

Asset Management Focus

Freeman & Co.



2001—Year in Review

The past year was difficult. Buy side and sell side firms lost friends, family, colleagues and competitors—most people in New York City knew someone who worked in the twin towers, and we are no exception. Our thoughts are with the families that lost loved ones and with the survivors.

On the market side, there were few high notes: the NASDAQ fell another 21.1% delivering total declines of 52% over two years; the S&P 500 declined for two consecutive calendar years, the first time since 1973-1974 when it fell 14.5% and 36.8%, respectively. Firms were forced to cut back expansion and realign their cost bases with their new revenue bases. Some acquisition plans were delayed.

Two areas that performed well were fixed income and alternative investments, the latter which we highlight beginning on page 10. We hope for a better year in 2002.

Performance as of December 31, 2001

Index	Total Return 1 Yr	Total Return Annualized 3 Yr	Total Return Annualized 5 Yr
S&P 500	-11.9%	-1.0%	10.7%
Nasdaq	-21.1%	-3.8%	8.6%
FTSE EuroTop 100	-18.6%	1.8%	12.2%
LBGC*	8.5%	5.9%	7.4%

*Lehman Brothers Govt./Credit Index

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Indices at January 31, 2001:

DJIA	9,920
NASDAQ	1,934
S&P 500	1,130
FTSE 100	1,080
10 Year US Treasury Bond Yield	5.04%
Euro to dollar	\$0.86

Summary

Our key findings are:

- The total number of acquisitions decreased 3% to 145 in 2001 from 150 acquisitions in 2000
- Average AUM acquisition size in 2001 was \$5.7 billion, down from \$11.4 billion in 2000; median AUM deal size was \$1.56 billion in 2001, compared to \$2.0 billion in 2000
- Multiple buyers were very active this year, with 17 companies making multiple acquisitions in 2001, led by Mellon Financial, AMVESCAP and Boston Private Financial
- In Europe, acquisition activity has been focused on the developed UK market and on intra-country acquisitions
- Many successful European entrants are using multiple strategies including acquisitions, joint ventures, sub-advisory and direct distribution
- Alternative investment entrants reached a record high in the 4th quarter with 76 new products launched, which led to a total of 160 new entrants/products for the year 2001
- Product evolution in hedge fund of funds ("HFOF") continued through three innovations: reinsurance (Max Re), CDO asset manager ratings (Fitch), and closed-end funds (CIBC World Markets)
- The critical mass mark for HFOF for 2002 appears to be \$1 billion AUM; firms below this may be forced to pursue a niche strategy
- Hedge fund of funds delivered on promises of uncorrelated absolute returns; our sampling of funds returned +6.9% in 2001 and 15.8% annualized over three years

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Global Asset Management Transactions

In our last newsletter we predicted that although acquisitions were on pace to exceed 2000 totals, a slowdown in fourth quarter activity would lead to 2001 totals mirroring 2000 totals. Our estimates were fairly accurate as this year's total came in at 145, just shy of 2000's total of 150. The uncertainty during the fourth quarter certainly delayed some transactions.

Strategic partnerships continued to decline, although the fourth quarter saw a slight surge in the number of joint ventures announced.

There were 30 acquisitions in the fourth quarter of 2001, which we feel accurately reflects the pace for acquisitions in the coming year. Therefore, we believe acquisition activity will decline to approximately 120-130 deals as many large buyers focus on realigning their costs bases with the downturn in revenue. However, a sooner-than-expected economic rebound would cause a slight increase to this projection.

US—Europe Transactions

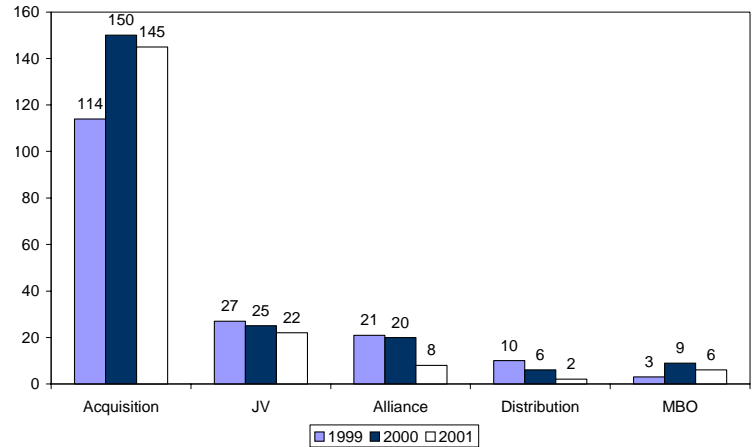
In 2001 US firms were involved in more deals than European firms across all categories tracked. The number of acquisitions involving European firms fell by 19%, while the number of acquisitions involving US firms increased 15% from 2000. Transatlantic activity between the US and Europe mirrored the level in 2000, with 17 acquisitions occurring between the regions in both 2000 and 2001. Joint Ventures and Alliances increased slightly between the two regions in 2001, with 7 joint ventures and 4 alliances occurring, as compared to 6 JVs and 1 alliance in 2000.

Although globally joint ventures and alliances have decreased over the past three years, they have steadily increased between the US and Europe. At the same time, distribution deals have come to a halt from a high of 5 in 1999. The majority of these arrangements have involved US firms' supplying product in exchange for access to European investors (i.e. S&P offering ETF's through Credit Lyonnais and Frank Russell and Scottish Widows' JV to sell multi-manager funds in the UK).

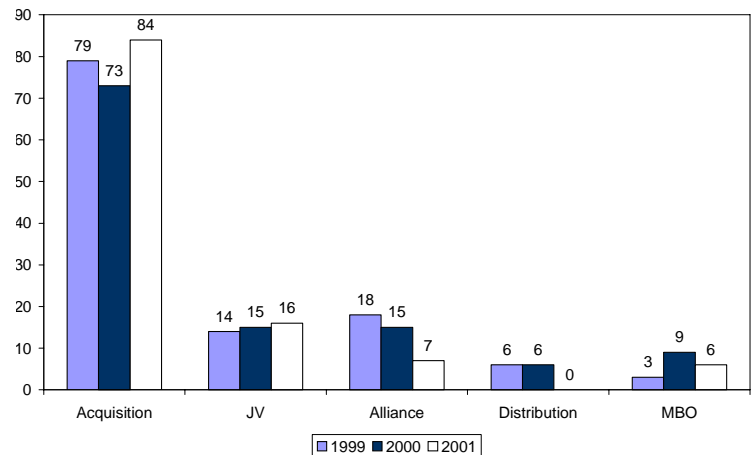
Management buy outs (MBOs) were driven by Old Mutual, who has continued to sell off businesses acquired in the United Asset Management deal. In 2001 the firm disposed of a total of 4 firms.

With the final introduction of the Euro notes, we expect European activity to increase as transparency and a pan-European market spur consolidation. Our research in March 2001 showed that 2000 intra-Europe M&A was split equally between intra-country and cross-border activity (20 vs. 21). In 2001 we tracked 15 intra-country deals and 8 cross-border European acquisitions as firms boost their domestic competitive positions in advance of a pan-European expansion.

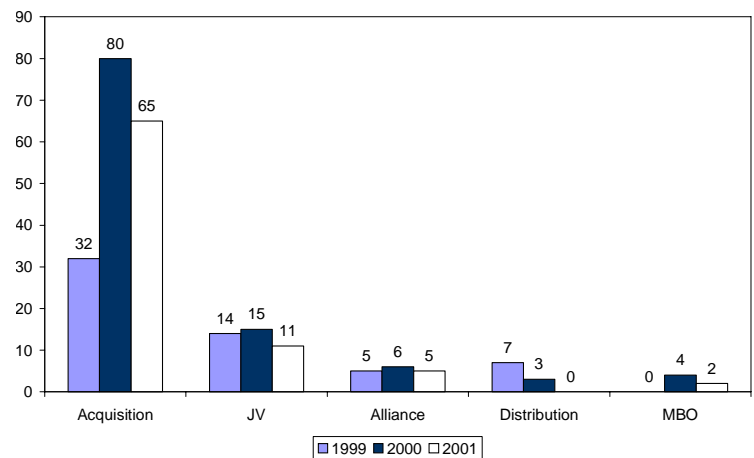
No. of Global Transactions 1999-2001



No. of Transactions Involving US Firms 1999-2001



No. of Transactions Involving European Firms 1999-2001



Source: Freeman & Co

US Companies acquired in the Fourth Quarter

Fourth quarter US acquisitions were dominated by the sale of US boutiques. The largest deal by AUM in the quarter was Phoenix Investment Partners' acquisition of Kayne Anderson Rudnick with \$7 billion under management, while six other deals had AUM of over \$1 billion for the quarter. For the whole year, the Kayne Anderson Rudnick acquisition was one of several larger deals among over 30 US acquisitions involving over \$1 billion AUM each.

Over the years we have tracked a consistent level of US firms acquired (about 80 per year) as numerous buyers want to add recurring fee streams that compound with the capital markets' appreciation. With the short-term market falls (S&P 500 -11.9% in 2001) and the longer-term stagnation (S&P 500 -1.0% over 3 years), we believe some buyers will view the business cash flow streams as more volatile than in the past. In addition, the S&P 500's five-year annualized return of 10.7% is back in line with historical averages of 10-12%; whether buyers factor these growth rates into their strategic decisions remains to be seen.

Fourth Quarter 2001 Acquisitions

Month	Year	Target	Acquirer	Ownership %	Total Deal AUM (\$MM)
10	2001	Balentine & Co.	Wilmington Trust Corp	100	3,600
10	2001	Capital West Management LLC	Phoenix Investment Partners	65	175
10	2001	Centurion Capital Group	GE Financial Assurance	100	1,900
10	2001	Higgins Associates	Punter Southall & Co. Ltd	100	200
10	2001	KPH Invest LLC	Kempen Capital Management	100	56
10	2001	Optima Fund Management	Mellon Financial Corp.	15	1,700
10	2001	Oscar Capital Management	Neuberger Berman Inc	100	800
10	2001	QED Investments LLC	New York Life Insurance Co.	100	850
11	2001	Axe-Houghton Index Asset Management Unit	Bank of New York*	100	2,600
11	2001	FrontPoint Partners LLC	XL Capital Ltd	Minority	
11	2001	Kayne Anderson Rudnick Investment Management LLC	Phoenix Investment Partners Ltd	60	7,000
12	2001	Bay Isle Financial Corp.	Berger LLC	100	1,000
12	2001	Suffolk Capital Management Inc	Ohio National Financial Services I	100	3,000

* Freeman & Co. acted as financial advisor to the Bank of New York

Source: Freeman & Co.

Multiple Buyers in 2001

Asset Management Multiple Buyers in 2001

Year	Acquirer	# of Acquisitions	Total Value (\$MM)	Total AUM Acquired (\$MM)
2001	Societe Generale SA	3	1,089	81,584
2001	Amvescap Plc	3	453	27,400
2001	Phoenix Investment Partners	3	NA	7,975
2001	Aberdeen Asset Management Plc	3	46	5,940
2001	Boston Private Financial Holdings	3	124	1,055
2001	Mellon Financial Corp	3	170	44,300
2001	Wells Fargo	2	128	16,789
2001	Legg Mason	2	797	13,300
2001	Affiliated Managers Group	2	347	11,300
2001	Bank of New York	2	225	2,600
2001	HSBC Holdings Plc	2	103	4,200
2001	Camden National Corp	2	NA	1,200
2001	Credit Suisse Group	2	150	745
2001	State Street Global Alliance*	2	NA	335
2001	Investia Financial Services, Inc	2	NA	200
2001	Mediolanum SpA	2	83	NA
	Total	38	\$ 3,713	\$ 218,923

* Joint Venture between State Street and ABP

Back-Office and Processing Multiple Buyers in 2001

2001	Bank of New York	2	220	
2001	Mellon Financial Corp.	2		7,200
2001	Bisys Group Inc	2	120	NA
	Total	6	\$ 340	\$ 7,200

Source: Freeman & Co.

Seventeen different firms announced multiple acquisitions in 2001, accounting for 29% of the total number of acquisitions announced and 27% of the acquired AUM for the entire year. Mellon Financial, Boston Private Financial and Phoenix Investment Partners led US buyers with three acquisitions each; Societe Generale led the multiple buyers in the total AUM acquired with \$81.6 billion (Resulting primarily from its majority stake in TCW Group).

Numerous other firms made acquisitions to expand customer bases (Credit Suisse—Frye-Louis Capital; NY Life—McMorgan & Co.), or product sets (Mellon—Optima Fund Mgmt.; John Nuveen—Symphony Asset Mgmt.). There was some geographic expansion, with the Societe Generale acquisition of TCW and Deutsche Bank acquisition of Zurich Scudder being the best large scale examples.

Additionally, several firms have been busy in gathering processing/custodial firms. The Bank of New York, BISYS Group and Mellon Financial Corp all made at least 2 acquisitions to bolster their back office, processing and securities servicing capabilities. Just this week BNY announced its acquisition of G-Trade Services to expand its whole-sale trade execution capabilities.

As we have written before, the financial model consolidators (UAM, Nvest) have given way to more integrated acquirers such as Legg Mason, Neuberger Berman and Eaton Vance. These firms offer proprietary distribution platforms through relationship managers, wholesalers or other means that allow for better leverage and cross-selling opportunities than the original hub-and-spoke models.

Global Acquisitions—Assets Acquired by Seller Region

Region	1998	1999	2000	2001	Total
Africa	34,910	0	28,900	0	63,810
Asia	68,982	82,244	28,802	25,411	227,279
Canada	11,600	8,304	43,181	48,152	120,238
Europe	126,422	160,057	667,646	106,684	1,255,404
South America	8,285	19,062	2,122	2,047	31,828
US	229,605	415,067	945,124	648,010	2,760,331
Total	\$479,804	\$684,734	\$1,715,775	\$830,304	\$4,458,889

No. of Acquisitions	103	114	150	145	512
Average Deal Size	\$4,658	\$6,006	\$11,438	\$5,726	\$8,709
Median Deal Size	\$1,000	\$1,300	\$2,000	\$1,555	\$1,500

Source: Freeman & Co.

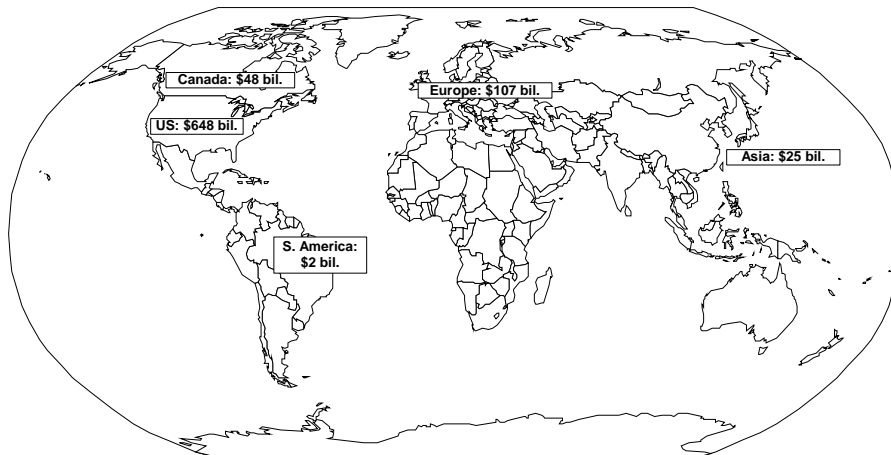
The US was the largest seller of assets in 2001, with Europe a distant second. Conversely, Europe was the biggest acquirer of assets, with the US trailing significantly. This occurred because of two major trans-Atlantic deals where the US was the target and Europe was the buyer:

- Deutsche Bank's acquisition of Zurich Scudder's US asset management business (approx. \$280 billion)
- Societe Generale's acquisition of TCW Group (\$80 billion)

The above two deals accounted for over half of the assets acquired in the US and half the assets acquired by European firms. Additionally, a total of six other transactions above \$20 billion occurred involving either US or European firms as the sellers:

- Fleet Boston's acquisition of Liberty Financial Co.'s wealth management business (\$51.3 billion)
- Mellon Financial's acquisition of Standish, Ayer & Wood (\$41 billion)
- Eureka NV's acquisition of the remaining stake of Foreign & Colonial it did not already own (\$38 billion)
- New York Life's acquisition of Morgan & Co. (\$27 billion)
- State Street Corp.'s acquisition of Gartmore Investment Management (\$25.4 billion)
- Swiss Re's acquisition of Conning & Co. (\$20 billion)

Assets Acquired by Seller Region (\$MM)



Source: Freeman & Co.

Global Acquisitions—Assets Acquired by Buyer Region

Region	1998	1999	2000	2001	Total
Africa	54,860	0	33,576	0	88,436
Asia	31,164	52,028	9,174	371	92,737
Canada	14,293	8,359	8,072	47,926	78,649
Europe	134,503	456,726	870,139	528,957	1,990,325
South America	0	662	122	3,447	4,231
US	244,984	166,959	794,693	249,604	1,456,240
Total	\$479,804	\$684,734	\$1,715,775	\$830,304	\$4,458,889

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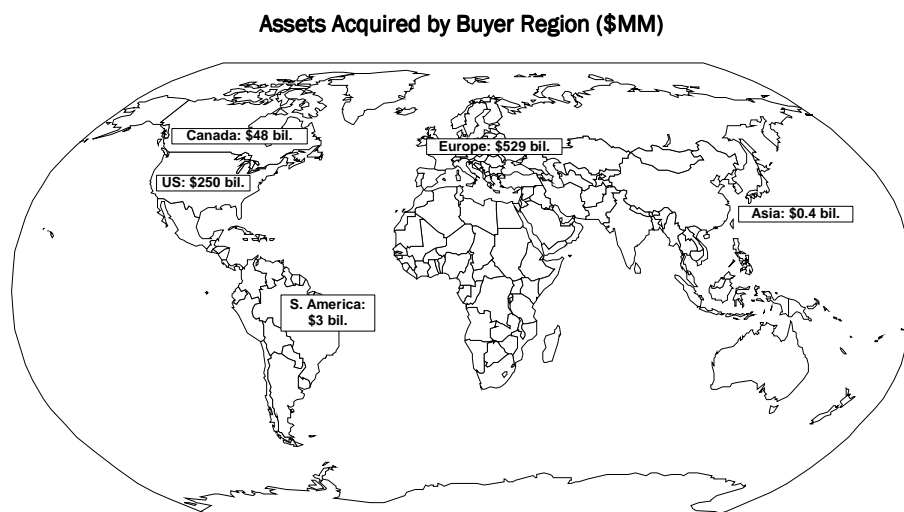
Source: Freeman & Co.

Although the US and Europe dominated the largest transactions, both countries fell significantly in the amount of assets both bought and sold in 2001 as compared to 2000. Assets sold and bought in Europe fell by 84% and 39%, respectively, while assets sold and bought by US firms fell by 31% and 69% respectively. We had written about this surge of large cross-border deals during 2000 in our reports of October 2000 and March 2001.

While assets acquired dropped significantly in the US and Europe from the prior year, assets acquired by Canadian firms increased by nearly 6 times. This increase was caused primarily by two large deals, including Sun Life's acquisition of Liberty's Keyport Insurance business (\$19 billion) and Investors Group's acquisition of Mackenzie Financial Corp (\$25 billion). The increase in assets sold was caused by the combination of the Mackenzie Financial acquisition and the sale of RT Capital Management to UBS Asset Management (\$20 billion). An interesting note is that with the exception of the Sun Life-Keyport deal, nearly all of the activity involving Canadian firms involved domestic consolidation. After consolidation in Canada, it remains to be seen whether Canadian firms will expand more into the US or Europe. With the acquisition of US distribution systems by Canadian firms (Dain Rauscher and CSFBdirect) and the geographic proximity, we would expect more US activity.

In 2002 we expect that assets acquired will be in line with historical numbers, as we are assuming year 2000 to be an extreme case. Assets acquired grew by a CAGR of 20% between 1998 and 2001, a level that is not sustainable in the current market. Also, we expect the number of acquisitions in 2002 will decrease slightly from 2001 levels and that the majority of acquired companies will continue to be boutiques leading to a minor decrease in the amount of assets acquired. Average and median deal size will remain near 2001 levels (as they were more consistent with historical levels).

Freeman & Co. expects to see the highest concentration of acquisitions in Europe as the further development of a pan-European market forces consolidation. In the US we expect to see firms continue to concentrate on smaller acquisitions, rather than large, asset-gatherers.



Source: Freeman & Co.

Europe: How foreign asset managers enter Europe

In this report, we look at the different means employed by, or available to, foreign firms to penetrate the European market:

1. Acquisition Strategy
2. Strategic Alliances/Joint Ventures
3. Multi-Management: Fund of Funds
4. Third Party Distribution

In our October newsletter, we described Europe as the region of greatest opportunity. Although it has shown rapid growth in the last decade at 13% CAGR, we still believe that the European mutual fund industry is relatively under-developed and one that offers significant revenue potential, for example:

- Total mutual fund assets represent more than 50% of GDP in the US, as compared to 25% of GDP in Europe
- The switch from domestic to euro-dominated securities prompted by the Euro has led to the emergence of the corporate bond market

This situation, together with positive demographics, liberalizing investment regimes, improving technology and the removal of regulatory barriers to capital flows are seen to offer significant opportunities for cross-border product and service provision.

Nonetheless we believe that asset managers with global aspirations must overcome high barriers to entry including language, culture and access to market before gaining a foothold in the European marketplace. Some of them have been operating in Europe for a long period of time without really attaining their goals. For example, if we examine the European pension market, Merrill Lynch manages over a \$100bn of pension assets in the US while in Germany they have spent almost 8 years and couldn't reach critical mass. European foreign firms like UBS (12 years of presence in Germany) are also struggling with the German pension market, which is predicted to grow up to one trillion euros in 2003. We are tempted to draw a simple conclusion: local providers have the "edge" over foreign fund suppliers as they have acquired the status of "historical player" based upon local market knowledge and access to investors.

We believe that foreign firms should combine different strategies in different markets. The scope to make opportunistic decisions as they present themselves is vital to maximizing the potential for success, especially when resources are limited.

Strategy Characteristics

	Capital Required	Ownership	Integration Cost	Critical Mass Reach	Control of Customer Relationship	Control of Assets	Economics
Acquisition	High	High	High	High	High	High	High
Strategic Alliance	Medium to Low	Medium to Low	Low	Medium	Medium to Low	Low	Medium to Low
Multi-management	Low	Low	Low	Medium	Low	Low	Medium to Low
Third party distribution	Low	Low	Medium to Low	Medium	Low	Low	Medium to Low

For those who decide to implement a strategy based exclusively on organic growth, which has a relatively long time horizon, we would warn them about losing the opportunity to take advantage of short-term opportunities in Europe.

In our view, foreign firms should be looking at multiple strategies simultaneously. An example is State Street:

- Joint venture with Mediolanum to the partner's pension assets (JV)
- Joint venture with ABP (Dutch pension fund) to take joint stakes in specialist fund management companies (specialists acquisition)
- Joint Venture with Bank of Ireland Asset Management to distribute indexed funds in UK(JV)
- Funds registration in major European countries to access direct distribution channels
- Sub-advisory services for Mediolanum's Irish-based funds "Challenged funds" (Third party distribution)
- Acquisition of the index business unit of Gartmore Investment Management in the UK (specialist acquisition)

Europe—Acquisition Strategy

Acquisition of an established business is certainly an attractive option. It provides immediate access to existing infrastructure, distribution channels and management teams with knowledge of the local market. Nonetheless we think it has two prerequisites: 1) Existing acquisition opportunities within targeted markets and 2) Strong financial backing

We can see that in the last 5 years few M&A transactions have occurred in continental Europe. Of the 100 transactions we have been able to track in the mentioned countries, 63% took place in the UK. Of these, 37% have involved a UK buyer and 63% have involved foreign buyers, of which US firms represent the bulk (55%=22 acquisitions). The motivation of European and US buyers to acquire businesses in UK is not the same:

- European Buyers have been attracted by talented managers to gain expertise and management skills, as well as to broaden their product offering in their domestic market
- On the other hand, US firms and other non-European firms were looking for an access point to the European market.

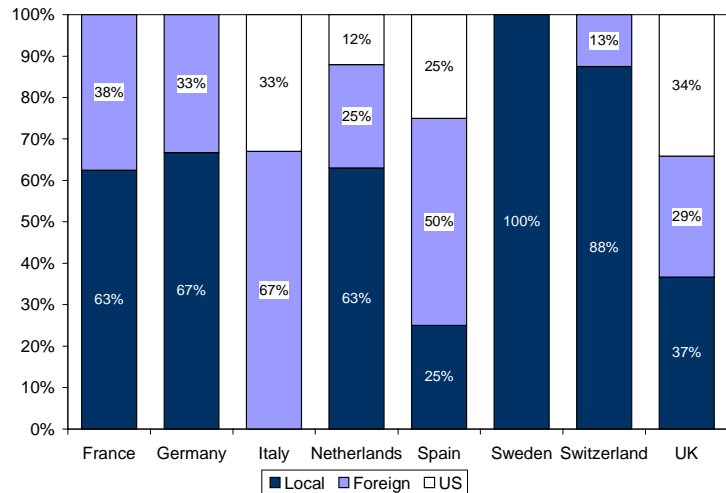
Regarding the M&A activity in continental Europe (outside UK), although European buyers have succeeded in completing few cross-border transactions (Italy and Spain), the bulk of the activity is generated by national players within their local markets. We believe most of these combinations were defensively driven with the purpose of protecting domestic markets.

As a result of the implementation of these defensive strategies, we are seeing the emergence of “national champions” in some countries such as BNP Paribas, Deutsche Bank, UBS, ABN Amro, Dexia, Fortis, etc. These firms will play a crucial role in the cross-border activity expected to take place in Europe within the next two years.

We believe that US firms will encounter more difficulties to acquire customer-related assets. It is our view that the European asset management landscape will be comprised of two categories of players:

- A few large full-service financial providers with extensive distribution capabilities and enhanced customer relationship management expertise.
- A large number of product specialists (ADI, HDF Finance, Richelieu Finance) capable of delivering a high level of expertise to a high net worth individuals or an institutional client-base.

Acquisitions in Europe 1996-2001 (Buyers)



Source: Freeman & Co.

Most Active Foreign Buyers in Continental Europe 1996-2001

Acquirer	Number of Acquisitions	Acquirer's Country
Aberdeen Asset Mgmt Plc	11	UK
AMP Asset Mgmt/Ltd	5	Australia
Investec Group Ltd	3	South Africa
Alliance Capital Mgmt	2	US
Edinburgh Fund Managers Group	2	UK
Goldman, Sachs	2	US
Nationwide Financial Services	2	US
Refco Group	2	US
Schroders Plc	2	UK
Seymour Pierce Group Plc	2	UK
State Street Corp	2	US

Source: Freeman & Co.

US firms may pursue an acquisition strategy by targeting niche players (product-related acquisition) to establish a base in one or more markets and then begin by building operations from within. This strategy will allow US firms to obtain immediate market presence but does not guarantee that they will reach critical mass.

Europe - Strategic Alliances

The development of joint ventures and/or strategic alliances with established asset managers or other distribution outlets is an equally viable strategy to penetrate multiple markets. These relationships facilitate the sharing of products and expertise. Allies gain access to their partner's home market, local market knowledge and customer base, allowing a less expensive means of opening new distribution channels.

According to the chart at right, US firms have been involved in all major European countries and represent over 50% of the alliances that have taken place in Europe in the last 5 years. In Germany local players have also used this strategy in their own home market as a preliminary step to further integration (acquisition or merger). These alliances have provided them with positive backing in the acquisition process: Allianz and Dresdner or DG Bank AG and GZB-Bank, etc.

Broadly speaking, cross-border strategic alliances have not been favored by (continental) European firms: only 13% of the 53 alliances we have been tracking for the last 5 years have involved a (continental) European. They simply do not see them as a means to achieve their defensive strategy. Indeed, only an acquisition strategy would lead to a total control of assets.

On the contrary, US firms have focused on building product and customer-related alliances with European players showing significant market share in their home market. Not being able to acquire established businesses has led US firms to think of a means that will help them gain critical mass in a short period of time without losing sight of the perspective of converting the alliance into an acquisition.

Very successful alliances have mushroomed in the last 5 years (see chart below) allowing US firms to access European customers and product without having to address the more difficult regulatory and legal challenge of trying to merge activities and deal with post-integration issues, potentially unlocking the benefits to both parties more quickly.

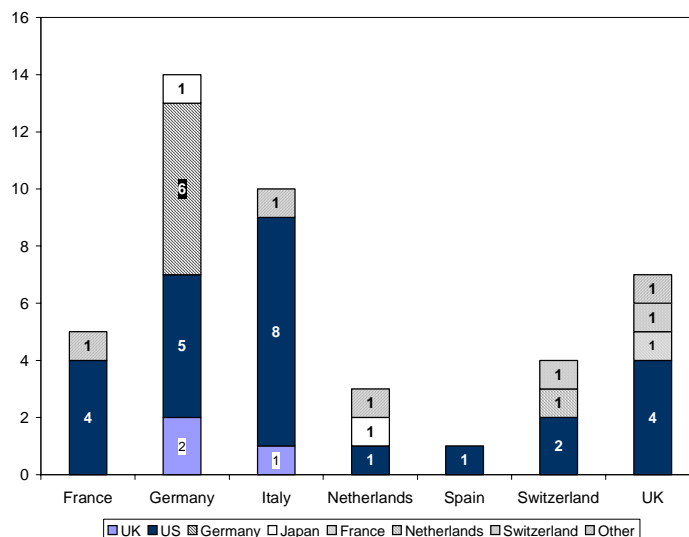
A perfect example would be the "State Street Global Advisor" and "Mediolanum" joint venture (\$500m). Mediolanum is a medium-sized life insurance company with a \$8bn mutual fund business. The JV's scope covers the nascent pension fund activity of the Italian insurance company where SSGA brings its international investment expertise and Mediolanum the customer relationship (consulting, training and communication support).

Nonetheless, alliance candidates should be aware of the risk generated by non-exclusive relationships. Without that exclusivity, the competitive advantages they confer lose their significance.

We would qualify an alliance successful when the partners represent two complementary components of the asset management value chain. By this we mean that the partnership must create a value that both partners are not able to create separately.

In conclusion we think that thoroughly considered alliances should potentially unlock the benefits for both parties more quickly than with acquisitions. Therefore, we expect to see more and more JVs and alliances taking place in Europe as an alternative to the acquisition process.

Strategic Alliances & Joint Ventures in Europe 1996-2001



Source: Freeman & Co.

Strategic Alliances in Europe 1996-2001 (Most Active Players)

Foreign Partner	Number of Alliances	Foreign Partner's Country
Frank Russell Co.	4	US
State Street Corp	4	US
Alliance Capital Mgmt	3	US
DG Bank AG	3	Germany
JP Morgan Chase	3	US
Baillie Gifford	2	UK
BNP Paribas SA	2	France

Source: Freeman & Co.

Europe—Multi Management: Mutual Fund of Funds

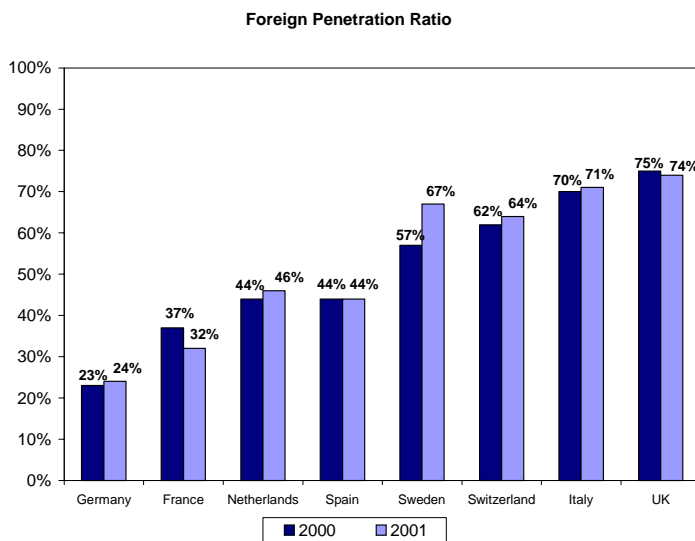
Mutual fund of funds are already more widespread than is generally recognized. According to Sector Analysis, around 22% of organizations use/distribute funds of third party funds. Another 8% use/distribute funds of in-house funds. Fund of funds are most popular in France, where they are used by 70% of organizations. They are significantly more popular in Spain, where they are used by 45% of organizations, than in established fund markets such as the UK and Germany.

Most large fund providers such as BNP Paribas, Credit Lyonnais, Societe Generale (in alliance with Frank Russel) and CCF (in alliance with SEI) now sell fund of funds. These products seem to fit the institutional and HNW investors due to their matching characteristics in terms of risk profile and return expectation. Their success is also due to the fact that they are marketed as “best selection” or “choice expertise” products that create a portfolio including the best sub-funds currently on offer. Many domestic fund managers offer fund of funds with sub-funds managed by foreign fund managers, providing an opportunity to access the European market with low marketing cost.

This satisfies customer needs for exposure to a “*specific expertise*” or to access a “*specific market*”, while providing foreign fund managers with a convenient entry strategy into the local market.

Although this vehicle represents a new means to entering the European market, it is far from being adopted by all the European countries. Thus funds of funds do not constitute a direct means to enter the European market and need to be considered as a complement to wide-focus strategies.

Europe—Third Party Distribution



Source: Sector Analysis, Ltd

Who are the suppliers to third party distributors: domestic or foreign?

The answer is that across Europe 50% of third party funds in 2000 were supplied by both domestic and foreign suppliers. But this varies widely from country to country. Last year foreigners’ share of national markets for third party funds ranged from 23% in Germany and 37% in France to 70% in Italy and 75% in the UK.

- In Italy foreigners’ share of the third party fund market is high-at 70% and rising. The overall appetite for third party is large at \$77bn. Demand for funds from foreign suppliers is projected to grow by over 50% this year.
- The UK and Switzerland are the next most willing to use third party funds supplied by foreign firms. In both cases foreign suppliers are well entrenched, with market share of 75% and 62%. Both countries are large markets for third party funds. However, demand for funds from foreign suppliers is growing by less than 20% in Switzerland and hardly at all in the UK.

- French fund companies have a tight hold on their domestic market. There we find that domestic suppliers are projected to increase their share of this large and rapidly growing market from 63% in 2000 to 68% this year.
- Germany and The Netherlands are the other two countries where domestic fund suppliers command dominant shares (in Germany’s case, over 70%) of large and growing markets for third party funds. Buyers use third party funds for a variety of reasons, including the need for expertise that they do not have, the desire to reach particular markets and asset classes, and portfolio diversification. The explanation for the high Foreign Fund Supplier Penetration ratios varies from case to case:
- Sophisticated Swiss buyers look for hedge funds and other specialist products that local suppliers cannot provide.
- In Italy, the fragmentation of the banking industry means that there is no local equivalent of Deutsche Bank or BNP Paribas: foreign fund suppliers have stepped into the void.
- In the UK, many local fund companies have been bought by foreign groups as a part of the global consolidation of the asset management industry.

Alternative Investments—Growth Opportunities

The number of new entrants into the alternative investment space in the 4th quarter of 2001 surged 65% over the preceding quarter. Since Freeman & Co. began tracking the number of announced new entrants at the beginning of 2001, we have seen a steady rise across all four quarters growing at a rate of 80% quarter over quarter.

The majority of the new entrants are established managers and investment banks rolling out additional products to increase capacity and expand their product offerings. The number of fund of fund new product launches, for example, was 29 during 4Q01. This represents a mix of new entrants and follow-on products from existing managers.

As competition increases with the launch of products and firms, many new and existing firms will face challenges. For new entrants, every investor will not accept “pro-forma” results, and will value managers with experience during periods such as the Asian currency crises, Russian default, LTCM failure and NASDAQ crash. Since many institutional investors don't accept ‘pro-forma’ figures from new traditional asset managers, we think the presentation of pro-forma numbers will lose acceptance as education increases among investors and consultants who are used to AIMR compliant performance presentation standards. For small firms, size and scale will become more important — institutional investors will scrutinize internal systems and processes, large competitors will gain ratings from Fitch, S&P, etc. and hedge funds will offer accommodations to larger capital providers. Many smaller firms may face distribution challenges among the ‘noise’ from so many new competitors.

Many established firms have realized the importance of distribution in the face of this competition. Not all of these firms will succeed in getting to their AUM goals of \$500 million or \$1 billion. At a certain point, institutions and their consultants will set higher minimum AUM levels to be included in searches. Those firms that fail to reach their growth goals will need to decide what type of firm they would like to be (boutique, style specialist, HNW focused, etc.)

Alternative Investments—Allocations

We have listed a number of announcements for alternative allocations for 4Q01, which have fallen as institutions fail to announce every allocation they make. The institutional allocations seem to be averaging in the 1-5% range we first identified in our March 2001 report. This increase in allocation levels, we predicted, would add \$570 billion in AUM over five years to hedge funds; we thought fund of funds would gather \$182 billion of these assets. Based on our discussions with fund of fund managers, most had strong asset increases last year and we think the industry growth is on track with our expectations, although most of the AUM inflows for fund of funds is concentrated in a small number of firms.

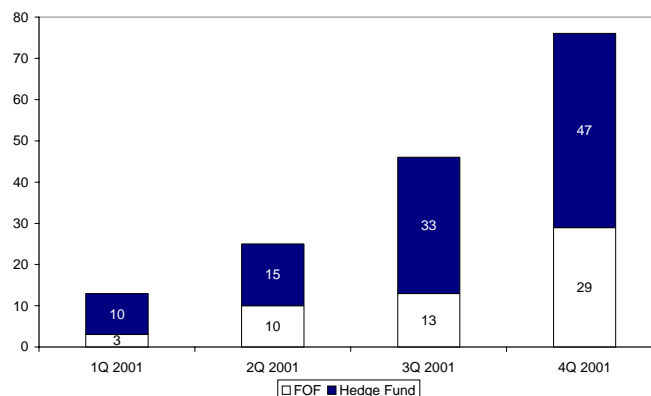
The additional allocations to alternatives range from large institutions like Shell Pensions and Washington State, who are expanding their efforts, to smaller groups making their first investments, such as the Nature Conservancy and Nestle USA. As clients and institutional consultants gain experience with the asset class, the rate of new allocations should increase.

4th Quarter Alternative Investments

Date	Firm	Total Assets (\$MM)	% Allocation	Value of Allocation (\$MM)	Notes
10/16/01	Nature Conservancy	850	5%	43	Nature Conservancy trustees approved a 5% allocation to alternative investments
10/23/01	ABP	150,000	0.5%	720	The Netherlands civil servants pension fund has appointed its own hedge fund of funds manager
10/25/01	Shell Pensioenfond Beheer	12,600	-	-	Shell pension fund will be allocating assets to hedge funds and private equity
11/28/01	Washington State Investment Board	40,000	17%	6,800	The Washington-based fund plans to boost its commitment to alternatives to 17 percent from 15 percent
10/30/01	George Washington University	700	-	-	GW is looking to expand its alternatives portfolio
11/27/01	Nestle USA	750	3%	25	Nestle USA to invest in hedge fund of funds
	Average:	34,150	6%	1,897	

Source: Freeman & Co.

Number of New Entrants in Alternative Investments



Source: Freeman & Co.

Alternative Investments— Product Development

As the knowledge of hedge fund of funds has increased among investors, consultants, attorneys, rating agencies and investment banks, the evolutionary change of new product developments has progressed with three products of note: reinsurance businesses (e.g. MaxRe), CDO products and ratings, and closed-end funds.

Max Re, founded in 1999 and publicly listed in 2001, is a Bermuda-based reinsurer whose business model is designed to allocate up to 50% of its portfolio to alternative investments. This evolutionary change provides two investment features to Max Re equity owners. First, the alternatives portfolio may provide higher long-term returns compared to other fixed income or equity investments. Second, it provides

MaxRe Assets & Investing Profile

Investment Style	Assets \$MM	% of Assets	% of Alternatives	1 Year Return
Cash & Fixed Maturities	\$ 982.4	61.0%		8.55%
Global Macro	125.7	7.8%	20.0%	8.36%
Long/Short Equity	83.8	5.2%	13.3%	-5.39%
Convertible Arbitrage	75.3	4.7%	12.0%	17.88%
Merger Arbitrage	45.6	2.8%	7.3%	8.11%
Diversified Arbitrage	99.2	6.2%	15.8%	10.01%
Distressed Securities	85.9	5.3%	13.7%	0.86%
Opportunistic	47.6	3.0%	7.6%	11.55%
Insurance U/W	64.7	4.0%	10.3%	
Total Alternatives	\$ 627.8	39.0%	100.0%	6.69%
Total	\$ 1,610.2	100.0%		7.78%

Source: SEC filings

One factor that has been brought up is whether Max Re could allocate a greater percentage of its assets to alternatives. This potential “pure play” model could have some advantages: a higher percentage, or total, allocation to alternatives could raise the asset returns for the reinsurer if alternative investing results are sustainable; investors in alternatives would have more control over their total asset allocation if the allocation was 100% to alternatives; lastly, it would provide deferred capital gains treatment for a tax-inefficient asset class.

CDO Asset Manager Criteria

- company and management experience,
- financial condition,
- staffing,
- procedures and controls,
- asset acquisition,
- portfolio management,
- CDO administration,
- technology, and
- portfolio performance

Source: Fitch Ratings

The second product innovation is structured products, with a particular focus on CDO vehicles using hedge fund of funds as the asset manager. To date, there has not been a publicly rated “CFO”, or collateralized fund obligation, although we understand that a private deal has been closed. We believe the increase in education about the asset class, development of industry information (e.g. hedge fund style indexes) and acceptance of the asset class will lead to a public rating in 2002.

Recently (1/25/02) Fitch announced their rating system for CDO asset managers, for which it will publish scores for nine criteria (listed at left). Firms will be given a rating from CAM 1-4. Although Fitch’s rating system covers all types of asset managers of CDO’s (loans, bonds, etc.), it lays out the first rating system for hedge fund of fund managers. This outside scrutiny helps increase transparency and education of the industry, and provides benchmarks for investors to consider in making decisions.

Another effect this development will have on hedge fund of fund managers is a further differentiation between large and small firms. Only the largest managers will be able to launch and finance these CFO deals, and size and scale will matter in attaining a favorable rating. We

also believe that CFOs will help support the growth of institutional investing in hedge funds, as the debt tranches are likely to be attractive to traditional fixed income investors such as insurance companies. Increasing their exposure to and knowledge of hedge fund investing could do a lot to support the growth of the industry.

The third product development, closed end hedge funds of funds, could become a retail product with proposed minimums as low as \$25,000. Charles Schwab’s US Trust has launched a product and CIBC World Markets has registered a product. Unlike hedge funds, these products will be registered with the SEC, but will be able to offer attributes of hedge funds such as leverage and wider investment parameters than mutual funds. Of particular interest to the mass affluent, these products would offer non-correlated market returns and access to products unavailable to them previously. The advantage of the closed-end structure is the alignment of the liquidity of the investment structure (infrequent) with the liquidity in the underlying hedge funds (infrequent). As the funds will not be listed on an exchange and redemption provisions will be limited, there are obstacles to these products gaining wide spread acceptance.

These products indicate how the hedge fund market is maturing as Wall Street and others create ways to use, invest and package these investment vehicles. Also, all of these products add to the public domain of knowledge on hedge funds and increase the level of transparency for the industry, which we believe are vital to the long term growth and health of the industry.

non-correlated returns, which can provide substantial benefits in recent market results.

The other benefit for investors is taxes. First, since Max Re is Bermuda-based, it pays no corporate tax and its investment earnings and book value compound on an equivalent “pre-tax” basis. Second, investors buy equity in an operating company, so they pay taxes only upon the sale of their stock. The effect is to create a “tax free” compounding effect on book value for investors in a pool of fixed income and alternative investments. If the stock trades at a premium to book and the under writing results are favorable, then investors gain, too.

Alternative Investments— Distribution

Despite the increased demand for alternative products, many smaller firms have not seen the growth they were expecting. For hedge fund of funds, we believe \$1 billion AUM has become the standard for critical mass to compete in the institutional marketplace. Firms under this size will face difficulty winning large mandates or sub-advisory roles from distributors. Many of these smaller boutiques have strong performance records, but lack the infrastructure or distribution support that institutional investors and intermediaries desire.

In announced allocations in 2001, larger funds seem to be winning the majority of mandates. Among the names below, Barclay's, Blackstone, Carlyle Group and Thomas H. Lee stand out as prime examples of large firms beating out boutiques for mandates. We expect firms above \$1 billion AUM to develop multiple products and distribution channels. They will become innovators and gain early

mover advantages in structured products, closed end retail funds, etc.

Smaller boutiques may lack the financial and human capital resources to tackle retail, high net worth, institutional and foreign markets. Most will not be innovators in the products described earlier. Successful boutiques will develop a strategy focused on either product, distribution or geographic niches. Developing momentum in one of these areas should build the foundation for future growth for those firms that focus their efforts.

Recent Mandates Awarded

Date	Firm	Asset Manager	Product	Value of Allocation (\$MM)
10/5/2001	Pennsylvania State Employees' Retirement System	A.G. Capital	Hedge Fund	15
10/23/2001	ABP	ABP Investments	FOF	720
7/31/2001	Golden LEAF Foundation	Archstone Partners LP	FOF	6
7/31/2001	Golden LEAF Foundation	Arden Asset Management Inc	FOF	13
11/28/2001	Washington State Investment Board	Barclays Global Investors	Hedge Fund	800
10/2/2001	Oklahoma Police Pension and Retirement System	BBT GenPar	Hedge Fund	40
10/5/2001	Pennsylvania State Employees' Retirement System	Blackstone Alternative Asset Management	FOF	200
7/11/2001	General Motors Investment Management Co	Glenwood Capital Management	Hedge Fund	100
8/9/2001	Smith College	Lighthouse Partners, Alternative Investment Group, Pine Grove Associates	Hedge Fund	75
9/4/2001	General Retirement System of the City of Detroit	Mount Lucas Management	Futures	5
7/26/2001	Memphis Light, Gas and Water	Mount Lucas Management	Futures	10
3/27/2001	San Diego County Retirement Association	Mount Lucas Management	Hedge Fund	50
8/1/2000	Mount Holyoke College	Oz Overseas Fund Ltd	Hedge Fund	10
11/1/2000	Mount Holyoke College	Standard Pacific Capital Offshore Fund LP	Hedge Fund	10
11/13/2000	Teacher Retirement System of Texas	Thomas H Lee Co, Carlyle Group Inc	Hedge Fund	200
10/5/2001	Pennsylvania State Employees' Retirement System	Twin Capital	FOF	60
10/9/2001	Cigna Corp	Wellington Management	Hedge Fund	

Source:Freeman & Co.

Hedge Fund of Fund Performance

We wanted to review the performance of hedge fund of funds (HFOF) to determine if they are delivering on their promises of uncorrelated returns and downside protection. The returns below suggest that many hedge fund of funds continue to perform the way their managers had promoted. The three year annualized performance of this subset is +15.83% compared to -1.00% for the S&P 500 and +1.76 for a 60/40 balanced portfolio; adjusting for any selection bias in those fund of funds that choose to report performance

figures, we estimate the average diversified FOF returned 11-14% over three years, still providing significant out-performance to long only alternatives.

We also think it is beneficial to compare the HFOF's targeted returns and volatility to those of long-only indices. The market decline has brought 10 year returns in-line with historical figures: equities 12-13%, bonds 7-8% and balanced 9-11%. HFOFs are outperforming these benchmarks with significantly lower volatility. In addition we have seen HFOFs with sharpe ratios of 1.5 to 2.5 compared to -0.5 to 0.5 for the S&P 500 over recent time periods.

Fund of Fund vs. Market Returns

Company	Fund Name	Net Returns			Annualized Return 3 Yr	Targeted Return	Targeted Volatility
		1999	2000	2001			
Ivy Asset Mgmt	The Seedling Fund, LP	28.05%	14.97%	12.40%	18.28%	15%+	8%+
Ivy Asset Mgmt	The Defenders Fund, LP	6.30%	18.31%	9.44%	11.24%	12-15%	5-8%
K2	K2 Investment Partners	34.96%	17.63%	6.67%	19.19%		
Lighthouse Partners	Lighthouse Diversified LP	24.25%	13.35%	7.40%	14.79%	12-15%	5-8%
MaxRe		-	4.22%	6.69%	NA		
Treflie Capital Mgmt	Treflie Absolute LP	25.48%	16.56%	7.01%	16.10%	12-15%	3-5%
Yankee Advisers	Yankee Clipper Fund	32.10%	17.80%	-1.36%	15.35%	15%+	5-8%
Average		25.19%	14.69%	6.89%	15.83%		
High		34.96%	18.31%	12.40%	19.19%		
Low		6.30%	4.22%	-1.36%	11.24%		

Market Returns	Returns			Annualized Returns		Std. Dev. 10 Years
	1999	2000	2001	3 Years	10 Years	
S&P 500	21.04%	-9.10%	-11.88%	-1.00%	12.93%	15.80%
NASDAQ	85.59%	-39.29%	-21.10%	-3.80%	12.77%	31.68%
LBGC*	-2.15%	11.84%	8.50%	5.90%	7.27%	4.48%
60% S&P 500 / 40% LBGC	11.76%	-0.72%	-3.73%	1.76%	10.67%	9.80%
1/3 S&P 500, 1/3 NASDAQ, 1/3 LBGC*	34.83%	-12.18%	-8.16%	0.37%	10.99%	14.73%

Source: SEC filings, company reports, Freeman & Co. analysis

*Lehman Brothers Gov't/Credit index

Note: for inclusion in future performance reports, please contact Kathy Choi at +1-212-830-6170 or kchoi@freeman-co.com

US Public Money Managers— Valuations

	Avg. AUM \$Bil.	Enterprise Value (EV) ¹	Market Cap \$MM	Share Price	1/31/02			Last 12 Months			Price/ Core Income ³	Price/ TTM Income
					Revenue	EBITDA ²	EBIT ³	Core Net Income ³	EV/ EBITDA ²	EV/ EBIT ³		
Diversified												
Blackrock (BLK)	219.6	2,703	2,703	\$41.62	533.1	180.6	170.2	104.5	15.0x	15.9x	25.9x	25.2x
Eaton Vance (EV)	51.3	2,600	2,311	\$39.30	486.4	190.9	190.9	133.0	13.6x	13.6x	17.4x	19.9x
Federated Investors (FII)	162.6	3,908	3,839	\$31.99	715.8	327.3	310.2	183.6	11.9x	12.6x	20.9x	22.8x
Franklin Resources (BEN)	251.4	10,228	9,662	\$37.45	2,409.0	557.0	505.9	349.1	18.4x	20.2x	27.7x	21.3x
Gabelli (GBL)	24.1	1,260	1,202	\$39.00	224.4	104.8	104.8	65.4	12.0x	12.0x	18.4x	19.7x
Neuberger Berman (NEU)	56.1	2,881	2,881	\$43.10	613.3	242.1	229.1	132.7	11.9x	12.6x	21.7x	21.7x
SEI Investments (SEIC)	77.4	4,683	4,640	\$40.38	658.0	183.2	183.2	114.6	25.6x	25.6x	40.5x	37.1x
Stilwell (SV)	220.8	5,818	5,395	\$24.15	1,555.7	661.0	530.4	282.9	8.8x	11.0x	19.1x	17.8x
T Rowe Price (TROW)	151.0	4,850	4,850	\$37.58	1,027.5	370.8	341.9	195.5	13.1x	14.2x	24.8x	24.8x
Waddell & Reed (WDR)	32.7	2,726	2,726	\$32.68	477.2	197.9	185.7	103.4	13.8x	14.7x	26.4x	25.4x
Total	1,247.0	\$41,656	\$40,208		\$8,700	\$3,016	\$2,752	Average	14.4x	15.2x	24.3x	23.6x
								Median	13.3x	13.9x	23.3x	22.3x
Insurance												
John Nuveen (JNC)	64.8	2,243	2,243	\$53.00	371.1	198.2	188.8	113.9	11.3x	11.9x	19.7x	19.6x
Total	64.8	\$2,243	\$2,243		\$371	\$198	\$189		11.3x	11.9x	19.7x	19.6x
Consolidators												
Affiliated Managers (AMG)	72.4	2,048	1,560	\$68.78	408.2	181.5	154.3	106.2	17.1x	22.0x	34.8x	31.2x
Total	72.4	\$2,048	\$1,560		\$408	\$181	\$154		17.1x	22.0x	34.8x	31.2x
Bank/Trust Companies												
Boston Private Fincl. (BPFH)	5.9	396	396	\$21.28	90.0	28.5	27.2	19.2	13.9x	14.6x	20.6x	56.0x
Wilmington Trust (WL)	37.2	2,293	2,133	\$64.68	467.0	198.2	190.0	124.0	11.6x	12.1x	17.2x	17.0x
Total	43.1	\$2,689	\$2,529		\$557	\$227	\$217	Average	12.7x	13.3x	18.9x	36.5x
								Median	12.7x	13.3x	18.9x	36.5x
Limited Partnerships												
Alliance Capital L.P. (AC)	446.3	10,764	10,764	\$42.40	2,992.9	859.7	687.1	614.6	12.5x	15.7x	17.5x	17.5x
Total	446.3	\$10,764	\$10,764		\$2,993	\$860	\$687		12.5x	15.7x	17.5x	17.5x
Overall	Total	1,873.7	\$59,400	\$57,304		\$13,030	\$4,482	\$4,000	Average	14.0x	15.2x	23.5x
								Median	13.1x	14.2x	20.9x	21.7x

Notes

- 1 Enterprise Value (EV) includes equity plus long term debt
- 2 Before tangible depreciation and amortization
- 3 Excludes extraordinary items and minority interest expense/income

Source: SEC, Freeman & Co.

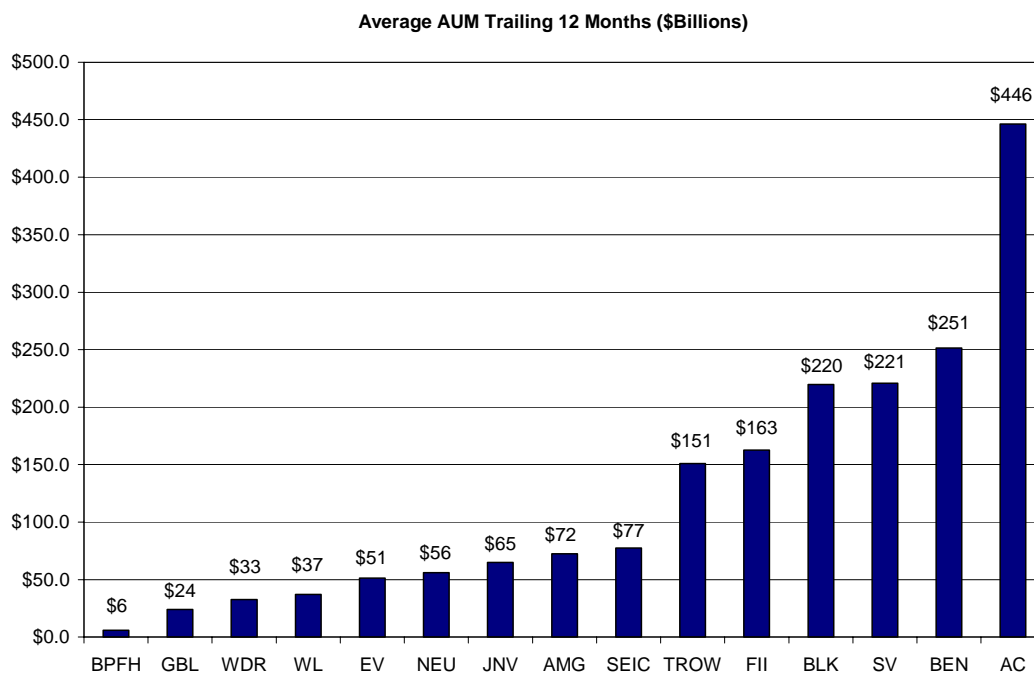
US Public Money Managers— Quarterly EBITDA Margin Analysis

EBITDA Margin Analysis								
Quarter Ending	3/31/2000	6/30/2000	9/30/2000	12/31/2000	3/31/2001	6/30/2001	9/30/2001	12/31/2001
Diversified								
Blackrock (BLK)	34.0%	32.7%	31.0%	32.9%	33.3%	33.5%	33.5%	35.3%
Eaton Vance (EV) *	43.0%	40.8%	42.2%	39.4%	38.7%	38.0%	40.8%	40.8%
Federated Investors (FII)	43.7%	42.6%	43.9%	45.1%	45.3%	44.9%	45.9%	46.7%
Franklin Resources (BEN)	29.6%	31.3%	27.7%	28.2%	26.8%	23.2%	18.8%	23.8%
Gabelli (GBL)	39.2%	39.1%	36.8%	42.5%	45.9%	43.7%	45.1%	52.4%
Neuberger Berman (NEU)	40.4%	41.9%	42.8%	42.1%	39.9%	39.1%	40.8%	38.1%
SEI Investments (SEIC)	24.9%	26.3%	29.2%	29.7%	25.8%	27.2%	28.5%	29.7%
Stilwell (SV)	47.8%	49.0%	51.5%	50.4%	46.3%	39.1%	46.0%	37.7%
T Rowe Price (TROW)	44.3%	43.3%	40.3%	36.2%	33.8%	37.4%	39.0%	34.5%
Waddell & Reed (WDR)	48.6%	46.4%	48.7%	47.1%	46.0%	44.0%	36.1%	39.4%
Average	39.5%	39.3%	39.4%	39.4%	38.2%	37.0%	37.5%	37.8%
Insurance								
John Nuveen (JNC)	46.4%	50.7%	48.9%	50.8%	54.5%	55.0%	52.5%	52.0%
Average	46.4%	50.7%	48.9%	50.8%	54.5%	55.0%	52.5%	52.0%
Consolidators								
Affiliated Managers (AMG)	44.8%	44.7%	43.9%	45.9%	38.5%	46.0%	45.6%	47.5%
Average	44.8%	44.7%	43.9%	45.9%	38.5%	46.0%	45.6%	47.5%
Bank/Trust Companies								
Boston Private Fincl. (BPFH)	26.3%	29.2%	29.4%	31.7%	30.2%	30.7%	31.5%	33.7%
Wilmington Trust (WL)	46.9%	47.1%	48.1%	41.2%	41.9%	42.6%	42.7%	42.6%
Average	36.6%	38.2%	38.7%	36.5%	36.0%	36.7%	37.1%	38.1%
Limited Partnerships								
Alliance Capital L.P. (AC)	31.4%	30.8%	35.1%	29.8%	29.3%	29.3%	28.8%	27.5%
Average	31.4%	30.8%	35.1%	29.8%	29.3%	29.3%	28.8%	27.5%
Average	39.4%	39.7%	39.9%	39.5%	38.4%	38.2%	38.4%	38.8%

* EV periods end January, April, July, October

Source: SEC, Freeman & Co.

US Public Money Managers—Average AUM for the Trailing Twelve Months



Source: SEC, Freeman & Co.

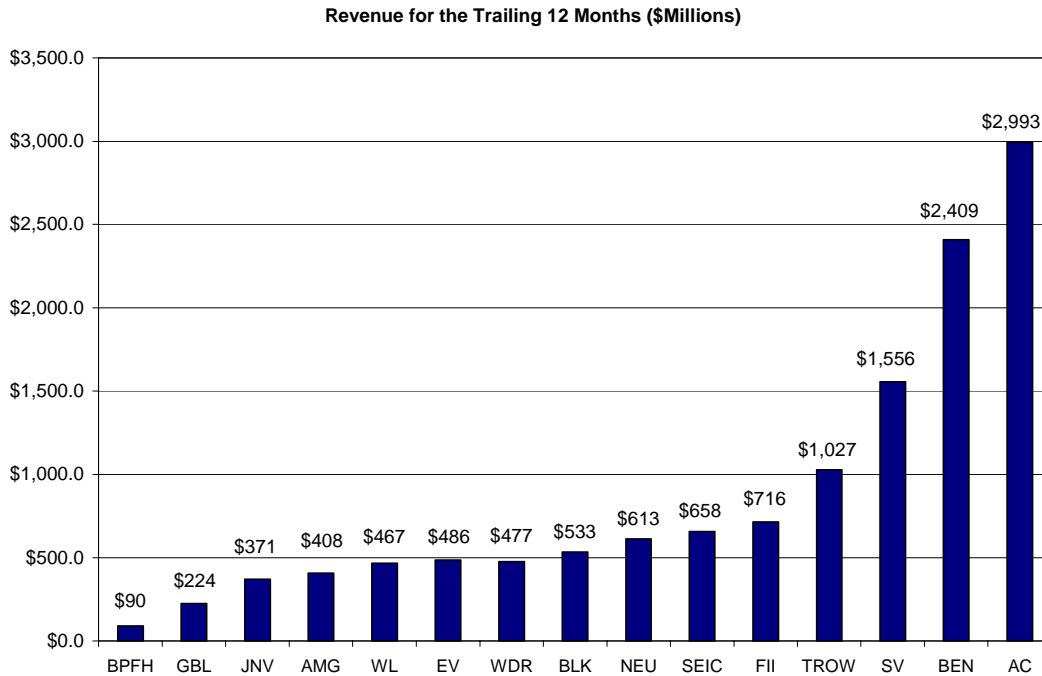
US Public Money Managers— Quarterly AUM Analysis

Average AUM Analysis \$billion								
Quarter Ending	3/31/2000	6/30/2000	9/30/2000	12/31/2000	3/31/2001	6/30/2001	9/30/2001	12/31/2001
Diversified								
Blackrock (BLK)	\$ 172.6	\$ 177.3	\$ 190.8	\$ 203.8	\$ 201.6	\$ 212.7	\$ 225.6	\$ 238.6
Eaton Vance (EV) *	44.3	47.3	49.2	49.3	49.0	50.4	56.6	56.6
Federated Investors (FII)	125.4	125.8	130.4	134.3	146.4	160.8	163.6	179.7
Franklin Resources (BEN)	231.0	228.0	229.9	226.5	224.9	267.9	246.4	266.3
Gabelli (GBL)	23.0	23.3	23.8	23.6	23.7	25.6	22.3	24.8
Neuberger Berman (NEU)	55.5	54.4	55.5	55.5	54.8	58.2	52.1	59.0
SEI Investments (SEIC)	67.9	71.7	76.7	76.3	78.1	79.9	74.0	77.5
Stiwell (SV)	294.4	304.0	324.2	284.7	294.4	223.9	171.8	193.0
T Rowe Price (TROW)	179.8	182.1	179.3	166.7	148.7	158.6	140.4	156.3
Waddell & Reed (WDR)	39.2	39.1	39.9	37.8	35.3	34.0	29.8	31.8
Total	1,233.1	1,253.0	1,299.7	1,258.4	1,256.9	1,272.1	1,182.7	1,283.6
Insurance								
John Nuveen (JNC)	59.6	59.9	60.4	61.3	61.4	63.0	66.5	68.5
Total	59.6	59.9	60.4	61.3	61.4	63.0	66.5	68.5
Consolidators								
Affiliated Managers (AMG)	91.6	89.3	85.1	77.5	69.7	73.7	65.2	81.0
Total	91.6	89.3	85.1	77.5	69.7	73.7	65.2	81.0
Bank/Trust Companies								
Boston Private Fincl. (BPFH)	3.9	3.9	5.8	5.7	5.6	6.2	5.3	6.5
Wilmington Trust (WL)	42.5	40.5	42.8	41.5	38.7	38.5	34.7	36.9
Total	46.4	44.4	48.6	47.2	44.3	44.7	40.1	43.4
Limited Partnerships								
Alliance Capital L.P. (AC)	373.6	387.8	392.8	421.1	454.0	454.9	421.4	455.0
Total	373.6	387.8	392.8	421.1	454.0	454.9	421.4	455.0
Total	\$1,804.3	\$1,834.3	\$1,886.6	\$1,865.4	\$1,886.4	\$1,908.4	\$1,775.8	\$1,931.5

* EV periods end January, April, July, October

Source: SEC, Freeman & Co.

US Public Money Managers— Revenue for the Trailing Twelve Months



Source: SEC, Freeman & Co.

US Public Money Managers— Quarterly Revenue Analysis

Revenue Analysis \$ millions								
Quarter Ending	3/31/2000	6/30/2000	9/30/2000	12/31/2000	3/31/2001	6/30/2001	9/30/2001	12/31/2001
Diversified								
Blackrock (BLK)	\$108.1	\$112.6	\$127.7	\$128.5	\$133.7	\$135.3	\$134.8	\$129.4
Eaton Vance (EV) *	104.8	108.0	114.5	120.1	115.5	124.7	126.1	-
Federated Investors (FII)	168.9	168.3	173.1	170.5	171.4	180.9	181.2	182.3
Franklin Resources (BEN)	612.5	568.9	593.1	564.1	577.4	609.5	603.9	618.2
Gabelli (GBL)	57.8	57.1	59.2	59.9	58.3	57.0	56.1	52.9
Neuberger Berman (NEU)	155.4	151.8	151.7	157.5	154.8	157.0	149.9	151.6
SEI Investments (SEIC)	138.7	146.4	155.6	158.0	161.3	168.5	163.4	164.8
Stilwell (SV)	545.1	563.0	609.5	530.5	448.5	411.5	361.6	334.1
T Rowe Price (TROW)	316.3	300.7	303.7	291.6	280.5	262.1	243.6	241.3
Waddell & Reed (WDR)	120.6	133.8	129.9	129.7	119.4	127.9	114.9	114.9
Total	2,328.2	2,310.6	2,417.9	2,310.3	2,220.9	2,234.3	2,135.5	1,989.5
Insurance								
John Nuveen (JNC)	92.5	85.1	89.0	91.8	85.7	86.2	97.5	101.6
Total	92.5	85.1	89.0	91.8	85.7	86.2	97.5	101.6
Consolidators								
Affiliated Managers (AMG)	114.8	110.9	118.2	114.8	100.5	100.7	96.6	110.5
Total	114.8	110.9	118.2	114.8	100.5	100.7	96.6	110.5
Bank/Trust Companies								
Boston Private Fincl. (BPFH)	11.4	12.4	14.2	17.8	19.7	20.8	21.4	28.1
Wilmington Trust (WL)	110.4	110.8	111.6	116.6	113.6	115.2	116.4	121.7
Total	121.7	123.2	125.8	134.4	133.3	136.0	137.8	149.8
Limited Partnerships								
Alliance Capital L.P. (AC)	548.4	564.9	615.6	793.2	742.4	760.2	724.8	765.4
Total	548.4	564.9	615.6	793.2	742.4	760.2	724.8	765.4
Total	\$3,205.7	\$3,194.7	\$3,366.5	\$3,444.5	\$3,282.8	\$3,317.4	\$3,192.3	\$3,116.9

* EV periods end January, April, July, October

Source: SEC, Freeman & Co.

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