be ascertained, we do not currently believe that, in the aggregate, they will result in liabilities material to our consolidated financial condition, future results of operations or cash flow.

Item 4. Mine Safety Disclosures.

Not applicable.

PART II

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

Market Information for Common Stock

Our common stock trades on the New York Stock Exchange under the symbol "BSIG." As of February 26, 2021 there were two registered stockholders of record.

Repurchases

The following table sets out information regarding repurchases of equity securities by the Company for the three months ended December 31, 2020:

Period	Total number of shares purchased	Average price paid per share	Total number of shares purchased as part of publicly announced plans or programs	Approximate dollar value that may yet be purchased under the plans or programs(1) (in millions)
October 1-31, 2020	117,700	$ 13.66	117,700	$ 241.8
November 1-30, 2020	627,001	14.52	627,001	232.7
December 1-31, 2020	—	—	—	232.7
Total	744,701	$ 14.38	744,701	

(1) On February 3, 2016, our Board of Directors authorized a $150.0 million open market share repurchase program, which was approved by shareholders on March 15, 2016. On April 18, 2018, our Board of Directors approved an amendment to the existing repurchase contract, to permit us to repurchase shares from time to time, up to an aggregate limit of $600.0 million of shares.We repurchased 744,701 shares of common stock with an aggregate purchase price of $10.7 million under this program during the three months ended December 31, 2020. As of December 31, 2020, $232.7 million remained available to repurchase shares under the open market share repurchase program.

Financial Performance Graph

This performance graph shall not be deemed "soliciting material" or to be "filed" with the SEC for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or the Exchange Act, or otherwise subject to the liabilities under that Section, and shall not be deemed to be incorporated by reference into any filing of BSIG under the Securities Act.

The following graph compares the cumulative shareholder return on our common stock from October 8, 2014, the date of our initial public offering, through December 31, 2020, with the cumulative total return, during the same period, of the Standard & Poor's 500 Index, the Standard & Poor's 500 Financial Sector Index and a peer group comprised of Affiliated Managers Group, Inc., AllianceBernstein Holding L.P., Artisan Partners Asset Management, Inc.,Cohen & Steers, Inc., Eaton Vance Corp., Federated Investors, Inc., Franklin Resources, Inc., Invesco Ltd., Janus Henderson Group plc, T. Rowe Price Group, Inc., Victory Capital Management, and Virtus Investment Partners, Inc.

Item 6. Selected Financial Data.

We present economic net income, or ENI, to help us describe our operating and financial performance. ENI is the key measure our management uses to evaluate the financial performance of, and make operational decisions for, our business. ENI is not audited, and is not a substitute for net income or other performance measures that are derived in accordance with U.S. GAAP. Furthermore, our calculation of ENI may differ from similarly titled measures provided by other companies. Please refer to "Management's Discussion and Analysis of Financial Condition and Results of Operations—Non-GAAP Supplemental Performance Measure—Economic Net Income and Segment Analysis" for a more thorough discussion of ENI and a reconciliation of ENI to U.S. GAAP net income.

The following table sets forth our selected historical consolidated financial data as of the dates and for the periods indicated. The data for each of the five years presented have been derived from our historical Consolidated Financial Statements audited under U.S. GAAP.

You should read our following selected historical consolidated financial data together with "Management's Discussion and Analysis of Financial Condition and Results of Operations" and the historical Consolidated Financial Statements and the related notes thereto, included elsewhere in this Annual Report on Form 10-K.

	Years ended December 31,				
($ in millions, except per share data as noted)	**2020**	**2019**	**2018**	**2017**	**2016**
U.S. GAAP Statement of Operations Data[(1)]:					
Management fees[(2)]	$ 697.9	$ 807.0	$ 905.0	$ 858.0	$ 659.9
Performance fees	7.8	(0.1)	9.8	26.5	2.6
Other revenues	7.3	6.0	9.6	1.2	0.9
Consolidated Funds' revenue[(2)]	5.5	6.6	3.8	1.7	0.1
Total Revenue[(2)]	**$ 718.5**	**$ 819.5**	**$ 928.2**	**$ 887.4**	**$ 663.5**
Net income before tax from continuing operations attributable to controlling interests[(3)]	$ 398.8	$ 241.9	$ 141.3	$ 137.1	$ 161.0
Net income from continuing operations attributable to controlling interests[(2)(3)]	286.7	223.9	136.3	4.3	120.2
Net income (loss) from continuing operations[(2)]	315.5	240.0	130.2	9.2	120.0
U.S. GAAP operating margin[(2)(4)]	25 %	31 %	9 %	8 %	23 %
U.S. GAAP basic earnings per share from continuing operations attributable to controlling interests	$ 3.53	$ 2.45	$ 1.27	$ 0.04	$ 0.98
U.S. GAAP diluted earnings per share from continuing operations attributable to controlling interests	$ 3.49	$ 2.45	$ 1.26	$ 0.04	$ 0.98

($ in millions, unless otherwise noted)	Years ended December 31, 2020	2019	2018	2017	2016
Non-GAAP Data:					
Economic net income[5]:					
Management fees	$ 697.9	$ 807.0	$ 905.0	$ 858.0	$ 659.9
Performance fees	7.8	(0.1)	9.8	26.5	2.6
Other revenues	5.6	4.4	4.3	16.2	16.0
Total ENI revenue	**$ 711.3**	**$ 811.3**	**$ 919.1**	**$ 900.7**	**$ 678.5**
Pre-tax economic net income	$ 187.1	$ 210.8	$ 262.5	$ 251.3	$ 190.7
Economic net income	143.6	160.8	199.8	180.9	145.1
ENI operating margin[6]	35 %	35 %	38 %	38 %	35 %
ENI earnings per share, diluted	1.75	1.76	1.86	1.62	1.21
Other Operational Information[7]:					
Assets under management at period end (in billions)	$ 156.7	$ 204.4	$ 206.3	$ 243.0	$ 240.4
Net client cash flows (in billions)[8]	(3.3)	(32.7)	(4.3)	—	7.3
Annualized revenue impact of net flows (in millions)[9]	(22.0)	(69.1)	19.1	54.8	44.2

($ in millions)	Years ended December 31, 2020	2019	2018	2017	2016
U.S. GAAP Balance Sheet Data:					
Total assets[10]	$ 1,379.2	$ 1,419.7	$ 1,553.7	$ 1,491.7	$ 1,294.3
Total assets attributable to controlling interests	1,298.9	1,280.8	1,467.6	1,386.7	1,283.0
Total borrowings and debt[10]	394.3	568.8	393.3	426.3	392.3
Total borrowings and debt attributable to controlling interests	394.3	568.8	393.3	426.3	392.3
Total liabilities[10]	994.8	1,221.3	1,377.6	1,320.4	1,123.8
Total liabilities attributable to controlling interests	994.8	1,215.1	1,362.7	1,309.9	1,118.0
Total Equity[10]	$ 384.4	$ 198.4	$ 176.1	$ 171.3	$ 170.5
Redeemable non-controlling interests in consolidated Funds[2]	—	(83.9)	(41.9)	(44.0)	(5.5)
Non-controlling interests in consolidated Funds[2]	(80.3)	(48.8)	(29.3)	(50.6)	—
Non-controlling interests	(1.7)	(1.3)	(1.6)	(1.3)	(1.0)
Shareholders' equity	$ 302.4	$ 64.4	$ 103.3	$ 75.4	$ 164.0

(1) The U.S. GAAP Consolidated Statements of Operations Data above has been presented on a continuing operations basis. Please refer to "Management's Discussion and Analysis of Financial Condition and Results of Operations" for further discussion of our results of operations, including discontinued operations, and a reconciliation to the results from continuing operations.

(2) Consolidated Statements of Operations data presented in accordance with U.S. GAAP include the results of consolidated Funds managed by our Affiliates where it has been determined these entities are controlled by us. There was no management fee elimination associated with Funds consolidation in 2016 through 2020. The net income from continuing operations presented as attributable to controlling interests exclude the income or loss directly attributable to third-party Fund investors, and represent the net amounts attributable to our shareholders. For the years ended December 31, 2016 through 2020, as a result of the purchase or deployment of seed capital investments, we consolidated certain Funds.

(3) The following table reconciles our net income attributable to controlling interests to our net income from continuing operations attributable to controlling interests and our pre-tax income from continuing operations attributable to controlling interests:

	Years ended December 31,				
($ in millions)	**2020**	**2019**	**2018**	**2017**	**2016**
Net income attributable to controlling interests	**$ 286.7**	**$ 223.9**	**$ 136.4**	**$ 4.2**	**$ 126.4**
Exclude: Loss (profit) on disposal of discontinued operations attributable to controlling interests	—	—	(0.1)	0.1	(6.2)
Net income from continuing operations attributable to controlling interests	**286.7**	**223.9**	**136.3**	**4.3**	**120.2**
Add: Income tax expense	112.1	18.0	5.0	132.8	40.8
Pre-tax income from continuing operations attributable to controlling interests	**$ 398.8**	**$ 241.9**	**$ 141.3**	**$ 137.1**	**$ 161.0**

(4) U.S. GAAP operating margin equals operating income (loss) from continuing operations divided by total revenue. Excluding the effect of Funds consolidation, our U.S. GAAP operating margin would be 24% for the year ended December 31, 2020, 30% for the year ended December 31, 2019, 9% for the year ended December 31, 2018, 8% for the year ended December 31, 2017 and 23% for the year ended December 31, 2016.

(5) Economic net income, including a reconciliation to U.S. GAAP net income attributable to controlling interests, is discussed in "Management's Discussion and Analysis of Financial Condition and Results of Operations—Non-GAAP Supplemental Performance Measure—Economic Net Income." Pre-tax and post-tax ENI are presented after Affiliate key employee distributions. These measures are conceptually equivalent to net income before tax from continuing operations attributable to controlling interests and net income from continuing operations attributable to controlling interests, respectively.

(6) ENI operating margin is a non-GAAP efficiency measure, calculated based on ENI operating earnings divided by ENI revenue. For a more detailed discussion of the differences between U.S. GAAP net income and economic net income, see "Management's Discussion and Analysis of Financial Condition and Results of Operations—Non-GAAP Supplemental Performance Measure—Economic Net Income and Segment Analysis."

(7) On August 2, 2017, we entered into a non-binding term sheet to sell our stake in Heitman to Heitman's management. Pursuant to this term sheet, we entered into a redemption agreement on November 17, 2017. Heitman stopped contributing to our financial results of operations as of November 30, 2017 and the transaction closed on January 5, 2018. We have broken the Heitman AUM and flows out of our AUM reporting as of July 1, 2017, in order to give the reader a better perspective of the ongoing business following the closing of this transaction. Unless specifically noted, flow information includes flows from Heitman for the first half of 2017, but excludes it thereafter, and AUM data at December 31, 2017 and thereafter excludes the Heitman AUM.

(8) Net flows and revenue impact of net flows for all periods above have been revised for the inclusion of reinvested income and distributions, and the exclusion of realizations. The impact of reinvested income and distributions was calculated using an average yield estimate for the year ended December 31, 2016.

(9) Annualized revenue impact of net flows excludes market appreciation or depreciation. Annualized revenue impact of net flows represents the difference between annualized management fees expected to be earned on new accounts and net assets contributed to existing accounts, less the annualized management fees lost on terminated accounts or net assets withdrawn from existing accounts, including equity-accounted Affiliate. The annualized management fees are calculated by multiplying the annual gross fee rate for the relevant account by the net assets gained in the account in the event of a positive flow, excluding any current or future market appreciation or depreciation, or the net assets lost in the account in the event of an outflow, excluding any current or future market appreciation or depreciation. For a further discussion of the uses and limitations of the annualized revenue impact of net flows, see "Management's Discussion and Analysis of Financial Condition and Results of Operations—Overview—Assets Under Management."

(10) Balance sheet data presented in accordance with U.S. GAAP for the years 2016, 2017, 2018, 2019 and 2020 include the results of Funds managed by our Affiliates where it has been determined these entities are controlled by our Company. Consolidated assets and liabilities of these entities that are attributable to third-party investors, or non-controlling interests, have the effect of increasing our consolidated assets and liabilities. The net assets and liabilities presented as attributable to controlling interests exclude the portions directly attributable to these third-party investors, and represent the net amounts attributable to our shareholders. Similarly, Shareholders' equity represents our net assets after excluding net assets directly attributable to these third-party investors.

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

Unless we state otherwise or the context otherwise requires, references in this Annual Report on Form 10-K to "BrightSphere" or "BSIG" refer to BrightSphere Investment Group Inc., references to the "Company" refer to BSIG, and references to "we," "our" and "us" refer to BSIG and its consolidated subsidiaries and equity-accounted Affiliate, excluding discontinued operations. References to the holding company or "Center" excluding the Affiliates refer to BrightSphere Inc., or BSUS, a Delaware corporation and indirect, wholly owned subsidiary of BSIG. Unless we state otherwise or the context otherwise requires, references in this Annual Report on Form 10-K to "Affiliates" or an "Affiliate" refer to the asset management firms in which we have an ownership interest. References in this Annual Report on Form 10-K to "OM plc" refer to Old Mutual plc, our former parent. None of the information in this Annual Report on Form 10-K constitutes either an offer or a solicitation to buy or sell any of our Affiliates' products or services, nor is any such information a recommendation for any of our Affiliates' products or services.

The following discussion of our financial condition and results of operations should be read in conjunction with our Consolidated Financial Statements and related notes which appear in this Annual Report on Form 10-K in Item 8, Financial Statements and Supplementary Data.

This discussion contains forward-looking statements that involve risks and uncertainties. See "Special Note Regarding Forward-Looking Statements" for more information. Our actual results could differ materially from those anticipated in these forward-looking statements as a result of various factors, including those discussed below and elsewhere in this Annual Report on Form 10-K, particularly under Item 1A, Risk Factors.

This Management's Discussion and Analysis of Financial Condition and Results of Operations, or MD&A, is designed to provide a reader of our financial statements with a narrative from the perspective of our management on our financial condition, results of operations, liquidity and certain other factors that may affect our future results.

Our MD&A is presented in five sections:

- **Overview** provides a brief description of our Affiliates, a summary of *The Economics of Our Business* and an explanation of *How We Measure Performance* using a non-GAAP measure which we refer to as economic net income, or ENI. This section also provides a *Summary Results of Operations* and information regarding our *Assets Under Management* by Affiliate, strategy, client type and client location, and net flows by segment, client type and client location.
- **U.S. GAAP Results of Operations for the years ended December 31, 2020, 2019 and 2018** includes an explanation of changes in our U.S. GAAP revenue, expense, and other items over the last three years as well as key U.S. GAAP operating metrics.
- **Non-GAAP Supplemental Performance Measure—Economic Net Income and Segment Analysis** includes an explanation of the key differences between U.S. GAAP net income and ENI, the key measure management uses to evaluate our performance. This section also provides a reconciliation between U.S. GAAP net income and ENI for the years ended December 31, 2020, 2019, and 2018, as well as a reconciliation of key ENI operating items including ENI revenue and ENI operating expenses. This section also provides key Non-GAAP operating metrics and a calculation of tax on economic net income. In addition, this section provides segment analysis for each of our business segments.
- **Capital Resources and Liquidity** discusses our key balance sheet data. This section discusses *Cash Flows* from the business; *Working Capital and Long-Term Debt; Adjusted EBITDA; Future Capital Needs;* and *Commitments, Contingencies and Off-Balance Sheet Obligations.* The discussion of Adjusted EBITDA includes an explanation of how we calculate Adjusted EBITDA and a reconciliation of U.S. GAAP net income attributable to controlling interests to Adjusted EBITDA.

- **Critical Accounting Policies and Estimates** provides a discussion of the key accounting policies and estimates that we believe are the most critical to an understanding of our results of operations and financial condition. These accounting policies and estimates require complex management judgment regarding matters that are highly uncertain at the time policies were applied and estimates were made.

Overview

We are a diversified, global asset management company headquartered in Boston, Massachusetts. We operate our business through three business segments:

- *Quant & Solutions*—comprised of versatile, often highly-tailored strategies that leverage data and technology in a computational, factor-based investment process across a range of asset classes and geographies, including Global, non-U.S., and emerging markets equities, as well as multi-asset and managed volatility products.
- *Alternatives*—comprised of illiquid and differentiated liquid investment strategies that include private equity, real estate and real assets, including forestry, as well as a growing suite of liquid alternative capabilities in areas such as long/short, market neutral and absolute return.
- *Liquid Alpha*—comprised of specialized investment strategies with a focus on alpha-generation across market cycles in long-only small-, mid-, and large-cap U.S. and non-U.S. equities, as well as fixed income.

Within our three segments, we have five affiliate firms to whom we refer in this Annual Report on Form 10-K as our Affiliates. Through our Affiliates, we offer a diverse range of actively-managed investment strategies and products to institutional investors around the globe. While our Affiliates maintain autonomy in the investment process and the day-to-day management of their businesses, our strategy is to work with them to accelerate the growth and profitability of their firms.

Under U.S. GAAP, our Affiliates may be consolidated into our operations or may be accounted for under the equity method of accounting. We may also be required to consolidate certain of our Affiliates' sponsored investment entities, or Funds, due to the nature of our decision-making rights, our economic interests in these Funds or the rights of third party clients in those Funds.

Our Affiliates within each business segment and their principal strategies include:

Quant & Solutions

- *Acadian Asset Management LLC ("Acadian")*[(1)]—a leading quantitatively-oriented manager of active global and international equity, and alternative strategies.

Alternatives

- *Landmark Partners, LLC ("Landmark")*—a leading global secondary private equity, real estate and real asset investment firm.
- *Campbell Global, LLC ("Campbell Global")*—a leading sustainable forestry and natural resource investment manager that seeks to deliver superior investment performance by focusing on unique acquisition opportunities, client objectives and disciplined management.

Liquid Alpha

- *Thompson, Siegel & Walmsley LLC ("TSW")*[(1)]—a value-oriented investment manager focused on small- and mid-cap U.S. equity, international equity and fixed income strategies.
- *Investment Counselors of Maryland, LLC ("ICM")*[(2)]—a value-driven domestic equity manager with product offerings focused on small- and mid-cap companies.

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(1) Certain smaller Acadian strategies are included in Alternatives and certain TSW strategies are included in Quant & Solutions where the classification is more appropriate.

(2) Accounted for under the equity method of accounting.

Recent Developments

Divestiture of Barrow Hanley, Copper Rock and ICM

On July 24, 2020, we sold all of our equity interests in Copper Rock, a former Affiliate included in our Liquid Alpha segment, to Spouting Rock Asset Management LLC. The transaction resulted in a $7.2 million pre-tax gain which is reflected on our Consolidated Statement of Operations for the year ended December 31, 2020.

On November 17, 2020, we completed the sale of all of our equity interests in Barrow Hanley, a former Affiliate included in our Liquid Alpha segment, to Perpetual U.S. Holdings Company Inc. ("Perpetual"). The transaction resulted in a $231.2 million pre-tax gain which is reflected on our Consolidated Statement of Operations for the year ended December 31, 2020.

On February 6, 2021, we entered into a definitive agreement to sell all our interests in ICM, an Affiliate included in the Liquid Alpha segment. The transaction is expected to close during second quarter of 2021.

COVID-19 Impact

Beginning in the first quarter of 2020, the outbreak of COVID-19 had a significant impact on the global economy and the financial and securities markets, which will likely to continue for months to come. Because most of the revenue we earn is based on the market value of our assets under management, fluctuations in global markets impact our revenues and earnings. Our assets under management, excluding the impact of Barrow Hanley and Copper Rock divestitures, declined from $148.8 billion on December 31, 2019 to $119.8 billion on March 31, 2020, and have subsequently rebounded to $156.7 billion as of December 31, 2020.

The COVID-19 pandemic continues to impact the manner in which we operate. As of the date of this filing, the majority of our employees are working from home and our employees have significantly reduced business travel. Additionally, many third-party vendors on whom we rely for certain critical functions are also operating in remote environments. Given the continued uncertainty surrounding the COVID-19 pandemic, it is difficult to predict how long such remote working conditions and travel restrictions will last. We expect most operating costs to return to pre-COVID-19 levels when employees return to the office and resume business travel.

We believe we are operating well under these circumstances, benefiting from the flexible and highly mobile operating environment. However, market volatility, as well as changes in our operations and those of our key vendors, may result in increased client redemptions; inefficiencies, delays and decreased communication; and an increase in the number and significance of operational and trade errors. In addition, we do not know what, if any, longer-term impact the current operating circumstances (and/or the extension of them) will have on our business and results.The extent of the impact on our business operations, assets under management and financial results will depend on a number of factors and future developments, which are uncertain and cannot be predicted. See Item 1A, Risk Factors.

The Economics of Our Business

Our profitability is affected by a variety of factors including the level and composition of our average assets under management, or AUM, fee rates charged on AUM and our expense structure. Our Affiliates earn management fees based on assets under management. Approximately 70% of our management fees are calculated based on average AUM (calculated on either a daily or monthly basis) with the remainder of our management fees calculated based on period-end AUM or other measuring methods. Changes in the levels of our AUM are driven by our investment performance and net client cash flows. Our Affiliates may also earn performance fees, or adjust management fees, when certain accounts differ in relation to relevant benchmarks or exceed or fail to exceed required returns. Approximately $17.5 billion, or 11% of our AUM in consolidated Affiliates, are in accounts with incentive fee or carried interest features in which we participate in the performance fee. The majority of these incentive fees are calculated based on value added over the relevant benchmarks on a rolling three-year basis. Carried interests are features of private equity funds, which are calculated based on long-term cumulative returns.

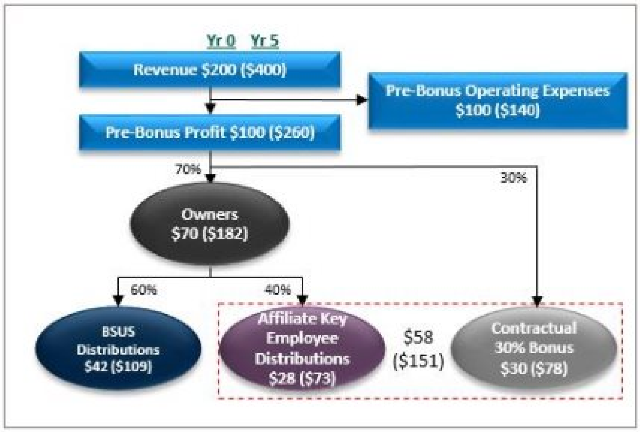
Our largest expense item is compensation and benefits paid to our and our Affiliates' employees, which consists of both fixed and variable components. Fixed compensation and benefits represents base salaries and wages, payroll taxes and the costs of our employee benefit programs. Variable compensation, calculated as described below, may be awarded in cash, equity or profit interests.

The arrangements in place with our Affiliates result in the sharing of economics between BSUS and each Affiliate's key management personnel using a profit-sharing model, except for ICM, which uses a revenue share model as a result of a legacy economic arrangement that has not been restructured. Profit sharing affects two elements within our earnings: (i) the calculation of variable compensation and (ii) the level of each Affiliate's equity or profit interests distribution to its employees. Variable compensation is the portion of earnings that is contractually allocated to Affiliate employees as a bonus pool, typically representing a fixed percentage of earnings before variable compensation, which is measured as revenues less fixed compensation and benefits and other operating and administrative expenses. Profits after variable compensation are shared between us and Affiliate key employee equity holders according to our respective equity or profit interests ownership. The sharing of profits in this manner ensures that the economic interests of Affiliate key employees and those of BSUS are aligned, both in terms of generating strong annual earnings as well as investing those earnings back into the business in order to generate growth over the long term. We view profit sharing as an attractive operating model, as it allows us to share in the benefits of operating leverage as the business grows, and ensures all equity and profit interests holders are incentivized to achieve that growth.

Equity or profit interests owned by Affiliate key employees are either awarded as part of their variable compensation arrangements, or alternatively, may have originally resulted from BSUS acquiring less than 100% of the Affiliate. Over time, Affiliate key employee-owned equity or profit interests are recycled from one generation of employee owners to the next, either by the next generation purchasing equity or profit interests directly from retiring principals, or by Affiliate key employees forgoing cash bonuses in exchange for the equivalent value in Affiliate equity or profit interests. The recycling of equity or profit interests is often facilitated by BSUS; see "—U.S. GAAP Results of Operations—U.S. GAAP Expenses—Compensation and Benefits Expense" for a further discussion.

The diagram below provides an illustrative example of how the profit-sharing model would work initially and over time if the affiliate grew its revenue and profits. In this example, the employees' variable compensation has been contractually set at 30% of earnings before variable compensation, and the earnings after variable compensation are split 60% to BSUS and 40% to the affiliate key employees. Revenue initially equals $200 and operating expenses equal $100. Therefore, earnings before variable compensation equal $100 and the contractual bonus pool (variable compensation) equals $30. The owners split the $70 profit after variable compensation, with BSUS receiving $42, or 60%, and the Affiliate key employees receiving $28, or 40%. Including both the contractual employee bonus pool and the key employees' share of profit, the employees receive $58, or 58% of profit before variable compensation. Employee equity is valued at a fixed multiple of this $28 share of profits, so employees have transparency into both their earning potential in any year from the bonus pool and share of profits, as well as the current value of their equity and the long-term potential to realize value from its growth. In this structure, key employees who are managing their business have incentives to manage for profit, but also to manage the business prudently, in the interest of their clients, and invest for growth, since they will benefit over the long term as both employees and equity holders. In this way, each Affiliate is aligned with BSUS and the public shareholders to generate profits and growth over time.

Illustrative Structure: Profit-Sharing Economics



Figures in parenthesis indicate impact of model after five years if revenue and pre-bonus operating expenses grew 15% and 7% annually, respectively.

The alignment of interests is even clearer if we consider the impact of growth on the profit-sharing model. The numbers in parenthesis in the diagram represent the financial results of the illustrative business in five years, assuming revenue has grown at 15% annually and operating expenses have grown at 7% annually. With revenue of $400 and operating expenses of $140, profit before variable compensation has now increased to $260, representing an annual growth rate of 21%. The 30% contractual bonus pool of $78 has also grown 21% annually, as has BSUS's 60% share of profits, which equals $109, and the affiliate's 40% share of profits, which equals $73. From this example, it is clear that as profit in the affiliate's business grows and the operating margin increases, both of the stakeholders—BSUS and the key employees—are benefiting in a proportionate way. This means that both parties are aligned to invest in the business by hiring new investment professionals, developing new products, or establishing new distribution channels. We believe this investment in turn benefits clients and should generate growth over time.

The alternative structure common in the industry is the revenue share model. In the revenue share model, the affiliate's revenue is typically divided into two fixed percentages—the operating allocation and the owners' allocation. All operating expenses of the business, including employee bonuses, must be covered by the operating allocation. The owners' allocation can be owned entirely by the affiliate owner or ownership can be divided between the affiliate owner and the affiliate's key employees. In either case, the affiliate owner effectively owns a fixed percentage of the affiliates' revenue, which typically does not change as the business grows. While the initial economics of the profit share model and the revenue share model can be similar, over time the economic split and incentive structure can be quite different, leading to less alignment between the affiliate and the affiliate owner. The affiliate owner's share of profits grows in line with revenue, while any operating leverage in the business is retained entirely by the affiliate's employees. Likewise, new costs and investments to drive growth are borne entirely by the affiliate employees, while the revenue generated by these investments is shared with the affiliate owner. While the revenue share structure has been successfully implemented by a number of our peers who have a more autonomous strategy, for BSIG, which emphasizes collaborative engagement and joint investment with our Affiliates, the alignment of the profit-sharing model is mutually reinforcing with our overall growth strategy and operating philosophy.

How We Measure Performance

We manage our business based on three business segments, reflecting how our management assesses the performance of our business.

In measuring and monitoring the key components of our earnings, our management uses a non-GAAP financial measure, ENI, to evaluate the financial performance of, and to make operational decisions for, our business. We also use ENI to make resource allocation decisions, determine appropriate levels of investment or dividend payout, manage balance sheet leverage, determine Affiliate variable compensation and equity distributions, and incentivize management. It is an important measure in evaluating our financial performance because we believe it most accurately represents our operating performance and cash generation capability.

ENI differs from net income determined in accordance with U.S. GAAP as a result of both the reclassification of certain income statement items and the exclusion of certain non-cash or non-recurring income statement items. In particular, ENI excludes non-cash charges representing the changes in the value of Affiliate equity and profit interests held by Affiliate key employees, the impact of a one-time compensation arrangement entered into that includes advances against future compensation payments, the results of discontinued operations which are no longer part of our business, restructuring costs, capital transaction costs, seed capital and co-investment gains, losses and related financing costs, and that portion of consolidated Funds which are not attributable to our stockholders. ENI is also adjusted for amortization of acquisition-related contingent consideration and pre-acquisition retained equity with service components.

ENI revenue is primarily comprised of the fee revenues paid to us by our clients for our advisory services and earnings from our equity-accounted Affiliate. Revenue included within ENI differs from U.S. GAAP revenue in that it excludes amounts from consolidated Funds which are not attributable to our stockholders, it excludes reimbursement of certain costs we paid on behalf of our customers and it includes our share of earnings from our equity-accounted Affiliate.

ENI expenses are calculated to reflect all usual expenses from ongoing continuing operations attributable to our stockholders. Expenses included within ENI differ from U.S. GAAP expenses in that they exclude amounts from consolidated Funds which are not attributable to our stockholders, revaluations of Affiliate key employee owned equity and profit interests, amortization and impairment of acquired intangibles and other acquisition-related items, the impact of a one-time compensation arrangement entered into that includes advances against future compensation payments, costs we paid on behalf of our customers which were subsequently reimbursed and certain other non-cash expenses.

“Non-controlling interests” is a concept under U.S. GAAP that identifies net components of revenues and expenses that are not attributable to our stockholders. For example, the portion of the net income (loss) of any consolidated Funds that is attributable to the outside investors or clients of the consolidated Funds is included in “Non-controlling interests” in our Consolidated Financial Statements. Conversely, “controlling interests” is the portion of revenue or expense that is attributable to our stockholders.

For a more detailed discussion of the differences between U.S. GAAP net income and economic net income, see "—Non-GAAP Supplemental Performance Measure — Economic Net Income and Segment Analysis."

Summary Results of Operations

The following table summarizes our results of operations for the years ended December 31, 2020, 2019, and 2018:

	Years ended December 31,			Increase (Decrease)	
($ in millions, unless otherwise noted)	**2020**	**2019**	**2018**	**2020 vs. 2019**	**2019 vs. 2018**
U.S. GAAP Basis					
Revenue	$ 718.5	$ 819.5	$ 928.2	$ (101.0)	$ (108.7)
Pre-tax income from continuing operations attributable to controlling interests	398.8	241.9	141.3	156.9	100.6
Net income from continuing operations attributable to controlling interests	286.7	223.9	136.3	62.8	87.6
Net income attributable to controlling interests	286.7	223.9	136.4	62.8	87.5
U.S. GAAP operating margin(1)	25 %	31 %	9 %	(557) bps	2152 bps
Earnings per share, basic ($)	$ 3.53	$ 2.45	$ 1.27	$ 1.08	$ 1.18
Earnings per share, diluted ($)	3.49	2.45	1.26	$ 1.04	$ 1.19
Basic shares outstanding (in millions)	81.3	91.2	107.4	(9.9)	(16.2)
Diluted shares outstanding (in millions)	82.0	91.3	107.6	(9.3)	(16.3)
Economic Net Income Basis(2)(3)					
(Non-GAAP measure used by management)					
ENI revenue(4)	$ 711.3	$ 811.3	$ 919.1	$ (100.0)	$ (107.8)
Pre-tax economic net income(5)	187.1	210.8	262.5	(23.7)	(51.7)
ENI operating margin(6)	35 %	35 %	38 %	6 bps	(326) bps
Adjusted EBITDA	$ 232.4	$ 249.0	$ 290.6	$ (16.6)	$ (41.6)
Economic net income(7)	143.6	160.8	199.8	(17.2)	(39.0)
ENI diluted EPS ($)	$ 1.75	$ 1.76	$ 1.86	$ (0.01)	$ (0.10)
Other Operational Information					
Assets under management (AUM) at year end (in billions)	$ 156.7	$ 204.4	$ 206.3	$ (47.7)	$ (1.9)
Net client cash flows (in billions)	(3.3)	(32.7)	(4.3)	29.4	(28.4)
Annualized revenue impact of net flows(8)	(22.0)	(69.1)	19.1	47.1	(88.2)

(1) U.S. GAAP operating margin equals operating income from continuing operations divided by total revenue.

(2) Economic net income is a non-GAAP measure we use to evaluate the performance of our business. For a reconciliation to U.S. GAAP financial information and a further discussion of economic net income refer to “—Non-GAAP Supplemental Performance Measures—Economic Net Income and Segment Analysis.”

(3) Excludes costs relating to the impact of a one-time compensation arrangement entered into that includes advances against future compensation payments of $17.0 million and restructuring costs which include costs associated with the transfer of an insurance policy from our former Parent of $1.6 million, restructuring at the Center and Affiliates of $9.4 million, and the gain on sale of Affiliates of $241.3 million for the year ended December 31, 2020. Excludes restructuring costs which include costs associated with the redomicile to the U.S. of $1.6 million, costs associated with the transfer of an insurance policy from our former Parent of $0.9 million and restructuring costs at the Center and Affiliates of $6.7 million for the year ended December 31, 2019. Excludes restructuring charges associated with the 2018 CEO transition of $4.8 million for the year ended December 31, 2018.

(4) ENI revenue is the ENI measure which corresponds to U.S. GAAP revenue.

(5) Pre-tax economic net income is the ENI measure which corresponds to U.S. GAAP pre-tax income from continuing operations attributable to controlling interests.

(6) ENI operating margin is a non-GAAP efficiency measure, calculated based on ENI operating earnings divided by ENI revenue. ENI operating earnings is calculated as ENI revenue, less ENI operating expense, less ENI variable compensation. The ENI operating margin is most comparable to our U.S. GAAP operating margin (excluding the effect of consolidated Funds) of 24% for the year ended December 31, 2020, 30% for the year ended December 31, 2019 and 9% for the year ended December 31, 2018.

(7) Economic net income is the ENI measure which corresponds to U.S. GAAP net income from continuing operations attributable to controlling interests.

(8) Annualized revenue impact of net flows represents the difference between annualized management fees expected to be earned on new accounts and net assets contributed to existing accounts, less the annualized management fees lost on terminated accounts or net assets withdrawn from existing accounts, plus revenue impact from reinvested income and distributions, including equity-accounted Affiliate. The annualized management fees are calculated by multiplying the annual gross fee rate for the relevant account by the net assets gained in the account in the event of a positive flow, excluding any current or future market appreciation or depreciation, or the net assets lost in the account in the event of an outflow, excluding any current or future market appreciation or depreciation. In addition, reinvested income and distributions for each segment is multiplied by average fee rate for the respective segment to compute the revenue impact. For a further discussion of the uses and limitations of the annualized revenue impact of net flows, see "Assets Under Management" herein.

Assets Under Management

Our total assets under management as of December 31, 2020 were $156.7 billion. The following table presents our assets under management by Affiliate as of each of the dates indicated:

($ in billions)	December 31, 2020	December 31, 2019	December 31, 2018
Acadian Asset Management	$ 108.1	$ 102.2	$ 86.2
Barrow, Hanley, Mewhinney & Strauss	—	51.7	72.0
Campbell Global	4.7	4.8	4.6
Copper Rock Capital Partners	—	3.9	4.0
Investment Counselors of Maryland[1]	3.2	2.4	1.8
Landmark Partners	18.4	18.3	17.8
Thompson, Siegel & Walmsley	22.3	21.1	19.9
Total assets under management	**$ 156.7**	**$ 204.4**	**$ 206.3**

(1) On February 6, 2021, we entered into a definitive agreement to sell all our interests in ICM. The transaction is expected to close during second quarter of 2021.

Our strategies include:

i. U.S. equity, which includes small cap through large cap securities and primarily value or blended investment styles;

ii. Global / non-U.S. equity, which includes global and international equities including emerging markets;

iii. Fixed income, which includes government bonds, corporate bonds and other fixed income investments in the United States; and

iv. Alternatives, which consist of illiquid and differentiated liquid investment strategies that include private equity, real estate and real assets, including forestry, as well as a growing suite of liquid alternative capabilities in areas such as long/short, market neutral and absolute return.

The following table presents our assets under management by strategy as of each of the dates indicated:

($ in billions)	December 31, 2020	December 31, 2019	December 31, 2018
U.S. equity, small/smid cap value	$ 4.4	$ 6.0	$ 5.1
U.S. equity, mid cap value	4.1	5.3	9.6
U.S. equity, large cap value	0.2	30.2	45.2
U.S. equity, core/blend	2.9	1.9	2.7
Total U.S. equity	**11.6**	**43.4**	**62.6**
Global equity	32.1	40.3	34.4
International equity	59.9	54.9	46.4
Emerging markets equity	27.0	28.7	26.0
Total global/non-U.S. equity	**119.0**	**123.9**	**106.8**
Fixed income	1.9	13.3	13.1
Alternatives	24.2	23.8	23.8
Total assets under management	**$ 156.7**	**$ 204.4**	**$ 206.3**

The following table shows assets under management by client type as of each of the dates indicated:

($ in billions)	December 31, 2020		December 31, 2019		December 31, 2018	
	AUM	% of total	AUM	% of total	AUM	% of total
Sub-advisory	$ 23.7	15.1 %	$ 40.5	19.8 %	$ 61.3	29.7 %
Corporate / Union	21.7	13.9 %	38.6	18.9 %	36.4	17.6 %
Public / Government	67.4	43.0 %	75.2	36.8 %	63.9	31.0 %
Endowment / Foundation	3.0	1.9 %	5.3	2.6 %	4.5	2.2 %
OM plc Group	0.8	0.5 %	2.1	1.0 %	2.1	1.0 %
Commingled Trust/UCITS	30.3	19.3 %	30.8	15.1 %	28.2	13.7 %
Mutual Fund	2.8	1.8 %	2.2	1.1 %	2.0	1.0 %
Other	7.0	4.5 %	9.7	4.7 %	7.9	3.8 %
Total assets under management	**$ 156.7**		**$ 204.4**		**$ 206.3**	

The following table shows assets under management by client location as of each of the dates indicated:

($ in billions)	December 31, 2020		December 31, 2019		December 31, 2018	
	AUM	% of total	AUM	% of total	AUM	% of total
U.S.	$ 114.1	72.8 %	$ 148.4	72.6 %	$ 156.8	76.0 %
Europe	17.0	10.9 %	20.1	9.8 %	17.3	8.4 %
Asia	7.4	4.7 %	12.4	6.1 %	10.4	5.0 %
Australia	8.1	5.2 %	9.4	4.6 %	9.2	4.5 %
Other	10.1	6.4 %	13.9	6.9 %	12.6	6.1 %
Total assets under management	**$ 156.7**		**$ 204.4**		**$ 206.3**	

AUM flows and the annualized revenue impact of net flows

Reinvested income and distributions represent investment yield that is reinvested back into the portfolios as opposed to distributed as cash. Realizations include distributions related to the sale of alternative assets, which represent a return on investment.

In the following table, we present our asset flows and market appreciation (depreciation) by segment. We also present a key metric used to better understand our asset flows, the annualized revenue impact of net client cash flows. Annualized revenue impact of net flows represents annualized management fees expected to be earned on new accounts and net assets contributed to existing accounts (inflows), less the annualized management fees lost on terminated accounts or net assets withdrawn from existing accounts (outflows), plus revenue impact from reinvested income and distributions. Annualized management fee for client flow is calculated by multiplying the annual gross fee rate for the relevant account with the inflow or the outflow, including equity-accounted Affiliate. In addition, reinvested income and distributions for each segment is multiplied by average fee rate for the respective segment to compute the revenue impact.

The annualized revenue impact of net flows metric is designed to provide investors with a better indication of the potential financial impact of net client cash flows, however it has certain limitations. For instance, it does not include assumptions for the next twelve months' market appreciation or depreciation and investment performance associated with the assets gained or lost. Nor does it account for factors such as future client terminations or additional contributions or withdrawals over the next twelve months. Additionally, the basis points reported are fee rates based on the asset levels at the time of the transactions and do not consider the fact that client fee rates may change over the next twelve months.

The following table summarizes our asset flows and market appreciation (depreciation) by segment for each of the periods indicated:

($ in billions, unless otherwise noted)	Years ended December 31,		
	2020	2019	2018
Quant & Solutions			
Beginning balance	$ 101.9	$ 85.2	$ 96.0
Gross inflows	12.9	12.9	14.8
Gross outflows	(17.5)	(13.0)	(12.4)
Reinvested income and distributions	2.8	2.9	2.6
Net flows	(1.8)	2.8	5.0
Market appreciation (depreciation)	7.3	13.9	(15.8)
Ending balance	**$ 107.4**	**$ 101.9**	**$ 85.2**
Average AUM(1)	$ 94.9	$ 95.3	$ 95.8
Alternatives			
Beginning balance	$ 23.8	$ 23.8	$ 22.1
Gross inflows	2.3	2.0	6.1
Gross outflows	(0.4)	(0.8)	(2.3)
Net flows	1.9	1.2	3.8
Market appreciation (depreciation)	(0.4)	0.1	—
Realizations and Other(2)	(1.1)	(1.3)	(2.1)
Ending balance	**$ 24.2**	**$ 23.8**	**$ 23.8**
Average AUM(1)	$ 24.2	$ 23.6	$ 23.1
Liquid Alpha(3)			
Beginning balance	$ 78.7	$ 97.3	$ 124.9
Sale of Affiliates	(50.3)	—	—
Gross inflows	9.4	5.8	6.7
Gross outflows	(14.3)	(45.0)	(22.9)
Reinvested income and distributions	1.5	2.5	3.1
Net flows	(3.4)	(36.7)	(13.1)
Market appreciation (depreciation)	0.1	18.1	(14.5)
Ending balance	**$ 25.1**	**$ 78.7**	**$ 97.3**
Average AUM	$ 60.6	$ 97.4	$ 116.0
Average AUM of consolidated Affiliates	$ 58.3	$ 95.2	$ 113.9
Total			
Beginning balance	$ 204.4	$ 206.3	$ 243.0
Sale of Affiliates	(50.3)	—	—
Gross inflows	24.6	20.7	27.6
Gross outflows	(32.2)	(58.8)	(37.6)
Reinvested income and distributions	4.3	5.4	5.7
Net flows	(3.3)	(32.7)	(4.3)
Market appreciation (depreciation)	7.0	32.1	(30.3)
Realizations and Other(2)	(1.1)	(1.3)	(2.1)
Ending balance	**$ 156.7**	**$ 204.4**	**$ 206.3**
Average AUM	$ 179.7	$ 216.3	$ 234.9
Average AUM of consolidated Affiliates	$ 177.4	$ 214.1	$ 232.8
Annualized basis points: inflows	36.4	35.6	47.8
Annualized basis points: outflows	40.0	27.4	35.0
Annualized revenue impact of net flows (in millions)	**$ (22.0)**	**$ (69.1)**	**$ 19.1**

(1) Average AUM equals average AUM of consolidated Affiliates.

(2) Realizations include distributions related to the sale of alternative assets, and represent a return on investments. Other activity primarily relates to the decline in billable AUM as a legacy alternative fund transitioned from billing base on committed AUM to net asset value.

(3) The following table summarizes our asset flows and market appreciation (depreciation) for the Liquid Alpha segment excluding Barrow Hanley and Copper Rock for the periods indicated:

($ in billions)	Years ended December 31,		
	2020	2019	2018
Liquid Alpha			
Beginning balance	$ 23.1	$ 21.3	$ 26.8
Net flows	1.0	(0.2)	0.8
Market appreciation depreciation	1.0	2.0	(6.3)
Ending balance	**$ 25.1**	**$ 23.1**	**$ 21.3**
Average AUM	$ 20.6	$ 22.7	$ 25.3
Average AUM of consolidated Affiliates	$ 18.3	$ 20.5	$ 23.2

(4) The following table summarizes our total asset flows and market appreciation (depreciation) excluding Barrow Hanley and Copper Rock:

($ in billions)	Years ended December 31,		
	2020	2019	2018
Total			
Beginning balance	$ 148.8	$ 130.3	$ 144.9
Net flows	1.1	3.8	9.6
Market appreciation depreciation	6.8	14.7	(24.2)
Realizations and other	—	—	—
Ending balance	**$ 156.7**	**$ 148.8**	**$ 130.3**
Average AUM of consolidated Affiliates	$ 137.4	$ 139.4	$ 142.1

We also analyze our asset flows by client type and client location. Our client types include:

i. Sub-advisory, which includes assets managed for underlying mutual fund and variable insurance products which are sponsored by insurance companies and mutual fund platforms, where the end client is typically retail;

ii. Institutional, which includes assets managed for public / government pension funds, including U.S. state and local government funds and non-U.S. sovereign wealth, local government and national pension funds; also includes corporate and union-sponsored pension plans; and

iii. Retail / other, which includes assets managed for mutual funds sponsored by our Affiliates, defined contribution plans and accounts managed for high net worth clients.

The following table summarizes our asset flows by client type for each of the periods indicated:

($ in billions)	Years ended December 31, 2020	2019	2018
Sub-advisory			
Beginning balance	$ 40.5	$ 61.3	$ 80.1
Sale of Affiliates	(16.8)	—	—
Gross inflows	6.3	4.5	5.8
Gross outflows	(7.1)	(38.1)	(17.1)
Reinvested income and distributions[1]	0.8	1.6	1.9
Net flows	—	(32.0)	(9.4)
Market appreciation (depreciation)	—	11.2	(9.4)
Realizations and other[2]	—	—	—
Ending balance	**$ 23.7**	**$ 40.5**	**$ 61.3**
Institutional			
Beginning balance	$ 152.0	$ 135.1	$ 151.9
Sale of Affiliates	(30.5)	—	—
Gross inflows	15.9	14.2	20.1
Gross outflows	(23.0)	(18.9)	(18.7)
Reinvested income and distributions[1]	3.2	3.5	3.5
Net flows	(3.9)	(1.2)	4.9
Market appreciation (depreciation)	6.7	19.4	(19.6)
Realizations and other[2]	(1.1)	(1.3)	(2.1)
Ending balance	**$ 123.2**	**$ 152.0**	**$ 135.1**
Retail / Other			
Beginning balance	$ 11.9	$ 9.9	$ 11.0
Sale of Affiliates	(3.0)	—	—
Gross inflows	2.4	2.0	1.7
Gross outflows	(2.1)	(1.8)	(1.8)
Reinvested income and distributions[1]	0.3	0.3	0.3
Net flows	0.6	0.5	0.2
Market appreciation (depreciation)	0.3	1.5	(1.3)
Realizations and other[2]	—	—	—
Ending balance	**$ 9.8**	**$ 11.9**	**$ 9.9**
Total			
Beginning balance	$ 204.4	$ 206.3	$ 243.0
Sale of Affiliates	(50.3)	—	—
Gross inflows	24.6	20.7	27.6
Gross outflows	(32.2)	(58.8)	(37.6)
Reinvested income and distributions[1]	4.3	5.4	5.7
Net flows	(3.3)	(32.7)	(4.3)
Market appreciation (depreciation)	7.0	32.1	(30.3)
Realizations and other[2]	(1.1)	(1.3)	(2.1)
Ending balance	**$ 156.7**	**$ 204.4**	**$ 206.3**

(1) Reinvested income and distributions is allocated based on consolidated total distribution rate multiplied by the beginning of period AUM of each client type.

(2) Realizations include distributions related to the sale of alternative assets, and represent a return on investments. Other activity primarily relates to the decline in billable AUM as a legacy alternative fund transitioned from billing base on committed AUM to net asset value.

It is a strategic objective to increase our percentage of assets under management sourced from non-U.S. clients. Our categorization by client location includes:

i. U.S.-based clients, where the contracting client is based in the United States, and

ii. Non-U.S.-based clients, where the contracting client is based outside the United States.

The following table summarizes asset flows by client location for each of the periods indicated:

($ in billions)	**Years ended December 31,**		
	2020	**2019**	**2018**
U.S.			
Beginning balance	$ 148.4	$ 156.8	$ 190.1
Sale of Affiliates	(39.9)	—	—
Gross inflows	18.3	13.5	18.8
Gross outflows	(21.2)	(49.5)	(31.0)
Reinvested income and distributions(1)	3.1	4.1	4.5
Net flows	0.2	(31.9)	(7.7)
Market appreciation (depreciation)	6.4	24.6	(23.8)
Realizations and other(2)	(1.0)	(1.1)	(1.8)
Ending balance	**$ 114.1**	**$ 148.4**	**$ 156.8**
Non-U.S.			
Beginning balance	$ 56.0	$ 49.5	$ 52.9
Sale of Affiliates	(10.4)	—	—
Gross inflows	6.3	7.2	8.8
Gross outflows	(11.0)	(9.3)	(6.6)
Reinvested income and distributions(1)	1.2	1.3	1.2
Net flows	(3.5)	(0.8)	3.4
Market appreciation (depreciation)	0.6	7.5	(6.5)
Realizations and other(2)	(0.1)	(0.2)	(0.3)
Ending balance	**$ 42.6**	**$ 56.0**	**$ 49.5**
Total			
Beginning balance	$ 204.4	$ 206.3	$ 243.0
Sale of Affiliates	(50.3)	—	—
Gross inflows	24.6	20.7	27.6
Gross outflows	(32.2)	(58.8)	(37.6)
Reinvested income and distributions(1)	4.3	5.4	5.7
Net flows	(3.3)	(32.7)	(4.3)
Market appreciation (depreciation)	7.0	32.1	(30.3)
Realizations and other(2)	(1.1)	(1.3)	(2.1)
Ending balance	**$ 156.7**	**$ 204.4**	**$ 206.3**

(1) Reinvested income and distributions is allocated based on consolidated total distribution rate multiplied by the beginning of period AUM of each client location.

(2) Realizations include distributions related to the sale of alternative assets, and represent a return on investments. Other activity primarily relates to the decline in billable AUM as a legacy alternative fund transitioned from billing base on committed AUM to net asset value.

At December 31, 2020, our total assets under management were $156.7 billion, a decrease of $(47.7) billion or (23.3)%, compared to $204.4 billion at December 31, 2019. The assets under management at December 31, 2019 represented a decrease of $(1.9) billion or (0.9)% compared to $206.3 billion at December 31, 2018. The change in assets under management during the year ended December 31, 2020 reflects the sale of Barrow Hanley and Copper Rock of $(50.3) billion, net outflows of $(3.3) billion including reinvested income and distributions of $4.3 billion, and realizations and other of $(1.1) billion, partially offset by net market appreciation of $7.0 billion from continued market recovery. The change in assets under management during the year ended December 31, 2019 reflects net market appreciation of $32.1 billion, realizations and other of $(1.3) billion and net outflows of $(32.7) billion including reinvested income and distributions of $5.4 billion. The change in assets under management during the year ended December 31, 2018 reflects net market depreciation of $(30.3) billion, realizations and other of $(2.1) billion, and net flows of $(4.3) billion including reinvested income and distributions of $5.7 billion.

For the year ended December 31, 2020, our net outflows were $(3.3) billion compared to net outflows of $(32.7) billion for the year ended December 31, 2019 and net outflows of $(4.3) billion for the year ended December 31, 2018. The change in net outflows for the year ended December 31, 2020.December 31, 2019, and December 31, 2018 was primarily due to the $(22.8) billion reallocation of several Vanguard sub-advisory strategies for the year ended December 31, 2019 that did not occur in the year ended December 31, 2020 or December 31, 2018. Reinvested income and distributions of $4.3 billion, $5.4 billion, and $5.7 billion are reflected in the net flows for the years ended December 31, 2020, 2019 and 2018, respectively. For the year ended December 31, 2020, the annualized revenue impact of the net flows improved to $(22.0) million compared to $(69.1) million for the year ended December 31, 2019.

U.S. GAAP Results of Operations

For the Years Ended December 31, 2020, 2019 and 2018

Our U.S. GAAP results of operations were as follows for the years ended December 31, 2020, 2019 and 2018.

	Years ended December 31,			Increase (Decrease)	
($ in millions unless otherwise noted)	**2020**	**2019**	**2018**	**2020 vs. 2019**	**2019 vs. 2018**
U.S. GAAP Consolidated Statements of Operations[(1)]					
Management fees	$ 697.9	$ 807.0	$ 905.0	$ (109.1)	$ (98.0)
Performance fees	7.8	(0.1)	9.8	7.9	(9.9)
Other revenue	7.3	6.0	9.6	1.3	(3.6)
Consolidated Funds' revenue	5.5	6.6	3.8	(1.1)	2.8
Total revenue	**718.5**	**819.5**	**928.2**	**(101.0)**	**(108.7)**
Compensation and benefits	388.7	416.2	696.4	(27.5)	(280.2)
General and administrative expense	106.0	128.8	126.0	(22.8)	2.8
Impairment of goodwill	16.4	—	—	16.4	—
Amortization of acquired intangibles	6.7	6.6	6.6	0.1	—
Depreciation and amortization	21.0	17.2	14.5	3.8	2.7
Consolidated Funds' expense	0.3	0.4	0.9	(0.1)	(0.5)
Total operating expenses	**539.1**	**569.2**	**844.4**	**(30.1)**	**(275.2)**
Operating income	**179.4**	**250.3**	**83.8**	**(70.9)**	**166.5**
Investment income	4.9	16.8	66.5	(11.9)	(49.7)
Interest income	0.6	2.2	3.2	(1.6)	(1.0)
Interest expense	(28.5)	(32.2)	(24.9)	(3.7)	(7.3)
Gain on sale of Affiliates	241.3	—	—	241.3	—
Revaluation of DTA deed	—	—	20.0	—	(20.0)
Net consolidated Funds' investment gain (loss)	29.9	20.9	(13.4)	9.0	34.3
Income from continuing operations before taxes	**427.6**	**258.0**	**135.2**	**169.6**	**122.8**
Income tax expense	112.1	18.0	5.0	94.1	13.0
Income from continuing operations	**315.5**	**240.0**	**130.2**	**75.5**	**109.8**
Gain (loss) on disposal of discontinued operations, net of tax	—	—	0.1	—	(0.1)
Net income	**315.5**	**240.0**	**130.3**	**75.5**	**109.7**
Net income (loss) attributable to non-controlling interests in consolidated Funds	28.8	16.1	(6.1)	12.7	22.2
Net income attributable to controlling interests	**$ 286.7**	**$ 223.9**	**$ 136.4**	**$ 62.8**	**$ 87.5**
Basic earnings per share ($)	$ 3.53	$ 2.45	$ 1.27	$ 1.08	$ 1.18
Diluted earnings per share ($)	3.49	2.45	1.26	1.04	1.19
Weighted average shares of common stock outstanding—basic	81.3	91.2	107.4	(9.9)	(16.2)
Weighted average shares of common stock outstanding—diluted	82.0	91.3	107.6	(9.3)	(16.3)
U.S. GAAP operating margin [(2)]	25 %	31 %	9 %	(557) bps	2152 bps

(1) Certain Funds have been consolidated due to our seed capital or co-investments in the Funds.

(2) U.S. GAAP operating margin equals operating income from continuing operations divided by total revenue.

The following table reconciles our net income attributable to controlling interests to our pre-tax income from continuing operations attributable to controlling interests:

($ in millions)	Years ended December 31, 2020	2019	2018
U.S. GAAP Consolidated Statements of Operations			
Net income attributable to controlling interests	**$ 286.7**	**$ 223.9**	**$ 136.4**
Exclude: (Gain) loss on discontinued operations attributable to controlling interests	—	—	(0.1)
Net income from continuing operations attributable to controlling interests	**286.7**	**223.9**	**136.3**
Add: Income tax expense	112.1	18.0	5.0
Pre-tax income from continuing operations attributable to controlling interests	**$ 398.8**	**$ 241.9**	**$ 141.3**

U.S. GAAP Revenues

Our U.S. GAAP revenues principally consist of:

i. management fees earned based on our overall weighted average fee rate charged to our clients and the level of assets under management;

ii. performance fees earned or management fee adjustments when our Affiliates' investment performance over agreed time periods for certain clients has differed from pre-determined hurdles;

iii. other revenue, consisting primarily of consulting services as well as reimbursement of certain Fund expenses our Affiliates paid on behalf of our Funds; and

iv. revenue from consolidated Funds, a portion of which is attributable to the holders of non-controlling interests in consolidated Funds.

Management Fees

Our management fees are a function of the fee rates our Affiliates charge to their clients, which are typically expressed in basis points, and the levels of our assets under management.

Excluding assets managed by our equity-accounted Affiliate, average basis points earned on average assets under management were 39.2 bps for the year ended December 31, 2020, 37.7 bps for the year ended December 31, 2019 and 38.9 bps for the year ended December 31, 2018. The greatest driver of increases or decreases in this average fee rate is changes in the mix of our assets under management caused by net inflows or outflows in certain asset classes, net catch-up fees, or disproportionate market movements.

Our average basis points by Segment (including only consolidated Affiliates that are included in management fee revenue, unless indicated) over each of the periods indicated were:

($ in millions, except AUM data in billions)	**Years ended December 31,**					
	2020		**2019**		**2018**	
	Revenue	**Basis Pts**	**Revenue**	**Basis Pts**	**Revenue**	**Basis Pts**
Quant & Solutions	$ 346.8	36	$ 370.8	39	$ 377.4	39
Alternatives	170.6	70	165.0	70	208.3	90
Liquid Alpha	180.5	31	271.2	28	319.3	28
U.S. GAAP management fee revenue & weighted average fee rate on average AUM of consolidated Affiliates[(1)]	**$ 697.9**	**39.2**	**$ 807.0**	**37.7**	**$ 905.0**	**38.9**
Average AUM excluding equity-accounted Affiliate	$ 177.4		$ 214.1		$ 232.8	
Average AUM including equity-accounted Affiliate & weighted average fee rate	$ 179.7	39.5	$ 216.3	37.9	$ 234.9	39.0

(1) Amounts shown are equivalent to ENI management fee revenue. (See "ENI Revenues.")

Year ended December 31, 2020 compared to year ended December 31, 2019: Management fees decreased $(109.1) million, or (13.5)%, from $807.0 million for the year ended December 31, 2019 to $697.9 million for the year ended December 31, 2020. The decrease was primarily due to the disposition of Barrow Hanley and Copper Rock and lower overall level of average assets under management. Average assets under management excluding equity-accounted Affiliate decreased (17.1)%, from $214.1 billion for the year ended December 31, 2019 to $177.4 billion for the year ended December 31, 2020, mainly due to the sale of Barrow Hanley and Copper Rock and the equity market decline during the first quarter of 2020 driven by the COVID-19 pandemic.

Year ended December 31, 2019 compared to year ended December 31, 2018: Management fees decreased $(98.0) million, or (10.8)%, from $905.0 million for the year ended December 31, 2018 to $807.0 million for the year ended December 31, 2019. The decrease was primarily attributable to a decrease in both average assets under management excluding our equity-accounted Affiliate and our weighted average fee rate for the year ended December 31, 2019. The decrease in management fee revenue was also caused by net catch-up fees associated with alternative assets earned in 2018 that did not repeat in 2019. Net catch-up fees represent payment of certain Fund management fees back to the initial closing date for certain products with multiple closings, less placement fees paid to third parties related to these funds. Average assets under management excluding equity-accounted Affiliate decreased (8.0)%, from $232.8 billion for the year ended December 31, 2018 to $214.1 billion for the year ended December 31, 2019, mainly due to equity market decline at the end of 2018 and the impact of the $(22.8) billion reallocation of several Vanguard sub-advisory strategies in the fourth quarter of 2019.

Performance Fees

Approximately $17.5 billion, or 11.0% of our AUM in consolidated Affiliates at December 31, 2020, are in accounts with incentive fee or carried interest features in which we participate. Performance fees are typically shared with our Affiliate key employees through various contractual compensation and profit-sharing arrangements. Performance fees are variable and are contractually triggered based on investment performance results over agreed upon time periods.

Year ended December 31, 2020 compared to year ended December 31, 2019: Performance fees improved $7.9 million, from $(0.1) million for the year ended December 31, 2019 to $7.8 million for the year ended December 31, 2020. A performance fee penalty in 2019 was attributable to sub-advisory assets no longer with the Affiliates.

Year ended December 31, 2019 compared to year ended December 31, 2018: Performance fees decreased $(9.9) million, or (101.0)%, from $9.8 million for the year ended December 31, 2018 to $(0.1) million for the year ended December 31, 2019. Performance fees are variable and are contractually triggered based on investment performance results over agreed upon time periods.

The liquidation of an alternative product may result in the recognition of a performance fee. With respect to liquidations likely to occur in the near term, we do not expect to receive any net performance fees that would be material to our operating results. These projections are based on market conditions and investment performance as of December 31, 2020.

Other Revenue

Year ended December 31, 2020 compared to year ended December 31, 2019: Other revenue increased $1.3 million, or 21.7%, from $6.0 million for the year ended December 31, 2019 to $7.3 million for the year ended December 31, 2020. The increase was primarily attributable to an increase in consulting performed by an Affiliate for the year ended December 31, 2020.

Year ended December 31, 2019 compared to year ended December 31, 2018: Other revenue decreased $(3.6) million, or (37.5)%, from $9.6 million for the year ended December 31, 2018 to $6.0 million for the year ended December 31, 2019. The decrease was primarily attributable to the decrease in revenue recorded for certain Fund expenses paid by our Affiliates and subsequently reimbursed by the Fund for the year ended December 31, 2019.

U.S. GAAP Expenses

Our U.S. GAAP expenses principally consist of:

i. compensation paid to our investment professionals and other employees, including base salary, benefits, sales-based compensation, variable compensation, Affiliate distributions, revaluation of key employee owned Affiliate equity and profit interests, and the amortization of acquisition-related consideration and pre-acquisition employee equity;

ii. general and administrative expenses;

iii. impairment of goodwill;

iv. amortization of acquired intangible assets;

v. depreciation and amortization charges; and

vi. expenses of consolidated Funds, a portion of which is attributable to the holders of non-controlling interests in consolidated Funds.

Compensation and Benefits Expense

Our most significant category of expense is compensation and benefits awarded to our and our Affiliates' employees. The following table presents the components of U.S. GAAP compensation expense for the years ended December 31, 2020, 2019 and 2018:

($ in millions)	Years ended December 31, 2020	2019	2018
Fixed compensation and benefits[1]	$ 177.6	$ 194.1	$ 188.7
Sales-based compensation[2]	8.8	11.2	17.4
Variable compensation[3]	180.7	199.4	235.9
Affiliate key employee distributions[4]	41.5	45.1	76.6
Non-cash Affiliate key employee equity revaluations[5][6]	(26.1)	(65.9)	107.2
Amortization of acquisition-related consideration and pre-acquisition employee equity[7]	6.2	32.3	70.6
Total U.S. GAAP compensation and benefits expense	**$ 388.7**	**$ 416.2**	**$ 696.4**

(1) Fixed compensation and benefits includes base salaries, payroll taxes and the cost of benefit programs provided. For the year ended December 31, 2020, $173.3 million of fixed compensation and benefits (of the $177.6 million above) is included within economic net income, which excludes Fund expenses initially paid by our Affiliates on the Fund's behalf and subsequently reimbursed. For the year ended December 31, 2019, $189.7 million of fixed compensation and benefits (of the $194.1 million above) is included within economic net income, which excludes Fund expenses initially paid by our Affiliates on the Fund's behalf and subsequently reimbursed. For the year ended December 31, 2018, $181.4 million of fixed compensation and benefits (of the $188.7 million above) is included within economic net income, which excludes Fund expenses initially paid by our Affiliates on the Fund's behalf and subsequently reimbursed, as well as the compensation and benefits associated with the 2018 CEO transition.

(2) Sales-based compensation is paid to our and our Affiliates' sales and distribution teams and represents compensation earned by our sales professionals, paid over a multi-year period, related to revenue earned on new sales. Its variability is based upon the structure of sales-based compensation due on inflows of assets under management and market-based movement in both current and prior periods.

(3) Variable compensation is contractually set and calculated individually at each Affiliate, plus Center bonuses and compensation paid by our Affiliates on behalf of their Funds that are subsequently reimbursed. Variable compensation is usually awarded based on a contractual percentage of each Affiliate's ENI profits before variable compensation and may be paid in the form of cash or non-cash Affiliate equity or profit interests. In Affiliates with an agreed split of performance fees between Affiliate employees and BSUS, the Affiliates' share of performance fees is allocated entirely to variable compensation. Center variable compensation includes cash and BSIG equity. Non-cash variable compensation awards typically vest over several years and are recognized as compensation expense over that service period. The variable compensation ratio at each Affiliate, calculated as variable compensation divided by ENI earnings before variable compensation, will typically be between 25% and 35%.

($ in millions)	Years ended December 31, 2020	2019	2018
Cash variable compensation	$ 165.4	$ 179.9	$ 214.9
Non-cash equity-based award amortization	15.3	19.5	21.0
Total variable compensation[a]	**$ 180.7**	**$ 199.4**	**$ 235.9**

(a) For the year ended December 31, 2020, $159.6 million of variable compensation expense (of the $180.7 million above) is included within economic net income, which excludes the variable compensation associated with restructuring at the Center and the Affiliates, variable compensation subsequently reimbursed by Funds, and a one-time compensation arrangement entered into that includes advances against future compensation payments. For the year ended December 31, 2019, $184.7 million of variable compensation expense (of the $199.4 million above) is included within economic net income, which excludes the variable compensation associated with restructuring at the Center and the Affiliates, as well as variable compensation subsequently reimbursed by Funds. For the year ended December 31, 2018, $230.7 million of variable compensation expense (of the $235.9 million above) is included within economic net income, which excludes the variable compensation associated with the 2018 CEO transition costs and variable compensation subsequently reimbursed by Funds.

(4) Affiliate key employee distributions represent the share of Affiliate profits after variable compensation that is attributable to Affiliate key employee equity and profit interests holders, according to their ownership interests. For the year ended December 31, 2019, Affiliate key employee distributions included within economic net income was $53.1 million, which included an adjustment of $8.0 million of variable compensation related to restructuring at an Affiliate that will be reimbursed through a reduction of Affiliate key employee distributions. The Affiliate key employee distribution ratio at each Affiliate is calculated as Affiliate key employee distributions divided by ENI operating earnings at that Affiliate. At certain Affiliates with tiered equity structures, BSUS and other classes of employee equity holders are entitled to an initial proportionate preference over profits after variable compensation, structured such that before a preference threshold is reached, there would be no required key employee distributions to the tiered equity holders, whereas for profits above the threshold the key employee distribution amount to the tiered equity holders would be calculated based on the tiered key employee ownership percentages. Based on current economic arrangements, employee distributions range from approximately 20% to 40% of marginal ENI operating earnings at each of our consolidated Affiliates.

(5) Non-cash Affiliate key employee equity revaluations represent changes in the value of Affiliate equity and profit interests held by Affiliate key employees. These ownership interests may, in certain circumstances, be repurchased by BSUS at a value based on a pre-determined fixed multiple of twelve-month earnings and as such a liability is carried on our balance sheet based on the expected cash to be paid. However, any equity or profit interests repurchased by BSUS can be used to fund a portion of future variable compensation awards, resulting in savings in cash variable compensation that offset the negative cash effect of repurchasing the equity. Our Affiliate equity and profit interest plans have been designed to ensure BSUS is not required to repurchase more equity than we can reasonably recycle through variable compensation awards in any given twelve month period.

(6) Included in non-cash Affiliate key employee equity revaluations are revaluations as a result of the Landmark transaction related to contingent consideration amounting to $95.3 million for the year ended December 31, 2018, along with the revaluations of Landmark employee equity owned pre-acquisition amounting to $(6.0) million for the year ended December 31, 2020, $13.3 million for the year ended December 31, 2019 and $37.9 million for the year ended December 31, 2018.

(7) Acquisition-related consideration and pre-acquisition employee equity represents the amortization of acquisition-related contingent consideration created as a result of the Landmark transaction amounting to $37.1 million in the year ended December 31, 2018, along with the amortization of employee equity owned pre-acquisition amounting to $6.2 million for the year ended December 31, 2020, $32.3 million for the year ended December 31, 2019 and $33.5 million for the year ended December 31, 2018. These items have been included in U.S. GAAP compensation expense as a result of ongoing service requirements for employee recipients.

Fluctuations in compensation and benefits expense for the periods presented are discussed below.

Year ended December 31, 2020 compared to year ended December 31, 2019: Compensation and benefits expense decreased $(27.5) million, or (6.6)%, from $416.2 million for the year ended December 31, 2019 to $388.7 million for the year ended December 31, 2020. Fixed compensation and benefits decreased $(16.5) million, or (8.5)%, from $194.1 million for the year ended December 31, 2019 to $177.6 million for the year ended December 31, 2020. This decrease reflects the cost savings from the restructuring at the Center and Affiliates, as well as the disposition of Barrow Hanley and Copper Rock in 2020. Variable compensation decreased $(18.7) million, or (9.4)%, from $199.4 million for the year ended December 31, 2019 to $180.7 million for the year ended December 31, 2020. The decrease was attributable to lower pre-variable compensation earnings in 2020, offset by the impact of a one-time compensation arrangement entered into that includes advances against future compensation payments. Sales-based compensation decreased $(2.4) million, or (21.4)%, from $11.2 million for the year ended December 31, 2019 to $8.8 million for the year ended December 31, 2020, as a result of the structure of sales-based compensation programs, driven by the timing of asset inflows triggering sales-based compensation in both current and prior periods. Affiliate key employee distributions decreased $(3.6) million, or (8.0)%, from $45.1 million for the year ended December 31, 2019 to $41.5 million for the year ended December 31, 2020 as a result of lower earnings before Affiliate key employee distributions at the consolidated Affiliates. Revaluations of Affiliate key employee equity changed $39.8 million in 2020, reflecting revaluations of key employee ownership interests at our consolidated Affiliates, as the value of Affiliate equity decreased $(65.9) million for the year ended December 31, 2019 and decreased $(26.1) million for the year ended December 31, 2020. Amortization of acquisition-related consideration and pre-acquisition equity decreased $(26.1) million, or (80.8)% from $32.3 million for the year ended December 31, 2019 to $6.2 million for the year ended December 31, 2020, as a result of employee equity vesting in the prior year.

Year ended December 31, 2019 compared to year ended December 31, 2018: Compensation and benefits expense decreased $(280.2) million, or (40.2)%, from $696.4 million for the year ended December 31, 2018 to $416.2 million for the year ended December 31, 2019. Fixed compensation and benefits increased $5.4 million, or 2.9%, from $188.7 million for the year ended December 31, 2018 to $194.1 million for the year ended December 31, 2019. This increase reflects the growth of the investment teams at our Affiliates and cost of living increases. Variable compensation decreased $(36.5) million, or (15.5)%, from $235.9 million for the year ended December 31, 2018 to $199.4 million for the year ended December 31, 2019 due to lower pre-variable compensation earnings in the current period. Sales-based compensation decreased $(6.2) million, or (35.6)%, from $17.4 million for the year ended December 31, 2018 to $11.2 million for the year ended December 31, 2019, as a result of the structure of sales-based compensation and the timing of asset inflows triggering sales-based compensation in both current and prior periods. Affiliate key employee distributions decreased $(31.5) million, or (41.1)%, from $76.6 million for the year ended December 31, 2018 to $45.1 million for the year ended December 31, 2019, as a result of lower earnings before Affiliate key employee distributions at the consolidated Affiliates and the levered structure of distributions at certain Affiliates. Revaluations of Affiliate key employee equity decreased $(173.1) million in 2019. Amortization of acquisition-related consideration and pre-acquisition equity decreased $(38.3) million, or (54.2)% from $70.6 million for the year ended December 31, 2018 to $32.3 million for the year ended December 31, 2019. The decrease in the revaluations of Affiliate equity was driven by lower earnings at the Affiliates in 2019, while the reduction in the amortization of acquisition-related consideration and pre-acquisition equity was primarily due to the Landmark contingent consideration arrangement that was fully accrued as of December 31, 2018.

General and Administrative Expense

Year ended December 31, 2020 compared to year ended December 31, 2019: General and administrative expense decreased $(22.8) million, or (17.7)%, from $128.8 million for the year ended December 31, 2019 to $106.0 million for the year ended December 31, 2020. The decrease was primarily due to cost saving initiatives at the Center and Affiliates and the disposition of Barrow Hanley and Copper Rock in 2020.

Year ended December 31, 2019 compared to year ended December 31, 2018: General and administrative expense increased $2.8 million, or 2.2%, from $126.0 million for the year ended December 31, 2018 to $128.8 million for the year ended December 31, 2019. The increase in general and administrative expenses primarily reflects new initiatives, additional system costs and continued investment in the business.

Impairment of Goodwill

Year ended December 31, 2020 compared to year ended December 31, 2019: No goodwill impairment charge was recorded in the year ended December 31, 2019. A goodwill impairment charge of $16.4 million was recorded for the year ended December 31, 2020 with respect to the Copper Rock reporting unit which was included within the Liquid Alpha segment prior to its disposition in July 2020. See “Recent Developments” herein. In the first quarter of 2020, we performed a quantitative impairment test of Copper Rock due to the decline in assets under management and the fair value of the Copper Rock reporting unit did not exceed its carrying value. Accordingly, we recognized a goodwill impairment charge of $16.4 million for the year ended December 31, 2020.

Year ended December 31, 2019 compared to year ended December 31, 2018: No goodwill impairment charge was recorded in either the year ended December 31, 2019 or December 31, 2018.

Amortization of Acquired Intangibles Expense

Year ended December 31, 2020 compared to year ended December 31, 2019: Amortization of acquired intangibles expense increased $0.1 million, or 1.5%, from $6.6 million for the year ended December 31, 2019 to $6.7 million for the year ended December 31, 2020. This expense primarily reflects the amortization of intangible assets acquired in the Landmark transaction.

Year ended December 31, 2019 compared to year ended December 31, 2018: Amortization of acquired intangibles expense was unchanged at $6.6 million for the year ended December 31, 2019 and $6.6 million for the year ended December 31, 2018. This expense primarily reflects the amortization of intangible assets acquired in the Landmark transaction.

Depreciation and Amortization Expense

Year ended December 31, 2020 compared to year ended December 31, 2019: Depreciation and amortization expense increased $3.8 million, or 22.1%, from $17.2 million for the year ended December 31, 2019 to $21.0 million for the year ended December 31, 2020. The increase was primarily related to additional software and technology investments in the business.

Year ended December 31, 2019 compared to year ended December 31, 2018: Depreciation and amortization expense increased $2.7 million, or 18.6%, from $14.5 million for the year ended December 31, 2018 to $17.2 million for the year ended December 31, 2019. The increase was primarily related to additional software and technology investments in the business.

U.S. GAAP Other Non-Operating Items of Income and Expense

Other non-operating items of income and expense consist of:

i. investment income;

ii. interest income;

iii. interest expense; and

iv. gain on sale of Affiliates

Investment Income

Year ended December 31, 2020 compared to year ended December 31, 2019: Investment income decreased $(11.9) million, or (70.8)%, from $16.8 million for the year ended December 31, 2019 to $4.9 million for the year ended December 31, 2020. The decrease is primarily due to the change in unrealized gains/losses on seed investments driven by the market decline in the first quarter of 2020, which was partially offset by the change in unrealized gains in the following quarters of 2020 as the market recovered.

Year ended December 31, 2019 compared to year ended December 31, 2018: Investment income decreased $(49.7) million, or (74.7)%, from $66.5 million for the year ended December 31, 2018 to $16.8 million for the year ended December 31, 2019, primarily due to a $65.7 million gain from the sale of our stake in Heitman that was included in 2018 results and not repeated in 2019. Excluding the gain from the sale of our stake in Heitman, investment income increased $16.0 million as a result of higher returns on co-investments and seed capital investments in 2019.

Interest Income

Year ended December 31, 2020 compared to year ended December 31, 2019: Interest income decreased $(1.6) million, or (72.7)%, from $2.2 million for the year ended December 31, 2019 to $0.6 million for the year ended December 31, 2020, principally due to a decrease in short-term investment returns in 2020.

Year ended December 31, 2019 compared to year ended December 31, 2018: Interest income decreased $(1.0) million, or (31.3)%, from $3.2 million for the year ended December 31, 2018 to $2.2 million for the year ended December 31, 2019, principally due to lower average cash balances and a decrease in short-term investment returns in 2019.

Interest Expense

Year ended December 31, 2020 compared to year ended December 31, 2019: Interest expense decreased $3.7 million, or (11.5)%, from $32.2 million for the year ended December 31, 2019 to $28.5 million for the year ended December 31, 2020, primarily reflecting a lower balance drawn on the non-recourse seed capital and revolving credit facilities during 2020. We paid down the balance on our non-recourse seed capital facility, and paid down the balance on our revolving credit facility in the year ended December 31, 2020.

Year ended December 31, 2019 compared to year ended December 31, 2018: Interest expense increased $7.3 million, or 29.3%, from $24.9 million for the year ended December 31, 2018 to $32.2 million for the year ended December 31, 2019, primarily reflecting the utilization of our revolving credit facility and non-recourse seed capital facility during 2019.

Gain on Sale of Affiliates

Year ended December 31, 2020 compared to year ended December 31, 2019: Gain on sale of Affiliate was $241.3 million for the year ended December 31, 2020, representing a gain of $7.2 million on the sale of our equity interests in Copper Rock, a gain of $231.2 million on the sale of our equity interests in Barrow Hanley and a gain of $2.9 million on a previously disposed Affiliate. No gain on sale of Affiliate was recorded in the year ended December 31, 2019.

Year ended December 31, 2019 compared to year ended December 31, 2018: No gain on sale of an Affiliate was recorded in either the year ended December 31, 2019 or December 31, 2018.

U.S. GAAP Income Tax Expense

Our effective tax rate has been impacted by changes in liabilities for uncertain tax positions, tax effects of stock-based compensation, sale of Affiliates, limitations on executive compensation, the mix of income earned in the United States versus lower-taxed foreign jurisdictions and benefits from intercompany financing arrangements which ended in 2019. Our effective tax rate could be impacted in the future by these items as well as further changes in tax laws and regulations in jurisdictions in which we operate. As of December 31, 2020, a significant portion of the Company's liabilities for uncertain tax positions have been reduced due to the lapse of statutes of limitation.

The Coronavirus Aid, Relief, and Economic Security Act ("CARES Act") contains numerous income tax provisions including some that are effective retroactively. Our Consolidated Balance Sheet reflects the benefit of a provision that increased the business interest limitation under IRC Section 163(j) from 30% to 50% for tax years 2019 and 2020. This provision allowed us to utilize more of the deferred tax asset related to interest expense.

Year ended December 31, 2020 compared to year ended December 31, 2019: Income tax expense increased $94.1 million, from $18.0 million for the year ended December 31, 2019 to $112.1 million for the year ended December 31, 2020. The increase in income tax expense relates to the increase in income from continuing operations for the year ended December 31, 2020 driven by the gain on sale of Affiliates, in addition to the reductions to liabilities for uncertain tax positions due to the lapse of statues of limitation and adjustments to deferred tax assets in 2020 compared to 2019. Deferred tax assets have been adjusted primarily for changes in the Company's state tax rates and an increase in state tax obligations.

Year ended December 31, 2019 compared to year ended December 31, 2018: Income tax expense increased $13.0 million, from $5.0 million for the year ended December 31, 2018 to $18.0 million for the year ended December 31, 2019, primarily due to the increase in the income from continuing operations before taxes. This increase in income tax expense was partially reduced by the reduction to liabilities for uncertain tax positions due to the lapse of statutes of limitation and adjustments to deferred tax assets in 2019. In 2019, deferred tax assets increased in connection with the Redomestication and an increase in state tax obligations. The effective tax rate increased to7.1% for the year ended December 31, 2019 from 3.7% for the year ended December 31, 2018 primarily due to the increase in income from continuing operations before taxes and a smaller reduction in 2019 to liabilities for uncertain tax positions due to the lapse of statutes of limitations. These increases to the effective tax rate were partially reduced by the impact of the deferred tax adjustments described above.

In 2018, the Company agreed to terminate the DTA Deed with OM plc. The Company recorded a revaluation gain of $20.0 million in connection with the settlement of the DTA Deed for the year ended December 31, 2018. This is reflected in income from continuing operations before tax, and is comprised of a $12.6 million discount on the DTA Deed payable and a $7.4 million gain relating to the value of the tax insurance policies transferred to the Company by OM plc. This adjustment to the DTA Deed is not subject to U.K. tax, consequently having the effect of reducing our effective tax rate. In the first quarter of 2019, the final cash payment of $32.7 million was made to OM plc to settle the outstanding liability under the Deed.

U.S. GAAP Consolidated Funds

The net income or loss of all Consolidated Funds, excluding any income or loss attributable to seed capital or co-investments we make in the Funds, is included in non-controlling interests in our Consolidated Financial Statements and is not included in net income attributable to controlling interests or in management fees.

Year ended December 31, 2020 compared to year ended December 31, 2019: Consolidated Funds' revenue decreased $(1.1) million, from $6.6 million for the year ended December 31, 2019 to $5.5 million for the year ended December 31, 2020. Consolidated Funds' expense decreased $(0.1) million, from $0.4 million for the year ended December 31, 2019 to $0.3 million for the year ended December 31, 2020. The decrease in Consolidated Funds' revenue and decrease in Consolidated Funds' expense is due to changes in the population of Consolidated Funds during the year ended December 31, 2020, including the deconsolidation of Funds due to redemption of seed investments in Barrow Hanley Consolidated Funds following the sale of our equity interests in Barrow Hanley in November 2020. Consolidated Funds' investment gain (loss) increased $9.0 million from $20.9 million for the year ended December 31, 2019 to $29.9 million for the year ended December 31, 2020.

Year ended December 31, 2019 compared to year ended December 31, 2018: Consolidated Funds' revenue increased $2.8 million, from $3.8 million for the year ended December 31, 2018 to $6.6 million for the year ended December 31, 2019. Consolidated Funds' expense decreased $(0.5) million, from $0.9 million for the year ended December 31, 2018 to $0.4 million for the year ended December 31, 2019. The increase in consolidated Funds' revenue and decrease in Consolidated Funds' expense is due to changes in the population of consolidated Funds during the year ended December 31, 2019. Consolidated Funds' investment gain (loss) increased $34.3 million from $(13.4) million for the year ended December 31, 2018 to $20.9 million for the year ended December 31, 2019.

Key U.S. GAAP Operating Metrics

The following table shows our key U.S. GAAP operating metrics for the years ended December 31, 2020, 2019 and 2018. The second, third and fourth metrics below have each been adjusted to eliminate the effect of consolidated Funds to more accurately reflect the economics of our Company.

	Years ended December 31,		
($ in millions)	**2020**	**2019**	**2018**
Numerator: Operating income	$ 179.4	$ 250.3	$ 83.8
Denominator: Total revenue	$ 718.5	$ 819.5	$ 928.2
U.S. GAAP operating margin(1)	**25.0 %**	**30.5 %**	**9.0 %**
Numerator: Total operating expenses(2)	$ 538.8	$ 568.8	$ 843.5
Denominator: Management fee revenue	$ 697.9	$ 807.0	$ 905.0
U.S. GAAP operating expense / management fee revenue(3)	**77.2 %**	**70.5 %**	**93.2 %**
Numerator: Variable compensation	$ 180.7	$ 199.4	$ 235.9
Denominator: Operating income before variable compensation and Affiliate key employee distributions(2)(4)(5)	$ 396.4	$ 488.6	$ 393.4
U.S. GAAP variable compensation ratio(3)	**45.6 %**	**40.8 %**	**60.0 %**
Numerator: Affiliate key employee distributions	$ 41.5	$ 45.1	$ 76.6
Denominator: Operating income before Affiliate key employee distributions(2)(4)(5)	$ 215.7	$ 289.2	$ 157.5
U.S. GAAP Affiliate key employee distributions ratio(3)	**19.2 %**	**15.6 %**	**48.6 %**

(1) Excluding the effect of Funds consolidation in the applicable periods, the U.S. GAAP operating margin would be 24.4% for the year ended December 31, 2020, 30.0% for the year ended December 31, 2019 and 8.8% for the year ended December 31, 2018.

(2) Excludes consolidated Funds' expense of $0.3 million for the year ended December 31, 2020, $0.4 million for the year ended December 31, 2019 and $0.9 million for the year ended December 31, 2018.

(3) Excludes the effect of Funds consolidation for the years ended December 31, 2020, 2019 and 2018.

(4) Excludes consolidated Funds' revenue of $5.5 million for the year ended December 31, 2020, $6.6 million for the year ended December 31, 2019 and $3.8 million for the year ended December 31, 2018.

(5) The following table identifies the components of operating income before variable compensation and Affiliate key employee distributions, as well as operating income before Affiliate key employee distributions:

	Years ended December 31,		
($ in millions)	**2020**	**2019**	**2018**
Operating income	**$ 179.4**	**$ 250.3**	**$ 83.8**
Affiliate key employee distributions	41.5	45.1	76.6
Operating (income) loss of consolidated Funds	(5.2)	(6.2)	(2.9)
Operating income before Affiliate key employee distributions	**$ 215.7**	**$ 289.2**	**$ 157.5**
Variable compensation	180.7	199.4	235.9
Operating income before variable compensation and Affiliate key employee distributions	**$ 396.4**	**$ 488.6**	**$ 393.4**

Effects of Inflation

For the years ended December 31, 2020, 2019 and 2018, inflation did not have a material effect on our consolidated results of operations.

Non-GAAP Supplemental Performance Measure—Economic Net Income and Segment Analysis

As supplemental information, we provide a non-GAAP performance measure that we refer to as economic net income, or ENI, which represents our management's view of the underlying economic earnings generated by us. We define economic net income as ENI revenue less (i) ENI operating expenses, (ii) variable compensation, (iii) key employee distributions, (iv) net interest and (v) taxes, each as further discussed in this section. ENI adjustments to U.S. GAAP include both reclassifications of U.S. GAAP revenue and expense items, as well as adjustments to U.S. GAAP results, primarily to exclude non-cash, non-economic expenses, or to reflect cash benefits not recognized under U.S. GAAP.

ENI is an important measure to investors because it is used by the Company to make resource allocation decisions, determine appropriate levels of investment or dividend payout, manage balance sheet leverage, determine Affiliate variable compensation and equity distributions, and incentivize management. It is also an important measure because it assists management in evaluating our operating performance and is presented in a way that most closely reflects the key elements of our profit share operating model with our Affiliates. For a further discussion of how we use ENI and why ENI is useful to investors, see "—Overview—How We Measure Performance."

In the first quarter of 2020, we refined our definition of economic net income in light of a one-time compensation arrangement entered into that includes advances against future contractual compensation payments.

To calculate economic net income, we re-categorize certain line items on our Consolidated Statements of Operations to reflect the following:

- We exclude the effect of Funds consolidation by removing the portion of Fund revenues, expenses and investment return which were not attributable to our stockholders.
- We include within management fee revenue any fees paid to Affiliates by consolidated Funds, which are viewed as investment income under U.S. GAAP.
- We include our share of earnings from equity-accounted Affiliates within other income in ENI revenue, rather than investment income.
- We treat sales-based compensation as a general and administrative expense, rather than part of fixed compensation and benefits.
- We identify separately from operating expenses variable compensation and Affiliate key employee distributions, which represent Affiliate earnings shared with Affiliate key employees.
- We net the separate revenue and expenses under U.S. GAAP for certain Fund expenses initially paid by our Affiliates on the Funds' behalf and subsequently reimbursed, to better reflect the economics of our business.

We also make the following adjustments to U.S. GAAP results to more closely reflect our economic results:

i. We exclude non-cash expenses representing changes in the value of Affiliate equity and profit interests held by Affiliate key employees. These ownership interests may in certain circumstances be repurchased by BSUS at a value based on a pre-determined fixed multiple of trailing earnings and as such this value is carried on our balance sheet as a liability. Non-cash movements in the value of this liability are treated as compensation expense under U.S. GAAP. However, any equity or profit interests repurchased by BSUS can be used to fund a portion of future variable compensation awards, resulting in savings in cash variable compensation that offset the negative cash effect of repurchasing the equity. Our Affiliate equity and profit interest plans have been designed to ensure BSUS is never required to repurchase more equity than we can reasonably recycle through variable compensation awards in any given twelve month period.

ii. We exclude non-cash amortization or impairment expenses related to acquired goodwill and other intangibles as these are non-cash charges that do not result in an outflow of tangible economic benefits from the business. We also exclude the amortization of acquisition-related contingent consideration, as well as the value of employee equity owned pre-acquisition, as occurred as a result of the Landmark transaction, where such items have been included in compensation expense as a result of ongoing service requirements for certain employees. Please note that the revaluations related to these acquisition-related items are included in (i) above.

iii. We exclude capital transaction costs, including the costs of raising debt or equity, gains or losses realized as a result of redeeming debt or equity and direct incremental costs associated with acquisitions of businesses or assets.

iv. We exclude seed capital and co-investment gains, losses and related financing costs. The net returns on these investments are considered and presented separately from ENI because ENI is primarily a measure of our earnings from managing client assets, which therefore differs from earnings generated by our investments in Affiliate products, which can be variable from period to period.

v. We include cash tax benefits associated with deductions allowed for acquired intangibles and goodwill that may not be recognized or have timing differences compared to U.S. GAAP.

vi. We exclude the results of discontinued operations attributable to controlling interests since they are not part of our ongoing business, restructuring costs incurred in continuing operations, and the impact of a one-time compensation arrangement entered into that includes advances against future contractual compensation payments.

vii. We exclude deferred tax resulting from changes in tax law and expiration of statutes, adjustments for uncertain tax positions, deferred tax attributable to intangible assets and other unusual items not related to current operating results to reflect ENI tax normalization.

We also adjust our income tax expense to reflect any tax impact of our ENI adjustments.

Reconciliation of U.S. GAAP Net Income to Economic Net Income for the Years Ended December 31, 2020, 2019 and 2018

The following table reconciles U.S. GAAP net income attributable to controlling interests to economic net income for the years ended December 31, 2020, 2019 and 2018:

		Years ended December 31,		
($ in millions)		**2020**	**2019**	**2018**
U.S. GAAP net income attributable to controlling interests		**$ 286.7**	**$ 223.9**	**$ 136.4**
Adjustments to reflect the economic earnings of the Company:				
i.	Non-cash key employee-owned equity and profit interest revaluations	(26.1)	(65.9)	107.2
ii.	Goodwill impairment and amortization of acquired intangible assets, acquisition-related consideration and pre-acquisition employee equity	29.3	38.9	77.2
iii.	Capital transaction costs	0.8	2.9	1.6
iv.	Seed/Co-investment (gains) losses and financings(1)	(2.5)	(16.2)	14.5
v.	Tax benefit of goodwill and acquired intangibles deductions	9.2	9.3	5.7
vi.	Discontinued operations, restructuring and the impact of one-time compensation arrangement that includes advances against future compensation payments (2)	(213.2)	9.2	(79.4)
vii.	ENI tax normalization(3)	1.6	(49.8)	(30.3)
Tax effect of above adjustments(4)		57.8	8.5	(33.1)
Economic net income		**$ 143.6**	**$ 160.8**	**$ 199.8**

(1) The net return on seed/co-investment (gains) losses and financings for the years ended December 31, 2020, 2019 and 2018 are shown in the following table.

	Years ended December 31,		
($ in millions)	**2020**	**2019**	**2018**
Seed/Co-investment (gains) losses	$ (8.2)	$ (25.0)	$ 6.4
Financing costs:			
Seed/Co-investment average balance	97.0	143.4	129.5
Blended interest rate*	5.9 %	6.1 %	6.3 %
Financing costs	5.7	8.8	(8.1)
Net seed/co-investment (gains) losses and financing	**$ (2.5)**	**$ (16.2)**	**$ (1.7)**

* The blended rate is based first on the interest rate paid on our non-recourse seed capital facility up to the average amount drawn, and thereafter on the weighted average rate of the long-term debt.

(2) For the year ended December 31, 2020, includes $17.0 million costs relating to the impact of a one-time compensation arrangement entered into that includes advances against future compensation payments and restructuring costs which include $1.6 million costs associated with the transfer of an insurance policy from our former Parent, $9.4 million of restructuring costs at the Center and Affiliates, and the gain on sale of Affiliates of $241.3 million. For the year ended December 31, 2019, includes costs related to restructuring at the Center and the Affiliates of $6.7 million, as well as costs associated with the redomicile to the U.S. of $2.5 million. For the year ended December 31, 2018, includes the gain on sale of Heitman of $(65.7) million, a gain related to the Company's agreement to terminate its deferred tax asset deed with OM plc of $(20.0) million, CEO transition costs of $4.8 million, comprised of $0.1 million of fixed compensation and benefits, $4.4 million of variable compensation and $0.4 million of other CEO transition costs and restructuring costs associated with its redomicile to the U.S. of $1.6 million.

(3) Includes an adjustments of $8.7 million and $40.8 million to remove the tax benefit resulting from the reduction in liabilities for uncertain tax positions recorded during the years ended December 31, 2020 and 2019, respectively. Includes an adjustment of $44.0 million in the year ended December 31, 2018 to remove the tax benefit resulting from the reduction in liabilities for uncertain tax positions recorded during the year, partially offset by non-taxable gains resulting from the agreement to terminate the Deferred Tax Asset Deed at a discount.

(4) Reflects the sum of line items (i), (ii), (iii), (iv) and the restructuring portion of line item (vi) taxed at the 27.3% U.S. statutory rate (including state tax). The restructuring portion of line item (vi) amounted to $(213.2) million for the year ended December 31, 2020, $9.2 million for the year ended December 31, 2019 and $(79.3) million for the year ended December 31, 2018.

The following table reconciles U.S. GAAP net income per share to economic net income per share for the years ended December 31, 2020, 2019 and 2018:

		Years ended December 31,	
($)	**2020**	**2019**	**2018**
U.S. GAAP net income per share	**$ 3.49**	**$ 2.45**	**$ 1.26**
Adjustments to reflect the economic earnings of the Company:			
i. Non-cash key employee-owned equity and profit interest revaluations	(0.32)	(0.72)	1.00
ii. Goodwill impairment and amortization of acquired intangible assets, acquisition-related consideration and pre-acquisition employee equity	0.36	0.43	0.72
iii. Capital transaction costs	0.02	0.04	0.02
iv. Seed/Co-investment (gains) losses and financings	(0.03)	(0.18)	0.14
v. Tax benefit of goodwill and acquired intangibles deductions	0.11	0.10	0.05
vi. Discontinued operations, restructuring and the impact of a one-time compensation arrangement that includes advances against future compensation payments	(2.60)	0.10	(0.74)
vii. ENI tax normalization	0.02	(0.55)	(0.28)
Tax effect of above adjustments	0.70	0.09	(0.31)
Economic net income per share	**$ 1.75**	**$ 1.76**	**$ 1.86**

Limitations of Economic Net Income

Economic net income is the key measure our management uses to evaluate the financial performance of, and make operational decisions for, our business. Economic net income is not audited, and is not a substitute for net income or other performance measures that are derived in accordance with U.S. GAAP. Furthermore, our calculation of economic net income may differ from similarly titled measures provided by other companies.

Because the calculation of economic net income excludes certain ongoing expenses, including amortization expense and certain compensation costs, it has certain material limitations and should not be viewed in isolation or as a substitute for U.S. GAAP measures of earnings.

ENI Revenues

The following table reconciles U.S. GAAP Revenue to ENI Revenue for the years ended December 31, 2020, 2019 and 2018:

($ in millions)	Years ended December 31, 2020	2019	2018
U.S. GAAP Revenue	$ 718.5	$ 819.5	$ 928.2
Include earnings from equity-accounted Affiliate	2.9	2.8	2.7
Exclude revenue from consolidated Funds attributable to non-controlling interests	(5.5)	(6.6)	(3.8)
Exclude Fund expenses reimbursed by customers	(4.6)	(4.4)	(8.0)
ENI Revenue	**$ 711.3**	**$ 811.3**	**$ 919.1**

The following table identifies the components of ENI revenue:

($ in millions)	Years ended December 31, 2020	2019	2018
Management fees[(1)]	$ 697.9	$ 807.0	$ 905.0
Performance fees [(2)]	7.8	(0.1)	9.8
Other income, including equity-accounted Affiliate(3)	5.6	4.4	4.3
ENI Revenue	**$ 711.3**	**$ 811.3**	**$ 919.1**

(1) ENI management fees correspond to U.S. GAAP management fees.

(2) ENI performance fees correspond to U.S. GAAP performance fees.

(3) ENI other income is comprised primarily of other revenue under U.S. GAAP, plus our earnings from equity-accounted Affiliate of $2.9 million for the year ended December 31, 2020, $2.8 million for the year ended December 31, 2019 and $2.7 million for the year ended December 31, 2018. Other income also excludes certain Fund expenses initially paid by our Affiliates on the Funds' behalf that are subsequently reimbursed. Refer to "—Non-GAAP Supplemental Performance Measure—Economic Net Income and Segment Analysis" for a full discussion regarding the items excluded from the calculation of economic net income.

($ in millions)	Years ended December 31, 2020	2019	2018
U.S. GAAP other revenue	$ 7.3	$ 6.0	$ 9.6
Earnings from equity-accounted Affiliate	2.9	2.8	2.7
Exclude Fund expenses reimbursed by customers	(4.6)	(4.4)	(8.0)
ENI other income	**$ 5.6**	**$ 4.4**	**$ 4.3**

ENI Operating Expenses

The largest difference between U.S. GAAP operating expense and ENI operating expense relates to compensation. As shown in the following reconciliation, the Company excludes the impact of key employee equity revaluations. We also exclude the amortization of contingent purchase price and pre-acquisition equity owned by employees, both with a service requirement, associated with the Landmark acquisition. Variable compensation and Affiliate key employee distributions are also segregated out of U.S. GAAP operating expense in order to align with the manner in which these items are contractually calculated at the Affiliate level.

The following table reconciles U.S. GAAP operating expense to ENI operating expense for the years ended December 31, 2020, 2019 and 2018:

	Years ended December 31,		
($ in millions)	**2020**	**2019**	**2018**
U.S. GAAP operating expense	$ 539.1	$ 569.2	$ 844.4
Less: items excluded from economic net income			
Amortization of acquisition-related consideration and pre-acquisition employee equity	(6.2)	(32.3)	(70.6)
Non-cash Affiliate key employee equity and profit interest revaluations	26.1	65.9	(107.2)
Goodwill impairment and amortization of acquired intangible assets	(23.1)	(6.6)	(6.6)
Capital transaction costs	(0.2)	(2.7)	(1.6)
Restructuring costs and the impact of a one-time compensation arrangement that includes advances against future compensation payments(1)	(28.2)	(9.2)	(6.5)
Fund expenses reimbursed by customers	(4.6)	(4.4)	(8.0)
Funds' operating expenses	(0.3)	(0.4)	(0.9)
Less: items segregated out of U.S. GAAP operating expense			
Variable compensation(2)	(159.6)	(184.7)	(230.7)
Affiliate key employee distributions(3)	(41.5)	(53.1)	(76.6)
ENI operating expense	**$ 301.5**	**$ 341.7**	**$ 335.7**

(1) For the year ended December 31, 2020, includes $17.0 million costs relating to the impact of a one-time compensation arrangement entered into that includes advances against future compensation payments and restructuring costs which include $1.6 million costs associated with the transfer of an insurance policy from our former Parent and $9.4 million of restructuring costs at the Center and Affiliates. For the year ended December 31, 2019, includes restructuring costs at the Center and the Affiliates of $6.7 million and costs associated with the redomicile to the U.S. of $2.5 million. For the year ended December 31, 2018, includes $1.6 million of costs associated with the redomicile to the U.S. and 2018 CEO transition costs of $4.8 million.

(2) For the year ended December 31, 2020, excludes variable compensation related to restructuring at the Center and the Affiliates of $20.8 million that is included within Restructuring costs, and Fund expenses reimbursed by customers of $0.3 million. For the year ended December 31, 2019, excludes variable compensation related to restructuring at the Center and the Affiliates of $6.7 million that is included within Restructuring costs, as well as $8.0 million variable compensation related to restructuring at an Affiliate that will be reimbursed through a reduction of Affiliate key employee distributions. For the year ended December 31, 2018, excludes variable compensation amounts related to CEO transition of $4.4 million that is included within Restructuring costs, and Fund expenses reimbursed by customers of $0.8 million.

(3) For the year ended December 31, 2019, includes an adjustment of $8.0 million, representing the amount of variable compensation related to restructuring at an Affiliate that will be reimbursed through a reduction in Affiliate key employee distributions.

The following table identifies the components of ENI operating expense:

	Years ended December 31,		
($ in millions)	2020	2019	2018
Fixed compensation & benefits(1)	$ 173.3	$ 189.7	$ 181.4
General and administrative expenses(2)	107.2	134.8	139.8
Depreciation and amortization	21.0	17.2	14.5
ENI operating expense	**$ 301.5**	**$ 341.7**	**$ 335.7**

(1) Fixed compensation and benefits include base salaries, payroll taxes and the cost of benefit programs provided. The following table reconciles U.S. GAAP compensation expense to ENI fixed compensation and benefits expense for the years ended December 31, 2020, 2019 and 2018:

	Years ended December 31,		
($ in millions)	2020	2019	2018
Total U.S. GAAP compensation and benefits expense	**$ 388.7**	**$ 416.2**	**$ 696.4**
Amortization of acquisition-related consideration and pre-acquisition employee equity	(6.2)	(32.3)	(70.6)
Non-cash key employee equity and profit interest revaluations excluded from ENI	26.1	65.9	(107.2)
Sales-based compensation reclassified to ENI general & administrative expenses	(8.8)	(11.2)	(17.4)
Affiliate key employee distributions	(41.5)	(53.1)	(76.6)
Compensation related to restructuring expenses and the impact of a one-time arrangement that includes advances against future compensation payments(a)	(20.8)	(6.7)	(4.5)
Variable compensation	(159.6)	(184.7)	(230.7)
Fund expenses reimbursed by customers	(4.6)	(4.4)	(8.0)
ENI fixed compensation and benefits	**$ 173.3**	**$ 189.7**	**$ 181.4**

(a) For the year ended December 31, 2020, includes $17.0 million costs relating to the impact of a one-time compensation arrangement entered into that includes advances against future compensation payments and $3.8 million of restructuring costs at the Center and Affiliates. For the year ended December 31, 2019, includes $6.7 million of variable compensation associated with restructuring at the Center and the Affiliates. For the year ended December 31, 2018, includes $4.5 million of compensation associated with the 2018 CEO transition, which includes $0.1 million of fixed compensation and benefits and $4.4 million of variable compensation.

(2) The following table reconciles U.S. GAAP general and administrative expense to ENI general and administrative expense:

($ in millions)	Years ended December 31, 2020	2019	2018
U.S. GAAP general and administrative expense	$ 106.0	$ 128.8	$ 126.0
Sales-based compensation	8.8	11.2	17.4
Capital transaction costs	(0.2)	(2.7)	(1.6)
Restructuring costs[a]	(7.3)	(2.5)	(2.0)
Additional ENI adjustments	(0.1)	—	—
ENI general and administrative expense	**$ 107.2**	**$ 134.8**	**$ 139.8**

(a) Reflects $5.6 million related to restructuring at the Center and $1.6 million of costs associated with the transfer of an insurance policy from our former Parent for the year ended December 31, 2020. Reflects $2.5 million related to our redomicile to the U.S. in the year ended December 31, 2019. Reflects $1.6 million related to our redomicile to the U.S. and $0.4 million of CEO transition costs in the year ended December 31, 2018.

Key Non-GAAP Operating Metrics

The following table shows our key non-GAAP operating metrics for the years ended December 31, 2020, 2019 and 2018. We present these metrics because they are the measures our management uses to evaluate the profitability of our business and are useful to investors because they represent the key drivers and measures of economic performance within our business model. Please see the footnotes below for an explanation of each ratio, its usefulness in measuring the economics and operating performance of our business, and a reference to the most closely related U.S. GAAP measure:

($ in millions)	Years ended December 31, 2020	2019	2018
Numerator: ENI operating earnings[1]	$ 250.2	$ 284.9	$ 352.7
Denominator: ENI revenue	$ 711.3	$ 811.3	$ 919.1
ENI operating margin[2]	**35.2 %**	**35.1 %**	**38.4 %**
Numerator: ENI operating expense	$ 301.5	$ 341.7	$ 335.7
Denominator: ENI management fee revenue[3]	$ 697.9	$ 807.0	$ 905.0
ENI operating expense ratio[4]	**43.2 %**	**42.3 %**	**37.1 %**
Numerator: ENI variable compensation	$ 159.6	$ 184.7	$ 230.7
Denominator: ENI earnings before variable compensation[1][5]	$ 409.8	$ 469.6	$ 583.4
ENI variable compensation ratio[6]	**38.9 %**	**39.3 %**	**39.5 %**
Numerator: Affiliate key employee distributions	$ 41.5	$ 53.1	$ 76.6
Denominator: ENI operating earnings[1]	$ 250.2	$ 284.9	$ 352.7
ENI Affiliate key employee distributions ratio[7]	**16.6 %**	**18.6 %**	**21.7 %**

(1) ENI operating earnings represents ENI earnings before Affiliate key employee distributions and is calculated as ENI revenue, less ENI operating expense, less ENI variable compensation. It differs from economic net income because it does not include the effects of Affiliate key employee distributions, net interest expense or income tax expense.

The following table reconciles U.S. GAAP operating income (loss) to ENI operating earnings:

	Years ended December 31,		
($ in millions)	2020	2019	2018
U.S. GAAP operating income	**$ 179.4**	**$ 250.3**	**$ 83.8**
Include earnings from equity-accounted Affiliate	2.9	2.8	2.7
Exclude the impact of:			
Affiliate key employee-owned equity and profit interest revaluations	(26.1)	(65.9)	107.2
Goodwill impairment and the amortization of acquired intangible assets, acquisition-related consideration	29.3	38.9	77.2
Capital transaction costs	0.2	2.7	1.6
Restructuring costs and the impact of a one-time compensation arrangement that includes advances against future compensation payments[(a)]	28.2	9.2	6.5
Affiliate key employee distributions	41.5	53.1	76.6
Variable compensation	159.6	184.7	230.7
Funds' operating income	(5.2)	(6.2)	(2.9)
ENI earnings before variable compensation	**409.8**	**469.6**	**583.4**
Less: ENI variable compensation	(159.6)	(184.7)	(230.7)
ENI operating earnings	**250.2**	**284.9**	**352.7**
Less: ENI Affiliate key employee distributions	(41.5)	(53.1)	(76.6)
ENI earnings after Affiliate key employee distributions	**$ 208.7**	**$ 231.8**	**$ 276.1**

(a) For the year ended December 31, 2020, includes $17.0 million related to the impact of a one-time compensation arrangement entered into that includes advances against future compensation payments, restructuring costs of $1.6 million associated with the transfer of an insurance policy from our former Parent and $9.4 million of restructuring costs at the Center and Affiliates. For the year ended December 31, 2019, includes $6.7 million of restructuring costs at the Center and the Affiliates and $2.5 million of costs incurred in connection with the redomicile to the U.S. For the year ended December 31, 2018. includes $4.8 million related to 2018 CEO transition costs and $1.6 million of costs incurred in connection with the redomicile to the U.S.

(2) The ENI operating margin, which is calculated before Affiliate key employee distributions, is used by management and is useful to investors to evaluate the overall operating margin of the business without regard to our various ownership levels at each of the Affiliates. The ENI operating margin is most comparable to our U.S. GAAP operating margin (excluding the effect of consolidated Funds) of 24.4% for the year ended December 31, 2020, 30.0% for the year ended December 31, 2019 and 8.8% for the year ended December 31, 2018.

The ENI operating margin is important because it gives investors an understanding of the profitability of the total business relative to revenue, irrespective of the ownership position which BSIG has in each of its Affiliates. Management and investors use this ratio when comparing our profitability relative to our peer group and evaluating our ability to manage the cost structure and profitability of our business under different operating environments.

(3) ENI Management fee revenue corresponds to U.S. GAAP management fee revenue.

(4) The ENI operating expense ratio is used by management and is useful to investors to evaluate the level of operating expense as measured against our recurring management fee revenue. We have provided this ratio since many operating expenses, including fixed compensation and benefits and general and administrative expense, are generally linked to the overall size of the business. We track this ratio as a key measure of scale economies at BSIG because in our profit sharing economic model, scale benefits both the Affiliate employees and BSIG stockholders. The ENI operating expense ratio is most comparable to the U.S. GAAP operating expense / management fee revenue ratio.

(5) ENI earnings before variable compensation is calculated as ENI revenue, less ENI operating expense.

(6) The ENI variable compensation ratio is used by management and is useful to investors to evaluate consolidated variable compensation as measured against our ENI earnings before variable compensation. Variable compensation is contractually set and calculated individually at each Affiliate, plus Center bonuses. Variable compensation is usually awarded based on a contractual percentage of each Affiliate's ENI earnings before variable compensation and may be paid in the form of cash or non-cash Affiliate equity or profit interests. Center variable compensation includes cash and BSIG equity. Non-cash variable compensation awards typically vest over several years and are recognized as compensation expense over that service period. The variable compensation ratio at each Affiliate, calculated as variable compensation divided by ENI earnings before variable compensation, will typically be between 25% and 35%. The ENI variable compensation ratio is most comparable to the U.S. GAAP variable compensation ratio.

(7) The ENI Affiliate key employee distribution ratio is used by management and is useful to investors to evaluate Affiliate key employee distributions as measured against our ENI operating earnings. Affiliate key employee distributions represent the share of Affiliate profits after variable compensation that is attributable to Affiliate key employee equity and profit interests holders, according to their ownership interests. The Affiliate key employee distribution ratio at each Affiliate is calculated as Affiliate key employee distributions divided by ENI operating earnings at that Affiliate. At certain Affiliates with tiered equity structures, BSUS and other classes of employee equity holders are entitled to an initial proportionate preference over profits after variable compensation, structured such that before a preference threshold is reached, there would be no required key employee distributions to the tiered equity holders, whereas for profits above the threshold the key employee distribution amount to the tiered equity holders would be calculated based on the tiered key employee ownership percentages. Based on current economic arrangements, employee distributions range from approximately 20% to 40% of marginal ENI operating earnings at each of our consolidated Affiliates. The ENI Affiliate key employee distributions ratio is most comparable to the U.S. GAAP Affiliate key employee distributions ratio.

Tax on Economic Net Income

The following table reconciles the United States statutory tax to tax on economic net income:

($ in millions)	Years ended December 31, 2020	2019	2018
Pre-tax economic net income[1]	$ 187.1	$ 210.8	$ 262.5
Intercompany interest expense deductible for U.S. tax purposes	—	(35.5)	(75.4)
Taxable economic net income	**187.1**	**175.3**	**187.1**
Taxes at the U.S. federal and state statutory rates[2]	(51.1)	(47.9)	(51.1)
Other reconciling tax adjustments	7.6	(2.1)	(11.6)
Tax on economic net income	**(43.5)**	**(50.0)**	**(62.7)**
Add back intercompany interest expense previously excluded	—	35.5	75.4
Economic net income	**$ 143.6**	**$ 160.8**	**$ 199.8**
Economic net income effective tax rate[3]	23.2 %	23.7 %	23.9 %

(1) Includes interest income and third party ENI interest expense, as shown in the following table:

($ in millions)	Years ended December 31, 2020	2019	2018
U.S. GAAP interest income	$ 0.6	$ 2.2	$ 3.2
U.S. GAAP interest expense	(28.5)	(32.2)	(24.9)
U.S. GAAP net interest expense	**(27.9)**	**(30.0)**	**(21.7)**
Other ENI interest expense exclusions[a]	6.3	9.0	8.1
ENI net interest income (expense)	**(21.6)**	**(21.0)**	**(13.6)**
ENI earnings after Affiliate key employee distributions[b]	208.7	231.8	276.1
Pre-tax economic net income	**$ 187.1**	**$ 210.8**	**$ 262.5**

(a) Other ENI interest expense exclusions represent cost of financing on seed capital and co-investments and amortization of debt issuance costs. Other ENI interest expense includes $5.7 million related to the cost of seed and co-investment financing and $0.6 million related to the amortization of debt issuance costs for the year ended December 31, 2020.

(b) ENI earnings after Affiliate key employee distributions is calculated as ENI operating income (ENI revenue, less ENI operating expense, less ENI variable compensation), less Affiliate key employee distributions. Refer to "—Key Non-GAAP Operating Metrics" for a reconciliation from U.S. GAAP operating income to ENI earnings after Affiliate key employee distributions.

(2) Taxed at U.S. Federal and State statutory rate of 27.3%.

(3) The economic net income effective tax rate is calculated by dividing the tax on economic net income by pre-tax economic net income.

Segment Analysis

We conduct our operations through three business segments:

- *Quant & Solutions*—comprised of versatile, often highly-tailored strategies that leverage data and technology in a computational, factor based investment process across a range of asset classes and geographies, including Global, non-U.S., and emerging markets equities, as well as multi-asset and managed volatility products.
- *Alternatives*—comprised of illiquid and differentiated liquid investment strategies that include private equity, real estate and real assets, including forestry, as well as a growing suite of liquid alternative capabilities in areas such as long/short, market neutral and absolute return.
- *Liquid Alpha*—comprised of specialized investment strategies with a focus on alpha-generation across market cycles in long-only small-, mid-, and large-cap U.S. and non-U.S. equities, as well as fixed income.

We have a corporate head office that is included in “Other”. The corporate head office supports the segments by providing infrastructure and administrative support in the areas of accounting/finance, operations, information technology, strategy and relationship management, legal, compliance and human resources. The corporate head office expenses are not allocated to the Company’s three reportable segments but the CODM does consider the cost structure of the corporate head office when evaluating the financial performance of the segments.

The primary measure used by the CODM in measuring performance and allocating resources to the segments is Economic Net Income ("ENI"). We define economic net income for the segments as ENI revenue less (i) ENI operating expenses, (ii) variable compensation and (iii) key employee distributions. The ENI adjustments to U.S. GAAP include both reclassifications of U.S. GAAP revenue and expense items, as well as adjustments to U.S. GAAP results, primarily to exclude non-cash, non-economic expenses, or to reflect cash benefits not recognized under U.S. GAAP.

ENI revenue includes management fees, performance fees and other revenue under U.S. GAAP, adjusted to include management fees paid to Affiliates by consolidated Funds and the Company’s share of earnings from equity-accounted Affiliates. ENI revenue is also adjusted to exclude the separate revenues recorded under U.S. GAAP for certain Fund expenses reimbursed to our Affiliates.

ENI operating expenses include compensation and benefits, general and administrative expense, and depreciation and amortization under U.S. GAAP, adjusted to exclude non-cash expenses representing changes in the value of Affiliate equity and profit interests held by Affiliate key employees, non-cash amortization of acquisition-related contingent consideration, as well as the value of employee equity owned pre-acquisition that occurred as a result of the Landmark transaction, goodwill impairment and amortization of acquired intangible assets, capital transaction costs, restructuring costs, the impact of a one-time compensation arrangement entered into that includes advances against future compensation payments, and the separate expenses recorded under U.S. GAAP for certain Fund expenses reimbursed to our Affiliates. Additionally, variable compensation and Affiliate key employee distributions are segregated from ENI operating expenses.

ENI segment results are also adjusted to exclude the portion of consolidated Fund revenues, expenses and investment return recorded under U.S. GAAP.

Refer to the reconciliations of U.S. GAAP revenue to ENI revenue, U.S. GAAP Operating expense to ENI Operating expense, variable compensation and Affiliate key employee distributions disclosed previously within this section.

Segment ENI Revenue

The following tables identify the components of segment ENI revenue for the years ended December 31, 2020, 2019 and 2018:

($ in millions)	Years ended December 31, 2020					2019				
	Quant & Solutions	Alter-natives	Liquid Alpha	Other	Total	Quant & Solutions	Alter-natives	Liquid Alpha	Other	Total
Management fees	$ 346.8	$ 170.6	$ 180.5	$ —	$ 697.9	$ 370.8	$ 165.0	$ 271.2	$ —	$ 807.0
Performance fees	8.0	—	(0.2)	—	7.8	9.8	0.3	(10.2)	—	(0.1)
Other income, including equity-accounted subsidiary	—	2.2	3.0	0.4	5.6	—	1.2	2.8	0.4	4.4
ENI revenue	**$ 354.8**	**$ 172.8**	**$ 183.3**	**$ 0.4**	**$ 711.3**	**$ 380.6**	**$ 166.5**	**$ 263.8**	**$ 0.4**	**$ 811.3**

($ in millions)	Year ended December 31, 2018				
	Quant & Solutions	Alternatives	Liquid Alpha	Other	Total
Management fees	$ 377.4	$ 208.3	$ 319.3	$ —	$ 905.0
Performance fees	11.6	8.5	(10.3)	—	9.8
Other income, including equity-accounted subsidiary	—	1.3	2.6	0.4	4.3
ENI revenue	**$ 389.0**	**$ 218.1**	**$ 311.6**	**$ 0.4**	**$ 919.1**

Quant & Solutions Segment ENI Revenue

Year ended December 31, 2020 compared to year ended December 31, 2019: Quant & Solutions ENI revenue decreased $(25.8) million, or (6.8)%, from $380.6 million for the year ended December 31, 2019 to $354.8 million for the year ended December 31, 2020. The decrease was attributable to (6.5)% lower management fees driven by lower average AUM primarily resulting from the equity market decline in the first quarter of 2020.

Year ended December 31, 2019 compared to year ended December 31, 2018: Quant & Solutions ENI revenue decreased $(8.4) million, or (2.2)%, from $389.0 million for the year ended December 31, 2018 to $380.6 million for the year ended December 31, 2019. The decrease was attributable to (1.7)% lower management fees, driven by lower average AUM resulting from the fourth quarter 2018 non-U.S. equity market depreciation and (15.5)% lower performance fees driven by underperformance in value-tilted global and non-U.S. strategies in the year ended December 31, 2019.

Alternatives Segment ENI Revenue

Year ended December 31, 2020 compared to year ended December 31, 2019: Alternatives ENI revenue increased $6.3 million, or 3.8%, from $166.5 million for the year ended December 31, 2019 to $172.8 million for the year ended December 31, 2020. The increase was attributable to 3.4% higher management fees resulting from inflows and change in net catch-up fees.

Year ended December 31, 2019 compared to year ended December 31, 2018: Alternatives ENI revenue decreased $(51.6) million, or (23.7)%, from $218.1 million for the year ended December 31, 2018 to $166.5 million for the year ended December 31, 2019. The decrease was attributable to (20.8)% lower management fees mainly resulting from placement agent fees paid in 2019, and (96.5)% lower performance fees during the year ended December 31, 2019 due to the real assets strategy as the valuation for certain properties increased in the year ended December 31, 2018, but stayed generally flat in the year ended December 31, 2019.

Liquid Alpha Segment ENI Revenue

Year ended December 31, 2020 compared to year ended December 31, 2019: Liquid Alpha ENI revenue decreased $(80.5) million, or (30.5)%, from $263.8 million for the year ended December 31, 2019 to $183.3 million for the year ended December 31, 2020. The decrease was attributable to (33.4)% lower management fees driven by lower average AUM resulting from the disposition of Copper Rock and Barrow Hanley, equity market decline in the first quarter of 2020, and net outflows over the last twelve months. The change in performance fees was primarily due to fulcrum fees recorded in the year ended December 31, 2019 that did not repeat in the year ended December 31, 2020.

Year ended December 31, 2019 compared to year ended December 31, 2018: Liquid Alpha ENI revenue decreased $(47.8) million, or (15.3)%, from $311.6 million for the year ended December 31, 2018 to $263.8 million for the year ended December 31, 2019. The decrease was attributable to (15.1)% lower management fees driven by fourth quarter 2018 equity market decline and net outflows in 2019. Performance fees were relatively flat for the year ended December 31, 2019 compared to the year ended December 31, 2018.

Segment ENI Expense

The following tables identify the components of segment ENI expense for the years ended December 31, 2020, 2019 and 2018:

($ in millions)	Years ended December 31, 2020					2019				
	Quant & Solutions	Alter-natives	Liquid Alpha	Other	Total	Quant & Solutions	Alter-natives	Liquid Alpha	Other	Total
Fixed compensation & benefits	$ 73.7	$ 45.7	$ 43.1	$ 10.8	$ 173.3	$ 79.4	$ 44.4	$ 50.3	$ 15.6	$ 189.7
General and administrative expense	56.9	17.2	19.9	13.2	107.2	66.0	21.5	27.9	19.4	134.8
Depreciation and amortization	18.4	1.7	0.5	0.4	21.0	15.2	1.0	0.6	0.4	17.2
Total ENI Operating Expenses	**$ 149.0**	**$ 64.6**	**$ 63.5**	**$ 24.4**	**$ 301.5**	**$ 160.6**	**$ 66.9**	**$ 78.8**	**$ 35.4**	**$ 341.7**
Variable compensation	72.8	39.2	44.0	3.6	159.6	75.6	36.7	62.4	10.0	184.7
Affiliate key employee distributions	4.3	25.1	12.1	—	41.5	6.4	23.0	23.7	—	53.1
Total Expenses	**$ 226.1**	**$ 128.9**	**$ 119.6**	**$ 28.0**	**$ 502.6**	**$ 242.6**	**$ 126.6**	**$ 164.9**	**$ 45.4**	**$ 579.5**

($ in millions)	Year ended December 31, 2018				
	Quant & Solutions	Alternatives	Liquid Alpha	Other	Total
Fixed compensation & benefits	$ 72.8	$ 38.1	$ 51.2	$ 19.3	$ 181.4
General and administrative expense	60.9	22.8	32.6	23.5	139.8
Depreciation and amortization	12.6	0.9	0.7	0.3	14.5
Total ENI Operating Expenses	**$ 146.3**	**$ 61.8**	**$ 84.5**	**$ 43.1**	**$ 335.7**
Variable compensation	86.2	58.9	73.9	11.7	230.7
Affiliate key employee distributions	9.5	34.1	33.0	—	76.6
Total Expenses	**$ 242.0**	**$ 154.8**	**$ 191.4**	**$ 54.8**	**$ 643.0**

Quant & Solutions Segment ENI Expense

Year ended December 31, 2020 compared to year ended December 31, 2019: Quant & Solutions ENI operating expense decreased $(11.6) million, or (7.2)%, from $160.6 million for the year ended December 31, 2019 to $149.0 million for the year ended December 31, 2020. The decrease was driven by (7.2)% lower ENI fixed compensation and benefits expense resulting from headcount reduction and (13.8)% lower ENI general and administrative expense such as travel reflecting the impact of COVID-19 and cost-saving initiatives. Quant & Solutions ENI variable compensation expense, which is based on contractual arrangements, decreased (3.7)% as a result of lower earnings before variable compensation. Affiliate key employee distributions attributable to Quant & Solutions decreased (32.8)%, primarily due to lower Quant & Solutions ENI earnings after variable compensation.

Year ended December 31, 2019 compared to year ended December 31, 2018: Quant & Solutions ENI operating expense increased $14.3 million, or 9.8%, from $146.3 million for the year ended December 31, 2018 to $160.6 million for the year ended December 31, 2019. The increase was driven by 9.1% higher ENI fixed compensation and benefits expense resulting from new hires for initiatives and annual cost of living increases, and 8.4% higher ENI general and administrative expense resulting from new initiatives and additional system costs. Quant & Solutions ENI variable compensation expense, which is based on contractual arrangements, decreased (12.3)%, as a result of lower pre-variable compensation earnings. Affiliate key employee distributions attributable to Quant & Solutions decreased (32.6)%, largely driven by levered distribution structures.

Alternatives Segment ENI Expense

Year ended December 31, 2020 compared to year ended December 31, 2019: Alternatives ENI operating expense decreased $(2.3) million, or (3.4)%, from $66.9 million for the year ended December 31, 2019 to $64.6 million for the year ended December 31, 2020. The decrease was driven by (20.0)% lower ENI general and administrative expenses such as travel reflecting the impact of the COVID-19 pandemic. Alternatives ENI variable compensation expense, which is based on contractual arrangements, increased 6.8% as a result of higher earnings before variable compensation. Affiliate key employee distributions attributable to Alternatives increased 9.1%, primarily driven by higher Alternatives ENI earnings after variable compensation.

Year ended December 31, 2019 compared to year ended December 31, 2018: Alternatives ENI operating expense increased $5.1 million, or 8.3%, from $61.8 million for the year ended December 31, 2018 to $66.9 million for the year ended December 31, 2019. The increase was driven by 16.5% higher ENI fixed compensation and benefits expense resulting from new hires and annual cost of living increases. Alternatives ENI variable compensation expense, which is based on contractual arrangements, decreased (37.7)%, as a result of lower earnings before variable compensation. Affiliate key employee distributions attributable to Alternatives decreased (32.6)%, largely driven by lower profit after variable compensation.

Liquid Alpha Segment ENI Expense

Year ended December 31, 2020 compared to year ended December 31, 2019: Liquid Alpha ENI operating expense decreased $(15.3) million, or (19.4)%, from $78.8 million for the year ended December 31, 2019 to $63.5 million for the year ended December 31, 2020. The decrease was driven by (14.3)% lower ENI fixed compensation and benefits expense and (28.7)% lower ENI general and administrative expense driven by the Barrow Hanley and Copper Rock dispositions. Liquid Alpha ENI variable compensation expense, which is based on contractual arrangements, decreased (29.5)%, as a result of lower pre-variable compensation earnings. Affiliate key employee distributions attributable to Liquid Alpha decreased (48.9)%, primarily driven by dispositions and lower Liquid Alpha ENI earnings after variable compensation.

Year ended December 31, 2019 compared to year ended December 31, 2018: Liquid Alpha ENI operating expense decreased $(5.7) million, or (6.7)%, from $84.5 million for the year ended December 31, 2018 to $78.8 million for the year ended December 31, 2019. The decrease was driven by (1.8)% lower ENI fixed compensation and benefits expense resulting from headcount reduction and (14.4)% lower ENI general and administrative expense mainly resulting from lower commissions and other general expenses. Liquid Alpha ENI variable compensation expense, which is based on contractual arrangements, decreased (15.6)%, as a result of lower pre-variable compensation earnings. Affiliate key employee distributions attributable to Liquid Alpha decreased (28.2)%, largely driven by lower profit after variable compensation.

Other ENI Expense

Year ended December 31, 2020 compared to year ended December 31, 2019: Other ENI operating expense decreased $(11.0) million or (31.1)%, from $35.4 million for the year ended December 31, 2019 to $24.4 million for the year ended December 31, 2020. The decrease was driven by (30.8)% lower ENI fixed compensation and benefits expense resulting from a reduction in headcount and (32.0)% lower ENI general and administrative expense resulting from cost-saving initiatives. Other ENI variable compensation expense decreased (64.0)% due to a reduction in headcount.

Year ended December 31, 2019 compared to year ended December 31, 2018: Other ENI operating expense decreased $(7.7) million, or (17.9)%, from $43.1 million for the year ended December 31, 2018 to $35.4 million for the year ended December 31, 2019. The decrease was driven by (19.2)% lower fixed compensation and benefit expense resulting from a reduction in headcount, and (17.4)% lower general and administrative expense resulting from cost-saving initiatives. Other ENI variable compensation expense decreased (14.5)% which was driven by a reduction in headcount.

Capital Resources and Liquidity

Cash Flows

The following table summarizes certain key financial data relating to cash flows. All amounts presented exclude consolidated Funds:

	Years ended December 31,		
($ in millions)	**2020**	**2019**	**2018**
Cash provided by (used in)[(1)(2)]			
Operating activities	$ 165.8	$ (106.6)	$ 252.3
Investing activities	358.6	17.7	57.6
Financing activities	(232.2)	(140.4)	(155.6)

(1) Excludes consolidated Funds.

(2) Cash flow data shown only includes cash flows from continuing operations.

Our most significant uses of cash include repayment of third-party borrowings, third-party interest payments, repurchases of shares, payments made to OM plc under the Deferred Tax Asset Deed, seed capital investments, dividends and compensation and general and administrative expenses.

Comparison for the Years Ended December 31, 2020, 2019 and 2018

Net cash (used in) provided by operating activities of continuing operations excluding consolidated Funds increased $272.4 million, or 255.5%, from $(106.6) million used in the year ended December 31, 2019 to $165.8 million provided by the year ended December 31, 2020. The increase was primarily driven by a decrease in operating liabilities as a result of the Landmark earnout that was settled in the year ended December 31, 2019.

Net cash provided by operating activities of continuing operations excluding consolidated Funds decreased $(358.9) million, from $252.3 million for the year ended December 31, 2018 to $(106.6) million for the year ended December 31, 2019. The decrease was primarily driven by a decrease in operating liabilities as a result of the Landmark earnout that was settled in the year ended December 31, 2019.

Net cash provided by investing activities was $358.6 million, $17.7 million and $57.6 million for the years ended December 31, 2020, 2019 and 2018, respectively. Net cash (used in) received from the (purchase) and sale of investments was $90.6 million, $46.6 million and $(25.7) million for the years ended December 31, 2020, 2019 and 2018, respectively. Fluctuations are principally due to the timing of investments or redemptions of seed capital as well as acquisitions or disposals of real estate and forestry assets in which we are co-investing. Net cash used in the purchase of fixed assets was $(27.2) million, $(33.9) million and $(21.7) million for the years ended December 31, 2020, 2019 and 2018, respectively. Proceeds received from the sale of investments in Affiliates was $295.2 million, $5.0 million and $105.0 million for the years ended December 31, 2020, 2019 and 2018, respectively.

Net cash used in financing activities, excluding consolidated Funds, consists of share repurchases, payments made to OM plc, third-party borrowings and dividends paid. Cash used in financing activities was $(232.2) million, $(140.4) million and $(155.6) million for the years ended December 31, 2020, 2019 and 2018, respectively. We paid down $(175.0) million against third party borrowings in 2020, we drew net $175.0 million against third party borrowings in 2019 and we paid down $(33.5) million against third party borrowings in 2018. In 2020 we made payments of $(0.3) million against amounts previously owed to OM plc for the co-investment arrangement, funded $(46.0) million for share repurchases and paid out $(10.9) million in dividends. In 2019 we made payments of $(37.8) million against amounts previously owed to OM plc for the DTA deed and co-investment arrangement, funded $(239.8) million for share repurchases, and paid out $(36.0) million in dividends. In 2018 we paid $(3.9) million against amounts previously owed to OM plc, funded $(71.2) million for share repurchases and paid out $(42.5) million in dividends.

Working Capital and Long-Term Debt

The following table summarizes certain key financial data relating to our capital resources and liquid net assets. All amounts presented exclude the non-controlling interest portion of consolidated Funds:

($ in millions)	Years ended December 31, 2020	2019	2018
Balance Sheet Data[(1)]			
Current assets			
Cash and cash equivalents	$ 401.9	$ 111.3	$ 340.6
Investment advisory fees receivable	112.8	151.9	159.1
Investments	70.3	124.7	125.7
Total current assets	585.0	387.9	625.4
Current liabilities			
Accounts payable and accrued expenses	33.5	41.5	54.3
Accrued short-term incentive compensation	120.8	137.8	171.0
Other short-term liabilities[(2)]	20.3	3.7	232.8
Total current liabilities	174.6	183.0	458.1
Working Capital	**$ 410.4**	**$ 204.9**	**$ 167.3**
Long-term notes payable and other debt	$ 394.3	$ 568.8	$ 393.3

(1) Excludes the non-controlling interest portion of consolidated Funds.

(2) Excluded from other short-term liabilities for each of the years presented is an income tax reserve relating to net operating losses that does not represent a current obligation of the Company. Puts related to Affiliate equity and profits interests are also excluded on a short-term basis because they are funded through recycling.

Working capital is defined as current assets less current liabilities, excluding the non-controlling interest portion of consolidated Funds. Our net working capital has been positive over the past several years and was $410.4 million at December 31, 2020. Our most significant current liabilities have been accounts payable and accrued compensation expense. Accrued compensation expense has primarily consisted of variable compensation accruals made throughout the year based on contractual arrangements. Our cash management practices generally require that working capital be maintained at each Affiliate at a sufficient level to meet short-term operational needs. Periodic distributions of Affiliate earnings to BSUS and Affiliate key employee equity holders are made according to respective Affiliate distribution policies, with BSUS having the ability to access any surplus cash at each Affiliate as necessary during interim periods.

Borrowings and Long-Term Debt

The following table summarizes our financing arrangements as of the dates indicated:

($ in millions)	Amounts outstanding at December 31, 2020	Amounts outstanding at December 31, 2019	Interest rate	Maturity
Third party borrowings:				
Revolving credit facility[1]	$ —	$ 140.0	LIBOR + 1.50% plus 0.20% commitment fee	August 22, 2022
4.80% Senior Notes Due 2026	272.8	272.4	4.80%	July 27, 2026
5.125% Senior Notes Due 2031	121.5	121.4	5.125%	August 1, 2031
Total third party borrowings	**$ 394.3**	**$ 533.8**		
Non-recourse borrowing:				
Non-recourse seed capital facility[2]	—	35.0	LIBOR + 1.55% plus 0.95% commitment fee	N/A
Total non-recourse borrowing	**$ —**	**$ 35.0**		
Total borrowings	**$ 394.3**	**$ 568.8**		

(1) An amendment to the $450 million revolving credit facility was made on November 17, 2020 to reduce the revolving credit facility to $150 million upon consummation of the sale of the Company's equity interests in Barrow Hanley.

(2) We paid down and terminated the non-recourse seed capital facility in the third quarter that was set to expire on January 15, 2021.

Third party borrowings

Revolving Credit Facility

On August 20, 2019, we entered into a $450.0 million senior unsecured revolving credit facility with Citibank, as administrative agent and issuing bank, and RBC Capital Markets and BMO Capital Markets Corp. as joint lead arrangers and joint book runners. The previous revolving credit facility with Citibank with maturity date of October 15, 2019 was terminated.

On September 3, 2020, we along with the Royal Bank of Canada, BMO Harris Bank, N.A., Bank of China, New York Branch, Wells Fargo Bank, National Association, Barclays Bank PLC, Morgan Stanley Bank, N.A., Bank of America N.A., the Bank of New York Mellon and Citibank, N.A., as an issuing bank and administrative agent (collectively, the “Lenders”), entered into an amendment (the “Amendment”) to the revolving credit agreement dated as of August 20, 2019 (the “Original Credit Agreement”, and as amended by the Amendment, the “Amended Credit Agreement”). The Amendment included changes to the Original Credit Agreement to permit the sale of the Company's equity interests in Barrow Hanley (the “Barrow Hanley Sale”). Under the Original Credit Agreement, the Barrow Hanley Sale required consent of the Lenders’ given that Barrow Hanley accounted for more than 10% of our consolidated Adjusted EBITDA. The Amendment provided that, effective immediately upon the consummation of the Barrow Hanley Sale, the Lenders’ commitments under the Amended Credit Agreement would be $150 million. The Barrow Hanley Sale was consummated on November 17, 2020 and the Lenders’ commitments under the Amended Credit Agreement were reduced to $150 million from thereon.

Under the Amended Credit Agreement, the ratio of third-party borrowings to trailing twelve months Adjusted EBITDA, as defined by the Amended Credit Agreement cannot exceed 3.0x, and the interest coverage ratio must not be less than 4.0x. Adjusted EBITDA defined by the Amended Credit Agreement represents Adjusted EBITDA, as defined in the “—Supplemental Liquidity Measure—Adjusted EBITDA” section below, adjusted for the pro forma effect of acquisitions and dispositions. At December 31, 2020, our ratio of third-party borrowings to trailing twelve months Adjusted EBITDA as defined by the Amended Credit Agreement was 2.0x and our interest coverage ratio was 7.1x.

On February 23, 2021, we along with the Lenders, entered into an assignment and assumption and amendment agreement (the "Assignment") to the Amended Credit Agreement. Pursuant to the Assignment, the Amended Credit Agreement was assigned to and assumed by Acadian and the Amended Credit Agreement was amended (the Amended Credit Agreement, as amended by the Assignment, the "Acadian Credit Agreement") to, among other things, reduce the Lenders' commitments thereunder to $125 million. The Acadian Credit Agreement has a maturity date of August 22, 2022.

Borrowings under the Acadian Credit Agreement bear interest, at Acadian's option, at either the per annum rate equal to (a) the greatest of (i) the prime rate, (ii) the federal funds effective rate plus 0.5% and (iii) the one month Adjusted LIBO Rate plus 1.0%, plus, in each case an additional amount based on its credit rating or (b) the London interbank offered rate for a period, at our, equal to one, three or six months plus an additional amount ranging from 1.5% to 2.0%, with such additional amount based on Acadian's Leverage Ratio (as defined below). In addition, Acadian is charged a commitment fee based on the average daily unused portion of the revolving credit facility under the Acadian Credit Agreement at a per annum rate ranging from 0.25% to 0.375%, with such amount based on Acadian's Leverage Ratio.

Under the Acadian Credit Agreement, the ratio of Acadian's third-party borrowings to Acadian's trailing twelve months Adjusted EBITDA, as defined by the Acadian Credit Agreement (the "Leverage Ratio"), cannot exceed 2.5x.

Senior Notes

In July 2016, we issued $275.0 million of 4.80% Senior Notes due 2026 (the "2026 Notes") and $125.0 million of 5.125% Senior Notes due 2031 (the "2031 Notes"). We used the net proceeds of these offerings to finance the acquisition of Landmark in August 2016, purchase seed capital from OM plc, settle a Treasury rate lock contract and pay down the balance of the previous revolving credit facility.

4.80% Senior Notes Due July 2026

The $275.0 million 2026 Notes were sold at a discount of $(0.5) million and we incurred debt issuance costs of $(3.0) million, which are being amortized to interest expense over the ten-year term. The 2026 Notes can be redeemed at any time prior to the scheduled maturity in part or in aggregate, at the greater of 100% of the principal amount at that time or the sum of the remaining scheduled payments discounted at the treasury rate (as defined) plus 0.5%, together with any related accrued and unpaid interest.

5.125% Senior Notes Due August 2031

The $125.0 million 2031 Notes incurred debt issuance costs of $(4.3) million, which are being amortized to interest expense over the fifteen-year term. The 2031 Notes can be redeemed at any time, on or after August 1, 2019, at a redemption price equal to 100.0% of the principal amount together with any related accrued and unpaid interest.

Non-recourse seed capital facility

In July 2017, we entered into a non-recourse seed capital facility collateralized by our seed capital holdings and could borrow up to $65.0 million, so long as the borrowing did not represent more than 50% of the value of the seed capital collateral. The non-recourse seed capital facility was set to expire January 15, 2021 and was paid down in the third quarter and terminated.

As of December 31, 2020, we were in compliance with the required covenants related to borrowings and debt facilities.

Other Long-term Liabilities

Other long-term liabilities principally consist of cash-settled Affiliate equity and profit interests liabilities held by certain Affiliate key employees, and voluntary deferred compensation plans. The following table summarizes our other long-term liabilities:

	Years ended December 31,	
($ in millions)	**2020**	**2019**
Share-based payments liability	$ 213.8	$ 221.8
Affiliate profit interests liability	41.4	94.8
Employee equity	255.2	316.6
Voluntary deferral plan liability	72.8	88.3
Total	**$ 328.0**	**$ 404.9**

Share-based payments liability represents the value of Affiliate key employee-owned equity that may under certain circumstances be repurchased by us that is considered an equity award under U.S. GAAP based on the terms and conditions attached to these interests. Profit interests represent the value of Affiliate key employee-owned equity that may under certain circumstances be repurchased by us that is not considered an equity award under U.S. GAAP, but rather a form of compensation arrangement, based on the terms and conditions attached to these interests. Our obligation in any given period in respect of funding these potential repurchases of Affiliate equity is limited to only that portion that may be put to us by Affiliate key employees, which is typically capped annually under the terms of these arrangements such that we are not required to repurchase more than we can reasonably recycle by re-granting the interests in lieu of cash variable compensation owed to Affiliate key employees.

Certain of our and our Affiliates' key employees are eligible to participate in our voluntary deferral plan, or VDP, which provides our senior personnel the opportunity to voluntarily defer a portion of their compensation. There is a voluntary deferral plan investment balance included in investments on the Consolidated Balance Sheets that corresponds to this deferral liability.

For additional discussion of our compensation programs, please refer to the compensation discussions contained within our definitive proxy statement for our 2021 annual meeting of shareholders incorporated herein by reference.

Supplemental Liquidity Measure—Adjusted EBITDA

As supplemental information, we provide information regarding Adjusted EBITDA, which we define as economic net income before interest, income taxes, depreciation and amortization. Adjusted EBITDA is a non-GAAP liquidity measure that we provide in addition to, but not as a substitute for, cash flows from operating activities. It should be noted that our calculation of Adjusted EBITDA may not be consistent with Adjusted EBITDA as calculated by other companies. We believe Adjusted EBITDA is a useful liquidity metric because it indicates our ability to make further investments in our business, service debt and meet working capital requirements. It is also encapsulated in our line of credit as part of our liquidity covenants.

The following table reconciles our U.S. GAAP net income attributable to controlling interests to EBITDA to Adjusted EBITDA to economic net income for the years ended December 31, 2020, 2019 and 2018:

	Years Ended December 31,		
($ in millions)	**2020**	**2019**	**2018**
Net income attributable to controlling interests	**$ 286.7**	**$ 223.9**	**$ 136.4**
Net interest expense to third parties	27.9	30.0	21.7
Income tax expense (including tax expenses related to discontinued operations)	112.1	18.0	5.0
Depreciation and amortization (including intangible assets) and goodwill impairment	44.1	23.8	21.1
EBITDA	**$ 470.8**	**$ 295.7**	**$ 184.2**
Non-cash compensation costs, including revaluation of Affiliate key employee-owned equity and profit interests	(23.4)	(65.9)	107.2
Amortization of pre-acquisition employee equity	6.1	32.3	70.6
EBITDA of discontinued operations attributable to controlling interests	—	—	(0.1)
(Gain) loss on seed and co-investments	(8.2)	(25.0)	6.4
Deferred tax asset deed revaluation	—	—	(20.0)
Restructuring and the impact of a one-time compensation arrangement that includes advances against future compensation payments(1)	(213.2)	9.2	(59.3)
Custody fees on seed portfolio	0.1	—	—
Capital transaction costs	0.2	2.7	1.6
Adjusted EBITDA	**$ 232.4**	**$ 249.0**	**$ 290.6**
ENI net interest expense to third parties	(21.6)	(21.0)	(13.6)
Depreciation and amortization(2)	(23.7)	(17.2)	(14.5)
Tax on economic net income	(43.5)	(50.0)	(62.7)
Economic net income	**$ 143.6**	**$ 160.8**	**$ 199.8**

(1) Included in restructuring for the year ended December 31, 2020 are $9.4 million of restructuring costs at the Center and Affiliates, $1.6 million costs associated with the transfer of an insurance policy from our former Parent, $17.0 million costs relating to the impact of a one-time compensation arrangement entered into that includes advances against future compensation payments, and the gain on sale of Affiliates of $241.3 million. Included in restructuring for the year ended December 31, 2019 are $6.7 million of restructuring costs at the Center and Affiliates and $2.5 million of costs incurred in connection with our redomicile to the U.S. Included in restructuring for the year ended December 31, 2018 is the gain on the sale of Heitman of $65.7 million, $1.6 million of costs associated with our redomicile and $4.8 million related to the 2018 CEO transition.

(2) The year ended December 31, 2020 includes non-cash equity-based award amortization expense.

For a full discussion regarding the items excluded from Adjusted EBITDA above and the calculation of economic net income, refer to "—Non-GAAP Supplemental Performance Measure—Economic Net Income and Segment Analysis."

Limitations of Adjusted EBITDA

As a non-GAAP, unaudited liquidity measure and derivation of EBITDA, Adjusted EBITDA has certain material limitations. It does not include cash costs associated with capital transactions and excludes certain U.S. GAAP expenses that fall outside the definition of EBITDA. Each of these categories of expense represents costs to us of doing business, and therefore any measure that excludes any or all of these categories of expense has material limitations.

Future Capital Needs

We believe that our available cash and cash equivalents to be generated from operations, supplemented by short-term and long-term financing, as necessary, will be sufficient to fund current operations and capital requirements for at least the next twelve months, as well as our day-to-day operations and future investment requirements. Our ability to secure short-term and long-term financing in the future will depend on several factors, including our future profitability, our relative levels of debt and equity and the overall condition of the credit markets.

Commitments, Contingencies and Off-Balance Sheet Obligations

Indemnifications

In the normal course of business, such as through agreements to enter into business combinations with and divestitures of Affiliates, we occasionally enter into contracts that contain a variety of representations and warranties and which provide general indemnifications. Our maximum exposure under these arrangements is unknown, as this would involve future claims that may be made against us that have not yet occurred.

Off-Balance Sheet Obligations

Off-balance sheet arrangements, as defined by the SEC, include certain contractual arrangements pursuant to which a company has an obligation, such as certain contingent obligations, certain guarantee contracts, retained or contingent interests in assets transferred to an unconsolidated entity, certain derivative instruments classified as equity or material variable interests in unconsolidated entities that provide financing, liquidity, market risk or credit risk support. Disclosure is required for any off-balance sheet arrangements that have, or are reasonably likely to have, a material current or future effect on our financial condition, results of operations, liquidity or capital resources. We generally do not enter into off-balance sheet arrangements, other than those described in "Contractual Obligations" as well as Note 6 to our Consolidated Financial Statements included in Item 8 herein, "Variable Interest Entities."

Contractual Obligations

The following table summarizes our contractual obligations as of December 31, 2020:

	Payments due by period				
($ in millions)	**Total**	**Less than 1 year**	**1 - 3 years**	**3 - 5 years**	**More than 5 years**
Contractual Obligations					
Amounts due to OM plc[1]	$ 3.4	$ 2.8	$ —	$ 0.6	$ —
Other third party borrowings	400.0	—	—	—	400.0
Lease obligations	132.2	13.4	20.6	20.8	77.4
Co-investment obligations	33.0	29.0	4.0	—	—
Other liabilities[2]	1.2	0.1	0.1	0.1	0.9
Maximum Affiliate equity and profits interests repurchase obligations[3]	66.4	5.1	10.2	10.2	40.9
Total contractual obligations	**$ 636.2**	**$ 50.4**	**$ 34.9**	**$ 31.7**	**$ 519.2**

(1) Amounts due to OM plc is comprised of $3.4 million owed under the co-investment deed.

(2) Represents the mortgage on a building owned by an Affiliate.

(3) Represents amortized amounts held by Affiliate key employees. Our actual funding of these potential repurchases of Affiliate equity and profits interests is limited to only that portion that may be put to us by Affiliate key employees or that we decide to call to facilitate succession planning that the Affiliates, which is typically capped annually such that we do not repurchase more than we can reasonably recycle by re-granting the interests in lieu of cash variable compensation owed to Affiliate key employees. Any equity or profits interests repurchased by us are used to fund a portion of variable compensation awards resulting in savings in cash variable compensation that offset the negative cash effect of repurchasing the equity.

Critical Accounting Policies and Estimates

Our significant accounting policies are disclosed in Item 8, Financial Statements and Supplementary Data - Note 2, “Significant Accounting Policies." The accounting policies and estimates that we believe are the most critical to an understanding of our results of operations and financial condition are those that require complex management judgment regarding matters that are highly uncertain at the time policies were applied and estimates were made. These accounting policies and estimates are discussed below; however, the additional accounting policy detail in the footnote previously referenced is important to the discussion of each of the topics. Different estimates reasonably could have been used in the current period that would have had a material effect on these Consolidated Financial Statements, and changes in these estimates are likely to occur from period-to-period in the future.

Taxation

We file tax returns directly with the U.S., U.K., state tax authorities and in other foreign jurisdictions. These tax returns represent our filing positions within each jurisdiction and settle our tax liabilities. Each jurisdiction has the right to audit those tax returns and may take different positions with respect to income and expense allocations and taxable earnings determinations. Because the determinations of our annual provisions are subject to judgments and estimates, it is possible it is possible that actual results will vary from those recognized in our Consolidated Financial Statements. As a result, it is likely that additions to, or reductions of, income tax expense will occur each year for prior reporting periods as actual tax returns and tax audits are settled.

Deferred tax assets, net of any associated valuation allowance, have been recognized based on management's belief that taxable income of the appropriate character, more likely than not, will be sufficient to realize the benefits of these assets over time. In the event that actual results differ from our expectations, or if our historical trends of positive operating income changes, we may be required to record a valuation allowance on some or all of these deferred tax assets, which may have a significant effect on our financial condition and results of operations. In assessing whether a valuation allowance should be established against a deferred income tax asset, we consider the nature, frequency and severity of recent losses, forecasts of future profitability, the duration of statutory carryback and carry forward periods, among other factors.

We utilize a specific recognition threshold and measurement attribute for the Consolidated Financial Statement recognition and measurement of a tax position taken or expected to be taken in a tax return. The prescribed two-step process for evaluating a tax position involves first determining whether it is more likely than not that a tax position will be sustained upon examination by the appropriate taxing authorities. If it is, the second step then requires a company to measure this tax position benefit as the largest cumulative amount of benefit that is greater than 50 percent likely of being realized upon ultimate settlement. Unrecognized tax benefits and related interest and penalties, are adjusted periodically to reflect changing facts and circumstances.

Goodwill

Goodwill represents the future economic benefits arising from assets acquired in a business combination that are not separately recognized. Goodwill is tested annually for impairment. If, after assessing qualitative and quantitative factors, we believe that it is more likely than not that the fair value of the reporting unit is less than its carrying value, we will record the amount of goodwill impairment as the excess of the carrying amount over the fair value.

In the quantitative impairment test, fair value of the reporting units is generally determined using an income approach where estimated future cash flows are discounted to arrive at a single present value amount. The income approach includes inputs that require significant management judgment, including AUM growth rates, product mix, effective fee rates and discount rates. The annual goodwill impairment test also includes assumptions updated for current market conditions, including our updated forecasts for changes in AUM due to market gains or losses and long-term net flows and the corresponding changes in revenue and expenses. Our estimates for market growth, our market share and costs are based on historical data, various internal estimates and certain external sources, and are based on assumptions that are consistent with the plans and estimates we are using to manage the underlying business. The most sensitive of these assumptions are the estimated cash flows and the use of a weighted average cost of capital as the discount rate to determine present value.

Due to the decline in the Company's assets under management during the three months ended March 31, 2020, management determined that an interim impairment assessment was necessary as of March 31, 2020. In the first quarter of 2020, the Company performed a quantitative impairment test for the Copper Rock reporting unit which was included within the Liquid Alpha segment prior to its disposition in July 2020. The quantitative impairment test concluded that the fair value of the reporting unit did not exceed its carrying value. Accordingly, the Company recognized a goodwill impairment charge of $16.4 million for the year ended December 31, 2020. We also completed our annual goodwill impairment test as of the first business day of the fourth quarter and no impairment was identified. While we believe all assumptions utilized in our assessment are reasonable and appropriate, changes in these estimates could produce different fair value amounts and therefore different goodwill impairment assessments.

Consolidation

Assessing if an entity is a variable interest entity (VIE) or voting interest entity (VOE) involves judgment and analysis on a structure-by-structure basis. Factors included in this assessment include the legal organization of the entity, the Company's contractual involvement with the entity and any related party or de facto agent implications of the Company's involvement with the entity. A VIE, in the context of the company and its managed funds, is a fund that does not have sufficient equity to finance its operations without additional subordinated financial support, or a fund for which the risks and rewards of ownership are not directly linked to voting interests. If the Company is deemed to have the power to direct the activities of the fund that most significantly impact the fund's economic performance, and the obligation to absorb losses/right to receive benefits from the fund that could potentially be significant to the fund, then the Company is deemed to be the fund's primary beneficiary and is required to consolidate the fund.

Determining if the Company is the primary beneficiary of a VIE also requires significant judgment involved to assess if the Company has the power to direct the activities that most significantly affect the fund's economic results and to assess if the Company's interests could be deemed significant. If current financial statements are not available for consolidated VIEs or VOEs, estimation of investment valuation is required, which includes assessing available quantitative and qualitative data. Significant changes in these estimates could impact the reported value of the investments held by consolidated Funds and the related offsetting equity attributable to noncontrolling interests in consolidated entities on the Consolidated Balance Sheets and the other gains and losses of consolidated Funds, net, and related offsetting gains and losses attributable to noncontrolling interests in consolidated entities, net, amounts on the Consolidated Statements of Operations.

Share-based compensation plans

We recognize the cost of all share-based payments to directors, senior management and employees, including grants of restricted stock and stock options, as compensation expense in the Consolidated Statements of Operations over the respective vesting periods.

Awards made under the our equity plans are accounted for as equity settled, and the grant date fair value is recognized as compensation expense over the requisite service period, with a corresponding contribution to additional paid-in capital. Valuation of restricted stock awards (“RSAs”) and restricted stock units (“RSUs”) is determined based on our closing share price as quoted on the New York Stock Exchange on the measurement date. For performance-based awards and stock options, a Monte-Carlo simulation model is used to determine the fair value. Key inputs for the model include: assumed reinvestment of dividends, risk-free interest rate and expected volatility. All excess tax benefits and deficiencies on share-based payment awards are recognized as income tax expense or benefit in the Consolidated Statements of Operations. In addition, the tax effects of exercised or vested awards are treated as discrete items in the reporting period in which they occur and excess tax benefits or deficiencies are classified with other income tax cash flows as an operating activity in the Consolidated Statements of Cash Flows. We recognize forfeitures as they occur.

We have compensation arrangements with certain of our Affiliates whereby in exchange for continued service, Affiliate equity is either purchased by or granted to Affiliate key employees and may be repurchased either by Affiliate key employees or by us at a future date, subject to service requirements having been met. Awards of equity made to Affiliate key employees are accounted for as cash settled, with the fair value recognized as compensation expense over the requisite service period, with a corresponding liability carried within other compensation liabilities on the Consolidated Balance Sheets until the award is settled by us. The fair values of the liabilities are determined with the assistance of third party valuation specialists using discounted cash flow analyses which incorporate assumptions for the forecasted earnings information, market risk adjustments, discount rates and post-vesting restrictions. While we believe all assumptions used in determining the fair value of the liabilities are reasonable and appropriate, certain assumptions are subjective and changes in these assumptions could result in different fair value amounts.

Recent Accounting Developments

See discussion of Recent Accounting Developments in Note 2 of the accompanying Consolidated Financial Statements.

Item 7A. Quantitative and Qualitative Disclosures About Market Risk

Market Risk

Our exposure to market risk is directly related to the role of our Affiliates as asset managers. Substantially all of our investment management revenues are derived from our Affiliates’ agreements with their clients. Under these agreements, the revenues we receive are based on the value of our assets under management or the investment performance on client accounts for which we earn performance fees. Accordingly, our revenues and net income may decline as a result of our assets under management decreasing due to depreciation of our investment portfolios. In addition, such depreciation could cause our clients to withdraw their funds in favor of investments offering higher returns or lower risk, which would cause our revenues and net income to decline further.

Our model for assessing the impact of market risk on our results uses December 31, 2020 ending AUM and management fee rates as the basis for management fee revenue calculations. With respect to performance fee revenue, we assume that relative investment performance remains the same as it was on December 31, 2020. Therefore, market-driven changes in performance fees, which are typically based on relative performance versus market indices, reflect changes in the underlying AUM used in the calculation rather than differences in relative performance as a result of a changed market environment. The basis for the analysis is performance fees earned for the twelve months ended December 31, 2020.

Our profit sharing economic structure, described more fully in "Management's Discussion and Analysis of Financial Condition and Results of Operation—The Economics of Our Business," results in a sharing of market risk between us and our employees. Almost 50% of our ENI cost structure is variable, representing variable compensation and Affiliate key employee distributions. These variable expenses generally are linked in a formulaic manner to the profitability of the business after covering operating expenses, which include base compensation and benefits, general and administrative expenses, and depreciation and amortization. In modeling the impact of market risk, we assume that these operating expenses remain unchanged, but the resulting impact on profit driven by increases or decreases in revenue will change variable compensation and Affiliate key employee distributions in line with their formulaic calculations. Any change in pre-tax profit is tax-effected at our statutory combined state and federal rate of approximately 27% to calculate profit after tax.

The value of our assets under management was $156.7 billion as of December 31, 2020. A 10% increase or decrease in the value of our assets under management, if proportionally distributed over all of our investment strategies, asset classes and client relationships, would cause an annualized increase or decrease in our gross management fee revenues of approximately $67.7 million, including equity-accounted Affiliate, based on our current weighted average fee rate of approximately 43 basis points, including equity-accounted Affiliate. Approximately $18.0 billion, or 11%, of our AUM, including equity-accounted Affiliate, are in accounts subject to performance fees. Of these assets, approximately 70% are in accounts for which performance fees, or management fee adjustments, are calculated based on investment return that differs from the relative benchmark returns. Assuming the market change does not impact our relative performance and high-water mark status of our alternative assets, a 10% increase or decrease in AUM would have no impact to our gross performance fees based on our trailing twelve month performance fees of $7.8 million as of December 31, 2020. The combined impact on our management fees and performance fees would have a direct impact on our earnings and result in an annual change of approximately $24.7 million in our post-tax economic net income, given our current cost structure and operating model.

Equity market risk, interest rate risk, and foreign currency risk are the market risks that could have the greatest impact on our management fees, performance fees and our business profitability. Impacts on our management and performance fees can be calculated based on the percentage of AUM constituting equity investments, fixed income investments, or foreign currency denominated investments, respectively, multiplied by the relevant weighted average management fee and performance fee attributable to that asset class.

- Our equity markets-based AUM includes U.S. equities (including small cap through large cap securities and substantially value or blended investment styles) and global/non-U.S. equities (including global, non-U.S. and emerging markets securities). A 10% increase or decrease in equity markets would cause our $130.6 billion of equity assets under management to increase or decrease by $13.1 billion, resulting in a change in annualized management fee revenue of $48.1 million and an annual change in post-tax economic net income of approximately $18.3 million, given our current cost structure, operating model, and weighted average equity fee rates of 37 basis points at the mix of strategies as of December 31, 2020. Approximately $12.5 billion, or 10%, of our equity markets-based AUM are in accounts subject to performance fees. Of these assets, almost all are in accounts for which performance fees are calculated based on investment return in excess of the relative benchmark returns. Assuming the market change does not impact our relative performance, a 10% change in equity markets would have no material impact from performance fees on our post-tax economic net income, given our current cost structure and operating model.

- Foreign currency AUM includes equity and alternative instruments denominated in foreign currencies. A 10% increase or decrease in foreign exchange rates against the U.S. dollar would cause our $99.5 billion of foreign currency denominated AUM to increase or decrease by $10.0 billion, resulting in a change in annualized management fee revenue of $38.4 million and an annual change in post-tax economic net income of $14.9 million, based on weighted average fees earned on our foreign currency denominated AUM of 39 basis points at the mix of strategies as of December 31, 2020. Approximately $12.5 billion, or 13%, of our foreign currency denominated AUM are in accounts subject to performance fees. Of these assets, approximately 85% are in accounts for which performance fees are calculated based on investment return in excess of the relative benchmark returns. Assuming the market change does not impact our relative performance, a 10% change in foreign currency exchange rates would have an immaterial impact from performance fees on our post-tax economic net income, given our current cost structure and operating model.
- Fixed income AUM includes instruments in government bonds, corporate bonds and other fixed income investments in the United States. A change in interest rates, resulting in a 10% increase or decrease in the value of our total fixed income AUM of $1.9 billion, would cause AUM to rise or fall by approximately $0.2 billion. Based on our fixed income weighted average fee rates of 26 basis points, annualized management fees would change by $0.5 million and post-tax economic net income would change by $0.2 million annually. There are currently no material fixed income assets earning performance fees as of the year ended December 31, 2020.

Our investment income primarily represents investments in Affiliates accounted for under the equity method. Exposure to market risks for Affiliates accounted for under the equity method is immaterial and is included in the analysis above.

While the analysis above assumes that market changes occur in a uniform manner across the relevant portfolio, because of our declining fee rates for larger relationships and differences in our fee rates across asset classes, a change in the composition of our assets under management, in particular an increase in the proportion of our total assets under management attributable to strategies, clients or relationships with lower effective fee rates, could have a material negative impact on our overall weighted average fee rate.

As is customary in the asset management industry, clients invest in particular strategies to gain exposure to certain asset classes, which exposes their investment to the benefits and risks of such asset classes. We have not adopted a corporate-level risk management policy regarding client assets, nor have we attempted to hedge at the corporate level or within individual strategies the market risks that would affect the value of our overall assets under management and related revenues. Any reduction in the value of our assets under management would result in a reduction in our revenues.

Interest Rate Risk

We are exposed to interest rate risks primarily through borrowings under our Credit Facility. Interest on borrowings under the Credit Facility is based upon variable interest rates. Borrowings under our Credit Facility were $0.0 million as of December 31, 2020. We currently do not hedge against this interest rate risk. As of December 31, 2020, a hypothetical 10% change in interest rates would have resulted in a $0.4 million change to our interest expense during the twelve months ended December 31, 2020.

Item 8. Financial Statements and Supplementary Data.

Index to financial statements

Report of Independent Registered Public Accounting Firm

To the Shareholders and Board of Directors BrightSphere Investment Group Inc.:

Opinion on the Consolidated Financial Statements

We have audited the accompanying consolidated balance sheets of BrightSphere Investment Group Inc. and subsidiaries (the Company) as of December 31, 2020 and 2019, the related consolidated statements of operations, comprehensive income, changes in shareholders' equity, and cash flows for each of the years in the three-year period ended December 31, 2020, and the related notes (collectively, the consolidated financial statements). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2020 and 2019, and the results of its operations and its cash flows for each of the years in the three-year period ended December 31, 2020, in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of December 31, 2020, based on criteria established in *Internal Control – Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission, and our report dated March 1, 2021 expressed an unqualified opinion on the effectiveness of the Company's internal control over financial reporting.

Basis for Opinion

These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matter

The critical audit matter communicated below is a matter arising from the current period audit of the consolidated financial statements that was communicated or required to be communicated to the audit committee and that: (1) relates to accounts or disclosures that are material to the consolidated financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of a critical audit matter does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

Assessment of the fair value measurement of the cash-settled affiliate awards liability

As discussed in Notes 2, 13 and 20 to the consolidated financial statements, the Company records liabilities for equity awards made to certain affiliate key employees. The liability for these awards is revalued each reporting period to its fair value. The share-based payments liability was $213.8 million at December 31, 2020, which included the liability for these awards.

We identified the assessment of the fair value measurement of the cash-settled affiliate awards liability as a critical audit matter. Complex and subjective auditor judgment was required in evaluating the methodologies and key assumptions used in determining the fair value of the liability related to the cash-settled affiliate awards. The significant assumptions that required complex and subjective auditor judgment include forecasted earnings, market risk adjustments, discount rates, and adjustments to reflect the impact of post-vesting restrictions. Minor changes to these assumptions can have an effect on the Company's determination of the fair value of the cash-settled affiliate awards liability.

The following are the primary procedures we performed to address this critical audit matter. We evaluated the design and tested the operating effectiveness of certain internal controls over the Company's process related to the fair value measurement of the cash-settled affiliate awards liability, including controls over the significant assumptions noted above. We compared forecasted earnings to internal financial forecasts and historical results. We also compared certain inputs used in developing the forecasted earnings to third party data. We held discussions with finance personnel of the Company to further evaluate the forecasted earnings used in the discounted cash flow models. We evaluated adjustments to reflect the impact of post-vesting restrictions on awards by comparing the restrictions to underlying plan documents and also assessing when award holders maximize value. We evaluated the mathematical accuracy of the computations used to determine the fair value of the liability and compared the calculated fair values to the amounts recorded. We involved valuation professionals with specialized skills and knowledge, who assisted in:

– evaluating if the methodology used to calculate fair values was appropriate for the awards being valued

– evaluating market risk adjustments

– evaluating the discount rates used by the Company by comparing them against a discount rate range that was developed using publicly available market data

– performing independent calculations of the fair value of the liability using the Company's forecasted earnings and a combination of independent assumptions and Company assumptions and comparing the result to the amount recorded by the Company.

/s/ KPMG LLP

We have served as the Company's auditor since 2014.

Boston, Massachusetts
March 1, 2021

Report of Independent Registered Public Accounting Firm

To the Shareholders and Board of Directors BrightSphere Investment Group Inc.:

Opinion on Internal Control Over Financial Reporting

We have audited BrightSphere Investment Group Inc. and subsidiaries' (the Company) internal control over financial reporting as of December 31, 2020, based on criteria established in *Internal Control – Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission. In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2020, based on criteria established in *Internal Control – Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated balance sheets of the Company as of December 31, 2020 and 2019, the related consolidated statements of operations, comprehensive income, changes in shareholders' equity, and cash flows for each of the years in the three-year period ended December 31, 2020, and the related notes (collectively, the consolidated financial statements), and our report dated March 1, 2021 expressed an unqualified opinion on those consolidated financial statements.

Basis for Opinion

The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Report of Management on Internal Control Over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audit also included performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and Limitations of Internal Control Over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

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

/s/ KPMG LLP
Boston, Massachusetts
March 1, 2021

BrightSphere Investment Group Inc.

Consolidated Balance Sheets

(in millions, except for share and per share data)

	December 31, 2020	December 31, 2019
Assets		
Cash and cash equivalents	$ 401.9	$ 111.3
Restricted cash	1.6	—
Investment advisory fees receivable	112.8	151.9
Income taxes receivable	9.3	26.2
Fixed assets, net	71.6	65.8
Right of use assets	90.7	37.7
Investments (includes balances reported at fair value of $113.1 and $184.3)	115.1	186.3
Acquired intangibles, net	58.4	65.1
Goodwill	182.1	274.6
Other assets	50.6	52.0
Deferred tax assets	170.8	243.6
Assets of consolidated Funds:		
Cash and cash equivalents, restricted	0.6	9.7
Investments (includes balances reported at fair value of $— and $119.5)	113.7	190.6
Other assets	—	4.9
Total assets	**$ 1,379.2**	**$ 1,419.7**
Liabilities and shareholders' equity		
Accounts payable and accrued expenses	$ 33.5	$ 41.5
Accrued incentive compensation	120.8	137.8
Due to OM plc	3.4	3.7
Other compensation liabilities	328.0	404.9
Accrued income taxes	4.1	12.8
Operating lease liabilities	107.9	42.5
Other liabilities	2.8	3.1
Debt:		
Non-recourse borrowings	—	35.0
Third party borrowings	394.3	533.8
Liabilities of consolidated Funds:		
Accounts payable and accrued expenses	—	5.2
Securities sold, not yet purchased, at fair value	—	0.9
Other liabilities	—	0.1
Total liabilities	**994.8**	**1,221.3**
Commitments and contingencies		
Redeemable non-controlling interests in consolidated Funds	—	83.9
Equity:		
Common stock (par value $0.001; 79,387,961 and 85,886,371 shares, respectively, issued)	0.1	0.1
Additional paid-in capital	492.4	534.3
Retained deficit	(176.5)	(452.5)
Accumulated other comprehensive loss	(13.6)	(17.5)
Non-controlling interests	1.7	1.3
Non-controlling interests in consolidated Funds	80.3	48.8
Total equity and redeemable non-controlling interests in consolidated Funds	**384.4**	**198.4**
Total liabilities and equity	**$ 1,379.2**	**$ 1,419.7**

See Notes to Consolidated Financial Statements

BrightSphere Investment Group Inc.

Consolidated Statements of Operations

(in millions except for per share data)

	For the Years Ended December 31,		
	2020	**2019**	**2018**
Revenue:			
Management fees	$ 697.9	$ 807.0	$ 905.0
Performance fees	7.8	(0.1)	9.8
Other revenue	7.3	6.0	9.6
Consolidated Funds' revenue	5.5	6.6	3.8
Total revenue	**718.5**	**819.5**	**928.2**
Operating expenses:			
Compensation and benefits	388.7	416.2	696.4
General and administrative expense	106.0	128.8	126.0
Impairment of goodwill	16.4	—	—
Amortization of acquired intangibles	6.7	6.6	6.6
Depreciation and amortization	21.0	17.2	14.5
Consolidated Funds' expense	0.3	0.4	0.9
Total operating expenses	**539.1**	**569.2**	**844.4**
Operating income	**179.4**	**250.3**	**83.8**
Non-operating income and (expense):			
Investment income	4.9	16.8	66.5
Interest income	0.6	2.2	3.2
Interest expense	(28.5)	(32.2)	(24.9)
Revaluation of DTA deed	—	—	20.0
Gain on sale of Affiliates	241.3	—	—
Net consolidated Funds' investment gains (losses)	29.9	20.9	(13.4)
Total non-operating income	**248.2**	**7.7**	**51.4**
Income from continuing operations before taxes	**427.6**	**258.0**	**135.2**
Income tax expense	112.1	18.0	5.0
Income from continuing operations	**315.5**	**240.0**	**130.2**
Gain (loss) on disposal of discontinued operations, net of tax	—	—	0.1
Net income	**315.5**	**240.0**	**130.3**
Net income (loss) attributable to non-controlling interests in consolidated Funds	28.8	16.1	(6.1)
Net income attributable to controlling interests	**$ 286.7**	**$ 223.9**	**$ 136.4**
Earnings per share (basic) attributable to controlling interests	$ 3.53	$ 2.45	$ 1.27
Earnings per share (diluted) attributable to controlling interests	3.49	2.45	1.26
Continuing operations earnings per share (basic) attributable to controlling interests	3.53	2.45	1.27
Continuing operations earnings per share (diluted) attributable to controlling interests	3.49	2.45	1.26
Weighted average shares outstanding	81.3	91.2	107.4
Weighted average diluted shares outstanding	82.0	91.3	107.6

See Notes to Consolidated Financial Statements

BrightSphere Investment Group Inc.

Consolidated Statements of Comprehensive Income

(in millions)

	For the Years Ended December 31,		
	2020	**2019**	**2018**
Net income	$ 315.5	$ 240.0	$ 130.3
Other comprehensive income (loss):			
Amortization related to derivative securities, net of tax	2.3	2.4	2.4
Foreign currency translation adjustment	1.6	1.0	(1.7)
Total comprehensive income	**319.4**	**243.4**	**131.0**
Comprehensive income (loss) attributable to non-controlling interests in consolidated Funds	28.8	16.1	(6.1)
Total comprehensive income attributable to controlling interests	**$ 290.6**	**$ 227.3**	**$ 137.1**

See Notes to Consolidated Financial Statements

BrightSphere Investment Group Inc.
Consolidated Statements of Changes in Shareholders' Equity
For the Years Ended December 31, 2020, 2019 and 2018
($ in millions, except share data)

	Common stock (millions)	Common stock, par value	Additional paid-in capital	Retained earnings (deficit)	Accumulated other comprehensive income (loss)	Total shareholders' equity	Non-controlling interests	Non-controlling interests in consolidated Funds	Total equity	Redeemable non-controlling interests in consolidated Funds	Total equity and redeemable non-controlling interests in consolidated Funds
December 31, 2017	**109.7**	**$ 0.1**	**$ 831.5**	**$ (734.6)**	**$ (21.6)**	**$ 75.4**	**$ 1.3**	**$ 50.6**	**$ 127.3**	**$ 44.0**	**$ 171.3**
Issuance of common stock	1.0	—	—	—	—	—	—	—	—	—	—
Repurchase of common stock	(5.5)	—	(74.6)	—	—	(74.6)	—	—	(74.6)	—	(74.6)
Capital contributions	—	—	—	—	—	—	—	9.3	9.3	78.9	88.2
Equity-based compensation	—	—	7.7	—	—	7.7	—	—	7.7	—	7.7
Foreign currency translation adjustment	—	—	—	—	(1.7)	(1.7)	—	—	(1.7)	—	(1.7)
Amortization related to derivative securities, net of tax	—	—	—	—	2.4	2.4	—	—	2.4	—	2.4
Other changes in non-controlling interests	—	—	—	—	—	—	0.3	—	0.3	—	0.3
Net consolidation (de-consolidation) of Funds	—	—	—	—	—	—	—	(28.8)	(28.8)	(76.7)	(105.5)
Dividends to shareholders ($0.39 per share)	—	—	—	(42.3)	—	(42.3)	—	—	(42.3)	—	(42.3)
Net income (loss)	—	—	—	136.4	—	136.4	—	(1.8)	134.6	(4.3)	130.3
December 31, 2018	**105.2**	**$ 0.1**	**$ 764.6**	**$ (640.5)**	**$ (20.9)**	**$ 103.3**	**$ 1.6**	**$ 29.3**	**$ 134.2**	**$ 41.9**	**$ 176.1**
Issuance of common stock	0.2	$ —	—	—	—	—	—	—	—	—	—
Repurchase of common stock	(19.5)	—	(236.5)	—	—	(236.5)	—	—	(236.5)	—	(236.5)
Capital contributions	—	—	—	—	—	—	—	9.2	9.2	36.2	45.4
Equity-based compensation	—	—	6.2	—	—	6.2	—	—	6.2	—	6.2
Foreign currency translation adjustment	—	—	—	—	1.0	1.0	—	—	1.0	—	1.0
Amortization related to derivative securities, net of tax	—	—	—	—	2.4	2.4	—	—	2.4	—	2.4
Other changes in non-controlling interests	—	—	—	—	—	—	(0.3)	—	(0.3)	—	(0.3)
Dividends ($0.40 per share)	—	—	—	(35.9)	—	(35.9)	—	—	(35.9)	—	(35.9)
Net income	—	—	—	223.9	—	223.9	—	10.3	234.2	5.8	240.0
December 31, 2019	**85.9**	**$ 0.1**	**$ 534.3**	**$ (452.5)**	**$ (17.5)**	**$ 64.4**	**$ 1.3**	**$ 48.8**	**$ 114.5**	**$ 83.9**	**$ 198.4**
Issuance of common stock	0.1	—	0.2	—	—	0.2	—	—	0.2	—	0.2
Retirement of common stock	(0.2)	—	—	—	—	—	—	—	—	—	—
Repurchase of common stock	(6.4)	—	(46.0)	—	—	(46.0)	—	—	(46.0)	—	(46.0)
Capital contributions	—	—	—	—	—	—	—	3.1	3.1	151.7	154.8
Equity-based compensation	—	—	2.5	—	—	2.5	—	—	2.5	—	2.5
Foreign currency translation adjustment	—	—	—	—	1.6	1.6	—	—	1.6	—	1.6
Amortization related to derivative securities, net of tax	—	—	—	—	2.3	2.3	—	—	2.3	—	2.3
Other changes in non-controlling interests	—	—	—	—	—	—	0.4	—	0.4	—	0.4
Net de-consolidation of Funds	—	—	—	—	—	—	—	—	—	(236.0)	(236.0)
Other movements	—	—	1.4	—	—	1.4	—	—	1.4	—	1.4
Dividends ($0.13 per share)	—	—	—	(10.7)	—	(10.7)	—	—	(10.7)	—	(10.7)
Net income	—	—	—	286.7	—	286.7	—	28.4	315.1	0.4	315.5
December 31, 2020	**79.4**	**$ 0.1**	**$ 492.4**	**$ (176.5)**	**$ (13.6)**	**$ 302.4**	**$ 1.7**	**$ 80.3**	**$ 384.4**	**$ —**	**$ 384.4**

See Notes to Consolidated Financial Statements

BrightSphere Investment Group Inc.

Consolidated Statements of Cash Flows

(in millions)

	For the Years Ended December 31,		
	2020	**2019**	**2018**
Cash flows from operating activities:			
Net income	$ 315.5	$ 240.0	$ 130.3
Less: Net (income) loss attributable to non-controlling interests in consolidated Funds	(28.8)	(16.1)	6.1
Adjustments to reconcile net income to net cash flows from operating activities from continuing operations:			
(Gain) loss from discontinued operations, excluding consolidated Funds	—	—	(0.1)
Impairment of goodwill	16.4	—	—
Amortization of acquired intangibles	6.7	6.6	6.6
(Gain) on sale of Affiliates	(241.3)	—	—
Depreciation and amortization	21.0	17.2	14.5
Amortization of debt-related costs	4.3	3.7	3.3
Amortization and revaluation of non-cash compensation awards	(4.9)	(13.4)	198.8
Net earnings from Affiliate accounted for using the equity method	(2.9)	(2.8)	(2.7)
Distributions received from equity method Affiliates	3.0	2.7	11.9
Revaluation of DTA Deed	—	—	(20.0)
Gain on sale of investment in Affiliate	—	—	(65.7)
Deferred income taxes	72.7	25.8	(24.8)
(Gains) losses on other investments	(15.7)	(38.0)	6.1
Changes in operating assets and liabilities (excluding discontinued operations):			
(Increase) decrease in investment advisory fees receivable and other amounts due from related parties	13.5	7.1	49.5
(Increase) decrease in other receivables, prepayments, deposits and other assets	17.8	(24.4)	21.9
Increase (decrease) in accrued incentive compensation, operating lease liabilities, other liabilities and amounts due to related parties	(6.0)	(264.9)	(37.3)
Increase (decrease) in accounts payable, accrued expenses and accrued income taxes	(5.5)	(50.1)	(46.1)
Net cash flows from operating activities of continuing operations, excluding consolidated Funds	**165.8**	**(106.6)**	**252.3**
Net income (loss) attributable to non-controlling interests in consolidated Funds	28.8	16.1	(6.1)
Adjustments to reconcile net income (loss) attributable to non-controlling interests in consolidated Funds to net cash flows from operating activities from continuing operations of consolidated Funds:			
Purchase of investments	(146.3)	(186.9)	(250.3)
Sale of investments	91.3	149.1	191.2
Earnings from equity method investees	(35.1)	(16.7)	—
Losses on other investments	11.5	6.9	9.0
(Increase) decrease in receivables and other assets	(32.2)	7.5	(14.1)
Increase (decrease) in accounts payable and other liabilities	6.7	(7.9)	13.0
Net cash flows from operating activities of continuing operations of consolidated Funds	**(75.3)**	**(31.9)**	**(57.3)**
Net cash flows from operating activities of continuing operations	**90.5**	**(138.5)**	**195.0**

BrightSphere Investment Group Inc.

Consolidated Statements of Cash Flows (Continued)

(in millions)

	For the Years Ended December 31,		
	2020	**2019**	**2018**
Net cash flows from operating activities of discontinued operations	—	—	0.1
Total net cash flows from operating activities	**90.5**	**(138.5)**	**195.1**
Cash flows from investing activities:			
Additions of fixed assets	(27.2)	(33.9)	(21.7)
Proceeds from sale of Affiliates	295.2	5.0	105.0
Purchase of investment securities	(19.2)	(26.5)	(103.9)
Sale of investment securities	109.8	73.1	78.2
Cash flows from investing activities of consolidated Funds:			
Contributions in equity method investees	(4.2)	(12.6)	—
Distributions received from equity method investees	1.3	3.9	—
Consolidation (de-consolidation) of Funds	(85.7)	—	(40.2)
Net cash flows from investing activities of continuing operations	**270.0**	**9.0**	**17.4**
Net cash flows from investing activities of discontinued operations	—	—	—
Total net cash flows from investing activities	**270.0**	**9.0**	**17.4**
Cash flows from financing activities:			
Proceeds from third party and non-recourse borrowings	80.0	505.0	15.0
Repayment of third party and non-recourse borrowings	(255.0)	(330.0)	(48.5)
Payment to OM plc for promissory notes	—	—	(4.5)
Payment to OM plc for DTA Deed	—	(32.7)	—
Payment to OM plc for co-investment redemptions	(0.3)	(5.1)	(3.9)
Repurchases of common stock	(46.0)	(239.8)	(71.2)
Dividends paid to shareholders	(7.2)	(24.5)	(31.8)
Dividends paid to related parties	(3.7)	(11.5)	(10.7)
Payment of debt issuance costs	—	(1.8)	—
Cash flows from financing activities of consolidated Funds:			
Non-controlling interest capital raised	4.1	12.6	—
Non-controlling interest capital redeemed	(1.0)	(3.4)	—
Redeemable non-controlling interest capital raised	152.8	37.9	88.6
Redeemable non-controlling interest capital redeemed	(1.1)	(1.7)	(0.4)
Net cash flows from financing activities of continuing operations	**(77.4)**	**(95.0)**	**(67.4)**
Net cash flows from financing activities of discontinued operations	—	—	—
Total net cash flows from financing activities	**(77.4)**	**(95.0)**	**(67.4)**
Net increase (decrease) in cash and cash equivalents	**283.1**	**(224.5)**	**145.1**
Cash and cash equivalents at beginning of period	121.0	345.5	200.4
Cash and cash equivalents at end of period (including restricted cash and cash at consolidated Funds classified as restricted)	**$ 404.1**	**$ 121.0**	**$ 345.5**
Supplemental disclosure of cash flow information:			
Interest paid (excluding consolidated Funds)	$ 24.3	$ 28.4	$ 22.2
Income taxes paid	$ 33.4	$ 44.6	$ 45.6
Supplemental disclosure of non-cash investing and financing transactions:			
Consolidation (de-consolidation) of Funds	$ (236.0)	$ —	$ (105.5)
Payable for securities purchased by a consolidated Fund	$ —	$ 4.0	$ 10.8

See Notes to Consolidated Financial Statements

1) Organization and Description of the Business

BrightSphere Investment Group Inc. ("BrightSphere", "BSIG" or the "Company"), through its subsidiaries, is a global asset management company with interests in a diverse group of investment management firms (the "Affiliates") individually headquartered in the United States. The Company provides investment management services globally to predominantly institutional investors, in asset classes that include U.S. and global equities, fixed income, alternative assets, forestry and secondary strategies focused in real estate and private equity. Fees for services are largely asset-based and, as a result, the Company's revenue fluctuates based on the performance of financial markets and investors' asset flows in and out of the Company's products.

The Company's Affiliates are organized as limited liability companies. The Company generally utilizes a profit-sharing model in structuring its compensation and ownership arrangements with its Affiliates. The Affiliates' variable compensation is generally based on each firm's profitability. BSIG and Affiliate key employees share in profits after variable compensation according to their respective ownership interests. The profit-sharing model results in the alignment of BSIG and Affiliate key employee economic interests, which is critical to the Company's talent management strategy and long-term growth of the business. The Company conducts its operations through the following three reportable segments:

- *Quant & Solutions*—comprised of versatile, often highly-tailored strategies that leverage data and technology in a computational, factor based investment process across a range of asset classes and geographies, including Global, non-U.S., emerging markets and managed volatility equities, as well as multi-asset products.

- *Alternatives*—comprised of illiquid and differentiated liquid investment strategies that include private equity, real estate and real assets, including forestry, as well as a growing suite of liquid alternative capabilities in areas such as long/short, market neutral and absolute return.

- *Liquid Alpha*[(1)]—comprised of specialized investment strategies with a focus on alpha-generation across market cycles in long-only small-, mid-, and large-cap U.S. and non-U.S. equities, as well as fixed income.

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(1) In July 2020, the Company completed the sale of Copper Rock Capital Partners LLC ("Copper Rock") and in November 2020, the Company completed the sale of Barrow, Hanley, Mewhinney & Strauss, LLC ("Barrow Hanley"). See Note 3, Divestitures, for further discussion.

Prior to 2014, the Company was a wholly-owned subsidiary of Old Mutual plc ("OM plc"), an international long-term savings, protection and investment group, listed on the London Stock Exchange. On October 15, 2014, the Company completed the initial public offering (the "Offering") by OM plc pursuant to the Securities Act of 1933, as amended. Additionally, between the Offering and February 25, 2019, the Company, OM plc and/or HNA Capital U.S. ("HNA") completed a series of transactions in the Company's shares, including a two-step transaction announced on March 25, 2017 for a sale by OM plc of a 24.95% shareholding in the Company to HNA and a two-step transaction announced on November 19, 2018 for a sale of the substantial majority of the ordinary shares held by HNA of the Company to Paulson & Co. ("Paulson"). On February 25, 2019, this transaction was completed and Paulson held approximately 21.7% of the ordinary shares of the Company. The remaining shares held by HNA were bought back by the Company in the first quarter of 2019.

1) Organization and Description of the Business (cont.)

On July 12, 2019, the BrightSphere corporate group, which consisted of BrightSphere Investment Group plc, a public company limited by shares incorporated under the laws of England and Wales and its operating subsidiaries (such operating subsidiaries and the holding company collectively, the "BrightSphere Group"), completed a redomestication, resulting in BrightSphere Investment Group Inc., a Delaware corporation, becoming the publicly traded parent company of BrightSphere Group (the "Redomestication"). The scheme of arrangement pursuant to which the Redomestication was effected was approved by the Company's shareholders and the High Court of Justice of England and Wales. Effective as of the close of business on July 12, 2019, all issued ordinary shares of BrightSphere Investment Group plc were exchanged on a one-for-one basis for newly issued shares of common stock of BrightSphere Investment Group Inc. As a result, all outstanding shareholders of BrightSphere Investment Group plc became common stockholders of BrightSphere Investment Group Inc. The common stock of BrightSphere Investment Group Inc. began trading on July 15, 2019, and the Company's trading symbol on the NYSE remained unchanged as "BSIG."

			Ownership percentage following the transactions for:			
Date	**Transaction description**	**Total shares**	**OM plc**	**HNA**	**Paulson**	**Note**
October 15, 2014	IPO of BSIG shares by OM plc	24,231,375	78.8 %	— %	— %	(1)
June 22, 2015	Secondary public offering by OM plc	15,295,000	65.8 %	— %	— %	(2)
December 16, 2016	Secondary public offering by OM plc	14,950,000	— %	— %	— %	(3)
December 16, 2016	Repurchase and retirement of shares by BSIG	6,000,000	51.1 %	— %	— %	(4)
May 12, 2017	Sale of shares from OM plc to HNA	11,414,676	40.9 %	9.95 %	— %	(5)
May 19, 2017	Secondary public offering by OM plc	19,895,000	— %	— %	— %	(6)
May 19, 2017	Repurchase and retirement of shares by BSIG	5,000,000	20.1 %	10.4 %	— %	(4)
November 10, 2017	Sale of shares from OM plc to HNA	15,960,553	5.51 %	24.95 %	— %	(7)
November 17, 2017	Secondary public offering by OM plc	6,039,630	— %	24.95 %	— %	(8)
November 19, 2018	Sale of shares from HNA to Paulson	4,598,566	— %	21.4 %	4.9 %	(9)
February 21, 2019	Repurchase and retirement of shares by BSIG	4,100,000	— %	19.4 %	5.4 %	(4)
February 25, 2019	Repurchase and retirement of shares by BSIG	3,886,625	— %	16.0 %	5.7 %	(4)
February 25, 2019	Sale of shares from HNA to Paulson	14,790,038	— %	— %	21.7 %	(9)

(1) Includes 2,231,375 shares purchased by the underwriters of the offering under their overallotment option.

(2) Includes 1,995,000 shares purchased by the underwriters of the offering under their overallotment option.

(3) Includes 1,950,000 shares purchased by the underwriters of the offering under their overallotment option.

(4) Purchased pursuant to the share repurchase program described below. All shares repurchased by the Company were retired.

1) Organization and Description of the Business (cont.)

(5) Following the May 12, 2017 sale of shares from OM plc to HNA, on May 24, 2017, OM plc appointed Dr. Guang Yang of HNA as an OM plc director.

(6) Includes 2,595,000 shares purchased by the underwriters of the offering under their overallotment option.

(7) Following the November 10, 2017 sale of shares from OM plc to HNA, HNA acquired the right to appoint two directors to the Company's board.

(8) Upon completion of the November 17, 2017 offering, OM plc indirectly owned 1,000 of the Company's outstanding ordinary shares.

(9) In connection with the November 19, 2018 sale of shares from HNA to Paulson, on November 16, 2018, HNA appointed John Paulson and Dr. Guang Yang as HNA directors. The final sale of shares from HNA to Paulson was completed on February 25, 2019. On April 15, 2020, John Paulson succeeded Guang Yang as the Chairman of the Board.

Share Repurchase Program

On February 3, 2016, the Company's Board of Directors authorized a $150 million open market share repurchase program, which was approved by shareholders on March 15, 2016. On April 18, 2018, the Company's Board of Directors approved an amendment to the existing share repurchase contract, to permit the repurchase of shares, from time to time, up to an aggregate limit of $600 million of shares. This amendment was subsequently approved by shareholders on June 19, 2018. For the year ended December 31, 2020, the Company repurchased 6,412,663 shares at a weighted average price of $7.15 per share, or approximately $46.0 million in total, including commissions. In 2019, the Company repurchased 19,479,945 shares at a weighted average price of $12.08 per share, or approximately $235.4 million in total, including commissions. In 2018, the Company repurchased 5,549,861 shares on the open market at a weighted average price of $13.35 per share or approximately $74.2 million in total, including commissions.

On April 29, 2016, at the Company's Annual General Meeting, shareholders (excluding OM plc) authorized a form of contract by which the Company would be permitted to repurchase shares directly from OM plc. The shareholder authorization does not contain a maximum dollar or share amount for such purchases individually or in aggregate from OM plc. On December 16, 2016 in connection with the secondary offering by OM plc, the Company repurchased 6,000,000 shares directly from OM plc at a price of $14.25 per share. On May 19, 2017 in connection with the secondary offering by OM plc, the Company repurchased 5,000,000 shares directly from OM plc at a price of $14.55 per share.

All shares of common stock repurchased by the Company were retired.

2) Basis of Presentation and Significant Accounting Policies

The Company’s significant accounting policies are as follows:

Basis of presentation

These Consolidated Financial Statements reflect the historical balance sheets, statements of operations, statements of comprehensive income, statements of changes in shareholders’ equity and statements of cash flows of the Company. Within these Consolidated Financial Statements, OM plc, HNA, Paulson and their related entities, as defined above, are referred to as “related parties.”

The Consolidated Financial Statements are prepared in accordance with accounting principles generally accepted in the United States (“U.S. GAAP”). All dollar amounts, except per-share data in the text and tables herein, are stated in millions unless otherwise indicated. Transactions between the Company and its related parties are included in the Consolidated Financial Statements, however material intercompany balances and transactions among the Company, its consolidated Affiliates and consolidated Funds are eliminated in consolidation.

As a result of the Redomestication on July 12, 2019, discussed in Note 1, the Company revised its equity accounts to reflect a U.S. domiciled company presentation on the Consolidated Statements of Changes in Shareholders’ equity and the Consolidated Balance Sheets for all periods presented. The previously issued ordinary shares of BrightSphere Investment Group plc were exchanged on a one-for-one basis for newly issued shares of common stock of BrightSphere Investment Group Inc. The Redomestication and related internal reorganization was accounted for consistent with a reorganization of entities under common control in accordance with *Accounting Standards Codification (“ASC”) 805 Business Combinations*. Accordingly, the transfer of the assets and liabilities and exchange of shares was recorded in the new entity (BrightSphere Investment Group Inc.) at their carrying amounts from the transferring entity (BrightSphere Investment Group plc) at the date of transfer.

Revenue recognition

Revenue from contracts with customers

The Company recognizes revenue when a customer obtains control of promised goods or services in an amount that reflects the consideration the entity expects to receive in exchange for those goods or services.

A performance obligation is a promise in a contract to transfer a distinct good or service to the customer, and is the unit of account in accordance with the revenue recognition guidance. A contract’s transaction price is allocated to each distinct performance obligation and recognized as revenue when, or as, the performance obligation is satisfied. The majority of the Company’s contracts have a single performance obligation, as the promise to transfer the individual goods or services is not separately identifiable from other promises in the contracts and, therefore, not distinct. The Company’s management fee revenue is calculated based upon levels of assets under management multiplied by a fee rate. Management fee revenue is typically calculated on a monthly or quarterly basis, but is earned continuously as performance obligations are fulfilled. The transaction price is variable in contracts which calculate AUM on an average basis over a specified period and this variability is resolved at the end of the period, when the actual average AUM for the contract period may be calculated. The Company is able to resolve the variability and calculate the most likely amount to be recognized for any given period by estimating revenue based upon a daily average AUM. For certain of the Company’s Alternative funds, management fee revenue is calculated based on a percentage of assets under management or total capital commitments. These Alternative funds can also

2) Basis of Presentation and Significant Accounting Policies (cont.)

include “catch-up” provisions such that the Company records revenue for payments of fund management fees back to the initial closing date for funds with multiple closings, less placement fees paid to third parties related to these funds.

All of the Company’s performance obligations are satisfied ratably over time and there is no distinction in the methodology used to recognize management fee revenue in instances where there is more than one performance obligation. Typically, revenue is recognized over time using a time-based output measure to measure progress.

Management fees are recognized monthly as services are rendered. Affiliates that manage tangible property may also earn transaction fees at the time the underlying property is bought and sold. Any fees collected in advance are deferred and recognized as income over the period earned. Dividend income received is recorded on the ex-dividend date.

Performance fees are generally assessed as a percentage of the investment performance realized on a client’s account. Additionally, separate accounts or other products which primarily earn management fees are potentially subject to performance adjustments up or down based on investment performance versus benchmark. Performance fees, including those that are subject to clawback, are recognized when they (i) become billable to customers (based on contractual terms of agreements) and (ii) are not subject to contingent repayment.

The Company is required to capitalize certain costs directly related to the acquisition or fulfillment of a contract with a customer. The Company has noted no instances where sales-based compensation or similar costs met the definition of an incremental cost to acquire a contract with a customer in accordance with revenue recognition guidance. There are no instances where the Company has incurred costs to fulfill a contract with a customer, therefore no intangible assets related to contract acquisition or fulfillment have been recognized.

For each one of its contracts with customers, the Company identifies one or more performance obligations within the contract and then, for each performance obligation, determines if it is a principal (where the nature of its promise is to provide a specified good or service itself) or an agent (where the nature of its promise is to arrange for a good or service to be provided by another party). In instances where a customer reimburses the Company for a cost paid on the customer’s behalf, if the Company is acting as a principal, the reimbursement is recorded on a gross basis and if the Company is acting as an agent, the reimbursement is recorded on a net basis.

Certain Funds reimburse the Company’s Affiliates for certain expenses where the Affiliate is acting as a principal, primarily for compensation expense for field office personnel at several Timber Funds, where revenue is recognized from log and fiber sales upon delivery to the customer. Revenue from expense reimbursement is accrued at cost as the corresponding reimbursable expenses are incurred and is recorded in other revenue in the Company’s Consolidated Statements of Operations.

Revenue from other sources

Other revenue also includes interest income on cash and cash equivalents and revenue from administration and consulting services.

2) Basis of Presentation and Significant Accounting Policies (cont.)

Compensation arrangements

The Company operates short term variable compensation arrangements where generally, a percentage of each Affiliate's annual pre-variable compensation earnings, as defined in each arrangement, is allocated to a "pool" of each respective Affiliate's key employees and subsequently distributed to individuals subject to recommendation and approval of a remuneration committee comprised of both the Company's and each respective Affiliate's management. Variable compensation expense is accrued and recognized in the Consolidated Statements of Operations as services are provided by individual employees.

The Company operates longer term profit-interest plans whereby certain Affiliate key employees are granted (or have a right to purchase) awards representing a profits interest in their respective Affiliate, as distinct from an equity interest due to the lack of pari passu voting rights. Under these plans, the Company may award a portion of the aforementioned variable compensation arrangement through issuance of a profits interest in the Affiliate. The awards generally have a three- to five-year vesting period from the grant date, and the service period begins at the commencement of the financial period to which the variable compensation relates. Under these plans, Affiliate key employees are eligible to share in the profits of their respective Affiliates based on their respective percentage interest held.

In addition, under certain circumstances, Affiliate key employees are eligible to receive repurchase payments upon exiting the plans based on a multiple of the last twelve months profits of their respective Affiliate, as defined. Profits allocated and movements in the potential repurchase value, determined based on a fixed multiple times trailing twelve month profits, as defined, are recognized as compensation expense. Profit interests compensation liabilities are re-measured at each reporting date at the twelve month earnings multiple, with movements treated as compensation expense in the Company's Consolidated Statements of Operations.

Share-based compensation plans

The Company recognizes the cost of all share-based payments to directors, senior management and employees, including grants of restricted stock and stock options, as compensation expense in the Consolidated Statements of Operations over the respective vesting periods.

Awards made under the Company's equity plans are accounted for as equity settled, and the grant date fair value is recognized as compensation expense over the requisite service period, with a corresponding contribution to additional paid-in capital. Valuation of restricted stock awards ("RSAs") and restricted stock units ("RSUs") is determined based on the Company's closing share price as quoted on the New York Stock Exchange on the measurement date. For performance-based awards and stock options, a Monte-Carlo simulation model is used to determine the fair value. Key inputs for the model include: assumed reinvestment of dividends, risk-free interest rate, expected volatility and term. All excess tax benefits and deficiencies on share-based payment awards are recognized as income tax expense or benefit in the Consolidated Statements of Operations. In addition, the tax effects of exercised or vested awards are treated as discrete items in the reporting period in which they occur and excess tax benefits or deficiencies are classified with other income tax cash flows as an operating activity in the Consolidated Statements of Cash Flows. The Company recognizes forfeitures as they occur.

2) Basis of Presentation and Significant Accounting Policies (cont.)

The Company has compensation arrangements with certain of its Affiliates whereby in exchange for continued service, Affiliate equity is either purchased by, or granted to Affiliate key employees and may be repurchased either by Affiliate key employees or by the Company at a future date, subject to service requirements having been met. Awards of equity made to Affiliate key employees are accounted for as cash settled, with the fair value recognized as compensation expense over the requisite service period, with a corresponding liability carried within other compensation liabilities on the Consolidated Balance Sheets until the award is settled. The fair value of the liabilities are determined with the assistance of third party valuation specialists using discounted cash flow analyses which incorporate assumptions for the forecasted earnings information, market risk adjustments, discount rates and post-vesting restrictions. The liabilities are revalued at each reporting period, with any movements recorded within compensation expense.

Consolidation

Affiliates

The Company evaluates each of its Affiliates and other operating entities to determine the appropriate method of accounting. Generally, majority-owned entities or otherwise controlled investments in which the Company holds a controlling financial interest as the principal shareholder, managing member, or general partner are consolidated.

Funds

In the normal course of business, the Company's Affiliates sponsor and manage certain investment vehicles (the "Funds"). The Company assesses consolidation requirements with respect to its Funds.

In evaluating whether or not a legal entity must be consolidated, the Company determines if such entity is a variable interest entity ("VIE") or a voting interest entity ("VOE"). A VOE is considered an entity in which (i) the total equity investment at risk is sufficient to enable the entity to finance its activities independently and (ii) the equity holders at risk 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 the entity's economic performance. A VIE is an entity that lacks one or more of the characteristics of a VOE. Assessing whether an entity is a VIE or VOE involves judgment and analysis. Factors considered in this assessment include the entity's legal organization, the entity's capital structure and equity ownership and any related party or de-facto agent implications of the Company's involvement with the entity. Investments that are determined to be VIEs are consolidated if the Company or a consolidated Affiliate is the primary beneficiary of the investment.

2) Basis of Presentation and Significant Accounting Policies (cont.)

In evaluating whether the Company is the primary beneficiary, the Company evaluates its economic interests in the entity held either directly by the Company or indirectly through related parties on a proportional basis. The primary beneficiary of the VIE is defined as the variable interest holder that has a controlling financial interest. A controlling financial interest is defined as (i) the power to direct the activities of the VIE that most significantly impacts its economic performance and (ii) the obligation to absorb losses of the entity or the right to receive benefits from the entity that could potentially be significant to the VIE. If no single party satisfies both criteria, but the Company and its related parties satisfy the criteria on a combined basis, then the primary beneficiary is the entity out of the related party group that is most closely associated to the VIE. The consolidation analysis can generally be performed qualitatively, however, if it is not readily apparent that the Company is not the primary beneficiary, a quantitative analysis may also be performed. The Company generally is not the primary beneficiary of Fund VIEs created to manage assets for clients unless the Company's ownership interest in the fund, including interests of related parties on a proportional basis, is significant.

The Company consolidates VOEs when it has control over significant operating, financial and investing decisions of the entity or holds the majority voting interest.

Upon the occurrence of certain events (such as contributions and redemptions, either by the Company, its Affiliates, or third parties, or amendments to the governing documents of the Company's investees or sponsored Funds) management reviews and reconsiders its previous conclusion regarding the status of an entity as a VIE or a VOE. Additionally, management continually reconsiders whether the Company is deemed to be a VIE's primary beneficiary who consolidates such entity.

Investments and Investment Transactions

Valuation of investments held at fair value

Valuation of Fund investments, including Timber Funds, is evaluated pursuant to the fair value methodology discussed below. Other investments are categorized as trading and recorded at estimated fair value. Realized and unrealized gains and losses arising from changes in fair value of investments are reported within net consolidated funds' investment gains and losses in the Consolidated Statements of Operations. See Note 5 for a summary of the inputs utilized to determine the fair value of other investments held at fair value.

Security transactions

The Company generally records securities transactions on a trade-date basis. Realized gains and losses on securities transactions are generally determined on the average-cost method (net of foreign capital gain taxes) and for certain transactions determined based on the specific identification method.

Income and expense recognition

The Company records interest income on an accrual basis and includes amortization of premiums and accretion of discounts. Dividend income is recorded on the ex-dividend date, net of applicable withholding taxes. Expenses are recorded on an accrual basis.

2) Basis of Presentation and Significant Accounting Policies (cont.)

Short sales

Certain Funds may sell a security they do not own in anticipation of a decline in the fair value of that security. When a Fund sells a security short, it must borrow the security sold short and deliver it to the broker-dealer through which it made the short sale. The short sales are secured by the long portfolio and available cash. The Fund records a gain, limited to the price at which the Fund sold the security short, or a loss, unlimited in size, upon the termination of a short sale. The amount of the gain or loss will be equal to the proceeds received in entering into the short sale less the cost of buying back the short security to close the short position. While the transaction is open, the Fund will incur an expense for any accrued dividends or interest which is paid to the lender of the securities. These short sales may involve a level of risk in excess of the liability recognized in the accompanying Consolidated Balance Sheets. The extent of such risk cannot be quantified.

Funds' Derivatives

Certain Funds may use derivative instruments. The Funds' derivative instruments may include foreign currency exchange contracts, credit default swaps, interest rate swaps, financial futures contracts and warrants. The fair values of derivative instruments are recorded as other assets of consolidated Funds or other liabilities of consolidated Funds on the Company's Consolidated Balance Sheets. The Funds have used foreign exchange forwards to hedge the risk of movement in exchange rates on financial assets on a limited basis.

The Company's Funds have not designated any financial instruments for hedge accounting, as defined in the accounting literature, during the periods presented. The gains or losses on Fund's derivative instruments not designated for hedge accounting are included as net consolidated Funds gains or losses in the Company's Consolidated Statements of Operations.

Foreign currency translation and transactions

Assets and liabilities of non-U.S. entities for which the local currency is the functional currency are translated at current exchange rates as of the end of the accounting period. The related revenues and expenses are translated at average exchange rates in effect during the period. Net exchange gains and losses resulting from translation are excluded from income and are recorded as part of accumulated other comprehensive income (loss). Transactions denominated in a foreign currency are revalued at the current exchange rate at the transaction date and any related gains and losses are recognized in earnings.

Equity method investments

The Company uses the equity method of accounting for investments that provide the Company with the ability to exercise significant influence over an entity, but that do not meet the requirements for consolidation. Equity method investments includes an Affiliate, Investment Counselors of Maryland, LLC, as well as all unconsolidated Funds over which the Company exercises significant influence.

2) Basis of Presentation and Significant Accounting Policies (cont.)

Equity-accounted investments in consolidated Funds is comprised of investments in partnership interests where a portion of the return includes carried interest. These investments are accounted for within the scope of ASC 323, *Investments - Equity Method and Joint Ventures* because the Company has determined it has significant influence. The Company's share of earnings from equity method investments is included in investment income in the Consolidated Statements of Operations. The carrying amounts of equity method investments are reflected in Investments and assets of consolidated Funds in the Consolidated Balance Sheets. The Company evaluates its equity method investments for impairment whenever events or changes in circumstances indicate that the carrying amounts of such investments may not be recoverable. The difference between the carrying value and its estimated fair value is recognized as impairment when the loss is deemed other than temporary.

Fair value measurements

In accordance with the accounting standards for fair value measurements, fair value is the price that the Company expects to be paid upon the sale of an asset or expects to pay upon the transfer of a liability in an orderly transaction between market participants. There is a three-level hierarchy for fair value measurements based upon the transparency of inputs to the valuation of an asset or liability. Inputs may be observable or unobservable and refer broadly to the assumptions that market participants would use in pricing the asset or liability. Observable inputs reflect the assumptions market participants would use in pricing the asset or liability based on market data obtained from independent sources. Unobservable inputs reflect the Company's own conclusions about the assumptions that market participants would use in pricing the asset or liability based on the best information available in the circumstances. Each investment is assigned a level based upon the observability of the inputs which are significant to the overall valuation. Assets and liabilities measured and reported at fair value are classified and disclosed in one of the following categories:

- Level I—Quoted prices are available in active markets for identical investments as of the reporting date. The type of investments included in Level I include listed equities and listed derivatives. As required by U.S. GAAP, the Company does not adjust the quoted price for these investments.
- Level II—Pricing inputs are other than quoted prices in active markets, which are either directly or indirectly observable as of the reporting date, and fair value is determined through the use of models or other valuation methodologies utilizing observable market inputs other than quoted prices. Investments which are generally included in this category include corporate bonds and loans, less liquid and restricted equity securities and certain over-the-counter derivatives.
- Level III—Pricing inputs are unobservable for the asset or liability and include assets and liabilities where there is little, if any, market activity for the investment. The inputs into the determination of fair value require significant management judgment or estimation. Investments that are included in this category generally include general and limited partner interests in timber funds, corporate private equity, real estate funds, and funds of hedge funds.

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, an investment's level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement. The Company's assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment and considers factors specific to the investment. In cases in which the fair value of an investment is established using the net asset value (or its equivalent) as a practical expedient, the investment is not categorized within the fair value hierarchy.

2) Basis of Presentation and Significant Accounting Policies (cont.)

Use of estimates

The preparation of these Consolidated Financial Statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. The year ended December 31, 2020 was characterized by heightened uncertainty due to the COVID-19 pandemic which could impact estimates and assumptions made by management. Actual results could differ significantly from those estimates.

Operating segment

The Company operates in three reportable segments that provide investment management services and products primarily to institutional clients. See Note 24 for further information regarding the Company’s segments.

Derivatives and Hedging

The Company may utilize derivative financial instruments to hedge the risk of movement of interest rates and foreign currency on financial assets and liabilities. These derivative financial instruments may or may not qualify as hedges for accounting purposes. The Company records all derivative financial instruments as either assets or liabilities on its Consolidated Balance Sheets and measures these instruments at fair value. For a derivative financial instrument that qualifies as a hedge for accounting purposes and is designated as a hedging instrument, the effective portion of the derivative’s gain or loss is initially reported as a component of other comprehensive income (loss) and subsequently reclassified into earnings over the life of the hedge. The ineffective portion of the gain or loss is recognized in earnings immediately.

Cash and cash equivalents

The Company considers all highly liquid investments, including money market mutual funds, with original maturities of three months or less to be cash equivalents. Cash equivalents are stated at cost, which approximates market value due to the short-term maturity of these investments. Restricted cash represents amounts held in escrow related to the Company's disposition of Barrow Hanley.

Cash held by consolidated Funds is not available to fund general liquidity needs of the Company and is therefore also classified as restricted cash.

Investment advisory fees receivable

The Company earns management and performance fees which are billed monthly, quarterly and annually, according to the terms of the relevant investment management agreement. Management and performance fees that have been earned, but have not yet been collected are presented as investment advisory fees receivable on the Consolidated Balance Sheets. Due to the short-term nature and liquidity of these receivables, the carrying amounts approximate their fair values. The Company typically does not record an allowance for doubtful accounts or bad debt expense, or any amounts recorded have been immaterial.

2) Basis of Presentation and Significant Accounting Policies (cont.)

Fixed assets

Fixed assets are recorded at historical cost and depreciated using the straight-line method over its estimated useful lives. The estimated useful lives of office equipment and furniture and fixtures range from three to five years. Leasehold improvements are amortized over the shorter of their estimated useful lives or the remaining term of the lease. Computer software developed or obtained for internal use capitalized during the application development stage is amortized using the straight-line method over the estimated useful life of the software, which is generally seven years or less. The estimated useful life of building assets is thirty-nine years. The costs of improvements that extend the life of a fixed asset are capitalized, while the costs of repairs and maintenance are expensed as incurred.

Intangible assets

Acquired Affiliates have identifiable intangible assets arising from contractual or other legal rights with their clients. In determining the value of acquired intangibles, the Company analyzes the net present value of each acquired Affiliate's existing client relationships based on a number of factors. The Company analyzes the Affiliate's historical and potential future operating performance, the Affiliate's historical and potential future rates of attrition among existing clients, the stability and longevity of existing client relationships, the Affiliate's recent and long-term investment performance, the characteristics of the firm's products and investment styles, the stability and depth of the Affiliate's management team and the Affiliate's history and perceived franchise or brand value. The Company's acquired intangible assets are predominately definite-life intangible assets and are generally amortized on a straight-line basis over their estimated useful lives, ranging from five to sixteen years, reflecting the expected duration of such relationships. The Company also holds an indefinite-life intangible asset related to the trade name associated with the Landmark acquisition.

The Company tests for the possible impairment of definite-life intangibles whenever events or changes in circumstances indicate that the carrying amount of the asset is not recoverable. If such indicators exist, the Company compares the undiscounted cash flows related to the asset to the carrying value of the asset. If the carrying value is greater than the undiscounted cash flows amount, an impairment charge is recorded in the Consolidated Statements of Operations for amounts necessary to reduce the carrying value of the asset to fair value. Indefinite-life intangible assets are tested for impairment annually as of the first business day of the fourth quarter or more frequently if events or changes in circumstances indicate that the asset might be impaired.

Goodwill

The Company records goodwill when the consideration paid in a business acquisition exceeds the fair value of the net total of tangible assets acquired, identifiable intangible assets acquired and liabilities assumed. Goodwill is not amortized, but rather is tested for impairment annually or more frequently if events or circumstances occur that indicate impairment may exist. Factors that could trigger an impairment review include significant underperformance relative to historical or projected future operating results, significant changes in the Company's use of the acquired assets in a business combination or the strategy for the Company's overall business, and significant negative industry or economic trends.

2) Basis of Presentation and Significant Accounting Policies (cont.)

The Company performs its assessment for impairment of goodwill annually as of the first business day of the fourth quarter, or as necessary, and the Company has determined that it had five reporting units, consisting of the five consolidated Affiliates as of the annual goodwill impairment test date. The Company first considers various qualitative factors to determine if it is more likely than not that the fair value of each of the reporting units is greater than its respective carrying amount, including goodwill. If based on the qualitative assessment it is determined that it is more likely than not that the fair value of any reporting unit is below its respective carrying amount, therefore indicating that impairment may exist, the impact would be determined at that point through a quantitative assessment. For purposes of assessing potential impairment, the fair value of the reporting unit is estimated and compared to the carrying value of the reporting unit. The fair value of a reporting unit is based on discounted estimated future cash flows. The assumptions used to estimate fair value include management's estimates of future growth rates, operating cash flows, discount rates and terminal value. These assumptions and estimates can change in future periods based on market movement and factors impacting the expected business performance. Changes in assumptions or estimates could materially affect the determination of the fair value of a reporting unit. If it is determined that the carrying value of the reporting unit exceeds its fair value, an impairment charge is recognized in the amount equal to that excess; not to exceed the total amount of goodwill allocated to that reporting unit. Based on the Company's most recent annual goodwill impairment test, the Company concluded that the fair value of each of its reporting units was more likely than not in excess of their carrying values. At the close of each year, management assessed whether there were any conditions present during the fourth quarter that would indicate impairment subsequent to the initial assessment date and concluded that no such conditions were present.

Assets Held for Sale

The Company classifies its long-lived assets to be sold as held for sale in the period (i) it has approved and committed to a plan to sell the asset, (ii) the asset is available for immediate sale in its present condition, (iii) an active program to locate a buyer and other actions required to sell the asset have been initiated, (iv) the sale of the asset is probable, (v) the asset is being actively marketed for sale at a price that is reasonable in relation to its current fair value, and (vi) it is unlikely that significant changes to the plan will be made or that the plan will be withdrawn. The Company initially measures a long-lived asset that is classified as held for sale at the lower of its carrying value or fair value less any costs to sell. Any loss resulting from this measurement is recognized in the period in which the held for sale criteria are met. Conversely, gains are not recognized on the sale of a long-lived asset until the date of sale. Upon designation as an asset held for sale, the Company stops recording depreciation expense on the asset. The Company assesses the fair value of a long-lived asset less any costs to sell at each reporting period and until the asset is no longer classified as held for sale.

Upon determining that a disposal group meets the criteria to be classified as held for sale, the Company reports the assets and liabilities of the disposal group, if material, in the line items assets held for sale and liabilities held for sale on the Consolidated Balance Sheet.

2) Basis of Presentation and Significant Accounting Policies (cont.)

Leases

Contracts are evaluated at inception to determine whether such contract is or contains a lease. The Company leases certain office space and equipment under non-cancelable operating leases. As leases expire, they are normally renewed or replaced in the ordinary course of business. Lease agreements may contain renewal options exercisable by the Company, rent escalation clauses and/or other incentives provided by the landlord. Renewal options that have been determined to be reasonably certain to be exercised are included in the lease term. Rights and obligations attributable to identified leases with a term in excess of twelve months are recognized on the Company's Consolidated Balance Sheets in the form of right-of-use (ROU) assets and lease liabilities are recognized as of the date the underlying assets are available for use, which may be the date the Company gains access to begin leasehold improvements. Lease payments related to short-term leases with a term of twelve months or less are recognized on a straight-line basis as short-term lease expense.

Lease liabilities are initially and subsequently measured as the present value of future lease payments over the lease term. For the purposes of this calculation, lease payments consist of fixed monthly lease payments related to use of the underlying assets. As the Company's leases generally do not have a readily determinable implicit rate, the company uses its incremental borrowing rate to determine the present value of fixed lease payments based on information available at the lease commencement date.

ROU assets are initially valued equal to the corresponding lease liabilities, adjusted for any lease incentives payable to the Company. Subsequently, the amortization of ROU assets is recognized as a component of operating lease expense. The total cost of operating leases is recognized on a straight-line basis over the life of the related leases, and is composed of imputed interest on lease liabilities measured using the effective interest method and amortization of the ROU asset. Variable lease payments are primarily related to services such as common-area maintenance and utilities, property taxes and insurance, and are recognized as variable lease expense when incurred.

ROU assets are tested for impairment whenever changes in facts or circumstances indicate that the carrying amount of an asset may not be recoverable. Modification of a lease term would result in re-measurement of the lease liability and a corresponding adjustment to the ROU asset.

Earnings per share

The Company calculates basic and diluted earnings per share ("EPS") by dividing net income by its shares outstanding as outlined below. Basic EPS attributable to the Company's shareholders is calculated by dividing "Net income attributable to controlling interests" by the weighted-average number of shares outstanding. Diluted EPS is similar to basic EPS, but adjusts for the effect of potential shares of common stock unless they are antidilutive. For periods with a net loss, potential shares of common stock are considered antidilutive.

The Company considers two ways to measure dilution to earnings per share: (a) calculate the net number of shares that would be issued assuming any related proceeds are used to buy back outstanding shares (the treasury stock method), or (b) assume the gross number of shares are issued and calculate any related effects on net income available for shareholders (the if-converted or two-class method). As appropriate, the Company's policy is to apply the more dilutive methodology upon issuance of such instruments.

2) Basis of Presentation and Significant Accounting Policies (cont.)

Deferred financing costs

The Company records debt issuance costs of term loans as a direct deduction from the carrying amount of the associated debt liability. For debt issuance costs of revolving credit loans, the Company presents debt issuance costs as an asset and subsequently amortizes the deferred costs ratably over the term of the agreement.

Income taxes

Deferred income taxes are recognized for the effects of temporary differences between the tax basis of an asset or liability and its reported amount in the Consolidated Financial Statements. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect of a change in tax rates on deferred tax assets and liabilities is recognized in income in the period that includes the enactment date. The Company’s deferred tax assets have been attributable to interest deductions, investment in partnerships, and employee compensation.

Deferred income tax assets are subject to a valuation allowance if, in management’s opinion, it is not more-likely-than-not that these benefits will be realized. In evaluating the Company’s ability to recover its deferred tax assets, the Company considers all available positive and negative evidence including its past operating results, the existence of cumulative earnings or losses in the most recent years and its forecast of future taxable income. In estimating future taxable income, the Company develops assumptions including the amount of future pre-tax operating income and the reversal of temporary differences. These assumptions require significant judgment about the forecasts of future taxable income and are consistent with the plans and estimates the Company is using to manage the underlying businesses.

The Company’s accounting policy is to treat the global intangible low-taxed income taxes which became effective January 1, 2018 as a result of the Tax Cuts and Jobs Act as period costs in the accounting and tax periods in which they are incurred.

A tax benefit should only be recognized if it is more-likely-than-not that the position will be sustained based on its technical merits. The Company recognizes the financial statement benefit of a tax position only after considering the probability that a tax authority would uphold the position in an examination. For tax positions meeting a “more-likely-than-not” threshold, the amount recognized in the financial statements is the largest cumulative amount of benefit greater than 50% likely of being sustained. The more-likely-than-not threshold must continue to be met in each reporting period to support continued recognition of the benefit. Unrecognized tax benefits and related interest and penalties, are adjusted periodically to reflect changing facts and circumstances. The Company’s accounting policy is to classify interest and related charges as a component of income tax expense.

Non-controlling interests

For certain entities that are consolidated, but not 100% owned, the Company reports non-controlling interests as equity on its Consolidated Balance Sheets. The Company's consolidated net income on the Consolidated Statements of Operations includes the income (loss) attributable to non-controlling interest holders of the Company's consolidated Affiliates and Funds. Ownership interests held by Affiliate key employees are categorized as liabilities on the Consolidated Balance Sheets and are revalued each reporting date, with movements treated as compensation expense in the Consolidated Statements of Operations.

2) Basis of Presentation and Significant Accounting Policies (cont.)

Non-controlling interests in consolidated Funds on the Consolidated Balance Sheets include undistributed income owned by the investors in the respective Funds. The Company's consolidated net income on the Consolidated Statements of Operations includes the income (loss) attributable to non-controlling interest holders of these consolidated entities.

Redeemable non-controlling interests

The Company includes redeemable non-controlling interests related to certain consolidated Funds as temporary equity on the Consolidated Balance Sheets. Non-controlling interests in certain consolidated Funds are subject to monthly or quarterly redemption by the investors. When redeemable amounts become legally payable to investors, they are classified as a liability and included in total liabilities of consolidated Funds on the Consolidated Balance Sheets.

Other comprehensive income (loss)

Other comprehensive income (loss) is defined as the change in equity of a business enterprise during a period from transactions and other events and circumstances, excluding those resulting from investments by and distributions to owners. For the Company's purposes, comprehensive income (loss) represents net income (loss), as presented in the accompanying Consolidated Statements of Operations, adjusted for net foreign currency translation adjustments and adjustments to the valuation and amortization of certain derivative securities, net of tax.

Restructuring costs

A liability for restructuring is recognized only after management has developed a formal plan, approved by the Board of Directors, to which it has committed. The costs included in a restructuring liability are those costs that are either incremental or incurred as a direct result of the plan, or are the result of a continuing contractual obligation with no continuing economic benefit to the Company, or a penalty incurred to cancel the contractual obligation.

Recently adopted accounting standards

In August 2018, the FASB issued ASU 2018-13, Fair Value Measurement (Topic 820). This standard modifies the disclosure requirements on fair value measurements and is effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2019. The Company adopted the standard on January 1, 2020. This guidance removes the disclosure requirements for the valuation processes for Level III fair value measurements. This guidance also adds new disclosure requirements for the range and weighted average of significant unobservable inputs used to develop fair value measurements categorized within Level III of the fair value hierarchy. The Company has determined that the adoption of this standard did not have a material impact on its Consolidated Financial Statements and related disclosures.

Accounting standards not yet adopted

The Company has considered all other newly issued accounting guidance that is applicable to the Company's operations and the preparation of the Consolidated Financial Statements, including those that have not yet been adopted. The Company does not believe that any such guidance has or will have a material effect on its Consolidated Financial Statements and related disclosures.

3) Divestitures

Copper Rock Capital Partners LLC

On July 24, 2020 the Company completed the sale of all of its equity interests in Copper Rock to Spouting Rock Asset Management LLC. The Company recognized a pre-tax gain of $7.2 million during the year ended December 31, 2020.

Barrow, Hanley, Mewhinney & Strauss LLC

On November 17, 2020 the Company completed the sale of all its interests in Barrow Hanley to Perpetual U.S. Holdings Company Inc. ("Perpetual") for cash consideration totaling $292.3 million. The Company recognized a pre-tax gain of $231.2 million during the year ended December 31, 2020. Operational information for Barrow Hanley is included in the Company's Liquid Alpha segment until November 17, 2020, the consummation of the sale. Barrow Hanley's income from continuing operations before taxes was $38.2 million, $106.0 million, and $88.7 million for the year ended December 31, 2020, 2019, and 2018 respectively. The Company also redeemed seed investments of $49.0 million in Barrow Hanley's investment products as of November 17, 2020 upon consummation of the sale.

Analytic Investors LLC

The Company recorded a pre-tax gain of $2.9 million during the year ended December 31, 2020 upon receipt of cash proceeds from a previously disposed of Affiliate, Analytic Investors LLC.

4) Investments

Investments are comprised of the following at December 31 (in millions):

	2020	2019
Investments of consolidated Funds held at fair value	$ —	$ 119.5
Other investments held at fair value	40.1	95.5
Investments related to long-term incentive compensation plans held at fair value	73.0	88.8
Total investments held at fair value	$ 113.1	$ 303.8
Equity-accounted investments in Affiliate and consolidated Funds(1)	115.7	73.1
Total investments per Consolidated Balance Sheets	**$ 228.8**	**$ 376.9**

(1) Equity-accounted investments in consolidated Funds is comprised of investments in partnership interests where a portion of return includes carried interest. These investments are accounted for within the scope of ASC 323, *Investments - Equity Method and Joint Ventures* because the Company has determined it has significant influence.

In August 2017, the Company executed a non-binding term sheet to sell its stake in Heitman LLC ("Heitman") to Heitman's management for cash consideration totaling $110 million. Pursuant to this term sheet, BSIG entered into a redemption agreement on November 17, 2017 and the Company reclassified its investment in Heitman to a cost-method investment. This transaction closed on January 5, 2018 and resulted in a gain of $65.7 million included in the table below.

Investment income is comprised of the following for the years ended December 31 (in millions):

	2020	2019	2018
Realized and unrealized gains (losses) on other investments held at fair value	2.0	14.0	(1.9)
Earnings from equity-accounted investments in Affiliate (Note 7)	2.9	2.8	2.7
Gain on sale of Affiliate carried at cost	—	—	65.7
Total investment income per Consolidated Statements of Operations	**$ 4.9**	**$ 16.8**	**$ 66.5**

Investment gains (losses) on net consolidated funds is comprised of the following for the years ended December 31 (in millions):

	2020	2019	2018
Realized and unrealized gains (losses) on consolidated Funds held at fair value	$ (5.2)	$ 4.2	$ (13.4)
Earnings from equity-accounted investments	35.1	16.7	—
Total net consolidated Funds' investment gains (losses) per Consolidated Statements of Operations	**$ 29.9**	**$ 20.9**	**$ (13.4)**

5) Fair Value Measurements

The following table summarizes the Company's assets and liabilities that are measured at fair value on a recurring basis at December 31, 2020 (in millions):

	Quoted prices in active markets (Level I)	Significant other observable inputs (Level II)	Significant unobservable inputs (Level III)	Uncategorized	Total value, December 31, 2020
Assets of BSIG					
Investments in separate accounts(1)	9.7	11.6	—	—	21.3
Investments related to long-term incentive compensation plans(2)	73.0	—	—	—	73.0
Investments in unconsolidated Funds(3)	—	—	2.6	16.2	18.8
Total fair value assets	**$ 82.7**	**$ 11.6**	**$ 2.6**	**$ 16.2**	**$ 113.1**

The following table summarizes the Company's assets and liabilities that are measured at fair value on a recurring basis at December 31, 2019 (in millions):

	Quoted prices in active markets (Level I)	Significant other observable inputs (Level II)	Significant unobservable inputs (Level III)	Uncategorized	Total value, December 31, 2019
Assets of BSIG and consolidated Funds(4)					
Common and preferred stock	$ 9.8	$ —	$ —	$ —	$ 9.8
Short-term investment funds	0.1	—	—	—	0.1
Bank loans	—	109.0	—	—	109.0
Derivatives	0.5	0.1	—	—	0.6
Consolidated Funds total	**10.4**	**109.1**	**—**	**—**	**119.5**
Investments in separate accounts(1)	33.2	11.1	—	—	44.3
Investments related to long-term incentive compensation plans(2)	88.8	—	—	—	88.8
Investments in unconsolidated Funds(3)	—	—	3.0	48.2	51.2
BSIG total	**122.0**	**11.1**	**3.0**	**48.2**	**184.3**
Total fair value assets	**$ 132.4**	**$ 120.2**	**$ 3.0**	**$ 48.2**	**$ 303.8**
Liabilities of BSIG and consolidated Funds(4)					
Common stock	$ (0.5)	$ —	$ —	$ —	$ (0.5)
Derivatives	(0.1)	(0.3)	—	—	(0.4)
Consolidated Funds total	**(0.6)**	**(0.3)**	**—**	**—**	**(0.9)**
Total fair value liabilities	**$ (0.6)**	**$ (0.3)**	**$ —**	**$ —**	**$ (0.9)**

5) Fair Value Measurements (cont.)

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(1) Investments in separate accounts of $21.3 million at December 31, 2020 consist of approximately 11% of cash equivalents and 89% of equity securities, fixed income securities, and other investments. Investments in separate accounts of $44.3 million at December 31, 2019, consist of approximately 3% of cash equivalents and 97% of equity securities. The Company values these using the published price of the underlying securities (classified as Level I) or quoted price supported by observable inputs as of the measurement date (classified as Level II).

(2) Investments related to long-term incentive compensation plans of $73.0 million and $88.8 million at December 31, 2020 and December 31, 2019, respectively, are investments in publicly registered daily redeemable funds (some managed by Affiliates), which the Company has classified as trading securities and valued using the published price as of the measurement dates. Accordingly, the Company has classified these investments as Level I.

(3) The uncategorized amounts of $16.2 million and $48.2 million at December 31, 2020 and December 31, 2019, respectively, relate to investments in unconsolidated Funds which consist primarily of investments in Funds advised by Affiliates and are valued using NAV which the Company relies on to determine their fair value as a practical expedient and has therefore not classified these investments in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to amounts presented in the Consolidated Balance Sheets. These unconsolidated Funds consist primarily of real estate investments Funds, UCITS and other investment vehicles. The NAVs that have been provided by investees have been derived from the fair values of the underlying investments as of the measurement dates. UCITS and other investment vehicles are not subject to redemption restrictions.

The real estate investment Funds of $6.2 million and $6.4 million at December 31, 2020 and December 31, 2019, respectively, are subject to longer than monthly or quarterly redemption restrictions, and due to their nature, distributions are received only as cash flows are generated from underlying assets over the life of the Funds. The range of time over which the underlying assets are expected to be liquidated by the investees is approximately one to eleven years from December 31, 2020. The valuation process for the underlying real estate investments held by the real estate investment Funds begins with each property or loan being valued by the investment teams. The valuations are then reviewed and approved by the valuation committee, which consists of senior members of the portfolio management, acquisitions, and research teams. For certain properties and loans, the valuation process may also include a valuation by independent appraisers. In connection with this process, changes in fair-value measurements from period to period are evaluated for reasonableness, considering items such as market rents, capitalization and discount rates, and general economic and market conditions.

Investments in unconsolidated Funds categorized as Level III of $2.6 million and $3.0 million at December 31, 2020 and December 31, 2019, respectively, related to investments in Forestry Funds advised by Affiliates and are valued by the general partner of those Funds. Determination of estimated fair value involves subjective judgment because the actual fair value can be determined only through negotiation between parties in a sale transaction and amounts ultimately realized may vary significantly from the fair value presented.

(4) Assets and liabilities measured at fair value are comprised of financial investments managed by the Company’s Affiliates.

5) Fair Value Measurements (cont.)

Equity securities, including common and preferred stock, short-term investment funds, other investments and derivatives which are traded on a national securities exchange are stated at the last reported sales price on the day of valuation. To the extent these securities are actively traded and valuation adjustments are not applied, they are classified as Level I. The securities that trade in markets that are not considered to be active but are valued based on quoted market prices, dealer quotations or alternative pricing sources supported by observable inputs obtained by the Company from independent pricing services are classified as Level II.

The Company obtains prices from independent pricing services that may utilize broker quotes, but generally the independent pricing services will use various other pricing techniques which take into account appropriate factors such as yield, quality, coupon rate, maturity, type of issue, trading characteristics and other data. The Company has not made adjustments to the prices provided. Assets of consolidated Funds also include investments in bank loans. Interests in senior floating-rate loans for which reliable market participant quotations are readily available are valued at the average mid-point of bid and ask quotations obtained from a third-party pricing service. These assets are classified as Level II. If the pricing services are only able to (a) obtain a single broker quote or (b) utilize a pricing model, such securities are classified as Level III. If the pricing services are unable to provide prices, the Company attempts to obtain one or more broker quotes directly from a dealer or values such securities at the last bid price obtained. In either case, such securities are classified as Level III. The Company performs due diligence procedures over third party pricing vendors to understand their methodology and controls to support their use in the valuation process to ensure compliance with required accounting disclosures.

The following table reconciles the opening balances of Level III financial assets to closing balances at December 31 (in millions):

Investments in unconsolidated Funds	2020	2019
Level III financial assets		
At beginning of the period	$ 3.0	$ 3.0
Additions (redemptions)	(0.3)	—
Total net fair value losses recognized in net income	(0.1)	—
Total Level III financial assets	**$ 2.6**	**$ 3.0**

There were no significant transfers of financial assets or liabilities between Levels II or III during the year ended December 31, 2020.

6) Variable Interest Entities

The Company, through its Affiliates, sponsors the formation of various entities considered to be variable interest entities ("VIEs"). These VIEs are primarily Funds managed by Affiliates and other partnership interests typically owned entirely by third-party investors. Certain Funds may be capitalized with seed capital investments from the Company and may be owned partially by Affiliate key employees and/or individuals that own minority interests in an Affiliate.

The Company's determination of whether it is the primary beneficiary of a Fund that is a VIE is based in part on an assessment of whether or not the Company and its related parties are exposed to absorb more than an insignificant amount of the risks and rewards of the entity. Typically the Fund's investors are entitled to substantially all of the economics of these VIEs with the exception of the management fees and performance fees, if any, earned by the Company or any investment the Company has made into the Funds. The Company generally is not the primary beneficiary of Fund VIEs created to manage assets for clients unless the Company's ownership interest, including interests of related parties, is substantial.

The following table presents the assets and liabilities of Funds that are VIEs and consolidated by the Company (in millions):

	2020	2019
Assets		
Investments at fair value	$ —	$ 119.5
Other assets of consolidated Funds	114.3	85.7
Total Assets	**$ 114.3**	**$ 205.2**
Liabilities		
Liabilities of consolidated Funds	$ —	$ 6.2
Total Liabilities	**$ —**	**$ 6.2**

"Investments at fair value" consist of investments in bank loans, common and preferred stock, and other securities. To the extent the Company also has consolidated Funds that are not VIEs, the assets and liabilities of those Funds are not included in the table above. "Other assets of consolidated Funds" consist of assets of consolidated Funds, which is comprised of investments in partnership interests where a portion of return includes carried interest that are accounted for within the scope of ASC 323, *Investments - Equity Method and Joint Ventures* because the Company has determined it has significant influence.

The assets of consolidated VIEs presented in the table above belong to the investors in those Funds, are available for use only by the Fund to which they belong, and are not available for use by the Company to the extent they are held by non-controlling interests. Any debt or liabilities held by consolidated Funds have no recourse to the Company's general credit.

The Company's involvement with Funds that are VIEs and not consolidated by the Company is generally limited to that of an investment manager and its investment in the unconsolidated VIE, if any. The Company's investment in any unconsolidated VIE generally represents an insignificant interest of the Fund's net assets and assets under management, such that the majority of the VIE's results are attributable to third parties. The Company's exposure to risk in these entities is generally limited to any capital contribution it has made or is required to make and any

6) Variable Interest Entities (cont.)

earned but uncollected management fees. The Company has not issued any investment performance guarantees to these VIEs or their investors.

The following information pertains to unconsolidated VIEs for which the Company holds a variable interest at December 31 (in millions):

	2020	2019
Unconsolidated VIE assets	$ 6,437.1	$ 6,625.5
Unconsolidated VIE liabilities	$ 4,332.1	$ 4,320.6
Equity interests on the Consolidated Balance Sheets	$ 14.3	$ 17.5
Maximum risk of loss[(1)]	$ 19.3	$ 23.9

(1) Includes equity investments the Company has made or is required to make and any earned but uncollected management and incentive fees. The Company does not record performance or incentive allocations until the respective measurement period has ended.

7) Equity Accounted Investees

The following tables present summarized financial information for an Affiliate accounted for under the equity method (in millions):

	For the year ended December 31,		
Statements of Income	**2020**	**2019**	**2018**
Net revenues	$ 14.0	$ 13.5	$ 12.9
Operating income	4.9	4.7	4.5
Income before income taxes	4.9	4.7	4.5
Exclude: non-controlling interests income	2.0	1.9	1.8
Net income attributable to controlling interests	**$ 2.9**	**$ 2.8**	**$ 2.7**
BSIG equity in net income of equity method investee[(1)]	**$ 2.9**	**$ 2.8**	**$ 2.7**

	As of December 31,	
Balance Sheets	**2020**	**2019**
Total assets	$ 4.3	$ 4.2
Total liabilities	2.0	1.9
Non-controlling interests in subsidiaries	0.3	0.3
Members' equity	**$ 2.0**	**$ 2.0**
BSIG equity investment and undistributed earnings of affiliated companies, before consolidating and reconciling adjustments	$ 2.0	$ 2.0
BSIG investment in equity method investee	**$ 2.0**	**$ 2.0**

(1) ICM, an equity-accounted Affiliate, uses a revenue share model.

8) Fixed Assets

Fixed assets consisted of the following at December 31 (in millions):

	2020	2019
Leasehold improvements	$ 36.2	$ 37.2
Office equipment	20.8	20.0
Furniture and fixtures	12.5	9.0
Building	2.9	2.9
Software and web development	97.9	78.5
Fixed assets, at cost	**170.3**	**147.6**
Accumulated depreciation and amortization	(98.7)	(81.8)
Fixed assets, net	**$ 71.6**	**$ 65.8**

Depreciation and amortization expense for continuing operations was $21.0 million, $17.2 million and $14.5 million for the years ended December 31, 2020, 2019 and 2018, respectively.

9) Leases

The Company has operating leases for corporate offices, data centers, vehicles and certain equipment. The operating leases have remaining lease terms of 1 year to 13 years, some of which include options to extend the leases for up to 5 years, and some of which include options to terminate the leases within 1 year.

The following table summarizes information about the Company's operating leases for the years ended December 31 (in millions):

	2020	2019
Operating lease cost	$ 15.7	$ 13.7
Variable lease cost	0.3	0.3
Sublease income	(0.2)	$ —
Total operating lease expense	**$ 15.8**	**$ 14.0**
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows from operating leases	$ 14.5	$ 14.6
ROU asset obtained in exchange for new operating lease liabilities	77.6	5.5

In determining the incremental borrowing rate, the Company considered the interest rate yield for the specific interest rate environment and the Company's credit spread at the inception of the lease. For the years ended December 31, 2020 and 2019, the weighted average remaining lease term was 11.3 years and 4.3 years, respectively, and the weighted average discount rate was 3.5% and 4.14%, respectively.

9) Leases (cont.)

Maturities of operating lease liabilities were as follows (in millions):

		Operating Leases
Year Ending December 31,		
2021	$	13.4
2022		9.3
2023		11.3
2024		10.4
2025		10.4
Thereafter		77.4
Total lease payments		**132.2**
Less imputed interest		(24.3)
Total	**$**	**107.9**

10) Goodwill and Intangible Assets

The following table presents the changes in goodwill in 2020 and 2019 (in millions):

		Quant & Solutions		Alternatives		Liquid Alpha		Total
Goodwill	**$**	**22.1**	**$**	**153.1**	**$**	**133.3**	**$**	**308.5**
Accumulated impairment		(1.8)		(5.0)		(27.1)		(33.9)
December 31, 2018	**$**	**20.3**	**$**	**148.1**	**$**	**106.2**	**$**	**274.6**
Additions		—		—		—		—
Impairments		—		—		—		—
Disposals		—		—		—		—
Goodwill		22.1		153.1		133.3		308.5
Accumulated impairment		(1.8)		(5.0)		(27.1)		(33.9)
December 31, 2019	**$**	**20.3**	**$**	**148.1**	**$**	**106.2**	**$**	**274.6**
Additions		—		—		—		—
Impairments		—		—		(16.4)		(16.4)
Disposals (1)		—		—		(76.1)		(76.1)
Goodwill		22.1		153.1		57.2		232.4
Accumulated impairment		(1.8)		(5.0)		(43.5)		(50.3)
December 31, 2020	**$**	**20.3**	**$**	**148.1**	**$**	**13.7**	**$**	**182.1**

10) Goodwill and Intangible Assets (cont.)

(1) The disposal of $76.1 million pertains to the goodwill assigned to the Barrow Hanley reporting unit that was divested in November 2020. See Note 3, Divestitures, for additional information.

The 2019 annual impairment assessment determined that no impairment existed at the annual assessment date. Due to the decline in the Company's assets under management for the three months ended March 31, 2020, management determined that an interim impairment assessment was necessary as of March 31, 2020 with respect to the Copper Rock reporting unit. In the first quarter of 2020, the Company performed a quantitative impairment test for the Copper Rock reporting unit which was included within the Liquid Alpha segment prior to its disposition in July 2020. The quantitative impairment test concluded that the fair value of the reporting unit did not exceed its carrying value. Accordingly, the Company recognized a goodwill impairment charge of $16.4 million for the year end December 31, 2020.

The fair value of the reporting unit was estimated using the income approach, which calculates the fair value based on the present value of estimated future cash flows. Cash flow projections are based on management's estimates of Assets Under Management ("AUM") growth rates, product mix and effective fee rates, taking into consideration industry and market conditions. The discount rates used are based on the weighted-average cost of capital adjusted for the relevant risk associated with business-specific characteristics. The Company's quantitative impairment analysis at March 31, 2020 incorporated revised forecasts that took into account the market disruptions during the quarter and its impact on the results in future periods. Given the significant level of uncertainty that currently exists, management also considered alternative scenarios for market and reporting unit performance over the next several years. If the Company's AUM are further impacted by the global economic conditions caused by COVID-19, such as adverse and significant declines in the value of global financial markets, additional impairments of goodwill or intangible assets are possible in future periods.

The following table presents the change in definite-lived acquired intangible assets in 2020 and 2019, comprised of client relationships (in millions):

	Gross Book Value	Accumulated Amortization & Impairment	Net Book Value
December 31, 2018	**$ 108.3**	**$ (37.6)**	**$ 70.7**
Additions	—	—	—
Amortization	—	(6.6)	(6.6)
Disposals	—	—	—
December 31, 2019	**$ 108.3**	**$ (44.2)**	**$ 64.1**
Additions	—	—	—
Amortization	—	(6.7)	(6.7)
Disposals (1)	(22.7)	22.7	—
December 31, 2020	**$ 85.6**	**$ (28.2)**	**$ 57.4**

10) Goodwill and Intangible Assets (cont.)

(1) In connection with the divestitures of Copper Rock in July 2020 and Barrow Hanley in November 2020, the Company disposed fully amortized intangible assets of $2.3 million and $20.4 million, respectively, for the year ended December 31, 2020. See Note 3, Divestitures.

The Company's definite-lived acquired intangibles are amortized over their expected useful lives. As of December 31, 2020, these assets were being amortized over remaining useful lives of three to nine years. The Company recorded amortization expense of $6.7 million, $6.6 million and $6.6 million, respectively, for the years ended December 31, 2020, 2019 and 2018.

The Company also acquired a $1.0 million indefinite-lived intangible trade name in the acquisition of Landmark, included in acquired intangibles, net, on the Company's Consolidated Balance Sheets at December 31, 2020 and 2019.

The 2019 annual impairment assessment of definite and indefinite-lived intangible assets determined that no impairment existed. Due to the decline in the Company's AUM in the three months ended March 31, 2020, the Company assessed definite and indefinite-lived intangible assets for possible impairment. For indefinite-lived intangible assets, the Company performed a qualitative assessment and determined that it was more likely than not that the indefinite-lived intangible asset was not impaired. For definite-lived intangible assets, no events or changes in circumstances indicated that the carrying amount of these assets may not be recoverable. As such, no impairment charges were determined for the definite and indefinite-lived intangible assets for the year ended December 31, 2020.

The Company estimates that its consolidated annual amortization expense, assuming no useful life changes or additional investments in new or existing Affiliates, for each of the next five fiscal years is as follows (in millions):

2021	$	6.4
2022		6.4
2023		6.4
2024		6.4
2025		6.4
Thereafter		25.4
Total	**$**	**57.4**

11) Related Party Transactions

Amounts due for investment advisory fee receivables from related parties were comprised of the following at December 31 (in millions):

	2020	2019
Investment advisory fee receivable from unconsolidated Funds(1)	$ 9.3	$ 15.2
Total amounts due for investment advisory fee receivables from related parties	**$ 9.3**	**$ 15.2**

Investment in related party consisted of the following at December 31 (in millions):

	2020	2019
Investment in equity-accounted investee (Note 7)	$ 2.0	$ 2.0
Total related party investment	**$ 2.0**	**$ 2.0**

Related party transactions included in the Company's Consolidated Statements of Operations for the years ended December 31 consisted of (in millions):

Revenues:	2020	2019	2018
Management fees from unconsolidated Funds(1)	208.5	211.8	266.4
Performance fees from unconsolidated Funds(1)	1.6	1.2	2.2
Total related party revenues	**$ 210.1**	**$ 213.0**	**$ 268.6**

(1) Transactions with unconsolidated Affiliate-sponsored Funds are considered related party items on the basis of the Company's significant influence over the activities of such entities in its capacity as investment advisor thereto. These transactions are comprised of fees for advisory services and investments in unconsolidated funds.

Other related party arrangements

During 2016, the Company and OM plc agreed to amend the Deferred Tax Asset Deed (the "DTA Deed"). Under the terms of the DTA Deed, as amended, the Company agreed to make a payment of the net present value of the future tax benefits due to OM plc valued as of December 31, 2016. This payment, originally valued at $142.6 million, was to be made over three installments, on June 30, 2017, December 31, 2017 and June 30, 2018. The initial payment of $45.5 million was paid to OM plc on June 30, 2017. The reduction of the corporate tax rate and other provisions of the Tax Act resulted in a decrease to the value of the DTA Deed of approximately $51.8 million for the year ended December 31, 2018. In 2018, the Company agreed to terminate the DTA Deed with OM plc. The Company recorded a revaluation gain of $20.0 million in connection with the settlement of the DTA Deed for the year ended December 31, 2018. In the first quarter of 2019, the final cash payment of $32.7 million was made to OM plc to settle the outstanding liability under the DTA Deed.

During 2014, the Company entered into a Seed Capital Management Agreement and a Co-Investment Deed with OM plc and/or OM plc's subsidiaries. During 2016, the Company and OM plc agreed to amend the Seed Capital Management Agreement. As a result of the amendment, the Company purchased approximately $39.6 million of seed investments from OM plc in September 2016. The Company purchased the remaining seed capital investments

11) Related Party Transactions (cont.)

covered by the Seed Capital Management Agreement valued at $63.4 million in July 2017, financed in part by borrowings under a non-recourse loan facility (see Note 14) and two promissory notes paid in the first quarter of 2018 in the amount of $4.5 million. Amounts owed to OM plc associated with the Co-investment Deed were $3.4 million at December 31, 2020 and $3.7 million at December 31, 2019, net of tax.

The Company uses the equity-method to account for its interests in Affiliates where it exercises significant influence over their operations, but does not hold a controlling interest. During 2020, 2019 and 2018, the Company recorded earnings in respect of this investee of $2.9 million, $2.8 million and $2.7 million, respectively. The Company also exercises significant influence over unconsolidated Funds; however in order to report in a manner consistent with consolidated Funds, it has elected to apply the fair value option for its investments therein. Additional information with respect to equity-accounted investees is disclosed in Note 7.

Certain Affiliates have provided loans to Affiliate employees. At December 31, 2020 and December 31, 2019 the balance of these loans to Affiliate employees was $8.4 million and $16.1 million, respectively.

As the Company is a member of a group of related businesses, it is possible that the terms of certain related party transactions are not the same as those that would result from transactions with wholly unrelated parties.

12) Accounts Payable and Accrued Expenses

Accounts payable and accrued expenses consisted of the following at December 31 (in millions):

	2020	2019
Accounts payable	7.3	7.7
Accrued expenses	18.7	26.1
Accrued interest payable	6.8	7.0
Other	0.7	0.7
Total accounts payable and accrued expenses	**$ 33.5**	**$ 41.5**

13) Other Compensation Liabilities

Other compensation liabilities consisted of the following at December 31 (in millions):

	2020	2019
Share-based payments liability (Note 20)	$ 213.8	$ 221.8
Profit interests compensation liability	41.4	94.8
Voluntary deferral plan liability (Note 19)	72.8	88.3
Total other compensation liabilities	**$ 328.0**	**$ 404.9**

Profit interests compensation expense amounted to \$(9.7) million in 2020, \$(64.7) million in 2019, and \$(7.5) million in 2018. Redemptions of profit sharing interests from Affiliate key employees for cash were \$6.1 million in 2020, \$12.0 million in 2019, and \$16.1 million in 2018.

14) Borrowings and Debt

The Company’s borrowings were comprised of the following as of the dates indicated (in millions):

	December 31, 2020			December 31, 2019		
(in millions)	**Carrying value**	**Fair Value**	**Fair Value Level**	**Carrying value**	**Fair Value**	**Fair Value Level**
Third party borrowings:						
$150 million revolving credit facility expiring August 22, 2022[1][2]	$ —	$ —		$ 140.0	$ 140.0	2
$275 million 4.80% Senior Notes Due July 27, 2026[3]	272.8	298.9	2	272.4	287.2	2
$125 million 5.125% Senior Notes Due August 1, 2031[3]	121.5	126.0	2	121.4	126.4	2
Total third party borrowings	**$ 394.3**	**$ 424.9**		**$ 533.8**	**$ 553.6**	
Non-recourse borrowing:						
Non-recourse seed capital facility [1][4]	$ —	$ —		$ 35.0	$ 35.0	2
Total non-recourse borrowing	**$ —**	**$ —**		**$ 35.0**	**$ 35.0**	
Total borrowings	**$ 394.3**	**$ 424.9**		**$ 568.8**	**$ 588.6**	

(1) Fair value approximates carrying value because the credit facilities have variable interest rates based on selected short term market rates.

(2) An amendment to the $450 million revolving credit facility was made on November 17, 2020 to reduce the revolving credit facility to $150 million upon consummation of the sale of the Company's equity interests in Barrow Hanley.

(3) The difference between the principal amounts and the carrying values of the senior notes in the table above reflects the unamortized debt issuance costs and discounts.

(4) Non-recourse seed capital facility that was set to expire on January 15, 2021 was paid down in the third quarter and terminated.

14) Borrowings and Debt (cont.)

Revolving credit facility

On September 3, 2020, the Company, Royal Bank of Canada, BMO Harris Bank, N.A., Bank of China, New York Branch, Wells Fargo Bank, National Association, Barclays Bank PLC, Morgan Stanley Bank, N.A., Bank of America N.A., the Bank of New York Mellon and Citibank, N.A., as an issuing bank and administrative agent (collectively, the "Lenders"), entered into an amendment (the "Amendment") to the Revolving Credit Agreement dated as of August 20, 2019 (the "Original Credit Agreement", and as amended by the Amendment, the "Amended Credit Agreement"). The Amendment included changes to the Original Credit Agreement to permit the sale of the Company's equity interests in Barrow Hanley (the "Barrow Hanley Sale"). Under the Original Credit Agreement, the Barrow Hanley Sale required consent of the Lenders given that Barrow Hanley accounted for more than 10% of the Company's consolidated Adjusted EBITDA. The Amendment provided that, effective immediately upon the consummation of the Barrow Hanley Sale, the Lenders commitments under the Credit Agreement would be $150 million. The Barrow Hanley Sale was consummated on November 17, 2020 and the Lenders' commitments under the Amended Credit Agreement were reduced to $150 million from thereon.

Borrowings under the Credit Facility bore interest, at the Company's option, at either the per annum rate equal to (a) the greatest of (i) the prime rate, (ii) the federal funds effective rate plus 0.5% and (iii) the one month Adjusted London interbank offered rate ("LIBOR") plus 1.0%, plus, in each case an additional amount based on its credit rating or (b) the LIBOR for a period, at the Company's election, equal to one, two, three or six months plus an additional amount ranging from 1.125% to 2.00%, with such additional amount based on its credit rating. In addition, the Company was charged a commitment fee based on the average daily unused portion of the Credit Facility at a per annum rate ranging from 0.125% to 0.45%, with such amount based on the Company's credit rating.

Moody's Investor Service, Inc. and Standard & Poor's have each assigned an investment-grade rating to the Company's senior, unsecured long-term indebtedness. As a result of the assignment of the credit ratings, the Company's interest rate on outstanding borrowings was set at LIBOR + 1.50% and the commitment fee on the unused portion of the revolving credit facility was set at 0.20%. Under the Amended Credit Agreement, the ratio of third-party borrowings to trailing twelve months Adjusted EBITDA as defined by the Amended Credit Agreement cannot exceed 3.0x, and the interest coverage ratio must not be less than 4.0x. At December 31, 2020, the Company is in compliance with these debt covenants.

Senior Notes

In July 2016, the Company issued $275.0 million of 4.80% Senior Notes due 2026 (the "2026 Notes") and $125.0 million of 5.125% Senior Notes due 2031 (the "2031 Notes"). The Company used the net proceeds of these offerings to finance the acquisition of Landmark in August 2016, settle an outstanding interest rate lock, purchase seed capital from OM plc and pay down the balance of the Company's previous revolving credit facility.

4.80% Senior Notes Due July 2026

The $275.0 million 2026 Notes were sold at a discount of $(0.5) million and the Company incurred debt issuance costs of $(3.0) million, which are being amortized to interest expense over the ten-year term. The 2026 Notes can be redeemed at any time prior to the scheduled maturity in part or in aggregate, at the greater of the 100% principal amount at that time or the sum of the remaining scheduled payments discounted at the treasury rate (as defined) plus 0.5%, together with any related accrued and unpaid interest.

14) Borrowings and Debt (cont.)

5.125% Senior Notes Due August 2031

The Company incurred debt issuance costs of $(4.3) million in connection with the issuance of the $125.0 million 2031 Notes, which are being amortized to interest expense over the fifteen-year term. The 2031 Notes can be redeemed at any time, on or after August 1, 2019 at a redemption price equal to 100.0% of the principal amount together with any related accrued and unpaid interest.

The fair value of the senior notes was determined using broker quotes and any recent trading activity for each of the notes listed above, which are considered Level II inputs.

Non-recourse seed capital facility

In July 2017, the Company purchased all remaining seed capital investments covered by the Seed Capital Management Agreement from OM plc for $63.4 million. The Company financed this purchase in part through borrowings under a non-recourse seed capital facility collateralized by its seed capital holdings. The Company entered into this facility as of July 17, 2017, and could borrow up to $65.0 million, so long as the borrowing did not represent more than 50% of the value of the permitted seed capital collateral. The non-recourse seed facility bears interest at LIBOR +1.55% with a commitment fee on the unused portion of this facility of 0.95%. The non-recourse seed capital facility set to expire on January 15, 2021 was paid down in the third quarter and terminated. Per the terms of the Company’s Credit Facility, drawdowns under this facility are excluded from the Company’s third party debt levels for purposes of calculating the Company’s credit ratio covenants.

Interest expense

Interest expense incurred amounted to $28.5 million, $32.2 million and $24.9 million for the years ended December 31, 2020, 2019 and 2018 respectively. Interest expense consists of interest accrued on the long-term debt and credit facilities, commitment fees and amortization of debt-related costs. The weighted average interest rate on all debt obligations, excluding consolidated Funds, was 5.08%, 5.28% and 6.08% in each of 2020, 2019 and 2018, respectively.

14) Borrowings and Debt (cont.)

As of December 31, 2020, the aggregate maturities of debt commitments, based on their contractual terms, are as follows:

	Future minimum debt commitments
2021	$ —
2022	—
2023	—
2024	—
2025	—
Thereafter	400.0
Total	**$ 400.0**

The Company was in compliance with the required covenants related to borrowings and debt facilities as of December 31, 2020.

Subsequent Event

On February 23, 2021, the Company, along with the Lenders, entered into an assignment and assumption and amendment agreement (the "Assignment") to the Amended Credit Agreement. Pursuant to the Assignment, the Amended Credit Agreement was assigned to and assumed by Acadian and the Amended Credit Agreement was amended (the Amended Credit Agreement, as amended by the Assignment, the "Acadian Credit Agreement") to, among other things, reduce the Lenders' commitments thereunder to $125 million. The Acadian Credit Agreement has a maturity date of August 22, 2022.

Borrowings under the Acadian Credit Agreement bear interest, at Acadian's option, at either the per annum rate equal to (a) the greatest of (i) the prime rate, (ii) the federal funds effective rate plus 0.5% and (iii) the one month Adjusted LIBOR Rate plus 1.0%, plus, in each case an additional amount based on its credit rating or (b) the London interbank offered rate for a period, at our, equal to one, three or six months plus an additional amount ranging from 1.5% to 2.0%, with such additional amount based on Acadian's Leverage Ratio (as defined below). In addition, Acadian is charged a commitment fee based on the average daily unused portion of the revolving credit facility under the Acadian Credit Agreement at a per annum rate ranging from 0.25% to 0.375%, with such amount based on Acadian's Leverage Ratio.

Under the Acadian Credit Agreement, the ratio of Acadian's third-party borrowings to Acadian's trailing twelve months Adjusted EBITDA, as defined by the Acadian Credit Agreement (the "Leverage Ratio"), cannot exceed 2.5x.

15) Income Taxes

Income from continuing operations before income taxes consisted of the following for the years ended December 31 (in millions):

	2020	2019	2018
Domestic	$ 423.7	$ 237.8	$ 113.8
Foreign	3.9	20.2	21.4
Total	**$ 427.6**	**$ 258.0**	**$ 135.2**

The components of income tax expense from continuing operations for the years ended December 31 are as follows (in millions):

	2020	2019	2018
Current:			
Federal	$ 23.6	$ (20.0)	$ 3.3
State	13.7	9.0	19.9
Foreign	(0.2)	3.5	11.0
Total current expense (benefit)	37.1	(7.5)	34.2
Deferred:			
Federal	61.0	24.4	(24.7)
State	13.5	(0.4)	(4.7)
Foreign	0.5	1.5	0.2
Total deferred expense (benefit)	75.0	25.5	(29.2)
Total tax expense (benefit)	**$ 112.1**	**$ 18.0**	**$ 5.0**

The Company has recognized income tax expense (benefit) related to derivative securities within other comprehensive income of $0.8 million, $0.6 million and $0.4 million in the years ended December 31, 2020, 2019 and 2018, respectively.

The provision for income taxes in 2020, 2019 and 2018 included benefits of $0.4 million, $0.4 million and $0.4 million, respectively, related to the utilization of net operating loss carryforwards.

15) Income Taxes (cont.)

The reconciliation of the difference between the Company's U.S. Federal statutory income tax rate and the effective income tax rate for continuing operations for the years ended December 31 is as follows:

	2020	2019	2018
Tax at U.S. federal statutory income tax rate	21.0 %	21.0 %	21.0 %
State income taxes, net of federal benefit	6.0 %	5.5 %	8.1 %
Non-deductible expenses	0.2 %	0.5 %	0.3 %
DTA Deed liability revaluation adjustment	— %	— %	1.2 %
Adjustment to liabilities for uncertain tax positions	(2.0)%	(15.8)%	(32.5)%
Change in valuation allowance	— %	— %	(6.3)%
Write-off of state net operating loss carryforwards	— %	— %	6.3 %
Effect of foreign operations	0.2 %	0.3 %	2.7 %
Effect of changes in tax law	— %	(0.4)%	(1.4)%
Effect of disposal of Affiliates	2.9 %	— %	2.9 %
Effect of income from non-controlling interest	(1.4)%	(1.3)%	0.9 %
Impact of increased state tax obligations to deferred tax assets	(0.3)%	(1.4)%	— %
Impact of Redomestication to deferred tax assets	— %	(0.9)%	— %
Other	(0.4)%	(0.4)%	0.5 %
Effective income tax rate for continuing operations	**26.2 %**	**7.1 %**	**3.7 %**

The Company's effective income tax rate is higher than the US federal tax rate of 21% primarily due to its state tax obligations, non-deductible tax items and the effects of foreign operations. In connection with the sale of its Affiliates in 2020, the Company recorded tax expense of $77.6 million, including tax impacts of non-deductible tax items.

The Company reduced its liability for uncertain tax positions by $9.1 million, $40.8 million and $47.9 million during the years ended December 31, 2020, 2019 and 2018, respectively, due to the lapse of statute of limitations.

The Coronavirus Aid, Relief, and Economic Security Act ("CARES Act") contains numerous income tax provisions including some that are effective retroactively. Our Consolidated Balance Sheets reflect the benefit of a provision that increased the business interest limitation under IRC Section 163(j) from 30% to 50% for tax years 2019 and 2020. This provision allowed the Company to utilize more of the deferred tax asset related to interest expense.

In connection with the Redomestication in 2019, the Company revalued certain deferred tax assets that were transferred to the U.S. parent from the former U.K. parent. These deferred tax assets are now measured using applicable U.S. and state income tax rates. The Company's state tax filing obligations have increased in the normal course of business and in connection with states tax law changes regarding apportionment of income. These changes have resulted in an increase to the state income tax rate and accordingly to the state deferred tax assets.

On December 22, 2017, the Tax Cuts and Jobs Act (the "Tax Act") was enacted and became effective January 1, 2018. The Tax Act enacted various measures of domestic and international corporate tax reform that were impactful

15) Income Taxes (cont.)

to the Company including reduction of the federal statutory corporate tax rate from 35% to 21%, new limitations on executive compensation and the deductibility of interest expense, a one-time tax on mandatory deemed repatriation of non-U.S. earnings, and new taxes assessed on foreign earnings. In accordance with SEC issued Staff Accounting Bulletin No. 118, Income Tax Accounting Implications of the Tax Cuts and Jobs Act ("SAB 118"), the Company was permitted to provide provisional amounts for recording the tax effects of the enacted tax law during a specified measurement period, ending one year after the enactment date. The Company recorded a $1.0 million income tax benefit during the year ended December 31, 2018 related to refinement of the Section 965 toll charge tax liability on the mandatory deemed repatriation of foreign earnings.

Additionally, the Company analyzed the impact of the international corporate tax reform measures which became effective January 1, 2018, including the new taxes on foreign earnings known as the global intangible low-taxed income ("GILTI"). The Company has elected to treat GILTI taxes as period costs in the accounting and tax periods in which they are incurred. The Company has recognized tax expense of $0.8 million, $0.5 million and $0.7 million during the years ended December 31, 2020, 2019 and 2018, respectively, related to the GILTI tax.

In 2018, the Deferred Tax Asset Deed was terminated resulting in a tax net impact of $1.6 million. In 2017 the deed was revalued due to the enactment of the Tax Act resulting in a tax impact of $18.1 million.

During 2018, the Company wrote-off its $8.6 million deferred tax asset for state net operating loss carryforwards and released the corresponding $8.6 million valuation allowance, as management has concluded that the tax benefits associated with the state net operating loss carryforwards will not be recognized.

In general, it is the practice and intention of the Company to reinvest earnings of its non-U.S. subsidiaries in those operations. Management has no intention of repatriating earnings of its non-U.S. subsidiaries in the foreseeable future. At December 31, 2020, the Company has not recorded any deferred tax liabilities relating to additional taxes such as foreign withholding and state taxes which could arise on the repatriation of unremitted earnings of its non-U.S. subsidiaries. It is not practical for the Company to determine the potential unrecognized deferred tax liability related to unremitted earnings due to numerous assumptions associated with the determination.

15) Income Taxes (cont.)

Deferred tax assets and liabilities reflect the expected future tax consequences of temporary differences between the book carrying amounts and tax bases of the Company’s assets and liabilities.

The significant components of deferred tax assets and deferred tax liabilities for the years ended December 31 are as follows (in millions):

	2020	2019
Deferred tax assets:		
Interest expense	$ 5.2	$ 70.7
Federal net operating loss	0.5	0.9
State net operating loss carry forwards	—	0.2
Investment in partnerships	156.1	164.1
Intangible assets	0.1	0.3
Employee compensation	3.9	4.4
Other	3.3	3.0
Cash flow hedge	5.5	6.2
Total deferred tax assets	174.6	249.8
Deferred tax liabilities:		
Right of use assets	0.8	1.2
Investments	3.0	5.0
Total deferred tax liabilities	3.8	6.2
Net deferred tax assets	**$ 170.8**	**$ 243.6**

At December 31, 2020, the Company has tax attributes that carry forward for varying periods. The Company’s federal net operating loss carryforward of $4.4 million originated during 2004 and 2006 and will expire over a four to six-year period. The Company’s state net operating loss carryforward of $1.1 million originated in 2018 and 2019 and will expire over a five to twenty-year period. In evaluating the Company’s ability to recover its deferred tax assets, the Company considers all available positive and negative evidence including the existence of cumulative income in the most recent fiscal years, changes in the business in which the Company operates, and the Company’s ability to forecast future taxable income. The weight given to the evidence is commensurate with the extent to which it can be objectively verified. The more negative evidence that exists, the more positive evidence that is necessary and the more difficult it is to support a conclusion that a valuation allowance is not needed. The Company has three years of cumulative earnings as of December 31, 2020, 2019 and 2018. As of December 31, 2020, management believes it is more likely than not that the balance of the deferred tax assets will be realized based on forecasted taxable income.

15) Income Taxes (cont.)

A reconciliation of the change in gross unrecognized tax benefits for the years ended December 31 is as follows (in millions):

	2020	2019	2018
Balance as of January 1	**$ 11.3**	**$ 46.9**	**$ 88.7**
Additions based on current year tax positions	0.1	0.1	0.1
Reductions for tax provisions of prior years	—	—	(0.9)
Reductions related to lapses of statutes of limitations	(7.8)	(35.7)	(41.0)
Balance as of December 31	**$ 3.6**	**$ 11.3**	**$ 46.9**

The Company's liability for uncertain tax positions includes unrecognized benefits of $3.4 million and $11.2 million at December 31, 2020 and 2019, respectively, that if recognized would affect the effective tax rate on income from continuing operations.

The Company recognized $(0.9) million, $(5.3) million, and $(1.9) million in interest and penalties in its income tax provision for the years ended December 31, 2020, 2019, and 2018, respectively. The Company recognizes accrued interest and penalties relating to unrecognized tax benefits as income tax expense. The Company's liability for uncertain tax positions at December 31, 2020, 2019, and 2018 includes accrued interest and penalties of $0.5 million, $1.4 million and $6.7 million, respectively.

The Company believes that it is reasonably possible that a decrease of up to $3.2 million in unrecognized tax benefits may be necessary within the next twelve months, as the result of a lapse of statute of limitations.

The Company is periodically under examination by various taxing authorities. Examinations are inherently uncertain, may result in payment of additional taxes or the recognition of tax benefits and may be in process for extended periods of time. At December 31, 2020, the Company is subject to examination in two jurisdictions.

The Company and its subsidiaries file tax returns in the U.K., U.S. federal, state, local and other foreign jurisdictions. As of December 31, 2020, the Company is generally no longer subject to income tax examinations by U.S. federal, state, local, or foreign tax authorities for calendar years prior to 2009. In addition, as of December 31, 2020, the Company is no longer subject to income tax examinations by the U.K. for calendar years prior to 2017.

16) Commitments and Contingencies

Operational commitments

The Company had unfunded commitments to invest up to approximately $33 million in co-investments as of December 31, 2020. These commitments will be funded as required through the end of the respective investment periods ranging through fiscal 2022.

Certain Affiliates operate under regulatory authorities that require that they maintain minimum financial or capital requirements. Management is not aware of any violations of such financial requirements occurring during the period.

Guaranty

The Company entered into a guaranty for an office space security deposit on behalf of an Affiliate in the amount of $2.5 million in January 2020. This represents the maximum potential amount of future (undiscounted) payments that the Company could be required to make under the guaranty in the event of default by the guaranteed party. This guaranty expires in 2022. There are no liabilities recorded on the Consolidated Balance Sheet as of December 31, 2020 related to this guaranty.

Litigation

The Company and its Affiliates are subject to claims, legal proceedings and other contingencies in the ordinary course of their business activities. Each of these matters is 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 for matters for which the outcome is probable and can be reasonably estimated. If an insurance claim or other indemnification for a litigation accrual is available to the Company, the associated gain will not be recognized until all contingencies related to the gain have been resolved. As of December 31, 2020, there were no material accruals for claims, legal proceedings or other contingencies.

Indemnifications

In the normal course of business, such as through agreements to enter into business combinations and divestitures of Affiliates, the Company enters into contracts that contain a variety of representations and warranties and which provide general indemnifications. The Company's maximum exposure under these arrangements is unknown, as this would involve future claims that may be made against the Company that have not yet occurred.

Foreign tax contingency

The Company has clients in non-U.S. jurisdictions which require entities that are conducting certain business activities in such jurisdictions to collect and remit tax assessed on certain fees paid for goods and services provided. The Company does not believe this requirement is applicable based on its limited business activities in these jurisdictions. However, given the fact that uncertainty exists around the requirement, the Company has chosen to evaluate its potential exposure related to non-collection and remittance of these taxes. At December 31, 2020, management of the Company has estimated the potential maximum exposure and concluded that it is not material. No accrual for the potential exposure has been recorded as the probability of incurring any potential liability relating to this exposure is not probable at December 31, 2020.

16) Commitments and Contingencies (cont.)

Considerations of credit risk

Financial instruments that potentially subject the Company to significant concentrations of credit risk consist principally of cash investments. The Company maintains cash and cash equivalents and short term investments with various financial institutions. These financial institutions are typically located in cities in which the Company and its Affiliates operate. For the Company and certain Affiliates, cash deposits at a financial institution may exceed Federal Deposit Insurance Corporation insurance limits. Additionally, the Company holds insurance policies which cover historical and future tax benefits relating to certain of its deferred tax assets. The insurers of the policies are considered a significant counterparty to the Company.

17) Earnings Per Share

Basic earnings per share is calculated by dividing net income attributable to controlling interests by the weighted average number of shares of common stock outstanding. Diluted earnings per share is similar to basic earnings per share, but is adjusted for the effect of potentially issuable common stock, except when inclusion is antidilutive.

The calculation of basic and diluted earnings per share of common stock for the years ended December 31, 2020, 2019 and 2018 is as follows (dollars in millions, except per share data):

	2020	2019	2018
Numerator:			
Net income attributable to controlling interests	$ 286.7	$ 223.9	$ 136.4
Less: Total income available to participating unvested securities[(1)]	(0.1)	(0.1)	(0.4)
Total net income attributable to common stock	$ 286.6	$ 223.8	$ 136.0
Denominator:			
Weighted-average shares of common stock outstanding—basic	81,259,778	91,205,412	107,431,821
Potential shares of common stock:			
Restricted stock units	60,276	63,540	191,371
Employee stock options	716,149	—	—
Weighted-average shares of common stock outstanding—diluted	82,036,203	91,268,952	107,623,192
Earnings per share of common stock attributable to controlling interests:			
Basic	$ 3.53	$ 2.45	$ 1.27
Diluted	$ 3.49	$ 2.45	$ 1.26

(1) Income available to participating unvested securities includes dividends paid on unvested restricted shares and their proportionate share of undistributed earnings.

17) Earnings Per Share (cont.)

Employee options to purchase 8,970,000 shares were not included in the computation of diluted EPS for the year ended December 31, 2019 because the assumed proceeds from exercising such options exceed the average price of the common stock for the period and, therefore, the options were deemed antidilutive.

18) Revenue

Management fees

The Company’s management fees are a function of the fee rates the Affiliates charge to their clients, which are typically expressed in basis points, and the levels of the Company’s assets under management. The most significant driver of increases or decreases in this average fee rate is changes in the mix of the Company’s assets under management caused by net inflows or outflows in certain asset classes or disproportionate market movements. For certain of the Company’s Alternative funds, management fee revenue is calculated based on a percentage of assets under management or total capital commitments. These Alternative funds can also include “catch-up” provisions such that the Company records revenue for payments of fund management fees back to the initial closing date for funds with multiple closings, less placement fees paid to third parties related to these funds.

Performance fees

The Company’s products subject to performance fees earn these fees upon exceeding high-water mark performance thresholds or outperforming a hurdle rate. Conversely, the separate accounts / other products, which primarily earn management fees, are potentially subject to performance adjustments up or down based on investment performance versus benchmarks (i.e. fulcrum fees).

Other revenue

Included in other revenue are certain payroll and benefits costs and expenses paid on behalf of Funds by the Company’s Affiliates. In instances where a customer reimburses the Company for a cost paid on the customer’s behalf, the Company is acting as a principal and the reimbursement is accrued on a gross basis at cost as the corresponding reimbursable expenses are incurred. Revenue from expense reimbursements amounted to $4.6 million, $4.4 million, and $8.0 million for the years ended December 31, 2020, 2019 and 2018, respectively, and is recorded in other revenue in the Company’s Consolidated Statements of Operations. Other revenue may also consist of other miscellaneous revenue, consisting primarily of administration and consulting services.

18) Revenue (cont.)

Disaggregation of management fee revenue

The Company classifies its revenue (including only consolidated Affiliates that are included in management fee revenue) among the following asset classes:

i. U.S. equity, which includes small cap through large cap securities and substantially value or blended investment styles;

ii. Global / non-U.S. equity, which includes global and international equities including emerging markets;

iii. Fixed income, which includes government bonds, corporate bonds and other fixed income investments in the United States; and

iv. Alternatives, which is comprised of illiquid and differentiated liquid investment strategies that include private equity, real estate and real assets, including forestry, as well as a growing suite of liquid alternative capabilities in areas such as long/short, market neutral and absolute return.

Management fee revenue by segment and asset class is comprised of the following for the years ended December 31 (in millions):

	2020	2019	2018
Quant & Solutions			
Global / non-U.S. equity	$ 346.8	$ 370.8	$ 377.4
Alternatives			
Alternatives	170.6	165.0	208.3
Liquid Alpha[(1)]			
Global / non-U.S. equity	73.0	90.7	112.9
Fixed income	22.1	26.0	26.8
U.S. equity	85.4	154.5	179.6
Management fee revenue	**$ 697.9**	**$ 807.0**	**$ 905.0**

(1) In July 2020, the Company completed the sale of Copper Rock. In November 2020, the Company completed the sale of Barrow Hanley. See Note 3, Divestitures, for further discussion of divestitures. The financial results of Copper Rock are included in the Liquid Alpha segment until July 24, 2020, the completion of the sale. The financial results of Barrow Hanley are included in the Liquid Alpha segment until November 17, 2020, the completion of the sale.

19) Employee Benefits

The Company has various defined contribution plans covering substantially all of its full-time employees and several of its Affiliates. In addition to pre-tax contributions made by employees, the Company also makes contributions to the qualified plans annually.

19) Employee Benefits (cont.)

The Company also has non-qualified defined contribution plans covering certain senior employees. The Company has established a Deferred Compensation Plan under which the Board of Directors makes awards that may be invested by the recipient in investments deemed available under the plan. Vesting of awards under the Deferred Compensation Plan is based on the number of years of service already provided by the employee at the date of the grant. In addition, the Company has established a Voluntary Deferral Plan that provides officers of the Company the opportunity to voluntarily defer a portion of their compensation. The compensation deferred is deemed to be invested in one or more investment options available under the plan. These non-qualified plans are unfunded, although the Company does make contributions to a Rabbi Trust to hedge its risks in terms of providing returns to employees on their deemed investments held in the plan.

As of December 31, 2020 and 2019, a total of $72.8 million and $88.3 million, respectively, had been recorded as long-term compensation liabilities and a total of $73.0 million and $88.8 million had been invested under the Deferred Compensation and Voluntary Deferral plans, respectively. The change in the fair value of long-term compensation liabilities and the change in fair value of the assets invested under the Deferred Compensation and Voluntary Deferral plans was $9.0 million and $8.4 million, respectively, for the year ended December 31, 2020, $9.5 million and $9.9 million, respectively, for the year ended December 31, 2019, and $0.1 million, and $0.2 million, respectively, for the year ended December 31, 2018. The Company recorded total expenses in relation to its qualified and non-qualified plans within compensation and benefits in its Consolidated Statements of Operations for the years ended December 31, 2020, 2019 and 2018 of $11.5 million, $14.2 million and $14.4 million, respectively.

20) Equity-based Compensation

Cash-settled Affiliate awards

The Company maintains compensation arrangements with certain of its Affiliates whereby in exchange for continued service, Affiliate equity is either purchased by, or granted to Affiliate key employees subject to a limit imposed by the Company, and may be repurchased either by Affiliate key employees or by the Company at a future date at the then applicable fair value, subject to service requirements having been met. Pre-acquisition equity units held by employees of acquired Affiliates that are subject to service conditions are also accounted for as equity-based compensation arrangements. Compensation expense is recognized over the requisite service period equal to the cumulative vested fair value of the award at the end of each period up to vesting date.

The Company accounts for these arrangements as “cash-settled” share-based payments, and accordingly a corresponding share-based payment liability is recorded. The fair value of the liabilities are determined with the assistance of third party valuation specialists using discounted cash flow analyses, which incorporate assumptions for the forecasted earnings information, market risk adjustments, discount rates and post-vesting restrictions. Vested Affiliate equity liabilities are revalued at each period end until settlement date, with changes in the liabilities included within compensation expense.

In conjunction with the Landmark acquisition, BSIG entered into compensation arrangements with employees of Landmark where an additional acquisition-related payment of $207.6 million was earned based on the growth of Landmark’s business. This arrangement was accounted for as cash-settled equity-based compensation and fair valued as of the closing date of the acquisition. The amount vested on December 31, 2018 and was paid in February 2019.

20) Equity-based Compensation (cont.)

The following table presents the changes in the share-based payments liability for the years ended December 31 (in millions):

	2020	2019	2018
Balance, beginning of period	**$ 221.8**	**$ 386.1**	**$ 188.8**
Amortization and revaluation of granted awards	2.2	45.1	199.9
Repurchases (cash-settled)	(10.2)	(209.4)	(2.6)
Balance, end of period	**$ 213.8**	**$ 221.8**	**$ 386.1**

Equity-settled corporate awards

BrightSphere Investment Group equity incentive plan

The Company has established various plans under which it is authorized to grant restricted stock awards ("RSAs"), restricted stock units ("RSUs"), performance-based restricted stock awards ("Performance-based RSAs"), performance-based restricted stock units ("Performance-based RSUs") and stock option awards. These plans are maintained to provide equity-based compensation arrangements to employees and non-executive directors. Equity ownership encourages employees and directors to act in the best long-term interests of the Company. A total of 14.8 million shares of common stock have been reserved for issuance under the various plans.

Compensation expense recognized by the Company for the years ended December 31, 2020, 2019, and 2018 in relation to these awards was $2.5 million, $5.8 million, and $7.1 million respectively. The related income tax benefit recognized for years ended December 31, 2020, 2019 and 2018 was $0.4 million, $0.5 million and $1.3 million respectively. Unamortized compensation expense related to unvested RSAs, RSUs, Performance-based RSAs, Performance-based RSUs and stock options at December 31, 2020 of $3.6 million is expected to be recognized over a weighted-average period of 1.7 years. The service inception date for annual awards granted in 2020 is deemed to be January 1, 2019. It is anticipated that annual awards for 2020 with a fair value of $0.1 million will be granted during 2021 with a service inception date of January 1, 2020.

The following summarizes the grant date fair value of the instruments granted by the Company during the year ended December 31:

	2020		2019		2018	
BrightSphere Investment Group Inc. awards	**Shares granted**	**Weighted average fair value**	**Shares granted**	**Weighted average fair value**	**Shares granted**	**Weighted average fair value**
RSAs	—	$ —	18,000	$ 10.09	304,389	$ 15.84
RSUs	105,678	10.20	88,980	12.40	48,930	14.98
Performance-based RSAs	—	—	—	—	83,092	9.78
Performance-based RSUs	—	—	9,013	14.62	—	—
Stock options	2,820,000	0.65	2,070,000	2.48	6,900,000	1.69

20) Equity-based Compensation (cont.)

Grants of restricted stock in BrightSphere Investment Group Inc.

The following table summarizes the activity related to restricted stock awards:

	2020		2019		2018	
BrightSphere Investment Group Inc. RSAs	**Number of shares**	**Weighted average grant date fair value per share**	**Number of shares**	**Weighted average grant date fair value per share**	**Number of shares**	**Weighted average grant date fair value per share**
Outstanding at beginning of the year	**77,217**	**$ 14.43**	**325,976**	**$ 14.83**	**422,927**	**$ 14.26**
Granted during the year	—	—	18,000	10.09	304,389	15.84
Forfeited during the year	(6,447)	14.19	(47,453)	15.43	(14,136)	14.97
Exercised during the year	(56,760)	14.75	(219,306)	14.45	(387,204)	15.00
Outstanding at end of the year	**14,010**	**$ 13.26**	**77,217**	**$ 14.43**	**325,976**	**$ 14.83**

The grant date fair value per share, calculated based on the closing price as quoted on the New York Stock Exchange on the measurement date, is used to determine the fair value of restricted stock awards granted to employees. There were no RSAs granted by the Company during the year ended December 31, 2020. Restricted stock awards under the plan generally have a vesting period of one to three years.

Grants of restricted stock units in BrightSphere Investment Group Inc.

The following table summarizes the activity related to restricted stock units:

	2020		2019		2018	
BrightSphere Investment Group Inc. RSUs	**Number of shares**	**Weighted average grant date fair value per share**	**Number of shares**	**Weighted average grant date fair value per share**	**Number of shares**	**Weighted average grant date fair value per share**
Outstanding at beginning of the year	**62,899**	**$ 11.79**	**47,191**	**$ 14.46**	**76,223**	**$ 14.70**
Granted during the year	105,678	10.20	88,980	12.40	48,930	14.98
Forfeited during the year	(30,927)	10.83	(24,591)	14.46	—	—
Exercised during the year	(77,286)	10.99	(48,681)	14.14	(77,962)	15.02
Outstanding at end of the year	**60,364**	**$ 10.53**	**62,899**	**$ 11.79**	**47,191**	**$ 14.46**

The grant date fair value per share, calculated based on the closing price as quoted on the New York Stock Exchange on the measurement date, is used to determine the fair value of restricted stock units granted to employees. Restricted stock units under the plan generally have a vesting period of one to three years.

20) Equity-based Compensation (cont.)

Grants of Performance-based restricted stock awards in BrightSphere Investment Group Inc.

The following table summarizes the activity related to performance-based restricted stock awards:

	2020		2019		2018	
BrightSphere Investment Group Inc. Performance-based RSAs	**Number of shares**	**Weighted average grant date fair value per share**	**Number of shares**	**Weighted average grant date fair value per share**	**Number of shares**	**Weighted average grant date fair value per share**
Outstanding at beginning of the year	**258,678**	**$ 10.11**	**258,678**	**$ 10.11**	**175,586**	**$ 10.26**
Granted during the year	—	—	—	—	83,092	9.78
Other movements	(175,586)	10.26	—	—	—	—
Outstanding at end of the year	**83,092**	**$ 9.78**	**258,678**	**$ 10.11**	**258,678**	**$ 10.11**

Other movements includes performance-based RSAs that did not meet the market vesting condition and vested at 0% during the year ended December 31, 2020. There were no performance-based RSAs granted by the Company during the year ended December 31, 2020 and December 31, 2019.

The Performance-based RSAs granted in 2018 by the Company have a market vesting condition; therefore a Monte-Carlo simulation model has been used to determine the fair value of the restricted units granted to employees. Significant assumptions utilized in the Monte-Carlo simulation model include assumed reinvestment of dividends, the risk-free interest rate of 2.39%, and expected volatility of 26.57%, which is based on an average volatility of the Company’s peer group. Performance-based RSAs under the plan have a vesting period of three years.

20) Equity-based Compensation (cont.)

Grants of Performance-based restricted stock units in BrightSphere Investment Group Inc.

The following table summarizes the activity related to performance-based restricted stock units:

BrightSphere Investment Group Inc. Performance-based RSUs	2020 Number of shares	2020 Weighted average grant date fair value per share	2019 Number of shares	2019 Weighted average grant date fair value per share	2018 Number of shares	2018 Weighted average grant date fair value per share
Outstanding at beginning of the year	**9,013**	**$ 14.62**	**189,335**	**$ 10.92**	**640,992**	**$ 20.59**
Granted during the year	—	—	9,013	14.62	—	—
Exercised during the year	—	—	(193,125)	10.98	(532,956)	23.21
Other movements	—	—	3,790	14.15	81,299	15.21
Outstanding at end of the year	**9,013**	**$ 14.62**	**9,013**	**$ 14.62**	**189,335**	**$ 10.92**

There were no performance-based RSUs granted by the Company during the year ended December 31, 2020 and December 31, 2018. The Performance-based RSUs granted in 2019 by the Company have a market vesting condition; therefore a Monte-Carlo simulation model has been used to determine the fair value of the restricted units granted to employees. Significant assumptions utilized in the Monte-Carlo simulation model include assumed reinvestment of dividends, the risk-free interest rate of 2.48%, and expected volatility of 26.11%, which is based on an average volatility of the Company's peer group. Performance-based RSUs under the plan have a vesting period of three years.

Grants of Stock Options in BrightSphere Investment Group Inc.

The following tables summarizes the activity related to the Company's stock option awards:

	2020			
	Stock Options	Weighted average exercise price	Weighted average remaining contractual term (in years)	Aggregate intrinsic value
Outstanding at beginning of the year	**8,970,000**	**$ 12.00**	**4.0**	
Granted during the year	2,820,000	10.37	4.8	
Forfeited during the year	(4,396,000)	12.00		
Exercised during the year	(19,000)	12.00		
Outstanding at end of the year	**7,375,000**	**11.38**	**3.4**	**$ 58,290,000**
Exercisable at end of the year	**4,288,000**	**$ 11.73**	**3.2**	**$ 32,366,640**

20) Equity-based Compensation (cont.)

	2019			
	Stock Options	Weighted average exercise price	Weighted average remaining contractual term (in years)	Aggregate intrinsic value
Outstanding at beginning of the year	**6,900,000**	**$ 12.00**	**5.0**	
Granted during the year	2,070,000	12.00	5.0	
Forfeited during the year	—	—		
Exercised during the year	—	—		
Outstanding at end of the year	**8,970,000**	**$ 12.00**	**4.0**	**$ —**
Exercisable at end of the year	**3,174,000**	**$ 12.00**	**4.0**	**$ —**

	2018			
	Stock Options	Weighted average exercise price	Weighted average remaining contractual term (in years)	Aggregate intrinsic value
Outstanding at beginning of the year	**—**			
Granted during the year	6,900,000	12.00	5.0	
Forfeited during the year	—	—		
Exercised during the year	—	—		
Outstanding at end of the year	**6,900,000**	**$ 12.00**	**5.0**	**$ —**
Exercisable at end of the year	**1,380,000**	**$ 12.00**	**5.0**	**$ —**

The Company granted stock options with a fair value of $1.8 million, $5.1 million and $11.7 million during the years ended December 31, 2020, 2019 and 2018, respectively. The total fair value of options vested during the years ended December 31, 2020, 2019 and 2018 was $1.5 million, $4.3 million and $2.3 million, respectively. The Company received $0.2 million related to the exercise of options for the year ended December 31, 2020. Shares issued upon exercise of the options represent newly issued shares.

The fair value of the stock options grant was estimated on the grant date using a Monte-Carlo simulation valuation model. The weighted average fair value of stock options granted during the years ended December 31, 2020, 2019 and 2018 was $0.65, $2.48 and $1.69 per option, respectively, based on the grant date assumptions stated below.

20) Equity-based Compensation (cont.)

	2020	2019	2018
Weighted-average grant date fair value per option	$ 0.65	$ 2.48	$ 1.69
Assumptions:			
Dividend yield [1]	3.9% to 7.4%	3.4 %	3.8 %
Expected volatility [2]	29.7% to 41.3%	28.4 %	28.3 %
Risk-free interest rate [3]	1.4% to 0.3%	2.6 %	2.5 %
Expected life of options [4]	4.7 to 5.0 years	5.0 years	5.0 years

(1) Dividend yield assumption represents the Company's expected dividend yield based on its historical dividend payouts and the stock price at the date of grant.

(2) Expected volatility is based upon historical BSIG stock price volatility.

(3) The risk-free rate for periods within the contractual life of the option is based on the U.S. Treasury yield curve at the time of grant.

(4) Expected life of options is based on the contractual term and the expected exercise behavior

21) Accumulated Other Comprehensive Income (Loss)

The components of accumulated other comprehensive income (loss) for the years ended December 31, 2020, 2019 and 2018 were as follows (in millions):

	Foreign currency translation adjustment	Valuation and amortization of derivative securities	Total
Balance, as of December 31, 2017	**$ 3.5**	**$ (25.1)**	**$ (21.6)**
Foreign currency translation adjustment	(1.7)	—	(1.7)
Amortization related to derivatives securities, before tax	—	2.8	2.8
Tax impact	—	(0.4)	(0.4)
Other comprehensive income	(1.7)	2.4	0.7
Balance, as of December 31, 2018	**$ 1.8**	**$ (22.7)**	**$ (20.9)**
Foreign currency translation adjustment	1.0	—	1.0
Amortization related to derivatives securities, before tax	—	3.0	3.0
Tax impact	—	(0.6)	(0.6)
Other comprehensive income (loss)	1.0	2.4	3.4
Balance, as of December 31, 2019	**$ 2.8**	**(20.3)**	**$ (17.5)**
Foreign currency translation adjustment	1.6	—	1.6
Amortization related to derivatives securities, before tax	—	3.1	3.1
Tax impact	—	(0.8)	(0.8)
Other comprehensive income	1.6	2.3	3.9
Balance, as of December 31, 2020	**$ 4.4**	**$ (18.0)**	**$ (13.6)**

The Company reclassified $3.1 million, $3.0 million, and $2.8 million from accumulated other comprehensive income (loss) to interest expense on the Consolidated Statements of Operations for the twelve months ended December 31, 2020, 2019 and 2018 respectively.

22) Non-controlling Interests

Non-controlling interests on the Consolidated Balance Sheets include capital and undistributed profits of certain entities that are consolidated, but not 100% owned, which amounted to $1.7 million at December 31, 2020 and $1.3 million at December 31, 2019.

Non-controlling interests in consolidated Funds

Net income (loss) attributable to non-controlling interests in consolidated Funds in the Consolidated Statements of Operations is comprised of the net income or loss and net gains and losses allocated to equity-holders, other than BSIG, of consolidated Funds. For the years ended December 31, 2020, 2019 and 2018 this net income (loss) was $28.8 million, $16.1 million, and $(6.1) million, respectively. Non-controlling interests in consolidated Funds on the Consolidated Balance Sheets represents the share of net assets of the Funds attributable to those equity holders who are restricted in their ability to redeem their interests, which amounted to $80.3 million at December 31, 2020, and $48.8 million at December 31, 2019.

Redeemable non-controlling interests in consolidated Funds on the Consolidated Balance Sheets represents the share of net assets of the Funds attributable to those equity holders who are not restricted in their ability to redeem their interests, which amounted to $0.0 million at December 31, 2020, and $83.9 million at December 31, 2019.

23) Derivatives and Hedging

Cash flow hedge

In July 2015, the Company entered into a series of $300.0 million notional Treasury rate lock contracts which were designated and qualified as cash flow hedges. The Company documented its hedging strategy and risk management objective for this contract in anticipation of a future debt issuance. The Treasury rate lock contract eliminated the impact of fluctuations in the underlying benchmark interest rate for future forecasted debt issuances. The Company assessed the effectiveness of the hedging contract at inception and on a quarterly basis thereafter. The forecasted debt issuances occurred in July 2016 and the Treasury rate lock, which had an accumulated fair value of $(34.4) million, was settled. Refer to Note 14, Borrowings and Debt, for additional information on the debt issuances.

Amounts recorded in accumulated other comprehensive income in connection with the settled Treasury rate lock were $3.1 million, net of tax of $0.8 million for the year ended December 31, 2020. As of December 31, 2020, the balance in accumulated other comprehensive income (loss) in connection with the Treasury rate lock contract amounted to $(18.0) million, net of tax. This balance will be reclassified to earnings through interest expense over the life of the issued debt. Amounts of $3.1 million, $3.0 million and $2.8 million have been reclassified for the years ended December 31, 2020, 2019 and 2018, respectively. During the next twelve months the Company expects to reclassify approximately $3.3 million to interest expense.

23) Derivatives and Hedging (cont.)

Derivatives of consolidated Funds

In the normal course of business, the Company's consolidated Funds may enter into transactions involving derivative financial instruments in connection with Funds' investing activities. Derivative instruments may be used as substitutes for securities in which the Funds can invest; to hedge portfolio investments or to generate income or gain to the Funds. The Funds may also use derivatives to manage duration; sector and yield curve exposures and credit and spread volatility. Derivative financial instruments base their value upon an underlying asset, index or reference rate. These instruments are subject to various risks, including leverage, market, credit, liquidity and operational risks. The Funds manage the risks associated with derivatives on an aggregate basis, along with the risks associated with its trading and as part of its overall risk management policies.

24) Segment Information

The Company has the following business segments:

- *Quant & Solutions*—comprised of versatile, often highly-tailored strategies that leverage data and technology in a computational, factor based investment process across a range of asset classes and geographies, including Global, non-U.S., and emerging markets equities, as well as multi-asset and managed volatility products.
- *Alternatives*—comprised of illiquid and differentiated liquid investment strategies that include private equity, real estate and real assets, including forestry, as well as a growing suite of liquid alternative capabilities in areas such as long/short, market neutral and absolute return.
- *Liquid Alpha*[(1)]—comprised of specialized investment strategies with a focus on alpha-generation across market cycles in long-only small-, mid-, and large-cap U.S. and non-U.S. equities, as well as fixed income.

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(1) In July 2020, the Company completed the sale of Copper Rock, and in November 2020, the Company completed the sale of Barrow Hanley. See Note 3, Divestitures, for further discussion of divestitures. The financial results of Copper Rock are included in the Liquid Alpha segment until July 24, 2020, the completion of the sale. The financial results of Barrow Hanley are included in the Liquid Alpha segment until November 17, 2020, the completion of the sale.

The Company has a corporate head office that is included in "Other". The corporate head office supports the segments by providing infrastructure and administrative support in the areas of accounting/finance, information technology, legal, compliance and human resources. The corporate head office expenses are not allocated to the Company's three business segments but the Chief Operating Decision Maker ("CODM") does consider the cost structure of the corporate head office when evaluating the financial performance of the segments.

24) Segment Information (cont.)

Performance Measure

The primary measure used by the CODM in measuring performance and allocating resources to the segments is Economic Net Income ("ENI"). The Company defines economic net income for the segments as ENI revenue less (i) ENI operating expenses, (ii) variable compensation and (iii) key employee distributions. The ENI adjustments to U.S. GAAP include both reclassifications of U.S. GAAP revenue and expense items, as well as adjustments to U.S. GAAP results, primarily to exclude non-cash, non-economic expenses, or to reflect cash benefits not recognized under U.S. GAAP. This measure supplements and should be considered in addition to, and not in lieu of, the Consolidated Statements of Operations prepared in accordance with U.S. GAAP. The Company does not disclose total asset information for its reportable segments as the information is not reviewed by the CODM.

ENI revenue includes management fees, performance fees and other revenue under U.S. GAAP, adjusted to include management fees paid to Affiliates by consolidated Funds and the Company's share of earnings from its equity-accounted Affiliate. ENI revenue is also adjusted to exclude the separate revenues recorded under U.S. GAAP for certain Fund expenses reimbursed to our Affiliates.

ENI operating expenses include compensation and benefits, general and administrative expense, and depreciation and amortization under U.S. GAAP, adjusted to exclude non-cash expenses representing changes in the value of Affiliate equity and profit interests held by Affiliate key employees, non-cash amortization of acquisition-related contingent consideration, as well as the value of employee equity owned pre-acquisition that occurred as a result of the Landmark transaction, goodwill impairment and amortization of acquired intangible assets, capital transaction costs, restructuring costs, the impact of a one-time compensation arrangement entered into that includes advances against future compensation payments, and the separate expenses recorded under U.S. GAAP for certain Fund expenses reimbursed to Affiliates. Additionally, variable compensation and Affiliate key employee distributions are segregated from ENI operating expenses.

ENI segment results are also adjusted to exclude the portion of consolidated Fund revenues, expenses and investment return recorded under U.S. GAAP.

24) Segment Information (cont.)

Segment Presentation

The following tables set forth summarized operating results for the Company's three segments and related adjustments necessary to reconcile the segment economic net income to arrive at the Company's consolidated U.S. GAAP net income (loss) for the year ended December 31, 2020 (in millions):

	Quant & Solutions	Alter-natives	Liquid Alpha	Other	Reconciling Adjustments		Total U.S. GAAP[1]
ENI revenue	**$ 354.8**	**$ 172.8**	**$ 183.3**	**$ 0.4**	**$ 7.2**	(a)	**$ 718.5**
ENI operating expenses	**149.0**	**64.6**	**63.5**	**24.4**	**15.4**	(b)	**316.9**
Earnings before variable compensation	**205.8**	**108.2**	**119.8**	**(24.0)**	**(8.2)**		**401.6**
Variable compensation	72.8	39.2	44.0	3.6	21.1	(c)	180.7
ENI operating earnings (after variable comp)	**133.0**	**69.0**	**75.8**	**(27.6)**	**(29.3)**		**220.9**
Affiliate key employee distributions	4.3	25.1	12.1	—	—		41.5
Earnings after Affiliate key employee distributions	**128.7**	**43.9**	**63.7**	**(27.6)**	**(29.3)**		**179.4**
Net interest income (expense)	—	—	—	(21.6)	(6.3)	(d)	(27.9)
Net investment income	—	—	—	—	34.8	(e)	34.8
Gain on sale of Affiliates	—	—	—	—	241.3	(e)	241.3
Net income attributable to non-controlling interests in consolidated Funds	—	—	—	—	(28.8)	(e)	(28.8)
Income tax (expense) benefit	—	—	—	(43.5)	(68.6)	(f)	(112.1)
Economic net income	**$ 128.7**	**$ 43.9**	**$ 63.7**	**$ (92.7)**	**$ 143.1**		**$ 286.7**

24) Segment Information (cont.)

The following table presents the financial data for the Company's three segments for the year ended December 31, 2019 (in millions):

	Quant & Solutions	Alter-natives	Liquid Alpha	Other	Reconciling Adjustments		Total U.S. GAAP(1)
ENI revenue	**$ 380.6**	**$ 166.5**	**$ 263.8**	**$ 0.4**	**$ 8.2**	(a)	**$ 819.5**
ENI operating expenses	**160.6**	**66.9**	**78.8**	**35.4**	**(17.0)**	(b)	**324.7**
Earnings before variable compensation	**220.0**	**99.6**	**185.0**	**(35.0)**	**25.2**		**494.8**
Variable compensation	75.6	36.7	62.4	10.0	14.7	(c)	199.4
ENI operating earnings (after variable comp)	**144.4**	**62.9**	**122.6**	**(45.0)**	**10.5**		**295.4**
Affiliate key employee distributions	6.4	23.0	23.7	—	(8.0)	(g)	45.1
Earnings after Affiliate key employee distributions	**138.0**	**39.9**	**98.9**	**(45.0)**	**18.5**		**250.3**
Net interest income (expense)	—	—	—	(21.0)	(9.0)	(d)	(30.0)
Net investment income	—	—	—	—	37.7	(e)	37.7
Net income attributable to non-controlling interests in consolidated Funds	—	—	—	—	(16.1)	(e)	(16.1)
Income tax (expense) benefit	—	—	—	(50.0)	32.0	(f)	(18.0)
Economic net income	**$ 138.0**	**$ 39.9**	**$ 98.9**	**$ (116.0)**	**$ 63.1**		**$ 223.9**

24) Segment Information (cont.)

The following table presents the financial data for the Company's three segments for the year ended December 31, 2018 (in millions):

	Quant & Solutions	Alter-natives	Liquid Alpha	Other	Reconciling Adjustments		Total U.S. GAAP[1]
ENI revenue	**$ 389.0**	**$ 218.1**	**$ 311.6**	**$ 0.4**	**$ 9.1**	(a)	**$ 928.2**
ENI operating expenses	**146.3**	**61.8**	**84.5**	**43.1**	**196.2**	(b)	**531.9**
Earnings before variable compensation	**242.7**	**156.3**	**227.1**	**(42.7)**	**(187.1)**		**396.3**
Variable compensation	86.2	58.9	73.9	11.7	5.2	(c)	235.9
ENI operating earnings (after variable comp)	**156.5**	**97.4**	**153.2**	**(54.4)**	**(192.3)**		**160.4**
Affiliate key employee distributions	9.5	34.1	33.0	—	—		76.6
Earnings after Affiliate key employee distributions	**147.0**	**63.3**	**120.2**	**(54.4)**	**(192.3)**		**83.8**
Net interest income (expense)	—	—	—	(13.6)	(8.1)	(d)	(21.7)
Net investment income	—	—	—	—	53.1	(e)	53.1
Net income attributable to non-controlling interests in consolidated Funds	—	—	—	—	6.1	(e)	6.1
Revaluation of DTA deed	—	—	—	—	20.0	(h)	20.0
Income tax (expense) benefit	—	—	—	(62.7)	57.7	(f)	(5.0)
Gain (loss) on disposal of discontinued operations, net of tax	—	—	—	—	0.1	(e)	0.1
Economic net income	**$ 147.0**	**$ 63.3**	**$ 120.2**	**$ (130.7)**	**$ (63.4)**		**$ 136.4**

(1) The most directly comparable U.S. GAAP measure of ENI revenue is U.S. GAAP revenue. The most directly comparable U.S. GAAP measure of ENI operating expenses is U.S. GAAP operating expenses, which is comprised of ENI operating expenses, variable compensation and Affiliate key employee distributions above. The most directly comparable U.S. GAAP measure of earnings after Affiliate key employee distributions is U.S. GAAP operating income. The most directly comparable U.S. GAAP measure of ENI is U.S. GAAP net income attributable to controlling interests.

Reconciling Adjustments:

(a) Adjusted to exclude earnings from equity-accounted Affiliate, which are included in U.S. GAAP investment income, and to include consolidated Funds revenues and the separate revenues recorded for certain Fund expenses reimbursed by customers, which are included in U.S. GAAP revenue.

(b) Adjusted to include non-cash amortization expense for acquisition-related consideration and pre-acquisition employee equity, non-cash expenses for key employee equity and profit interest revaluations, capital transaction costs, goodwill impairment and amortization of acquired intangible assets, restructuring costs, consolidated Funds' operating expenses and the Fund expenses reimbursed by customers, each of which are included in U.S. GAAP operating expenses.

(c) Adjusted to include restructuring costs and the impact of a one-time compensation arrangement entered into during the first quarter of 2020 that includes advances against future compensation payments, which are included in U.S. GAAP compensation expense.

24) Segment Information (cont.)

(d) Adjusted to include the cost of seed financing and amortization of debt issuance costs, which is included in U.S. GAAP interest expense.

(e) Adjusted to include net investment income (loss), net income (loss) attributable to non-controlling interests in consolidated Funds, and the gain on sale of Affiliates, all of which are included in U.S. GAAP net income attributable to controlling interests.

(f) Adjusted to include the impact of deferred tax attributable to the amortization of goodwill and acquired intangibles. Also adjusted to include tax expense or benefits relating to uncertain tax positions, the tax impact of certain ENI adjustments and other unusual items that are not included in current operating results for ENI purposes.

(g) Adjusted to exclude the amount of variable compensation related to restructuring at an Affiliate, which will be reimbursed through Affiliate key employee distributions.

(h) Adjusted to exclude the revaluation gain associated with the settlement of the DTA Deed with OM plc, which is included in U.S. GAAP non-operating income.

Management fee revenue by principal geographic area is comprised of the following for the years ended December 31, 2020, 2019 and 2018 (in millions):

	Years ended December 31,		
	2020	**2019**	**2018**
U.S.	$ 526.3	$ 607.0	$ 687.6
Non-U.S.	171.6	200.0	217.4
Management fee revenue	**$ 697.9**	**$ 807.0**	**$ 905.0**

25) Selected Quarterly Financial Data (unaudited)

The following is a summary of the quarterly results of operations of the Company for the years ended December 31, 2020 and 2019 ($ in millions, unless otherwise noted):

	2020			
	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
Revenue	$ 182.6	$ 174.7	$ 182.4	$ 178.8
Operating income	74.1	26.2	40.5	38.6
Income from continuing operations before income taxes	35.7	61.2	46.8	283.9
Net income	22.1	53.9	34.0	205.5
Net income attributable to controlling interests	32.6	18.9	37.2	198.0
Basic earnings per share ($)	$ 0.38	$ 0.23	$ 0.46	$ 2.49
Diluted earnings per share ($)	$ 0.38	$ 0.23	$ 0.46	$ 2.42
Basic shares outstanding (in millions)	85.1	80.4	80.0	79.6
Diluted shares outstanding (in millions)	85.1	80.4	80.9	81.8

	2019			
	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
Revenue	$ 207.2	$ 207.1	$ 197.8	$ 207.4
Operating income	68.0	46.6	51.9	83.8
Income from continuing operations before income taxes	82.7	35.7	51.0	88.6
Net income (loss)	61.1	21.6	83.0	74.3
Net income (loss) attributable to controlling interests	52.7	28.0	75.4	67.8
Basic earnings (loss) per share ($)	$ 0.54	$ 0.31	$ 0.84	$ 0.79
Diluted earnings (loss) per share ($)	$ 0.54	$ 0.31	$ 0.84	$ 0.79
Basic shares outstanding (in millions)	97.6	91.5	90.0	85.9
Diluted shares outstanding (in millions)	97.8	91.5	90.0	85.9

26) Subsequent Events

Sale of Investment Counselors of Maryland

On February 6, 2021 the Company entered into a definitive agreement to sell all of the Company's interests in Investment Counselors of Maryland ("ICM"), an equity-accounted Affiliate within the Liquid Alpha segment in exchange for approximately $19 million of cash consideration, subject to certain customary closing and post-closing adjustments. As of December 31, 2020 the carrying value of the Company's investment was $2.0 million. ICM comprised $2.9 million of the Company's net income attributable to controlling interests of $286.7 million for the year ended December 31, 2020. The transaction is expected to close during second quarter of 2021.

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

None.

Item 9A. Controls and Procedures.

Evaluation of Disclosure Controls and Procedures

Our management, including our principal executive officer, and our principal financial officer, evaluated the effectiveness of our disclosure controls and procedures (as such term is defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act) at December 31, 2020. Disclosure controls and procedures are designed to ensure that the information we are required to disclose in the reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time period specified in the SEC's rule and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information we are required to disclose in the reports that we file or submit under the Exchange Act is accumulated and communicated to our management, including our principal executive officer and principal financial officer, to allow timely decisions regarding required disclosure. Our principal executive officer and principal financial officer participated in this evaluation and concluded that, as of December 31, 2020, our disclosure controls and procedures were effective.

Report of Management on Internal Control Over Financial Reporting

Management is responsible for establishing and maintaining adequate internal control over financial reporting.

Management has evaluated the effectiveness of internal control over financial reporting as of December 31, 2020 based on the criteria established in *Internal Control - Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on management's assessment, management concluded that the Company's internal control over financial reporting was effective as of December 31, 2020.

KPMG LLP, an independent registered public accounting firm, has audited the financial statements that are included in this Annual Report on Form 10-K and expressed an opinion thereon. KPMG LLP has also expressed an opinion on the effectiveness of internal control over financial reporting as of December 31, 2020, which is included herein.

Changes in Internal Control Over Financial Reporting

There have been no changes in our internal control over financial reporting that occurred during the fourth quarter of our fiscal year ended December 31, 2020 that materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Item 9B. Other Information.

On February 23, 2021, we along with the Lenders, entered into an assignment and assumption and amendment agreement (the "Assignment") to the Amended Credit Agreement. Pursuant to the Assignment, the Amended Credit Agreement was assigned to and assumed by Acadian and the Amended Credit Agreement was amended (the Amended Credit Agreement, as amended by the Assignment, the "Acadian Credit Agreement") to, among other things, reduce the Lenders' commitments thereunder to $125 million. See "Management's Discussion and Analysis of Financial Condition and Results of Operations—Capital Resources and Liquidity—Third party borrowings—Revolving Credit Facility" for more information.

PART III

Item 10. Directors, Executive Officers and Corporate Governance.

The information required by this Item will be set forth in our definitive proxy statement required to be filed pursuant to Regulation 14A for the 2021 annual meeting of shareholders.

Item 11. Executive Compensation.

The information required by this Item will be set forth in our definitive proxy statement required to be filed pursuant to Regulation 14A for the 2021 annual meeting of shareholders.

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

The information required by this Item will be set forth in our definitive proxy statement required to be filed pursuant to Regulation 14A for the 2021 annual meeting of shareholders.

Item 13. Certain Relationships and Related Transactions, and Director Independence.

The information required by this Item will be set forth in our definitive proxy statement required to be filed pursuant to Regulation 14A for the 2021 annual meeting of shareholders.

Item 14. Principal Accountant Fees and Services.

The information required by this Item will be set forth in our definitive proxy statement required to be filed pursuant to Regulation 14A for the 2021 annual meeting of shareholders.

PART IV

Item 15. Exhibits, Financial Statements Schedules.

(1) Financial Statements: The information required by this Item is contained in Item 8 of Part II of this report.

(2) Financial Statement Schedules: None

(3) Exhibits:

Exhibit No.	Description
2.1	Scheme of Arrangement, dated June 3, 2019, between BrightSphere Investment Group plc and the shareholders of BrightSphere Investment Group plc, incorporated by reference to Appendix A to BrightSphere Investment Group plc's Proxy Statement on Schedule 14A filed on June 3, 2019.
2.2	Equity Purchase Agreement, dated as of July 26, 2020, by and among BrightSphere Intermediary (BHMS) LLC, BHMS Investment GP LLC, BHMS Investment Holdings LP, Barrow, Hanley, Mewhinney & Strauss, LLC., Perpetual US Holding Company, Inc., and, solely with respect to Section 11.16 thereof, Perpetual Limited, incorporated herein by reference to Exhibit 2.1 to the Current Report on Form 8-K filed on July 27, 2020.
3.1	Amended and Restated Certificate of Incorporation of BrightSphere Investment Group Inc., adopted as of July 12, 2019, incorporated herein by reference to Exhibit 3.1 to Current Report on Form 8-K12B filed on July 15, 2019.
3.2	Amended and Restated Bylaws of BrightSphere Investment Group Inc., adopted as of July 12, 2019, incorporated herein by reference to Exhibit 3.2 to Current Report on Form 8-K12B filed on July 15, 2019.
4.1	Specimen Common Stock Certificate of BrightSphere Investment Group Inc. incorporated herein by reference to Exhibit 4.1 to Quarterly Report on Form 10-Q filed on August 9, 2019.
4.2	Base Indenture, dated as of July 25, 2016, among OM Asset Management plc, as Issuer, Wilmington Trust, National Association, as Trustee, and Citibank, N.A., as Securities Administrator, incorporated herein by reference to Exhibit 4.1 to Current Report on Form 8-K filed on July 25, 2016.
4.3	Supplemental Indenture, dated as of July 25, 2016, among OM Asset Management plc, as Issuer, Wilmington Trust, National Association, as Trustee, and Citibank, N.A., as Securities Administrator, incorporated herein by reference to Exhibit 4.2 to Current Report on Form 8-K filed on July 25, 2016.
4.4	Form of 4.800% Note due 2026, incorporated herein by reference to Exhibit 4.2 to the Current Report on Form 8-K filed on July 25, 2016.
4.5	Second Supplemental Indenture, dated as of August 1, 2016, among OM Asset Management plc, as Issuer, Wilmington Trust, National Association, as Trustee, and Citibank, N.A. as Securities Administrator, incorporated herein by reference to Exhibit 4.2 to Current Report on Form 8-K filed on August 1, 2016.
4.6	Form of 5.125% Note due 2031 incorporated herein by reference and included in the Supplemental Indenture filed as Exhibit 4.2 to Current Report on Form 8-K filed on August 1, 2016.

Exhibit No.	Description
4.7	Third Supplemental Indenture, dated as of July 11, 2019, among BrightSphere Investment Group plc, as Original Issuer, BrightSphere Investment Group Inc., as Successor Company, Wilmington Trust, National Association, as Trustee, and Citibank, N.A., as Securities Administrator incorporated herein by reference to Exhibit 4.8 to the Quarterly Report on Form 10-Q filed on August 9, 2019.
4.8	Fourth Supplemental Indenture, dated as of July 11, 2019, among BrightSphere Investment Group plc, as Original Issuer, BrightSphere Investment Group Inc., as Successor Company, Wilmington Trust, National Association, as Trustee, and Citibank, N.A., as Securities Administrator incorporated herein by reference to Exhibit 4.9 to Quarterly Report on Form 10-Q filed on August 9, 2019.
4.9	Description of Registrant's Securities, incorporated herein by reference to Exhibit 4.9 to the Annual Report on Form 10-K filed on March 2, 2020.
10.1	BrightSphere Investment Group Inc. Equity Incentive Plan, incorporated herein by reference to Exhibit 10.2 to the Current Report on Form 8-K12B filed on July 15, 2019.
10.2	Registration Rights Agreement, dated May 17, 2019, between BrightSphere Investment Group Inc. and Paulson & Co. Inc. incorporated herein by reference to Exhibit 10.4 to Quarterly Report on Form 10-Q filed on August 9, 2019.
10.3	Stockholder Agreement, dated May 17, 2019, between BrightSphere Investment Group Inc. and Paulson & Co. Inc. incorporated herein by reference to Exhibit 10.5 to Quarterly Report on Form 10-Q filed on August 9, 2019.
10.4	Form of Indemnity Agreement, incorporated herein by reference to Exhibit 10.1 to the Current Report on Form 8-K12B filed on July 15, 2019.
10.5	Amended and Restated Limited Liability Company Agreement of Barrow, Hanley, Mewhinney & Strauss, LLC, effective February 26, 2018, incorporated herein by reference to Exhibit 10.9 to Annual Report on Form 10-K filed on February 28, 2018.
10.6	Seventh Amended and Restated Limited Liability Company Agreement of Acadian Asset Management LLC, effective July 1, 2017, incorporated herein by reference to Exhibit 10.10 to Annual Report on Form10-K filed on February 28, 2018.
10.7	BrightSphere Investment Group Inc. Non-Employee Directors' Equity Incentive Plan, incorporated herein by reference to Exhibit 10.3 to the Current Report on Form 8-K12B filed on July 15, 2019.
10.8	Form of Restricted Stock Unit Award Agreement for Employees, incorporated herein by reference to Exhibit 10.17 to Registration Statement No. 333-197106 on Form S-1 filed on September 8, 2014.
10.9	Form of Restricted Stock Award Agreement for Employees, incorporated herein by reference to Exhibit 10.16 to Registration Statement No. 333-197106 on Form S-1 filed on September 8, 2014.
10.10	Form of Restricted Stock Unit Award Agreement for Non-Employee Directors, incorporated herein by reference to Exhibit 10.18 to Registration Statement No. 333-197106 on Form S-1 filed on September 18, 2014.

Exhibit No.	Description
10.11	Form of Restricted Stock Unit Award Agreement for Canadian Employees, incorporated herein by reference to Exhibit 10.19 to Registration Statement No. 333-197106 on Form S-1 filed on September 18, 2014.
10.12	Form of Restricted Stock Unit Award Agreement for Hong Kong Employees, incorporated herein by reference to Exhibit 10.20 to Registration Statement No. 333-197106 on Form S-1 filed on September 18, 2014.
10.13	Form of Restricted Stock Unit Award Agreement for U.K. Employees, incorporated herein by reference to Exhibit 10.21 to Registration Statement No. 333-197106 on Form S-1 filed on September 18, 2014.
10.14	Heads of Agreement, dated as of June 13, 2016, among OM Asset Management plc and OM Group (UK) Limited, amending the Deferred Tax Asset Deed, dated September 29, 2014, incorporated herein by reference to Exhibit 10.2 to Current Report on Form 8-K filed on June 14, 2016.
10.15	Form of Transition Severance Agreement, incorporated herein by reference to Exhibit 10.28 to Quarterly Report on Form 10-Q, filed on November 9, 2017
10.16	Employment Agreement, dated December 30, 2018, by and between BrightSphere Inc. and GuangYang, incorporated herein by reference to Exhibit 10.26 to Annual Report on Form 10-K filed on February 28, 2019.
10.17	Employment Agreement, dated January 20, 2019, by and between BrightSphere Inc. and Suren Rana, incorporated herein by reference to Exhibit 10.27 to Annual Report on Form 10-K filed on February 28, 2019.
10.18	Option Award Agreement, effective December 30, 2018 by and between BrightSphere Investment Group plc and Guang Yang, incorporated herein by reference to Exhibit 4.1 to the Form S-8, filed on January 2, 2019.
10.19	Option Award Agreement, effective January 22, 2019 by and between BrightSphere Investment Group plc and Suren Rana, incorporated by reference to Exhibit 10.27 to Annual Report on Form 10-K filed on February 28, 2019.
10.20	Voting Agreement, dated May 17, 2019, between BrightSphere Investment Group plc and Paulson & Co. Inc., incorporated by reference to Exhibit 10.1 to the Form 8-K filed on May 23, 2019.
10.21	Revolving Credit Agreement dated as of August 20, 2019, among BrightSphere Investment Group Inc., a Delaware corporation, the lenders from time to time party thereto and Citibank N.A., as administrative agent for such lenders, incorporated herein by reference to Exhibit 10.1 to the Current Report on Form 8-K filed on August 21, 2019.
10.22	Form of Restricted Stock Unit Award Agreement for Non-Employee Directors, incorporated herein by reference to Exhibit 10.6 to the Quarterly Report on Form 10-Q on May 11, 2020.
10.23	Form of Restricted Stock Unit Award Agreement for U.K. Employees, incorporated herein by reference to Exhibit 10.7 to the Quarterly Report on Form 10-Q on May 11, 2020.
10.24	Form of Restricted Stock Unit Award Agreement for Employees, incorporated herein by reference to Exhibit 10.8 to the Quarterly Report on Form 10-Q on May 11, 2020.

Exhibit No.		Description
10.25		Form of Option Award Agreement, incorporated herein by reference to Exhibit 10.9 to the Quarterly Report on Form 10-Q on May 11, 2020.
10.26		Option Award Agreement, effective April 21, 2020 by and between BrightSphere Investment Group Inc. and Suren Rana, incorporated herein by reference to Exhibit 10.10 to the Quarterly Report on Form 10-Q on May 11, 2020.
10.27		Amended and Restated Employment Agreement, effective April 15, 2020 by and between BrightSphere Investment Group Inc. and Suren Rana, incorporated herein by reference to Exhibit 10.11 to the Quarterly Report on Form 10-Q on May 11, 2020.
10.28		Form of Restricted Stock Award Agreement for Employees, incorporated herein by reference to Exhibit 10.12 to the Quarterly Report on Form 10-Q on May 11, 2020.
10.29		Employment Agreement, dated May 8, 2020, by and between BrightSphere Inc. and Christina Wiater, incorporated herein by reference to Exhibit 10.13 to the Quarterly Report on Form 10-Q on May 11, 2020.
10.30		Amendment No. 1, dated September 3, 2020, to the Revolving Credit Agreement dated August 20, 2019, among BrightSphere Investment Group Inc., the lenders from time to time party thereto and Citibank, N.A., as administrative agent, incorporated herein by reference to Exhibit 10.1 to the Current Report on Form 8-K filed on September 4, 2020.
10.31	*	Employment Agreement, dated April 15, 2020, by and between BrightSphere Inc. and Richard Hart.
10.32	*	Borrower Assignment and Assumption and Amendment Agreement, dated February 23, 2021, by and among BrightSphere Investment Group Inc., Acadian Asset Management LLC, the lenders from time to time party thereto and Citibank, N.A, as administrative agent.
21.1	*	Subsidiaries of BrightSphere Investment Group Inc.
23.1	*	Consent of KPMG LLP
31.1	*	Certification of the Company's principal executive officer pursuant to Exchange Act Rules 13a-14(a)/15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	*	Certification of the Company's principal financial officer pursuant to Exchange Act Rules 13a-14(a)/15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1	**	Certification of the Company's principal executive officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2	**	Certification of the Company's principal financial officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

Exhibit No.		Description
101	*	Interactive data files pursuant to Rule 405 of Regulation S-T: (i) the Consolidated Balance Sheets as of December 31, 2020 and December 31, 2019; (ii) the Consolidated Statements of Operations for the years ended December 31, 2020, 2019 and 2018; (iii) the Consolidated Statements of Comprehensive Income (Loss) for the years ended December 31, 2020, 2019 and 2018; (iv) the Consolidated Statements of Changes in Shareholders' Equity for the years ended December 31, 2020, 2019 and 2018; (v) the Consolidated Statements of Cash Flows for the years ended December 31, 2020, 2019 and 2018; and (vi) the Notes to Consolidated Financial Statements.
104	*	The cover page of this Annual Report on Form 10-K, formatted in Inline eXtensible Business Reporting Language (embedded within the Inline XBRL document contained in Exhibit 101).

* Filed herewith
**Furnished herewith

Item 16. Form 10-K Summary

None.

SIGNATURES

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

BrightSphere Investment Group Inc.

Dated: March 1, 2021

By: /s/ Suren Rana

Suren Rana
President and Chief Executive Officer
(principal executive officer)

/s/ Christina Wiater

Christina Wiater
Senior Vice President and Principal Financial Officer
(principal financial officer and principal accounting officer)

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

Signature	Title	Date
/s/ SUREN RANA Suren Rana	President and Chief Executive Officer	March 1, 2021
/s/ JOHN PAULSON John Paulson	Chairman	March 1, 2021
/s/ ROBERT J. CHERSI Robert J. Chersi	Director	March 1, 2021
/s/ ANDREW KIM Andrew Kim	Director	March 1, 2021
/s/ BARBARA TREBBI Barbara Trebbi	Director	March 1, 2021

QuickLinks

EMPLOYMENT AGREEMENT

THIS EMPLOYMENT AGREEMENT (the "Agreement") is effective as of the 15th day of April, 2020 by and between BrightSphere Inc., a Delaware corporation with an address at 200 Clarendon Street, 53rd Floor, Boston, Massachusetts 02116 ("BrightSphere"), and Richard Hart (the "Employee").

1. **DEFINITIONS**

In this Agreement, unless the context otherwise requires:

(i) The following terms shall have the following meanings:

"Basic Termination Payments" means (i) the Salary payable to Employee under Section 4.1(A) through the termination of employment, (ii) any expense reimbursements under Section 4.3 for expenses reasonably incurred in the performance of the Employee's duties prior to termination, and (iii) the value of any unused vacation accrued to the date of termination of employment;

"Board" means the Board of Directors of the Company or any entity controlling the Company, including without limitation BrightSphere Investment Group Inc.;

"Cause" means (i) the Employee's willful or reckless misconduct, or gross, continuing or repeated negligence in the performance of the Employee's duties and responsibilities with respect to the Company, or his material failure to carry out directions which are reasonable in light of the Employee's primary duties and responsibilities, or any other conduct that results in substantial injury (monetary or otherwise) to the Company or its officers, directors, employees or other agents; (ii) the Employee's conviction of a felony (including but not limited to any felony conviction occurring prior to the Commencement Date), which has or could have a material adverse effect (monetary or otherwise) on the Company or its officers, directors, employees or other agents; (iii) the Employee's embezzlement or misappropriation of funds, commission of any material act of dishonesty, fraud or deceit, or violation of any federal or state law applicable to the securities industry (including but not limited to any instances of such misconduct occurring prior to the Commencement Date); (iv) the Employee's material breach of a legal or fiduciary duty owed to the Company or its officers, directors, employees or other agents; or (v) the Employee's material breach of any provision of any agreement between the Employee and the Company and its officers, directors, employees or other agents, any Company policy or practice, or any applicable law. Notwithstanding anything in the paragraph to the contrary, this paragraph is not intended to prohibit the Employee from regular and customary critique, evaluation, discipline, or as applicable, termination of the employment or engagement of any officers, employees or agents in the course of the Employee's duties for the Company. Prior to terminating the Employee for Cause pursuant to clauses (i) and (iv) above, the Company shall provide the Employee with written notice detailing the alleged acts constituting Cause and fifteen (15) days thereafter with an opportunity to cure such acts to the extent such acts are able to be cured.

“COBRA” means Section 601 *et seq.* of the Employee Retirement Income Security Act of 1974, as amended, and Section 4980B of the Code.

“Code” means the Internal Revenue Code of 1986, as amended.

“Commencement Date” means April 15, 2020;

“Company” means BrightSphere, any company that is a subsidiary or holding company (up to and including the ultimate holding company) of the Company and any subsidiary of any such holding company, and any person or entity directly or indirectly controlling, being controlled by, or under common control with BrightSphere.

“Compensation Committee” means the Compensation Committee of the Board of Directors of the Company, if any; provided, however, if there should be no Compensation Committee, then such reference to the Compensation Committee shall be to the Board of Directors or other authorized body or officer of the Company performing the described function;

“Confidential Information” means any confidential information concerning the business or affairs of the Company or concerning the Company’s customers, clients, vendors, suppliers, business partners, advisors, consultants or employees, including but not limited to the following: any financial information or valuation information concerning the Company, and any other proprietary information of the Company, including that relating to the demonstrably anticipated business of the Company that the Employee obtains, develops or learns in the course of the Employee’s employment by the Company and any and all memoranda, notes, reports, documents, emails and other media containing the foregoing. Confidential Information specifically includes: any inventions (whether or not patentable), works of authorship, designs, know-how, ideas and information made or conceived or reduced to practice, in whole or in part, by the Employee during the term of the Employee’s employment, all business, technical and financial information, including trade secrets, information about clients, including their names, addresses and investment history; information about employees or applicants for employment, their compensation, qualifications and performance levels; all information regarding fees, commissions and compensation; all investment, advisory, technical or research data, and financial models developed by the Company and its employees; methods of operation; manuals, books and notes regarding the Company’s products and services; all drawings, designs, patterns, devices, methods, techniques, compilations, processes, product specifications and guidelines, future plans, cost and pricing information, computer programs, formulas, and equations; the cost to the Company of supplying its products and services; written business records, files, documents, specifications, plans and compilations of information concerning the business of the Company; and reports, correspondence, records account lists, price lists, budgets, indices, invoices and telephone records that the Employee obtains, develops, or learns in the course of the Employee’s employment by BrightSphere. “Confidential

Information” shall include the Confidential Information of any third party disclosed to the Company under confidentiality obligations and any information which a reasonable person would consider confidential due to the circumstances surrounding disclosure or due to the nature of the information. Confidential Information shall not apply to information that has been independently developed by others or has become generally known through no wrongful act on the part of the Employee or any other person having an obligation of confidentiality to the Company;

“Disability” means that the Employee has, for 90 consecutive days or 180 days in any 12-month period, been disabled as a result of any mental or physical illness in a manner which prevents him from performing the essential functions of his job, with or without reasonable accommodation determined by an independent qualified medical doctor selected by BrightSphere. In such circumstances, the Employee hereby agrees to submit to a medical examination by a qualified medical practitioner appointed by the Company and reasonably acceptable to the Employee;

“Equity Plan” means the BrightSphere Investment Group Inc. Equity Incentive Plan (as amended from time to time).

“Good Reason” means the occurrence of one or more of the following without the Employee’s consent, other than on account of Employee’s inability to perform his duties on account of mental or physical disability: (i) any reduction of the Employee’s Salary; (ii) an adverse change to the Employee’s current title of Executive Vice President, Chief Legal Officer of the Company or reporting relationship; (iii) a material change in the geographic location at which the Employee must regularly perform services for the Company (which, for purposes of this Agreement, means a change in Employee’s principal place of employment by 50 or more miles, provided that such relocation materially increases the time of the Employee’s commute); (iv) a material adverse reduction in the Employee’s duties, or (v) the Company’s material breach of any provision of this Agreement. The Employee must provide written notice of termination for Good Reason to the Company within thirty (30) days after the event constituting Good Reason. The Company shall have a period of thirty (30) days in which it may correct the act or failure to act that constitutes the grounds for Good Reason as set forth in the Employee’s notice of termination. If the Company does not correct the act or failure to act, the Employee may terminate his employment for Good Reason not later than (30) days following the end of the Company’s thirty (30)-day cure period. If the event constituting Good Reason is a material reduction in Salary described in subsection (i) above, the Employee’s Salary for purposes of the severance calculations shall be determined without regard to the material reduction described in subsection (i);

“Notice Period” means the period ending sixty (60) days from the date of written notice to terminate the Agreement;

"Term" means the period beginning on the Commencement Date and continuing through the Termination Date;

"Termination Date" means the date when the Employee ceases to be employed by the Company;

"Trade Secrets" means proprietary data and information relating to the business of the Company including, but not limited to, technical or nontechnical data, formulae, patterns, compilations, programs, devices, methods, techniques, drawings, processes, financial data, financial plans, product plans or lists of actual or potential customers or suppliers which (i) derives economic value, actual or potential, from not being generally known to, and not being readily ascertainable by proper means by, other persons who can obtain economic value from its disclosure or use, and (ii) is the subject of efforts that are reasonable under the circumstances to maintain its secrecy; and

(ii) References to Sections are, unless otherwise stated, to sections of this Agreement; and

(iii) Headings to Sections are for convenience only and shall not affect the construction or interpretation of this Agreement.

2. **EMPLOYMENT**

2.1 BrightSphere hereby agrees to employ the Employee and the Employee hereby agrees to accept employment with BrightSphere, on the terms and conditions more fully set forth herein.

2.2 The Employee's employment will continue from the Commencement Date until it is terminated in accordance with the provisions of Section 5 below. Provided, however, that the Employee's employment is at all times on an at-will basis, and either the Employee or BSIG may terminate this Agreement with or without Cause, for any reason or no reason, consistent with the provisions of Section 5 herein.

2.3 The Employee's title shall be EVP, Chief Legal Officer, and the Employee's responsibilities shall include such duties and responsibilities that may be assigned by the President and Chief Executive Officer of BrightSphere Inc.

2.4 The Employee will use reasonable best efforts to faithfully, diligently and efficiently perform such duties on behalf of the Company consistent with such office as may be assigned to the Employee from time to time by the Company. The Employee agrees to abide by the reasonable rules, regulations, instructions, personnel practices and policies of the Company, including without limitation BrightSphere's Code of Ethics as well as its Insider Trading Policy, and any changes therein which may be adopted from time to time, all of which the Employee was first notified in writing. The Employee's actions as an employee of BrightSphere shall at all times be consistent with the interests of the Company. Under no circumstances will the Employee knowingly take any action contrary to the best interests of the Company.

3. **PLACE OF WORK**

The Employee shall primarily perform the duties assigned hereunder at the Company's office presently located in Boston, Massachusetts, and is expected to travel to and work at other Company offices and other appropriate places within or outside the United States for reasonable periods of time as necessary; provided that such travel can be undertaken safely and is consistent with applicable guidance from federal, state or local authorities. Notwithstanding the foregoing, the Employee shall have the reasonable discretion to telework consistent with the Company's existing policies.

4. **COMPENSATION AND BENEFITS**

In consideration of the services performed by the Employee, and subject to performance of the Employee's duties and responsibilities to the Company, BrightSphere shall provide the Employee with the compensation and benefits described below:

4.1 Salary: BrightSphere will pay the Employee, effective as of January 1, 2020, a salary of Five Hundred Thousand Dollars ($500,000) per annum (the "Salary"), such Salary to be paid in accordance with BrightSphere's normal payroll procedures and subject to applicable tax deductions and withholdings.

4.2 Bonus: The Employee shall participate in the Company's bonus plan(s). The payment of any bonus shall be subject to the performance objectives established for the Employee annually (such bonus to be payable in cash and equity pursuant to the Company's usual pay practice in effect at the time).

4.3 Equity Plan. On February 14, 2020, the Employee was provided a nonqualified stock option to purchase 150,000 shares of Common Stock of BrightSphere Investment Group Inc. (the "Original Award") at an exercise price of $12.00. On April 21, 2020, Employee was provided a nonqualified stock option to purchase 500,000 shares of Common Stock of BrightSphere Investment Group Inc. (the "New Award") at an exercise price per share equal to $10.00. Employee shall retain the Original Award and the New Award subject to the terms and conditions set forth in the Option Award Agreement applicable to each such award. The Employee shall also be eligible to participate in the Equity Plan or any other equity compensation plan that may be adopted, terminated and/or amended from time to time by the Compensation Committee. The issuance, vesting and exercise of any share awards subject hereto shall be approved by the Compensation Committee and shall be in accordance with the Equity Plan or the plan currently in effect. In order to be eligible for the award of any equity, the Employee also shall be required to execute any agreement and/or other document then in effect.

4.4 Benefits: Except as provided herein, the Employee shall be eligible to receive the various benefits offered by BrightSphere to its employees, including holidays, vacation, medical, dental, disability and life insurance, and such other benefits as may be determined from time to time. These benefits may be modified or eliminated from time to time at the sole discretion of BrightSphere. Where a particular benefit is subject to a formal plan, eligibility to participate in and receive the particular benefit shall be governed solely by the applicable plan document. Provided, however, should BrightSphere have a severance plan in effect as of Employee's

Termination Date, Employee will not, subject to Section 5.1(D) be eligible for any payments under the plan unless otherwise approved by the Compensation Committee in its sole discretion.

4.5 Expenses: The Employee shall be entitled to reimbursement for reasonable out-of-pocket expenses incurred for the Company's business (including travel and entertainment) in accordance with the policies, practices and procedures of BrightSphere. The Employee shall comply with all Company written policies, practices and procedures, and all codes of ethics or business conduct applicable to the Employee's position, as may be in effect from time to time and which have been made available to the Employee.

5. **TERMINATION OF AGREEMENT/EMPLOYMENT**

5.1 Payments Upon Termination. Either party may terminate the Employee's employment in accordance with the provisions of this Agreement. In such event, this Section 5.1 shall set forth and govern BrightSphere's obligations to make any post-termination payments to the Employee on account of such termination.

(A) *Termination for Cause*: BrightSphere may terminate this Agreement and the Employee's employment for Cause immediately upon written notice. Upon termination of the Employee's employment with BrightSphere in accordance with this Section 5.1(A), Employee shall not be entitled to receive any other compensation or benefit, contingent or otherwise, except as otherwise required by applicable law.

(B) *Termination with Notice*: Either party may terminate this Agreement and the Employee's employment for any reason by giving the other party not less than sixty (60) days' advance notice in writing. If such notice is served by either party, BrightSphere shall be entitled, in its sole and absolute discretion, to terminate the Employee's employment at any time during the Notice Period and to provide payment in lieu of notice.

(C) *Termination by the Employee with Notice*:

i. BrightSphere shall pay the Employee the Basic Termination Payments during the Notice Period; and

ii. In the event that BrightSphere terminates this Agreement prior to the end of the Notice Period (without Cause), it shall pay the Employee an amount equivalent to his Salary and a taxable cash lump sum amount equivalent to BrightSphere's share of the cost of medical and dental benefits with respect to similarly situated active employees of the Company for the remainder of the Notice Period.

(D) *By BrightSphere with Notice or by Employee for Good Reason:* In the event that BrightSphere terminates this Agreement without Cause (including in such event that the Employee dies or is terminated as a result of Disability during the Notice Period relating to a termination by the Company without Cause), or the

Employee terminates this Agreement for Good Reason, BrightSphere will pay the Employee as follows:

i. BrightSphere shall pay the Employee the Basic Termination Payments during the Notice Period;

ii. In the event that BrightSphere terminates this Agreement prior to the end of the Notice Period (without Cause), it shall pay the Employee an amount equivalent to his Salary for the remainder of the Notice Period in one lump sum less applicable taxes and withholdings, if any, under state and federal law. In addition, to the extent the Employee is covered by the Company's medical, dental, and vision insurance plans and elects within the appropriate time period to continue coverage under COBRA, the Company will pay for the Employee's COBRA premiums for the remainder of the Notice Period;

iii. A lump sum cash payment equal to the Employee's Salary at the rate in effect immediately before the Termination Date, for a period of twelve (12) months, reduced by any amount of Salary paid to the Employee pursuant to clause (ii) above;

iv. A lump sum cash bonus in an amount equal to the Employee's prior year bonus;

v. A cash bonus for the year in which the Termination Date occurs equal to the Employee's prior year bonus, pro-rated based on the number of days worked during the termination year through the end of the Notice Period (without regard to whether pay is provided in lieu of all or a portion of the Notice Period); provided, however, if the annual bonus earned for the year prior to the year in which the Termination Date occurs has not yet been paid, the amount payable pursuant to this clause (v) shall be an amount equal to the Employee's prior year bonus;

vi. In addition, to the extent the Employee is covered by the Company's medical, dental, and vision insurance plans and elects within the appropriate time period to extend his coverage under COBRA the Company will pay for the Employee's COBRA premiums for 12 months, reduced by any amount of COBRA premiums paid to or for the Employee pursuant to clause (ii) above following the termination of this Agreement prior to the end of the Notice Period; and

vii. Accelerated vesting of the Employee's restricted stock and restricted stock unit awards such that all unvested shares shall be deemed vested as of the Termination Date. Notwithstanding the foregoing, all of the awards will remain subject to forfeiture pursuant to the Company's Claw-Back Policy or in the event of a breach by the Employee of any restrictive covenants under this Agreement or under any other agreement with the Company.

viii. Accelerated vesting of the Original Award and the New Award to the extent set forth in the applicable Option Award Agreement related to such award.

(E) *Resignation by the Employee Prior to Expiration of the Notice Period*: Should the Employee voluntarily resign prior to the expiration of a Notice Period (regardless of the party providing the notice), BrightSphere shall pay the Employee the Basic Termination Payments and the Employee shall not be entitled to receive any other compensation or benefit, contingent or otherwise, except as otherwise required by applicable law.

(F) *Termination upon the Employee's Death or Disability*. In the event that the Employee dies during the Term or BrightSphere terminates his employment as a result of Disability (other than during the Notice Period as set forth in Section 5.1(D) above), BrightSphere shall pay the Employee or his estate the following:

1. The Basic Termination Payments; and

2. With respect to a termination due to the Employee's Disability, the benefit described in Section 5.1(D)(vi); and

3. Continuation of the Employee's Salary for some period of time following the Notice Period, at the discretion of the Compensation Committee;

4. A cash bonus, at the discretion of the Compensation Committee;

5. Accelerated vesting of the Original Award or the New Award, at the discretion of the Compensation Committee;

6. Accelerated vesting of the Employee's restricted stock and restricted stock unit awards such that all unvested shares shall be deemed vested as of the Termination Date. Notwithstanding the foregoing, all of the awards will remain subject to forfeiture pursuant to the Company's Claw-Back Policy or in the event of a breach by the Employee of any restrictive covenants under this Agreement or under any other agreement with the Company.

(G) *Release/Post-Termination Payments*: The receipt of the compensation and benefits provided in this Section 5.1 to the Employee shall be in full and final satisfaction of the Employee's rights and claims under this Agreement (or otherwise). Payment of any post-termination compensation or benefits to the Employee in excess of the Basic Termination Payments shall be in lieu of severance. Notwithstanding anything in this Section 5, if the Employee wishes to receive any portion of the compensation and benefits provided in this Section 5.1 in excess of the Basic Termination Benefits, the Employee (or his estate, in the event of his death) will be required to timely execute and deliver to the Company, and not revoke, a separation agreement substantially in the form provided by the Company (the "Separation Agreement"). The Separation Agreement shall include a complete customary release of claims against the Company and its directors, officers, employees and agents (the "Release"). The Employee shall execute the Separation Agreement and deliver it to the Company within forty-five (45) days following the Termination Date. For a period of seven (7) days following the date the Employee executes the Release, Employee may revoke the Release by delivering a written statement to the Company.-To the extent applicable, the Separation Agreement is intended to constitute an agreement made in connection with the Employee's cessation of or separation from employment that is exempt from the definition of "noncompetition agreement," within the meaning of Section 24L(a) of Chapter 149 of the General Laws of the Commonwealth of Massachusetts.

5.2 Resignations: Upon termination of the Employee's employment, the Employee will also automatically resign, and will automatically be deemed to have resigned, from all positions with the Company (including any board membership positions), unless otherwise provided by the Board. The Employee hereby grants the Company an irrevocable power of attorney (with right of substitution) to take actions in the Employee's name to effectuate such resignations.

5.3 Upon termination (or suspension) of the Employee's employment or this Agreement, regardless of the reason, the Employee shall deliver to the Company all books, documents, materials described in Section 6, and all credit cards, keys and other property of the business of the Company which may be in the Employee's possession, custody or control.

6. **RESTRICTIVE COVENANTS**

6.1 Company Confidential Information, Trade Secrets and Intellectual Property.

(A) The Employee acknowledges and agrees that during employment with the Company, the Employee will acquire Confidential Information and Trade Secrets in relation to the Company and that through dealing closely with customers and clients the Employee will form close connections with and influence over those customers and clients. The Employee acknowledges and agrees that the Confidential Information, Trade Secrets and business relationships of the Company are necessary for the Company to continue to operate its business. The Employee further acknowledges and agrees that the Company has a reasonable, necessary and legitimate business interest in protecting its Confidential Information, Trade Secrets and business relationships and that the following covenants are reasonable and necessary to protect such business interests and are given for good and valuable consideration. Accordingly, the Employee will comply with the policies and procedures of the Company for protecting Confidential Information and Trade Secrets and not use, reproduce, distribute, disclose or otherwise disseminate the Confidential Information and Trade Secrets or any physical embodiments thereof other than as required by applicable law or for the proper performance of his duties and responsibilities to the Company, and may in no event take any action causing, or fail to take the action necessary in order to prevent, his disclosure of any Confidential Information and Trade Secrets disclosed to or developed by the Employee to lose its character or cease to qualify as Confidential Information or Trade Secrets.

(B) Nothing in this Agreement prohibits or limits the Employee from initiating communications directly with, responding to any inquiry from, volunteering information to, or providing testimony before, the Securities and Exchange Commission, the Department of Justice, FINRA, any other self-regulatory organization or any other governmental, law enforcement, or regulatory authority, regarding this agreement and its underlying facts and circumstances, or any reporting of, investigation into, or proceeding regarding suspected violations of law, and that the Employee is not required to advise or seek permission from the Company before engaging in any such activity; provided, however, in connection with any such activity, the Employee must inform such authority that the information the Employee is providing is confidential.

(C) BrightSphere shall not seek to hold the Employee criminally or civilly liable under any Federal or State trade secret law for the disclosure of a Trade Secret that is made in confidence to a Federal, State, or local government official or to an attorney solely for the purpose of reporting or investigating a suspected violation of law. In addition, BrightSphere shall not seek to hold the Employee criminally or civilly liable under any Federal or State trade secret law for the disclosure of a Trade Secret that is made in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal. Finally, if the Employee files a lawsuit for retaliation for reporting a suspected violation of law, the Employee may disclose the Trade Secret to his attorney and use the trade secret information in the court proceeding so long as the Employee files any document containing the Trade Secret under seal and does not disclose the Trade Secret, except pursuant to court order.

(D) The Employee hereby assigns and transfers to the Company any and all rights, title and interest in and to all intellectual property existing now or in the future, including, without limitation, patent rights, copyrights, the right to prepare derivative works, trade secret rights, *sui generis* database rights, moral and artist rights, and all other intellectual and industrial property rights of any sort in the United States and throughout the world now or hereafter known relating to any and all research, information, client lists, and all other investment, technical and research data any and all inventions (whether or not patentable), works of authorship, designs, trademarks, tradenames, domain names, processes, business plans, financial models, methods, know-how, ideas and information made, conceived, developed or reduced to practice, in whole or in part, by the Employee or on the Employee's behalf for the benefit of the Company ("Company Intellectual Property"). With regards to any rights, title or interest that cannot be assigned pursuant to the foregoing provision, the Employee agrees to assign and transfer without further consideration any and all such rights, title and interest to the Company and to take any and all such further actions as are appropriate or necessary to accomplish the foregoing and hereby irrevocably appoints the Company to act as the Employee's attorney for purposes of perfecting the Company's interest in such Company Intellectual Property.

6.2 Noncompetition. The Employee hereby agrees that all times during the Term, the Employee shall not whether alone or jointly, or as a partner, manager, member, director, officer, employee, consultant, representative, agent or joint venturer of any other party, directly or indirectly join, finance, invest in, lend to, be employed by, consult for, or otherwise participate in, or be connected with, any business that competes with the Company anywhere the Company does business and/or render services; provided however, that this limitation shall not apply to any equity interest that Employee has in a company whose stock is publicly traded so long as Employee does not own more than 5% of such equity.

6.3 Non-Solicitation. The Employee hereby agrees that all times during the Term, the Notice Period, and for a period of twelve (12) months after expiration of the later of the Notice Period or the Termination Date, the Employee shall not whether alone or jointly, or as a partner, manager, member, director, officer, employee, consultant, representative, agent or joint venturer of any other party, directly or indirectly:

(A) Solicit, induce or in any manner attempt to solicit or induce any person employed by or acting as a director, officer or agent of, or consultant to the Company to leave such position and become employed or associated with any other entity or business; or

(B) Employ or attempt to employ or negotiate or arrange the employment or engagement by any other person, of any person who to the Employee's knowledge was within six months prior to the Notice Period, a director or senior employee of the Company who was personally known to the Employee; or

(C) Solicit, interfere with, disrupt or attempt to disrupt any relationship, contractual or otherwise, between the Company and any of its reasonably known respective clients, customers, partners or joint venturers.

6.4 The Employee agrees that the duration and geographic scope of the restrictive provisions set forth in Section 6 herein are reasonable. In the event that any court determines that the duration or geographic scope, or both, are unreasonable and that such provision is to that extent unenforceable, the Employee agrees that the provision shall remain in full force and effect for the greatest time period and in the greatest area that would not render it unenforceable. The Employee also agrees that damages are an inadequate remedy for any breach of the restrictive provisions in this Agreement and that the Company shall, whether or not it is pursuing any potential remedies at law, be entitled to equitable relief in the form of preliminary and permanent injunctions without bond or other security upon any actual or threatened breach of the restrictive covenants herein.

6.5 The Employee shall comply as is reasonable with (a) every applicable rule of law in the United States of which Employee knows or reasonably should have known and (b) the rules and regulations of the regulatory authorities of the United States insofar as the same are applicable to employment hereunder and of which Employee knows or reasonably should have known, and (c) every regulation of the Company with respect to insider trading, of which the Employee is first notified in writing.

6.6 The Employee shall not during the Term, the Notice Period and at all times following the Termination Date:

(A) Divulge or communicate to any person or persons any Confidential Information (except to employees of, or to attorneys, accountants or other professionals engaged by, the Company with a need to know such information);

(B) Use any Confidential Information for the Employee's own purposes or for any purposes other than those of the Company; or

(C) Through any failure to exercise all reasonable due care and diligence cause any unauthorized disclosure of any Confidential Information.

6.7 All notes, memoranda, records, lists of customers and suppliers and employees, correspondence, documents, computer and other discs and tapes, data listing, codes, designs and drawings and other documents and material whatsoever (whether made or created by the Employee or otherwise) belonging to the business of the Company (and any copies of the same) (a) shall be and remain the property of the Company, and (b) shall be delivered by the Employee to the Company from time to time on demand and in any event on the termination of this Agreement.

6.8 The Employee shall not at any time during the Term, Notice Period, and all times following the Termination Date make any untrue, misleading or disparaging statement with respect to the Company (or any of its directors, officers, employees or agents). Nor shall the Employee attribute to himself the investment performance of any single investment or group of investments managed by the Company or claim responsibility for having sourced, recommended, or made any such investment or group of investments. The Company shall use its commercially reasonable best efforts not to make, shall not authorize, and shall instruct its directors and executive officers not to make, any untrue, misleading or disparaging statements about the Employee at any time during the Term, Notice Period, and at all times following the Termination Date. Notwithstanding anything in the paragraph to the contrary, this paragraph is not intended to prohibit the Employee from regular and customary critique, evaluation, or discipline of any officers, directors, employees or agents in the course of the Employee's duties for the Company.

6.9 At no time after the Termination Date shall the Employee directly or indirectly represent himself as being interested in or employed by or in any way connected with the Company, other than as a former employee or officer of the Company. After the Termination Date, Employee shall not in the course of carrying on any trade or business claim, represent or otherwise indicate any present association with the Company for the purpose of carrying on or retaining any business, represent or otherwise indicate any past association with the Company, other than as a former employee or officer of the Company.

6.10 From and after the Termination Date, the Employee agrees to cooperate in the transition of his duties and in the business affairs of the Company as may be reasonably requested by the Company. From and after the Termination Date, the Employee shall cooperate reasonably with the Company in the defense or prosecution of any claims or actions then in existence or that may be brought or threatened in the future against or on behalf of the Company, including any claims or actions against its officers, directors, agents and employees. The

Employee’s cooperation in connection with such matters, actions, and claims shall include, without limitation, being available (at mutually agreeable times and locations, which agreement shall not be unreasonably withheld by the Employee, and without unreasonably interfering with his other professional obligations) to meet with the Company and its legal or other designated advisors, regarding any matters in which he has been involved; to prepare for any proceeding (including, without limitation, depositions, consultation, discovery, or trial); to provide truthful affidavits; to assist with any audit, inspection, proceeding, or other inquiry; and to act as a witness to provide truthful testimony in connection with any litigation or other legal proceeding affecting the Company. The Employee’s cooperation shall be provided at mutually convenient times and in a mutually convenient manner. The Company shall reimburse the Employee’s reasonable expenses incurred under this Section 6.10, including without limitation, any attorneys’ fees incurred in connection with such cooperation.

6.11 The obligations of the Employee under this Section 6 shall survive termination of this Agreement to the extent provided in each sub-section. Further, the provisions of this Section 6 shall continue to apply with full force and effect should the Employee transfer to or otherwise become employed by any Company entity, or be promoted or reassigned to positions other than that held by the Employee as of the Effective Date of this Agreement. The Company shall have the right to communicate the Employee’s ongoing obligations hereunder to any entity or individual with whom the Employee becomes employed by or otherwise engaged following termination of employment with BrightSphere.

7. **GENERAL**

7.1 This Agreement shall be deemed to have been made in the Commonwealth of Massachusetts, shall take effect as an instrument under seal, and the validity, interpretation and performance of this Agreement shall be governed by, and construed in accordance with, the internal law of Commonwealth of Massachusetts, without giving effect to conflict of law principles. Both parties also agree that any action, demand, claim or counterclaim relating to the Employee’s employment, any termination of employment and/or the terms and provisions of this Agreement or to its alleged breach by either party, shall be commenced in Massachusetts as set forth in Section 8 below. Both parties further acknowledge that venue shall exclusively lie in Massachusetts and that material witnesses and documents may be located in Massachusetts.

7.2 The invalidity or unenforceability of any provision of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement. This Agreement contains the entire agreement of the parties relating to the subject matter hereof and supersedes all oral or written employment, consulting, change of control or similar agreements between the Employee, on the one hand, and the Company, on the other hand, except as otherwise set forth herein. This Agreement may not be amended or modified otherwise than by a written agreement executed by the parties hereto or their respective successors and legal representatives. This Agreement is binding upon and inures to the benefit of both parties and their respective successors and assigns, including any corporation with which or into which the Company may be merged or which may succeed to its assets or business, although the obligations of the Employee are personal and may be performed only by her.

7.3 All notices and other communications hereunder shall be in writing and shall be given by hand delivery to the other party or by overnight carrier, registered or certified mail, return receipt requested, postage prepaid, or via electronic mail addressed as follows:

If to the Employee: Richard Hart
At the notice address most recently maintained on file with the Company's Human Resource department

If to the Company: BrightSphere Inc.
200 Clarendon Street, 53rd Floor
Boston, Massachusetts 02116
Attn: Chief Legal Officer

or to such other address as either party shall have furnished to the other in writing in accordance herewith. Notice and communications shall be effective when delivered to the addressee.

7.4 The Company shall indemnify the Employee to the full extent permitted by applicable law and shall maintain reasonable insurance coverage (including but not limited to directors' and officers' liability insurance coverage) with respect to the Employee's performance of his duties and responsibilities.

7.5 All payments under this Agreement shall be made subject to applicable tax withholding, and the Company shall withhold from any payments under this Agreement all federal, state and local taxes as the Company is required to withhold pursuant to any law or governmental rule or regulation. The Employee shall bear all expense of, and be solely responsible for, all federal, state and local taxes due with respect to any payment received under this Agreement.

7.6 In the event of a change in ownership or control of the Company under Section 280G of the Code, if it shall be determined that any payment or distribution in the nature of compensation (within the meaning of section 280G(b)(2) of the Code) to or for the benefit of the Employee, whether paid or payable or distributed or distributable pursuant to the terms of this Agreement or otherwise (a "Payment"), would constitute an "excess parachute payment" within the meaning of Section 280G of the Code, the aggregate present value of the Payments under this Agreement shall be reduced (but not below zero) to the Reduced Amount (defined below) if and only if the Accounting Firm (described below) determines that the reduction will provide the Employee with a greater net after-tax benefit than would no reduction. No reduction shall be made unless the reduction would provide the Employee with a greater net after-tax benefit. The determinations under this Section 7.6 shall be made as follows:

(A) The "Reduced Amount" shall be an amount expressed in present value which maximizes the aggregate present value of Payments under this Agreement without causing any Payment under this Agreement to be subject to the Excise Tax (defined below), determined in accordance with Section 280G(d)(4) of the Code. The term "Excise Tax" means the excise tax imposed under Section 4999 of the Code, together with any interest or penalties imposed with respect to such excise tax.

(B) Payments under this Agreement shall be reduced on a nondiscretionary basis in such a way as to minimize the reduction in the economic value deliverable to the Employee. Where more than one Payment has the same value for this purpose and they are payable at different times, they will be reduced on a pro rata basis. Only amounts payable under this Agreement shall be reduced pursuant to this Section 7.6.

(C) All determinations to be made under this Section 8.6 shall be made by an independent certified public accounting firm selected by the Company and agreed to by the Employee immediately prior to the change-in-ownership or -control transaction (the "Accounting Firm"). The Accounting Firm shall provide its determinations and any supporting calculations both to the Company and the Employee within ten (10) days of the transaction. Any such determination by the Accounting Firm shall be binding upon the Company and the Employee. All of the fees and expenses of the Accounting Firm in performing the determinations referred to in this Section 7.6 shall be borne solely by the Company.

7.7 The Employee's or the Company's failure to insist upon strict compliance with any provision of this Agreement or the failure to assert any right the Employee or the Company may have hereunder shall not be deemed to be a waiver of such provision or right or any other provision or right of this Agreement.

8. **ARBITRATION**

(A) Except as provided herein, any and all disputes that arise out of or relate to the terms of this Agreement shall be resolved through final and binding arbitration. SUCH ARBITRATION SHALL BE IN LIEU OF ANY TRIAL BEFORE A JUDGE AND/OR JURY, AND THE EXECUTIVE AND THE COMPANY EXPRESSLY WAIVE ALL RIGHTS TO HAVE SUCH DISPUTES RESOLVED VIA TRIAL BEFORE A JUDGE AND/OR JURY. Such disputes shall include, without limitation, claims for breach of contract or of the covenant of good faith and fair dealing, claims of discrimination, and claims under any federal, state or local law or regulation now in existence or hereinafter enacted and as amended from time to time concerning in any way the Employee's employment with the Company or its termination. The only claims not covered by this requirement to arbitrate disputes, which shall instead be resolved pursuant to applicable law in a court of competent jurisdiction based in Massachusetts, are: (i) claims for benefits under the unemployment insurance benefits; (ii) claims for workers' compensation benefits under any of the Company's workers' compensation insurance policy or fund; (iii) claims under the National Labor Relations Act; (iv) claims brought by the Company for alleged violations of Section 6 of this Agreement; and (v) claims that may not be arbitrated as a matter of law.

(B) Arbitration will be conducted by and before JAMS in Boston, Massachusetts in accordance with the JAMS Employment Arbitration Rules and Procedures (the "JAMS Rules"). To the extent that anything in this arbitration section conflicts with any arbitration procedures required by applicable law, the arbitration procedures required by applicable law shall govern.

(C) During the course of arbitration, the Company will bear the cost of the arbitrator's fee. The arbitrator will not have authority to award attorneys' fees unless a statute or contract at issue in the dispute authorizes the award of attorneys' fees to the prevailing party. In such case, the arbitrator shall have the authority to make an award of attorneys' fees as required or permitted by the applicable statute or contract.

(D) The arbitrator shall issue a written award that sets forth the essential findings of fact and conclusions of law on which the award is based. The arbitrator shall have the authority to award any relief authorized by law in connection with the asserted claims or disputes. The arbitrator's award shall be subject to correction, confirmation, or vacation, as provided by applicable law setting forth the standard of judicial review of arbitration awards. Judgment upon the arbitrator's award may be entered in any court having jurisdiction thereof.

9. **SECTION 409A COMPLIANCE**

(A) *General.* It is intended that compensation paid or delivered to the Employee pursuant to this Agreement is either paid in compliance with, or is exempt from, Section 409A of the Code and the regulations promulgated thereunder ("Section 409A"). If the Employee notifies the Company (with specificity as to the reason therefor) that he believes that any provision of this Agreement (or of any award of compensation, including equity compensation or benefits) would cause him to incur any additional tax or interest under Section 409A and the Company concurs with such belief or the Company independently makes such determination, the Company shall, after consultation with the Employee, to the extent legally permitted and to the extent it is possible to timely reform the provision to avoid taxation under Section 409A, reform such provision to attempt to comply with Section 409A through good faith modifications to the minimum extent reasonably appropriate to conform with Section 409A. To the extent that any provision hereof is modified in order to comply with or be exempt from Section 409A, such modification shall be made in good faith and shall, to the maximum extent reasonably possible, maintain the original intent and economic benefit to both the Employee and the Company of the applicable provision without violating the provisions of Section 409A but in any case Employee hereby agrees that all personal income taxes on his compensation under this Agreement and all penalties and interest with respect to such personal income taxes, if any, are his own responsibility. In no event shall the Company have any liability relating to the failure or alleged failure of any payment or benefit under this Agreement to comply with, or be exempt from, the requirements of Section 409A, or any similar Treasury regulations or IRS rules or regulations that replace or supersede Treasury Regulation Section 1.409A after the Effective Date and that relate to the same or similar subject matter as Treasury Regulation Section 1.409A.

(B) *Amounts Payable On Account of Termination:* To the extent necessary to comply with Section 409A, for the purposes of determining when amounts subject to Section 409A that are payable upon Employee's termination of employment under this Agreement will be paid, "termination of employment" or words of similar import, as used in this Agreement, shall be construed as the date that Employee first incurs a "separation from service" within the meaning of Section 409A.

(C) *Reimbursement*: Any taxable reimbursement of business or other expenses as specified under this Agreement shall be subject to the following conditions: (A) the expenses eligible for reimbursement in one taxable year shall not affect the expenses eligible for reimbursement in any other taxable year; (B) the reimbursement of an eligible expense shall be made no later than the end of the year after the year in which such expense was incurred; (C) the right to reimbursement shall not be subject to liquidation or exchange for another benefit; and (D) in accordance with the policies, practices and procedures of the Company.

(D) *Specified Employees:* If the Employee is deemed on the date of termination to be a "specified employee" within the meaning of that term under Section 409A(a)(2)(B) of the Code, then with regard to any payment that is considered deferred compensation subject to Section 409A payable on account of a "separation from service," such payment or benefit shall be made, or provided at the date which is the earlier of (i) the expiration of the six (6)-month period measured from the date of such "separation from service", and (ii) the date of the Employee's death (the "Delay Period"). Upon the expiration of the Delay Period, all payments and benefits delayed pursuant to this section (whether they would have otherwise been payable in a single sum or in installments in the absence of such delay) shall be paid or reimbursed to the Employee in a lump sum, with interest thereon calculated at the long-term applicable federal rate (annual compounding) under Section 1274(d) of the Code in effect on the date of termination of employment, and any remaining payments and benefits due under this Agreement shall be paid or provided in accordance with the normal payment dates specified for them herein.

(E) Interpretative Rules: In applying Section 409A to amounts paid pursuant to this Agreement, any right to a series of installment payments under this Agreement shall be treated as a right to a series of separate payments.

10. **ACKNOWLEDGMENTS**

The Employee acknowledges that: (i) the Employee received this Agreement at least ten (10) business days prior to the date on which Section 6.2 is to be effective; (ii) the Employee has the right to consult with counsel prior to signing this Agreement; and (iii) the Employee has had a full and adequate opportunity to read, understand and discuss with the Employee's advisors, including legal counsel, the terms and conditions contained in this Agreement prior to signing hereunder.

IN WITNESS WHEREOF this Agreement has been executed as of May 11, 2020.

EMPLOYEE

/s/ Richard J. Hart
Richard Hart

BRIGHTSPHERE INC.

/s/ Suren Rana
By: Suren Rana
Its: President and CEO

BORROWER ASSIGNMENT AND ASSUMPTION AND AMENDMENT AGREEMENT dated as of February 23, 2021 (this "Assignment and Amendment"), is by and among BRIGHTSPHERE INVESTMENT GROUP INC., a Delaware corporation, as assignor (the "Assignor"), ACADIAN ASSET MANAGEMENT LLC, a Delaware limited liability company, as assignee (the "Assignee"), the LENDERS party hereto (the "Lenders") and CITIBANK, N.A., as administrative agent (the "Agent").

WHEREAS, the Assignor has entered into that certain Revolving Credit Agreement dated as of August 20, 2019 (as amended, restated, supplemented or otherwise modified from time to time, the "Existing Credit Agreement"), among the Assignor, the lenders from time to time party thereto and the Agent;

WHEREAS, the Assignor has agreed to assign to the Assignee all of its rights, interests, duties, obligations and liabilities in, to and under the Existing Credit Agreement and each other Loan Document;

WHEREAS, the Assignee desires to accept the assignment of all of the Assignor's rights, interests, duties, obligations and liabilities in, to and under the Existing Credit Agreement and each other Loan Document;

WHEREAS, the Assignor has requested that the Agent and the Lenders release the Assignor from all of its obligations under the Existing Credit Agreement and each other Loan Document;

WHEREAS, the Agent and the Lenders have requested to amend certain provisions of the Existing Credit Agreement in connection with the foregoing assignment; and

WHEREAS, in satisfaction of Sections 9.04(a) and 9.08(b) of the Existing Credit Agreement, the Agent and each Lender are willing to consent to this Assignment and Amendment on the terms and subject to the conditions set forth herein.

NOW, THEREFORE, in consideration of the above recitals and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto hereby agree as follows:

1. Defined Terms. Capitalized terms used but not otherwise defined herein have the meanings assigned to them in the Amended Credit Agreement (as defined below).

2. Assignment of Existing Credit Agreement, Amended Credit Agreement and the Other Loan Documents. Effective as of the Assignment and Amendment Effective Date (as defined below), the Assignor hereby absolutely assigns, transfers and conveys to the Assignee all of its rights, interests, duties, obligations and liabilities in, to and under the Existing Credit Agreement, the Amended Credit Agreement and each other Loan Document.

3. Assumption of Existing Credit Agreement, Amended Credit Agreement and the Other Loan Documents. Effective as of the Assignment and Amendment Effective Date, the Assignee hereby absolutely accepts the assignment described in Section 2 hereof and assumes all of the rights, interests, duties, obligations and liabilities of the Assignor in, to and

under the Existing Credit Agreement, the Amended Credit Agreement and each other applicable Loan Document to the same extent as if the Assignee had executed the Existing Credit Agreement, the Amended Credit Agreement and each other applicable Loan Document as the “Borrower”. The Assignee hereby ratifies, as of the Assignment and Amendment Effective Date, and agrees to be bound by the terms and provisions of the Existing Credit Agreement, the Amended Credit Agreement and each other applicable Loan Document as the “Borrower” and accepts all of the Assignor’s rights, interests, duties, obligations and liabilities thereunder and under the Existing Credit Agreement and the Amended Credit Agreement. Without limiting the generality of the foregoing terms of this Section 3, the Assignee hereby (a) acknowledges, agrees and confirms that (i) by its execution of this Assignment and Amendment, the Assignee shall be deemed to be a party to the Existing Credit Agreement, the Amended Credit Agreement and each other applicable Loan Document and the “Borrower” for all purposes of the Existing Credit Agreement, the Amended Credit Agreement and each other Loan Document, (ii) the Assignee shall have all of the obligations of the “Borrower” thereunder as if it had executed the Existing Credit Agreement, the Amended Credit Agreement and each applicable Loan Document and (iii) this Assignment and Amendment shall be deemed a “Loan Document” for all purposes of the Existing Credit Agreement, the Amended Credit Agreement and each other Loan Document, (b) agrees to be bound as the “Borrower” by the affirmative and negative covenants set forth in Articles V and VI of the Amended Credit Agreement and (c) promises to pay to the Lenders and the Agent all Obligations of the “Borrower” outstanding at, or incurred on or after, the Assignment and Amendment Effective Date, all in accordance with the terms of the Loan Documents.

4. Release. The Agent and each of the Lenders confirm that, from and after the Assignment and Amendment Effective Date, automatically and without any action on the part of any Person, (a) the Assignor is released and forever discharged from any duties, obligations and liabilities as the “Borrower” or otherwise under the Existing Credit Agreement, the Amended Credit Agreement and each other Loan Document, (b) the Assignor shall cease to be a party to the Existing Credit Agreement, the Amended Credit Agreement and each other Loan Document and (c) the Assignor shall be released from the payment and performance of any and all obligations of the “Borrower” or otherwise under the Loan Documents and from all other obligations and liabilities of the “Borrower” or otherwise under each Loan Document, in each case as if it were never a party thereto. The release contained herein is intended to be final and binding upon the parties hereto and their respective successors and assigns.

5. Amendment of the Existing Credit Agreement. Effective as of the Assignment and Amendment Effective Date, the Existing Credit Agreement (and the Schedules and Exhibits thereto) are hereby amended and restated in the form attached hereto as Annex A. The Existing Credit Agreement as so amended is referred to herein as the “Amended Credit Agreement”.

6. Reduction of Commitments. The parties hereto hereby agree that the amount of the Commitments under the Amended Credit Agreement shall be permanently reduced to $125,000,000 (with such reduction to be made ratably among the Lenders in proportion to their individual Commitments) in accordance with Section 2.11 of the Existing Credit Agreement effective immediately upon the Assignment and Amendment Effective Date. The parties hereto hereby agree that this Assignment and Amendment shall constitute notice by

the Assignor and Assignee to the Agent of such Commitment reduction under Section 2.11(c) of the Existing Credit Agreement. The Lenders party hereto and the Agent hereby waive any requirement under Section 2.11(c) of the Existing Credit Agreement regarding prior notice of the foregoing.

7. Representations and Warranties. To induce the Lenders to enter into this Assignment and Amendment, each of the Assignor and the Assignee represents and warrants to the Lenders that:

(a) this Assignment and Amendment has been duly authorized, executed and delivered by each of the Assignor and the Assignee and constitutes a legal, valid and binding obligation of each of the Assignor and the Assignee, enforceable in accordance with its terms, subject to applicable bankruptcy, insolvency, reorganization, moratorium or other laws affecting creditors' rights generally and subject to general principles of equity, regardless of whether considered in a proceeding in equity or at law;

(b) after giving effect to this Assignment and Amendment, the representations and warranties set forth in the Amended Credit Agreement are true and correct (i) in the case of the representations and warranties qualified as to materiality, in all respects and (ii) otherwise, in all material respects, in each case on and as of the Assignment and Amendment Effective Date with the same effect as if made on and as of such date, except with respect to representations and warranties expressly made only as of an earlier date, in which case such representations and warranties were so true and correct on and as of such earlier date; and

(c) as of the Assignment and Amendment Effective Date and immediately after giving effect to this Assignment and Amendment, no Default or Event of Default under the Amended Credit Agreement has occurred and is continuing.

8. Effectiveness. This Assignment and Amendment shall become effective as of the first date (the "Assignment and Amendment Effective Date") on which the following conditions are satisfied:

(a) The Agent (or its counsel) shall have received (a) from the Assignor, the Assignee and each of the Lenders under the Existing Credit Agreement either (A) counterparts of this Assignment and Amendment signed on behalf of each such party or (B) written evidence satisfactory to the Agent (which may include a facsimile or other electronic transmission of a signed counterpart of the Amendment) that such parties have signed counterparts of the Assignment and Amendment.

(b) The Agent shall have received favorable written opinions (addressed to the Agent and the Lenders and dated the Assignment and Amendment Effective Date) of Foley Hoag LLP, New York counsel to the Assignee, covering such matters relating to the Assignee or this Assignment and Amendment as the Agent or Lenders shall reasonably request. The Assignee hereby instructs its counsel to deliver such opinion to the Agent.

(c) The Agent shall have received such documents and certificates as the Agent or its counsel shall reasonably have requested relating to the organization, existence and good standing of the Assignee, the authorization of the transactions contemplated by this Assignment and Amendment and any other legal matters relating to the Assignee, this Assignment and Amendment or the transactions contemplated hereby, all in form and substance reasonably satisfactory to the Agent and its counsel.

(d) The Agent shall have received a certificate, dated the Assignment and Amendment Effective Date and signed by the president or chief financial officer of the Assignee, confirming the accuracy, as of the Assignment and Amendment Effective Date, with the representations and warranties set forth in Section 7 hereof.

(e) The Agent shall have received a certificate, dated the Assignment and Amendment Effective Date and signed by the chief financial officer of the Assignee, as to the solvency of the Assignee on a consolidated basis after giving effect to this Assignment and Amendment in form and substance reasonably satisfactory to the Agent.

(f) The Agent and Lenders shall have received all fees and other amounts due and payable on or prior to the Assignment and Amendment Effective Date, including, to the extent invoiced, fees and cost reimbursements of all reasonable out-of-pocket expenses required to be reimbursed or paid by the Assignor hereunder. The Assignor shall have paid on behalf of the Assignee all fees and other amounts payable on the Assignment and Amendment Effective Date pursuant to the Fee Letter.

(g) The Pay-off Amount and all other amounts payable to or for the account of the Agent or any Lender shall have been, or substantially simultaneously with the occurrence of the Assignment and Amendment Effective Date will be, paid by the Assignor.

(h) The Lenders shall have received (i) all documentation and other information about the Assignee and its Affiliates required by bank regulatory authorities under applicable “know your customer” and anti-money laundering rules and regulations, including the USA PATRIOT Act and (ii) to the extent that the Assignee or an Affiliate qualifies as a "legal entity customer" under the requirements of the Beneficial Ownership Regulation, a Beneficial Ownership Certification in relation to the Assignee or such Affiliate.

9. Effect of Assignment and Amendment. Except as specifically stated herein, all of the terms and conditions of the Existing Credit Agreement shall remain unchanged and in full force and effect. On and after the Assignment and Amendment Effective Date, all references in the Amended Credit Agreement to “hereunder”, “hereof”, “herein”, or words of like import, and all references to the “Credit Agreement” in any other Loan Document or instrument, shall be deemed to mean the Amended Credit Agreement. This Assignment and Amendment shall constitute a “Loan Document” for all purposes of the Existing Credit Agreement, the Amended Credit Agreement and the other Loan Documents. Nothing herein shall be deemed to entitle the Assignee to a waiver, amendment, modification or other change of

any of the terms, conditions, obligations, covenants or agreements contained in the Amended Credit Agreement in similar or different circumstances.

10. Expenses and Fees. The Assignor agrees to reimburse the Agent for its reasonable out-of-pocket expenses, including the reasonable fees, charges and disbursements of counsel for the Agent, in connection with the preparation, execution, delivery and administration of this Assignment and Amendment.

11. Applicable Law. THIS ASSIGNMENT AND AMENDMENT SHALL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAW OF THE STATE OF NEW YORK.

12. Waiver of Jury Trial. EACH PARTY HERETO HEREBY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN ANY SUIT, ACTION PROCEEDING, CLAIM OR COUNTERCLAIM DIRECTLY OR INDIRECTLY ARISING OUT OF OR RELATING TO THIS ASSIGNMENT AND AMENDMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY (WHETHER BASED ON CONTRACT, TORT OR ANY OTHER THEORY). EACH PARTY HERETO (A) CERTIFIES THAT NO REPRESENTATIVE, AGENT OR ATTORNEY OF ANY OTHER PARTY HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PARTY WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER AND (B) ACKNOWLEDGES THAT IT AND THE OTHER PARTIES HERETO HAVE BEEN INDUCED TO ENTER INTO THIS ASSIGNMENT AND AMENDMENT BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION.

13. Counterparts; Electronic Execution. This Assignment and Amendment may be executed in counterparts (and by different parties hereto on different counterparts), each of which shall constitute an original, but all of which when taken together shall constitute a single agreement. Delivery of an executed counterpart of a signature page of this Assignment and Amendment by telecopy or other electronic imaging shall be effective as delivery of a manually executed counterpart of this Assignment and Amendment. The words “execution,” “execute”, “signed,” “signature,” and words of like import in or related to any document to be signed in connection with this Assignment and Amendment shall be deemed to include electronic signatures (and, for the avoidance of doubt, electronic signatures utilizing the DocuSign platform shall be deemed approved), which shall be of the same legal effect, validity or enforceability as a manually executed signature, as the case may be, to the extent and as provided for in any applicable law, including the Federal Electronic Signatures in Global and National Commerce Act, the New York State Electronic Signatures and Records Act, or any other similar state laws based on the Uniform Electronic Transactions Act.

14. Headings. Section headings used herein are for convenience of reference only, are not part of this Assignment and Amendment and shall not affect the construction of, or be taken into consideration in interpreting, this Assignment and Amendment.

[Remainder of this page intentionally left blank]

IN WITNESS WHEREOF, the parties hereto have caused this Assignment and Amendment to be duly executed by their respective authorized officers or representatives as of the date first above written.

BRIGHTSPHERE INVESTMENT GROUP INC. as Assignor,
By: /s/ Suren Rana
Name: Suren Rana
Title: Chief Executive Officer

ACADIAN ASSET MANAGEMENT LLC, as Assignee,
By: /s/ Mark J. Minichiello
Name: Mark J. Minichiello
Title: EVP, COO

CITIBANK, N.A. individually, as Agent and a Lender,
By: /s/ Maureen Maroney
Name: Maureen Maroney
Title: Authorized Signatory

SIGNATURE PAGE TO
ASSIGNMENT AND AMENDMENT
REVOLVING CREDIT AGREEMENT OF
BRIGHTSPHERE INVESTMENT GROUP INC.

Name of Institution: Royal Bank of Canada
By: /s/ Sergey
Name: Se
Title: Aut

Name of Institution: BMO HARRIS BANK N.A.
By: /s/ Amy Prager
Name: Amy Prager
Title: Director

Name of Institution: Bank of China, New York Branch
By: /s/ Raymond Qiao
Name: Raymond Qiao
Title: Executive Vice President

Name of Institution: WELLS FARGO BANK, NATIONAL ASSOCIATION
By: /s/ Heidi Samuels
Name: Heidi Samuels
Title: Director

Name of Institution: BARCLAYS BANK PLC
By: /s/ Evan Moriarty
Name: Evan Moriarty
Title: Vice President

Name of Institution:	Morgan Stanley Bank N.A. By: /s/ David White Name: David White Title: Authorized Signatory
Name of Institution:	Bank of America, N.A. By: /s/ Matthew White Name: Matthew White Title: Director
Name of Institution:	The Bank of New York Mellon By: /s/ Yadilsa Fernandez Name: Yadilsa Fernandez Title: Vice President

AMENDED AND RESTATED REVOLVING CREDIT AGREEMENT

dated as of August 20, 2019,

as amended and restated as of February 23, 2021,

among

ACADIAN ASSET MANAGEMENT LLC, THE LENDERS NAMED HEREIN,

and

CITIBANK, N.A., as Administrative Agent

CITIBANK, N.A.,

RBC CAPITAL MARKETS[1]

and

BMO CAPITAL MARKETS CORP.

as Joint Lead Arrangers and Joint Bookrunners

ROYAL BANK OF CANADA

and

BMO HARRIS BANK N.A.

as Co-Syndication Agents

[1] RBC Capital Markets is a brand name for the capital markets activities of Royal Bank of Canada and its affiliates.

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AMENDED AND RESTATED REVOLVING CREDIT AGREEMENT dated as of August 20, 2019, as amended and restated as of February 23, 2021, among ACADIAN ASSET MANAGEMENT LLC, a Delaware limited liability company (the “Borrower”), the lenders from time to time party hereto and CITIBANK, N.A., as administrative agent for such lenders.

The Borrower has requested that the Lenders extend credit in the form of Commitments pursuant to which the Borrower may, during the Availability Period, obtain Loans on a revolving credit basis and procure the issuance of Letters of Credit in an aggregate amount at any time outstanding not in excess of US $125,000,000 (as such amount may be increased in accordance herewith).

The Lenders are willing to extend such credit to the Borrower, and the Issuing Banks are willing to issue such Letters of Credit, in each case on the terms and subject to the conditions set forth herein.

Accordingly, the parties hereto agree as follows:

ARTICLE I

Definitions

SECTION 1.01. Defined Terms. As used in this Agreement, the following terms shall have the meanings specified below:

“ABR Borrowing” means a Borrowing comprised of ABR Loans.

“ABR Loan” means a Loan bearing interest at a rate determined by reference to the Alternate Base Rate in accordance with the provisions of Article II.

“Accounts” means accounts payable owed to a Covered Subsidiary in respect of Management Fees or Performance Fees or otherwise as compensation for the provision of investment management or advisory services.

“Adjusted LIBO Rate” means, with respect to any Eurodollar Borrowing for any Interest Period, an interest rate per annum (rounded upwards, if necessary, to the next 1/100 of 1%) equal to the product of (a) the LIBO Rate in effect for such Interest Period and (b) Statutory Reserves.

“Administrative Questionnaire” means an Administrative Questionnaire supplied by the Agent.

“Affected Financial Institution” means (a) any EEA Financial Institution or (b) any U.K. Financial Institution.

"Affiliate" means, when used with respect to a specified Person, another Person that directly, or indirectly through one or more intermediaries, Controls or is Controlled by or is under common Control with the Person specified. In no event shall the Agent or any Lender be deemed to be an Affiliate of the Borrower or any of its Subsidiaries.

"Affiliate Subordination Agreement" means an Affiliate Subordination Agreement substantially in the form of Exhibit E or otherwise satisfactory to the Agent.

"Agent" means Citibank in its capacity as administrative agent hereunder or any successor administrative agent appointed in accordance with Article VIII hereof.

"Agent Parties" has the meaning assigned to such term in Section 9.17.

"Aggregate Commitments" means, at any time, the sum of the Commitments in effect at such time.

"Aggregate Credit Exposure" means, at any time, the sum of the aggregate principal amount of all outstanding Loans at such time and the aggregate LC Exposure at such time.

"Agreement" means this Amended and Restated Revolving Credit Agreement, as amended from time to time in accordance with the terms hereof.

"Alternate Base Rate" means, with respect to any ABR Borrowing or overdue amounts hereunder for any day, a rate per annum (rounded upwards, if necessary, to the next 1/100 of 1%) equal to the greatest of (a) the Prime Rate in effect on such day, (b) the Federal Funds Effective Rate in effect on such day plus ½ of 1% and (c) the Adjusted LIBO Rate for a one-month Interest Period commencing on such day (or, if such day is not a Business Day, the immediately preceding Business Day) plus 1%; provided that, for the avoidance of doubt, for purposes of this definition the Adjusted LIBO Rate on any day shall be based on the rate per annum equal to the London interbank offered rate as administered by the ICE Benchmark Administration Limited (or any other Person that takes over the administration of such rate) for deposits in dollars (for delivery on such day) with a term of one month as displayed on the Reuters screen page that displays such rate (currently page LIBOR01) (or, in the event such rate does not appear on a page of the Reuters screen, on the appropriate page of such other information service that publishes such rate as shall be selected by the Agent from time to time in its reasonable discretion), at approximately 11:00 a.m., London time, two Business Days prior to such day; provided, further, that if such rate shall be less than zero, the Alternate Base Rate shall be deemed to be zero for purposes of this Agreement. If for any reason the Agent shall have determined (which determination shall be conclusive absent manifest error) that it is unable to ascertain the Federal Funds Effective Rate for any reason, including the inability or failure of the Agent to obtain a quotation in accordance with the terms thereof, the Alternate Base Rate shall be determined without regard to clause (b) of the first sentence of this definition until the circumstances giving rise to such inability no longer exist. If the Alternate Base Rate is being used as an alternate rate of interest pursuant to Section 2.10, then the Alternate Base Rate shall be determined without reference to clause (c) above. Any change in the Alternate Base Rate due to a change in the Prime Rate, the Federal Funds Effective Rate or the Adjusted LIBO Rate shall be effective on the effective date of such change in the Prime Rate, the Federal Funds Effective Rate or the Adjusted LIBO Rate, as the case may be.

"Anti-Corruption Laws" means all laws, rules, and regulations of any jurisdiction applicable to the Borrower or any of its Subsidiaries concerning or relating to bribery, corruption or money laundering, including the U.S. Foreign Corrupt Practices Act and the UK Bribery Act.

"Applicable Percentage" means, with respect to any Lender, the percentage of the total Commitments represented by such Lender's Commitment; provided that when a Defaulting Lender shall exist, "Applicable Percentage" shall mean the percentage of the aggregate amount of the Lenders' Commitments (disregarding any Defaulting Lender's Commitment) represented by such Lender's Commitment. If the Commitments have terminated or expired, the Applicable Percentages shall be determined based upon the Commitments most recently in effect, giving effect to any assignments of Credit Exposures that shall have occurred after such termination or expiration.

"Applicable Rate" means, for any day, with respect to the commitment fees payable hereunder, or with respect to any Eurodollar Loan or ABR Loan, as the case may be, the applicable rate per annum set forth below under the caption, "Commitment Fee Rate", "Eurodollar Margin" or "ABR Margin", as the case may be, based upon the Pricing Category that applies on such day; provided that the "Applicable Rate" shall be the applicable rate per annum set forth below in Category 1 from the Assignment and Amendment Effective Date until the next change in the Applicable Rate in accordance with the immediately succeeding sentence:

Pricing Category	Leverage Ratio	Commitment Fee Rate	ABR Margin	Eurodollar Margin
Pricing Category 1	< 1.00:1.00	0.25%	0.50%	1.50%
Pricing Category 2	≥ 1.00:1.00 and < 1.75:1.00	0.30%	0.75%	1.75%
Pricing Category 3	≥ 1.75:1.00	0.38%	1.00%	2.00%

The applicable Pricing Category will be based on the Leverage Ratio as of the most recent determination date. For purposes of the foregoing, each change in the Applicable Rate resulting from a change in the Leverage Ratio shall be effective during the period commencing on and including the first Business Day after delivery to the Agent pursuant to Section 5.01(a) or 5.01(b) of consolidated financial statements (commencing with the financial statements covering the first fiscal quarter commencing on or after the Assignment and Amendment Effective Date) indicating such change and ending on the date immediately preceding the effective date of the next such change; provided that the Leverage Ratio shall be deemed to be in Category 3 if the Borrower fails to deliver the consolidated financial statements required to be delivered by it pursuant to Section 5.01(a) or (b) or any Compliance Certificate required to be delivered pursuant to Section 5.01(c), during the period from the expiration of the time for delivery thereof until such consolidated financial statements or Compliance Certificate are delivered. Each change in the Applicable Rate shall apply during the period commencing on the effective date of such change and ending on the date immediately preceding the effective date of the next such change.

In the event that any financial statement or Compliance Certificate delivered pursuant to Section 5.01 is inaccurate, and such inaccuracy, if corrected, would have led to the application of a higher Applicable Rate for any period (an "Applicable Period") than the Applicable Rate applied for such Applicable Period, then, if this Agreement is still in effect and Obligations remain outstanding, (i) the Borrower shall promptly deliver to the Agent corrected financial statements and a corrected Compliance Certificate for such Applicable Period, (ii) the Applicable Rate shall be determined based on the corrected financial statements and corrected compliance certificate for such Applicable Period and (iii) the Borrower shall promptly pay to the Agent (for the account of the Lenders during the Applicable Period or their successors and assigns) the accrued additional interest and commitment fees owing as a result of such increased Applicable Rate for such Applicable Period. This paragraph shall not limit the rights of the Agent or the Lenders with respect to Article VII hereof.

"Approved Fund" has the meaning assigned to such term in Section 9.04(b).

"Assignment and Amendment" means the Borrower Assignment and Assumption and Amendment Agreement dated as of February 23, 2021, by and among BrightSphere, the Borrower, the Lenders party thereto and the Agent.

"Assignment and Amendment Effective Date" has the meaning assigned to such term in the Assignment and Amendment.

"Assignment and Assumption" means an assignment and assumption agreement entered into by a Lender and an Eligible Assignee (with the consent of any party whose consent is required by Section 9.04), and accepted by the Agent, in substantially the form of Exhibit A.

"Available Tenor" means, as of any date of determination and with respect to the then-current Benchmark, as applicable, any tenor for such Benchmark or payment period for interest calculated with reference to such Benchmark, as applicable, that is or may be used for determining the length of an Interest Period pursuant to this Agreement as of such date and not including, for the avoidance of doubt, any tenor for such Benchmark that is then-removed from the definition of "Interest Period" pursuant to Section 2.10(d).

"Availability Period" means the period from and including the Assignment and Assumption Date to but excluding the earlier of the Maturity Date and the date of termination of the Commitments.

"Bail-In Action" means the exercise of any Write-Down and Conversion Powers by the applicable Resolution Authority in respect of any liability of an Affected Financial Institution.

“Bail-In Legislation” means (a) with respect to any EEA Member Country implementing Article 55 of Directive 2014/59/EU of the European Parliament and of the Council of the European Union, the implementing law, regulation, rule or requirement for such EEA Member Country from time to time that is described in the EU Bail-In Legislation Schedule and (b) with respect to the United Kingdom, Part I of the United Kingdom Banking Act 2009 (as amended from time to time) and any other law, regulation or rule applicable in the United Kingdom relating to the resolution of unsound or failing banks, investment firms or other financial institutions or their Affiliates (other than through liquidation, administration or other insolvency proceedings).

“Benchmark” means, initially, USD LIBOR; provided that if a Benchmark Transition Event or an Early Opt-in Election, as applicable, and its related Benchmark Replacement Date have occurred with respect to USD LIBOR or the then-current Benchmark, then “Benchmark” means the applicable Benchmark Replacement to the extent that such Benchmark Replacement has replaced such prior benchmark rate pursuant to Section 2.10(a).

“Benchmark Replacement” means, for any Available Tenor, the first alternative set forth in the order below that can be determined by the Agent for the applicable Benchmark Replacement Date:

(a) the sum of: (a) Term SOFR and (b) the related Benchmark Replacement Adjustment;

(b) the sum of: (a) Daily Simple SOFR and (b) the related Benchmark Replacement Adjustment;

(c) the sum of: (i) the alternate benchmark rate that has been selected by the Agent and the Borrower as the replacement for the then-current Benchmark for the applicable Corresponding Tenor giving due consideration to (A) any selection or recommendation of a replacement benchmark rate or the mechanism for determining such a rate by the Relevant Governmental Body or (B) any evolving or then-prevailing market convention for determining a benchmark rate as a replacement for the then-current Benchmark for U.S. dollar-denominated syndicated credit facilities at such time and (ii) the related Benchmark Replacement Adjustment; provided that, in the case of clause (a), such Unadjusted Benchmark Replacement is displayed on a screen or other information service that publishes such rate from time to time as selected by the Agent in its reasonable discretion.

If the Benchmark Replacement as determined pursuant to clause (a), (b) or (c) above would be less than the Floor, the Benchmark Replacement will be deemed to be the Floor for the purposes of this Agreement and the other Loan Documents.

“Benchmark Replacement Adjustment” means, with respect to any replacement of the then current Benchmark with an Unadjusted Benchmark Replacement for any applicable Interest Period and Available Tenor for any setting of such Unadjusted Benchmark Replacement:

(a) for purposes of clauses (a) and (b) of the definition of "Benchmark Replacement," the first alternative set forth in the order below that can be determined by the Agent:

(i) the spread adjustment, or method for calculating or determining such spread adjustment, (which may be a positive or negative value or zero) as of the Reference Time such Benchmark Replacement is first set for such Interest Period that has been selected or recommended by the Relevant Governmental Body for the replacement of such Benchmark with the applicable Unadjusted Benchmark Replacement for the applicable Corresponding Tenor; or

(ii) the spread adjustment (which may be a positive or negative value or zero) as of the Reference Time such Benchmark Replacement is first set for such Interest Period that would apply to the fallback rate for a derivative transaction referencing the ISDA Definitions to be effective upon an index cessation event with respect to such Benchmark for the applicable Corresponding Tenor; and

(b) for purposes of clause (c) of the definition of "Benchmark Replacement," the spread adjustment, or method for calculating or determining such spread adjustment, (which may be a positive or negative value or zero) that has been selected by the Agent and the Borrower for the applicable Corresponding Tenor giving due consideration to (i) any selection or recommendation of a spread adjustment, or method for calculating or determining such spread adjustment, for the replacement of such Benchmark with the applicable Unadjusted Benchmark Replacement by the Relevant Governmental Body on the applicable Benchmark Replacement Date or (ii) any evolving or then-prevailing market convention for determining a spread adjustment, or method for calculating or determining such spread adjustment, for the replacement of such Benchmark with the applicable Unadjusted Benchmark Replacement for U.S. dollar denominated syndicated credit facilities;

provided that, in the case of clause (a) above, such adjustment is displayed on a screen or other information service that publishes such Benchmark Replacement Adjustment from time to time as selected by the Agent in its reasonable discretion.

"Benchmark Replacement Conforming Changes" means, with respect to any Benchmark Replacement, any technical, administrative or operational changes (including changes to the definition of "Alternate Base Rate," the definition of "Business Day," the definition of "Interest Period," timing and frequency of determining rates and making payments of interest, timing of borrowing requests or prepayment, conversion or continuation notices, length of lookback periods, the applicability of breakage provisions, the formula for calculating any successor rates identified pursuant to the definition of "Benchmark Replacement", the formula, methodology or convention for applying the successor Floor to the successor Benchmark Replacement and other technical, administrative or operational matters) that the Agent decides may be appropriate to reflect the adoption and implementation of such Benchmark Replacement and to permit the administration thereof by the Agent in a manner substantially consistent with market practice (or, if the Agent decides that adoption of any portion of such market practice is not administratively feasible or if the Agent determines that no market practice for the administration of such Benchmark Replacement exists, in such other manner of administration as the Agent decides is reasonably necessary in connection with the administration of this Agreement and the other Loan Documents).

"Benchmark Replacement Date" means the earliest to occur of the following events with respect to the then-current Benchmark:

(a) in the case of clause (a) or (b) of the definition of "Benchmark Transition Event," the later of (i) the date of the public statement or publication of information referenced therein and (ii) the date on which the administrator of such Benchmark (or the published component used in the calculation thereof) permanently or indefinitely ceases to provide all Available Tenors of such Benchmark (or such component thereof);

(b) in the case of clause (c) of the definition of "Benchmark Transition Event," the date of the public statement or publication of information referenced therein; or

(c) in the case of an Early Opt-in Election, the sixth Business Day after the date notice of such Early Opt-in Election is provided to the Lenders, so long as the Agent has not received, by 5:00 p.m. (New York City time) on the fifth Business Day after the date notice of such Early Opt-in Election is provided to the Lenders, written notice of objection to such Early Opt-in Election from Lenders comprising the Required Lenders.

For the avoidance of doubt, (x) if the event giving rise to the Benchmark Replacement Date occurs on the same day as, but earlier than, the Reference Time in respect of any determination, the Benchmark Replacement Date will be deemed to have occurred prior to the Reference Time for such determination and (y) the "Benchmark Replacement Date" will be deemed to have occurred in the case of clause (a) or (b) with respect to any Benchmark upon the occurrence of the applicable event or events set forth therein with respect to all then-current Available Tenors of such Benchmark (or the published component used in the calculation thereof).

"Benchmark Transition Event" means the occurrence of one or more of the following events with respect to the then-current Benchmark:

(a) a public statement or publication of information by or on behalf of the administrator of such Benchmark (or the published component used in the calculation thereof) announcing that such administrator has ceased or will cease to provide all Available Tenors of such Benchmark (or such component thereof), permanently or indefinitely, provided that, at the time of such statement or publication, there is no successor administrator that will continue to provide any Available Tenor of such Benchmark (or such component thereof);

(b) a public statement or publication of information by the regulatory supervisor for the administrator of such Benchmark (or the published component used in the calculation thereof), the Board, the Federal Reserve Bank of New York, an insolvency official with jurisdiction over the administrator for such Benchmark (or such component), a resolution authority with jurisdiction over the administrator for such Benchmark (or such component) or a court or an entity with similar insolvency or resolution authority over the administrator for such Benchmark (or such component), which states that the administrator of such Benchmark (or such component) has ceased or will cease to provide all Available Tenors of such Benchmark (or such component thereof) permanently or indefinitely, provided that, at the time of such statement or publication, there is no successor administrator that will continue to provide any Available Tenor of such Benchmark (or such component thereof); or

(c) a public statement or publication of information by the regulatory supervisor for the administrator of such Benchmark (or the published component used in the calculation thereof) announcing that all Available Tenors of such Benchmark (or such component thereof) are no longer representative.

For the avoidance of doubt, a "Benchmark Transition Event" will be deemed to have occurred with respect to any Benchmark if a public statement or publication of information set forth above has occurred with respect to each then-current Available Tenor of such Benchmark (or the published component used in the calculation thereof).

"Benchmark Unavailability Period" means the period (if any) (a) beginning at the time that a Benchmark Replacement Date pursuant to clauses (a) or (b) of that definition has occurred if, at such time, no Benchmark Replacement has replaced the then-current Benchmark for all purposes hereunder and under any Loan Document in accordance with Section 2.10 and (b) ending at the time that a Benchmark Replacement has replaced the then-current Benchmark for all purposes hereunder and under any Loan Document in accordance with Section 2.10.

"Beneficial Ownership Certification" means a certification regarding beneficial ownership or control as required by the Beneficial Ownership Regulation.

"Beneficial Ownership Regulation" means 31 C.F.R. § 1010.230.

"Benefit Plan" means any of (a) an "employee benefit plan" (as defined in ERISA) that is subject to Title I of ERISA, (b) a "plan" as defined in and subject to Section 4975 of the Code or (c) any Person whose assets include (for purposes of ERISA Section 3(42) or otherwise for purposes of Title I of ERISA or Section 4975 of the Code) the assets of any such "employee benefit plan" or "plan".

"Board" means the Board of Governors of the Federal Reserve System of the United States.

"Borrower" has the meaning assigned to such term in the heading of this Agreement.

"Borrowing" means Loans of the same Type made, converted or continued on the same date and, in the case of Eurodollar Loans, as to which a single Interest Period is in effect.

"Borrowing Request" has the meaning assigned to such term in Section 2.03(a).

"BrightSphere" means BrightSphere Investment Group Inc., a corporation incorporated under the laws of Delaware.

"Business Day" means any day (other than a day which is a Saturday, Sunday or legal holiday in the State of New York or the United Kingdom) on which banks are open for business in New York City and the United Kingdom; provided, however, that when used in connection with a Eurodollar Loan, the term "Business Day" shall also exclude any day on which banks are not open for dealings in U.S. Dollar deposits in the London interbank market.

"Capitalized Lease Obligations" of any Person means, subject to Section 1.04, the obligations of such person under any lease that would be capitalized on a balance sheet of such person prepared in accordance with GAAP, and the amount of such obligations at any time shall be the capitalized amount thereof at such time determined in accordance with GAAP.

"Cash Collateralize" means, to pledge and deposit with, or deliver to the Agent, for the benefit of an Issuing Bank, as collateral for the obligations of the Borrower in respect of Letters of Credit or the obligations of Lenders to acquire participations in Letters of Credit, cash or, if the Agent and the applicable Issuing Bank shall agree in their sole discretion, other credit support, in each case pursuant to documentation in form and substance satisfactory to the Agent and each applicable Issuing Bank. "Cash Collateral" shall have a meaning correlative to the foregoing and shall include the proceeds of such cash collateral and other credit support.

"Change in Control" means (i) any Person (other than BrightSphere) or group (within the meaning of the Exchange Act and the rules of the SEC thereunder) shall acquire or hold, directly or indirectly, beneficially or of record, Equity Interests of the Borrower representing more than 35% of the aggregate voting power represented by all issued and outstanding Equity Interests of the Borrower, (ii) less than a majority of the members of the board of directors of the Borrower shall be individuals who are either (x) members of such board on the Assignment and Amendment Effective Date or (y) members of the board whose election, or nomination for election by the stockholders of the Borrower, was approved by a vote of at least a majority of the members of the board then in office who are individuals described in clause (x) above or this clause (y), or (iii) any "Change in Control" (or similar event, however denominated) of the Borrower as defined in any agreement or instrument evidencing or governing Indebtedness (other than Non-Recourse Seed Indebtedness) or obligations in respect of one or more Hedging Agreements, of any one or more of the Borrower and its Covered Subsidiaries in an aggregate principal amount exceeding $25,000,000 shall occur. For purposes of the preceding sentence, the "principal amount" of the obligations of the Borrower or any Covered Subsidiary in respect of any Hedging Agreement at any time shall be the maximum aggregate amount (giving effect to any netting agreements) that the Borrower or such Covered Subsidiary would be required to pay if such Hedging Agreement were terminated at such time.

"Change in Law" means the occurrence, after the Original Closing Date, of any of the following: (a) the adoption of any law, rule, regulation or treaty, (b) any change in any law, rule, regulation or treaty or in the interpretation or application thereof by any Governmental

Authority or (c) compliance by any Lender (or, for purposes of Section 2.13(b), by any lending office of such Lender or by such Lender's holding company, if any) with any request, guideline or directive (whether or not having the force of law) of any Governmental Authority made or issued after the Original Closing Date; provided, however, that notwithstanding anything herein to the contrary, (x) the Dodd-Frank Wall Street Reform and Consumer Protection Act and each request, rule, guideline or directive thereunder or issued in connection therewith and (y) all requests, rules, guidelines or directives promulgated by the Bank for International Settlements, the Basel Committee on Banking Supervision (or any successor or similar authority) or the United States or foreign regulatory authorities, in each case pursuant to Basel III, shall in each case under clauses (x) and (y) above be deemed to be a "Change in Law", regardless of the date enacted, adopted or issued.

"Citibank" means Citibank, N.A. and its successors and assigns.

"Code" means the Internal Revenue Code of 1986, as amended.

"Commitment" means, with respect to each Lender, the commitment of such Lender to make Loans hereunder (and to acquire participations in Letters of Credit as provided for herein), expressed as an amount representing the maximum aggregate permitted amount of such Lender's Credit Exposure hereunder, as such commitment may be (a) reduced from time to time pursuant to Section 2.11, (b) reduced or increased from time to time pursuant to assignments by or to such Lender pursuant to Section 9.04 or (c) increased pursuant to Incremental Commitments of such Lender pursuant to Section 2.19. The amount of each Lender's Commitment is set forth opposite such Lender's name on Schedule 2.01 or, if such Lender has entered into an Assignment and Assumption or Incremental Facility Agreement, set forth for such Lender in the Register. The aggregate amount of the Lenders' Commitments as of the Assignment and Amendment Effective Date was $125,000,000.

"Communications" has the meaning assigned to such term in Section 9.17.

"Compliance Certificate" means a Compliance Certificate of a Financial Officer of the Borrower substantially in the form of Exhibit D.

"Consolidated Adjusted EBITDA" means, for any period, Consolidated Net Income for such period, (a) excluding, without duplication and to the extent added or subtracted in computing Consolidated Net Income, (i) interest expense, (ii) income tax expense and tax benefits, (iii) depreciation and amortization charges, (iv) non-cash expenses representing changes in the value of equity and profit interests in subsidiaries held by key employees of such subsidiaries, (v) seed capital and co-investment gains, losses and related financing costs, (vi) restructuring costs which represent an exit from a distinct product or line of business and restructuring costs incurred in continuing operations, (vii) non-cash compensation expenses related to the award of stock or equity options, including the Borrower's gain (or loss) on its voluntary deferred profit plan, (viii) non-recurring cash expenses relating to proposed and consummated capital transactions and acquisitions, (ix) non-cash impairment charges relating to acquired goodwill and intangible assets, and (x) other non-cash charges and expenses, in each case for such period; provided that any cash payment made with respect to any non-cash expenses or charges added back in computing Consolidated Adjusted EBITDA for any earlier period pursuant to clause (a)(x) shall be subtracted in computing Consolidated Adjusted EBITDA for the period in which such cash payment is made, and (b) less, without duplication and to the extent otherwise included in computing such Consolidated Net Income, nonrecurring gains, in each case determined on a consolidated basis for the Borrower in accordance with GAAP, as applicable.

For the purposes of calculating Consolidated Adjusted EBITDA for any period of four consecutive fiscal quarters, if at any time during such period the Borrower or any Subsidiary shall have made any acquisition or disposition, Consolidated Adjusted EBITDA for such period shall be determined giving pro forma effect thereto in accordance with Section 1.04(b).

"Consolidated Interest Expense" means, for any period, the total cash interest expense, other than interest expense associated with any Non-Recourse Seed Indebtedness or of any Fund or Fund Entity, of the Borrower and its Covered Subsidiaries on a consolidated basis for such period, in each case determined in accordance with GAAP.

"Consolidated Net Income" means, for any period, the consolidated net income or loss from continuing operations attributable to controlling interests of the Borrower and the Covered Subsidiaries for such period (other than net income or loss attributable to any Funds or Fund Entities), determined on a consolidated basis in accordance with GAAP.

"Consolidated Total Indebtedness" means, as of any date, the aggregate amount of all Indebtedness of the Borrower and the Covered Subsidiaries outstanding as of such date, in the amount that would be reflected on a balance sheet of the Borrower and the Covered Subsidiaries prepared on a consolidated basis as of such date in accordance with GAAP, excluding (i) accrued long-term liabilities in respect of previously recognized compensation expense attributable to equity and profit awards to employees, including the Borrower's voluntary deferred profit plan, (ii) Non-Recourse Seed Indebtedness, (iii) Indebtedness of consolidated Fund Entities that is not subject to any Guarantee of the Borrower or any Covered Subsidiary and (iv) obligations with respect to undrawn Letters of Credit.

"Control" means the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of a person, whether as general partner or through the ownership of voting securities, by contract or otherwise, and "Controlling" and "Controlled" shall have meanings correlative thereto.

"Core Business Entity" means any Person that is engaged in, or earns or is entitled to receive fees or income (including investment income and fees, Management Fees and Performance Fees) from, one or more Core Businesses.

"Core Businesses" means (i) investment or asset management services, financial advisory services, money management services or similar or related activities, including but not limited to services provided to mutual funds, private equity or debt funds, hedge funds, funds of funds, corporate or other business entities or individuals and in respect of separately managed accounts and (ii) investing in Equity Interests of entities substantially all of the businesses of which consist of providing services referred to in clause (i).

"Corresponding Tenor" with respect to any Available Tenor means, as applicable, either a tenor (including overnight) or an interest payment period having approximately the same length (disregarding business day adjustment) as such Available Tenor.

"Covered Subsidiaries" means each of the Subsidiaries other than any Subsidiaries that are Fund Entities.

"Credit Exposure" means, with respect to any Lender at any time, the sum of the principal amount of such Lender's Loans outstanding at such time and such Lender's LC Exposure at such time.

"Daily Simple SOFR" means, for any day, SOFR, with the conventions for this rate (which will include a lookback) being established by the Agent in accordance with the conventions for this rate selected or recommended by the Relevant Governmental Body for determining "Daily Simple SOFR" for syndicated business loans; provided, that if the Agent decides that any such convention is not administratively feasible for the Agent, then the Agent may establish another convention in its reasonable discretion.

"Default" means any event or condition which constitutes an Event of Default or which upon notice, lapse of time or both would constitute an Event of Default.

"Defaulting Lender" means, subject to Section 2.17(b), any Lender that (a) has failed, within two Business Days of the date required to be funded or paid, to (i) fund all or any portion of its Loans unless such Lender notifies the Agent in writing that such failure is the result of such Lender's good faith determination that one or more conditions precedent to funding (each of which conditions precedent, together with any applicable default, shall be specifically identified in such writing) has not been satisfied, (ii) fund any portion of its participations in Letters of Credit or (iii) pay to the Agent, any Issuing Bank or any other Lender any other amount required to be paid by it hereunder, (b) has notified the Borrower, the Agent or any Issuing Bank in writing that it does not intend or expect to comply with its funding obligations hereunder or generally under other agreements in which it commits to extend credit, or has made a public statement to that effect (unless such writing or public statement relates to such Lender's obligation to fund a Loan hereunder and states that such position is based on such Lender's good faith determination that a condition precedent to funding (which condition precedent, together with any applicable default, shall be specifically identified in such writing or public statement) cannot be satisfied), (c) has failed, within three Business Days after written request by the Agent, any Issuing Bank or the Borrower made in good faith, to provide a certification from an authorized officer of such Lender in writing to the Agent and the Borrower that it will comply with its obligations (and is financially able to meet such obligations) hereunder to fund prospective Loans and participations in outstanding Letters of Credit (provided that such Lender shall cease to be a Defaulting Lender pursuant to this clause (c) upon receipt of such written certification by the Agent and the Borrower), (d) has, or has a direct or indirect parent company that has, (i) become the subject of a proceeding under any federal, state or foreign bankruptcy, insolvency, receivership or similar law now or hereafter in effect, or (ii) had appointed for it a receiver, custodian, conservator, trustee, administrator, assignee for the benefit of creditors or similar Person charged with reorganization or liquidation of its business or assets, including the Federal Deposit Insurance Corporation or any other state or federal regulatory authority acting in such a capacity; provided that a Lender shall not be a Defaulting Lender solely by virtue of the ownership or acquisition of any equity interest in that Lender or any direct or indirect parent company thereof by a Governmental Authority so long as such ownership interest does not result in or provide such Lender with immunity from the jurisdiction of courts within the United States or from the enforcement of judgments or writs of attachment on its assets or permit such Lender (or such Governmental Authority) to reject, repudiate, disavow or disaffirm any contracts or agreements made with such Lender or (e) has, or has a direct or indirect parent company that has, become the subject of a Bail-In Action. Any determination by the Agent that a Lender is a Defaulting Lender under any one or more of clauses (a) through (e) above shall be conclusive and binding absent manifest error, and such Lender shall be deemed to be a Defaulting Lender (subject to Section 2.17(b)) upon delivery of written notice of such determination to the Borrower, each Issuing Bank and each Lender.

“Dollars”, “dollars” or “$” means lawful money of the United States of America.

“Early Opt-in Election” means, if the then-current Benchmark is USD LIBOR, the occurrence of the following:

(a) a notification by the Agent to (or the request by the Borrower to the Agent to notify) each of the other parties hereto that at least five currently outstanding U.S. dollar-denominated syndicated credit facilities in the U.S. syndicated loan market at such time contain (as a result of amendment or as originally executed) a SOFR-based rate (including SOFR, a term SOFR or any other rate based upon SOFR) as a benchmark rate (and such syndicated credit facilities are identified in such notice and are publicly available for review), and

(b) the joint election by the Agent and the Borrower to trigger a fallback from USD LIBOR and the provision by the Agent of written notice of such election to the Lenders.

“EEA Financial Institution” means (a) any credit institution or investment firm established in any EEA Member Country which is subject to the supervision of an EEA Resolution Authority, (b) any entity established in an EEA Member Country which is a parent of an institution described in clause (a) of this definition, or (c) any financial institution established in an EEA Member Country which is a subsidiary of an institution described in clause (a) or (b) of this definition and is subject to consolidated supervision with its parent.

“EEA Member Country” means any member state of the European Union, Iceland, Liechtenstein and Norway.

"EEA Resolution Authority" means any public administrative authority or any person entrusted with public administrative authority of any EEA Member Country (including any delegee) having responsibility for the resolution of any EEA Financial Institution.

"Eligible Assignee" means any Person (other than a natural person (or a holding company, investment vehicle or trust for, or owned and operated for the primary benefit of, a natural person), the Borrower or any Subsidiary or Affiliate thereof) that meets the requirements to be an assignee under Section 9.04(b).

"Environmental Laws" means all laws, rules, regulations, codes, ordinances, orders, decrees, judgments, injunctions, notices or binding agreements issued, promulgated or entered into by any Governmental Authority, relating in any way to the environment, preservation or reclamation of natural resources or the management, release or threatened release of any Hazardous Material.

"Environmental Liability" means any liability, contingent or otherwise (including any liability for damages, costs of environmental remediation, fines, penalties or indemnities), of the Borrower or any Subsidiary directly or indirectly resulting from or based upon (a) violation of any Environmental Law, (b) the generation, use, handling, transportation, storage, treatment or disposal of any Hazardous Materials, (c) exposure to any Hazardous Materials, (d) the release or threatened release of any Hazardous Materials into the environment or (e) any contract, agreement or other consensual arrangement pursuant to which liability is assumed or imposed with respect to any of the foregoing.

"Equity Interests" means shares of capital stock, partnership interests, membership interests, beneficial interests or other ownership interests, whether voting or nonvoting, in, or interests in the income or profits of, a Person, and any warrants, options or other rights entitling the holder thereof to purchase or acquire any of the foregoing.

"ERISA" means the Employee Retirement Income Security Act of 1974, as amended and the rules and regulations promulgated thereunder.

"ERISA Affiliate" means any trade or business (whether or not incorporated) that, together with the Borrower, is treated as a single employer under Section 414(b) or (c) of the Code or, solely for purposes of Section 302 of ERISA and Section 412 of the Code, is treated as a single employer under Section 414 of the Code.

"ERISA Event" means (a) any "reportable event", as defined in Section 4043 of ERISA or the regulations issued thereunder with respect to a Plan (other than an event for which the 30 day notice period is waived); (b) any failure by any Plan to meet the minimum funding standards (as defined in Section 412 of the Code or Section 302 of ERISA) applicable to such Plan, in each instance, whether or not waived; (c) the filing pursuant to Section 412(c) of the Code or Section 302(c) of ERISA of an application for a waiver of the minimum funding standard with respect to any Plan; (d) a determination that any Plan is, or is expected to be, in "at risk" status (as defined in Section 303(i)(4) of ERISA or Section 430(i)(4) of the Code); (e) the incurrence by the Borrower or any of its ERISA Affiliates of any liability under Title IV of

ERISA with respect to the termination of any Plan; (f) the receipt by the Borrower or any ERISA Affiliate from the PBGC or a plan administrator of any notice relating to an intention to terminate any Plan or Plans or to appoint a trustee to administer any Plan; (g) the incurrence by the Borrower or any of its ERISA Affiliates of any liability with respect to the withdrawal or partial withdrawal from any Plan or Multiemployer Plan; (h) the receipt by the Borrower or any ERISA Affiliate of any notice, or the receipt by any Multiemployer Plan from the Borrower or any ERISA Affiliate of any notice, concerning the imposition of Withdrawal Liability or a determination that a Multiemployer Plan is, or is expected to be, insolvent, within the meaning of Title IV of ERISA or in "endangered" or "critical" status within the meaning of Section 305 of ERISA or Section 432 of the Code or (i) the occurrence of a non-exempt "prohibited transaction" (as defined in Section 4975 of the Code or Section 406 of ERISA) with respect to a Plan with respect to which the Borrower or any ERISA Affiliate is a "disqualified person" (within the meaning of Section 4975 of the Code) or a "party in interest" (within the meaning of Section 406 of ERISA) which results in liability to the Borrower or a Covered Subsidiary.

"EU Bail-In Legislation Schedule" means the EU Bail-In Legislation Schedule published by the Loan Market Association (or any successor person), as in effect from time to time.

"Eurodollar Borrowing" means a Borrowing comprised of Eurodollar Loans.

"Eurodollar Loan" means a Loan bearing interest at a rate determined by reference to the Adjusted LIBO Rate in accordance with the provisions of Article II.

"Event of Default" has the meaning assigned to such term in Article VII.

"Exchange Act" means the United States Securities Exchange Act of 1934, as amended.

"Excluded Taxes" means any of the following Taxes imposed on or with respect to a Recipient or required to be withheld or deducted from a payment to a Recipient: (a) Taxes imposed on or measured by net income (however denominated), franchise Taxes and branch profits Taxes, in each case, (i) imposed as a result of such Recipient being organized under the laws of, or having its principal office or, in the case of any Lender, its applicable lending office located in, the jurisdiction imposing such Tax (or any political subdivision thereof) or (ii) that are Other Connection Taxes, (b) in the case of a Lender, any U.S. Federal withholding Taxes imposed with respect to an applicable interest in a Loan or Commitment pursuant to a law in effect on the date (i) such Lender acquires such interest in the Loan or Commitment (other than pursuant to an assignment request pursuant to Section 2.18) or (ii) such Lender changes its lending office, except in each case to the extent that, pursuant to Section 2.15, amounts with respect to such Taxes were payable either to such Lender's assignor immediately before such Lender became a party hereto or to such Lender immediately before it changed its lending office,

(c) any Taxes attributable to such Recipient's failure to comply with Section 2.15(f), (d) any U.S. Federal withholding Taxes imposed under FATCA.

"FATCA" means Sections 1471 through 1474 of the Code, as of the Original Closing Date (or any amended or successor version that is substantively comparable and not materially more onerous to comply with), any current or future regulations or official interpretations thereof, any agreement entered into pursuant to Section 1471(b)(1) of the Code, any intergovernmental agreement entered into in connection with the implementation of such Sections of the Code and any fiscal or regulatory legislation, rules or practices adopted pursuant to such intergovernmental agreement.

"Federal Funds Effective Rate" means, for any day, the weighted average (rounded upwards, if necessary, to the next 1/100 of 1%) of the rates on overnight Federal funds transactions with members of the Federal Reserve System arranged by Federal funds brokers, as published on the next succeeding Business Day by the Federal Reserve Bank of New York, or, if such rate is not so published for any day which is a Business Day, the quotation for such day for such transactions received by the Agent from a Federal funds broker of recognized standing selected by it. Notwithstanding the foregoing, if the Federal Funds Effective Rate, determined as provided above, would otherwise be less than zero, then the Federal Funds Effective Rate shall be deemed to be zero for all purposes of this Agreement.

"Fee Letter" means the letter agreement, dated February 2, 2021, among the Borrower, BrightSphere and Citigroup Global Markets Inc.

"Financial Officer" means (i) the chief financial officer of the Borrower, (ii) the co-chief executive officers of the Borrower, (iii) the chief operating officer of the Borrower and (iv) any other senior officer of the Borrower designated in writing to the Agent by any of the foregoing officers of the Borrower.

"Floor" means the benchmark rate floor, if any, provided in this Agreement initially (as of the execution of this Agreement, the modification, amendment or renewal of this Agreement or otherwise) with respect to USD LIBOR.

"Foreign Lender" means a Lender that is a resident or organized under the laws of a jurisdiction other than that in which the Borrower is resident for tax purposes.

"Fronting Exposure" means, at any time there is a Defaulting Lender, with respect to any Issuing Bank, such Defaulting Lender's LC Exposure with respect to Letters of Credit issued by such Issuing Bank other than LC Exposure as to which such Defaulting Lender's participation obligation has been reallocated to other Lenders or Cash Collateralized in accordance with the terms hereof.

"Fund" means any investment fund or investment vehicle, including mutual funds, organized as a separate legal entity that is required to be consolidated with the Borrower under GAAP.

“Fund Entity” means (a) any Fund in respect of which any of the Covered Subsidiaries acts as manager or investment advisor or has rights with respect to Management Fees or Performance Fees and (b) any entity in which any entity described in clause (a) has an investment.

“GAAP” means generally accepted accounting principles as in effect from time to time in the United States of America, applied on a consistent basis.

“Governmental Authority” means the government of the United States of America, any other nation or any political subdivision thereof, whether state or local, and any agency, authority, instrumentality, regulatory body, court, central bank or other entity exercising executive, legislative, judicial, taxing, regulatory or administrative powers or functions of or pertaining to government.

“Guarantee” of or by any Person (the “guarantor”) means any obligation, contingent or otherwise, of the guarantor guaranteeing or having the economic effect of guaranteeing any Indebtedness of any other Person (the “primary obligor”) in any manner, whether directly or indirectly, and including any obligation of the guarantor, direct or indirect, (a) to purchase or pay (or advance or supply funds for the purchase or payment of) such Indebtedness or to purchase (or to advance or supply funds for the purchase of) any security for the payment thereof, (b) to purchase or lease property, securities or services for the purpose of assuring the owner of such Indebtedness of the payment thereof, (c) to maintain working capital, equity capital or any other financial statement condition or liquidity of the primary obligor so as to enable the primary obligor to pay such Indebtedness or (d) as an account party in respect of any letter of credit or letter of guaranty issued to support such Indebtedness; provided, that the term Guarantee shall not include endorsements for collection or deposit in the ordinary course of business. The amount, as of any date of determination, of any Guarantee shall be the principal amount outstanding on such date of Indebtedness or other obligation guaranteed thereby (or, in the case of (i) any Guarantee the terms of which limit the monetary exposure of the guarantor or (ii) any Guarantee of an obligation that does not have a principal amount, the maximum monetary exposure as of such date of the guarantor under such Guarantee (as determined, in the case of clause (i), pursuant to such terms or, in the case of clause (ii), reasonably and in good faith by a Financial Officer)). When used as a verb, the term “Guarantee” means to provide a Guarantee.

“Hazardous Materials” means all explosive or radioactive substances or wastes and all hazardous or toxic substances, wastes or other pollutants, including petroleum or petroleum distillates, asbestos or asbestos containing materials, polychlorinated biphenyls, radon gas, infectious or medical wastes and all other substances or wastes of any nature regulated pursuant to any Environmental Law.

“Hedging Agreement” means any interest rate protection agreement, foreign currency exchange agreement, commodity price protection agreement or other interest or currency exchange rate or commodity price hedging arrangement.

“Impacted Interest Period” has the meaning assigned to such term in the definition of “LIBO Rate”.

“Incremental Commitments” means, with respect to any Lender, the commitment, if any, of such Lender, established in accordance with Section 2.19 pursuant to an Incremental Facility Agreement, (a) to make Loans and to acquire participations in Letters of Credit hereunder, (b) to make revolving loans as part of a new tranche under this Agreement, or (c) to make term loans, in each case expressed as an amount representing the maximum aggregate permitted amount of such Lender’s Credit Exposure (or an equivalent amount in the case of clauses (b) and (c)) under such Incremental Facility Agreement.

“Incremental Facility Agreement” means an Incremental Facility Agreement, in form and substance reasonably satisfactory to the Agent, among the Borrower, the Agent and one or more Incremental Lenders, establishing Incremental Commitments and effecting such other amendments hereto and to the other Loan Documents as are contemplated by Section 2.19.

“Incremental Lender” means a Lender with an Incremental Commitment.

“Indebtedness” of any Person means, without duplication, (a) all obligations of such Person for borrowed money, (b) all obligations of such Person evidenced by bonds, debentures, notes or similar instruments, (c) all obligations of such Person under conditional sale or other title retention agreements relating to property acquired by such Person (excluding trade accounts payable incurred in the ordinary course of business), (d) all obligations of such Person in respect of the deferred purchase price of property or services (including payments in respect of non-competition agreements or other arrangements representing acquisition consideration, in each case entered into in connection with an acquisition, but excluding (i) current accounts payable incurred in the ordinary course of business, (ii) deferred compensation payable to directors, officers or employees of the Borrower or any Covered Subsidiary and (iii) any purchase price adjustment or earnout incurred in connection with an acquisition, except to the extent that on any date the amount payable pursuant to such purchase price adjustment or earnout is, or becomes, reasonably determinable and would be required to be reflected on a consolidated balance sheet of the Borrower prepared as of such date in accordance with GAAP), (e) all Capitalized Lease Obligations of such Person, (f) the maximum aggregate amount of all letters of credit and letters of guaranty in respect of which such Person is an account party (other than obligations with respect to any letter of credit and letter of guaranty securing obligations not otherwise constituting Indebtedness that is entered into in the ordinary course of business to the extent such letter of credit or letter of guaranty is not drawn upon), (g) all obligations, contingent or otherwise, of such Person in respect of bankers’ acceptances, (h) all Indebtedness of others secured by (or for which the holder of such Indebtedness has an existing right, contingent or otherwise, to be secured by) any Lien on property owned or acquired by such Person, whether or not the Indebtedness secured thereby has been assumed by such Person, and (i) all Guarantees by such Person of Indebtedness of others. The Indebtedness of any Person shall include the Indebtedness of any other Person (including any partnership in which such Person is a general partner) to the extent such Person is liable therefor as a result of such Person’s ownership interest in or other relationship with such other Person, except to the extent the terms of such Indebtedness provide that such Person is not liable therefor.

"Indemnified Taxes" means (a) Taxes, other than Excluded Taxes, imposed on or with respect to any payment made by or on account of any obligation of the Borrower under any Loan Document and (b) to the extent not otherwise described in (a), Other Taxes.

"Interest Coverage Ratio" means, for any period, the ratio of (a) Consolidated Adjusted EBITDA for such period to (b) Consolidated Interest Expense for such period.

"Interest Election Request" has the meaning assigned to such term in Section 2.06(b).

"Interest Payment Date" means (a) with respect to any ABR Loan, the last day of each March, June, September and December and (b) with respect to any Eurodollar Loan, the last day of the Interest Period applicable thereto and, in the case of a Eurodollar Loan with an Interest Period of more than three months' duration, each day that would have been an Interest Payment Date for such Loan had successive Interest Periods of three months' duration been applicable to such Loan.

"Interest Period" means, with respect to any Eurodollar Borrowing, the period commencing on the date of such Borrowing and ending on the numerically corresponding day (or, if there is no numerically corresponding day, on the last day) in the calendar month that is one, three or six months thereafter, as the Borrower may elect; provided, however, that (i) if any Interest Period would end on a day other than a Business Day, such Interest Period shall be extended to the next succeeding Business Day unless such next succeeding Business Day would fall in the next calendar month, in which case such Interest Period shall end on the next preceding Business Day and (ii) any Interest Period that commences on the last Business Day of a calendar month (or on a day for which there is no numerically corresponding day in the last calendar month of such Interest Period) shall end on the last Business Day of the last calendar month of such Interest Period. For purposes hereof, the date of a Borrowing initially will be the date on which such Borrowing is made and thereafter will be the effective date of the most recent conversion or continuation of such Borrowing.

"Interpolated Rate" means, at any time, for any Interest Period, the rate per annum (rounded to the same number of decimal places as the LIBO Screen Rate) determined by the Agent (which determination shall be conclusive and binding absent manifest error) to be equal to the rate that results from interpolating on a linear basis between: (a) the LIBO Screen Rate for the longest period for which the LIBO Screen Rate is available that is shorter than the Impacted Interest Period; and (b) the LIBO Screen Rate for the shortest period for which such LIBO Screen Rate is available that exceeds the Impacted Interest Period, in each case, at such time.

"IRS" means the United States Internal Revenue Service.

"ISDA Definitions" means the 2006 ISDA Definitions published by the International Swaps and Derivatives Association, Inc. or any successor thereto, as amended or supplemented from time to time, or any successor definitional booklet for interest rate derivatives published from time to time by the International Swaps and Derivatives Association, Inc. or such successor thereto.

"Issuing Bank" means (a) Citibank, N.A. and (b) each Lender that shall have become an Issuing Bank hereunder as provided in Section 2.04(i) (other than any Person that shall have ceased to be an Issuing Bank as provided in Section 2.04(i)), each in its capacity as an issuer of Letters of Credit hereunder. Each Issuing Bank may, in its discretion, arrange for one or more Letters of Credit to be issued by any domestic or foreign branch or by Affiliates of such Issuing Bank, in which case the term "Issuing Bank" shall include any such branch or Affiliate with respect to Letters of Credit issued by such branch or Affiliate (it being agreed that such Issuing Bank shall, or shall cause such branch or Affiliate to, comply with the requirements of Section 2.04 with respect to such Letters of Credit).

"LC Commitment" means with respect to each Issuing Bank, the commitment of such Issuing Bank to issue Letters of Credit hereunder. The amount of each Issuing Bank's LC Commitment as of the Assignment and Amendment Effective Date is set forth on Schedule 2.01, or in the case of any Issuing Bank that becomes an Issuing Bank hereunder pursuant to 2.04(i), will be set forth in a written agreement referred to in such Section or, in each case, such other maximum permitted amount with respect to any Issuing Bank as may have been agreed in writing (and notified in writing to the Agent) by such Issuing Bank and the Borrower. For the avoidance of doubt, as of the Assignment and Amendment Effective Date the aggregate LC Commitment is $10,000,000.

"LC Disbursement" means a payment made by an Issuing Bank pursuant to a Letter of Credit.

"LC Expiration Date" has the meaning assigned to such term in Section 2.04(c).

"LC Exposure" means, at any time, the aggregate amount of (a) the sum of the amounts of all Letters of Credit that remain available for drawing at such time and (b) the sum of all LC Disbursements that have not yet been reimbursed by or on behalf of the Borrower at such time. The LC Exposure of any Lender at any time shall be its Applicable Percentage of the total LC Exposure at such time. For all purposes of this Agreement, if on any date of determination a Letter of Credit has expired by its terms but any amount may still be drawn thereunder by reason of the operation of Rule 3.14 of the International Standby Practices (ISP98), such Letter of Credit shall be deemed to be "outstanding" in the amount so remaining available to be drawn. The amount of a Letter of Credit at any time shall be deemed to be the stated amount of such Letter of Credit in effect at such time; provided that with respect to any Letter of Credit that, by its terms or the terms of any document related thereto, provides for one or more automatic increases in the stated amount thereof, the amount of such Letter of Credit shall be deemed to be the maximum stated amount of such Letter of Credit after giving effect to all such increases, whether or not such maximum stated amount is in effect at such time.

"Lenders" means (a) the Persons listed on Schedule 2.01 (unless any such Person has ceased to be a party hereto pursuant to an Assignment and Assumption) and (b) any financial institution that has become a party hereto pursuant to an Assignment and Assumption or an Incremental Facility Agreement (unless it has ceased to be a Lender pursuant to an Assignment and Assumption).

"Letter of Credit" means any standby letter of credit issued pursuant to this Agreement.

"Leverage Ratio" means, on any date, the ratio of (a) Consolidated Total Indebtedness as of such date to (b) Consolidated Adjusted EBITDA for the Test Period most recently ended on or prior to such date.

"LIBO Rate" means, with respect to any Eurodollar Borrowing for any Interest Period, the London interbank offered rate as administered by ICE Benchmark Administration (or any other Person that takes over the administration of such rate) for Dollars for a period equal in length to such Interest Period as displayed on pages LIBOR01 or LIBOR02 of the Reuters screen that displays such rate (or, in the event such rate does not appear on a Reuters page or screen, on any successor or substitute page on such screen that displays such rate, or on the appropriate page of such other information service that publishes such rate from time to time as selected by the Agent in its reasonable discretion; in each case the "LIBO Screen Rate") at approximately 11:00 a.m., London time, two Business Days prior to the commencement of such Interest Period; provided that if the LIBO Screen Rate shall be less than zero, such rate shall be deemed to be zero for the purposes of this Agreement; provided further that if the LIBO Screen Rate shall not be available at such time for such Interest Period (an "Impacted Interest Period") then the LIBO Rate shall be the Interpolated Rate; provided further that if any Interpolated Rate shall be less than zero, such rate shall be deemed to be zero for purposes of this Agreement.

"LIBO Screen Rate" has the meaning assigned to such term in the definition of "LIBO Rate".

"Lien" means, with respect to any asset, (a) any mortgage, deed of trust, lien, pledge, encumbrance, charge or security interest in or on such asset, (b) the interest of a vendor or a lessor under any conditional sale agreement, capital lease or title retention agreement relating to such asset and (c) in the case of securities, any purchase option, call or similar right of a third party with respect to such securities.

"Liquidity" means, at any time, an amount equal to: (a) Unrestricted Cash at such time, plus (b) an amount (if such amount is positive) equal to (i) the Aggregate Commitments in effect at such time minus (ii) the Aggregate Credit Exposure at such time.

"Loan Documents" means this Agreement, the Fee Letter and the Incremental Facility Agreements.

"Loans" means the revolving loans made by the Lenders to the Borrower pursuant to Section 2.02(a) of this Agreement.

"Management Fee Agreement" means any agreement or instrument requiring the payment of Management Fees, including any such agreement contained in the limited partnership agreement or other organizational documents of a Fund or Fund Entity, or any direct or indirect interest of the Borrower or any of the Covered Subsidiaries in the payment of Management Fees, including such interests arising by virtue of their ownership of Equity Interests under the limited partnership and other organizational documents of a Fund or Fund Entity or of a Person other than a Covered Subsidiary that is party to a Management Fee Agreement.

"Management Fees" means, without duplication, (i) any and all management fees and other fees (excluding incentive or performance fees dependent on investment performance or results) for management services (whether pursuant to a Management Fee Agreement or otherwise) and any and all distributions received by the Borrower or any Covered Subsidiary the source of which is Management Fees, (ii) any and all "Management Fees" payable pursuant to any Management Fee Agreement and (iii) any and all payments received which are treated as a credit or offset or otherwise reduce such fees, and shall in any event include the "management fees" reported on the consolidated financial statements of the Borrower prepared in accordance with GAAP.

"Margin Stock" has the meaning given such term under Regulation U.

"Material Adverse Effect" means a material adverse effect on (a) the business, assets, financial condition or results of operations of the Borrower and its Covered Subsidiaries, taken as a whole, (b) the ability of the Borrower to perform its payment obligations under any Loan Document, (c) the rights of or remedies available to the Lenders under any Loan Document or (d) the validity or enforceability against the Borrower of any Loan Document.

"Material Indebtedness" means Indebtedness (other than the Loans, Letters of Credit and Non-Recourse Seed Indebtedness) or obligations in respect of one or more Hedging Agreements, of any one or more of the Borrower and its Covered Subsidiaries in an aggregate principal amount exceeding $25,000,000. For purposes of determining Material Indebtedness, the "principal amount" of the obligations of the Borrower or any Covered Subsidiary in respect of any Hedging Agreement at any time shall be the maximum aggregate amount (giving effect to any netting agreements) that the Borrower or such Covered Subsidiary would be required to pay if such Hedging Agreement were terminated at such time.

"Maturity Date" means the third anniversary of the Original Closing Date (or, if such day is not a Business Day, the next succeeding Business Day).

"Multiemployer Plan" means a multiemployer plan as defined in Section 4001(a)(3) of ERISA, to which the Borrower or any ERISA Affiliate makes or is obligated to make contributions, or during the preceding five plan years, has made or been obligated to make contributions.

"Non-Consenting Lender" means any Lender that does not approve any consent, waiver or amendment that (a) requires the approval of all or all affected Lenders in accordance with the terms of Section 9.08(b) and (b) has been approved by the Required Lenders.

"Non-Defaulting Lender" means, at any time, each Lender that is not a Defaulting Lender at such time.

"Non-Recourse Seed Indebtedness" means Indebtedness incurred by a Subsidiary to finance seed capital investments, which shall include incubation capital (to establish a track record), scale capital (to extend an existing product into a commingled fund) and co-investment capital (to support the formation of a closed-end partnership); provided that (i) such Indebtedness is not Guaranteed by the Borrower or any Covered Subsidiary and (ii) such Indebtedness has recourse solely to the investments being financed and not to any other assets of the Borrower or any Covered Subsidiary.

"NYFRB" means the Federal Reserve Bank of New York.

"Obligations" means (a) the principal of and interest (including interest accruing during the pendency of any bankruptcy, insolvency, receivership or other similar proceeding, regardless of whether allowed or allowable in such proceeding) on the Loans made to the Borrower, when and as due, whether at maturity, by acceleration, upon one or more dates set for prepayment or otherwise, (b) each payment required to be made by the Borrower in respect of any Letter of Credit, when and as due, including payments in respect of reimbursement of disbursements, interest thereon and obligations to provide cash collateral and (c) all other monetary obligations, including fees, costs, expenses and indemnities, whether primary, secondary, direct, contingent, fixed or otherwise (including monetary obligations incurred during the pendency of any bankruptcy, insolvency, receivership or other similar proceeding, regardless of whether allowed or allowable in such proceeding), of the Borrower under this Agreement or any other Loan Document.

"Original Closing Date" means August 20, 2019.

"Other Connection Taxes" means, with respect to any Recipient, Taxes imposed as a result of a present or former connection between such Recipient and the jurisdiction imposing such Tax (other than connections arising from such Recipient having executed, delivered, become a party to, performed its obligations under, received payments under, received or perfected a security interest under, engaged in any other transaction pursuant to or enforced any Loan Document, or sold or assigned an interest in any Loan or Loan Document).

"Other Taxes" means any present or future stamp, court, documentary, intangible, recording, filing or similar Taxes that arise from any payment made under, from the execution, delivery, performance, enforcement or registration of, or from the registration, receipt or perfection of a security interest under, or otherwise with respect to, any Loan Document, except any such Taxes that (a) are Other Connection Taxes imposed with respect to an assignment (other than an assignment made pursuant to Section 2.18).

"Participant" has the meaning given such term in Section 9.04(c).

"Participant Register" has the meaning given such term in Section 9.04(c).

"PBGC" means the Pension Benefit Guarantee Corporation referred to and defined in ERISA and any successor entity performing similar functions.

"Performance Fees" means ownership interests or contractual rights representing the right to receive compensation dependent on investment performance or results and payments or distributions made or owed to a Covered Subsidiary in respect thereof.

"Permitted Encumbrances" means:

(a) Liens imposed by law for Taxes that are not yet due or are being contested in compliance with Section 5.04;

(b) carriers', warehousemen's, mechanics', materialmen's, repairmen's and other like Liens imposed by law (other than any Lien imposed pursuant to Section 430(k) of the Code or Section 303(k) of ERISA or a violation of Section 436 of the Code), arising in the ordinary course of business and securing obligations that are not overdue by more than 30 days or are being contested in compliance with Section 5.04;

(c) pledges and deposits made (i) in the ordinary course of business in compliance with workers' compensation, unemployment insurance and other social security and similar laws and (ii) in respect of letters of credit, bank guarantees or similar instruments issued for the account of the Borrower or any Covered Subsidiary in the ordinary course of business supporting obligations of the type set forth in subclause (i) above;

(d) pledges and deposits made (i) to secure the performance of bids, trade contracts, leases, statutory obligations, surety and appeal bonds, performance bonds and other obligations of a like nature, in each case in the ordinary course of business and (ii) in respect of letters of credit, bank guarantees or similar instruments issued for the account of Borrower or any Covered Subsidiary in the ordinary course of business supporting obligations of the type set forth in clause (i) above;

(e) judgment liens in respect of judgments that do not constitute an Event of Default under Article VII;

(f) easements, zoning restrictions, rights-of-way and similar encumbrances on real property imposed by law or arising in the ordinary course of business that do not materially detract from the value of the affected property or interfere with the ordinary conduct of business of the Borrower or any Covered Subsidiary;

(g) banker's liens, rights of setoff or similar rights and remedies as to deposit accounts or other funds maintained with depository institutions; provided that such deposit accounts or funds are not established or deposited for the purpose of providing collateral for any Indebtedness and are not subject to restrictions on access by Borrower or any Covered Subsidiary in excess of those required by applicable banking regulations;

(h) Liens representing any interest or title of a licensor, lessor or sublicensor or sublessor, or a licensee, lessee or sublicensee or sublessee, in the property subject to any lease, license or sublicense or concession agreement permitted by this Agreement;

(i) Liens that are contractual rights of set-off; and

(j) custodial liens, administrator liens and other similar Liens relating to investment assets, including rights of setoff, incurred in the ordinary course of business; provided that such assets are not subjected to such Liens for the purpose of providing collateral for any Indebtedness;

provided that the term "Permitted Encumbrances" shall not include any Lien securing Indebtedness.

"Person" or "person" means any natural person, corporation, business trust, joint venture, association, company, partnership, limited liability company or government, or any agency or political subdivision thereof.

"Plan" means any employee pension benefit plan, as defined in Section 3(2) of ERISA, (other than a Multiemployer Plan) that is subject to the provisions of Title IV of ERISA or Section 412 of the Code or Section 302 of ERISA, and in respect of which the Borrower or any ERISA Affiliate is (or, if such plan were terminated, would under Section 4069 of ERISA be deemed to be) an "employer" as defined in Section 3(5) of ERISA.

"Platform" has the meaning assigned to such term in Section 9.17.

"Prime Rate" means the rate of interest per annum publicly announced from time to time by Citibank as its prime rate in effect at its principal office in New York City. The Prime Rate is not intended to be the lowest rate of interest charged by the Citibank in connection with extensions of credit to debtors; and each change in the Prime Rate shall be effective on the date such change is publicly announced as being effective.

"PTE" means a prohibited transaction class exemption issued by the U.S. Department of Labor, as any such exemption may be amended from time to time.

"Recipient" means, as applicable, the Agent, the Issuing Bank or any Lender.

"Reference Time" with respect to any setting of the then-current Benchmark means (a) if such Benchmark is USD LIBOR, 11:00 a.m. (London time) on the day that is two

London banking days preceding the date of such setting, and (b) if such Benchmark is not USD LIBOR, the time determined by the Agent in its reasonable discretion.

“Register” has the meaning given such term in Section 9.04(b)(iv).

“Regulation D” means Regulation D of the Board as from time to time in effect and all official rulings and interpretations thereunder or thereof.

“Regulation T” means Regulation T of the Board as from time to time in effect and all official rulings and interpretations thereunder or thereof.

“Regulation U” means Regulation U of the Board as from time to time in effect and all official rulings and interpretations thereunder or thereof.

“Regulation X” means Regulation X of the Board as from time to time in effect and all official rulings and interpretations thereunder or thereof.

“Related Parties” means, with respect to any specified Person, such Person’s Affiliates and the directors, officers, employees, agents and advisors of such Person and of each Affiliate of such Person.

“Relevant Governmental Body” means the Board or the Federal Reserve Bank of New York, or a committee officially endorsed or convened by the Board or the Federal Reserve Bank of New York, or any successor thereto.

“Required Lenders” means Lenders having Credit Exposures and unused Commitments representing more than 50% of the sum of the total Credit Exposures and unused Commitments at such time.

“Resolution Authority” means an EEA Resolution Authority or, with respect to any U.K. Financial Institution, a U.K. Resolution Authority.

“Responsible Officer” means a Financial Officer or the Chief Legal Officer of the Borrower.

“Restricted Payment” means any dividend or other distribution (whether in cash, securities or other property) with respect to any Equity Interest in the Borrower or any Covered Subsidiary, or any payment or distribution (whether in cash, securities or other property), including any sinking fund or similar deposit, on account of the purchase, redemption, retirement, acquisition, cancellation or termination of any Equity Interests in the Borrower or any Covered Subsidiary or of any option, warrant or other right to acquire any such Equity Interests in the Borrower or any Covered Subsidiary.

“Sanctioned Country” means, at any time, a country, region or territory which is itself the subject or target of any Sanctions (including, without limitation, at the time of this Agreement, Crimea, Cuba, Iran, North Korea and Syria).

“Sanctioned Person” means, at any time, (a) any Person or vessel listed in any Sanctions-related list of designated or blocked Persons maintained by the Office of Foreign Assets Control of the U.S. Department of the Treasury, the U.S. Department of State, or by the United Nations Security Council, the Government of Canada, the European Union or any European Union member state applicable to the Borrower and its Subsidiaries, (b) any Person operating, organized or resident in a Sanctioned Country or (c) any Person owned or controlled by, or acting on behalf of, any such Person or Persons described in the foregoing clauses (a) or (b).

“Sanctions” means economic or financial sanctions or trade embargoes imposed, administered or enforced from time to time by (a) the U.S. government, including the Office of Foreign Assets Control of the U.S. Department of the Treasury or the U.S. Department of State, or (b) the United Nations Security Council, the Government of Canada, the European Union, any European Union member state applicable to the Borrower and its Subsidiaries or Her Majesty’s Treasury of the United Kingdom.

“SEC” means the United States Securities and Exchange Commission.

“SOFR” means, with respect to any Business Day, a rate per annum equal to the secured overnight financing rate for such Business Day published by the SOFR Administrator on the SOFR Administrator’s Website on the immediately succeeding Business Day.

“SOFR Administrator” means the Federal Reserve Bank of New York (or a successor administrator of the secured overnight financing rate).

“SOFR Administrator’s Website” means the website of the Federal Reserve Bank of New York, currently at http://www.newyorkfed.org, or any successor source for the secured overnight financing rate identified as such by the SOFR Administrator from time to time.

“Statutory Reserves” means a fraction (expressed as a decimal), the numerator of which is the number one and the denominator of which is the number one minus the aggregate of the maximum reserve percentages (including any marginal, special, emergency or supplemental reserves) expressed as a decimal established by the Board and any other banking authority to which the Agent is subject for Eurocurrency Liabilities (as defined in Regulation D). Such reserve percentages shall include any imposed pursuant to Regulation D. Eurodollar Loans shall be deemed to constitute Eurocurrency Liabilities and to be subject to such reserve requirements without benefits of or credit for proration, exemptions or offsets. Statutory Reserves shall be adjusted automatically on and as of the effective date of any change in any reserve percentage.

“Subsidiary” means any subsidiary of the Borrower.

"subsidiary" means, with respect to any Person (the "parent") at any date, any corporation, limited liability company, partnership, association or other entity the accounts of which would be consolidated with those of the parent in the parent's consolidated financial statements if such financial statements were prepared in accordance with GAAP as of such date, as well as any other corporation, limited liability company, partnership, association or other entity of which securities or other ownership interests representing more than 50% of the equity or more than 50% of the ordinary voting power or, in the case of a partnership, more than 50% of the general partnership interests are, as of such date, owned, controlled or held by the parent and/or one or more subsidiaries of the parent.

"Taxes" means any present or future taxes, levies, imposts, duties, deductions, withholdings (including backup withholding), assessments, fees or other charges imposed by any Governmental Authority, including any interest, additions to tax or penalties applicable thereto.

"Term SOFR" means, for the applicable Corresponding Tenor as of the applicable Reference Time, the forward-looking term rate based on SOFR that has been selected or recommended by the Relevant Governmental Body.

"Test Period" means each period of four consecutive fiscal quarters of the Borrower.

"Transactions" means the execution, delivery and performance by the Borrower of this Agreement and the Assignment and Amendment, the borrowing of Loans, the use of the proceeds thereof and the issuance of Letters of Credit hereunder.

"Type", when used in respect of any Loan or Borrowing, shall refer to whether the rate of interest on such Loan or on the Loans comprising such Borrowing is determined by reference to the Adjusted LIBO Rate or the Alternate Base Rate.

"Unadjusted Benchmark Replacement" means the applicable Benchmark Replacement excluding the related Benchmark Replacement Adjustment.

"Unrestricted Cash" means, at any time, cash and cash equivalents owned at such time by the Borrower and its Subsidiaries, determined on a consolidated basis in accordance with GAAP; provided that such cash and cash equivalents do not appear (and in accordance with GAAP would not be required to appear) as "restricted" on the consolidated balance sheet of the Borrower prepared as of such time in accordance with GAAP.

"U.S. Person" means a "United States person" within the meaning of Section 7701(a)(30) of the Code.

"U.S. Tax Compliance Certificate" has the meaning given such term in Section 2.15(f)(ii)(B)(3).

"USD LIBOR" means the London interbank offered rate for U.S. dollars.

"UK" and "United Kingdom" each mean the United Kingdom of Great Britain and Northern Ireland.

"U.K. Financial Institution" means any BRRD Undertaking (as such term is defined under the PRA Rulebook (as amended from time to time) promulgated by the United Kingdom Prudential Regulation Authority) or any Person falling within IFPRU 11.6 of the FCA Handbook (as amended from time to time) promulgated by the United Kingdom Financial Conduct Authority, which includes certain credit institutions and investment firms, and certain Affiliates of such credit institutions or investment firms.

"U.K. Resolution Authority" means the Bank of England or any other public administrative authority having responsibility for the resolution of any U.K. Financial Institution.

"USA PATRIOT Act" means the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001.

"Wholly-Owned Subsidiary" means a Subsidiary of which Equity Interests (except for directors' qualifying shares and other de minimis amounts of outstanding securities or ownership interests) representing 100% of the Equity Interests are, at the time any determination is being made, owned, controlled or held by the Borrower or one or more Wholly-Owned Subsidiaries of the Borrower or by the Borrower and one or more Wholly-Owned Subsidiaries of the Borrower.

"Withdrawal Liability" means liability to a Multiemployer Plan as a result of a complete or partial withdrawal from such Multiemployer Plan, as such terms are defined in Part I of Subtitle E of Title IV of ERISA.

"Withholding Agent" means the Borrower and the Agent.

"Write-Down and Conversion Powers" means (a) with respect to any EEA Resolution Authority, the write-down and conversion powers of such EEA Resolution Authority from time to time under the Bail-In Legislation for the applicable EEA Member Country, which write-down and conversion powers are described in the EU Bail-In Legislation Schedule and (b) with respect to the United Kingdom, any powers of the applicable Resolution Authority under the Bail-In Legislation to cancel, reduce, modify or change the form of a liability of any U.K. Financial Institution or any contract or instrument under which that liability arises, to convert all or part of that liability into shares, securities or obligations of such Person or any other Person, to provide that any such contract or instrument is to have effect as if a right had been exercised under it or to suspend any obligation in respect of that liability or any of the powers under that Bail-In Legislation that are related to or ancillary to any of those powers.

SECTION 1.02. Classification of Loans and Borrowings. For purposes of this Agreement, Loans and Borrowings may be classified and referred to by Type (e.g., a "Eurodollar Loan" or "Eurodollar Borrowing").

SECTION 1.03. Terms Generally. The definitions of terms herein shall apply equally to the singular and plural forms of the terms defined. Whenever the context may require, any pronoun shall include the corresponding masculine, feminine and neuter forms. The words “include”, “includes” and “including” shall be deemed to be followed by the phrase “without limitation”. The word “will” shall be construed to have the same meaning and effect as the word “shall”. Unless the context requires otherwise (a) any definition of or reference to any agreement, instrument or other document herein shall be construed as referring to such agreement, instrument or other document as from time to time amended, supplemented or otherwise modified (subject to any restrictions on such amendments, supplements or modifications in Section 6.08 or as otherwise set forth herein), (b) any reference herein to any Person shall be construed to include such Person’s permitted successors and assigns, (c) the words “herein”, “hereof” and “hereunder”, and words of similar import, shall be construed to refer to this Agreement in its entirety and not to any particular provision hereof, (d) all references herein to Articles, Sections, Exhibits and Schedules shall be construed to refer to Articles and Sections of, and Exhibits and Schedules to, this Agreement and (e) the words “asset” and “property” shall be construed to have the same meaning and effect and to refer to any and all tangible and intangible assets and properties, including cash, securities, accounts and contract rights.

SECTION 1.04. Accounting Terms; GAAP.

(a) Except as otherwise expressly provided herein, all accounting terms and all terms of a financial nature shall be interpreted, all accounting determinations thereunder shall be made, and all financial statements required to be delivered thereunder shall be prepared, in accordance with GAAP, as in effect from time to time; provided that, if the Borrower notifies the Agent that the Borrower requests an amendment of any financial covenant to eliminate or modify the effect of any change after the date hereof in GAAP or in the application thereof on the operation of such covenant (or if the Agent notifies the Borrower that the Required Lenders request an amendment of any financial covenant for such purpose), regardless of whether any such notice is given before or after such change in GAAP or in the application thereof, then the Borrower’s compliance with such covenant shall be determined on the basis of GAAP as in effect and applied immediately before the relevant change became effective, until either such notice is withdrawn or such covenant is amended in a manner satisfactory to the Borrower and the Required Lenders. Notwithstanding any other provision contained herein, all terms of an accounting or financial nature used herein shall be construed, and all computations of amounts and ratios referred to herein shall be made, without giving effect to (i) any election under Financial Accounting Standards Board Accounting Standards Codification 825 (or any other Financial Accounting Standard having a similar result or effect) to value any Indebtedness or other liabilities of the Borrower or any Subsidiary at “fair value”, as defined therein and (ii) the Financial Accounting Standards Board Accounting Standards Codification 842 (or any other Accounting Standards Codification having a similar result or effect) (and related interpretations) to the extent any lease (or similar arrangement conveying the right to use) would be required to be treated as a capital lease thereunder where such lease (or similar arrangement) would have been treated as an operating lease under GAAP as in effect immediately prior to the effectiveness of the Financial Accounting Standards Board Accounting Standards Codification 842.

(b) All pro forma computations required to be made hereunder giving effect to any acquisition, disposition or other transaction shall be calculated after giving pro forma effect thereto as if such transaction had occurred on the first day of the period of four consecutive fiscal quarters ending with the most recent fiscal quarter for which financial statements shall have been delivered pursuant to Section 5.01(a) or 5.01(b) (or, prior to the delivery of any such financial statements, ending with the last fiscal quarter included in the financial statements referred to in Section 3.04(a)) and, to the extent applicable, to the historical earnings and cash flows associated with the assets acquired or disposed of and any related incurrence or reduction of Indebtedness, all in accordance with Article 11 of Regulation S-X under the United States Securities Act of 1933. If any Indebtedness bears a floating rate of interest and is being given pro forma effect, the interest on such Indebtedness shall be calculated as if the rate in effect on the date of determination had been the applicable rate for the entire period (taking into account any Hedging Agreement applicable to such Indebtedness if such Hedging Agreement has a remaining term in excess of 12 months).

SECTION 1.05. References to Agreements. A reference to an agreement or other document “as in effect as of” a particular date, or words to similar effect, shall be construed to refer to the particular words of such agreement or document as of such date and shall not be construed as in any way restricting the ability of the parties thereto to amend, supplement or otherwise modify such agreement or document (subject to any restrictions on such amendments, supplements or modifications in Section 6.08 or as otherwise set forth herein).

SECTION 1.06. Divisions. For all purposes under the Loan Documents, in connection with any division or plan of division under Delaware law (or any comparable event under a different jurisdiction’s laws): (a) if any asset, right, obligation or liability of any Person becomes the asset, right, obligation or liability of a different Person, then it shall be deemed to have been transferred from the original Person to the subsequent Person, and (b) if any new Person comes into existence, such new Person shall be deemed to have been organized on the first date of its existence by the holders of its Equity Interests at such time.

ARTICLE II

The Credits

SECTION 2.01 Commitments. Subject to the terms and conditions set forth herein, each Lender agrees, severally and not jointly, to make Loans denominated in Dollars to the Borrower from time to time during the Availability Period in an aggregate principal amount that will not result in (i) such Lender’s Credit Exposure exceeding such Lender’s Commitment or (ii) the aggregate Credit Exposure exceeding the aggregate Commitments. Within the foregoing limits and subject to the terms and conditions set forth herein, the Borrower may borrow, prepay and reborrow Loans.

SECTION 2.02 Loans and Borrowings. (a) Each Loan shall be made as part of a Borrowing consisting of Loans of the same Type made by the Lenders ratably in proportion to their individual Commitments. The failure of any Lender to make any Loan required to be made by it shall not relieve any other Lender of its obligations hereunder; provided that the Commitments of the Lenders are several and no Lender shall be responsible for any other Lender's failure to make Loans as required.

(b) Subject to Section 2.10, each Borrowing shall be comprised entirely of Eurodollar Loans or ABR Loans, as the Borrower may request pursuant to Section 2.03. Each Lender may at its option make any Loan by causing any domestic or foreign branch or Affiliate of such Lender to make such Loan; provided that any exercise of such option shall not affect in any manner the obligation of the Borrower to repay such Loan in accordance with the terms of this Agreement. Borrowings of more than one Type may be outstanding at the same time; provided, however, that the Borrower shall not be entitled to request any Borrowing, including any conversion of an ABR Borrowing into a Eurodollar Borrowing, which, if made, would result in an aggregate of more than eight separate Eurodollar Borrowings of any Lender being outstanding hereunder at any one time. For purposes of the foregoing, Eurodollar Borrowings having different Interest Periods, regardless of whether they commence on the same date, shall be considered separate Borrowings.

(c) At the commencement of each Interest Period for any Eurodollar Borrowing, such Borrowing shall be in an aggregate principal amount which is an integral multiple of $500,000 and not less than $1,000,000. At the time that each ABR Borrowing is made, such Borrowing shall be in an aggregate principal amount which is an integral multiple of $500,000 and not less than $1,000,000, provided that an ABR Borrowing may be in an aggregate amount that is equal to the entire unused balance of the Commitments or that is required to finance the reimbursement of an LC Disbursement as contemplated by Section 2.04(e).

(d) Notwithstanding any other provision of this Agreement, the Borrower shall not be entitled to request, or to elect to convert or continue, any Eurodollar Borrowing if the Interest Period requested with respect thereto would end after the Maturity Date.

SECTION 2.03 Requests for Borrowings. (a) To request a Borrowing, the Borrower shall notify the Agent of such request (each, a "Borrowing Request"), which shall be in the form of Exhibit B or any other form approved by the Agent, in writing or by telecopy or other electronic transmission (including in .pdf format) (a) in the case of a Eurodollar Borrowing, not later than 11:00 a.m., New York City time, three Business Days before the date of the proposed Borrowing or (b) in the case of an ABR Borrowing, not later than 10:00 a.m., New York City time, on the date of the proposed Borrowing. Each such Borrowing Request shall be irrevocable and shall be in a form approved by the Agent and signed by a Financial Officer of the Borrower. Each such Borrowing Request shall specify the following information in compliance with Section 2.02:

(i) the principal amount of the requested Borrowing;

(ii) the date of such Borrowing, which shall be a Business Day;

(iii) whether such Borrowing is to be an ABR Borrowing or a Eurodollar Borrowing;

(iv) in the case of a Eurodollar Borrowing, the initial Interest Period to be applicable thereto, which shall be a period contemplated by the definition of the term “Interest Period”; and

(v) the location and number of the Borrower’s account to which funds are to be disbursed.

If no election as to the Type of Borrowing is specified, then the requested Borrowing shall be an ABR Borrowing. If no Interest Period is specified with respect to any requested Eurodollar Borrowing, then the Borrower shall be deemed to have selected an Interest Period of one month duration. Promptly following receipt of a Borrowing Request in accordance with this Section, the Agent shall advise each Lender of the details thereof and of the amount of such Lender’s Loan to be made as part of the requested Borrowing.

SECTION 2.04 Letters of Credit. (a) General. Subject to the terms and conditions set forth herein, the Borrower may request the issuance of Letters of Credit (each of which shall be a standby letter and not a commercial or trade letter of credit) as the applicant thereof for the support of its or its Covered Subsidiaries’ obligations, in a form reasonably acceptable to the Agent and the relevant Issuing Bank, at any time and from time to time prior to the LC Expiration Date. In the event of any inconsistency between the terms and conditions of this Agreement and the terms and conditions of any form of letter of credit application or other agreement submitted by the Borrower to, or entered into by the Borrower with, the relevant Issuing Bank relating to any Letter of Credit, the terms and conditions of this Agreement shall control. Notwithstanding anything herein to the contrary, no Issuing Bank shall have any obligation hereunder to issue, any Letter of Credit the proceeds of which would be made available to any Person (i) to fund any activity or business of or with any Sanctioned Person, or in any country or territory that at the time of such funding is the subject of any Sanctions or (ii) in any manner that would result in a violation of any Sanctions by any party to this Agreement.

(b) Notice of Issuance, Amendment, Renewal, Extension; Certain Conditions. To request the issuance of a Letter of Credit (or the amendment, renewal or extension of an outstanding Letter of Credit), the Borrower shall hand deliver or telecopy (or transmit by electronic communication, if arrangements for doing so have been approved by the relevant Issuing Bank) to the applicable Issuing Bank and the Agent (reasonably in advance of the requested date of issuance, amendment, renewal or extension, but in any event no less than three Business Days) a notice requesting the issuance of a Letter of Credit, or identifying the Letter of Credit to be amended, renewed or extended, and specifying the date of issuance, amendment, renewal or extension (which shall be a Business Day), the date on which such Letter of Credit is to expire (which shall comply with paragraph (c) of this Section), the amount of such Letter of Credit, the name and address of the beneficiary thereof and such other information as shall be necessary to prepare, amend, renew or extend such Letter of Credit. If requested by the applicable Issuing Bank, the Borrower also shall submit a letter of credit application on the Issuing Bank’s standard form in connection with any request for a Letter of Credit. A Letter of

Credit shall be issued, amended, renewed or extended only if (and upon issuance, amendment, renewal or extension of each Letter of Credit the Borrower shall be deemed to represent and warrant that), after giving effect to such issuance, amendment, renewal or extension (i) the LC Exposure shall not exceed $10,000,000, (ii) the aggregate amount of the LC Exposure attributable to Letters of Credit issued by any Issuing Bank will not exceed the LC Commitment of such Issuing Bank, (iii) no Lender's Credit Exposure shall exceed its Commitment and (iv) the total Credit Exposures shall not exceed the total Commitments.

(c) Expiration Date. Each Letter of Credit shall expire (or be subject to termination by notice from the Issuing Bank to the beneficiary thereof) at or prior to the close of business on the earlier of (i) the date one year after the date of the issuance of such Letter of Credit (or, in the case of any renewal or extension thereof, one year after such renewal or extension) and (ii) the date that is five Business Days prior to the Maturity Date (the "LC Expiration Date").

(d) Participations. By the issuance of a Letter of Credit (or an amendment to a Letter of Credit increasing the amount thereof) and without any further action on the part of the relevant Issuing Bank or the Lenders, such Issuing Bank hereby grants to each Lender, and each Lender hereby acquires from such Issuing Bank, a participation in such Letter of Credit equal to such Lender's Applicable Percentage of the aggregate amount available to be drawn under such Letter of Credit. In consideration and in furtherance of the foregoing, each Lender hereby absolutely and unconditionally agrees to pay to the Agent, for the account of the relevant Issuing Bank, such Lender's Applicable Percentage of each LC Disbursement made by such Issuing Bank and not reimbursed by the Borrower on the date due as provided in paragraph (e) of this Section, or of any reimbursement payment required to be refunded to the Borrower for any reason. Each Lender acknowledges and agrees that its obligation to acquire participations pursuant to this paragraph in respect of Letters of Credit is absolute and unconditional and shall not be affected by any circumstance whatsoever, including any amendment, renewal or extension of any Letter of Credit or the occurrence and continuance of a Default or reduction or termination of the Commitments, and that each such payment shall be made without any offset, abatement, withholding or reduction whatsoever.

(e) Reimbursement. If an Issuing Bank shall make any LC Disbursement in respect of a Letter of Credit, such Issuing Bank shall give prompt notice to the Borrower of such LC Disbursement, and the Borrower shall reimburse such LC Disbursement by paying to the Agent an amount equal to such LC Disbursement not later than 3:00 p.m., New York City time, on the date that such LC Disbursement is made, if the Borrower shall have received notice of such LC Disbursement prior to 12:00 noon., New York City time, on such date, or, if such notice has not been received by the Borrower prior to such time on such date, then not later than 12:00 noon, New York City time, on the Business Day immediately following the day that the Borrower receives such notice; provided that, if such LC Disbursement is not less than $1,000,000 the Borrower may, subject to the conditions to borrowing set forth herein, request in accordance with Section 2.03 that such payment be financed with an ABR Borrowing in an equivalent amount and, to the extent so financed, the Borrower's obligation to make such payment shall be discharged and replaced by the resulting ABR Borrowing. If the Borrower fails to make such payment when due, the Agent shall notify each Lender of the applicable LC Disbursement, the payment then due from the Borrower in respect thereof and such Lender's

Applicable Percentage thereof. Promptly following receipt of such notice, each Lender shall pay to the Agent its Applicable Percentage of the payment then due from the Borrower, in the same manner as provided in Section 2.05 with respect to Loans made by such Lender (and Section 2.05 shall apply, *mutatis mutandis*, to the payment obligations of the Lenders), and the Agent shall promptly pay to such Issuing Bank the amounts so received by it from the Lenders. Promptly following receipt by the Agent of any payment from the Borrower pursuant to this paragraph, the Agent shall distribute such payment to the relevant Issuing Bank or, to the extent that Lenders have made payments pursuant to this paragraph to reimburse the Issuing Bank, then to such Lenders and the Issuing Bank as their interests may appear. Any payment made by a Lender pursuant to this paragraph to reimburse the Issuing Bank for any LC Disbursement (other than the funding of ABR Revolving Loans as contemplated above) shall not constitute a Loan and shall not relieve the Borrower of its obligation to reimburse such LC Disbursement.

(f) Obligations Absolute. The Borrower's obligation to reimburse LC Disbursements as provided in paragraph (e) of this Section shall be absolute, unconditional and irrevocable, and shall be performed strictly in accordance with the terms of this Agreement under any and all circumstances whatsoever and irrespective of (i) any lack of validity or enforceability of any Letter of Credit or this Agreement, or any term or provision therein, (ii) any draft or other document presented under a Letter of Credit proving to be forged, fraudulent or invalid in any respect or any statement therein being untrue or inaccurate in any respect, (iii) payment by the applicable Issuing Bank under a Letter of Credit against presentation of a draft or other document that does not comply with the terms of such Letter of Credit, or (iv) any other event or circumstance whatsoever, whether or not similar to any of the foregoing, that might, but for the provisions of this Section, constitute a legal or equitable discharge of, or provide a right of setoff against, the Borrower's obligations hereunder. Neither the Agent, the Lenders nor any Issuing Bank, nor any of their Related Parties, shall have any liability or responsibility by reason of or in connection with the issuance or transfer of any Letter of Credit or any payment or failure to make any payment thereunder (irrespective of any of the circumstances referred to in the preceding sentence), or any error, omission, interruption, loss or delay in transmission or delivery of any draft, notice or other communication under or relating to any Letter of Credit (including any document required to make a drawing thereunder), any error in interpretation of technical terms or any consequence arising from causes beyond the control of such Issuing Bank; provided that the foregoing shall not be construed to excuse such Issuing Bank from liability to the Borrower to the extent of any direct damages (as opposed to special, indirect, consequential or punitive damages, claims in respect of which are hereby waived by the Borrower to the extent permitted by applicable law) suffered by the Borrower that are caused by such Issuing Bank's failure to exercise care when determining whether drafts and other documents presented under a Letter of Credit comply with the terms thereof. The parties hereto expressly agree that, in the absence of gross negligence or wilful misconduct on the part of an Issuing Bank (as finally determined by a court of competent jurisdiction), such Issuing Bank shall be deemed to have exercised care in each such determination. In furtherance of the foregoing and without limiting the generality thereof, the parties agree that, with respect to documents presented which appear on their face to be in substantial compliance with the terms of a Letter of Credit, the applicable Issuing Bank may, in its sole discretion, either accept and make payment upon such documents without responsibility for further investigation, regardless of any notice or information to the contrary, or refuse to accept and make payment upon such documents if such documents are not in strict compliance with the terms of such Letter of Credit.

(g) Disbursement Procedures. An Issuing Bank shall, promptly following its receipt thereof, examine all documents purporting to represent a demand for payment under a Letter of Credit issued by it. Such Issuing Bank shall promptly notify the Agent and the Borrower in writing or by telecopy or other electronic transmission (including in .pdf format) of such demand for payment and whether such Issuing Bank has made or will make an LC Disbursement thereunder or will refuse to honor such demand, as the case may be; provided that any failure to give or delay in giving such notice shall not relieve the Borrower of its obligation to reimburse such Issuing Bank and the Lenders with respect to any such LC Disbursement.

(h) Interim Interest. If an Issuing Bank shall make any LC Disbursement, then, unless the Borrower shall reimburse such LC Disbursement in full on the date such LC Disbursement is made, the unpaid amount thereof shall bear interest, for each day from and including the date such LC Disbursement is made to but excluding the date that the reimbursement is due and payable at the rate *per annum* then applicable to ABR Loans; provided that, if the Borrower fails to reimburse such LC Disbursement when due pursuant to paragraph (e) of this Section, then Section 2.09(c) shall apply. Interest accrued pursuant to this paragraph shall be for the account of the relevant Issuing Bank, except that interest accrued on and after the date of payment by any Lender pursuant to paragraph (e) of this Section to reimburse the Issuing Bank shall be for the account of such Lender to the extent of such payment.

(i) Designation and Replacement of Issuing Banks. The Borrower may, at any time and from time to time, with the consent of the Agent (which consent shall not be unreasonably withheld), designate as additional Issuing Banks one or more Lenders that agree to serve in such capacity as provided below. The acceptance by a Lender of an appointment as an Issuing Bank hereunder shall be evidenced by an agreement, which shall be in form and substance reasonably satisfactory to the Agent, executed by the Borrower, the Agent and such designated Lender and, from and after the effective date of such agreement, (i) such Lender shall have all the rights and obligations of an Issuing Bank under this Agreement and the other Loan Documents and (ii) references herein or therein to the term “Issuing Bank” shall be deemed to include such Lender in its capacity as an issuer of Letters of Credit hereunder. The Borrower may terminate the appointment of a Lender as an “Issuing Bank” hereunderby providing a written notice thereof to such Issuing Bank, with a copy to the Agent. Any such termination shall become effective upon the earlier of (i) such Issuing Bank acknowledging receipt of such notice and (ii) the 10th Business Day following the date of the delivery thereof. The Agent shall notify the Lenders of any such termination of the appointment of an Issuing Bank. At the time any such termination shall become effective, the Borrower shall pay all unpaid fees accrued for the account of the terminated Issuing Bank pursuant to Section 2.07(b). After the termination of an Issuing Bank hereunder, the terminated Issuing Bank shall remain a party hereto and shall continue to have all the rights and obligations of an Issuing Bank under this Agreement with respect to Letters of Credit issued by it prior to such termination, but shall not be required to issue additional Letters of Credit.

(j) Cash Collateralization. If any Event of Default shall occur and be continuing, on the Business Day that the Borrower receives notice from the Agent or the Required Lenders (or, if the maturity of the Loans has been accelerated, Lenders with LC

Exposure representing greater than 50% of the total LC Exposure) demanding the deposit of cash collateral pursuant to this paragraph, the Borrower shall deposit in an account with the Agent, in the name of the Agent and for the benefit of the Lenders, an amount in cash equal to 103% of the LC Exposure as of such date plus any accrued and unpaid interest thereon; provided that the obligation to deposit such cash collateral shall become effective immediately, and such deposit shall become immediately due and payable, without demand or other notice of any kind, upon the occurrence of any Event of Default with respect to the Borrower described in clause (h) or (i) of Article VII. Such deposit shall be held by the Agent as collateral for the payment and performance of the obligations of the Borrower under this Agreement. The Agent shall have exclusive dominion and control, including the exclusive right of withdrawal, over such account. Other than any interest earned on the investment of such deposits, which investments shall be made in short-term money market instruments or money market deposit accounts at the option and sole discretion of the Agent and at the Borrower's risk and expense, such deposits shall not bear interest. Interest or profits, if any, on such investments shall accumulate in such account. Moneys in such account shall be applied by the Agent to reimburse each Issuing Bank for LC Disbursements for which it has not been reimbursed and, to the extent not so applied, shall be held for the satisfaction of the reimbursement obligations of the Borrower for the LC Exposure at such time or, if the maturity of the Loans has been accelerated (but subject to (i) the consent of Lenders with LC Exposure representing greater than 50% of the total LC Exposure and (ii) in the case of any such application at a time when any Lender is a Defaulting Lender (but only if, after giving effect thereto, the remaining cash collateral shall be less than the aggregate LC Exposure of all the Defaulting Lenders) the consent of each Issuing Bank), be applied to satisfy other obligations of the Borrower under this Agreement. If the Borrower is required to provide an amount of cash collateral hereunder as a result of the occurrence of an Event of Default, such amount (to the extent not applied as aforesaid) shall be returned to the Borrower within three Business Days after all Events of Default have been cured or waived to the extent that, after giving effect to such return, no Issuing Bank shall have any exposure in respect of the Non-Defaulting Lenders and or the remaining cash collateral and no Default shall have occurred and be continuing.

SECTION 2.05 Funding of Borrowings. (a) Each Lender shall make each Loan to be made by it hereunder on the proposed date thereof by wire transfer of immediately available funds to the Agent in New York, New York, not later than 12:00 noon., New York City time, and the Agent shall by 3:00 p.m., New York City time, credit the amounts so received to an account designated by the Borrower in the applicable Borrowing Request.

(b) Unless the Agent shall have received notice in writing from a Lender prior to the proposed date of any Borrowing that such Lender will not make available to the Agent such Lender's share of such Borrowing, the Agent may assume that such Lender has made such share available on such date in accordance with paragraph (a) of this Section and may, in reliance on such assumption, make available to the Borrower on such date a corresponding amount. In such event, if a Lender has not in fact made its share of the applicable Borrowing available to the Agent, then the applicable Lender and the Borrower (without waiving any claim against such Lender for such Lender's failure to make such share available) severally agree to pay to the Agent forthwith on demand such corresponding amount with interest thereon, for each day from and including the date such amount is made available to the Borrower to but excluding the date of payment to the Agent, at (i) in the case of a payment to be made by such Lender, the greater of the Federal Funds Effective Rate and a rate determined by the Agent in accordance with banking industry rules on interbank compensation or (ii) in the case of a payment to be made by the Borrower, the interest rate applicable to ABR Loans. If such Lender pays such amount to the Agent, then such amount shall constitute such Lender's Loan included in such Borrowing.

SECTION 2.06 Interest Elections. (a) Each Borrowing initially shall be of the Type specified in the applicable Borrowing Request and, in the case of a Eurodollar Borrowing, shall have an initial Interest Period as specified in such Borrowing Request or as otherwise provided in this Section. Thereafter, the Borrower may elect to convert such Borrowing to a Borrowing of a different Type or to continue such Borrowing and, in the case of a Eurodollar Borrowing, may elect Interest Periods therefor, all as provided in this Section. The Borrower may elect different options with respect to different portions of the affected Borrowing, in which case each such portion shall be allocated ratably among the Lenders holding the Loans comprising such Borrowing, and the Loans comprising each such portion shall be considered a separate Borrowing.

(b) To make an election pursuant to this Section, the Borrower shall notify the Agent of such election (each, an "Interest Election Request") in writing or by telecopy or other electronic transmission (including in .pdf format) by the time that a Borrowing Request would be required under Section 2.03 if the Borrower were requesting a Borrowing of the Type resulting from such election to be made on the effective date of such election. Each such Interest Election Request shall be irrevocable and shall be in a form reasonably satisfactory to the Agent and signed by a Financial Officer.

(c) Each Interest Election Request shall specify the following information:

(i) the Borrowing to which such Interest Election Request applies and, if different options are being elected with respect to different portions thereof, the portions thereof to be allocated to each resulting Borrowing (in which case the information to be specified pursuant to clauses (iii) and (iv) below shall be specified for each resulting Borrowing, and the minimum amounts thereof shall be in compliance with Section 2.02(c));

(ii) the effective date of the election made pursuant to such Interest Election Request, which shall be a Business Day;

(iii) whether the resulting Borrowing is to be an ABR Borrowing or a Eurodollar Borrowing; and

(iv) if the resulting Borrowing is to be a Eurodollar Borrowing, the Interest Period to be applicable thereto after giving effect to such election, which shall be a period contemplated by the definition of the term "Interest Period".

If any such Interest Election Request requests a Eurodollar Borrowing but does not specify an Interest Period, then the Borrower shall be deemed to have selected an Interest Period of one month duration.

(d) Promptly following receipt of an Interest Election Request, the Agent shall advise each Lender of the details thereof and of such Lender's portion of each resulting Borrowing.

(e) If the Borrower fails to deliver a timely Interest Election Request with respect to a Eurodollar Borrowing prior to the end of the Interest Period applicable thereto, then, unless such Borrowing is repaid as provided herein, at the end of such Interest Period such Borrowing shall be converted to a Eurodollar Borrowing having an Interest Period of one month duration.

(f) Notwithstanding any contrary provision hereof, if an Event of Default has occurred and is continuing and the Agent so notifies the Borrower, then, so long as an Event of Default is continuing (i) no outstanding Borrowing may be converted to or continued as a Eurodollar Borrowing and (ii) unless repaid, each Eurodollar Borrowing shall be converted to an ABR Borrowing at the end of the Interest Period applicable thereto.

SECTION 2.07 Fees. (a) The Borrower agrees to pay to the Agent for the account of each Lender a commitment fee, which shall accrue at the Applicable Rate on the daily unused amount of the Commitment of such Lender during the preceding quarter (or other period commencing with the Assignment and Amendment Effective Date or ending on the Maturity Date or the date on which the Commitments of such Lender shall expire or be terminated as provided herein). Accrued commitment fees shall be payable in arrears on the last day of March, June, September and December of each year and on the date on which the Commitments terminate, commencing on March 31, 2021. All commitment fees shall be computed on the basis of a year of 360 days and shall be payable for the actual number of days elapsed (including the first day but excluding the last day). For purposes of computing commitment fees, the Commitment of a Lender shall be deemed to be used to the extent of the outstanding Loans and LC Exposure of such Lender.

(b) The Borrower agrees to pay (i) to the Agent for the account of each Lender a participation fee with respect to its participations in Letters of Credit, which shall accrue at the same Applicable Rate used to determine the interest rate on Eurodollar Loans on the daily amount of such Lender's LC Exposure (excluding any portion thereof attributable to unreimbursed LC Disbursements) during the period from and including the Assignment and Amendment Effective Date to but excluding the later of the date on which such Lender's Commitment terminates and the date on which such Lender ceases to have any LC Exposure and (ii) to each Issuing Bank, a fronting fee, which shall accrue at the rate or rates separately agreed upon between the Borrower and such Issuing Bank, as well as such Issuing Bank's standard fees with respect to the issuance, amendment, renewal or extension of any Letter of Credit or processing of drawings thereunder as are agreed upon by the Issuing Bank and the Borrower. Participation fees and fronting fees accrued through and including the last day of March, June, September and December of each year shall be payable on the third Business Day following such last day, commencing on the third Business Day following March 31, 2021; provided that all such fees shall be payable on the date on which the Commitments terminate and any such fees accruing after the date on which the Commitments terminate shall be payable on demand. Any other fees payable to an Issuing Bank pursuant to this paragraph shall be payable within 10 days after demand. All participation fees shall be computed on the basis of a year of 360 days and shall be payable for the actual number of days elapsed (including the first day but excluding the last day).

(c) The Borrower agrees to pay to the Agent, for its own account, fees payable in the amounts at the times separately agreed upon between the Borrower and the Agent.

(d) The payment of the fees described in Sections 2.07(a) and (b) with respect to any Defaulting Lender shall be subject to Section 2.17(a).

(e) All fees payable hereunder shall be paid on the dates due, in immediately available funds, to the Agent (or an Issuing Bank, in the case of fees payable to it) for distribution, in the case of commitment fees and participation fees, to the Lenders. Fees paid shall be refundable under any circumstances.

SECTION 2.08 Repayment of Loans; Evidence of Debt. (a) The Borrower hereby unconditionally promises to pay to the Agent for the account of each Lender the then unpaid principal amount of each Loan of such Lender on the Maturity Date.

(b) Each Lender shall maintain in accordance with its usual practice an account or accounts evidencing the indebtedness to such Lender resulting from each Loan made by such Lender from time to time, including the amounts of principal and interest payable and paid to such Lender from time to time under this Agreement.

(c) The Agent shall maintain accounts in which it will record (i) the amount of each Loan made hereunder, the Type of each Loan made and the Interest Period applicable thereto, (ii) the amount of any principal or interest due and payable or to become due and payable from the Borrower to each Lender hereunder and (iii) the amount of any payment received by the Agent hereunder from the Borrower and each Lender's share thereof. The entries made in the accounts maintained pursuant to this Section 2.08(c) shall be prima facie evidence of the existence and amounts of the obligations recorded therein; provided, that the failure of any Lender or the Agent to maintain such accounts or any error therein shall not in any manner affect the obligations of the Borrower to repay the Loans in accordance with the terms of this Agreement.

SECTION 2.09 Interest on Loans. (a) The Loans comprising each Eurodollar Borrowing shall bear interest at a rate per annum equal to the Adjusted LIBO Rate for the Interest Period in effect for such Borrowing plus the Applicable Rate.

(b) The Loans comprising each ABR Borrowing shall bear interest at a rate per annum equal to the Alternate Base Rate plus the Applicable Rate.

(c) Notwithstanding the foregoing, upon the occurrence and during the continuance of an Event of Default, if any principal of or interest on any Loan or any commitment, participation or other fees or other amount payable by the Borrower hereunder is not paid when due, whether at stated maturity, upon acceleration or otherwise, or, at the request of the Required Lenders, upon the occurrence and during the continuance of any other Event of Default, all outstanding Loans (regardless of whether then due) and all other amounts then due and payable under the Loan Documents shall bear interest, after as well as before judgment, at a rate per annum equal to (i) in the case of principal of any Loan, 2.00% plus the rate otherwise applicable to such Loan as provided in the preceding paragraphs of this Section or (ii) in the case of any other amount, 2.00% plus the rate applicable to ABR Loans as provided in paragraph (b) of this Section.

(d) Accrued interest on each Loan shall be payable in arrears on each Interest Payment Date for such Loan and upon termination of the Commitments; provided that (i) interest accrued pursuant to paragraph (c) of this Section shall be payable on demand, (ii) in the event of any repayment or prepayment of any Loan (other than a prepayment of an ABR Loan prior to the end of the Availability Period), accrued interest on the principal amount repaid or prepaid shall be payable on the date of such repayment or prepayment and (iii) in the event of any conversion of any Eurodollar Loan prior to the end of the current Interest Period therefor, accrued interest on such Loan shall be payable on the effective date of such conversion.

(e) All interest hereunder shall be computed on the basis of a year of 360 days, except that interest computed by reference to the Alternate Base Rate at times when the Alternate Base Rate is based on the Prime Rate shall be computed on the basis of a year of 365 days (or 366 days in a leap year), and in each case shall be payable for the actual number of days elapsed (including the first day but excluding the last day). The Alternate Base Rate shall be determined by the Agent, and such determination shall be conclusive absent manifest error.

SECTION 2.10 Benchmark Replacement Setting.

(a) Notwithstanding anything to the contrary herein or in any other Loan Documents, if a Benchmark Transition Event or an Early Opt-in Election, as applicable, and its related Benchmark Replacement Date have occurred prior to the Reference Time in respect of any setting of the then-current Benchmark, then (i) if a Benchmark Replacement is determined in accordance with clause (a) or (b) of the definition of "Benchmark Replacement" for such Benchmark Replacement Date, such Benchmark Replacement will replace such Benchmark for all purposes hereunder and under any Loan Document in respect of such Benchmark setting and subsequent Benchmark settings without any amendment to, or further action or consent of any other party to, this Agreement or any other Loan Document and (ii) if a Benchmark Replacement is determined in accordance with clause (c) of the definition of "Benchmark Replacement" for such Benchmark Replacement Date, such Benchmark Replacement will replace such Benchmark for all purposes hereunder and under any Loan Document in respect of any Benchmark setting at or after 5:00 p.m. (New York City time) on the fifth Business Day after the date notice of such Benchmark Replacement is provided to the Lenders without any amendment to, or further action or consent of any other party to, this Agreement or any other Loan Document so long as the Agent has not received, by such time, written notice of objection to such Benchmark Replacement from Lenders comprising the Required Lenders.

(b) In connection with the implementation of a Benchmark Replacement, the Agent will have the right to make Benchmark Replacement Conforming Changes from time to time and, notwithstanding anything to the contrary herein or in any other Loan Document, any amendments implementing such Benchmark Replacement Conforming Changes will become effective without any further action or consent of any other party to this Agreement or any other Loan Document.

(c) The Agent will promptly notify the Borrower and the Lenders of (i) any Benchmark Replacement Date and the related Benchmark Replacement, (ii) the effectiveness of any Benchmark Replacement Conforming Changes, (iii) the removal or reinstatement of any tenor of a Benchmark pursuant to clause (d) below and (iv) the commencement of any Benchmark Unavailability Period. For the avoidance of doubt, any notice required to be delivered by the Agent as set forth in this Section 2.10 be provided, at the option of the Agent (in its sole discretion), in one or more notices and may be delivered together with, or as part of any amendment which implements any Benchmark Replacement or Benchmark Conforming Changes. Any determination, decision or election that may be made by the Agent or, if applicable, any Lender (or group of Lenders) pursuant to this Section 2.10, including any determination with respect to a tenor, rate or adjustment or of the occurrence or non-occurrence of an event, circumstance or date and any decision to take or refrain from taking any action or any selection, will be conclusive and binding absent manifest error and may be made in its or their sole discretion and without consent from any other party to this Agreement or any other Loan Document, except, in each case, as expressly required pursuant to this Section 2.10.

(d) Notwithstanding anything to the contrary herein or in any other Loan Document, at any time (including in connection with the implementation of a Benchmark Replacement), (i) if the then-current Benchmark is a term rate (including Term SOFR or USD LIBOR) and either (A) any tenor for such Benchmark is not displayed on a screen or other information service that publishes such rate from time to time as selected by the Agent in its reasonable discretion or (B) the regulatory supervisor for the administrator of such Benchmark has provided a public statement or publication of information announcing that any tenor for such Benchmark is or will be no longer representative, then the Agent may modify the definition of "Interest Period" for any Benchmark settings at or after such time to remove such unavailable or non-representative tenor and (ii) if a tenor that was removed pursuant to clause (i) above either (A) is subsequently displayed on a screen or information service for a Benchmark (including a Benchmark Replacement) or (B) is not, or is no longer, subject to an announcement that it is or will no longer be representative for a Benchmark (including a Benchmark Replacement), then the Agent may modify the definition of "Interest Period" for all Benchmark settings at or after such time to reinstate such previously removed tenor.

(e) Upon the Borrower's receipt of notice of the commencement of a Benchmark Unavailability Period, the Borrower may revoke any request for a Eurodollar Borrowing of, conversion to or continuation of Eurodollar Loans to be made, converted or continued during any Benchmark Unavailability Period and, failing that, the Borrower will be deemed to have converted any such request into a request for a Borrowing of or conversion to ABR Loans. During any Benchmark Unavailability Period or at any time that a tenor for the then-current Benchmark is not an Available Tenor, the component of ABR based upon the then-current Benchmark or such tenor for such Benchmark, as applicable, will not be used in any determination of ABR.

(f) The Agent does not warrant or accept any responsibility for, and shall not have any liability with respect to (i) the administration, submission or any other matter related to the London interbank offered rate or other rates in the definition of "Adjusted LIBO Rate" or with respect to any alternative or successor rate thereto, or replacement rate thereof (including, without limitation any Benchmark Replacement implemented hereunder), (ii) the composition or characteristics of any such Benchmark Replacement, including whether it is similar to, or produces the same value or economic equivalence to USD LIBOR (or any other Benchmark) or have the same volume or liquidity as did USD LIBOR (or any other Benchmark), (iii) any actions or use of its discretion or other decisions or determinations made with respect to any matters covered by this Section 2.10 including, without limitation, whether or not a Benchmark Transition Event has occurred, the removal or lack thereof of unavailable or non-representative tenors, the implementation or lack thereof of any Benchmark Replacement Conforming Changes, the delivery or non-delivery of any notices required by clause (d) above or otherwise in accordance herewith, and (iv) the effect of any of the foregoing provisions of Section 2.10.

SECTION 2.11 Termination and Reduction of Commitments. (a) Unless previously terminated, the Commitments shall terminate on the Maturity Date.

(b) The Borrower may at any time terminate, or from time to time permanently reduce, the Commitments; provided that (i) each reduction of the Commitments shall be in an amount that is an integral multiple of $500,000 and not less than $1,000,000 and (ii) the Borrower shall not terminate or reduce the Commitments if, after giving effect to any concurrent prepayment of the Loans in accordance with Section 2.12, the aggregate Credit Exposure would exceed the aggregate Commitment.

(c) The Borrower shall notify the Agent by written or telecopy notice or other electronic transmission (including in .pdf format) of any election to terminate or reduce the Commitments under paragraph (b) above, at least three Business Days prior to the effective date of such termination or reduction, specifying the effective date thereof. Promptly following receipt of any such notice, the Agent shall advise the Lenders of the contents thereof. Each notice delivered by the Borrower pursuant to this Section shall be irrevocable; provided that a notice of termination or reduction of the Commitments under paragraph (b) of this Section may state that such notice is conditioned upon the effectiveness of other credit facilities, in which case such notice may be revoked by the Borrower (by notice to the Agent on or prior to the specified effective date) if such condition is not satisfied. Any termination or reduction of the Commitments shall be permanent. Each reduction of the Commitments shall be made ratably among the Lenders in proportion to their individual Commitments.

SECTION 2.12 Prepayment of Loans. (a) The Borrower shall have the right at any time and from time to time to prepay, without premium or penalty but subject to Section 2.14, any Borrowing, in whole or in part, upon giving written or telecopy notice or other electronic transmission (including in .pdf format) to the Agent in accordance with paragraph (c) of this Section.

(b) In the event and on each occasion that the aggregate Credit Exposure exceeds the aggregate Commitments, the Borrower shall immediately prepay, without premium or penalty but subject to Section 2.14, Borrowings (or, if no such Borrowings are outstanding, Cash Collateralize the outstanding LC Exposure) in an aggregate amount as shall be necessary to eliminate the excess of such Credit Exposure over the aggregate Commitments (for purposes of this clause (b), Credit Exposure shall be calculated disregarding any portion of the LC Exposure which has been Cash Collateralized).

(c) The Borrower shall notify the Agent by written or telecopy notice or other electronic transmission (including in .pdf format) of any prepayment hereunder (i) in the case of a prepayment of a Eurodollar Borrowing, not later than 11:00 a.m., New York City time, three Business Days before the date of prepayment or (ii) in the case of prepayment of an ABR Borrowing, not later than 10:00 a.m., New York City time, on the Business Day of prepayment. Each such notice shall specify the prepayment date, the principal amount of each Borrowing (or portion thereof) to be prepaid and shall be irrevocable and shall commit the Borrower to prepay such Borrowing (or portion thereof) by the amount stated therein on the date stated therein, provided that, if a notice of prepayment is given in connection with a conditional notice of termination of the Commitments as contemplated by Section 2.11, then such notice of prepayment may be revoked if such notice of termination is revoked in accordance with Section 2.11. All prepayments under this Section 2.12 shall be subject to Section 2.14 but shall otherwise be without premium or penalty. All prepayments under this Section 2.12 shall be accompanied by payment of accrued interest on the principal amount being prepaid to the date of payment. Each partial prepayment of any Borrowing shall be in an amount which is an integral multiple of $100,000 and not less than $1,000,000 or, if less, the aggregate principal amount of such Borrowing. Each prepayment of a Borrowing shall be applied ratably to the Loans included in the prepaid Borrowing.

SECTION 2.13 Increased Costs. (a) If any Change in Law shall:

(i) impose, modify or deem applicable any reserve, special deposit, liquidity or similar requirement (including any compulsory loan, insurance charge or other assessment) against assets of, deposits with or for the account of, or credit extended by, any Lender (except any such reserve requirement reflected in the Adjusted LIBO Rate) or Issuing Bank; or

(ii) impose on any Lender or Issuing Bank or the London interbank market any other condition, cost or expense (other than Taxes) affecting this Agreement or Loans made by such Lender or any Letter of Credit or participation therein; or

(iii) subject any Recipient to any Taxes (other than (A) Indemnified Taxes and (B) Excluded Taxes) on its loans, loan principal, letters of credit, commitments or other obligations, or its deposits, reserves, other liabilities or capital attributable thereto;

and the result of any of the foregoing shall be to increase the cost to such Lender or such other Recipient of making, continuing, converting or maintaining any Loan (or of maintaining its obligation to make any such Loan), to increase the cost to such Lender or Issuing Bank of participating in, issuing or maintaining any Letter of Credit (or of maintaining its obligation to participate in or issue any Letter of Credit) or to reduce the amount of any sum received or receivable by such Lender, Issuing Bank or other Recipient hereunder (whether of principal, interest or otherwise), then the Borrower will pay to such Lender, Issuing Bank or other Recipient, as the case may be, such additional amount or amounts as will compensate such Lender, Issuing Bank or other Recipient, as the case may be, for such additional costs or expenses incurred or reduction suffered.

(b) If any Lender or any Issuing Bank determines that any Change in Law regarding capital or liquidity requirements has the effect of reducing the rate of return on such Lender's or Issuing Bank's capital or on the capital of such Lender's or the Issuing Bank's holding company, if any, as a consequence of this Agreement, the Commitments of or the Loans made by, or participations in Letters of Credit held by, such Lender, or the Letters of Credit issued by such Issuing Bank, to a level below that which such Lender or such Issuing Bank or such Lender's or Issuing Bank's holding company could have achieved but for such Change in Law (taking into consideration such Lender's or Issuing Bank's policies and the policies of such Lender's or Issuing Bank's holding company with respect to capital adequacy or liquidity), then from time to time the Borrower will pay to such Lender or Issuing Bank such additional amount or amounts as will compensate such Lender or Issuing Bank or such Lender's or Issuing Bank's holding company for any such reduction suffered.

(c) A certificate of a Lender or an Issuing Bank setting forth the amount or amounts necessary to compensate such Lender or Issuing Bank or such Lender's or Issuing Bank's holding company, as the case may be, as specified in paragraph (a) or (b) of this Section (collectively, the "Increased Costs") and setting forth in reasonable detail the manner of determination of such amount or amounts, shall be delivered to the Borrower and shall be conclusive absent manifest error. The Borrower shall pay such Lender or Issuing Bank the amount shown as due on any such certificate within 10 days after receipt thereof. Notwithstanding the foregoing, Increased Costs shall not include incremental costs or expenses, such as general administrative or personnel expenses, incurred in connection with compliance with any Change in Law that are not attributable to a Lender or Issuing Bank making, continuing, converting or maintaining any Loan, or participating in, issuing or maintaining any Letter of Credit (or of maintaining its obligation to make Loans or to participate in or issue any Letter of Credit) hereunder.

(d) Failure or delay on the part of any Lender or Issuing Bank to demand compensation pursuant to this Section shall not constitute a waiver of such Lender's or Issuing Bank's right to demand such compensation; provided that the Borrower shall not be required to compensate a Lender or the Issuing Bank pursuant to this Section for any increased costs or reductions incurred more than 180 days prior to the date that such Lender or Issuing Bank, as the case may be, notifies the Borrower of the Change in Law giving rise to such increased costs or reductions and of such Lender's or Issuing Bank's intention to claim compensation therefor; provided further that, if the Change in Law giving rise to such increased costs or reductions is retroactive, the 180-day period referred to above shall be extended to include the period of retroactive effect thereof.

SECTION 2.14 Break Funding Payments. In the event of (a) the payment of any principal of any Eurodollar Loan other than on the last day of an Interest Period applicable thereto (including as a result of an Event of Default), (b) the conversion of any Eurodollar Loan other than on the last day of the Interest Period applicable thereto, (c) the failure to borrow, convert, continue or prepay any Eurodollar Loan on the date specified in any notice delivered pursuant hereto (whether or not such notice may be revoked in accordance with the terms hereof) or (d) the assignment of any Eurodollar Loan other than on the last day of the Interest Period applicable thereto as a result of a request by the Borrower pursuant to Section 2.18, then, in any such event, the Borrower shall compensate each Lender for the loss, cost and expense attributable to such event. In the case of a Eurodollar Loan, such loss, cost or expense to any Lender shall be deemed to include an amount determined by such Lender to be the excess, if any, of (i) the amount of interest which would have accrued on the principal amount of such Loan had such event not occurred, at the Adjusted LIBO Rate that would have been applicable to such Loan, for the period from the date of such event to the last day of the then current Interest Period therefor (or, in the case of a failure to borrow, convert or continue, for the period that would have been the Interest Period for such Loan), over (ii) the amount of interest that would accrue on such principal amount for such period at the interest rate which such Lender would bid were it to bid, at the commencement of such period, for dollar deposits of a comparable amount and period from other banks in the London interbank market. A certificate of any Lender setting forth any amount or amounts that such Lender is entitled to receive pursuant to this Section shall be delivered to the Borrower and shall be conclusive absent manifest error. The Borrower shall pay such Lender the amount shown as due on any such certificate within 10 days after receipt thereof.

SECTION 2.15 Taxes. (a) Any and all payments by or on account of any obligation of the Borrower under any Loan Document shall be made without deduction or withholding for any Taxes, except as required by applicable law. If any applicable law (as determined in the good faith discretion of an applicable Withholding Agent) requires the deduction or withholding of any Tax from any such payment by a Withholding Agent, then the applicable Withholding Agent shall be entitled to make such deduction or withholding and shall timely pay the full amount deducted or withheld to the relevant Governmental Authority in accordance with applicable law and, if such Tax is an Indemnified Tax, then the sum payable by the Borrower shall be increased as necessary so that after such deduction or withholding has been made (including such deductions and withholdings applicable to additional sums payable under this Section) the applicable Recipient receives an amount equal to the sum it would have received had no such deduction or withholding been made.

(b) The Borrower shall timely pay to the relevant Governmental Authority in accordance with applicable law, or, at the option of the Agent, timely reimburse it for the payment of, any Other Taxes.

(c) As soon as practicable after any payment of Taxes by the Borrower to a Governmental Authority pursuant to this Section, the Borrower shall deliver to the Agent the original or a certified copy of a receipt issued by such Governmental Authority evidencing such payment or other evidence of such payment reasonably satisfactory to the Agent.

(d) The Borrower shall indemnify each Recipient, within 10 days after demand therefor, for the full amount of any Indemnified Taxes (including Indemnified Taxes imposed or asserted on or attributable to amounts payable under this Section) payable or paid by such Recipient or required to be withheld or deducted from a payment to such Recipient in connection with any Loan Document and any reasonable expenses arising therefrom or with respect thereto, whether or not such Indemnified Taxes were correctly or legally imposed or asserted by the relevant Governmental Authority. A certificate as to the amount of such payment or liability delivered to the Borrower by a Lender (with a copy to the Agent), or by the Agent on its own behalf or on behalf of a Lender, shall be conclusive absent manifest error.

(e) Each Lender shall severally indemnify the Agent, within 10 days after demand therefor, for (i) any Indemnified Taxes attributable to such Lender (but only to the extent that the Borrower has not already indemnified the Agent for such Indemnified Taxes and without limiting the obligation of the Borrower to do so), (ii) any Taxes attributable to such Lender's failure to comply with the provisions of Section 9.04(c) relating to the maintenance of a Participant Register and (iii) any Excluded Taxes attributable to such Lender, in each case, that are paid or payable by the Agent in connection with any Loan Document and any reasonable expenses arising therefrom or with respect thereto, whether or not such Taxes were correctly or legally imposed or asserted by the relevant Governmental Authority. A certificate as to the amount of such payment or liability delivered to any Lender by the Agent shall be conclusive absent manifest error. Each Lender hereby authorizes the Agent to set off and apply any and all amounts at any time owing to such Lender under any Loan Document or otherwise payable by the Agent to the Lender from any other source against any amount due to the Agent under this paragraph (e).

(f) (i) Any Lender that is entitled to an exemption from, or reduction of withholding Tax with respect to payments made under any Loan Document shall deliver to the Borrower and the Agent, at the time or times reasonably requested by the Borrower or the Agent, such properly completed and executed documentation reasonably requested by the Borrower or the Agent as will permit such payments to be made without, or at a reduced rate of, withholding. In addition, any Lender, if reasonably requested by the Borrower or the Agent, shall deliver such other documentation prescribed by applicable law or reasonably requested by the Borrower or the Agent as will enable the Borrower or the Agent to determine whether or not such Lender is subject to backup withholding or information reporting requirements. Notwithstanding anything to the contrary in the preceding two sentences, the completion, execution and submission of such documentation (other than such documentation set forth in this Section 2.15(f)(ii)(A), (ii)(B) and (ii)(D) below) shall not be required if in the Lender's reasonable judgment such completion, execution or submission would subject such Lender to any material unreimbursed cost or expense or would materially prejudice the legal or commercial position of such Lender.

(ii) Without limiting the generality of the foregoing, in the event that the Borrower is a U.S. Person,

(A) any Lender that is a U.S. Person shall deliver to the Borrower and the Agent on or prior to the date on which such Lender becomes a Lender under this Agreement (and from time to time thereafter upon the reasonable request of the Borrower or the Agent), executed originals of IRS Form W-9 certifying that such Lender is exempt from U.S. Federal backup withholding tax;

(B) any Foreign Lender shall, to the extent it is legally entitled to do so, deliver to the Borrower and the Agent (in such number of copies as shall be requested by the recipient) on or prior to the date on which such Foreign Lender becomes a Lender under this Agreement (and from time to time thereafter upon the reasonable request of the Borrower or the Agent), whichever of the following is applicable:

(1) in the case of a Foreign Lender claiming the benefits of an income tax treaty to which the United States is a party (x) with respect to payments of interest under any Loan Document, executed originals of IRS Form W-8BEN or IRS Form W-8BEN-E (or applicable successor form) establishing an exemption from, or reduction of, U.S. Federal withholding Tax pursuant to the "interest" article of such tax treaty and (y) with respect to any other applicable payments under any Loan Document, IRS Form W-8BEN or IRS Form W-8BEN-E (or applicable successor form) establishing an exemption from, or reduction of, U.S. Federal withholding Tax pursuant to the "business profits" or "other income" article of such tax treaty;

(2) executed originals of IRS Form W-8ECI (or successor form);

(3) in the case of a Foreign Lender claiming the benefits of the exemption for portfolio interest under Section 881(c) of the Code, (x) a certificate substantially in the form of Exhibit C-1 to the effect that such Foreign Lender is not (1) a "bank" within the meaning of Section 881(c)(3)(A) of the Code, (2) a "10 percent shareholder" of the Borrower within the meaning of Section 881(c)(3)(B) of the Code or (3) a "controlled foreign corporation" described in Section 881(c)(3)(C) of the Code (a "U.S. Tax Compliance Certificate") and (y) executed originals of IRS Form W-8BEN or IRS Form W-8BEN-E (or applicable successor form); or

(4) to the extent a Foreign Lender is not the beneficial owner, executed originals of IRS Form W-8IMY, accompanied by IRS Form W-8ECI, IRS Form W-8BEN, IRS Form W-8BEN-E, a U.S. Tax Compliance Certificate substantially in the form of Exhibit C-3 or Exhibit C-4, IRS Form W-9, and/or other certification documents from each beneficial owner, as applicable (including any applicable successor form); provided that if the Foreign Lender is a partnership and one or more direct or indirect partners of such Foreign Lender are claiming the portfolio interest exemption, such Foreign Lender may provide a U.S. Tax Compliance Certificate substantially in the form of Exhibit C-2 on behalf of each such direct and indirect partner;

(C) any Foreign Lender shall, to the extent it is legally entitled to do so, deliver to the Borrower and the Agent (in such number of copies as shall be requested by the recipient) on or prior to the date on which such Foreign Lender becomes a Lender under this Agreement (and from time to time thereafter upon the reasonable request of the Borrower or the Agent), executed originals of any other form prescribed by applicable law as a basis for claiming exemption from or a reduction in U.S. Federal withholding Tax, duly completed, together with such supplementary documentation as may be prescribed by applicable law to permit the Borrower or the Agent to determine the withholding or deduction required to be made; and

(D) if a payment made to a Lender or the Agent under any Loan Document would be subject to U.S. Federal withholding Tax imposed by FATCA if such Lender or the Agent were to fail to comply with the applicable reporting requirements of FATCA (including those contained in Section 1471(b) or 1472(b) of the Code, as applicable), such Lender or Agent shall deliver to the Borrower and the Agent at the time or times prescribed by law and at such time or times reasonably requested by the Borrower or the Agent such documentation prescribed by applicable law (including as prescribed by Section 1471(b)(3)(C)(i) of the Code) and such additional documentation reasonably requested by the Borrower or the Agent as may be necessary for the Borrower and the Agent to comply with their obligations under FATCA and to determine that such Lender or Agent has complied with its obligations under FATCA or to determine the amount to deduct and withhold from such payment. Solely for purposes of this clause (B), "FATCA" shall include any amendments made to FATCA after the Original Closing Date.

Each Lender and the Agent agrees that if any form or certification it previously delivered expires or becomes obsolete or inaccurate in any respect, it shall update such form or certification or promptly notify the Borrower and the Agent in writing of its legal inability to do so.

(g) If any party determines, in its reasonable discretion exercised in good faith, that it has received a refund of any Taxes as to which it has been indemnified pursuant to Section 2.13 or this Section 2.15 (including additional amounts paid pursuant to this Section 2.15), it shall pay to the indemnifying party an amount equal to such refund (but only to the extent of indemnity payments made under Section 2.13 or this Section 2.15 with respect to the Taxes giving rise to such refund), net of all out-of-pocket expenses (including any Taxes) of such indemnified party and without interest (other than any interest paid by the relevant Governmental Authority with respect to such refund). Such indemnifying party, upon the request of such indemnified party, shall repay to such indemnified party the amount paid to such indemnifying party pursuant to the previous sentence (plus any penalties, interest or other charges imposed by the relevant Governmental Authority) in the event such indemnified party is required to repay such refund to such Governmental Authority. Notwithstanding anything to the contrary in this Section 2.15(h), in no event will any indemnified party be required to pay any amount to any indemnifying party pursuant to this Section 2.15(g) if such payment would place such indemnified party in a less favorable position (on a net after-Tax basis) than such indemnified party would have been in if the Tax subject to indemnification and giving rise to such refund had not been deducted, withheld or otherwise imposed and the indemnification payments or additional amounts with respect to such Tax had never been paid. This Section 2.15(h) shall not be construed to require any indemnified party to make available its Tax returns (or any other information relating to its Taxes which it reasonably deems confidential) to the indemnifying party or any other Person.

(h) For purposes of this Section 2.15, the term "Lender" includes any Issuing Bank and the term "applicable law" includes FATCA.

Each party's obligations under this Section 2.15 shall survive the resignation or replacement of the Agent or any assignment of rights by, or the replacement of, a Lender, the termination of the Commitments and the repayment, satisfaction or discharge of all obligations under any Loan Documents.

SECTION 2.16 Payments Generally; Pro Rata Treatment; Sharing of Set-offs. (a) The Borrower shall make each payment required to be made by it hereunder or under any Loan Document (whether of principal, interest, fees or reimbursement of LC Disbursements, or of amounts payable under Section 2.13, 2.14 or 2.15, or otherwise) prior to 12:00 noon., New York City Time, on the date when due, in immediately available funds, without set off or counterclaim. Any amounts received after such time on any date may, in the discretion of the Agent, be deemed to have been received on the next succeeding Business Day for purposes of calculating interest thereon. All such payments shall be made to such accounts as may be specified by the Agent, except that payments required to be made directly to an Issuing Bank shall be so made and payments pursuant to Sections 2.13, 2.14, 2.15 and 9.05 shall be made directly to the Persons entitled thereto. The Agent shall distribute any such payments received by it for the account of any other Person to the appropriate recipient promptly following receipt thereof. If any payment hereunder shall be due on a day that is not a Business Day, the date for payment shall be extended to the next succeeding Business Day, and, in the case of any payment accruing interest, interest thereon shall be payable for the period of such extension. All payments hereunder shall be made in Dollars. Any payment required to be made by the Agent hereunder shall be deemed to have been made by the time required if the Agent shall, at or before such time, have taken the necessary steps to make such payment in accordance with the regulations or operating procedures of the clearing or settlement system used by the Agent to make such payments.

(b) If at any time insufficient funds are received by and available to the Agent to pay fully all amounts of principal, unreimbursed LC Disbursements, interest and fees then due hereunder, such funds shall be applied (i) first, towards payment of interest and fees then due hereunder, ratably among the parties entitled thereto in accordance with the amounts of interest and fees then due to such parties and (ii) second, towards payment of principal and LC Disbursements then due hereunder, ratably among the parties entitled thereto in accordance with the amounts of principal then due to such parties.

(c) If any Lender shall, by exercising any right of set off or counterclaim or otherwise, obtain payment in respect of any principal of or interest on any of its Loans or participations in LC Disbursements resulting in such Lender receiving payment of a greater proportion of the aggregate amount of its Loans and participations in LC Disbursements and accrued interest thereon than the proportion received by any other Lender, then the Lender receiving such greater proportion shall purchase (for cash at face value) participations in the Loans and participations in LC Disbursements of other Lenders to the extent necessary so that the benefit of all such payments shall be shared by the Lenders ratably in accordance with the relative aggregate amount of principal of and accrued interest on their Loans and participations in LC Disbursements; provided that (i) if any such participations are purchased and all or any portion of the payment giving rise thereto is recovered, such participations shall be rescinded and the purchase price restored to the extent of such recovery, without interest, and (ii) the provisions of this paragraph shall not be construed to apply to any payment made by the Borrower pursuant to and in accordance with the express terms of this Agreement or any payment obtained by a Lender as consideration for the assignment of or sale of a participation in any of its Loans or participations in LC Disbursements to any assignee or participant, other than to the Borrower or any Subsidiary or Affiliate of the Borrower (as to which the provisions of this paragraph shall apply). The Borrower consents to the foregoing and agrees, to the extent it may effectively do so under applicable law, that any Lender acquiring a participation pursuant to the foregoing arrangements may exercise against the Borrower rights of set-off and counterclaim with respect to such participation as fully as if such Lender were a direct creditor of the Borrower in the amount of such participation.

(d) Unless the Agent shall have received notice from the Borrower prior to the date on which any payment is due to the Agent for the account of the Lenders or Issuing Bank hereunder that the Borrower will not make such payment, the Agent may assume that the Borrower has made such payment on such date in accordance herewith and may, in reliance upon such assumption, distribute to the Lenders or Issuing Bank, as the case may be, the amount due. In such event, if the Borrower has not in fact made such payment, then each of the Lenders or Issuing Bank, as the case may be, severally agrees to repay to the Agent forthwith on demand the amount so distributed to such Lender or Issuing Bank with interest thereon, for each day from and including the date such amount is distributed to it to but excluding the date of payment to the Agent, at the greater of the Federal Funds Effective Rate and a rate determined by the Agent in accordance with banking industry rules on interbank compensation.

(e) If any Lender shall fail to make any payment required to be made by it hereunder, then the Agent may, in its discretion and notwithstanding any contrary provision hereof, (i) apply any amounts thereafter received by the Agent for the account of such Lender to satisfy such Lender's payment obligations hereunder until all such unsatisfied obligations are fully paid, and/or (ii) hold such amounts in a segregated account over which the Agent shall have exclusive control as cash collateral for, and application to, any future funding obligations of such Lender hereunder, in the case of each of clause (i) and (ii) above, in any order as determined by the Agent in its discretion.

SECTION 2.17 Defaulting Lenders.

(a) Defaulting Lender Adjustments. Notwithstanding anything to the contrary contained in this Agreement, if any Lender becomes a Defaulting Lender, then, until such time as such Lender is no longer a Defaulting Lender, to the extent permitted by applicable law:

(i) Waivers and Amendments. The Commitment and Credit Exposure of such Defaulting Lender shall not be included in determining whether the Required Lenders have taken or may take any action hereunder or under any other Loan Document (including any consent to any amendment, waiver or other modification pursuant to Section 9.08); provided that any amendment, waiver or other modification requiring the consent of all Lenders or all Lenders affected thereby shall, except as otherwise provided in Section 9.08, require the consent of such Defaulting Lender in accordance with the terms hereof.

(ii) Defaulting Lender Waterfall. Any payment of principal, interest, fees or other amounts received by the Agent for the account of such Defaulting Lender (whether voluntary or mandatory, at maturity, pursuant to Article VII or otherwise) or received by the Agent from a Defaulting Lender pursuant to Section 9.06 shall be applied at such time or times as may be determined by the Agent as follows: *first*, to the payment of any amounts owing by such Defaulting Lender to the Agent hereunder; *second*, to the payment of any amounts owing by such Defaulting Lender to the Issuing Bank; *third*, to Cash Collateralize the Issuing Bank's Fronting Exposure with respect to such Defaulting Lender in accordance with Section 2.04(j); *fourth*, as the Borrower may request (so long as no Default exists), to the funding of any Loan in respect of which such Defaulting Lender has failed to fund its portion thereof as required by this Agreement, as determined by the Agent; *fifth*, if so determined by the Agent and the Borrower, to be held in a deposit account and released pro rata in order to (x) satisfy such Defaulting Lender's potential future funding obligations with respect to Loans under this Agreement and (y) Cash Collateralize the Issuing Bank's future Fronting Exposure with respect to such Defaulting Lender with respect to future Letters of Credit issued under this Agreement, in accordance with Section

2.04(j); *sixth*, to the payment of any amounts owing to the Lenders or the Issuing Bank as a result of any judgment of a court of competent jurisdiction obtained by any Lender or the Issuing Bank against such Defaulting Lender as a result of such Defaulting Lender's breach of its obligations under this Agreement; *seventh*, so long as no Default exists, to the payment of any amounts owing to the Borrower as a result of any judgment of a court of competent jurisdiction obtained by the Borrower against such Defaulting Lender as a result of such Defaulting Lender's breach of its obligations under this Agreement; and *eighth*, to such Defaulting Lender or as otherwise directed by a court of competent jurisdiction; provided that if (x) such payment is a payment of the principal amount of any Loans or LC Disbursements in respect of which such Defaulting Lender has not fully funded its appropriate share, and (y) such Loans were made or the related Letters of Credit were issued at a time when the conditions set forth in Section 4.02 were satisfied or waived, such payment shall be applied solely to pay the Loans of, and LC Disbursements owed to, all Non-Defaulting Lenders on a pro rata basis prior to being applied to the payment of any Loans of, or LC Disbursements owed to, such Defaulting Lender until such time as all Loans and funded and unfunded participations in Letters of Credit are held by the Lenders pro rata in accordance with the Commitments without giving effect to Section 2.17(a)(iv). Any payments, prepayments or other amounts paid or payable to a Defaulting Lender that are applied (or held) to pay amounts owed by a Defaulting Lender or to post Cash Collateral pursuant to this Section 2.17(a)(ii) shall be deemed paid to and redirected by such Defaulting Lender, and each Lender irrevocably consents hereto.

(iii) Certain Fees.

(A) No Defaulting Lender shall be entitled to receive any fee pursuant to Section 2.07(a) for any period during which that Lender is a Defaulting Lender (and the Borrower shall not be required to pay any such fee that otherwise would have been required to have been paid to that Defaulting Lender).

(B) Each Defaulting Lender shall be entitled to receive fees in respect of Letters of Credit pursuant to Section 2.07(b) in respect of its participations in Letters of Credit for any period during which that Lender is a Defaulting Lender only to the extent allocable to its Applicable Percentage of the stated amount of Letters of Credit for which it has provided Cash Collateral pursuant to Section 2.04(j).

(C) With respect to any participation fee in respect of Letters of Credit not required to be paid to any Defaulting Lender pursuant to clauses (A) or (B) above, the Borrower shall (x) pay to each Non-Defaulting Lender that portion of any such fee otherwise payable to such Defaulting Lender with respect to such Defaulting Lender's participation in Letters of Credit that has been reallocated to such Lender pursuant to clause (iv) below, (y) pay to the Issuing Bank, the amount of any such fee otherwise payable to such Defaulting Lender to the extent allocable to the Issuing Bank's Fronting Exposure to such Defaulting Lender, and (z) not be required to pay the remaining amount of any such fee.

(iv) Reallocation of Participations to Reduce Fronting Exposure. All or any part of such Defaulting Lender's participation in LC Exposure shall be reallocated among the Non-Defaulting Lenders in accordance with their respective Applicable Percentages (calculated without regard to such Defaulting Lender's Commitment) but only to the extent that (x) the conditions set forth in Section 4.02 are satisfied at the time of such reallocation (and, unless the Borrower shall have otherwise notified the Agent at such time, the Borrower shall be deemed to have represented and warranted that such conditions are satisfied at such time), and (y) such reallocation does not cause the aggregate Credit Exposure of any Non-Defaulting Lender to exceed such Lender's Commitment. Subject to Section 9.20, no reallocation hereunder shall constitute a waiver or release of any claim of any party hereunder against a Defaulting Lender arising from that Lender having become a Defaulting Lender, including any claim of a Non-Defaulting Lender as a result of such Lender's increased exposure following such reallocation.

(v) Cash Collateral. If the reallocation described in clause (iv) above cannot, or can only partially, be effected, the Borrower shall, without prejudice to any right or remedy available to it hereunder or under applicable law, Cash Collateralize the Issuing Bank's Fronting Exposure in accordance with the procedures set forth in Section 2.04(j).

(b) Defaulting Lender Cure. If the Borrower, the Agent and the Issuing Bank agree in writing that a Lender is no longer a Defaulting Lender, the Agent will so notify the parties hereto, whereupon as of the effective date specified in such notice and subject to any conditions set forth therein (which may include arrangements with respect to any Cash Collateral), that Lender will, to the extent applicable, purchase at par that portion of outstanding Loans of the other Lenders or take such other actions as the Agent may determine to be necessary to cause the Loans and funded and unfunded participations in Letters of Credit to be held pro rata by the Lenders in accordance with the Commitments (without giving effect to Section 2.17(a)(iv)), whereupon such Lender will cease to be a Defaulting Lender; provided that no adjustments will be made retroactively with respect to fees accrued or payments made by or on behalf of the Borrower while that Lender was a Defaulting Lender; and provided, further, that except to the extent otherwise expressly agreed by the affected parties, no change hereunder from Defaulting Lender to Lender will constitute a waiver or release of any claim of any party hereunder arising from that Lender's having been a Defaulting Lender.

(c) New Letters of Credit. So long as any Lender is a Defaulting Lender, the Issuing Bank shall not be required to issue, amend, extend, renew or increase any Letter of Credit unless it is satisfied that it will have no Fronting Exposure after giving effect thereto.

SECTION 2.18 Mitigation Obligations; Replacement of Lenders. (a) If any Lender requests compensation under Section 2.13, or if the Borrower is required to pay any Indemnified Taxes or additional amount to any Lender or any Governmental Authority for the account of any Lender pursuant to Section 2.15, then such Lender shall use reasonable efforts to designate a different lending office for funding or booking its Loans hereunder or to assign its rights and obligations hereunder to another of its offices, branches or affiliates, if, in the judgment of such Lender, such designation or assignment (i) would eliminate or reduce amounts payable pursuant to Section 2.13 or 2.15, as the case may be, in the future and (ii) would not subject such Lender to any unreimbursed cost or expense and would not otherwise be disadvantageous to such Lender. The Borrower hereby agrees to pay all reasonable out-of-pocket costs and expenses incurred by any Lender in connection with any such designation or assignment.

(b) If (i) any Lender requests compensation under Section 2.13, (ii) the Borrower is required to pay Indemnified Taxes or any additional amount to any Lender or any Governmental Authority for the account of any Lender pursuant to Section 2.15, (iii) any Lender is a Defaulting Lender or (iv) any Lender is a Non-Consenting Lender, then the Borrower may, at its sole expense and effort, upon notice to such Lender and the Agent (and in the case of clause (iv) above, within 5 days after the date such Lender becomes a Non-Consenting Lender), (A) require such Lender to assign and delegate, without recourse (in accordance with and subject to the restrictions contained in Section 9.04(b)), all its interests, rights (other than its existing rights to payments pursuant to Section 2.13 or 2.15) and obligations under this Agreement and the other Loan Documents to an Eligible Assignee that shall assume such obligations (which assignee may be another Lender, if a Lender accepts such assignment); provided that (i) the Borrower shall have received the prior written consent of the Agent and each Issuing Bank, which consent shall not unreasonably be withheld, (ii) such Lender shall have received payment of an amount equal to the outstanding principal of its Loans and participations in LC Disbursements, accrued interest thereon, accrued fees and all other amounts payable to it hereunder, from the assignee (to the extent of such outstanding principal and accrued interest and fees) or the Borrower (in the case of all other amounts), and (iii) in the case of any such assignment resulting from a claim for compensation under Section 2.13 or payments required to be made pursuant to Section 2.15, such assignment will result in a reduction in such compensation or payments. A Lender shall not be required to make any such assignment and delegation if, prior thereto, as a result of a waiver by such Lender or otherwise, the circumstances entitling the Borrower to require such assignment and delegation cease to apply.

SECTION 2.19 Incremental Commitments. (a) The Borrower may on one or more occasions, by written notice to the Agent, request prior to the Maturity Date, the establishment of Incremental Commitments; provided that the aggregate, cumulative amount of all Incremental Commitments established pursuant to this Section 2.19 after the Assignment and Amendment Effective Date shall not exceed $25,000,000. Each such notice shall specify (i) the date on which the Borrower proposes that the Incremental Commitments shall be effective, which shall be a date not less than 10 Business Days (or such shorter period as may be agreed to by the Agent) after the date on which such notice is delivered to the Agent, (ii) the amount of the Incremental Commitments being requested and (iii) the identity of each Lender or other Person that the Borrower proposes become an Incremental Lender with respect thereto, together with the proposed aggregate amount of the Incremental Commitment for each such Lender or other Person (it being agreed that (x) any Lender approached to provide any Incremental Commitment may elect or decline, in its sole discretion, to provide such Incremental Commitment and (y) any such Person that is not a Lender must be an Eligible Assignee that is reasonably acceptable to the Agent and, to the extent applicable, each Issuing Bank).

(b) The terms and conditions of any Incremental Commitment and other extensions of credit to be made thereunder may be (i) identical to the terms and conditions of the Commitments and Loans and other extensions of credit made hereunder, (ii) in a separate tranche of revolving loans and commitments or (iii) incurred in the form of term loans, in each case as agreed by the applicable Lenders.

(c) The Incremental Commitments shall be effected pursuant to one or more Incremental Facility Agreements executed and delivered by the Borrower, each Incremental

Lender providing such Incremental Commitments and the Agent; provided that no Incremental Commitments shall become effective unless (i) no Default or Event of Default shall have occurred and be continuing on the date of effectiveness thereof, both immediately prior to and immediately after giving effect to such Incremental Commitments and the making of Loans and other extensions of credit thereunder to be made on such date, (ii) on the date of effectiveness thereof, the representations and warranties of the Borrower set forth in the Loan Documents shall be true and correct (A) in the case of the representations and warranties qualified as to materiality, in all respects, and (B) otherwise, in all material respects, except in the case of any such representation and warranty that expressly relates to a prior date, in which case such representation and warranty shall be so true and correct on and as of such prior date, (iii) after giving effect to and the making of Loans and other extensions of credit thereunder to be made on the date of effectiveness thereof, the Borrower shall be in compliance with the covenants set forth in Section 6.12 on a pro forma basis as if such Loans or other extensions of credit had been incurred or assumed on the first day of the Test Period most recently ended on or prior to the date of such effectiveness, (iv) the Borrower shall make any payments required to be made pursuant to Section 2.14 in connection with such Incremental Commitments and the related transactions under this Section 2.19 and (v) the Borrower shall have delivered to the Agent such legal opinions, board resolutions, secretary's certificates, officer's certificates and other documents as shall reasonably be requested by the Agent in connection with any such transaction. Each Incremental Facility Agreement may, without the consent of any Lender, effect such amendments to this Agreement and the other Loan Documents as may be necessary or appropriate, in the reasonable judgment of the Agent, to give effect to the provisions of this Section 2.19 (including to evidence a separate tranche of revolving loans and commitments or term loans).

(d) In the case of Incremental Commitments described in Section 2.19(b)(i), upon effectiveness of an Incremental Commitment of any Incremental Lender, (i) such Incremental Lender shall be deemed to be a "Lender" hereunder, and henceforth shall be entitled to all the rights of, and benefits accruing to, Lenders hereunder and shall be bound by all agreements, acknowledgements and other obligations of Lenders hereunder and under the other Loan Documents, and (ii)(A) such Incremental Commitment shall constitute (or, in the event such Incremental Lender already has a Commitment, shall increase) the Commitment of such Incremental Lender and (B) the aggregate amount of the Lenders' Commitments shall be increased by the amount of such Incremental Commitment, in each case, subject to further increase or reduction from time to time as set forth in the definition of the term "Commitment". For the avoidance of doubt, upon the effectiveness of any Incremental Commitment, the Credit Exposure of the Incremental Lender holding such Commitment, and the Applicable Percentages of all the Lenders shall automatically be adjusted to give effect thereto.

(e) On the date of the effectiveness of any Incremental Commitments described in Section 2.19(b)(i), each Lender shall be deemed to have assigned to each Incremental Lender holding such Incremental Commitments, and each such Incremental Lender shall be deemed to have purchased from each Lender, in an amount equal to the principal amount thereof (together with accrued and unpaid interest), such interests in the Loans and participations in Letters of Credit outstanding on such date as shall be necessary in order that, after giving effect to all such assignments and purchases, such Loans and participations in Letters of Credit will be held by all the Lenders (including such Incremental Lenders) ratably in accordance with their Applicable Percentages after giving effect to the effectiveness of such Incremental

Commitments. Any Loans outstanding immediately prior to the date of the effectiveness of such Incremental Commitments that are Eurodollar Loans will (except to the extent otherwise repaid in accordance herewith) continue to be held by, and all interest thereon will continue to accrue for the accounts of, the Lenders holding such Loans immediately prior to the date of the effectiveness of such Incremental Commitments, in each case until the last day of the then-current Interest Period applicable to any such Loan, at which time such Loans will be repaid or refinanced with new Loans made pursuant to Section 2.01 in accordance with the Applicable Percentages of the Lenders (including the Incremental Lenders) after giving effect to the effectiveness of such Incremental Commitments; provided, however, that upon the occurrence of any Event of Default, each Incremental Lender will promptly purchase (for cash at face value) assignments of portions of such outstanding Loans of other Lenders so that, after giving effect thereto, all Loans that are Eurodollar Loans are held by the Lenders (including the Incremental Lenders) in accordance with their then-current Applicable Percentages. Any such assignments shall be effected in accordance with the provisions of Section 9.04, provided that the parties hereto hereby consent to such assignments and the minimum assignment amounts and processing and recordation fee set forth in Section 9.04(b) shall not apply thereto. Any ABR Loans outstanding on the date of the effectiveness of such Incremental Commitments shall either be prepaid on such date or refinanced on such date (subject to the satisfaction of applicable borrowing conditions) with Loans made on such date by the Lenders (including the Incremental Lenders) in accordance with their Applicable Percentages. In order to effect any such refinancing, (i) each Incremental Lender will make ABR Loans by transferring funds to the Agent in an amount equal to the aggregate outstanding amount of such Loans of such Type times a percentage obtained by dividing the amount of such Incremental Lender's Incremental Commitment by the aggregate amount of the Lenders' Commitments (after giving effect to the effectiveness of the Incremental Commitments on such date) and (ii) such funds will be applied to the prepayment of outstanding ABR Loans held by the Lenders other than the Incremental Lenders, and transferred by the Agent to the Lenders other than the Incremental Lenders, in such amounts so that, after giving effect thereto, all ABR Loans will be held by the Lenders in accordance with their then-current Applicable Percentages. On the date of the effectiveness of such Incremental Commitments, the Borrower will pay to the Agent, for the accounts of the Lenders receiving such prepayments, accrued and unpaid interest on the aggregate principal amount of the Loans of the Borrower being prepaid. The Agent and the Lenders hereby agree that the minimum borrowing, pro rata borrowing and pro rata payment requirements contained elsewhere in this Agreement shall not apply to the transactions effected pursuant to the immediately preceding sentence.

The Agent shall notify Lenders promptly upon receipt by the Agent of any notice from the Borrower referred to in Section 2.19 and of the effectiveness of any Incremental Commitments, in each case advising the Lenders of the details thereof and of the Applicable Percentages of the Lenders after giving effect thereto and of the assignments deemed to have been made pursuant to Section 2.19(e).

(f) The Agent shall notify Lenders promptly upon receipt by the Agent of any notice from the Borrower referred to in Section 2.19 and of the effectiveness of any Incremental Commitments, in each case advising the Lenders of the details thereof and of the Applicable Percentages of the Lenders after giving effect thereto and of the assignments deemed to have been made pursuant to Section 2.19(e).

ARTICLE III

Representations and Warranties

The Borrower represents and warrants to each of the Lenders that:

SECTION 3.01 Organization; Powers. The Borrower and each of its Covered Subsidiaries is duly organized, validly existing and in good standing (if applicable) under the laws of its jurisdiction of organization, has all requisite authority to conduct its business as now conducted and, except where the failure to do so, individually or in the aggregate, could not reasonably be expected to result in a Material Adverse Effect, is qualified to do business in each jurisdiction where such qualification is required.

SECTION 3.02 Authorization and Enforceability. The Transactions are within the Borrower's corporate powers and have been duly authorized by all necessary corporate and, if required, stockholder action. This Agreement has been duly executed and delivered by the Borrower and constitutes a legal, valid and binding obligation of the Borrower, enforceable in accordance with its terms, subject to applicable bankruptcy, insolvency, reorganization, moratorium or other laws affecting creditors' rights generally and subject to general principles of equity, regardless of whether considered in a proceeding in equity or at law.

SECTION 3.03 Approvals; No Conflict. The Transactions (a) do not require any consent or approval of, registration or filing with, or any other action by, any Governmental Authority or any third party, except such as have been obtained or made and are in full force and effect, (b) will not violate any applicable law or regulation, charter, by-laws or other organizational documents of the Borrower or any of its Covered Subsidiaries or any order of any Governmental Authority, (c) will not violate or result in a default under any indenture, material agreement or other material instrument binding upon the Borrower or any of its Covered Subsidiaries or any of their assets, or give rise to a right thereunder to require any payment to be made by the Borrower or any of its Covered Subsidiaries, and (d) will not result in the creation or imposition of any Lien on any assets of the Borrower or any of its Covered Subsidiaries.

SECTION 3.04 Financial Condition; No Material Adverse Change. (a) The Borrower has heretofore furnished to the Lenders (i) the consolidated balance sheet and related consolidated statements of operations, comprehensive income, changes in stockholders' equity and cash flows of the Borrower and its consolidated subsidiaries as of and for the fiscal year ended December 31, 2019, audited by and accompanied by the opinion of KPMG LLP, independent registered public accounting firm, and (ii) the unaudited consolidated balance sheet and related consolidated statements of operations, comprehensive income and cash flows of the Borrower and its consolidated subsidiaries as of and for the fiscal quarter and the fiscal year ended December 31, 2020, certified by its chief financial officer. Such financial statements (including the related notes and schedules thereto) present fairly in all material respects the financial condition and results of operations of the Borrower and its consolidated subsidiaries as of such dates and for such periods in accordance with GAAP, subject to year end audit adjustments and the absence of footnotes in the case of the statements referred to in clause (ii) above.

(b) Since December 31, 2019, there has been no material adverse change in the business, assets, operations, or financial condition of the Borrower and its subsidiaries, taken as a whole, and as of the Assignment and Amendment Effective Date, there has been no material adverse change in the business, assets, operations, or financial condition of the Borrower and its Subsidiaries, taken as a whole.

(c) Except as disclosed in the financial statements referred to above or the notes thereto, after giving effect to the Transactions, none of the Borrower or its Subsidiaries has, as of the Assignment and Amendment Effective Date, any material contingent liabilities, unusual long-term commitments or material unrealized losses.

SECTION 3.05 Properties. (a) Each of the Borrower and its Covered Subsidiaries has good title to, or valid leasehold interests in, all its real and personal property material to its business, except for minor defects in title that do not interfere with its ability to conduct its business as currently conducted or to utilize such properties for their intended purposes.

(b) Each of the Borrower and its Subsidiaries owns, or is licensed to use, all trademarks, trade names, copyrights, patents and other intellectual property material to its business, and the use thereof by the Borrower and its Subsidiaries does not infringe upon the rights of any other Person, except for any such infringements that, individually or in the aggregate, could not reasonably be expected to result in a Material Adverse Effect.

SECTION 3.06 Litigation and Environmental Matters. (a) There are no actions, suits or proceedings by or before any arbitrator or Governmental Authority pending against or, to the knowledge of the Borrower, threatened in writing against or affecting the Borrower or any of its Covered Subsidiaries (i) as to which there is a reasonable possibility of an adverse determination and that, if adversely determined, could reasonably be expected, individually or in the aggregate, to result in a Material Adverse Effect or (ii) that involve this Agreement or the Transactions.

(b) Except with respect to any matters that, individually or in the aggregate, could not reasonably be expected to result in a Material Adverse Effect, neither the Borrower nor any of its Subsidiaries (i) has failed to comply with any Environmental Law or to obtain, maintain or comply with any permit, license or other approval required under any Environmental Law, (ii) has become subject to any Environmental Liability, (iii) has received notice of any claim with respect to any Environmental Liability or (iv) knows of any basis for any Environmental Liability.

SECTION 3.07 Compliance with Laws and Agreements. Each of the Borrower and its Covered Subsidiaries is in compliance with all laws, regulations and orders of any Governmental Authority applicable to it or its property and all indentures, agreements and other instruments binding upon it or its property, except where the failure to do so, individually or in the aggregate, could not reasonably be expected to result in a Material Adverse Effect. Each Subsidiary of the Borrower that is an "investment adviser" within the meaning of the Investment Advisers Act of 1940 is in compliance in all material respects with the requirements of the Investment Advisers Act of 1940 and the rules and regulations of the SEC thereunder, including the registration and reporting requirements thereof. No Default has occurred and is continuing.

SECTION 3.08 Investment Company Status. Except for Funds that are managed by Covered Subsidiaries of the Borrower and that are duly registered as Investment Companies under the Investment Company Act of 1940, neither the Borrower nor any Subsidiary is an "investment company" as defined in, or subject to regulation as an "investment company" under, the Investment Company Act of 1940.

SECTION 3.09 Margin Regulations. (a) Not more than 25% of the value of the assets of the Borrower and the Covered Subsidiaries subject to any restrictions on the sale, pledge or other disposition of assets under this Agreement, any other Loan Document or any other agreement to which any Lender or Affiliate of a Lender is party will at any time be represented by Margin Stock.

(b) No part of the proceeds of any Loan will be used, whether directly or indirectly, and whether immediately, incidentally or ultimately, for any purpose that entails a violation of, or that is inconsistent with, the provisions of the Regulations of the Board, including Regulation T, Regulation U and Regulation X.

SECTION 3.10 Taxes. The Borrower and each Covered Subsidiary have filed all Federal, State and other Tax returns which are required to be filed and have paid all Taxes stated to be due by the Borrower and each Covered Subsidiary pursuant to said returns or pursuant to any assessment received by the Borrower or any Covered Subsidiary, including without limitation all Federal and state withholding Taxes and all Taxes required to be paid pursuant to applicable law, except such Taxes, if any, as are being contested in good faith by appropriate proceedings and as to which adequate reserves have been provided for on the books of the Borrower or such Covered Subsidiary, or where a failure to so file or pay could not reasonably be expected to have a Material Adverse Effect.

SECTION 3.11 ERISA. No ERISA Event has occurred or is reasonably expected to occur that, when taken together with all other such ERISA Events for which liability is reasonably expected to occur, could reasonably be expected to result in a Material Adverse Effect. As of the most recent valuation date for any Plan, the funding target attainment percentage (as defined in Section 430(d)(2) of the Code) is 60% or higher and neither the Borrower nor any ERISA Affiliate knows of any facts or circumstances that could reasonably be expected to result in the funding attainment percentage dropping below 60% as of the most recent valuation date.

SECTION 3.12 Disclosure. No information included in any of the reports, financial statements, certificates or other written information furnished by or on behalf of the Borrower to the Agent or any Lender in connection with the negotiation of this Agreement or any other Loan Document or delivered hereunder or thereunder (as modified or supplemented by other written information so furnished) contains any material misstatement of fact or omits to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, taken as a whole, not misleading; provided that, with respect to projected financial information and forward looking statements, the Borrower represents only that such information was prepared in good faith based upon assumptions believed to be reasonable at the time when prepared, it being understood that projected financial information and forward looking statements are inherently uncertain and that the Borrower gives no representation and warranty that projected results will be achieved.

SECTION 3.13 Anti-Corruption Laws and Sanctions. The Borrower has implemented and maintains in effect policies and procedures designed to ensure compliance by the Borrower, its Subsidiaries and their respective directors, officers, employees and agents with Anti-Corruption Laws and applicable Sanctions, and the Borrower, its Subsidiaries and their respective officers and employees and, to the knowledge of the Borrower, its directors and agents, are in compliance with Anti-Corruption Laws and applicable Sanctions in all material respects. None of (a) the Borrower, any Subsidiary or, to the knowledge of the Borrower or such Subsidiary, any of their respective directors, officers or employees, or (b) to the knowledge of the Borrower, any agent of the Borrower or any Subsidiary that will act in any capacity in connection with or benefit from the credit facility established hereby, is a Sanctioned Person. The Transactions will not violate Anti-Corruption Laws or applicable Sanctions.

ARTICLE IV

Conditions

SECTION 4.01 [Reserved].

SECTION 4.02 Conditions to Each Credit Event. The obligation of each Lender to make Loans on the occasion of any Borrowing, and of each Issuing Bank to issue, amend, renew or extend any Letter of Credit, are subject to the satisfaction of the following conditions:

(a) the representations and warranties set forth in this Agreement shall be true and correct (i) in the case of the representations and warranties qualified as to materiality, in all respects and (ii) otherwise, in all material respects, in each case on and as of the date of such Borrowing or the date of issuance, amendment, renewal or extension of such Letter of Credit, as applicable, except with respect to representations and warranties expressly made only as of an earlier date, in which case such representations and warranties were so true and correct on and as of such earlier date;

(b) at the time of and immediately after giving effect to such Borrowing or the issuance, amendment, renewal or extension of such Letter of Credit, as applicable, no Default or Event of Default shall have occurred and be continuing; and

(c) receipt by the Agent of a Borrowing Request in accordance with Section 2.03, or, in the case of the issuance, amendment, extension or renewal of a Letter of Credit, receipt by the relevant Issuing Bank and Agent of a notice requesting the issuance, amendment, extension or renewal of such Letter of Credit to the extent required by Section 2.04(b).

Each Borrowing and each issuance, amendment, renewal or extension of any Letter of Credit, shall be deemed to constitute a representation and warranty by the Borrower on the date thereof as to the matters specified in paragraphs (a) and (b) of this Section.

ARTICLE V

Affirmative Covenants

Until the Commitments have expired or been terminated and the principal of and interest on each Loan and all fees payable hereunder shall have been paid in full and all Letters of Credit shall have expired or terminated, in each case, without any pending draw, and all LC Disbursements shall have been reimbursed, the Borrower covenants and agrees with the Lenders that:

SECTION 5.01 Financial Statements; Ratings Changes and Other Information. The Borrower will furnish to the Agent and each Lender:

(a) within 120 days after the end of each fiscal year of the Borrower beginning with the fiscal year ended December 31, 2020, its audited consolidated balance sheet and related consolidated statements of operations, comprehensive income, changes in stockholders' equity and cash flows as of the end of and for such year, beginning with 2021 financial statements setting forth in each case in comparative form the figures for the previous fiscal year, all reported on by KMPG LLP or other independent public accountants of recognized national standing (without a "going concern" or like qualification commentary or exception and without any qualification or exception as to the scope of such audit) to the effect that such consolidated financial statements present fairly in all material respects the financial condition and results of operations of the Borrower and its consolidated Subsidiaries on a consolidated basis in accordance with GAAP consistently applied (it being understood and agreed that such financial statements will be prepared on substantially the same basis and with the substantially the same presentation as the Borrower's audited financial statements referred to in Section 3.04);

(b) within 45 days after the end of each of the first three fiscal quarters of each fiscal year of the Borrower, its consolidated balance sheet and related consolidated statements of operations, comprehensive income and cash flows as of the end of and for such fiscal quarter and the then elapsed portion of the fiscal year, setting forth in each case in comparative form the figures for the corresponding period or periods of (or, in the case of the balance sheet, as of the end of) the previous fiscal year, all certified by one of its Financial Officers as presenting fairly in all material respects the financial condition and results of operations of the Borrower and its consolidated Subsidiaries on a consolidated basis in accordance with GAAP consistently applied, subject to normal year-end audit adjustments and the absence of footnotes;

(c) concurrently with any delivery of financial statements under clause (a) or (b) above, a duly executed and completed Compliance Certificate (i) certifying as to whether a Default has occurred and, if a Default has occurred, specifying the details thereof and any action taken or proposed to be taken with respect thereto, (ii) setting forth reasonably detailed calculations demonstrating compliance with Section 6.12 and including calculations for the Test Period ending on the last day of the most recent fiscal quarter covered by such financial statements of Consolidated Adjusted EBITDA (including a detailed reconciliation from Consolidated Net Income to Consolidated Adjusted EBITDA) and Consolidated Interest Expense, (iii) stating whether any change in GAAP or in the application thereof has occurred since the date of the audited financial statements referred to in Section 3.04 and, if any such change has occurred, specifying the effect of such change on the financial statements accompanying such certificate and (iv) attaching unaudited consolidating financial statements relating to the financial statements delivered under paragraph (a) or (b) above, as applicable;

(d) concurrently with any delivery of financial statements under clause (a) above, a certificate of the accounting firm that reported on such financial statements stating whether they obtained knowledge during the course of their examination of such financial statements of any Default (which certificate may be limited to the extent required by accounting rules or guidelines); and

(e) promptly following any request therefor, such other information regarding the operations, business affairs and financial condition of the Borrower or any Subsidiary, or compliance with the terms of this Agreement, as the Agent or any Lender may reasonably request.

SECTION 5.02 Notice of Material Events. Promptly and in any event within five Business Days after a Responsible Officer of the Borrower becomes aware thereof, the Borrower will give notice in writing to the Agent of the following:

(a) any Event of Default or Default, specifying the nature and extent thereof and the corrective action (if any) taken or proposed to be taken with respect thereto;

(b) the filing or commencement of, or any written notice of intention of any Person to file or commence, any action, suit, proceeding or investigation, whether at law or in equity or by or before any arbitrator or Governmental Authority, against or affecting the Borrower or any Affiliate of the Borrower as to which there is a reasonable possibility of an adverse determination and that, if adversely determined, could reasonably be expected to result in a Material Adverse Effect;

(c) the occurrence of any ERISA Event that, alone or together with any other ERISA Events that have occurred, could reasonably be expected to result in, a Material Adverse Effect; and

(d) any other development or event that has resulted in, or could reasonably be expected to result in, a Material Adverse Effect.

SECTION 5.03 Existence; Conduct of Business. The Borrower will, and will cause each of its Covered Subsidiaries to, do or cause to be done all things necessary to preserve, renew and keep in full force and effect its legal existence and the rights, licenses, registrations, permits, privileges and franchises material to the conduct of its business; provided that the foregoing shall not prohibit any merger, consolidation, liquidation or dissolution permitted under Section 6.04.

SECTION 5.04 Payment of Obligations. The Borrower will, and will cause each of its Covered Subsidiaries to, pay its obligations (other than Indebtedness), including Tax liabilities, that, if not paid, could result in a Material Adverse Effect before the same shall become delinquent or in default, except where the validity or amount thereof is being contested in good faith by appropriate proceedings and (a) the Borrower or such Covered Subsidiary has set aside on its books adequate reserves with respect thereto in accordance with GAAP or (b) the failure to make payment pending such contest could not reasonably be expected to result in a Material Adverse Effect.

SECTION 5.05 Maintenance of Properties; Insurance. The Borrower will, and will cause each of its Covered Subsidiaries to, (a) keep and maintain all property material to the conduct of its business in good working order and condition, ordinary wear and tear excepted, and (b) maintain, with financially sound and reputable insurance companies, insurance in such amounts and against such risks as are customarily maintained by companies engaged in the same or similar businesses operating in the same or similar locations.

SECTION 5.06 Books and Records; Inspection Rights. The Borrower will, and will cause each Covered Subsidiary to, keep proper books and accounts in which full, true and correct entries are made of all dealings and transactions in relation to its business and activities sufficient to permit the preparation of consolidated financial statements in accordance with GAAP. Upon reasonable notice and during normal business hours, the Borrower will, and will cause each Covered Subsidiary to, provide the Agent or any Lender acting with the consent of the Agent with access to the books and financial records of the Borrower and each Covered Subsidiary, to make reasonable examinations and copies of the books of accounts and other financial records of the Borrower and each Covered Subsidiary, and to discuss the affairs, finances and accounts of the Borrower and each Covered Subsidiary with, and to be advised as to the same by, their officers and, in the presence of officers or other representatives of the Borrower, independent accountants at such reasonable times and intervals as the Agent or Required Lenders may reasonably request; provided, however, so long as no Event of Default has occurred and is continuing, there shall not be more than one such inspection and examination in any calendar year.

SECTION 5.07 Compliance with Laws. The Borrower will, and will cause each of its Subsidiaries to, comply with all laws, rules, regulations and orders of any Governmental Authority applicable to it or its property, except where the failure to do so, individually or in the aggregate, could not reasonably be expected to result in a Material Adverse Effect. The Borrower will maintain in effect and enforce policies and procedures designed to ensure compliance by the Borrower, its Subsidiaries and their respective directors, officers, employees and agents with Anti-Corruption Laws and applicable Sanctions.

SECTION 5.08 Use of Proceeds. The Borrower will use the proceeds of (a) the Loans for working capital and general corporate purposes of the Borrower and the Covered Subsidiaries, including acquisitions, distributions and investments and (b) the Letters of Credit solely for working capital and general corporate purposes of the Borrower and the Covered Subsidiaries. The Borrower will not request any Borrowing or Letter of Credit, and the Borrower shall not use, and shall procure that its Subsidiaries and its or their respective directors, officers, employees and agents shall not use, the proceeds of any Borrowing or Letter of Credit

(A) in furtherance of an offer, payment, promise to pay, or authorization of the payment or giving of money, or anything else of value, to any Person in violation of any Anti-Corruption Laws, (B) for the purpose of funding, financing or facilitating any activities, business or transaction of or with any Sanctioned Person, or in any Sanctioned Country, or (C) in any manner that would result in the violation of any Sanctions applicable to any party hereto.

ARTICLE VI

Negative Covenants

Until the Commitments have expired or terminated and the principal of and interest on each Loan and all fees payable hereunder have been paid in full and all Letters of Credit have expired or terminated, in each case, without any pending draw, and all LC Disbursements shall have been reimbursed, the Borrower covenants and agrees with the Lenders that:

SECTION 6.01 Indebtedness. The Borrower will not and will not permit any Covered Subsidiary to incur, create or suffer to exist any Indebtedness except:

(a) Indebtedness created hereunder, including Indebtedness pursuant to Incremental Facility Agreements;

(b) Indebtedness (i) of the Borrower to any Covered Subsidiary and (ii) of any Covered Subsidiary to the Borrower or any other Covered Subsidiary; provided that (A) such Indebtedness shall not have been transferred to any Person other than the Borrower or any other Covered Subsidiary and (B) any such Indebtedness owing by the Borrower shall be unsecured and subordinated in writing in right of payment to the Obligations pursuant to an Affiliate Subordination Agreement;

(c) Indebtedness of the Borrower or any Covered Subsidiary existing on the Assignment and Amendment Effective Date and described on Schedule 6.01 and extensions, renewals and replacements of any such Indebtedness that do not increase the outstanding principal amount thereof;

(d) Indebtedness of the Borrower or any Covered Subsidiary incurred to finance the acquisition, construction or improvement of any fixed or capital assets, including Capitalized Lease Obligations, and any Indebtedness assumed in connection with the acquisition of any such assets or secured by a Lien on any such assets prior to the acquisition thereof, and extensions, renewals and replacements of any such Indebtedness that do not increase the outstanding principal amount thereof; provided that (i) such Indebtedness is incurred prior to or within 90 days after such acquisition or the completion of such construction or improvement and (ii) the aggregate principal amount of Indebtedness permitted by this clause (d) shall not exceed $15,000,000 at any time outstanding;

(e) Indebtedness of any Person that becomes a Covered Subsidiary after the date hereof; provided that (i) such Indebtedness exists at the time such Person becomes a Covered Subsidiary and is not created in contemplation of or in connection with such Person becoming a Covered Subsidiary, (ii) such Indebtedness has recourse solely to the assets of such Person and not to any other assets of the Borrower or any other Covered Subsidiary, (iii) such Indebtedness is not Guaranteed by the Borrower or any other Covered Subsidiary and (iv) such Indebtedness shall be refinanced or replaced no later than 90 days after the date on which such Person becomes a Covered Subsidiary with unsecured Indebtedness of the Borrower that is not Guaranteed by any Covered Subsidiary;

(f) unsecured Indebtedness of the Borrower and its Covered Subsidiaries representing deferred compensation to employees of the Borrower and its Covered Subsidiaries or long-term liability accruals in respect of previously recognized compensation expense attributable to equity and profit sharing awards to employees;

(g) Non-Recourse Seed Indebtedness;

(h) [Reserved];

(i) other Indebtedness of Covered Subsidiaries in an aggregate principal amount not exceeding $5,000,000 at any time outstanding; and

(j) other unsecured Indebtedness of the Borrower that is not Guaranteed by any Covered Subsidiary.

SECTION 6.02 Liens. The Borrower will not, nor will it permit any Covered Subsidiary to, create, incur, or suffer to exist any Lien in or on its property (now or hereafter acquired), or on any income or revenues or rights (including accounts receivable) in respect of any thereof, except:

(a) Permitted Encumbrances;

(b) any Lien existing on the Assignment and Amendment Effective Date and described in Schedule 6.02 hereto; provided that (i) such Lien shall not apply to any property or asset of the Borrower or any Covered Subsidiary other than the properties or assets to which such Lien applies on the Assignment and Amendment Effective Date and (ii) such Lien shall secure only those obligations that it secures on the Assignment and Amendment Effective Date and extensions, renewals and replacements thereof that do not increase the outstanding principal amount thereof;

(c) Liens on fixed or capital assets acquired, constructed or improved by the Borrower or any Covered Subsidiary; provided that (i) such Liens secure only Indebtedness permitted by Section 6.01(d) that is incurred to finance such acquisition, construction or improvement (provided that such Indebtedness is incurred prior to or within 90 days after such acquisition or the completion of such construction or improvement and the principal amount of such Indebtedness does not exceed the cost of acquiring, constructing or improving such fixed or capital assets) and (ii) such Liens shall not apply to any other asset of the Borrower or any Covered Subsidiary (other than the proceeds thereof); and

(d) Liens on assets of a Person that becomes a Covered Subsidiary securing Indebtedness permitted by Section 6.01(e); provided that (A) such Lien is not created in contemplation of or in connection with such Person becoming a Covered Subsidiary, (B) such Lien does not apply to any other property or assets of the Borrower or any Covered Subsidiary and (C) such Lien shall secure only those obligations that it secures on the date such Person becomes a Covered Subsidiary;

(e) Liens on seed investments of Covered Subsidiaries securing Non-Recourse Seed Indebtedness relating to such investments; and

(f) any Liens securing Indebtedness or other obligations in an aggregate principal amount not to exceed $5,000,000 at any time outstanding.

Notwithstanding anything herein to the contrary, the Borrower will not, and will not permit any Covered Subsidiary to (i) create, incur, assume or permit to exist any Lien on the Equity Interests in, or the Management Fees, Performance Fees, Accounts, or rights to any of the foregoing of, any Covered Subsidiary or other Core Business Entities, (ii) sell any Equity Interests owned by it in Covered Subsidiaries or in other Core Business Entities pursuant to any repurchase agreement or similar agreement or (iii) assign or sell any income or revenues from or rights in respect of the Equity Interests in, and the Management Fees, Performance Fees, Accounts, or rights to any of the foregoing of, any Covered Subsidiary or other Core Business Entity, except (x) in the case of clause (i) of this sentence, Permitted Encumbrances and (y) in the case of clauses (ii) and (iii) of this sentence, in connection with any transaction which is expressly permitted pursuant to Section 6.05. Notwithstanding anything to the contrary in this Section 6.02, no transaction specifically permitted by 6.05 shall be deemed to violate this Section 6.02.

SECTION 6.03 Sale and Lease-Back Transactions. The Borrower will not, and will not permit any Covered Subsidiary to, enter into any arrangement, directly or indirectly, with any person whereby it shall sell or transfer any property, real or personal, used or useful in its business, whether now owned or hereafter acquired, and thereafter rent or lease such property or other property which it intends to use for substantially the same purpose or purposes as the property being sold or transferred.

SECTION 6.04 Fundamental Changes; Conduct of Business. (a) The Borrower will not, and will not permit any Covered Subsidiary to, merge into or consolidate with any other Person, or permit any other Person to merge into or consolidate with it, or liquidate or dissolve, except that, if at the time thereof and immediately after giving effect thereto no Default shall have occurred and be continuing (i) any Person may merge into or consolidate with the Borrower in a transaction in which the Borrower is the surviving entity; (ii) any Person (other than the Borrower) may merge or consolidate with any Covered Subsidiary in a transaction in which the surviving entity is a Covered Subsidiary; (iii) any Covered Subsidiary may liquidate, dissolve or otherwise wind down if the Borrower determines in good faith that such liquidation, dissolution or winding down is in the best interests of the Borrower and is not materially disadvantageous to the Lenders; and (iv) the Borrower or any Covered Subsidiary may consummate a merger, liquidation or dissolution to effect an asset sale permitted by Section 6.05.

(b) Neither the Borrower nor any Covered Subsidiary will engage to any material extent in any business other than Core Businesses and businesses reasonably related thereto.

SECTION 6.05 Asset Sales. The Borrower will not, and will not permit any of its Covered Subsidiaries to, sell, transfer, lease or otherwise dispose of any asset, including any Equity Interest owned by it, nor will the Borrower permit any of its Covered Subsidiaries to issue any additional Equity Interest in such Covered Subsidiary (other than directors' qualifying shares and other nominal amounts of Equity Interests that are required to be held by other Persons under applicable law), except:

(a) sales, transfers, leases and other dispositions of inventory, used or surplus equipment and surplus office space in the ordinary course of business;

(b) sales, transfers and dispositions of assets (i) solely between or among Covered Subsidiaries or (ii) from any Covered Subsidiary to the Borrower;

(c) sales, transfers and other dispositions of assets (other than Equity Interests in a Covered Subsidiary or in a Core Business Entity) that are not permitted by any other clause of this Section; provided that the aggregate fair market value of all assets sold, transferred or otherwise disposed of in reliance upon this clause (c) shall not exceed, during any fiscal year of the Borrower, an amount equal to 5% of Consolidated Adjusted EBITDA for the most recently ended fiscal year of the Borrower;

(d) issuances of Equity Interests by any Covered Subsidiary to the Borrower or any other Covered Subsidiary so long as the recipient thereof is (i) the direct parent entity of the issuing Person, (ii) the Borrower or (iii) a wholly-owned subsidiary of the Borrower;

(e) sales of securities (other than Equity Interests in Covered Subsidiaries or in Core Business Entities) or other instruments held by the Borrower or any Covered Subsidiary for investment or cash management purposes, including securities or other instruments acquired or held by a Covered Subsidiary for purposes of seeding, funding or otherwise maintaining any investment product or Fund with respect to which a Covered Subsidiary acts as an investment adviser, manager, distributor, general partner or in any similar capacity, in each case in the ordinary course of business and consistent with the customary practices of the Borrower and the Covered Subsidiaries;

(f) grants or sales of Equity Interests and grants of profit participation interests, including derivative instruments related thereto, in Covered Subsidiaries engaged in Core Businesses or in Core Business Entities to employees of such Covered Subsidiaries or Core Business Entities or of related Covered Subsidiaries (or to special purpose vehicles substantially all of the Equity Interests in which are owned by such employees) for the primary purpose of effecting compensation (including incentive compensation) arrangements with such employees for their services, provided that such grants are made in the ordinary course of business;

(g) [Reserved];

(h) [Reserved]; and

(i) sales or transfers of Equity Interests owned by the Borrower and the Covered Subsidiaries in any Covered Subsidiary or Core Business Entity; provided that (w) all Equity Interests in Covered Subsidiaries and Core Business Entities which are sold or transferred pursuant to this clause (i) in any fiscal year of the Borrower shall not, in the aggregate, account for more than 5% of Consolidated Adjusted EBITDA for the immediately preceding fiscal year of the Borrower, (x) the Borrower determines in good faith that such sale or transfer is in the best interests of the Borrower and is not materially disadvantageous to the Lenders, (y) after giving effect to such sale or transfer, the Borrower shall be in compliance with the covenants set forth in Section 6.12 on a pro forma basis as if such sale or transfer had been consummated on the first day of the Test Period most recently ended on or prior to the date of such sale or transfer and (z) all sales, transfers and dispositions permitted by this clause (i) shall be made for at least 75% cash consideration (with contingent earnout payment obligations not being deemed "consideration" for purposes of this subclause (z)).

provided that all sales, transfers, leases and other dispositions permitted hereby (except for those made pursuant to clause (b)(i), (d) and (f) hereof) shall be made for fair value.

SECTION 6.06 Transactions with Affiliates. The Borrower will not, and will not permit any Covered Subsidiary to, sell or transfer any property or assets to, or purchase or acquire any property or assets from, or otherwise engage in any other transactions with, any of its Affiliates (any such transaction, a "Restricted Affiliate Transaction"), except that the Borrower or any Covered Subsidiary may:

(a) engage in any Restricted Affiliate Transaction at prices and on terms and conditions which, taken as a whole, are not materially less favorable to the Borrower or such Covered Subsidiary than would prevail in a comparable arms'-length transaction with unrelated third parties;

(b) effect any Restricted Payment permitted by Section 6.07;

(c) satisfy any indemnification obligation to, and other employment arrangements with, directors, officers, employees, managers and consultants of the Borrower or any Covered Subsidiary entered into in the ordinary course of business;

(d) enter into and continue ordinary course employment, compensation and benefits arrangements, including the reacquisition by Covered Subsidiaries from employees of equity and profit participation interests previously granted to such employees as part of their compensation;

(e) effect any transaction expressly permitted by Section 6.05;

(f) enter into any Management Fee Agreement;

(g) effect transactions solely between or among Covered Subsidiaries or the Borrower and one or more Covered Subsidiaries otherwise permitted hereunder;

(h) enter into and/or continue to provide unsecured lines of credit to any Subsidiary (including any Subsidiary incurring any Non-Recourse Seed Indebtedness) in the ordinary course of business; and

(i) enter into agreements with Affiliates in connection with transactions with suppliers, sellers of goods or services or providers of employees or labor entered into in the ordinary course of business and consistent with past practice on terms at least as favorable to the Borrower and/or its applicable Covered Subsidiary as might reasonably be obtained had the Borrower and/or its applicable Covered Subsidiary contracted directly with such suppliers, sellers or providers for such supplies, goods, services or labor.

SECTION 6.07 Limitation on Restricted Payments. The Borrower will not declare or make, or permit any Covered Subsidiary to declare or make, or agree to pay or make, directly or indirectly, any Restricted Payment or incur any obligation (contingent or otherwise) to do so except:

(a) each Covered Subsidiary may make Restricted Payments to the Borrower or any other Covered Subsidiary and to any other Person that owns an Equity Interest in such Covered Subsidiary ratably according to such Person's holdings of the type of Equity Interests in respect of which a Restricted Payment is being made to the Borrower or any other Covered Subsidiary;

(b) [Reserved];

(c) Restricted Payments by the Borrower or any Covered Subsidiary to employees in respect of Equity Interests or equity or profit participation interests in the Borrower or such Covered Subsidiary issued to such employee for the primary purposes of effecting a compensation arrangement, including the reacquisition for cash consideration of such Equity Interests or equity or profit participation interests; provided that such compensation arrangements and such Restricted Payments are made in the ordinary course; and

(d) the Borrower may make Restricted Payments with respect to its Equity Interests; provided that after giving effect to such Restricted Payments, the Borrower's Liquidity shall not be less than $25,000,000 and no Default has occurred and is continuing or would result therefrom.

SECTION 6.08 Limitation on Amendments to Certain Agreements. The Borrower will not agree to or permit any amendment, modification, suspension or waiver of any provision of any documents relating to the organization of the Borrower or any Covered Subsidiary, of any agreement or instrument evidencing or governing any Material Indebtedness that materially impairs the creditworthiness of the Borrower or is adverse in any material respect to the rights or interests of the Lenders hereunder.

SECTION 6.09 Restrictive Agreements. The Borrower will not, and will not permit any Covered Subsidiary to, enter into, incur or permit to exist any agreement or other arrangement that restricts or imposes any condition upon (a) the ability of the Borrower or any Covered Subsidiary to create, incur or permit to exist any Lien upon any of its assets to secure any Obligations, (b) the ability of any Covered Subsidiary to pay dividends or other distributions with respect to its Equity Interests or to make or repay loans or advances to the Borrower or any Covered Subsidiary or (c) the ability of any Covered Subsidiary to Guarantee Indebtedness of the Borrower; provided that (i) the foregoing shall not apply to (A) restrictions and conditions imposed by law or by any Loan Document, (B) restrictions and conditions existing on the date hereof identified on Schedule 6.09 (but shall apply to any extension or renewal of, or any amendment or modification expanding the scope of, any such restriction or condition), (C) [Reserved], (D) in the case of any Covered Subsidiary that is not a Wholly-Owned Subsidiary, restrictions and conditions imposed by its organizational documents or any related joint venture, shareholder or similar agreement; provided that such restrictions and conditions apply only to such Covered Subsidiary and to any Equity Interests in such Covered Subsidiary or (E) restrictions and conditions imposed by loan documents entered into in connection with the Non-Recourse Seed Indebtedness; provided that any such restrictions and conditions apply solely to the seed capital investments financed with such Non-Recourse Seed Indebtedness, (ii) clause (a) of the foregoing shall not apply to (A) restrictions or conditions imposed by any agreement relating to secured Indebtedness permitted by Section 6.01 if such restrictions or conditions apply only to the assets securing such Indebtedness or (B) customary provisions in leases and other agreements restricting the assignment thereof and (iii) clause (b) of the foregoing shall not apply to customary restrictions and conditions contained in agreements relating to the sale of assets that is applicable only to such assets and solely pending such sale; provided that such sale is permitted hereunder.

SECTION 6.10 Hedging Agreements. The Borrower will not, and will not permit any Covered Subsidiary to, enter into any Hedging Agreement, except for Hedging Agreements entered into (i) to hedge or mitigate risks to which the Borrower or such Covered Subsidiary has actual exposure and (ii) not for speculative purposes.

SECTION 6.11 [Reserved]

SECTION 6.12 Financial Covenants. (a) The Borrower will not permit the Leverage Ratio at the end of any fiscal quarter to exceed 2.50 to 1.00.

(b) The Borrower will not permit the Interest Coverage Ratio in respect of any Test Period to be less than 4.00 to 1.00.

ARTICLE VII

Events of Default

If any of the following events ("Events of Default") shall occur:

(a) the Borrower shall fail to pay any principal of any Loan or any reimbursement obligation in respect of any LC Disbursement when and as the same shall become due and payable;

(b) the Borrower shall fail to pay any interest on any Loan or any fee or any other amount (other than an amount referred to in clause (a) of this Article) payable under this

Agreement, when and as the same shall become due and payable, and such failure shall continue unremedied for a period of three or more Business Days;

(c) any representation or warranty made or deemed made by or on behalf of the Borrower or any Covered Subsidiary in connection with the Borrowings hereunder, in connection with any Loan Document or any amendment or modification thereof or waiver thereunder, or in any report, certificate, financial statements or other document furnished pursuant to or in connection with any Loan Document or any amendment or modification thereof or waiver thereunder shall prove to have been false or misleading in any material respect when so made, deemed made or furnished;

(d) the Borrower shall fail to observe or perform any covenant, condition or agreement contained in Section 5.02(a), Section 5.03 (with respect to the Borrower's existence), the second sentence of Section 5.08 or Article VI;

(e) the Borrower shall fail to observe or perform any covenant, condition or agreement contained in any Loan Document (other than those specified in clause (a), (b) or (d) of this Article), and such failure shall continue unremedied for a period of 30 days after notice thereof from the Agent or any Lender to the Borrower (which notice will be given at the request of any Lender);

(f) the Borrower or any Covered Subsidiary shall fail to make any payment (whether of principal or interest and regardless of amount) in respect of any Material Indebtedness, when and as the same shall become due and payable;

(g) any event or condition occurs that results in any Material Indebtedness becoming due prior to its scheduled maturity or that enables or permits (with or without the giving of notice, the lapse of time or both) the holder or holders of any Material Indebtedness or any trustee or agent on its or their behalf to cause any Material Indebtedness to become due, or to require the prepayment, repurchase, redemption or defeasance thereof, prior to its scheduled maturity; provided that this clause (g) shall not apply to secured Indebtedness that becomes due as a result of the voluntary sale or transfer of the property or assets securing such Indebtedness;

(h) an involuntary proceeding shall be commenced or an involuntary petition shall be filed seeking (i) liquidation, reorganization or other relief in respect of the Borrower or any Covered Subsidiary or its debts, or of a substantial part of its assets, under any Federal, state or foreign bankruptcy, insolvency, receivership or similar law now or hereafter in effect or (ii) the appointment of a receiver, trustee, custodian, sequestrator, conservator or similar official for the Borrower or any Covered Subsidiary or for a substantial part of its assets, and, in any such case referred to in (i) or (ii) above, such proceeding or petition shall continue undismissed for 60 days or an order or decree approving or ordering any of the foregoing shall be entered;

(i) the Borrower or any Covered Subsidiary shall (i) voluntarily commence any proceeding or file any petition seeking liquidation, reorganization or other relief under any Federal, state or foreign bankruptcy, insolvency, receivership or similar law now or hereafter in effect, (ii) consent to the institution of, or fail to contest in a timely and appropriate manner, any proceeding or petition described in clause (h) of this Article, (iii) apply for or consent to the appointment of a receiver, trustee, custodian, sequestrator, conservator or similar official for the Borrower or any Covered Subsidiary or for a substantial part of its assets, (iv) file an answer admitting the material allegations of a petition filed against it in any such proceeding, (v) make a general assignment for the benefit of creditors or (vi) take any action for the purpose of effecting any of the foregoing;

(j) one or more judgments for the payment of money in an aggregate amount in excess of $10,000,000 (net of insurance proceeds payable in respect thereto; provided that the applicable insurance carriers have been notified of such judgment and are not disputing liability with respect to the netted amount) shall be rendered against the Borrower, any Covered Subsidiary or any combination thereof and the same shall remain undischarged for a period of 30 consecutive days during which execution shall not be effectively stayed, or any action shall be legally taken by a judgment creditor to attach or levy upon any assets of the Borrower or any Covered Subsidiary to enforce any such judgment;

(k) an ERISA Event shall have occurred that, when taken together with all other ERISA Events that have occurred, could reasonably be expected to result in a Material Adverse Effect; or

(l) a Change in Control shall occur;

then, and in every such event (other than an event with respect to the Borrower described in clause (h) or (i) of this Article), and at any time thereafter during the continuance of such event, the Agent may, and at the request of the Required Lenders shall, by notice to the Borrower, take any of the following actions, at the same or different times: (i) terminate the Commitments, and thereupon the Commitments shall terminate immediately, (ii) declare the Loans then outstanding to be due and payable in whole (or in part, in which case any principal not so declared to be due and payable may thereafter be declared to be due and payable), and thereupon the principal of the Loans so declared to be due and payable, together with accrued interest thereon and any unpaid accrued fees and all other obligations of the Borrower accrued hereunder and under any other Loan Document, shall become forthwith due and payable, and (iii) require the deposit of cash collateral in respect of LC Exposure as provided in Section 2.04(j), in each case without presentment, demand, protest or any other notice of any kind, all of which are hereby expressly waived by the Borrower, anything contained herein or in any other Loan Document to the contrary notwithstanding; and in any event with respect to the Borrower described in paragraph (h) or (i) above, the Commitments shall automatically terminate and the principal of the Loans then outstanding, together with accrued interest thereon and any unpaid accrued fees and all other obligations of the Borrower accrued hereunder and under any other Loan Document, shall automatically become due and payable and the deposit of such cash collateral in respect of LC Exposure shall automatically become due, in each case without presentment, demand, protest or any other notice of any kind, all of which are hereby expressly waived by the Borrower, anything contained herein or in any other Loan Document to the contrary notwithstanding.

ARTICLE VIII

The Agent

Each of the Lenders and each Issuing Bank hereby irrevocably appoints the Agent as its agent and authorizes the Agent to take such actions on its behalf and to exercise such powers as are delegated to the Agent by the terms hereof and the other Loan Documents, together with such actions and powers as are reasonably incidental thereto.

The bank serving as the Agent hereunder shall have the same rights and powers in its capacity as a Lender or an Issuing Bank as any other Lender or Issuing Bank and may exercise the same as though it were not the Agent, and such bank and its Affiliates may accept deposits from, lend money to, act as the financial advisor or in any other advisory capacity for and generally engage in any kind of business with the Borrower or any Subsidiary or other Affiliate thereof as if it were not the Agent hereunder and without any duty to account therefor to the Lenders or Issuing Bank.

The Agent shall not have any duties or obligations except those expressly set forth herein and in the other Loan Documents. Without limiting the generality of the foregoing, (a) the Agent shall not be subject to any fiduciary or other implied duties, regardless of whether a Default has occurred and is continuing, (b) the Agent shall not have any duty to take any discretionary action or exercise any discretionary powers, except discretionary rights and powers expressly contemplated by the Loan Documents that the Agent is required to exercise in writing as directed by the Required Lenders (or such other number or percentage of the Lenders as shall be necessary, or as the Agent shall believe in good faith to be necessary, under the circumstances as provided in Section 9.08); provided that the Agent shall not be required to take any action that, in its opinion, could expose the Agent to liability or be contrary to any Loan Document or applicable law, and (c) except as expressly set forth herein, the Agent shall not have any duty to disclose, and shall not be liable for the failure to disclose, any information relating to the Borrower or any of its Subsidiaries that is communicated to or obtained by the bank serving as Agent or any of its Affiliates in any capacity. The Agent shall not be liable for any action taken or not taken by it with the consent or at the request of the Required Lenders (or such other number or percentage of the Lenders as shall be necessary, or as the Agent shall believe in good faith to be necessary, under the circumstances as provided in Section 9.08) or in the absence of its own gross negligence or willful misconduct, as determined by a court of competent jurisdiction by a final and non-appealable judgment. The Agent shall be deemed not to have knowledge of any Default unless and until written notice thereof is given to the Agent by the Borrower, a Lender or the Issuing Bank, and the Agent shall not be responsible for or have any duty to ascertain or inquire into (i) any statement, warranty or representation made in or in connection with this Agreement or any Loan Document, (ii) the contents of any certificate, report or other document delivered hereunder or thereunder or in connection herewith or therewith, (iii) the performance or observance of any of the covenants, agreements or other terms or conditions set forth herein or therein or the occurrence of any Default, (iv) the validity, enforceability, effectiveness or genuineness of this Agreement, any other Loan Document or any other agreement, instrument or document, or (v) the satisfaction of any condition set forth in Article IV or elsewhere herein, other than to confirm receipt of items expressly required to be delivered to the Agent or satisfaction of any condition that expressly refers to the matters described therein being acceptable or satisfactory to the Agent. Notwithstanding anything herein to the contrary, the Agent shall not have any liability arising from any confirmation of the Credit Exposure or the component amounts thereof.

Nothing in this Agreement or any other Loan Document shall require the Agent or any of its Related Parties to carry out any "know your customer" or other checks in relation to any Person on behalf of any Lender and each Lender confirms to the Agent that it is solely responsible for any such checks it is required to carry out and that it may not rely on any statement in relation to such checks made by the Agent or any of its Related Parties.

The Agent shall be entitled to rely upon, and shall not incur any liability for relying upon, any notice, request, certificate, consent, statement, instrument, document or other writing (including any electronic message, Internet or intranet website posting or other distribution) believed by it to be genuine and to have been signed or sent or otherwise authenticated by the proper Person. The Agent also may rely upon any statement made to it orally or by telephone and believed by it to have been made by the proper Person, and shall not incur any liability for relying thereon. The Agent may consult with legal counsel (who may be counsel for the Borrower), independent accountants and other experts selected by it, and shall not be liable for any action taken or not taken by it in accordance with the advice of any such counsel, accountants or experts.

The Agent may perform any and all its duties and exercise its rights and powers hereunder or under any other Loan Documents by or through any one or more sub-agents appointed by the Agent. The Agent and any such sub-agent may perform any and all its duties and exercise its rights and powers through their respective Related Parties. The exculpatory provisions of the preceding paragraphs shall apply to any such sub-agent and to the Related Parties of the Agent and any such sub-agent, and shall apply to their respective activities in connection with any syndication of the credit facilities provided for herein as well as activities as Agent.

Subject to the appointment and acceptance of a successor Agent as provided in this paragraph, the Agent may resign at any time by notifying the Lenders, the Issuing Banks and the Borrower. Upon any such resignation, the Required Lenders shall have the right, with the consent of the Borrower (such consent not to be unreasonably withheld or delayed), to appoint a successor. If no successor shall have been so appointed by the Required Lenders and shall have accepted such appointment within 30 days after the retiring Agent gives notice of its resignation, then the retiring Agent may, on behalf of the Lenders and the Issuing Banks, appoint a successor Agent which shall be a bank with an office in New York, New York, or an Affiliate of any such bank.

If the Person serving as Agent is a Defaulting Lender pursuant to clause (d) of the definition thereof, the Required Lenders may, to the extent permitted by applicable law, by notice in writing to the Borrower and such Person remove such Person as Agent and, with the consent of the Borrower (such consent not to be unreasonably withheld or delayed), appoint a successor. If no such successor shall have been so appointed by the Required Lenders and shall have accepted such appointment within 30 days (or such earlier day as shall be agreed by the Required Lenders) (the "Removal Effective Date"), then such removal shall nonetheless become effective in accordance with such notice on the Removal Effective Date.

Upon the acceptance of its appointment as Agent hereunder by a successor, such successor shall succeed to and become vested with all the rights, powers, privileges and duties of the retiring Agent, and the retiring or removed Agent shall be discharged from its duties and obligations hereunder. The fees payable by the Borrower to a successor Agent shall be the same as those payable to its predecessor unless otherwise agreed between the Borrower and such successor. After the Agent's resignation or removal hereunder, the provisions of this Article and Section 9.03 shall continue in effect for the benefit of such retiring Agent, its sub agents and their respective Related Parties in respect of any actions taken or omitted to be taken by any of them while it was acting as Agent.

Each Lender further represents that it has, independently and without reliance upon the Agent or any other Lender and based on such documents and information as it has deemed appropriate, made its own credit analysis and decision to enter into this Agreement as a Lender, and to make, acquire or hold Loans hereunder. Each Lender shall, independently and without reliance upon the Agent or any other Lender and based on such documents and information (which may contain material, non-public information within the meaning of the United States securities laws concerning the Borrower and its Affiliates) as it shall from time to time deem appropriate, continue to make its own decisions in taking or not taking action under or based upon this Agreement, any related agreement or any document furnished hereunder or thereunder and in deciding whether or to the extent to which it will continue as a Lender or assign or otherwise transfer its rights, interests and obligations hereunder.

The provisions of this Article are solely for the benefit of the Agent, the Lenders and the Issuing Banks and the Borrower shall not have any rights as a third party beneficiary of any such provisions.

SECTION 8.01 Certain ERISA Matters.

Each Lender (x) represents and warrants, as of the date such Person became a Lender party hereto, to, and (y) covenants, from the date such Person became a Lender party hereto to the date such Person ceases being a Lender party hereto, for the benefit of, the Agent and not, for the avoidance of doubt, to or for the benefit of the Borrower, that at least one of the following is and will be true:

(a) such Lender is not using "plan assets" (within the meaning of Section 3(42) of ERISA or otherwise) of one or more Benefit Plans with respect to such Lender's entrance into, participation in, administration of and performance of the Loans, the Letters of Credit, the Commitments or this Agreement,

(b) the transaction exemption set forth in one or more PTEs, such as PTE 84-14 (a class exemption for certain transactions determined by independent qualified professional asset managers), PTE 95-60 (a class exemption for certain transactions involving insurance company general accounts), PTE 90-1 (a class exemption for certain transactions involving insurance company pooled separate accounts), PTE 91-38 (a class exemption for certain transactions involving bank collective investment funds) or PTE 96-23 (a class exemption for certain transactions determined by in-house asset managers), is applicable with respect to such Lender's entrance into, participation in, administration of and performance of the Loans, the Letters of Credit, the Commitments and this Agreement,

(c) (A) such Lender is an investment fund managed by a "Qualified Professional Asset Manager" (within the meaning of Part VI of PTE 84-14), (B) such Qualified Professional Asset Manager made the investment decision on behalf of such Lender to enter into, participate in, administer and perform the Loans, the Letters of Credit, the Commitments and this Agreement, (C) the entrance into, participation in, administration of and performance of the Loans, the Letters of Credit, the Commitments and this Agreement satisfies the requirements of sub-sections (b) through (g) of Part I of PTE 84-14 and (D) to the best knowledge of such Lender, the requirements of subsection (a) of Part I of PTE 84-14 are satisfied with respect to such Lender's entrance into, participation in, administration of and performance of the Loans, the Letters of Credit, the Commitments and this Agreement, or

(d) such other representation, warranty and covenant as may be agreed in writing between the Agent, in its sole discretion, and such Lender.

In addition, unless either (1) sub-clause (i) in the immediately preceding clause (a) is true with respect to a Lender or (2) a Lender has provided another representation, warranty and covenant in accordance with sub-clause (iv) in the immediately preceding clause (a), such Lender further (x) represents and warrants, as of the date such Person became a Lender party hereto, to, and (y) covenants, from the date such Person became a Lender party hereto to the date such Person ceases being a Lender party hereto, for the benefit of, the Agent and not, for the avoidance of doubt, to or for the benefit of the Borrower, that the Agent is not a fiduciary with respect to the assets of such Lender involved in such Lender's entrance into, participation in, administration of and performance of the Loans, the Letters of Credit, the Commitments and this Agreement (including in connection with the reservation or exercise of any rights by the Agent under this Agreement, any Loan Document or any documents related hereto or thereto).

ARTICLE IX

Miscellaneous

SECTION 9.01 Notices. (a) Except in the case of notices and other communications expressly permitted to be given by telephone (and subject to paragraph (b) below), all notices and other communications provided for herein shall be in writing and shall be delivered by hand or overnight courier service, mailed by certified or registered mail, sent by telecopy or sent by email, as follows:

(i) if to the Borrower, to it at: Acadian Asset Management LLC, 260 Franklin Street, Boston, MA 02110, Attention: Chief Operating Officer, email MMinichiello@Acadian-Asset.com, with a copy to General Counsel, email sdias@acadian-asset.com.

(ii) if to the Agent, to it at:
Citibank Delaware
1615 Brett Road, OPS III
New Castle, DE 19720
Attn: Agency Operations
Phone: (302) 894-6010

Fax: (646) 274-5080
Borrower inquiries only: AgencyABTFSupport@citi.com
Borrower notifications: GlAgentOfficeOps@citi.com
Disclosure Team Mail (Financial Reporting): Oploanswebadmin@citi.com
Investor Relations Team (investor inquiries only): global.loans.support@citi.com

(iii) if to a Lender, to it at its address (or telecopy number or email address) set forth in its Administrative Questionnaire.

(b) Notices and other communications to the Lenders and Issuing Banks hereunder may be delivered or furnished by electronic mail communications (including email and Internet and intranet websites) pursuant to procedures approved by the Agent; provided that the foregoing shall not apply to notices pursuant to Article II unless otherwise agreed by the Agent and the applicable Lender or Issuing Bank, as the case may be. The Agent or the Borrower may, in its discretion, agree to accept notices and other communications to it hereunder by electronic communications pursuant to procedures approved by it; provided that approval of such procedures may be limited to particular notices or communications.

(c) Each of the Borrower and the Agent may change its address, telecopy number or email address for notices and other communications hereunder by written notice to the other parties hereto. Each Lender may change its address, telecopy number or email address for notices and other communications hereunder by notice to the Borrower and the Agent. All notices and other communications given to any party hereto in accordance with the provisions of this Agreement shall be deemed to have been given on the date of receipt (but, if not given during normal business hours for the recipient, shall be deemed to have been given at the opening of business on the next business day for the recipient).

SECTION 9.02 Survival. All covenants, agreements, representations and warranties made by the Borrower herein and in the certificates or other instruments delivered in connection with or pursuant to this Agreement or any other Loan Document shall be considered to have been relied upon by the other parties hereto and shall survive the execution and delivery of this Agreement and the making by the Lenders of the Loans, regardless of any investigation made by any such other party or on its behalf, and notwithstanding that the Agent, or any Lender may have had notice or knowledge of any Default or incorrect representation or warranty at the time any Loan is made, or continued or converted hereunder, and shall continue in full force and effect as long as the principal of or any accrued interest on any Loan or any fee or any other amount payable under this Agreement or any other Loan Document is outstanding and unpaid and so long as the Commitments have not expired or terminated. The provisions of Sections 2.13, 2.14, 2.15, 9.05 and 9.19 and Article VIII shall survive and remain in full force and effect regardless of the consummation of the transactions contemplated hereby, the repayment of the Loans, the expiration or termination of the Commitments or the termination of this Agreement or any provision hereof.

SECTION 9.03 Binding Effect. This Agreement shall become effective as provided in the Assignment and Amendment and thereafter this Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and permitted assigns. Delivery of an executed signature page of the Agreement by facsimile transmission or email shall be effective as delivery of a manually executed counterpart hereof.

SECTION 9.04 Successors and Assigns. (a) The provisions of this Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns permitted hereby, except that (i) the Borrower may not assign or otherwise transfer any of its rights or obligations hereunder without the prior written consent of each Lender (and any attempted assignment or transfer by the Borrower without such consent shall be null and void) and (ii) no Lender may assign or otherwise transfer its rights or obligations hereunder except in accordance with this Section. Nothing in this Agreement, expressed or implied, shall be construed to confer upon any Person (other than the parties hereto, their respective successors and assigns permitted hereby (including any Affiliate of an Issuing Bank that issues any Letter of Credit), Participants (to the extent provided in paragraph (c) of this Section) and, to the extent expressly contemplated hereby, the Related Parties of each of the Agent, the Issuing Banks and the Lenders) any legal or equitable right, remedy or claim under or by reason of this Agreement.

(b) (i) Subject to the conditions set forth in paragraph (b)(ii) below, any Lender may assign to one or more Eligible Assignees all or a portion of its rights and obligations under this Agreement (including all or a portion of its Commitments, participations in Letters of Credit and the Loans at the time owing to it) with the prior written notice to and consent (such consent not to be unreasonably withheld or unduly delayed) of:

(A) the Borrower (which consent shall be deemed to have been given unless the Borrower objects to such assignment by written notice to the Agent within 10 Business Days after having received notice thereof); provided that (i) no consent of the Borrower shall be required for an assignment to a Lender, an Affiliate of a Lender, an Approved Fund or, if an Event of Default has occurred and is continuing, any other assignee and (ii) any refusal by the Borrower to consent to a proposed assignment to a non-bank assignee that is primarily engaged in Core Businesses and is a competitor of the Borrower will not be deemed unreasonable;

(B) the Agent; and

(C) each Issuing Bank, if any.

(ii) Assignments shall be subject to the following additional conditions:

(A) except in the case of an assignment to a Lender or an Affiliate of a Lender or an assignment of the entire remaining amount of the assigning Lender's Commitments or Loans, the amount of the Commitments or Loans of the assigning Lender subject to each such assignment (determined as of the date the Assignment and Assumption with respect to such assignment is delivered to the Agent) shall not be less than $5,000,000 and shall be an integral multiple of $1,000,000 in excess thereof unless the Borrower otherwise consents; provided that no such consent of the Borrower shall be required if an Event of Default under clause clause (a), (b), (h) or (i) of Article VII has occurred and is continuing;

(B) each partial assignment shall be made as an assignment of a proportionate part of all the assigning Lender's rights and obligations under this Agreement;

(C) the parties to each assignment shall execute and deliver to the Agent an Assignment and Assumption, together with a processing and recordation fee of $3,500 (for which the Borrower shall not be responsible); provided that the Agent may, in its sole discretion, elect to waive such fee in the case of any assignment; and

(D) the assignee, if it shall not be a Lender, shall deliver to the Agent an Administrative Questionnaire.

For purposes of this Section 9.04(b), the term "Approved Fund" has the following meaning:

"Approved Fund" means any Person (other than a natural person) that is engaged in making, purchasing, holding or investing in bank loans and similar extensions of credit in the ordinary course of its business and that is managed by (a) a Lender, (b) an Affiliate of a Lender or (c) an entity or an Affiliate of an entity that manages a Lender.

(iii) Subject to acceptance and recording thereof pursuant to paragraph (b)(v) of this Section, from and after the effective date specified in each Assignment and Assumption the Eligible Assignee thereunder shall be a party hereto and, to the extent of the interest assigned by such Assignment and Assumption, have the rights and obligations of a Lender under this Agreement, and the assigning Lender thereunder shall, to the extent of the interest assigned by such Assignment and Assumption, be released from its obligations under this Agreement (and, in the case of an Assignment and Assumption covering all of the assigning Lender's rights and obligations under this Agreement, such Lender shall cease to be a party hereto but shall continue to be entitled to the benefits of Sections 2.13, 2.14, 2.15 and 9.05). Any assignment or transfer by a Lender of rights or obligations under this Agreement that does not comply with this Section 9.04 shall be treated for purposes of this Agreement as a sale by such Lender of a participation in such rights and obligations in accordance with paragraph (c) of this Section.

(iv) The Agent, acting for this purpose as a non-fiduciary agent of the Borrower, shall maintain at one of its offices a copy of each Assignment and Assumption delivered to it and a register for the recordation of the names and addresses of the Lenders, the Commitment of, and principal amount (and stated interest) of the Loans owing to, each Lender pursuant to the terms hereof from time to time (the "Register"). The entries in the Register shall be conclusive absent manifest error, and the Borrower, the Agent and the Lenders shall treat each

Person whose name is recorded in the Register pursuant to the terms hereof as a Lender hereunder for all purposes of this Agreement, notwithstanding notice to the contrary. The Register shall be available for inspection by the Borrower, any Issuing Bank and any Lender, at any reasonable time and from time to time upon reasonable prior notice.

(v) Upon its receipt of a duly completed Assignment and Assumption executed by an assigning Lender and an Eligible Assignee, the assignee's completed Administrative Questionnaire (unless the assignee shall already be a Lender hereunder), the processing and recordation fee referred to in paragraph (b) of this Section and any written consent to such assignment required by paragraph (b) of this Section, the Agent shall accept such Assignment and Assumption and record the information contained therein in the Register. No assignment shall be effective for purposes of this Agreement unless it has been recorded in the Register as provided in this paragraph.

(c) Any Lender may, without the consent of, or notice to, the Borrower, the Agent or any Issuing Bank sell participations to one or more banks or other entities (a "Participant") in all or a portion of such Lender's rights and obligations under this Agreement (including all or a portion of its Commitments and Loans owing to it); provided that (A) such Lender's obligations under this Agreement shall remain unchanged, (B) such Lender shall remain solely responsible to the other parties hereto for the performance of such obligations and (C) the Borrower, the Agent and the other Lenders shall continue to deal solely and directly with such Lender in connection with such Lender's rights and obligations under this Agreement. Any agreement or instrument pursuant to which a Lender sells such a participation shall provide that such Lender shall retain the sole right to enforce this Agreement and to approve any amendment, modification or waiver of any provision of this Agreement; provided that such agreement or instrument may provide that such Lender will not, without the consent of the Participant, agree to any amendment, modification or waiver described in the first proviso to Section 9.08(b) that affects such Participant. The Borrower agrees that each Participant shall be entitled to the benefits of Sections 2.13, 2.14 and 2.15 (subject to the requirements and limitations therein, including the requirements and obligations of the Participant under Section 2.15(f) (it being understood that the documentation required under Sections 2.15(f) shall be delivered to the participating Lender)) to the same extent as if it were a Lender and had acquired its interest by assignment pursuant to paragraph (b) of this Section; provided that such Participant (A) agrees to be subject to the provisions of Section 2.16 as if it were an assignee under paragraph (b) of this Section; and (B) shall not be entitled to receive any greater payment under Sections 2.13 or 2.15, with respect to any participation, than its participating Lender would have been entitled to receive, except to the extent such entitlement to receive a greater payment results from a Change in Law that occurs after the Participant acquired the applicable participation. To the extent permitted by law, each Participant also shall be entitled to the benefits of Section 9.08 as though it were a Lender, provided such Participant agrees to be subject to Section 2.16 as though it were a Lender. Each Lender that sells a participation shall, acting solely for this purpose as a non-fiduciary agent of the Borrower, maintain a register on which it enters the name and address of each Participant and the principal amounts (and stated interest) of each Participant's interest in the Loans or other obligations under this Agreement (the "Participant Register"); provided that no Lender shall have any obligation to disclose all or any portion of the Participant Register to any Person (including the identity of any Participant or any information relating to a Participant's interest in any Commitments, Loans or its other obligations under any Loan Document) except to the extent that such disclosure is necessary to establish that such Commitment, Loan or other obligation is in registered form under Section 5f.103-1(c) of the United States Treasury Regulations. The entries in the Participant Register shall be conclusive absent manifest error, and such Lender shall treat each person whose name is recorded in the Participant Register as the owner of such participation for all purposes of this Agreement notwithstanding any notice to the contrary. For the avoidance of doubt, the Agent (in its capacity as administrative agent) shall have no responsibility for maintaining a Participant Register.

(d) Any Lender may at any time pledge or assign a security interest in all or any portion of its rights under this Agreement to secure obligations of such Lender, including any pledge or assignment to secure obligations to a Federal Reserve Bank, and this Section shall not apply to any such pledge or assignment of a security interest; provided that no such pledge or assignment of a security interest shall release a Lender from any of its obligations hereunder or substitute any such pledgee or assignee for such Lender as a party hereto.

SECTION 9.05 Expenses; Indemnity; Damage Waiver. (a) The Borrower shall pay (i) all reasonable out-of-pocket expenses incurred by the Agent and its Affiliates, including the reasonable fees, charges and disbursements of counsel for the Agent, in connection with the preparation, execution, delivery and administration of this Agreement or any amendments, modifications or waivers of the provisions hereof (whether or not the transactions contemplated hereby or thereby shall be consummated), (ii) all reasonable out-of-pocket expenses incurred by an Issuing Bank in connection with the issuance, amendment, renewal or extension of any Letter of Credit or any demand for payment thereunder and (iii) all reasonable out-of-pocket expenses incurred by the Agent, an Issuing Bank or any Lender, including the fees, charges and disbursements of any counsel for the Agent or any Lender, in connection with the enforcement or protection of its rights in connection with this Agreement and the other Loan Documents, including its rights under this Section, or in connection with the Loans made or Letters of Credit issued hereunder, including all such out-of-pocket expenses incurred during any negotiations associated with a workout or restructuring in respect of such Loans or Letters of Credit.

(b) The Borrower shall indemnify the Agent, each Issuing Bank and each Lender, and each Related Party of any of the foregoing Persons (each such Person being called an "Indemnitee") against, and hold each Indemnitee harmless from, any and all losses, claims, damages, liabilities, penalties and related expenses, including the fees, charges and disbursements of any counsel for any Indemnitee, incurred by or asserted against any Indemnitee arising out of, in connection with, or as a result of (i) the preparation, execution, delivery and administration of this Agreement, the other Loan Documents or any agreement or instrument contemplated hereby, the performance by the parties hereto of their respective obligations hereunder or under any other Loan Document or the consummation of the Transactions or any other transactions contemplated hereby or thereby, (ii) any Loan, Letter of Credit or the use of the proceeds therefrom (including any refusal by any Issuing Bank to honor a demand for payment under a Letter of Credit if the documents presented in connection with such demand do not strictly comply with the terms of such Letter of Credit), (iii) any actual or alleged presence or release of Hazardous Materials on or from any property owned or operated by the Borrower or any of its Subsidiaries, or any Environmental Liability related in any way to the Borrower or any of its Subsidiaries, or (iv) any actual or prospective claim, litigation, investigation or proceeding relating to any of the foregoing, whether based on contract, tort or any other theory and regardless of whether any Indemnitee is a party thereto; provided that such indemnity shall not, as to any Indemnitee, be available to the extent that such losses, claims, damages, liabilities or related expenses are determined by a court of competent jurisdiction by final and non-appealable judgment to have resulted (i) from the gross negligence or willful misconduct of such Indemnitee or (ii) such Indemnitee's breach of its obligations under this Agreement or the other Loan Documents. This Section 9.05(b) shall not apply with respect to Taxes other than any Taxes that represent losses or damages arising from any non-Tax claim.

(c) To the extent that the Borrower fails to pay any amount required to be paid by it to the Agent or an Issuing Bank under paragraph (a) or (b) of this Section, each Lender severally agrees to pay to the Agent or such Issuing Bank, such Lender's pro rata share (determined as of the time that the applicable unreimbursed expense or indemnity payment is sought) of such unpaid amount; provided that the unreimbursed expense or indemnified loss, claim, damage, liability or related expense, as the case may be, was incurred by or asserted against the Agent or such Issuing Bank in its capacity as such. For purposes of this Section, a Lender's "pro rata share" shall be determined based upon its share of the sum of the total Credit Exposures and unused Commitments at the time.

(d) To the extent permitted by applicable law, each party hereto agrees that it shall not assert, and hereby waives, any claim against any Person (including any Indemnitee), on any theory of liability, for special, indirect, consequential or punitive damages (as opposed to direct or actual damages) arising out of, in connection with, or as a result of, this Agreement or any agreement or instrument contemplated hereby, the Transactions, any Loan or Letter of Credit or the use of the proceeds thereof, provided that, nothing in this paragraph (d) shall relieve the Borrower of any obligation it may have to indemnify an Indemnitee against special, indirect, consequential or punitive damages asserted against such Indemnitee by a third party.

(e) All amounts due under this Section shall be payable not later than 10 days after written demand therefor.

(f) No Indemnitee shall be liable for any damages arising from the use by unintended recipients of any information or other materials distributed by it through telecommunications, electronic or other information transmission systems in connection with this Agreement or any other Loan Document or the transactions contemplated hereby or thereby, except to the extent that such damages are determined by a court of competent jurisdiction by final and non-appealable judgment to have resulted from the gross negligence or willful misconduct of such Indemnitee.

SECTION 9.06 Right of Setoff. If an Event of Default shall have occurred and be continuing, each Lender and each of its Affiliates is hereby authorized at any time and from time to time, to the fullest extent permitted by law, to set off and apply any and all deposits (general or special, time or demand, provisional or final) at any time held and other obligations at any time owing by such Lender or Affiliate to or for the credit or the account of the Borrower against any of and all the obligations of the Borrower now or hereafter existing under this Agreement held by such Lender, regardless of whether such Lender shall have made any demand under this Agreement and although such obligations may be unmatured. The rights of each

Lender under this Section are in addition to other rights and remedies (including other rights of setoff) which such Lender may have. Each Lender agrees to notify the Borrower and the Agent promptly after any such setoff and application to the extent permitted by law.

SECTION 9.07 Applicable Law. THIS AGREEMENT AND THE OTHER LOAN DOCUMENTS SHALL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAW OF THE STATE OF NEW YORK.

SECTION 9.08 Waivers; Amendment. (a) No failure or delay of the Agent, any Issuing Bank or any Lender in exercising any power or right hereunder or under any other Loan Document shall operate as a waiver thereof, nor shall any single or partial exercise of any such right or power, or any abandonment or discontinuance of steps to enforce such a right or power, preclude any other or further exercise thereof or the exercise of any other right or power. The rights and remedies of the Agent and the Lenders hereunder and under the other Loan Documents are cumulative and are not exclusive of any rights or remedies that they would otherwise have. No waiver of any provision of this Agreement or any other Loan Document or consent to any departure by the Borrower therefrom shall in any event be effective unless the same shall be permitted by paragraph (b) below, and then such waiver or consent shall be effective only in the specific instance and for the purpose for which given. No notice or demand on the Borrower in any case shall entitle the Borrower to any other or further notice or demand in similar or other circumstances. Without limiting the generality of the foregoing, the making of a Loan shall not be construed as a waiver of any Default, regardless of whether the Agent or any Lender may have had notice or knowledge of such Default at the time.

(b) Neither this Agreement nor any other Loan Document nor any provision hereof or thereof may be waived, amended or modified except, in the case of this Agreement, pursuant to an agreement or agreements in writing entered into by the Borrower and the Required Lenders, by the Borrower and the Agent with the consent of the Required Lenders or as contemplated by Section 2.10; provided that no such agreement shall (i) increase the Commitment of any Lender without the written consent of such Lender, (ii) reduce the principal amount of any Loan or LC Disbursement or reduce the rate of interest thereon, or reduce any fees payable hereunder, without the written consent of each Lender affected thereby, (iii) postpone the scheduled date of payment of the principal amount of any Loan or LC Disbursement, or any interest thereon, or any fees payable hereunder, or reduce the amount of, waive or excuse any such payment, or postpone the scheduled date of expiration of any Commitment without the written consent of each Lender affected thereby, (iv) change Section 2.11(c) or 2.16(b) in a manner that would alter the pro rata sharing of payments required thereby, without the written consent of each Lender, (v) change any of the provisions of this Section or the definition of "Required Lenders" or any other provision hereof or of any other Loan Document specifying the number or percentage of Lenders required to waive, amend or modify any rights hereunder or make any determination or grant any consent hereunder, without the written consent of each Lender; provided further that no such agreement shall amend, modify or otherwise affect the rights or duties of the Agent or any Issuing Bank hereunder without the prior written consent of the Agent or such Issuing Bank, as applicable. Notwithstanding the foregoing, (1) no consent with respect to any amendment, waiver or other modification of this Agreement or any other Loan Document shall be required of any Defaulting Lender, except with respect to any amendment, waiver or other modification referred to in clause (i), (ii) or (iii) of the first proviso of this paragraph and then only in the event such Defaulting Lender shall be affected by such amendment, waiver or other modification and (2) any provision of this Agreement may be amended by an agreement in writing entered into by the Borrower and the Agent to cure any ambiguity, omission, mistake, defect or inconsistency so long as, in each case, the Lenders shall have received at least five Business Days prior written notice thereof and the Agent shall not have received, within five Business Days of the date of such notice to the Lenders, a written notice from the Required Lenders stating that the Required Lenders object to such amendment.

SECTION 9.09 No Fiduciary Relationship. The Borrower, on behalf of itself and the Covered Subsidiaries, agrees that, in connection with all aspects of the transactions contemplated hereby and any communications in connection therewith, the Borrower, the Covered Subsidiaries and their Affiliates, on the one hand, and the Agent, the Lenders and their Affiliates, on the other hand, will have a business relationship that does not create, by implication or otherwise, any fiduciary duty on the part of the Agent, the Lenders or their Affiliates, and no such duty will be deemed to have arisen in connection with any such transactions or communications.

The Agent, each Issuing Bank, each Lender and their affiliates, may have economic interests that conflict with those of the Borrower. The Borrower acknowledges and agrees that (i) the transactions contemplated by this Agreement and the related documents are arm's-length commercial transactions between the Agent, the Issuing Banks and the Lenders, on the one hand, and the Borrower, on the other, (ii) in connection therewith and with the process leading to such transaction the Agent, each of the Issuing Banks and each of the Lenders is acting solely as a principal and not the agent or fiduciary of the Borrower, its management, stockholders, creditors or any other person, (iii) the Agent, the Issuing Banks and the Lenders have not assumed an advisory or fiduciary responsibility in favor of the Borrower with respect to the transactions contemplated hereby or the process leading thereto (irrespective of whether the Agent, any Issuing Bank, any Lender or any of their affiliates has advised or is currently advising the Borrower on other matters) or any other obligation to the Borrower except the obligations expressly set forth in this Agreement or the related documents and (iv) the Borrower has consulted its own legal and financial advisors to the extent it deemed appropriate. The Borrower further acknowledges and agrees that it is responsible for making its own independent judgment with respect to such transactions and the process leading thereto. The Borrower agrees that it will not claim that the Agent, any Issuing Bank, or any Lender has rendered advisory services of any nature or respect, or owes a fiduciary or similar duty to the Borrower, in connection with such transaction or the process leading thereto.

SECTION 9.10 Entire Agreement. This Agreement, the other Loan Documents and any separate letter agreements with respect to fees constitute the entire contract among the parties relative to the subject matter hereof and supersede any and all previous agreements and understandings, oral or written, relating to the subject matter hereof.

SECTION 9.11 WAIVER OF JURY TRIAL. EACH PARTY HERETO HEREBY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN ANY SUIT, ACTION PROCEEDING, CLAIM OR COUNTERCLAIM DIRECTLY OR INDIRECTLY ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE TRANSACTIONS

CONTEMPLATED HEREBY (WHETHER BASED ON CONTRACT, TORT OR ANY OTHER THEORY). EACH PARTY HERETO (A) CERTIFIES THAT NO REPRESENTATIVE, AGENT OR ATTORNEY OF ANY OTHER PARTY HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PARTY WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER AND (B) ACKNOWLEDGES THAT IT AND THE OTHER PARTIES HERETO HAVE BEEN INDUCED TO ENTER INTO THIS AGREEMENT BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION.

SECTION 9.12 Severability. Any provision of this Agreement held to be invalid, illegal or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such invalidity, illegality or unenforceability without affecting the validity, legality and enforceability of the remaining provisions hereof; and the invalidity of a particular provision in a particular jurisdiction shall not invalidate such provision in any other jurisdiction.

SECTION 9.13 Counterparts; Electronic Execution. (a) This Agreement may be executed in two or more counterparts (and by different parties hereto on different counterparts), each of which shall constitute an original, but all of which when taken together shall constitute a single contract, and shall become effective as provided in Section 9.03.

(b) The words “execution,” “execute”, “signed,” “signature,” and words of like import in or related to any document to be signed in connection with this Agreement and the transactions contemplated hereby (including without limitation Assignment and Assumptions, amendments or other Borrowing Requests, waivers and consents) shall be deemed to include electronic signatures, the electronic matching of assignment terms and contract formations on electronic platforms approved by the Agent (and, for the avoidance of doubt, electronic signatures utilizing the DocuSign platform shall be deemed approved), or the keeping of records in electronic form, each of which shall be of the same legal effect, validity or enforceability as a manually executed signature or the use of a paper-based recordkeeping system, as the case may be, to the extent and as provided for in any applicable law, including the Federal Electronic Signatures in Global and National Commerce Act, the New York State Electronic Signatures and Records Act, or any other similar state laws based on the Uniform Electronic Transactions Act.

SECTION 9.14 Headings. Article and Section headings and the Table of Contents used herein are for convenience of reference only, are not part of this Agreement and are not to affect the construction of, or to be taken into consideration in interpreting, this Agreement.

SECTION 9.15 Jurisdiction; Consent to Service of Process. (a) The Borrower hereby irrevocably and unconditionally submits, for itself and its property, to the jurisdiction of any Federal court of the United States of America or any court of the State of New York, in each case, sitting in New York County, and any appellate court from any thereof, in any action, suit, proceeding, claim or counterclaim arising out of or relating to this Agreement or any other Loan Document, or for recognition or enforcement of any judgment, and each party hereto hereby irrevocably and unconditionally agrees that all actions, suits, proceedings, claims and counterclaims arising out of or relating to this Agreement or any other Loan Document brought by it or any of its Affiliates shall be brought, and shall be heard and determined, exclusively in such Federal court or, in the event such Federal court lacks subject matter jurisdiction, such state court. Each party hereto agrees that a final judgment in any such action, suit, proceeding, claim or counterclaim shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law. Nothing in this Agreement shall affect any right that the Agent or any Lender may otherwise have to bring any action or proceeding relating to this Agreement or any other Loan Document against the Borrower or its properties in the courts of any jurisdiction.

(b) The Borrower hereby irrevocably and unconditionally waives, to the fullest extent it may legally and effectively do so, any objection which it may now or hereafter have to the laying of venue of any suit, action, proceeding, claim or counterclaim arising out of or relating to this Agreement or the other Loan Documents in any New York State or Federal court. Each of the parties hereto hereby irrevocably waives, to the fullest extent permitted by law, the defense of an inconvenient forum to the maintenance of such suit, action, proceeding, claim or counterclaim in any such court.

(c) Each party to this Agreement irrevocably consents to service of process in the manner provided for notices in Section 9.01. Nothing in this Agreement or any other Loan Document will affect the right of any party to this Agreement to serve process in any other manner permitted by law.

SECTION 9.16 Confidentiality. (a) Each of the Agent and the Lenders agrees to maintain the confidentiality of the Information (as defined below), except that Information may be disclosed (i) to its and its Affiliates' directors, officers, employees and agents, including accountants, legal counsel and other advisors on a "need to know" basis (it being understood that the Persons to whom such disclosure is made will be informed of the confidential nature of such Information and instructed to keep such Information confidential), (ii) to the extent requested by any regulatory authority having jurisdiction over such Agent or Lender, (iii) to the extent required by applicable laws or regulations or by any subpoena or similar legal process, (iv) to any other party to this Agreement, (v) in connection with the exercise of any remedies hereunder or any suit, action or proceeding relating to this Agreement, the other Loan Documents or the enforcement of rights hereunder or thereunder, (vi) subject to an agreement containing provisions substantially the same as those of this Section, to (A) any permitted assignee of or Participant in, or any prospective permitted assignee of or Participant in, any of its rights or obligations under this Agreement or (B) any actual or prospective insurers, reinsurers, and any person (or their advisors) with (or through) whom a Lender may enter into any swap, derivative or other transaction under which payments are to be made or may be made by reference to the Borrower and its obligations, (vii) with the consent of the Borrower or (viii) to the extent such Information (A) becomes publicly available other than as a result of a breach of this Section or (B) becomes available to the Agent or any Lender on a nonconfidential basis from a source other than the Borrower. For the purposes of this Section, "Information" means all information received from the Borrower or any Subsidiary relating to the Borrower or such Subsidiary or its or their business, other than any such information that is available to the Agent or any Lender on a nonconfidential basis prior to disclosure by the Borrower or any Subsidiary. Any Person required to maintain the confidentiality of Information as provided in this Section shall be considered to have complied with its obligation to do so if such Person has exercised the same degree of care to maintain the confidentiality of such Information as such Person would accord to its own confidential information. In addition, the Agent and the Lenders may disclose the existence of this Agreement and information (other than fees) about this Agreement to market data collectors, similar service providers to the lending industry and service providers to the Agent and the Lenders in connection with the administration of this Agreement, any other Loan Document, and the Commitments.

(b) Each transferee shall be deemed, by accepting any assignment or participation hereunder, to have agreed to be bound by this Section 9.16.

SECTION 9.17 Electronic Communications. The Borrower hereby agrees that, unless otherwise requested by the Agent, it will provide to the Agent all information, documents and other materials that it is obligated to furnish to the Agent pursuant to Section 5.01(a), (b) and (e) (the "Communications") by transmitting the Communications in an electronic/soft medium (provided such Communications contain any required signatures) in a format reasonably acceptable to the Agent to oploanswebadmin@citigroup.com (or such other e-mail address as shall be designated by the Agent from time to time); provided, that any delay or failure to comply with the requirements of this Section 9.17 shall not constitute a Default or an Event of Default hereunder, it being understood that this Section 9.17 shall not extend the dates by which the Borrower is required to deliver to the Agent the information, documents and other materials required to be delivered pursuant to Section 5.04(a), (b) and (e). The Borrower further agrees that the Agent may make the Communications available to the Lenders by posting the Communications on DebtDomain or a substantially similar electronic transmission system, access to which is controlled by the Agent (the "Platform"). The Platform is provided "as is" and "as available". The Agent Parties (as defined below) do not warrant the accuracy or completeness of the Communications or the adequacy of the Platform and expressly disclaim liability for errors or omissions in the Communications. No warranty of any kind, express, implied or statutory, including any warranty of merchantability, fitness for a particular purpose, non-infringement of third-party rights or freedom from viruses or other code defects, is made by the Agent Parties in connection with the Communications or the Platform. In no event shall the Agent or any of its Affiliates or any of their respective officers, directors, employees, agents, advisors or representatives (collectively, "Agent Parties") have any liability to the Borrower, any Lender or any other Person or entity for damages of any kind, including direct or indirect, special, incidental or consequential damages, losses or expenses (whether in tort, contract or otherwise) arising out of the Borrower's or the Agent's transmission of Communications through the Internet, except to the extent the liability of any Agent Party is found in a final, nonappealable judgment by a court of competent jurisdiction to have resulted primarily from the gross negligence or wilful misconduct of, or breach of this Agreement by, such Agent Party

SECTION 9.18 Certain Notices. Each Lender and the Agent (for itself and not on behalf of any Lender) hereby notifies the Borrower that, pursuant to the requirements of the USA PATRIOT Act and the Beneficial Ownership Regulation, it is required to obtain, verify and record information that identifies the Borrower, which information includes the name and address of the Borrower and other information that will allow such Lender or the Agent to identify the Borrower in accordance with the USA PATRIOT Act and the Beneficial Ownership Regulation.

SECTION 9.19 Judgment Currency. (a) If, for the purpose of obtaining judgment in any court, it is necessary to convert a sum owing hereunder in one currency into another currency, each party hereto agrees, to the fullest extent that it may effectively do so, that the rate of exchange used shall be that at which in accordance with normal banking procedures in the relevant jurisdiction the first currency could be purchased with such other currency on the Business Day immediately preceding the day on which final judgment is given.

(b) The obligations of the Borrower in respect of any sum due to any party hereto or any holder of any obligation owing hereunder (the "Applicable Creditor") shall, notwithstanding any judgment in a currency (the "Judgment Currency") other than Dollars (the "Agreement Currency"), be discharged only to the extent that, on the Business Day following receipt by the Applicable Creditor of any sum adjudged to be so due in the Judgment Currency, the Applicable Creditor may in accordance with normal banking procedures in the relevant jurisdiction purchase the Agreement Currency with the Judgment Currency; if the amount of the Agreement Currency that may be so purchased is less than the sum originally due to the Applicable Creditor in the Agreement Currency, the Borrower agrees, as a separate obligation and notwithstanding any such judgment, to indemnify the Applicable Creditor against such loss. The obligations of the Borrower under this Section shall survive the termination of this Agreement and the payment of all other amounts owing hereunder.

SECTION 9.20 Acknowledgement and Consent to Bail-In of Affected Financial Institutions. Notwithstanding anything to the contrary in any Loan Document or in any other agreement, arrangement or understanding among any such parties, each party hereto acknowledges that any liability of any Affected Financial Institution arising under any Loan Document, to the extent such liability is unsecured, may be subject to the Write-Down and Conversion Powers of the applicable Resolution Authority and agrees and consents to, and acknowledges and agrees to be bound by:

(a) the application of any Write-Down and Conversion Powers by an the applicable Resolution Authority to any such liabilities arising hereunder which may be payable to it by any party hereto that is an Affected Financial Institution; and

(b) the effects of any Bail-In Action on any such liability, including, if applicable:

(i) a reduction in full or in part or cancellation of any such liability;

(ii) a conversion of all, or a portion of, such liability into shares or other instruments of ownership in such Affected Financial Institution, its parent undertaking, or a bridge institution that may be issued to it or otherwise conferred on it, and that such shares or other instruments of ownership will be accepted by it in lieu of any rights with respect to any such liability under this Agreement or any other Loan Document; or

(iii) the variation of the terms of such liability in connection with the exercise of the Write-Down and Conversion Powers of the applicable Resolution Authority.

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Exhibit 21.1

SUBSIDIARIES

BrightSphere Investment Group Inc., a company incorporated and registered in Delaware had the domestic and international subsidiaries shown below as of December 31, 2020.

Subsidiary	Jurisdiction
BrightSphere Investment Group Inc.	Delaware
BrightSphere Inc.	Delaware
BrightSphere International, Ltd.	United Kingdom
BrightSphere Capital LLC	Delaware
Acadian Asset Management LLC	Delaware
Campbell Global, LLC	Delaware
(d/b/a Campbell Timberland Management, LLC in California)	
Investment Counselors of Maryland, LLC	Delaware
Landmark Partners, LLC	Delaware
SCO Investment Holdings Ltd.	United Kingdom
Thompson, Siegel & Walmsley LLC	Delaware

Exhibit 23.1

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Board of Directors
BrightSphere Investment Group Inc.:

We consent to the incorporation by reference in the registration statement (No. 333-234646) on Form S-3 of BrightSphere Investment Group Inc. of our reports dated March 1, 2021, with respect to the consolidated balance sheets of BrightSphere Investment Group Inc. and subsidiaries as of December 31, 2020 and 2019, the related consolidated statements of operations, comprehensive income, changes in shareholders' equity, and cash flows for each of the years in the three-year period ended December 31, 2020, and the related notes, and the effectiveness of internal control over financial reporting as of December 31, 2020, which reports appear in the December 31, 2020 annual report on Form 10-K of BrightSphere Investment Group Inc.

/s/ KPMG LLP
Boston, Massachusetts
March 1, 2021

Exhibit 31.1

CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Suren Rana, certify that:

1. I have reviewed this Annual Report on Form 10-K of BrightSphere Investment 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(s) 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(s) 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: March 1, 2021

/s/ Suren Rana
Suren Rana
President and Chief Executive Officer
(principal executive officer)

Exhibit 31.2

CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Christina Wiater, certify that:

1. I have reviewed this Annual Report on Form 10-K of BrightSphere Investment 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(s) 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(s) 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: March 1, 2021

/s/ Christina Wiater
Christina Wiater
Senior Vice President and Principal Financial Officer
(principal financial officer and principal accounting officer)

Exhibit 32.1

CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER
PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

I, Suren Rana, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to my knowledge, the Annual Report on Form 10-K of BrightSphere Investment Group Inc. for the annual period ended December 31, 2020 (the "Report") fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and that the information contained in such Report fairly presents in all material respects the financial condition and results of operations of BrightSphere Investment Group Inc. for the periods covered by the Report. The foregoing certification is being furnished to the Securities and Exchange Commission as part of the Report. A signed original of this statement has been provided to BrightSphere Investment Group Inc. and will be retained by BrightSphere Investment Group Inc. and furnished to the Securities and Exchange Commission or its staff upon request.

Date:	March 1, 2021	/s/ Suren Rana
		Name: Suren Rana
		Title: President and Chief Executive Officer
		(principal executive officer)

Exhibit 32.2

CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER
PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

I, Christina Wiater, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to my knowledge, the Annual Report on Form 10-K of BrightSphere Investment Group Inc. for the annual period ended December 31, 2020 (the "Report") fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and that the information contained in such Report fairly presents in all material respects the financial condition and results of operations of BrightSphere Investment Group Inc. for the periods covered by the Report. The foregoing certification is being furnished to the Securities and Exchange Commission as part of the Report. A signed original of this statement has been provided to BrightSphere Investment Group Inc. and will be retained by BrightSphere Investment Group Inc. and furnished to the Securities and Exchange Commission or its staff upon request.

Date: March 1, 2021

/s/ Christina Wiater
Name: Christina Wiater
Title: Senior Vice President and Principal Financial Officer
(principal financial officer and principal accounting officer)