

Risk Factors Comparison 2025-02-28 to 2024-02-28 Form: 10-K

Legend: **New Text** ~~Removed Text~~ Unchanged Text **Moved Text** Section

This section describes some of the potential risks relating to our business. The risks described below are some of the more important factors that could affect our business. You should carefully consider the risks described below, together with all of the other information included in this Annual Report on Form 10-K, in evaluating the Company and our common stock. If any of the risks described below actually occur, our business, revenues, profitability, results of operations, financial condition, cash flows, reputation and stock price could be materially adversely affected. RISKS RELATED TO OUR INDUSTRY, BUSINESS AND OPERATIONS We earn substantially all of our revenues based on assets under management that fluctuate based on many factors, and any reduction would negatively impact our revenues and profitability. The majority of our revenues are generated from asset-based fees from investment management products and services to individuals and institutions. Therefore, if assets under management decline, our fee revenues would decline, reducing profitability as certain of our expenses are fixed or have contractual terms. Assets under management could decline due to a variety of factors including, but not limited to, the following:

- General domestic and global economic, political and **other public health** conditions. Capital, equity and credit markets can experience substantial volatility. Changes in interest rates, the availability and cost of credit, inflation rates, economic uncertainty, changes in laws, trade barriers **and tariffs**, commodity prices, currency exchange rates, national and international political circumstances and conflicts, public health issues and other conditions may impact the capital, equity and credit markets. Employment rates, economic weakness and budgetary challenges in parts of the world, uncertainty regarding governmental regulations and international trade policies, conflicts such as in Ukraine and the Middle East, concern over prospects in China and emerging markets, and growing debt for certain countries all indicate that economic and political conditions remain unpredictable. ~~The occurrence of public health issues such as a major epidemic or pandemic that affect public health and public perception of health risk, as well as local, state and / or national government restrictive measures implemented to control such issues, could adversely affect the global financial markets, our employees and the systems we rely on. Any of the conditions listed herein, among others, may impact our assets under management. Past volatility in the markets has highlighted the interconnection of the global economies and markets and has demonstrated how deteriorating financial condition of one institution may adversely impact the performance of other institutions. Our assets under management have exposure to many different industries and counterparties and may be exposed to credit, operational or other risk due to the default by a counterparty or client or in the event of a market failure or disruption. Negative, uncertain or diminishing investor confidence in the markets and / or adverse market conditions could result in a decrease in investor risk tolerance. Such a decrease could prompt investors to reduce their rate of investment or to partially or fully withdraw from markets, which could reduce our overall assets under management and have an adverse effect on our revenues, earnings and growth prospects. In the event of extreme circumstances, including economic, political or business or health crises, such as a widespread systemic failure in the global financial system, failures of firms that have significant obligations as counterparties, political conflicts or global pandemics, we may suffer significant declines in assets under management and severe liquidity or valuation issues.~~ Price declines in individual securities, market segments or geographic areas. Portfolios that we manage that are focused on certain geographic markets or industry sectors **are may be** particularly vulnerable to political, social and economic events in those markets and sectors. **If Negative, uncertain or diminishing investor confidence in those the markets and / or adverse market conditions as** industries decline or experience volatility, this could have a **result of the conditions listed herein, among others, may decrease investor risk tolerance and negatively impact on security prices. Such impacts could prompt investors to reduce their rate of investment our or to partially or fully withdraw from markets, which could reduce our overall** assets under management and **have an adverse effect on** our revenues, earnings and growth prospects. **In the event of extreme circumstances, including economic, political** For **or business** example, certain non-U. S. markets, particularly emerging markets, are not as developed or **public health crises** as efficient as the U. S. financial markets and **such as a result widespread systemic failure in the global financial system, failures of firms that have significant obligations as counterparties, we** may suffer be less liquid, less regulated and significantly more volatile than the U. S. financial markets. In addition, certain industry sectors can experience significant **declines in** volatility, such as the technology or **our** oil sector. **assets under management and severe** Liquidity **liquidity** or values in such markets or sectors may be adversely impacted by factors including political or economic events, government policies, expropriation, volume trading limits by foreign investors, social or civil unrest, etc. These factors may negatively impact the market value of a security or our **or valuation issues** ability to dispose of it. ▪ Real or perceived negative absolute or relative performance. Sales and redemptions of our investment strategies can be affected **beaffected** by investment performance relative to established benchmarks or other competing investment strategies. **Negative absolute performance as a result of price declines in securities may also negatively impact our sales and redemptions and the value of our assets under management.** Our investment management strategies are rated, ranked or assessed by independent third parties, distribution partners and industry periodicals and services. **Third party financial intermediaries, advisers or consultants may remove our investment products from recommended lists due to poor performance or for other reasons.** These assessments often influence the investment decisions of clients **and may lead**. ~~If the performance of our investment strategies is perceived to be underperforming relative to peers, it could result in increased withdrawals of assets by existing clients and the inability to attract additional investments from new and existing clients. We may engage in significant~~ **strategic** transactions that ~~may not achieve the anticipated benefits or could expose~~ **pose financial** us to additional or increased **business** risks. We have executed several inorganic transactions over the past years and we

regularly evaluate potential transactions, including acquisitions, consolidations, joint ventures, strategic partnerships, or similar transactions, some of which could be significant. Our past acquisitions and strategic transactions have led to a significant increase in our assets under management and an expansion of our product and service offerings. ~~We cannot provide assurance that we will continue to be successful in closing on transactions or achieving anticipated financial benefits, including such things as revenue or cost synergies.~~ Any transaction may also involve a number of other risks, including **underperforming relative to expectations, the loss of customers or personnel**, additional demands on our staff, unanticipated problems regarding integration of operating facilities, technologies and new employees, and the existence of liabilities or contingencies not disclosed to, or otherwise unknown by, us prior to closing a transaction. ~~Additionally In addition, any business we acquire may underperform relative to expectations.~~ **cannot provide assurance that we will continue to be successful in closing on transactions or may lose customers that we will achieve the anticipated benefits from a transaction, including such things as revenue, tax benefits or employees cost synergies**. Our investment management agreements are subject to renegotiation or termination on short notice, which could negatively impact our business. Our clients include our sponsored fund investors, represented by boards of trustees or directors (the "fund boards"), managed account program sponsors, **institutional clients, and** individual private clients, and institutional clients. Our investment management agreements with these clients may be terminated on short notice and without penalty. As a result, there would be little impediment for these clients to terminate our agreements. Our clients may renegotiate their investment contracts, or reduce the assets we manage for them, due to a number of reasons including, but not limited to: poor investment performance; loss of key investment personnel; a change in the client's or third-party distributors' decision makers; and reputational, regulatory or compliance issues. The fund boards may deem it to be in the best interests of a fund's shareholders to make decisions adverse to us, such as reducing the compensation paid to us, requesting that we subsidize fund expenses over certain thresholds, or imposing restrictions on our management of the fund. Under the Investment Company Act, investment management agreements automatically terminate in the event of an assignment, which may occur if, among other events, the Company undergoes a change in control, such as any person acquiring 25% of the voting rights of our common stock. If an assignment were to occur, we cannot be certain that the funds' boards and shareholders would approve a new investment management agreement. In addition, investment management agreements for the separate accounts we manage may not be assigned without the consent of the client. If an assignment occurs, we cannot be certain that the Company will be able to obtain the necessary approvals or client consents. The withdrawal, renegotiation or termination of any investment management agreement relating to a material portion of assets under management would have an adverse impact on our results of operations and financial condition. Our business could be harmed by any damage to our reputation and lead to a reduction in our revenues and profitability. Maintaining a positive reputation with existing and potential clients, the investment community and other constituencies is critical to our success. Our reputation is vulnerable to many threats that can be difficult or impossible to control, and costly or impossible to remediate even if they are without merit or satisfactorily addressed. Our reputation may be impacted by many factors including, but not limited to: poor performance; litigation; conflicts of interests; regulatory inquiries, investigations or findings; operational failures (including cyber breaches); intentional or unintentional misrepresentation of our products or services by us or our third-party service providers; material weaknesses in our internal controls; or employee misconduct or rumors. Any damage to our reputation could impede our ability to attract and retain clients and key personnel, adversely impact relationships with clients, third-party distributors and other business partners, and lead to a reduction in the amount of our assets under management, any of which could adversely affect our results of operations and financial condition. Our debt agreements contain covenants, required principal repayments and other provisions that could adversely affect our financial condition or results of operations. We incur indebtedness for a variety of business reasons, including in relation to financing acquisitions and transactions. The indebtedness we incur can take many forms including, but not limited to, term loans or revolving lines of credit that customarily contain covenants. At December 31, ~~2023~~ **2024**, we had \$ ~~258.236~~ **8.1** million of total debt outstanding under its credit agreement, excluding debt of consolidated investment products ("CIP"), and had no borrowings outstanding under our \$ 175.0 million revolving credit facility. Under our credit agreement, we are required to use a portion of our cash flow to service interest and make required annual principal payments, which may restrict our cash flow available for other purposes. The credit agreement also contains covenants that may limit our ability to return capital to shareholders. We cannot provide assurances that at all times in the future we will satisfy all such covenants or obtain any required waiver or amendment, in which event all indebtedness could become immediately due. Any or all of the above factors could adversely affect our financial condition or results of operations. We may need to obtain additional capital that may not be available to us in sufficient amounts or on acceptable terms, which could have an adverse impact on our business. Our ability to meet our future cash needs is dependent upon our ability to generate or have short-term access to cash. Although we have generated sufficient cash in the past, we may not do so in the future. We had unused capacity under our revolving credit facility of \$ 175.0 million as of December 31, ~~2023~~ **2024**. Our ability to access capital markets efficiently depends on a number of factors, including the state of credit and equity markets, interest rates and credit spreads. At December 31, ~~2023~~ **2024**, we had \$ ~~258.236~~ **8.1** million in debt outstanding, excluding the notes payable of our CIP for which risk of loss to the Company is limited to our \$ ~~95.111~~ **5.1** million investment in such products. (See Note ~~20-19~~ of our consolidated financial statements for additional information on the notes payable of the CIP). We may need to raise capital to fund new business initiatives in the future, and financing may not be available to us in sufficient amounts, on acceptable terms, or at all. If we are unable to access sufficient capital on acceptable terms, our business could be adversely impacted. Our business relies on the ability to attract and retain key employees, and the loss of such employees could negatively affect our financial performance. The success of our business is dependent to a large extent on our ability to attract and retain key employees, such as senior executives, portfolio managers, securities analysts and sales personnel. There is significant competition in the job market for these professionals and compensation levels in the industry are highly competitive. Our industry is also characterized by the movement of investment professionals among different firms. If we are unable to continue to attract and retain key employees,

or if compensation costs required to attract and retain key employees increase, our performance, including our competitive position, could be adversely affected. Additionally, we utilize equity awards as part of our compensation plans and as a means for recruiting and retaining key employees. Declines in our stock price would result in deterioration of the value of equity awards granted, thus lessening the effectiveness of using stock- based awards to retain key employees. In certain circumstances, the departure of key investment personnel could cause higher redemption rates in certain strategies or the loss of certain client accounts. Any inability to retain key employees, attract qualified employees or replace key employees in a timely manner could lead to a reduction in the amount of our assets under management, which would have an adverse effect on our revenues and profitability. In addition, there could be additional costs to replace, retain or attract new talent that could result in a decrease in our profitability and have an adverse impact on our results of operations and financial condition. We operate in a highly competitive industry that may require us to reduce our fees or increase amounts paid to financial intermediaries, which could result in a reduction of our revenues and profitability. We face significant competition from a wide variety of financial institutions, including other investment management companies, as well as from proprietary products offered by our distribution partners such as banks, broker- dealers and financial planning firms. Competition in our businesses is based on several factors, including investment performance, fees charged, access to distribution channels and service to financial advisors **and clients**. Our competitors, many of which are larger, often offer similar products, use the same distribution sources, offer less expensive products, maintain greater access to key distribution channels, and have greater resources, geographic footprints and name recognition. Additionally, certain products and asset classes that we do not currently offer, such as passive or index- based products, are popular with investors. Existing clients may withdraw their assets in order to invest in these products, and we may be unable to attract additional investments from existing and new clients, which would lead to a decline in our assets under management and market share. Our profits are highly dependent on the fees we earn for our products and services. Competition could cause us to reduce the fees that we charge. If our clients, including our fund boards, were to view our fees as being inappropriately high relative to the market or the returns generated by our investment products, we may choose, or be required, to reduce our fee levels, or we may experience significant redemptions in our assets under management, which could have an adverse impact on our results of operations and financial condition. We utilize unaffiliated firms to provide investment management services and any matters that adversely impact them or any change in our relationships with them could adversely affect our revenues and profitability. We utilize unaffiliated subadvisers as investment managers for certain of our retail funds. Because we have no ownership interests in these firms, we do not control their business activities. Problems stemming from the business activities of those firms may negatively impact or disrupt their operations or expose them to disciplinary action or reputational harm. Furthermore, any such matters at these unaffiliated firms may have an adverse impact on our business or reputation or expose us to regulatory scrutiny, including with respect to our oversight of such firms. We periodically negotiate provisions and renewals of these relationships, and we cannot provide assurance that such terms will remain acceptable to us or the unaffiliated firms. These relationships can also be terminated upon short notice without penalty. In addition, the departure of key employees at unaffiliated subadvisers could cause higher redemption rates for certain assets under management. An interruption or termination of unaffiliated firm relationships could affect our ability to market our products and result in a reduction in assets under management, which would have an adverse impact on our results of operations and financial condition. We distribute our products through intermediaries and changes in key distribution relationships could reduce our revenues, increase our costs and adversely affect our profitability. Our primary source of distribution for retail products is through intermediaries that include third- party financial institutions such as: major wire- houses; national, regional and independent broker- dealers and financial advisors; banks and financial planners; and registered investment advisers. We are highly dependent on access to these distribution systems to raise and maintain assets under management. These distributors are generally not contractually required to distribute our products and typically offer their clients various investment products and services, including proprietary products and services, in addition to, and in competition with, our products and services. While we compensate these intermediaries pursuant to contractual agreements, we may not be able to retain access to these channels at all or at similar pricing. Increasing competition for these distribution channels could cause our distribution costs to rise, which could have an adverse effect on our business, revenues and profitability. To the extent that existing or future intermediaries prefer to do business with our competitors, the sales of our products as well as our market share, revenues and profitability could decline. We and our third- party service providers rely on numerous technology systems and any business interruption, security breach, or system failure could negatively impact our business and profitability. Our technology systems, and those of third- party service providers, are critical to our operations. The ability to consistently and reliably obtain accurate securities pricing information, process client portfolio and fund shareholder transactions, and provide reports and other services to clients is an essential part of our business. Any delays or inaccuracies in obtaining pricing information, processing such transactions or reports, other breaches and errors, and any inadequacies in other client service could result in reimbursement obligations or other liabilities or alienate clients and potentially give rise to claims against us. Any failure or interruption of third- party systems, whether resulting from technology or infrastructure breakdowns, defects or external causes such as fire, natural disaster, computer viruses, acts of terrorism or power disruptions, or public health events could result in financial loss, negatively impact our reputation and negatively affect our ability to do business. Although we and our third- party service providers have **business continuity and** disaster recovery plans in place, we may nonetheless experience interruptions if a natural or man- made disaster ~~or~~, prolonged power outage, **or other business interruption event** were to occur, which could have an adverse impact on our business and profitability. In addition, our computer systems are regularly the target of viruses or other malicious codes, unauthorized access, cyber- attacks or other computer- related penetrations. The sophistication of cyber threats continues to increase, including through the use of " ransomware" and phishing attacks, and our controls and the preventative actions we take to reduce the risk of cyber incidents and protect our information systems may be insufficient to detect or prevent unauthorized access, cyber- attacks or other security breaches to our systems or those of third parties with

whom we do business. Our third- party service providers' systems may also be affected by, or fail, as a result of, catastrophic events, such as fires, floods, hurricanes and tornadoes. A breach of our systems, or of those of third- party service providers, through cyber- attacks or failure to manage and sufficiently 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 or to recover access to our systems, additional costs to mitigate against future incidents, and litigation costs resulting from an incident. Any of these conditions could have an adverse impact on our business and profitability. We and certain of our third- party service providers receive and store personal information as well as non- public business information. Although we and our third- party service providers take precautions, we may still be vulnerable to hacking or other unauthorized use. A breach of the systems or hardware could result in unauthorized access to our proprietary business or client data or release of this type of data, which could subject us to legal liability or regulatory action under data protection and privacy laws, which may result in fines or penalties, the termination of existing client contracts, costly mitigation activities and harm to our reputation. The occurrence of any of these risks could have an adverse impact on our business and profitability. We have significant capital invested in marketable securities, which exposes us to earnings volatility as the value of these investments fluctuate, as well as risk of capital loss. We use capital to incubate new investment strategies, introduce new products or to enhance distribution access of existing products. At December 31, ~~2023~~ **2024**, we had \$ ~~275~~ **282** ~~6.4~~ million of such investments, comprising \$ ~~180~~ **171** ~~1.3~~ million of marketable securities and \$ ~~95~~ **111** ~~5.1~~ million of net investments in CLOs. These investments are in a variety of asset classes, including alternatives, fixed income and equity strategies and first- loss tranches of CLO equity. Many of these investments employ a long- term investment strategy with an optimal investment period spanning several years. Accordingly, during this investment period, the capital held in these investments may not be available for other corporate purposes without significantly diminishing our investment return. We cannot provide assurance that these investments will perform as expected. Increases or decreases in the value of these investments could increase the volatility of our earnings, and an other- than- temporary or permanent decline in the value of these investments could result in the loss of capital and have an adverse impact on our results of operations and financial condition.

LEGAL AND REGULATORY RISKS We are subject to an extensive and complex regulatory environment and changes in regulations or failure to comply with them could adversely affect our revenues and profitability. The investment management industry in which we operate is subject to extensive and frequently changing regulation. We are subject to regulation by the SEC, other federal and state agencies, certain international regulators, as well as FINRA and other self- regulatory organizations. Each of our ~~affiliated investment managers~~ **management subsidiaries** and unaffiliated subadvisers is registered with the SEC under the Investment Advisers Act. There are various regulatory reform initiatives in the U. S. and other jurisdictions and new regulations or interpretations of existing laws may result in enhanced disclosure obligations which could negatively affect us or materially increase our regulatory burden. Increased regulations generally increase our costs, and we could continue to experience higher costs if new laws require us to spend more time, hire additional personnel, or purchase new technology to comply effectively. Although we spend extensive time and resources to ensure compliance with all applicable laws and regulations, if we fail to properly adhere to our policies or modify and update our compliance procedures in a timely manner in this changing and highly complex regulatory environment, we may be subject to various legal proceedings, including civil litigation, governmental investigations and enforcement actions that could result in fines, penalties, suspensions of individual employees, or limitations on particular business activities, any of which could have an adverse impact on our revenues and profitability. We manage assets under agreements that have investment guidelines or other contractual requirements and failure to comply could result in claims, losses, or regulatory sanctions, which could negatively impact our revenues and profitability. The agreements under which we manage client assets often have established investment guidelines or other contractual requirements with which we are required to comply in providing our investment management services. Although we maintain various compliance procedures and other controls to prevent, detect and correct such errors, any failure or allegation of a failure to comply with these guidelines or other requirement could result in client claims, reputational damage, withdrawal of assets and potential regulatory sanctions, any of which could have an adverse impact on our revenues and profitability. We could be subject to civil litigation and government investigations or proceedings, which could adversely affect our business. Many aspects of our business involve substantial risks of liability, and there have been substantial incidences of litigation and regulatory investigations in the financial services industry in recent years, including customer claims as well as class action suits seeking substantial damages. From time to time, we and / or our sponsored funds may be named as defendants or co- defendants in lawsuits or be involved in disputes that involve the threat of lawsuits seeking substantial damages. We and / or our sponsored funds are also involved from time to time in governmental and self- regulatory organization investigations and proceedings. (See Item 3. " Legal Proceedings" for further information.) Any lawsuits, investigations or proceedings could result in reputational damage, loss of clients and assets, settlements, awards, injunctions, fines, penalties, increased costs and expenses in resolving a claim, diversion of employee resources and resultant financial losses. Predicting the outcome of such matters is inherently difficult, particularly where claims are brought on behalf of various classes of claimants or by a large number of claimants, when claimants seek substantial or unspecified damages, or when investigations or legal proceedings are at an early stage. A substantial judgment, settlement, fine or penalty could be material to our operating results or cash flows for a particular period, depending on our results for that period, or could cause us significant reputational harm, which could harm our business prospects. We depend to a large extent on our business relationships and our reputation to attract and retain clients. As a result, allegations of improper conduct by private litigants, including investors in our funds, or regulators, whether the ultimate outcome is favorable or unfavorable to us, as well as negative publicity and press speculation about us, our investment activities or the asset management industry in general, whether or not valid, may harm our reputation. We may incur substantial legal expenses in defending against proceedings commenced by a client, regulatory authority or other private litigant. Substantial legal liability levied on us could cause significant reputational harm and have an adverse impact on our results of operations and

financial condition. We are subject to multiple tax jurisdictions and any changes in tax laws or unanticipated tax obligations could have an adverse impact on our financial condition, results of operations and cash flow. We are subject to income as well as non-income-based taxes and are subject to ongoing tax audits, in various jurisdictions in which we operate. Tax authorities may disagree with certain positions we have taken that may result in the assessment of additional taxes **and / or penalties and interest**. We regularly assess the appropriateness of our tax positions and reporting. We cannot provide assurance that we will accurately predict the outcomes of audits and the actual outcomes of these audits could be unfavorable. Any changes to tax laws could impact our estimated effective tax rate and tax expense and could result in adjustments to our treatment of deferred taxes, including the realization or value thereof, which could have an adverse effect on our business, financial condition and results of operations.

RISKS RELATED TO OWNERSHIP OF OUR COMMON STOCK We may not pay dividends as intended or at all. The declaration, payment and determination of the amount of our quarterly dividends may change at any time. In making decisions regarding our dividends, we consider general economic and business conditions as well as our strategic plans and prospects, business and investment opportunities, financial condition and operating results, working capital requirements and anticipated cash needs, contractual and regulatory restrictions (including under the terms of our credit agreement) and other obligations, that may have implications on the payment of distributions by us to our shareholders or by our subsidiaries to us, and such other factors as we may deem relevant. Our ability to pay or increase our dividends may be subject to restrictions under the terms of our credit agreement. We cannot make any assurances that any dividends, whether quarterly or otherwise, will continue to be paid in the future. We have corporate governance provisions that may make an acquisition of us more difficult. Certain provisions of **in** our certificate of incorporation and bylaws **and Delaware law** could discourage, delay or prevent a merger, acquisition or other change in control that stockholders **even if certain shareholders** may consider favorable, including transactions by which stockholders might otherwise receive a premium for their shares **change of control to be beneficial**. These provisions **could have the effect of making it more difficult for a third party to acquire, or discourage a third party from attempting to acquire, control of the Company without negotiating with our board of directors. Such provisions could also** ~~could~~ limit the price that **certain** investors might be willing to pay in the future for shares of our common stock, thereby depressing the market price of our common stock. Stockholders who wish to participate in these **These** transactions may not have the opportunity to do so. In addition, the provisions **, among** of Section 203 of the ~~other~~ Delaware General Corporation Law also restrict things: **▪ Allow our board of directors to issue preferred stock and determine the powers, preferences and rights thereof without shareholder approval; ▪ Prohibit the Company's ability to engage, under certain circumstances, in business combinations with any interested stockholders shareholder for three years following the date that the shareholder became an interested shareholder; ▪ Require that special meetings of shareholders be called only by the chairperson of our board of directors; and ▪ Contain advance notice procedures that shareholders must comply with to nominate candidates to our board of directors or present proposals**.

GENERAL RISK FACTORS Our insurance policies may not cover all losses and costs to which we may be exposed, which could adversely impact our results of operations and financial condition. We carry insurance in amounts and under terms that we believe are appropriate. Our insurance may not cover all liabilities and losses to which we may be exposed. Certain insurance coverage may not be available or may be prohibitively expensive in future periods. As our insurance policies come up for renewal, we may need to assume higher deductibles or pay higher premiums, which could have an adverse impact on our results of operations and financial condition. We have goodwill and other intangible assets on our balance sheet that could become impaired, which could impact our results of operations and financial condition. As of December 31, **2023-2024**, the Company had \$ **829-775.2-3** million in intangible assets and goodwill. We cannot be certain that we will realize the value of such intangible assets. Our intangible assets may become impaired as a result of a variety of factors which could adversely affect our financial condition and results of operations.

SPECIAL NOTE ABOUT FORWARD-LOOKING STATEMENTS This Annual Report on Form 10-K contains statements that are, or may be considered to be, forward-looking statements within the meaning of The Private Securities Litigation Reform Act of 1995, as amended, Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). All statements that are not historical facts, including statements about our beliefs or expectations, are "forward-looking statements." These statements may be identified by such forward-looking terminology as "expect," "estimate," "intent," "plan," "intend," "believe," "anticipate," "may," "will," "should," "could," "continue," "project," "opportunity," "predict," "would," "potential," "future," "forecast," "guarantee," "assume," "likely," "target" or similar statements or variations of such terms. Our forward-looking statements are based on a series of expectations, assumptions and projections about the Company and the markets in which we operate, are not guarantees of future results or performance, and involve substantial risks and uncertainty, including assumptions and projections concerning our assets under management, net asset inflows and outflows, operating cash flows, business plans and ability to borrow, for all future periods. All forward-looking statements contained in this Annual Report on Form 10-K are as of the date of this Annual Report on Form 10-K only. We can give no assurance that such expectations or forward-looking statements will prove to be correct. Actual results may differ materially. We do not undertake or plan to update or revise any such forward-looking statements to reflect actual results, changes in plans, assumptions, estimates or projections, or other circumstances occurring after the date of this Annual Report on Form 10-K, even if such results, changes or circumstances make it clear that any forward-looking information will not be realized. If there are any future public statements or disclosures by us that modify or impact any of the forward-looking statements contained in or accompanying this Annual Report on Form 10-K, such statements or disclosures will be deemed to modify or supersede such statements in this Annual Report on Form 10-K. Our business and our forward-looking statements involve substantial known and unknown risks and uncertainties, including those discussed under "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" in this Annual Report on Form 10-K, resulting from: (i) any reduction in our assets under management; (ii) inability to achieve the expected benefits of strategic transactions; (iii) withdrawal, renegotiation or termination of investment management agreements; (iv) damage to

our reputation; (v) inability to satisfy financial debt covenants and required payments; (vi) inability to attract and retain key personnel; (vii) challenges from competition; (viii) adverse developments related to unaffiliated subadvisers; (ix) negative changes in key distribution relationships; (x) interruptions, breaches, or failures of technology systems; (xi) loss on our investments; (xii) lack of sufficient capital on satisfactory terms; (xiii) adverse regulatory and legal developments; (xiv) failure to comply with investment guidelines or other contractual requirements; (xv) adverse civil litigation, government investigations, or proceedings; (xvi) unfavorable changes in tax laws or limitations; (xvii) inability to make common stock dividend payments; (xviii) impediments from certain corporate governance provisions; (xix) losses or costs not covered by insurance; (xx) impairment of goodwill or other intangible assets; and other risks and uncertainties. Any occurrence of, or any material adverse change in, one or more risk factors or risks and uncertainties referred to in this Annual Report on Form 10-K and our other periodic reports filed with the SEC could materially and adversely affect our operations, financial results, cash flows, prospects and liquidity. Certain other factors that may impact our continuing operations, prospects, financial results and liquidity, or that may cause actual results to differ from such forward-looking statements, are discussed or included in the Company's periodic reports filed with the SEC and are available on our website at www.virtus.com under "Investor Relations." You are urged to carefully consider all such factors.

Item 1B. Unresolved Staff Comments.