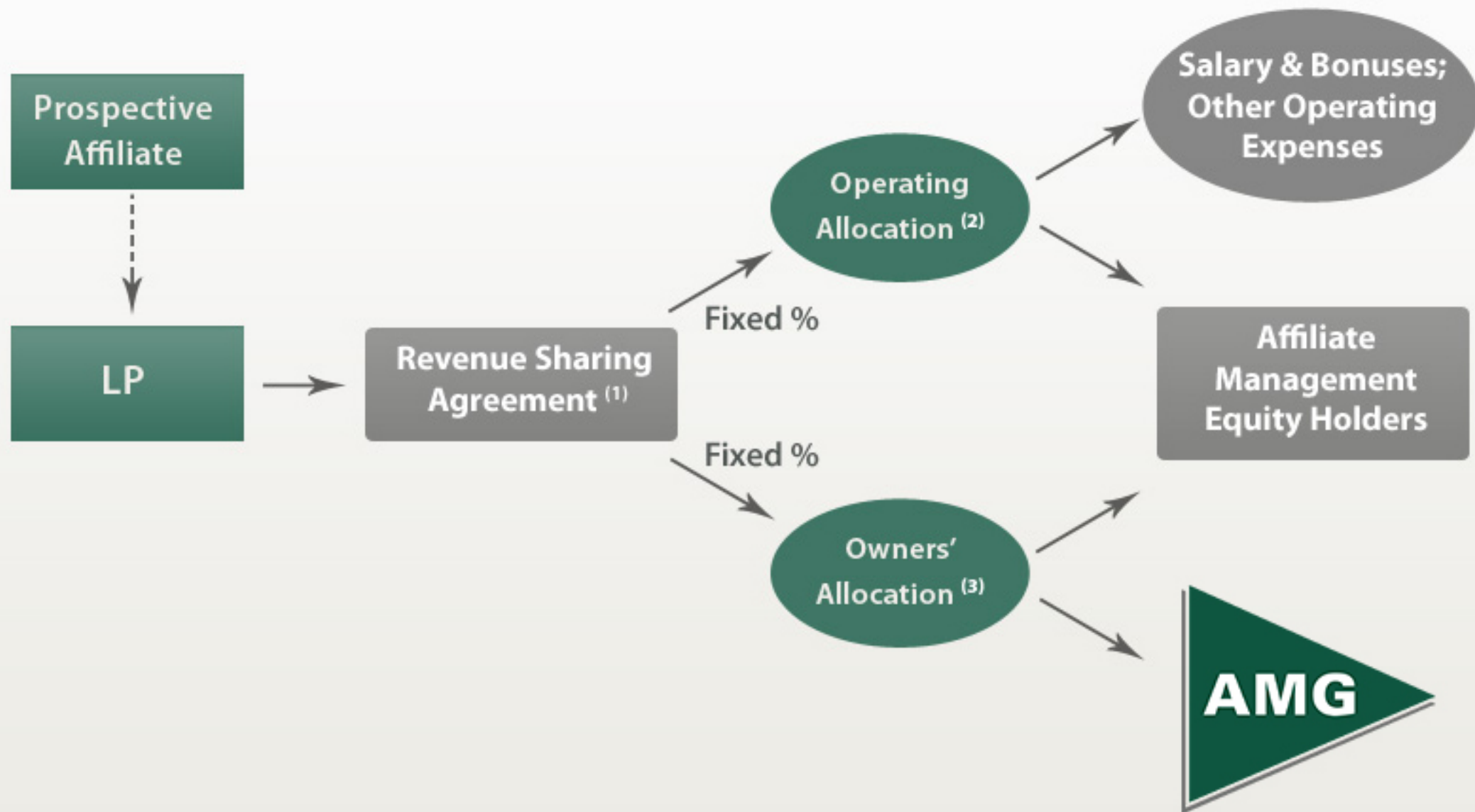


## Affiliate Investment Model Limits Exposure to Operating Leverage

### Affiliate Investment Model



(1) Revenue sharing agreement provides operating autonomy to management partners, as well as allocates a fixed percentage of each year's revenues into two segments, the Operating Allocation and the Owners' Allocation.

(2) The Operating Allocation is allocated to cover all operating expenses of the firm and is spent at the discretion of management of the Affiliate.

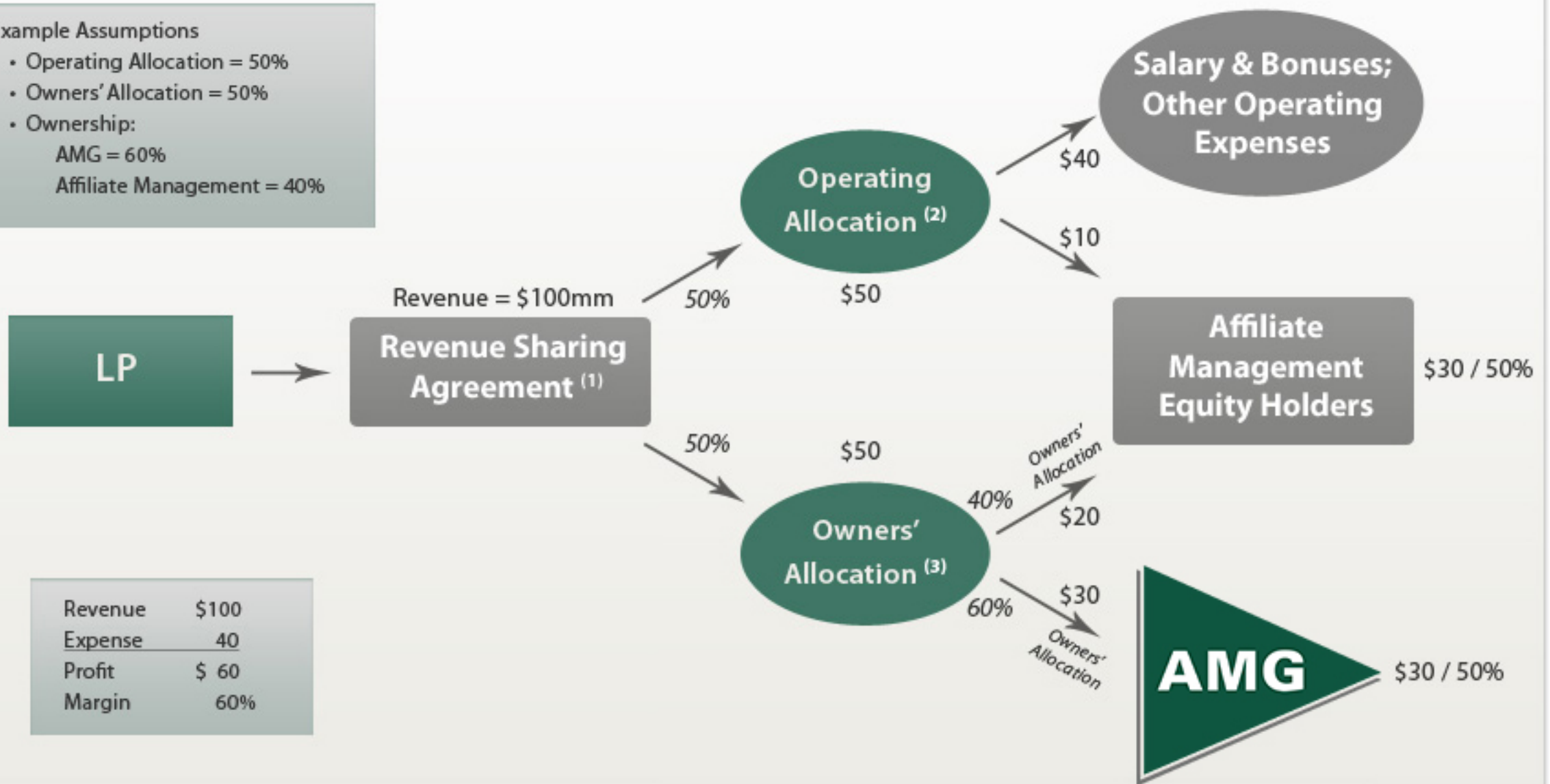
(3) The Owners' Allocation is allocated to all partners of the firm (management and AMG) according to percentage ownership interest in the firm.

## Affiliate Investment Model Limits Exposure to Operating Leverage

### Current Run Rate

#### Example Assumptions

- Operating Allocation = 50%
- Owners' Allocation = 50%
- Ownership:
  - AMG = 60%
  - Affiliate Management = 40%



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## Affiliate Investment Model Limits Exposure to Operating Leverage

### Assumed Future Rate

#### Example Assumptions

- Operating Allocation = 50%
- Owners' Allocation = 50%
- Ownership:
  - AMG = 60%
  - Affiliate Management = 40%
- Five-Year CAGR in:
  - Revenues: 15%
  - Expenses: 7.5%

LP

Revenue = \$200mm  
**Revenue Sharing Agreement<sup>(1)</sup>**

**Operating Allocation<sup>(2)</sup>**  
 \$100

**Salary & Bonuses;  
 Other Operating Expenses**

**Affiliate Management Equity Holders**  
 \$83 / 58%

**Owners' Allocation<sup>(3)</sup>**  
 \$100

**AMG**  
 \$60 / 42%

Revenue	\$200
Expense	57
Profit	\$143
Margin	72%

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