

AFFILIATED MANAGERS GROUP, INC.  
Form DEF 14A  
April 30, 2018

**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**

**Washington, D.C. 20549**

**SCHEDULE 14A**

Proxy Statement Pursuant to Section 14(a) of  
the Securities Exchange Act of 1934 (Amendment No.         )

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement

**Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material under §240.14a-12

**AFFILIATED MANAGERS GROUP, INC.**

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

No fee required.

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- (3) Filing Party:
  
- (4) Date Filed:

**AFFILIATED MANAGERS GROUP, INC.**

**777 South Flagler Drive**

**West Palm Beach, Florida 33401**

**NOTICE OF ANNUAL MEETING OF STOCKHOLDERS**

**TO BE HELD ON JUNE 12, 2018**

NOTICE IS HEREBY GIVEN that the 2018 Annual Meeting of Stockholders (the Annual Meeting ) of Affiliated Managers Group, Inc. (the Company ) will be held on Tuesday, June 12, 2018, at 2:00 p.m. British Summer Time (9:00 a.m. Eastern Daylight Time) at the Company s London office at 35 Park Lane, London W1K 1RB, United Kingdom, for the following purposes:

1. To elect nine directors of the Company to serve until the 2019 Annual Meeting of Stockholders and until their respective successors are duly elected and qualified.
2. To approve, by a non-binding advisory vote, the compensation of the Company s named executive officers.
3. To ratify the selection of PricewaterhouseCoopers LLP as the Company s independent registered public accounting firm for the current fiscal year.
4. To consider and act upon any other matters that may properly be brought before the Annual Meeting and at any adjournments or postponements thereof.

This year, we have again saved significant mailing and printing costs by providing proxy materials to you over the Internet pursuant to Securities and Exchange Commission rules. On or about May 1, 2018, we will mail to our stockholders a Notice of Internet Availability of Proxy Materials (the Notice ) containing instructions on how to access

the Proxy Statement and our 2017 Annual Report on Form 10-K online. The Notice, which cannot itself be used to vote your shares, also provides instructions on how to vote over the Internet and how to request a paper copy of the proxy materials, if you so desire. Whether you receive the Notice or paper copies of our proxy materials, the Proxy Statement and 2017 Annual Report on Form 10-K are available to you at [www.proxyvote.com](http://www.proxyvote.com).

The Company's Board of Directors fixed the close of business on April 16, 2018 as the record date for determining the stockholders entitled to notice of, and to vote at, the Annual Meeting and at any adjournments or postponements thereof. Your vote is very important. Please carefully review the Proxy Statement and submit your proxy over the Internet, by telephone or by mail whether or not you plan to attend the Annual Meeting. If you hold your shares in street name through a broker, bank or other nominee, please follow the instructions you receive from them to vote your shares.

By Order of the Board of Directors.

David M. Billings,

*General Counsel and Secretary*

West Palm Beach, Florida

April 30, 2018

**AFFILIATED MANAGERS GROUP, INC.**

**777 South Flagler Drive**

**West Palm Beach, Florida 33401**

**PROXY STATEMENT**

**FOR 2018 ANNUAL MEETING OF STOCKHOLDERS**

**TO BE HELD ON JUNE 12, 2018**

April 30, 2018

This Proxy Statement is furnished in connection with the solicitation of proxies by the Board of Directors of Affiliated Managers Group, Inc. (AMG, the Company, we or us) for use at our 2018 Annual Meeting of Stockholders to be held on Tuesday, June 12, 2018, at 2:00 p.m. British Summer Time (9:00 a.m. Eastern Daylight Time) at the Company's London office at 35 Park Lane, London W1K 1RB, United Kingdom, and at any adjournments or postponements thereof (the Annual Meeting). At the Annual Meeting, stockholders will be asked to elect nine directors, approve, by a non-binding advisory vote, the compensation of the Company's named executive officers (as defined in the Executive Compensation Tables section of this Proxy Statement), ratify the selection of PricewaterhouseCoopers LLP (PricewaterhouseCoopers) as our independent registered public accounting firm for the current fiscal year, and consider and act upon any other matters properly brought before them.

**Important Notice Regarding the Internet Availability of Proxy Materials.** This year, we have again saved significant mailing and printing costs by providing proxy materials to you over the Internet in accordance with Securities and Exchange Commission (SEC) rules. On or about May 1, 2018, we will mail to our stockholders a Notice of Internet Availability of Proxy Materials (the Notice) containing instructions on how to access this Proxy Statement and our 2017 Annual Report on Form 10-K online. The Notice, which cannot itself be used to vote your shares, also provides instructions on how to vote over the Internet and how to request a paper copy of the proxy materials, if you so desire. Whether you received the Notice or paper copies of our proxy materials, the Proxy Statement and 2017 Annual Report on Form 10-K are available to you at [www.proxyvote.com](http://www.proxyvote.com).

Stockholders of record of the Company's common stock at the close of business on the record date of April 16, 2018 will be entitled to notice of the Annual Meeting and to one vote per share on each matter presented at the Annual Meeting. As of the record date, there were 54,315,146 shares of common stock outstanding and entitled to vote at the Annual Meeting.

The presence, in person or by proxy, of holders of at least a majority of the total number of shares of common stock outstanding and entitled to vote at the Annual Meeting is necessary to constitute a quorum for the transaction of business at the Annual Meeting. Abstentions and broker non-votes, if any, will be counted as present and entitled to vote for purposes of establishing a quorum.

A broker non-vote is a proxy from a broker or other nominee indicating that such person has not received instructions from the beneficial owner on a particular matter with respect to which the broker or other nominee does not have discretionary voting power. Brokers have the discretion to vote their clients' proxies only on matters deemed routine by the New York Stock Exchange ( NYSE ).

**At this year's Annual Meeting, the election of directors (Proposal 1) and the advisory vote on executive compensation (Proposal 2) are non-routine matters, and only the ratification of our auditors (Proposal 3) is a routine matter. It is important that you instruct your broker as to how you wish to have your shares voted on these proposals, even if you wish to vote as recommended by the Board of Directors.**

Stockholders are requested to submit a proxy over the Internet or by telephone, or by returning a completed, signed and dated proxy card or voting instruction form. If you vote over the Internet or by telephone, you should not return a proxy card or voting instruction form. Shares represented by a properly submitted proxy received prior to the vote at the Annual Meeting and not revoked will be voted at the Annual Meeting as directed by the proxy. If a properly executed proxy or voting instruction form is submitted without any instructions indicated, the proxy will be voted FOR the election of each of the nominees for director, FOR the approval of the advisory vote on executive compensation, and FOR the ratification of the selection of PricewaterhouseCoopers as our independent registered public accounting firm for the current fiscal year. If other matters are presented, proxies will be voted in accordance with the discretion of the proxy holders on such other matters.

A stockholder of record may revoke a proxy at any time before it has been voted by filing a written revocation with the Secretary of the Company at the Company's principal executive office at 777 South Flagler Drive, West Palm Beach, Florida 33401-6152, by submitting a duly executed proxy bearing a later date or by appearing in person and voting by ballot at the Annual Meeting. A stockholder of record who voted over the Internet or by telephone may also change his or her vote with a timely and valid later Internet or telephone vote. Any stockholder of record as of the record date may attend the Annual Meeting whether or not a proxy has previously been given, but the presence (without further action) of a stockholder at the Annual Meeting will not constitute revocation of a previously given proxy. If you hold your shares in street name and would like to change your voting instructions, please follow the instructions provided to you by your broker, bank or other intermediary.

A stockholder may vote in person at the Annual Meeting upon presenting picture identification and any one of the following: an account statement, the Notice or a proxy card. If you hold your shares in street name, you will need to obtain a proxy from your bank or broker in order to vote in person, and you must bring a brokerage statement or letter from your broker, bank or other intermediary reflecting stock ownership, along with picture identification. The address of the Company's London office is set forth above for stockholders who plan to vote in person at the Annual Meeting.

**PROXY STATEMENT SUMMARY**

*This summary highlights certain information from our Proxy Statement for the 2018 Annual Meeting of Stockholders. You should read the entire Proxy Statement carefully before voting.*

2018 Annual Meeting of Stockholders

Meeting Information	Agenda Items	Recommendation	Additional Detail
June 12, 2018  2:00 p.m. British Summer Time (9:00 a.m. Eastern Daylight Time)	<i>Proposal 1</i> Election of Directors	FOR each  Nominee	Page 10
	<i>Proposal 2</i> Advisory Vote to Approve Executive Compensation (Say-on-Pay)	FOR	Page 63
Affiliated Managers Group Ltd.  35 Park Lane, London W1K 1RB  United Kingdom	<i>Proposal 3</i> Ratification of Independent Registered Public Accounting Firm for 2018	FOR	Page 64

Company Overview

We are a global asset management company with equity investments in leading boutique investment management firms, which we refer to as our Affiliates. Our innovative partnership approach allows each Affiliate's management team to own significant equity in their firm and maintain operational autonomy. Our strategy is to generate shareholder value through the growth of existing Affiliates, as well as through investments in new Affiliates and additional investments in existing Affiliates. In addition, we provide centralized assistance to our Affiliates in



strategic matters, marketing, distribution, product development and operations. As of December 31, 2017, our aggregate assets under management were approximately \$836 billion in more than 550 investment products across a broad range of active return-oriented strategies.

## Governance Highlights

### Highly Independent and Diverse Board

Two directors, representing 25% of the non-executive directors, are female

Directors bring a wide array of qualifications, skills and attributes to our Board; see Director Experience and Skills overview on page 12

Seven of our nine directors are independent

All Board committees are 100% independent

### Active Board Refreshment

Four directors, representing half of the non-executive directors, joined the Board within last 6 years

Balanced mix of short- and long-tenured non-executive directors; average tenure of 7 years

New Lead Independent Director in 2015

Long-tenured directors in leadership roles

New chairs of all Board committees in 2015

Average director age of 56

### Strong Lead Independent Director

Active Lead Independent Director with expansive duties

New appointment in 2015

### Director

### Frequent Executive Sessions

Non-executive directors meet regularly without management, led by our Lead Independent Director

Executive sessions include Board and committee annual self-assessments

Individual director assessments support an annual evaluation of the Board

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<b>No Overboarding</b>	Three directors serve on boards of other public companies	No director serves on more than one additional public company board
<b>Accountability and Engagement</b>	Annual election of directors at majority vote standard (no staggered board); plurality standard for contested elections	2017 outreach initiative to over 200 stockholders representing over 90% of voting shares, and discussions with our largest institutional holders representing over 50% of voting shares
	Active stockholder engagement, with regular stockholder outreach on issues including executive compensation and governance	Compensation Committee Chair attended meetings with top institutional investors
<b>Equity Ownership Guidelines</b>	10x annual base salary for our Chairman and CEO	7x annual base salary for all other NEOs  5x annual base fees for non-executive directors
<b>Succession Planning</b>	The Nominating and Governance Committee has primary responsibility for CEO and key executive succession planning	Succession and executive development are discussed with the CEO, as well as without the CEO present in executive sessions
<b>Director Orientation and Development</b>	Orientation and training programs for new directors on topics that include strategic plans, financial statements, governance, and key policies and practices	Additional training for directors assuming new leadership roles  Continuing education programs and presentations for all directors
<b>Risk Management Oversight and Governance Considerations</b>	Board has principal responsibility for oversight of our risk management process, including data security, privacy and other ESG topics	Thirteen Affiliates are signatories to the United Nations Principles for Responsible Investment (UNPRI)
	Majority of directors have extensive background and experience in risk management	Five Affiliates are signatories to the UK Stewardship Code



## 2017 Performance Highlights

**Record performance across all key financial and operating metrics, which reached the highest annual levels in Company history, against an operating environment that remained challenging for active asset managers**

**GAAP net income of \$689.5 million for the year** an increase of 46% over the prior year, and compound annual growth rates of 17% and 34% over the 3- and 5-year periods

**AUM of \$836.3 billion year-end** an increase of 21% over the prior year, and compound annual growth rates of 10% and 14% over the 3- and 5-year periods

**GAAP earnings per share (diluted) of \$12.03 for the year** an increase of 40% over the prior year, and compound annual growth rates of 16% and 32% over the 3- and 5-year periods

**Aggregate fees of \$5.5 billion for the year** an increase of 29% over the prior year, and compound annual growth rates of 10% and 15% over the 3- and 5-year periods

**Adjusted EBITDA of \$1.1 billion for the year** an increase of 18% over the prior year, and compound annual growth rates of 7% and 15% over the 3- and 5-year periods

**Positive net client cash flows** net cash flows of \$4.7 billion generated by active return-oriented products, notwithstanding continued industry-wide net outflows in actively-managed products

**Economic net income of \$824.4 million for the year** an increase of 17% over the prior year, and compound annual growth rates of 9% and 16% over the 3- and 5-year periods

**Earnings growth rates** 3- and 5-year compound annual growth rates remained strong across all financial metrics

**Economic earnings per share of \$14.60 for the year** an increase of 14% over the prior year, and compound annual growth rates of 9% and 14% over the 3- and 5-year periods

**Strong results in a volatile environment** results were particularly strong when viewed against an operating environment that remained challenging for active asset managers, as robust equity markets throughout the year contributed to market dynamics that continued to favor passive products

*Additional information on non-GAAP financial performance measures, including reconciliations to the most directly comparable GAAP measure, can be found in our Annual Report on Form 10-K under Supplemental Financial Performance Measures. Aggregate fees (previously referred to as Aggregate revenue) is an operating measure that consists of the total asset- and performance-based fees earned by all of our Affiliates, as further described in our Annual Report on Form 10-K.*

2017 Performance Highlights (cont'd)

**Strong Stockholder Value Creation**

**Relative stock performance**

Stock price increased +41% in 2017, with stockholder returns of +58% and +75% over the 5- and 10-year periods at year-end 2017

2017 stock performance outpaced our Peer Group average and median, as well as the S&P 500® and other major global equity indices; ranked in the top decile of our Peer Group

At the same time, stock price declined 7% over the 3-year period, reflecting the challenging market environment for active asset managers

Long-term stock performance outpaced our Peer Group median over the 10-year period

**Excellent Strategic Performance**

**Successful execution of product and Global Distribution strategies**

**Ongoing focus on capital management**

Positive net client cash flows during the year to strong long-term organic growth with approximately \$130 billion in net client cash flows since the global financial crisis

Demonstrated commitment to returning capital to stockholders, with the initiation of a quarterly cash dividend in 2017, which was increased by 50% in early 2018, and over \$400 million in share repurchases in 2017 and \$300 million in repurchases targeted for the first half of 2018

Enhanced our active return-oriented product set through the addition of over 70 new products as a result of our Affiliates' product development efforts

Strengthened our balance sheet through the redemption of \$200 million of retail notes

Affiliates continued to generate outstanding relative investment performance, earning numerous awards for investment excellence again in 2017

Upgraded by Standard & Poor's in 2017; credit ratings by Moody's Investors Service of A3 and S&P Global Ratings of A-, reflecting an enhanced business profile



Compensation Program Overview

Compensation Governance Practices

**What we do**

**What we don't do**

Annual Say-on-Pay vote

No employment agreements with the Chairman and CEO, President and COO, CFO or General Counsel

Caps on Performance-Based Incentive Compensation for each NEO, including the CEO

No golden parachute change in control agreements

Equity ownership guidelines for NEOs and directors

No tax reimbursements or gross-ups for perquisites

Double-trigger vesting upon change in control

No hedging or pledging of AMG securities by directors or officers

Clawback policy

No option repricing or buy-outs of underwater stock options

Mitigation of dilutive impact of equity awards through share repurchases

No option grants with exercise price below grant date stock price

Significant portion of variable compensation is performance-based equity awards tied to key business metrics

No payment of dividends on equity awards prior to vesting



Thorough risk assessment process

No excessive perquisites

### Compensation Program Highlights

Closely aligning executive compensation with Company performance

Attracting, retaining and motivating key members of senior management

Compensating executives based on a combination of Company performance and individual performance

Focusing executives on long-term performance with equity incentive awards, the majority of which are subject to rigorous pre-established performance targets

Avoiding incentives that might encourage excessive risk-taking

Reflecting feedback from comprehensive stockholder engagement processes

Use of formal Performance Assessments for determining annual Performance-Based Incentive Compensation awards for each NEO, with disclosed targets and scoring in weighted categories that produce formulaic award amounts for cash bonuses and equity incentive awards

Caps on Performance-Based Incentive Compensation for each NEO, including the CEO

Transparent disclosure of the compensation determination process for all NEOs

Evolving equity award structures and performance targets, to further our compensation program philosophy of aligning pay with performance

## Compensation Program Overview (cont d)

### 2017 Stockholder Outreach

Following our 2017 Annual Meeting, the Compensation Committee increased engagement with stockholders and proxy advisory firms on our executive compensation program and governance practices, and revised certain components of our compensation program to reflect evolving best practices in the asset management industry and for large capitalization public companies more generally.

Outreach to over 200 stockholders representing over 90% of voting shares, including both direct calls and in-person meetings

Direct and detailed discussions with our largest institutional holders, representing over 50% of voting shares, including multiple rounds of meetings over the course of the year with several large stockholders

Compensation Committee Chair, Jide Zeitlin, attended meetings with top institutional investors and a major proxy advisory firm

Senior management attended multiple in-person meetings with major proxy advisory firms

The collective feedback from this outreach effort was taken into account and is reflected in the enhancements made to our compensation program this year, as well as in the Committee's final compensation determinations.

## 2017 Stockholder Comments and Compensation Program Enhancements

Stockholder Comments	Compensation Committee Response
<p><b>Comment #1</b>    <b>Improve transparency regarding the Performance Assessments and linkage to incentive award determinations</b></p>	<p>Expanded the Performance Assessments disclosure, including scores in each category and financial targets used by the Compensation Committee, to elucidate the linkage between the assessments and the resulting awards, and to explain the rationale for any exercise of Committee discretion</p>
<p><b>Comment #2</b>    <b>The Performance Assessments should be more formulaic</b></p>	<p>Revised the weightings of the Long-Term Incentive Compensation Performance Assessment categories, to increase the quantitative financial and stock performance factors to account for 2/3 of the overall score and reduce the weighting of more subjective strategic factors</p>
<p><b>Comment #3</b>    <b>Disclose financial targets used in the determination of short-term incentive awards</b></p>	<p>Disclosed targets used in the Short-Term Incentive Compensation Performance Assessment, which were set based on projected performance levels; targets include Economic earnings per share and EBITDA margin, together tracking the efficiency, stability and growth of our earnings</p>
<p><b>Comment #4</b>    <b>Increase the proportion of performance-based equity awards</b></p>	<p>Significantly increased the proportion of performance-based equity awards to 60% of our CEO's total equity incentive awards; equity with performance conditions is now the largest component of CEO total compensation</p>
<p><b>Comment #5</b>    <b>Use a performance metric with broader alignment to stockholder value creation</b></p>	<p>Implemented a new return on equity metric for performance awards, replacing our use of earnings growth targets, to better align management incentives with the strategic goals of both growing earnings and effectively managing capital</p>
<p><b>Comment #6</b>    <b>Separate the determination process for cash bonus awards from that for equity-based awards</b></p>	<p>Implemented a quantitative determination process for cash bonuses distinct from the process for determining equity incentive awards, using a new Short-Term Incentive Compensation Performance Assessment</p>
<p><b>Comment</b>    <b>Eliminate award re-testing</b></p>	<p>Addressed performance award re-testing concerns through the use of a single operating metric hurdle measured over a single three-year period</p>

#7

**Implement compensation caps for NEOs in addition to CEO**

**Comment**

#8

Established distinct caps on Performance-Based Incentive Compensation for each NEO, in addition to the CEO; also lowered the existing cap on CEO Performance-Based Incentive Compensation from \$25 million to \$20 million (a 20% reduction) and established a separate CEO cash bonus cap

## 2017 Compensation Results

### Compensation Determination Process

The Incentive Pool, which serves as the basis for determining all Performance-Based Incentive Compensation, was set at 6% of Adjusted Economic net income, resulting in a \$62.3 million pool

Performance-Based Incentive Compensation of our Chairman and CEO was capped at the lesser of \$20.0 million or 40% of the Incentive Pool, which resulted in a cap of \$20.0 million

In addition to the overall incentive award cap, the cash bonus for our Chairman and CEO was capped at \$4.5 million

Equity incentive awards were limited to the capped amount of Performance-Based Incentive Compensation less the maximum cash bonus, resulting in a maximum of \$15.5 million of equity incentive awards for our Chairman and CEO

Weighted scores were determined using two quantitative assessments—the Short-Term and the Long-Term Incentive Compensation Performance Assessments—and were applied to the cash bonus and equity incentive award caps, as applicable, to produce formulaic award payout amounts for each of these two award categories

### Short-Term Incentive Compensation Performance Assessment

Recognized AMG's growth across key operating metrics, positive organic growth, the successful execution of our product and Global Distribution strategies, the integration of our significant new Affiliate investments from the prior year, the initiation of a quarterly cash dividend and significant share repurchases

Recognized AMG's record performance across all key financial metrics, including results that exceeded the Economic earnings per share and EBITDA margin targets levels

An overall weighted score of 80% was applied to the capped annual cash bonus of \$4.5 million, resulting in a final cash bonus of \$3.6 million for our Chairman and CEO

### 2017 Financial Results vs. Targets

*Financial targets used in the Performance Assessment are designed to align management incentives with stockholder value creation, and take into account factors known at the time (and exclude the effect of markets). Actual results may be impacted by a number of external factors, including macroeconomic factors, market changes, and regulatory or political changes, as well as other factors such as share repurchases and new investments in Affiliates, that may not be anticipated and could significantly impact our business. These financial targets are not intended to be a form of guidance or a prediction of the Company's performance during the performance year or in any future period.*

### Long-Term Incentive Compensation Performance Assessment

Recognized AMG's record performance across all key financial and operating metrics, excellent strategic performance, as well as significant business accomplishments for the year; also recognized the +41% stock price increase in 2017, as well as the modestly negative stock performance over the 3-year period

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An overall weighted score of 70% was applied to the capped annual amount of equity incentive awards of \$15.5 million, resulting in a formulaic equity incentive award for our Chairman and CEO of \$10.8 million

The Committee exercised negative discretion to reduce this formulaic amount 25%, after taking into account the 3-year stock performance, the relative financial results over the year and the overall amounts and mix of award types, resulting in a final equity incentive award of \$8.1 million for our Chairman and CEO

The Committee's allocation for this equity incentive award amount was 40% in the form of Long-Term Deferred Equity Awards and 60% in the form of Long-Term Performance Achievement Awards, consistent with the targeted allocations



## 2017 Compensation Results (cont d)

### 2017 Compensation Results

Total 2017 CEO compensation declined -10% compared to 2016, reflecting the following:

The impact of our recent compensation program enhancements, including the reduction in the cap on CEO Performance-Based Incentive Compensation and new targeted award allocations

The Committee's consideration of our 3-year stock performance, as well as our relative financial results over the year

The Committee's discretionary reduction to the formulaic amount of equity incentive awards produced by the Long-Term Incentive Compensation Performance Assessment

In addition, the composition of CEO compensation changed materially in 2017, with a significant increase in the proportion of performance-based equity awards, offset by decreases in the proportion and amount of both cash compensation and time-based equity awards. As a result, performance-based equity awards were 60% of total CEO equity incentive awards and were the largest component of CEO total compensation. These awards are subject to three-year cliff vesting, with delivery tied to rigorous return on equity targets that align management incentives with the strategic goals of growing earnings and effectively managing capital.

### Elements of CEO Compensation

## Supplemental Table Compensation Earned in Fiscal Year 2017

Name and Principal Position	Salary	Cash Bonus	Long-Term Performance		All Other Compensation	Total Compensation Earned
			Deferred Equity Awards	Achievement Awards		
Sean M. Healey Chairman and Chief Executive Officer	\$ 750,000	\$ 3,600,000	\$ 3,200,000	\$ 4,900,000	\$ 115,091	\$ 12,565,091
Nathaniel Dalton President and Chief Operating Officer	\$ 500,000	\$ 2,135,000	\$ 1,925,000	\$ 2,925,000	\$ 31,554	\$ 7,516,554
Jay C. Horgen Chief Financial Officer and Treasurer	\$ 500,000	\$ 1,850,000	\$ 1,450,000	\$ 2,175,000	\$ 45,045	\$ 6,020,045
Hugh P. B. Cutler Head of Global Distribution	\$ 325,000	\$ 925,000	\$ 540,000	\$ 810,000	\$ 26,252	\$ 2,626,252
David M. Billings General Counsel and Secretary	\$ 400,000	\$ 1,265,000	\$ 240,000	\$ 355,000	\$ 33,114	\$ 2,293,114

## General Counsel and Secretary

*The above tables include equity awards granted to our named executive officers in January 2018 in recognition of 2017 performance (and exclude equity awards granted in January 2017 in recognition of 2016 performance), to better demonstrate how we evaluate and compensate our named executive officers. These amounts differ from the compensation reported in the Summary Compensation Table because SEC rules require equity awards to be reported in the fiscal year of grant, even where the awards are intended to compensate executives for performance in a prior year. Please refer to the Executive Compensation Tables and Equity Grant Policy sections of this Proxy Statement for additional information.*

## PROPOSAL 1: ELECTION OF DIRECTORS

### Introduction

Our Board of Directors currently consists of nine members. At the Annual Meeting, nine directors are expected to be elected to serve until the 2019 Annual Meeting of Stockholders and until their respective successors are duly elected and qualified. The Board of Directors, upon the recommendation of the Nominating and Governance Committee, has nominated Messrs. Samuel T. Byrne, Dwight D. Churchill, Glenn Earle, Niall Ferguson, Sean M. Healey, Patrick T. Ryan and Jide J. Zeitlin, and Ms. Tracy P. Palandjian and Karen L. Yerburgh (collectively, the Nominees), to serve as directors. Each of the Nominees is currently serving as a director of the Company. As more fully discussed below in the Corporate Governance Matters and Meetings of the Board of Directors and Committees section of this Proxy Statement, the Board of Directors has determined that seven of its nine Nominees, Messrs. Byrne, Churchill, Earle, Ferguson, Ryan and Zeitlin, and Ms. Palandjian, have no material relationship with the Company and, therefore, are independent for purposes of NYSE listing standards. The Board of Directors expects that each of the Nominees will, if elected, serve as a director for the new term. However, if any person nominated by the Board of Directors is unable to accept election, the proxies will be voted for the election of such other person or persons as the Board of Directors may recommend.

The Company's amended and restated by-laws (the By-laws) provide for majority voting in uncontested director elections. Under the majority voting standard, directors are elected by a majority of the votes cast, which means that the number of shares voted for a director must exceed the number of shares voted against that director. In a contested election (a situation in which the number of nominees exceeds the number of directors to be elected), the standard for the election of directors will be a plurality of the votes cast. Abstentions and broker non-votes will have no effect on the outcome of the vote on the election of directors.

Under our Corporate Governance Guidelines, the Nominating and Governance Committee has established procedures for any director who is not elected to tender his or her offer to resign. Upon receiving the director's offer to resign, the Nominating and Governance Committee will recommend to the Board of Directors whether to accept or reject the offer to resign, or whether other action should be taken. The Nominating and Governance Committee and the Board of Directors, in making their decisions, may consider any factor or information that they deem relevant. The Board of Directors, taking into account the Nominating and Governance Committee's recommendation, will act on the tendered resignation within ninety days following certification of the election results. A director whose resignation is under consideration must abstain from participating in any recommendation or decision regarding his or her resignation.

### Recommendation of the Board of Directors

The Board of Directors believes that the election of each of the Nominees is in the best interests of the Company and its stockholders and, therefore, unanimously recommends that stockholders vote **FOR** the election of each of the Nominees.

## Information Regarding the Nominees

The following table sets forth the name, age (as of April 1, 2018), tenure and other information of each Nominee, along with the committees of the Board of Directors on which each Nominee currently serves.

### Director Nominee Information: Committee Memberships

Name	Age	Compensation Committee	Nominating and Governance Committee	Audit Committee	Independence	Tenure (Years)	C P B
. Byrne	53					9	
. Churchill	64			(Chair)		8	
rtle	60					3	
guson	53					4	
Healey n and CEO	56					17	
Palandjian	47					6	

Ryan <i>Independent Director</i>	59	(Chair)			13
Yerburgh	55				
itlin	54	(Chair)			12

*Average Age of 56*   
 *100% Independent; New Chair in 2015*   
 *100% Independent; New Chair in 2015*   
 *100% Independent; 100% Financial Experts; New Chair in 2015*   
 *7 of 9 Directors are Independent*   
 *Average Tenure = ~8 years*   
 *Over*

The Nominees bring a wide array of qualifications, skills and attributes to our Board of Directors that support its oversight role on behalf of our stockholders. The most relevant of these qualifications and skills are summarized in the table below:

### Director Experience and Skills Overview

<b>Financial, accounting or financial reporting</b>	We use a broad set of financial metrics to measure our operating and strategic performance. Accurate financial reporting and rigorous auditing are critical to our success. We seek to have directors who qualify as audit committee financial experts and expect all of our directors to have an understanding of finance and financial reporting processes.	9 of 9 Directors
<b>Investment management</b>	Directors with investment management experience provide the Board with an enhanced understanding and assessment of our business strategy and bring valuable perspective on issues that are uniquely relevant to our industry.	7 of 9 Directors
<b>Global business</b>	Our continued success depends in part on the sustained growth of our international operations, and we seek directors with global business experience, including managing and growing organizations worldwide.	7 of 9 Directors
<b>Leadership</b>	We seek directors who have held significant leadership positions, as we believe this experience provides directors with a practical understanding of organizations, processes, strategy, risk management and other factors that promote growth.	9 of 9 Directors
<b>Other public company board experience</b>	Directors with experience serving on other public company boards provide valuable operations and management perspectives, which support our Board's ability to oversee and advise management. Further, these directors bring to our Board valuable insights on corporate governance trends and practices and other issues affecting public companies generally.	3 of 9 Directors

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<b>Public policy and government affairs</b>	We and our Affiliates operate in a highly regulated industry and are directly affected by governmental actions and socioeconomic trends and, therefore, we seek directors with experience with governmental, regulatory and related organizations.	4 of 9 Directors
<b>Risk management and compliance</b>	Risk management is critical to the success of our business, and we seek directors with regulatory and compliance expertise, as well as experience managing and overseeing risk in public and private companies and in other contexts.	7 of 9 Directors
<b>Environmental, social and governance</b>	Directors who have experience in managing environmental, sustainability and social issues are able to assist the Board in overseeing and advising management to ensure that strategic business imperatives and long-term value creation for stockholders are achieved within a responsible, sustainable business plan.	5 of 9 Directors
<b>Operational</b>	We believe that directors with experience in operations are able to assess and advise management on the formulation and execution of our business strategy.	7 of 9 Directors

The following biographical summaries provide additional information on the business experience, principal occupation and past employment and directorships of each Nominee during at least the last five years.

## Director Biographical Information

### **Samuel T. Byrne**

*Audit Committee,  
Compensation  
Committee, &  
Nominating and  
Governance  
Committee*

Samuel T. Byrne has been a director of the Company since October 2009. Mr. Byrne is a Managing Partner and co-founder of CrossHarbor Capital Partners LLC, a leading alternative investment management firm specializing in real estate, as well as distressed securities and private equity. The firm manages institutional capital on behalf of investors globally, including public pension systems, endowments and foreign institutions such as sovereign wealth funds. Before founding CrossHarbor Capital Partners, Mr. Byrne served as a management consultant advising on corporate restructurings and bankruptcy matters. Prior to that, he was a portfolio manager at Fleet Financial Group and Bank of New England. Mr. Byrne currently serves as Co-Chairman of the Board of Trustees of the Peabody Essex Museum. We believe that Mr. Byrne's qualifications to serve on our Board of Directors include his extensive investment management experience, including his particular expertise in private equity and real estate.

### **Dwight D. Churchill**

*Audit Committee  
(Chair)*

Dwight D. Churchill has been a director of the Company since February 2010. Mr. Churchill held a number of senior positions at Fidelity Investments before retiring from the firm in 2009. Having joined Fidelity in 1993, he served as the head of the Fixed Income Division, head of Equity Portfolio Management and President of Investment Services. While at Fidelity, Mr. Churchill also served as the elected chair of the Board of Governors for the CFA Institute, a 135,000-member association previously known as the Association for Investment Management & Research, and from June 2014 to January 2015, he served as interim President and Chief Executive Officer at the CFA Institute. Prior to joining Fidelity, Mr. Churchill served as a Managing Director of Prudential Financial, Inc., as President and Chief Executive Officer of CSI Asset Management, Inc., a subsidiary of Prudential Financial, Inc., and held senior roles at Loomis, Sayles & Company and the Ohio Public Employees Retirement System. Mr. Churchill currently serves on the Board of Trustees and the Audit Committee of State Street Global Advisors SPDR ETF Mutual Funds, the Board of Trustees of the Currier Museum of Art and as a staff consultant at The Public Employees Retirement System of Idaho. We believe that Mr. Churchill's qualifications to serve on our Board of Directors include his extensive experience in the investment management industry, including his oversight of internal controls, financial reporting and accounting procedures.



**Glenn Earle**

*Audit Committee*

Glenn Earle has been a director of the Company since April 2015. Mr. Earle is a member of the Board of Directors of Fiat Chrysler Automobiles N.V. and is Deputy Chairman of educational charity Teach First. He retired in December 2011 from Goldman Sachs International, where he was most recently a Managing Director and the Chief Operating Officer. He was also Chief Executive of Goldman Sachs International Bank, and his other responsibilities included Co-Chairmanship of the Firm's Global Commitments and Capital Committees and membership of the Goldman Sachs International Executive Committee. He previously worked at Goldman Sachs in various roles in New York, Frankfurt and London from 1987, becoming a Partner in 1996. From 1979 to 1985, he worked in the Latin America Department at Grindlays Bank/ANZ in London and New York, leaving as a Vice President. Mr. Earle's other activities include membership of The Higher Education Commission and the Advisory Board of the Sutton Trust. He was previously Vice Chairman of Rothesay Life Group and a Trustee of the Royal National Theatre. Other previous responsibilities include membership of the Board of Trustees of the Goldman Sachs Foundation and of the Ministerial Task Force for Gifted and Talented Youth, and Chairmanship of the Advisory Board of Cambridge University Judge Business School. We believe that Mr. Earle's qualifications to serve on our Board of Directors include his extensive experience as a senior executive in a leading investment bank, as well as his service on the boards of other public and private companies.

**Niall Ferguson**

*Nominating and Governance Committee*

Niall Ferguson has been a director of the Company since April 2014. Mr. Ferguson is the Milbank Family Senior Fellow at the Hoover Institution, Stanford University and a Senior Fellow at the Center for European Studies at Harvard University, and previously was the Laurence A. Tisch Professor of History at Harvard University. He is also a Visiting Professor at Tsinghua University in Beijing, and the Diller-von Furstenberg Family Foundation Distinguished Scholar at the Nitze School of Advanced International Studies in Washington D.C. Mr. Ferguson is a frequent commentator on contemporary and historical politics and economics and has published fifteen award-winning books, including *Kissinger: 1923-1968: The Idealist*, *The Ascent of Money*, *Civilization: The West and the Rest* and *The Great Degeneration: How Institutions Decay and Economies Die*. In 2009, his six-part television series *The Ascent of Money* won the International Emmy for Best Documentary. Mr. Ferguson was the Philippe Roman Visiting Professor at the London School of Economics from 2010 to 2011 and the BBC Reith Lecturer for 2012. In 2010, he won the Benjamin Franklin Award for Public Service, in 2012, the Hayek Prize for Lifetime Achievement and, in 2013, the Ludwig Erhard Prize for Economic Journalism. Mr. Ferguson is a member of the Board of Trustees of the New York Historical Society and the London-based Centre for Policy Studies, a Managing Director at Greenmantle, a macroeconomic and geopolitical advisory firm that he founded, and a member of the Board of Directors of Chimerica Media, a film company that he also founded. We believe that Mr. Ferguson's qualifications to serve on our Board of Directors include his extensive macroeconomic and geopolitical expertise and influence around the globe.

**Sean M. Healey**

*Chairman and Chief Executive Officer*

Sean M. Healey is the Company's Chairman and Chief Executive Officer, roles he has served in since January 2011 and January 2005, respectively. Mr. Healey previously served as President and Chief Operating Officer of the Company. Mr. Healey has been a director of the Company since May 2001. Prior to joining the Company in 1995, Mr. Healey was a Vice President in the Mergers and Acquisitions Department at Goldman, Sachs & Co. focusing on financial institutions. He serves as Co-Chairman of the Board of Trustees of the Peabody Essex Museum, and as a member of the Council on Foreign Relations, the Visiting Committee of Harvard Law School and the Board of Trustees of the International Game Fish Association. In 2006, Mr. Healey received a presidential appointment to serve on the President's Export Council, the nation's principal advisory committee on international trade. Mr. Healey received a J.D. from Harvard Law School, an M.A. from University College, Dublin and an A.B. from Harvard College. We believe that Mr. Healey's qualifications to serve on our Board of Directors include his direct knowledge of the Company's strategy and operations through his service as Chief Executive Officer of the Company and his extensive experience in the financial services and investment management industries, including over two decades of experience in investing in asset management firms.

**Tracy P. Palandjian**

Tracy P. Palandjian has been a director of the Company since March 2012. Ms. Palandjian is the Chief Executive Officer, co-founder and a member of the Board of Directors of Social Finance, Inc., a nonprofit organization focused on developing and managing investments that

*Audit Committee &  
Nominating and  
Governance  
Committee*

generate social impact and financial return. Prior to establishing Social Finance, Ms. Palandjian served as a Managing Director at The Parthenon Group, a global strategy consulting firm. At Parthenon, she established and led the Nonprofit Practice and consulted to foundations and nonprofit organizations on strategy development, mission definition, corporate social responsibility and knowledge and innovation in the U.S. and globally. Prior to Parthenon, Ms. Palandjian worked at McKinsey & Company and at Wellington Management Company, LLP. Ms. Palandjian is currently Vice-Chair of the United States Impact Investing Alliance and the Global Social Impact Investment Steering Group (successor to the G8 Social Impact Investment Taskforce). She is also Vice Chair of the Board of Overseers at Harvard University. She also serves on the Board of the Surdna Foundation (and chairs its Investment Committee), the Leadership Council of Facing History and Ourselves, and the Investment Committee of Milton Academy. We believe that Ms. Palandjian's qualifications to serve on our Board of Directors include her extensive global financial management, consulting and advisory experience.

**Patrick T. Ryan**

*Lead Independent Director*

*Audit Committee, Compensation Committee, & Nominating and Governance*

*Committee (Chair)*

Patrick T. Ryan has been a director of the Company since July 2005, and has served as Lead Independent Director since February 2015. Mr. Ryan currently serves as Chief Executive Officer of Press Ganey Holdings, Inc., a company specializing in health care performance improvement. Prior to Press Ganey, Mr. Ryan worked with SV Life Sciences as a Venture Partner from 2007 to 2009, and served as Chairman and Chief Executive Officer of The Broadlane Group from 2008, until its acquisition by MedAssets Inc. in 2010. Following such acquisition, Mr. Ryan served on the Board of Directors and in the interim role of President of Spend and Clinical Resource Management through the completion of the integration in May 2011. From 2004 to 2007, Mr. Ryan served as Chief Executive Officer and as a member of the Board of Directors of PolyMedica Corporation, a direct to consumer provider of health care products and services for individuals with chronic diseases, until its sale to Medco Health Solutions, Inc. Before joining PolyMedica, Mr. Ryan served as the Chairman and Chief Executive Officer of Physicians Dialysis Inc., a dialysis provider, until its acquisition by DaVita Inc. in 2004. Previously, Mr. Ryan has served as a partner at Westways Ventures, a firm specializing in the strategic development of companies in the healthcare and consumer sectors, as President and Chief Executive Officer of PrincipalCare Inc., a company specializing in women's healthcare, as President and Chief Executive Officer of ImageAmerica, Inc., a diagnostic imaging services company, as Co-Founder and President of R.B. Diagnostics, a diagnostic imaging services company, and on the Board of Directors of Hill Rom Holdings, Inc. Mr. Ryan currently serves on the Board of Directors of American Renal Associates Holdings, Inc. (where he also serves as a member of the Audit Committee). Mr. Ryan is also a former member of the Massachusetts Hospital Association's Committee on Governance and previously served on the Boards of Trustees of the Beth Israel Deaconess Medical Center, Lahey Clinic and Atrius Health and the Board of Directors of Press Ganey. We believe Mr. Ryan's qualifications to serve on our Board of Directors include his substantial executive management experience at several public and private companies.

**Karen L. Yerburgh**

Karen L. Yerburgh has been a director of the Company since January 2018. Ms. Yerburgh served until June 2017 as Managing Partner of Genesis Investment Management, LLP, a boutique investment management firm. Genesis is one of the leading emerging markets equities specialists in the world, and has been an AMG Affiliate since 2004. Ms. Yerburgh joined the firm in 1990 and was appointed Managing Partner in 2003. Prior to joining Genesis, she was a senior investment manager at Touche Remnant Investment Management Ltd and Lloyds Investment Management Ltd. She began her career at Grieson Grant & Co. We believe Ms. Yerburgh's qualifications to serve on our Board of Directors include her substantial experience in the investment management industry, including as a senior executive in a leading boutique investment management firm.

**Jide J. Zeitlin**

Jide J. Zeitlin has been a director of the Company since January 2006. Mr. Zeitlin is a private investor with interests in Asia, the Middle East and Africa. He formerly served as a Partner at Goldman, Sachs & Co., where he held a number of senior management positions in the investment banking division, including that of Global Chief Operating Officer. He also

*Compensation  
Committee (Chair)*

served in the firm's executive office. Mr. Zeitlin joined Goldman Sachs in 1987, became a Partner in 1996 and retired from the firm in December 2005. Mr. Zeitlin serves as a member of the Harvard Business School Board of Dean's Advisors, and of the boards of the Nigeria Sovereign Investment Authority (where he is Chairman), Playwrights Horizons and Saint Ann's School. He is Chairman Emeritus of Amherst College and a Fellow at the Aspen Global Leadership Network, and formerly served on the boards of Milton Academy, Teach for America and Common Ground Community. Mr. Zeitlin also serves as the Chairman of the Board of Directors, Chair of the Governance and Nominations Committee and as a member of the Human Resources Committee of Tapestry, Inc. (f/k/a Coach, Inc.), a designer and marketer of premium handbags and accessories, and Chairman of the Board of Directors of VI Mining PLC. We believe Mr. Zeitlin's qualifications to serve on our Board of Directors include his substantial experience as a senior executive in a leading investment bank, as well as his extensive service in board capacities at numerous organizations.

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## Corporate Governance Matters and Meetings of the Board of Directors and Committees

The Board of Directors and management regularly review best practices in corporate governance and modify our corporate governance policies and practices as warranted. Our current best practices include:

### Governance Highlights

#### Independence and Diversity

Two directors, representing 25% of the non-executive directors, are female  
Chairman and CEO is the only management director  
Seven of our nine directors are independent  
All Board committees are composed exclusively of independent directors

#### Lead Independent

Active Lead Independent Director with expansive duties

#### Director

New appointment in 2015

#### Executive Sessions

Non-executive directors regularly meet without management present, led by our Lead Independent Director

Executive sessions include Board and committee annual self-assessments

#### Board Refreshment

Balanced mix of short- and long-tenured directors; average non-executive tenure of 7 years

Four directors, representing half of the non-executive directors, joined the Board within last 6 years

Long-tenured directors in leadership roles

New Lead Independent Director in 2015

New chairs of all Board committees in 2015

Average director age of 56

**No Overboarding**

The Nominating and Governance Committee assesses director time commitments in reviewing nominee candidates; directors must notify the committee before accepting board or committee seats at other for-profit companies

Currently three directors serve on the boards of other public companies, and none serves on more than one

**Board Oversight of  
Risk Management**

Our Board has principal responsibility for oversight of our risk management process and understanding the overall risk profile of the Company, including data security and privacy

Our Board provides oversight of ESG matters; the Company's Sustainability Committee reports to the Board at least annually on environmental, health and safety, and social risks, as well as other ESG topics

**ESG Oversight**

**Minimum Equity  
Ownership Guidelines**

10x annual base salary for our Chairman and CEO

7x annual base salary for all other NEOs

5x annual base fees for non-executive directors

**Board Self-Evaluation**

Board conducts an annual self-assessment process coordinated by our Lead Independent Director, including individual director assessments to support an annual evaluation of the Board's composition

Nomination policies are adjusted to ensure that our Board as a whole continues to reflect the appropriate mix of skills and experience

**Accountability**

Directors are elected annually by a majority of votes cast (with a plurality standard for contested elections)

Each director is required to tender their resignation if he or she fails to receive a majority of votes in an uncontested election

Directors re-elected by an average vote of 97% in 2017

Active stockholder engagement 2017 outreach initiative to over 200 stockholders, representing over 90% of our voting shares, including direct calls and in-person meetings

**Succession Planning**

The Nominating and Governance Committee has primary responsibility for CEO and key executive succession planning

Succession and executive development are discussed by the committee both with the CEO, as well as without the CEO present in executive sessions

**Director Orientation and Development**

Orientation and training programs for new directors; additional training for directors in leadership roles

Continuing education programs and presentations for all directors



**Board of Directors:** During 2017, the full Board of Directors met six times. Each incumbent member of the Board of Directors in 2017 attended over 80% of the total number of meetings of (i) the Board of Directors and (ii) all standing committees of the Board of Directors on which such director served. We do not have a formal policy regarding director attendance at our Annual Meeting of Stockholders. One director attended the 2017 Annual Meeting of Stockholders.

At least annually, the Board of Directors evaluates the independence of our directors in light of the standards established by NYSE. A majority of our Board of Directors must be independent within the meaning of NYSE listing standards. After its most recent evaluation of director independence, the Board of Directors affirmatively determined that seven of our nine current directors, Messrs. Byrne, Churchill, Earle, Ferguson, Ryan and Zeitlin, and Ms. Palandjian, are independent for purposes of NYSE listing standards. The Board of Directors made its determinations based upon individual evaluations of these directors' employment or board of directors affiliations, compensation history and any commercial, family or other relationships with the Company. There were no transactions between any director and the Company for the Board of Directors' consideration in determining the independence of any independent director. Members of the Board of Directors serve as directors, trustees or in similar capacities (but not as executive officers or employees) for non-profit organizations to which we may make charitable contributions from time to time. Contributions to these organizations did not exceed either \$120,000 or 1% of each of those organizations' annual consolidated gross revenues during their last completed fiscal years.

The standing committees of the Board of Directors are the Audit Committee, the Compensation Committee and the Nominating and Governance Committee. Only independent directors within the meaning of NYSE listing standards serve on these committees. Each committee acts pursuant to a written charter adopted by the respective committee. A description of each committee is set forth below.

**Audit Committee:** The Audit Committee currently consists of Messrs. Byrne, Churchill, Earle and Ryan, and Ms. Palandjian, with Mr. Churchill serving as Chair since January 2015. Each of the members meets the independence standards applicable to audit committees under the Sarbanes-Oxley Act of 2002 and NYSE listing standards and is an audit committee financial expert, as defined by the SEC. The Audit Committee's purpose is to assist the Board of Directors in oversight of our internal controls and financial statements and the audit process. The Audit Committee met nine times during 2017. Other members of the Board of Directors attend Audit Committee meetings from time to time at the invitation of the Audit Committee.

**Compensation Committee:** The Compensation Committee currently consists of Messrs. Byrne, Ryan and Zeitlin, with Mr. Zeitlin serving as Chair since February 2015. Each member meets the independence requirements applicable to the Compensation Committee under NYSE listing standards. The Compensation Committee is responsible for overseeing our general compensation policies and establishing and reviewing the compensation plans and benefit programs applicable to our executive officers. In that capacity, the Compensation Committee also administers our incentive plans. The Compensation Committee met four times during 2017. Other members of the Board of Directors attend Compensation Committee meetings from time to time at the invitation of the Compensation Committee.

**Nominating and Governance Committee:** The Nominating and Governance Committee currently consists of Messrs. Byrne, Ferguson and Ryan, and Ms. Palandjian, with Mr. Ryan serving as Chair since February 2015. The Nominating and Governance Committee is primarily responsible for recommending criteria to the Board of Directors for Board and committee membership, identifying and evaluating director candidates, overseeing the annual self-assessment of the Board of Directors and its committees and of the Chairman and Chief Executive Officer, overseeing CEO and other key executive succession planning and maintaining our Corporate Governance Guidelines. The Nominating and Governance Committee met four times during 2017. Other members of the Board of Directors attend Nominating and Governance Committee meetings from time to time at the invitation of the Nominating and Governance Committee.

The Nominating and Governance Committee may solicit director candidate recommendations from a number of sources, including directors, executive officers and third-party search firms. The Nominating and Governance

Committee will consider for nomination any director candidates, including director candidates recommended by our stockholders, who are deemed qualified by the Nominating and Governance Committee in light of the qualifications and criteria for Board of Directors membership described below, or such other criteria as approved by the Board of Directors or a committee thereof from time to time. Stockholder recommendations must be submitted to the Nominating and Governance Committee in accordance with the requirements set forth in the By-laws, including those discussed in the Other Matters Stockholder Proposals section of this Proxy Statement, and any procedures established from time to time by the Nominating and Governance Committee. The Nominating and Governance Committee does not have a specific policy regarding the consideration of stockholder recommendations for director candidates and considers this appropriate because it evaluates recommendations without regard to their source. The Nominating and Governance Committee evaluates any potential conflicts of interest on a case-by-case basis, to the extent they may arise.

The Board of Directors believes that a diverse mix of perspectives and expertise enhances its overall effectiveness. When considering candidates for directorship, including nominees currently serving as directors of the Company, the Nominating and Governance Committee takes into account a number of factors, including the following qualifications: the nominee must have the highest personal and professional integrity and have demonstrated exceptional ability and judgment and the attributes necessary (in conjunction with the other members of the Board of Directors) to best serve the long-term interests of the Company and its stockholders. In addition, the Nominating and Governance Committee reviews from time to time the skills and characteristics necessary and appropriate for directors in light of the then current composition of the Board of Directors, including the following factors:

### Director Qualifications and Attributes

Business and leadership experience, including experience managing and growing organizations worldwide

Knowledge of the financial services industry and, in particular, the asset management industry

Diversity in particular, gender diversity, along with geographic, experiential and ethnic diversity

Understanding of organizations, processes, strategy, risk management and other factors that promote growth

Understanding of finance and financial reporting processes

In considering diversity, the Nominating and Governance Committee considers diversity of background and experience, as well as ethnicity, gender and other forms of diversity. The Nominating and Governance Committee recognizes the importance of gender diversity, in particular, as an important factor to consider when evaluating the composition of the Board of Directors. The Nominating and Governance Committee does not have a formal policy

regarding diversity in identifying nominees for a directorship, but rather considers it among the various factors relevant to the consideration of any particular nominee. The Nominating and Governance Committee reviews our Corporate Governance Guidelines at least annually to ensure that we continue to meet best corporate governance practice standards.

The current Board of Directors comprises individuals with a substantial variety of skills and expertise, including with respect to investment management across the capital markets; real estate; private equity; international business; academia; and not-for-profit organizations. The Nominating and Governance Committee believes it is important to maintain a mix of experienced directors with a deep understanding of the Company and newer directors who bring a fresh perspective. The following are highlights on the composition of our current Board of Directors:

### Board of Directors Composition

Two directors, representing 25% of the non-executive directors, are female

Four directors, representing half of the non-executive directors, joined the Board within last six years

Average non-executive director tenure of seven years

Average director age of 56

New chairs of all Board committees in 2015

New Lead Independent Director in 2015

Balanced mix of short- and long-tenured directors

Long-tenured directors in leadership roles

**Board Size:** The Nominating and Governance Committee assesses the size and composition of the Board of Directors each year. Consistent with our Corporate Governance Guidelines, the Nominating and Governance Committee believes that our Board of Directors' current size is appropriate, given the size and complexity of the Company and the markets in which we operate. Over the last twenty years, the Board of Directors' size has ranged from five to ten directors, a range the Nominating and Governance Committee believes has served the Company and its stockholders well. Consistent with this historical approach, there are currently nine directors serving on the Board of Directors.

**Executive Sessions of Non-Executive Directors:** Our non-executive directors regularly meet in scheduled executive sessions without management present. In accordance with the charter of the Nominating and Governance Committee and the By-laws, Mr. Ryan, the Chair of the Nominating and Governance Committee, also serves as the Lead Independent Director, responsible for calling and chairing the executive sessions, including during the annual Board of Directors offsite, and communicating with Mr. Healey, the Chairman and Chief Executive Officer.

**Board and Committee Self-Assessments and Individual Director Assessments:** We recognize the critical role that Board of Directors and committee evaluations play in ensuring the effective functioning of our Board of Directors, including in assessing candidates for directorship. To this end, the Lead Independent Director, supported by our Nominating and Governance Committee, oversees the annual self-assessment of the Board of Directors and of each committee of the Board of Directors. Directors assess performance and consider various structural and procedural considerations, including the annual selection process for director nominees and communications and interactions with management generally. The Nominating and Governance Committee periodically reviews the format of the Board of Directors and committee self-assessment processes to ensure that actionable feedback is solicited on the operation of the Board of Directors and director performance. The Nominating and Governance Committee also oversees annual individual director assessments as part of the recommendation process for director nominees. The table set forth below provides a general overview of the annual self-assessment and director assessment processes.

## Board and Committee Self-Assessments and Individual Director Assessments

### Questionnaire

Evaluation questionnaire solicits director feedback on a variety of procedural and substantive topics

### Executive Session

Executive session discussion of Board and committee self-assessments led by our Lead Independent Director

### Individual Director Assessments

Individual director assessments support an annual evaluation of the Board's composition to ensure that our Board as a whole continues to reflect the appropriate mix

of skills and experience

**Board Summary**

Summary of Board and committee self-assessments results presented by our Lead Independent Director, followed by a discussion of the full Board

**Feedback Incorporated**

Policies and practices updated as appropriate, as a result of director feedback

***Chief Executive Officer Evaluation:*** The Lead Independent Director oversees an annual performance evaluation of our Chief Executive Officer. As part of this assessment, the Lead Independent Director solicits director feedback on a variety of performance considerations. The Lead Independent Director then synthesizes the directors' feedback and discusses the results with our Chief Executive Officer in a one-on-one meeting. The Lead Independent Director reports on the results of the evaluation at an executive session of the Board of Directors.

***Succession Planning:*** The Nominating and Governance Committee has primary responsibility for CEO and other key executive succession planning. Succession and executive development are discussed by the committee both with our Chief Executive Officer present, as well as without our Chief Executive Officer present in executive sessions.

***Director On-Boarding and Training:*** When a new non-executive director joins the Board of Directors, we provide an orientation program that includes personal briefings by senior management on the Company's operations, strategic plans, financial statements, governance, and key policies and practices. New directors also undergo in-depth training on the work of each committee of the Board. Throughout their tenure on the Board, each director is expected to

maintain the necessary knowledge and information to perform his or her responsibilities as a director. To assist the directors in understanding the Company and its industry and maintaining the level of expertise required for directors, the Company may, from time to time, offer Company-sponsored continuing education programs or presentations, including sessions on select topics during the annual Board of Directors offsite. Additional training is also provided when a director assumes a leadership role, such as becoming the chair of a committee.

**Leadership Structure:** The Board of Directors currently combines the role of Chairman of the Board of Directors with the role of Chief Executive Officer, and this leadership structure is further enhanced by the active involvement of the Lead Independent Director. The Board of Directors regularly reviews this structure and continues to believe that the combined Chairman and Chief Executive Officer role, together with a strong Lead Independent Director, is an appropriate and effective leadership structure for the Company. A combined Chief Executive Officer and Chairman focuses leadership, responsibility and accountability in a single person, and facilitates efficient and frequent communication between the Board of Directors and management. The Lead Independent Director position provides for effective checks and balances to ensure the exercise of independent judgment by the Board of Directors and the ability of the non-executive directors to work effectively in the board setting.

The Company initiated the Lead Independent Director position in 2004, and Mr. Ryan assumed the role in February 2015 and continues to serve as the Company's Lead Independent Director. Mr. Ryan was selected as Lead Independent Director given his excellent qualifications, including his extensive executive management experience, particularly in previous chief executive officer roles at several public and private companies, as well as his current role as Chief Executive Officer of Press Ganey Holdings, Inc. As Chief Executive Officer, Mr. Healey brings unparalleled knowledge of the Company's business and operations to his role as Chairman. Mr. Healey is a widely recognized leader in the asset management industry. Mr. Healey joined the Company as a start-up venture, and for over twenty years, his strategic vision and leadership have shaped the Company and driven its long-term success. Similarly, given Mr. Ryan's service to our Board of Directors for over a decade, including service on all of the committees and as chair of several committees during his tenure, the Board of Directors believes that his extensive knowledge of (and participation in the execution of) the Company's corporate strategy over the long term, along with his executive management experience outside of AMG, position him as an effective and strong Lead Independent Director.

Recognizing the importance of the Lead Independent Director position to the Company, in 2010 the Board of Directors amended the By-laws to further enhance the responsibilities of the position, providing that the Lead Independent Director would perform many of the functions that an independent chairman would perform. The Lead Independent Director's principal responsibilities include: serving as a key source of communication between the non-executive directors and the Chairman and Chief Executive Officer; ensuring the flow of appropriate information to and among non-executive directors; leading, with the assistance of the Nominating and Governance Committee, the Board of Directors' annual self-assessment process and annual performance evaluation of the Chairman and Chief Executive Officer; and coordinating the agenda for and leading executive sessions and meetings of the non-executive directors.

### Lead Independent Director Responsibilities

**Board leadership:** Provides leadership to the Board and to the non-executive directors, including in executive

**Board governance processes:** In coordination with the Nominating and Governance Committee, guides the

sessions

Board's governance processes, including leading the annual Board and committee self-assessments

**Liaison between Chairman and executive directors:** Regularly meets with the Chairman and serves as liaison between the Chairman and the non-executive directors

**Board discussion items:** Works with the Chairman to propose major discussion items for the Board's approval

**Leadership of executive sessions:** Leads quarterly executive sessions of the Board

**CEO evaluation:** Leads the annual performance evaluation of the CEO

**Additional executive sessions:** May call additional meetings of the non-executive directors as needed

**Stockholder communications:** Available for direct communication with our stockholders



***Risk Oversight:*** It is a key responsibility of our Chairman and Chief Executive Officer, President and Chief Operating Officer, Chief Financial Officer and Treasurer, General Counsel and other members of our senior management team to identify, assess and manage the Company's exposure to risk. The Board of Directors plays an important role in overseeing management's performance of these functions. The Board of Directors has approved the charter of the Audit Committee, which provides that one of the primary responsibilities of the Audit Committee is the discussion of the Company's financial risks and steps management has taken to monitor and control such risks, including with respect to risk assessment and risk management policies. The Audit Committee regularly discusses with management and the Company's independent auditors the Company's risk assessment and risk management processes, including major risk exposures, risk mitigants and the design and effectiveness of the Company's processes and controls to prevent and detect fraudulent activity. Furthermore, the Audit Committee and the Board of Directors as a whole receive regular reports from management and our independent auditors on prevailing material risks and the actions being taken to mitigate them, including reports regarding the Company's business and operations. Management also reports to the Audit Committee and the Board of Directors regarding enhancements made to our risk management processes and controls in light of evolving market, business, regulatory and other conditions, including those related to environmental, social and governance ( ESG ) factors, including privacy and data security.

**Corporate Environmental and Social Responsibility:** We believe that sound corporate citizenship and attention to governance and environmental principles are essential to our success and that of our Affiliates. We are committed to operating with integrity, contributing to the local communities surrounding our global offices, promoting diversity and inclusion, developing our employees and being thoughtful stewards of natural resources. We are also focused on the security of our data and safeguarding our clients' privacy. Our Board of Directors provides oversight of these ESG topics, and is committed to supporting the Company's efforts to operate as a sound corporate citizen. We have a cross-functional Sustainability Committee with oversight responsibility of our policies and operational controls of environmental, health and safety, and social risks. The Sustainability Committee includes members of our executive management team and reports to the Board of Directors at least annually. We believe that an integrated approach to business strategy, corporate governance and corporate citizenship creates long-term value. The following summary highlights certain of our policies and initiatives in these areas. To learn more, please see the [Responsibility](#) section of our website at [www.amg.com/responsibility.html](http://www.amg.com/responsibility.html).

## Environmental, Social and Governance (ESG) Highlights

### Work Environment

Equal employment opportunity hiring practices, policies and management of employees

Anti-harassment policy that prohibits hostility or aversion towards individuals in protected categories, and prohibits sexual harassment in any form, and details how to report and respond to harassment issues and strictly prohibits retaliation against any employee for reporting harassment

### Diversity and Inclusion

Committed to fostering and promoting an inclusive and globally diverse work environment

Formal policies that forbid discrimination based on protected classifications

Two directors are female, representing 25% of the non-executive members of the Board; approximately 25% of our senior management team members are female

### Privacy and Data Security

Maintaining privacy policies, management oversight, accountability structures and technology design processes to protect privacy and personal data

Data security program is governed by a senior management committee that meets regularly and reports to the Board of Directors at least annually

<b>Community Investment</b>	<p>The AMG Charitable Foundation, formed in 2011, donates to a variety of non-profit organizations and community programs globally</p> <p>Company-wide campaigns support many charities in local communities surrounding AMG office locations around the world, and we encourage employees to volunteer for and serve on boards of non-profit organizations and support employee gift-matching to eligible non-profit institutions</p>
<b>Business Conduct and Ethics Codes</b>	<p>A strong corporate culture that promotes the highest standards of ethics and compliance for our business; the majority of our directors have an extensive background and experience in risk management</p> <p>Code of Business Conduct and Ethics sets forth principles to guide employee and director conduct</p>
<b>Anti-Bribery and Corruption Policies</b>	<p>Policies on political contributions and other restricted payments require full compliance with all applicable political contribution and anticorruption laws</p> <p>Whistleblower hotline for confidential reporting of any suspected violations</p>
<b>Environment</b>	<p>Thirteen Affiliates are signatories to the United Nations Principles for Responsible Investment (UNPRI) and five are signatories to the UK Stewardship Code</p> <p>Environmental sustainability factors are incorporated into our assessment process for prospective Affiliates</p> <p>Recycling programs, energy-saving technology and the use of energy-efficient equipment and materials in our offices</p> <p>Programs to promote the procurement of products and materials which have high concentrations of recycled materials</p> <p>Business continuity policies to ensure the safety of our personnel, facilities and critical business functions in case of natural disasters</p>

**Related Person Transaction Oversight:** Pursuant to its charter, the Audit Committee is responsible for reviewing any related person transaction identified by management or other directors and, in accordance with this authority, has determined that there have been no related person transactions requiring disclosure under Item 404(a) of Regulation S-K other than those discussed below under the caption Other Matters Related Person Transactions.

**Policies and Procedures Regarding Related Person Transactions:** Under the Company's written policy regarding related person transactions, the Audit Committee must approve all related person transactions. A related person transaction is any transaction that is reportable by the Company under paragraph (a) of Item 404 of Regulation S-K in which the Company or one of its wholly owned subsidiaries or majority-owned Affiliates is or will be a participant and the amount involved exceeds \$120,000 and in which any director, nominee for director, executive officer, any person known to the Company to be a beneficial owner of 5% or more of its voting securities or an immediate family member of any of the foregoing has or will have a direct or indirect material interest. Pursuant to the policy, potential related person transactions are reported to the General Counsel who evaluates the potential transaction to determine whether it is a potential related person transaction. If it is, the General Counsel reports the potential transaction to the Audit Committee for review. The policy also authorizes the Chair of the Audit Committee to ratify, rescind or take any such other action required with respect to any related person transaction not previously approved or ratified under the policy that comes to the General Counsel's attention. The policy sets forth the standards of review to be considered in deciding whether to approve or ratify related person transactions.

In addition, the Audit Committee has considered and adopted standing pre-approvals under the policy for limited transactions with related persons. Pre-approved transactions include (i) employment as an executive officer, if the related compensation is approved (or recommended to the Board of Directors for approval) by the Compensation Committee; (ii) any compensation paid to a director if the compensation is consistent with the Company's director compensation policies and is required to be reported in the Company's proxy statement under applicable compensation disclosure requirements; (iii) any transaction with another company at which a related person's only relationship is as an employee (other than an executive officer) or director or beneficial owner of less than 10% of that company's equity, if the aggregate amount involved does not exceed the greater of \$1,000,000 or 2% of that company's total annual revenue; (iv) any charitable contribution, grant or endowment by the Company or the Company's charitable foundation to a charitable organization, foundation or university at which a related person's only relationship is as an employee (other than an executive officer) or director, if the aggregate amount involved does not exceed the greater of \$1,000,000 or 2% of such charitable organization's total annual receipts; (v) any transaction where the related person's interest arises solely from the ownership of the Company's common stock and all holders of the Company's common stock received the same benefit on a pro rata basis, such as dividends; (vi) any transaction involving a related person where the rates or charges involved are determined by competitive bids; and (vii) any service provided by the Company to any related person, provided that such service is in the ordinary course of business and on substantially the same terms as those prevailing at the time for comparable services provided to non-related persons.

**Compensation Committee Interlocks and Insider Participation:** The members of the Compensation Committee during fiscal year 2017 include those individuals set forth above under Compensation Committee. No person who served as a member of the Compensation Committee during 2017 has been an officer or employee of the Company or has been involved in any related person transactions. No executive officer of the Company serves on the compensation committee or board of directors of another company that has an executive officer that serves (or served during 2017) on the Company's Compensation Committee or Board of Directors.

**Engagement with Our Stockholders:** Since our inception as a public company, we have maintained an active engagement with our stockholders. We value the interest and feedback of our stockholders, and we are committed to maintaining an active dialogue to ensure that we understand the priorities and concerns of our stockholders with respect to best practices for governance matters and executive compensation. We conduct stockholder outreach throughout the year to engage with stockholders, and regularly report back to our Board of Directors on these engagements and on specific issues to be addressed.



## Stockholder Engagement

Participants	Types of Engagement	Topics Covered
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Members of the Board of Directors	Investor conferences	Strategic and financial performance and goals, and business initiatives
Executive Management	Earnings conference calls	Board composition: qualifications, skills and leadership structure
Investor Relations	One-on-one Investor conference calls and one-on-one Investor meetings	Executive compensation policies and design
	Outreach, calls and meetings with Investors corporate governance departments	Regulatory considerations
	Annual votes on Director elections and Say-on-Pay	Risk management, including cybersecurity
		Corporate governance trends, including ESG considerations

In 2017 and 2018 year-to-date, we held over 300 meetings with our stockholders to discuss the Company's performance and prospects, as well as trends affecting the investment management industry. We also conducted a specific outreach effort to discuss corporate governance issues as well as our philosophy and practices relating to our executive compensation program, and asked stockholders for input on our compensation program design and governance practices. This involved an outreach to over 200 stockholders, and correspondence and discussions with the corporate governance teams at our largest stockholders, as well as many others.

## Stockholder Outreach Initiative

Outreach to over 200 stockholders representing over 90% of our voting shares, including direct calls and in-person meetings

Direct and detailed discussions with our largest institutional holders, representing over 50% of voting shares, including multiple rounds of meetings over the course of the year with several large stockholders

Compensation Committee Chair, Jide Zeitlin, attended meetings with top institutional investors and a major proxy advisory firm

Senior management attended multiple in-person meetings with major proxy advisory firms

The Board of Directors and its committees considered the feedback and input from this stockholder outreach effort. The Compensation Committee in particular solicited follow-up input throughout the year and into 2018 from top institutional investors and proxy advisory firms reflecting a dynamic feedback process. The collective feedback and input was taken into account and is reflected in the decision-making process and the enhancements made to our governance and executive compensation programs this year, including those described herein.

***Stockholder and Interested Party Communications:*** Stockholders and other interested parties may communicate directly with the Board of Directors or the Lead Independent Director as follows:

## Stockholder Communications

### **Board of Directors**

Any communications to the full Board of Directors may be directed to Mr. Billings, General Counsel and Secretary of the Company, who would discuss as appropriate with the Board of Directors

David M. Billings

Affiliated Managers Group, Inc.

777 South Flagler Drive

West Palm Beach, Florida 33401-6152

### **Lead Independent Director**

A stockholder or other interested party may communicate directly with Mr. Ryan, the Lead Independent Director, by sending a confidential letter addressed to his attention

Patrick T. Ryan, Director

c/o Affiliated Managers Group, Inc.

777 South Flagler Drive

West Palm Beach, Florida 33401-6152



**Availability of Corporate Governance Documents:** We maintain a Company website that includes, among other items, the Corporate Governance Guidelines; the Code of Business Conduct and Ethics applicable to all directors, officers and employees; the Code of Ethics applicable to our Chief Executive Officer, Chief Financial Officer and other senior financial officers; and the charters for the Audit, Compensation and Nominating and Governance Committees. This information is available on the Investor Relations section of our website, [www.amg.com](http://www.amg.com), under Corporate Governance Policies, Procedures and Guidelines, or for the Committee charters under Corporate Governance Board of Directors, but is not incorporated by reference into this Proxy Statement. If we make any substantive amendment to the Code of Ethics or grant any waiver, including any implicit waiver, from a provision of the Code of Ethics to certain executive officers, we are obligated to disclose the nature of such amendment or waiver, the name of the person to whom any waiver was granted, and the date of waiver on our website or in a report on Form 8-K.

### Information Regarding Executive Officers of the Company

The name, age (as of April 1, 2018) and positions of each of our executive officers, as well as a description of their business experience and past employment during at least the last five years, are set forth below:

Executive Officer Information			
Name	Age	Position	Biographical Information
<b>Sean M. Healey</b>	56	Chairman and Chief Executive Officer	For the biographical information of Mr. Healey, see Information Regarding the Nominees above.
<b>Nathaniel Dalton</b>	51	President and Chief Operating Officer	Mr. Dalton has served as President and Chief Operating Officer of the Company since 2011. Since 1996, Mr. Dalton has served in a range of senior roles with the Company. Prior to joining AMG, Mr. Dalton was an attorney at Goodwin Procter LLP, focusing on mergers and acquisitions, including those in the asset management industry. Mr. Dalton received a J.D. from Boston University School of Law and a B.A. from the University of Pennsylvania.
<b>Jay C. Horgen</b>	47	Chief Financial Officer and Treasurer	Mr. Horgen has served as Chief Financial Officer and Treasurer of the Company since May 2011. Previously, Mr. Horgen served as Executive

Vice President of the Company in New Investments. Prior to joining AMG, Mr. Horgen was a founder and Managing Director of Eastside Partners, a private equity firm. Prior to that, Mr. Horgen served as a Managing Director in the Financial Institutions Group at Merrill Lynch, Pierce, Fenner & Smith Incorporated. From 1993 to 2000, he worked as an investment banker in the Financial Institutions Group at Goldman, Sachs & Co. Mr. Horgen received a B.A. from Yale University.

**Hugh P. B. Cutler** 45

Head of  
Global  
Distribution

Mr. Cutler has served as Head of Global Distribution of the Company since March 2017. Mr. Cutler has over twenty years of experience in leading multi-region sales and marketing organizations across investment management firms, including Barclays Global Investors Ltd, Legal & General Investment Management Ltd., and Och-Ziff Capital Management Group LLC. In these roles, he had leadership responsibilities spanning across a broad range of strategies, products, client types and geographies. Mr. Cutler began his career as a consultant and actuary at Towers Perrin. Mr. Cutler is a Fellow of the Institute of Actuaries in the United Kingdom and received a B.Sc. in Mathematics with First Class Honours from Bristol University.

**David M. Billings** 55

General  
Counsel and  
Secretary

Mr. Billings has served as General Counsel and Secretary of the Company since June 2014. Prior to joining AMG, Mr. Billings was a partner at Akin Gump Strauss Hauer & Feld LLP, where he led the firm's investment funds practice in London. Mr. Billings received a J.D. from Harvard Law School and a B.A. with high honors from the University of Virginia.

## Compensation Discussion and Analysis

### Executive Summary

This section provides discussion and analysis of our executive compensation program, including the elements of executive compensation, the 2017 compensation results, the rationale and process for reaching these results, and our compensation governance policies. The compensation results discussed will be those of our Chairman and Chief Executive Officer, Sean M. Healey, and our other named executive officers.

The Compensation Committee designs the executive compensation program to align management incentives with long-term stockholder interests. The executive compensation structure reflects this philosophy, with the substantial majority of total annual compensation in the form of variable performance-based incentive awards, the significant majority of which are in the form of equity incentive awards, and with delivery of more than half of these equity incentive awards tied to the achievement of rigorous pre-established performance targets. For performance year 2017, in response to evolving best practices in compensation program and award structure designs, along with feedback received during a comprehensive stockholder outreach, the Compensation Committee implemented meaningful enhancements to our executive compensation program, which impacted both the amounts and types of compensation awarded to our named executive officers. These enhancements, which are described in further detail below, include changes to our equity award structures, a reduction in the caps on named executive officer compensation, a new assessment process for determining cash incentive awards, and expanded disclosure describing the compensation program and award determination process.

The Committee's compensation determinations for 2017 reflected its long-term philosophy of aligning pay with performance, and relied on formal assessments of AMG's performance and accomplishments for the year and over the long term, on both a relative and absolute basis (the Performance Assessments). In conducting the Performance Assessments, the Committee recognized the Company's strong performance for both the year and over the long term. Led by Mr. Healey and the other named executive officers, we achieved record results across our business for the year, including record results on an absolute basis across all key financial and operating performance measures, positive organic growth and a stock price increase of +41% for the year, outperforming our Peer Group average and median as well as major global equity indices. These results occurred in an environment that remained challenging for active asset managers, as robust equity markets throughout the year contributed to market dynamics that continued to favor passive products. However, despite our strong stock performance in 2017, the Committee also recognized that our stock price was modestly negative over the trailing 3-year period, reflecting the challenging market environment for active asset managers over this period. As a result of the Committee's consideration of our 3-year stock performance and our relative financial results over the year, and of the impact of our recent compensation program enhancements, total 2017 compensation for our named executive officers declined relative to the prior year. This included a -10% decrease in the total and variable performance-based incentive compensation (Performance-Based Incentive Compensation) granted to our Chairman and Chief Executive Officer, accompanied by similar declines for our other named executive officers consistent with our compensation program philosophy of aligning pay with long-term performance.

Throughout this Compensation Discussion and Analysis we discuss the 2017 compensation results for our named executive officers, which include equity awards granted in January 2018 in recognition of 2017 performance, and exclude equity awards granted in January 2017 in recognition of 2016 performance, to better demonstrate how we evaluate and compensate our named executive officers. These amounts differ from the compensation reported in the Summary Compensation Table because SEC rules governing the reporting of compensation in that table require equity awards to be reported in the fiscal year of grant, even where the awards are intended to compensate executives for performance in a prior year. Please refer to the Executive Compensation Tables and Equity Grant Policy sections of this Proxy Statement for additional information.



## Overview of Our Executive Compensation Program Philosophy

The Compensation Committee has structured our executive compensation program over the long term to further several core objectives, which include the following:

Attracting, retaining and motivating key members of senior management

Closely aligning executive compensation with our performance and accomplishments for the year and over the long term

Focusing executives on long-term performance with equity incentive awards, with a majority of these awards subject to rigorous pre-established performance targets measured over a forward multi-year period

Compensating executives based on a combination of Company performance on both a relative and absolute basis and individual performance

Avoiding incentives that might encourage excessive risk-taking

Routinely reviewing and evolving our compensation program to incorporate feedback from stockholders and best practices in executive compensation program design

These objectives inform the design of our compensation program, which includes the following components:

Awarding fixed and variable Performance-Based Incentive Compensation in an appropriate mix to align management incentives with stockholder value creation

Performing market comparisons to ensure that our compensation is in line with that of our Peer Group

Implementing strong compensation governance practices within a robust corporate governance framework

### **Stockholder and Proxy Advisory Firm Feedback and Surveys**

To ensure that our Board of Directors, including the Compensation Committee, is apprised of stockholder and proxy advisory firm views, senior management regularly meets with and surveys these constituents regarding our executive compensation program and governance matters. As part of this process, we conduct regular outreach initiatives with the corporate governance teams at our largest stockholders, as well as representatives from Institutional Shareholder Services Inc. and Glass, Lewis & Co.

Over the long term, stockholders have expressed strong support for our executive compensation program design and its demonstrated linkage of pay-for-performance. However, while our 2015 and 2016 Say-on-Pay proposals each received support from more than 90% of stockholder votes cast, our 2017 Say-on-Pay proposal received support from

62% of stockholder votes cast. In light of these results, the Compensation Committee increased engagement with stockholders on our executive compensation practices, and revised certain components of our executive compensation program to reflect evolving best practices in the asset management industry and for large capitalization public companies more generally. As described in the Engagement with Our Stockholders section of this Proxy Statement, during 2017, we undertook a comprehensive outreach effort with stockholders to discuss a broad range of issues, including executive compensation and governance matters.

Outreach to over 200 stockholders representing over 90% of voting shares, including both direct calls and in-person meetings

Compensation Committee Chair, Jide Zeitlin, attended meetings with top institutional investors and a major proxy advisory firm

Direct and detailed discussions with our largest institutional holders, representing over 50% of voting shares, including multiple rounds of meetings over the course of the year with several large stockholders

Senior management attended multiple in-person meetings with major proxy advisory firms

The Compensation Committee considered the feedback from this outreach effort and solicited follow-up input throughout the year and into 2018 from top institutional investors and proxy advisory firms. The collective feedback and input were taken into account and are reflected in the enhancements made to our compensation program this

year, as well as in the Committee's final compensation determinations. These enhancements include the following, in response to stockholder and proxy advisory firm comments:

*Exhibit 1*

2017 Stockholder Comments and Compensation Program Enhancements

Stockholder Comments

Compensation Committee Response

<p><b>Comment #1</b>    <b>Improve transparency regarding the Performance Assessments and linkage to incentive award determinations</b></p>	<p>Expanded the Performance Assessments disclosure, including scores in each category and financial targets used by the Compensation Committee, to elucidate the linkage between the assessments and the resulting awards, and to explain the rationale for any exercise of Committee discretion</p>
<p><b>Comment #2</b>    <b>The Performance Assessments should be more formulaic</b></p>	<p>Revised the weightings of the Long-Term Incentive Compensation Performance Assessment categories, to increase the quantitative financial and stock performance factors to account for 2/3 of the overall score and reduce the weighting of more subjective strategic factors</p>
<p><b>Comment #3</b>    <b>Disclose financial targets used in the determination of short-term incentive awards</b></p>	<p>Disclosed targets used in the Short-Term Incentive Compensation Performance Assessment, which were set based on projected performance levels; targets include Economic earnings per share and EBITDA margin, together tracking the efficiency, stability and growth of our earnings</p>

<b>Comment #4</b>	<b>Increase the proportion of performance-based equity awards</b>	Significantly increased the proportion of performance-based equity awards to 60% of our CEO's total equity incentive awards; equity with performance conditions is now the largest component of CEO total compensation
<b>Comment #5</b>	<b>Use a performance metric with broader alignment to stockholder value creation</b>	Implemented a new return on equity metric for performance awards, replacing our use of earnings growth targets, to better align management incentives with the strategic goals of both growing earnings and effectively managing capital
<b>Comment #6</b>	<b>Separate the determination process for cash bonus awards from that for equity-based awards</b>	Implemented a quantitative determination process for cash bonuses distinct from the process for determining equity incentive awards, using a new Short-Term Incentive Compensation Performance Assessment
<b>Comment #7</b>	<b>Eliminate award re-testing</b>	Addressed performance award re-testing concerns through the use of a single operating metric hurdle measured over a single three-year period
<b>Comment #8</b>	<b>Implement compensation caps for NEOs in addition to CEO</b>	Established distinct caps on Performance-Based Incentive Compensation for each NEO, in addition to the CEO; also lowered the existing cap on CEO Performance-Based Incentive Compensation from \$25 million to \$20 million (a 20% reduction) and established a separate CEO cash bonus cap

The Compensation Committee recognizes that in enhancing the compensation program, stockholder input is critical for ensuring the continued alignment of management and stockholder interests, and the Committee promotes an active process of stockholder engagement throughout the year. Our management team continues to communicate with our largest stockholders and proxy advisory firms, and to follow developments in their methodologies and analyses to ensure that the Company and our Board of Directors remain apprised of current and potential future developments.





### **Named Executive Officer Annual Compensation Determination Process**

The Compensation Committee's annual compensation process begins during Committee meetings early in the fiscal year and continues throughout the year, with periodic reviews of the Company's financial performance on both a relative and absolute basis and progress on various strategic objectives, as well as discussions regarding the principles and continuing effectiveness of the compensation program. The Committee, including, in particular, the Committee Chair, meets with its independent outside executive compensation consulting firm, Thomas E. Shea & Associates, LLC (our Compensation Consultant), at key points throughout the year to consider the compensation of the peer companies set forth in the Market and Industry Comparison section of this Proxy Statement (our Peer Group) and potential structures for incentive awards. The Committee considers the components of the compensation program (including the mix of compensation elements, market-level compensation and our compensation governance practices) in analyzing the extent to which the program furthers the Committee's objectives of aligning compensation with stockholder value creation while retaining and motivating our executives. As discussed above, the Committee also seeks feedback from stockholders and proxy advisory firms in an ongoing engagement cycle, and takes that feedback into account in both enhancing the compensation program design, as well as in the Committee's final compensation determinations for the year.

As part of this process, our Compensation Consultant regularly provides the Compensation Committee with comprehensive data, including Peer Group equity incentive awards and total direct compensation, along with analyses of the Company's historical pay levels relative to our Peer Group. Our Compensation Consultant also provides projections regarding general executive compensation market trends among other S&P 500® companies, as well as the universe of financial institutions that are relevant competitors for executive talent.

Following year-end, the Compensation Committee conducts comprehensive Performance Assessments of the Company's accomplishments during the year and over the long term, on both an absolute basis and relative to our Peer Group, and considers the individual contributions of each of the members of our senior management team. As part of the continuous evolution of our compensation program and in response to the stockholder engagement process discussed above, the Committee made further enhancements this year to further evolve our executive compensation program design and our equity award structures. In January 2018, based upon the Performance Assessments, the Compensation Committee made final performance-based incentive cash and equity award determinations for our named executive officers.

*Exhibit 2*

**2017 Performance Highlights**

The Company's performance highlights for 2017 include record results across all key financial and operating metrics and growth across our business, as well as the successful execution of key strategic initiatives to position us for future growth.

The Company's results were particularly strong when viewed against an operating environment that remained challenging for active asset managers in 2017, as robust equity markets throughout the year contributed to market dynamics that continued to favor passive products. We achieved record assets under management of \$836.3 billion at year-end, reflecting the long-term investment outperformance of our alpha-generating Affiliates, organic growth from positive net client cash flows and the ongoing execution of our growth strategy.

***Record performance across all key financial and operating metrics:*** Record results on an absolute basis, with increases across all key financial and operating metrics in 2017. AUM, Aggregate fees (previously referred to as Aggregate revenue, as further discussed below), GAAP net income, GAAP earnings per share (diluted), Adjusted EBITDA, Economic net income and Economic earnings per share rose to the highest annual levels in Company history

AUM of \$836.3 billion as of year-end, an increase of 21% over the prior year, and compound annual growth rates of 10% and 14% over the 3- and 5-year periods



Aggregate fees of \$5.5 billion, an increase of 29% over the prior year, and compound annual growth rates of 10% and 15% over the 3- and 5-year periods

GAAP net income of \$689.5 million, an increase of 46% over the prior year, and compound annual growth rates of 17% and 34% over the 3- and 5-year periods

GAAP earnings per share (diluted) of \$12.03, an increase of 40% over the prior year, and compound annual growth rates of 16% and 32% over the 3- and 5-year periods

Adjusted EBITDA of \$1.1 billion, an 18% increase over the prior year, and compound annual growth rates of 7% and 15% over the 3- and 5-year periods

Economic net income of \$824.4 million, an increase of 17% over the prior year, and compound annual growth rates of 9% and 16% over the 3- and 5-year periods

Economic earnings per share of \$14.60, an increase of 14% over the prior year, and compound annual growth rates of 9% and 14% over the 3- and 5-year periods

Positive net client cash flows of \$4.7 billion generated by active return-oriented products, notwithstanding continued industry-wide net outflows in actively-managed products, in an environment that favored passive products

*Additional information on non-GAAP financial performance measures, including reconciliations to the most directly comparable GAAP measure, can be found in our Annual Report on Form 10-K under Supplemental Financial Performance Measures. Aggregate fees (previously referred to as Aggregate revenue) is an operating measure that consists of the total asset- and performance-based fees earned by all of our Affiliates, as further described in our Annual Report on Form 10-K.*

***Strong stockholder value creation:*** Our stock performance outpaced peers and indices in 2017

Stock performance of +41% in 2017, outperforming our Peer Group median and the S&P 500® (+35% and +19%, respectively), as well as other major global equity indices such as the MSCI World, MSCI EAFE, and MSCI Emerging Markets, and ranking in the top decile of our Peer Group

Stock performance of +58% and +75% over the trailing 5- and 10-year periods, respectively, outpacing our Peer Group median over the 10-year period

At the same time, our stock price declined -3% over the trailing 3-year period, reflecting the challenging market environment for active asset managers over this period

***Successful execution of our product strategy:*** Our strategic focus on active return-oriented products, especially in the areas of global equity and alternative strategies, along with strong long-term investment performance and alpha generation by our Affiliates in these areas, continues to be a differentiating factor positioning us for future success

The outstanding long-term performance track records of our Affiliates were recognized in numerous awards for industry-leading investment excellence in 2017, including *2017 Investment Week Fund Manager of the Year*, *Money Observer Best Fund of the Year*, *LAPF Private Equity Manager of the Year*, *2017 CTA Intelligence European Performance Award*, *International Equity Income Fund Platinum Award*, *2017 Financial Times PIPA Awards Smart Beta Manager of the Year*, *2017 EQ Derivatives Risk Premia Manager of the Year*, *2017 EQ Derivatives Global Alternative Manager of the Year*, and *2017 Thomson Reuters Lipper Alternative Multi-Strategy Fund Award*, awarded by industry publications and providers of data and analytics, such as The Financial Times, Lipper, Inc. and Morningstar, Inc.

Enhanced our active return-oriented product set through the addition of over 70 new products as a result of the product development efforts at our Affiliates

***Strong organic growth:*** Our strong organic growth reflects the outstanding quality of our Affiliates, their excellent long-term investment performance, our unique position in highly attractive return-oriented product areas and the ongoing success of our Global Distribution strategy

Strong long-term organic growth with approximately \$130 billion in net client cash flows since the global financial crisis

Positive net client cash flows during the year against the backdrop of industry-wide active equity outflows

AMG is one of the 5 largest global managers of active return-oriented strategies and the 5th largest publicly traded global asset manager, as measured by total assets under management

***Continued successful execution of our Global Distribution strategy:*** Capitalized on growth opportunities in active return-oriented products by generating significant new business and, together with our Affiliates, continued to build relationships with the largest and most sophisticated clients globally and also created incremental opportunities for our Affiliates to gain further market share across an increasingly broad range of regions and channels around the world

Numerous new client investment mandates, as well as expansions of existing mandates, funded through every coverage region of our centralized platform, including Europe, the Middle East, Asia and Australia

Enhanced global coverage with a new Head of Global Distribution, as well as a new Head of Swiss Distribution and a new Head of Australia Distribution

Strengthened our Global Distribution platform, which enhances the growth of existing Affiliates and increases our attractiveness as a potential partner to new Affiliates in turn increasing the scale, capacity and product diversification of our overall franchise

***Ongoing focus on capital management:*** Further enhanced the strength of our balance sheet while demonstrating commitment to disciplined and consistent return of capital to stockholders through both dividends and share repurchases

Initiated a quarterly cash dividend of \$0.20 per common share in the first quarter of 2017, followed by the announcement of a 50% increase in our quarterly cash dividend in the first quarter of 2018

Over \$400 million in share repurchases in 2017 and \$300 million in repurchases targeted for the first half of 2018, with an expanded share repurchase authorization announced in early 2018

Redeemed \$200 million of retail notes, which reduced balance sheet leverage and was accretive to earnings, and refinanced our term loan at a lower cost of capital and with an extended duration

Upgraded by Standard & Poor's in 2017; credit ratings by Moody's Investors Service of A3 and S&P Global Ratings of A-, reflecting an enhanced business profile

### **Named Executive Officer Compensation Determination Approach**

The Compensation Committee designs the executive compensation program to align pay with performance. The following Exhibit provides an overview of our compensation structure, which was used to determine 2017 salary and Performance-Based Incentive Compensation ( Total Direct Compensation ) for our Chairman and Chief Executive Officer and also provided the basis for determining the Total Direct Compensation of our other named executive officers. This structure reflects the Committee's executive compensation program philosophy of closely aligning management incentives with long-term stockholder interests, with the substantial majority of Total Direct Compensation in the form of variable performance-based incentive awards, the significant majority of which are in the form of equity incentive awards, and with delivery of more than half of these equity incentive awards tied to the achievement of rigorous pre-established performance targets. Consistent with our compensation program approach of aligning pay with performance, our most senior named executive officers typically receive the closest alignment with the targeted ranges.



Exhibit 3

Base salary is a small portion of Total Direct Compensation

Equity incentive awards with rigorous performance conditions are the largest component of total NEO compensation

All compensation other than base salary is variable and performance-based, determined using the Incentive Pool and awarded in amounts based on formal Performance Assessments

Cash is a significantly smaller portion of Total Direct Compensation than equity incentive awards

The following is a summary of the key features of the Compensation Committee's compensation determination process, including recent enhancements to further evolve our equity award structures, reflecting the feedback from our stockholder engagement process and further supporting our compensation program philosophy of aligning pay with performance:

***Continued use of a performance-based incentive pool as the basis for determining all variable Performance-Based Incentive Compensation award amounts:*** The performance-based incentive pool (the Incentive Pool) serves as an overall cap on aggregate Performance-Based Incentive Compensation for our named executive officers. The Incentive Pool was established as a percentage of Economic net income, a key operating metric (calculated on a pre-tax, pre-compensation basis, Adjusted Economic net income). The Committee used the Incentive Pool as the basis for determining all Performance-Based Incentive Compensation, including cash bonuses and all equity awards, to align the total amount of Performance-Based Incentive Compensation with Company performance.

***Reduced the annual cap on Performance-Based Incentive Compensation for our Chairman and Chief Executive Officer by 20%, and established an annual cash bonus cap:*** The Compensation Committee applied an annual cap on Mr. Healey's Performance-Based Incentive Compensation (CEO Performance-Based Incentive Compensation) equal to the lesser of \$20.0 million or 40% of the Incentive Pool, reduced from a prior year cap of the lesser of \$25.0 million or 40% of the Incentive Pool, and established a cap on the amount of Mr. Healey's annual cash bonus of \$4.5 million. This structure also resulted in a \$15.5 million annual cap on Mr. Healey's equity incentive awards.

***Established distinct annual caps on Performance-Based Incentive Compensation for each of the other named executive officers:*** The Compensation Committee also set annual caps on Performance-Based Incentive Compensation for our President and Chief Operating Officer and for our Chief Financial Officer at the lesser of \$10.0 million or 20% of the Incentive Pool, and set annual caps for our Head of Global Distribution and for our General Counsel at the lesser of \$5.0 million or 10% of the Incentive Pool.



***Determined Short-Term and Long-Term Performance-Based Incentive Compensation using two separate Performance Assessments:*** After a review of evolving best practices in executive compensation programs, and considering the collective feedback from stockholders throughout the year, the Compensation Committee changed its determination process for cash bonus awards ( Short-Term Incentive Compensation ) for named executive officers, and made enhancements to the disclosure of and process for determining equity incentive awards ( Long-Term Incentive Compensation ):

*Distinct Performance Assessment for Short-Term Incentive Compensation determinations, with performance targets:*

A new Short-Term Incentive Compensation performance scorecard used to evaluate contributions and progress over the year in two equally weighted categories: (i) business initiatives and (ii) financial performance

The assessment measures performance against disclosed financial targets set based on projected performance levels designed to align management incentives with stockholder value creation; targets include Economic earnings per share and EBITDA margin, together tracking the efficiency, stability and growth of our earnings

The assessment produces a score that is applied to a maximum bonus amount, set based on peer and market data, to produce a formulaic cash bonus award amount

*Enhanced process and expanded disclosure for Long-Term Incentive Compensation determinations:*

Continued use of the performance assessment framework from prior years, using a weighted assessment of our financial results, stock performance and strategic accomplishments for the year and over the long term

The weightings of the two quantitative categories (financial results and stock performance) were increased to account for 2/3 of the overall score, to reduce the weightings of the more subjective strategic factors

Expanded disclosure includes scores in each category, to show the linkage between the assessment and the awarded amounts, and to improve transparency and facilitate stockholder feedback

The overall weighted score is applied to the annual cap on Performance-Based Incentive Compensation (less the maximum cash bonus award), to produce a formulaic total equity award amount

***Adjusted the targeted allocations of Performance-Based Incentive Compensation, with a significant increase in the proportion of performance-based equity awards:*** The Compensation Committee adjusted the targeted allocations for determining the mix of Performance-Based Incentive Compensation:

*A significant majority of Performance-Based Incentive Compensation is in the form of equity incentive awards:* Approximately 70% of CEO Performance-Based Incentive Compensation was in the form of equity incentive awards, which leads our Peer Group

*A substantial majority of the equity incentive awards have transparent performance targets:* Of the equity incentive awards, 60% were targeted to be performance awards, granted in the form of Long-Term Performance Achievement Awards, with three-year cliff vesting and delivery further subject to rigorous pre-established, measurable performance targets; this allocation was the largest component of our CEO's Total Direct Compensation and represents a significant increase over the prior year and is above our Peer Group average proportion

***Enhanced Long-Term Performance Achievement Awards with a new operating performance metric and a single three-year performance period, strengthening the link between executive compensation and total stockholder return:***

*Long-Term Performance Achievement Awards are only deliverable if we meet target return on equity levels:*

Return on equity targets align management incentives with the strategic goals of not only growing earnings, but also effective stewardship of shareholder capital; the three-year measurement period

takes into account retained earnings from previous years and indicates the effectiveness of shareholder capital reinvestment

Return on equity incorporates the effect of dividends, share repurchases, new investments, cost containment and reinvestment in the business; the awards use a target average return on equity mid-point of 18%, which is 600 basis points above our current weighted average cost of equity of 12%

This metric is used by other S&P 500<sup>®</sup> financial services companies as an objective measure of management's effectiveness at using stockholder equity to generate earnings and to encourage responsible long-term planning

*Use of a single forward-looking performance period:*

Use of a single forward three-year measurement period, with cliff vesting three years from issuance; any portion of the award that is not delivered following the performance period will be forfeited

**Short-Term Performance-Based Incentive Compensation Determination Process**

For 2017 compensation decisions, the Compensation Committee introduced a new process for determining cash bonus awards for named executive officers, separate from the Performance Assessment for determining equity incentive awards. Under this process, the Compensation Committee set a maximum cash bonus based on peer and market data, to promote relative pay alignment, which for the 2017 performance year was set at \$4.5 million for our Chairman and Chief Executive Officer. Following year-end, the Compensation Committee conducted a Short-Term Incentive Performance Assessment to produce a score based on the weighted categories discussed below, which was applied to the maximum cash bonus to establish a cash bonus award amount. In conducting this assessment, the Committee evaluated contributions and progress over the year in two equally weighted categories, assessing business initiatives and financial performance, and reviewing the factors set forth in the table below. These include quantitative financial factors, as well as qualitative factors that recognize key company and individual achievements. This Performance Assessment process links compensation to performance, as awards are determined after the fiscal year-end based on a review of actual performance for the year.

*Exhibit 4*

2017 Short-Term Incentive Compensation Performance Assessment

Business Initiatives

Annual Financial Performance

Weighting: 50%

Weighting: 50%

Operational Performance

*Primary Performance Targets (see Exhibit 5):*

Economic earnings per share

Strategic Initiatives

EBITDA margin

Capital Management

*Supplemental Performance Metrics:*

GAAP net income

Risk Management

GAAP earnings per share

Economic net income

Executive Objectives and Contributions

Adjusted EBITDA

**Business Initiatives Score**

**75%**

**Financial Performance Score**

**85%**

**Overall Weighted Score**

**80%**

The Compensation Committee's assessment includes a comparison of our actual results against targets that are set based on projected performance levels reviewed during the Review Period, and are designed to align management incentives with stockholder value creation. These targets include Economic earnings per share and EBITDA margin (Adjusted EBITDA as a percentage of both Aggregate fees and of GAAP Revenue), which together track the efficiency, stability and growth of our earnings.

The Compensation Committee recognized strong performance for the year across the primary financial performance metrics relative to targets, with Economic earnings per share of \$14.60 for the year and an EBITDA margin of 20.1% on an Aggregate fee basis and 48.4% on a Revenue basis, all of which exceeded target levels. Further, the Committee took into account the Company's record levels of GAAP net income, GAAP earnings per share, Adjusted EBITDA and Economic net income for the year, resulting in a Financial Performance score of 85%. The Committee also recognized the Company's significant business accomplishments during the year, including growth across our key operating metrics, positive organic growth, the successful execution of our product and Global Distribution strategies, the integration of our significant new Affiliate investments from the prior year, and the initiation of a quarterly cash dividend and significant share repurchases, resulting in a Business Initiatives score of 75%. The assessment resulted in an overall weighted score of 80% and a cash bonus amount for our Chairman and Chief Executive Officer of \$3.6 million.

*Exhibit 5*

Financial targets used in the Short-Term Incentive Compensation Performance Assessment are designed to align management incentives with stockholder value creation, and take into account factors known at the time (and exclude the effect of markets). Actual results may be impacted by a number of external factors, including macroeconomic factors, market changes, and regulatory or political changes, as well as other factors such as share repurchases and new investments in Affiliates, that may not be anticipated and could significantly impact our business. In performing its assessment, the Compensation Committee recognizes that management must respond to these factors and may take that into account in its review of year-end performance against targets. These financial targets are not intended to be a prediction of the Company's performance during the performance year or in any future period, and are not intended to provide investors or any other party with guidance about our future financial performance or operating results. See the Forward-Looking Statements section of our Annual Report on Form 10-K.

**Long-Term Performance-Based Incentive Compensation Determination Process**

Following year-end, the Compensation Committee conducted its Long-Term Incentive Compensation Performance Assessment, based on the weighted categories discussed below, to establish the amount of the Long-Term Incentive Compensation awards for 2017. Based on stockholder feedback, this assessment process was enhanced for the 2017 compensation determinations, to equally weight the three performance categories and to provide further transparency, including disclosure of the scoring for each category to show the linkage between the assessment and the awarded amounts. In conducting this assessment, the Committee reviewed the Company's financial results, stock performance and strategic accomplishments for the year and over the long term, on both a relative and absolute basis. The following Exhibit summarizes the key results that the Compensation Committee considered in its 2017 Long-Term Incentive Compensation Performance Assessment, as well as the results of the Committee's overall assessment. A more detailed description of each performance factor follows the Exhibit.

Exhibit 6

2017 Long-Term Incentive Compensation Performance Assessment

**Key Financial and  
Operating Metrics**

Weighting: 33.3%

**Stockholder Value  
Creation**

Weighting: 33.3%

**Strategic Performance  
Criteria**

Weighting: 33.3%

**Relative Growth Rates**

Compound annual growth rates of key financial and operating metrics relative to our Peer Group for the 1-, 3- and 5-year periods, including AUM, Aggregate fees, GAAP net income, GAAP earnings per share (diluted), Economic net income, Economic earnings per share and Adjusted EBITDA

**Absolute Growth Rates**

Compound annual growth rates of key financial and operating metrics, including AUM, Aggregate fees, GAAP net income, GAAP earnings per share (diluted), Economic net income, Economic earnings per share and Adjusted EBITDA, over the trailing 1-, 3- and 5-year periods

**Relative Stock Performance**

Annual and long-term (measured over 1-, 3- and 5-year periods) stock performance relative to our Peer Group and the S&P 500®

**Absolute Stock  
Performance**

Annual and long-term (measured over 1-, 3- and 5-year periods) stock performance on an absolute basis

**Investment Performance and  
Organic Growth Generation**

Investment performance by our Affiliates in areas of strategic focus, positioning us for future success in areas of strong client demand

Annual and long-term organic growth from net client cash flows, both on an absolute basis and relative to our Peer Group

**New Investments Strategy and  
Global Distribution Enhancements**

Deployment of capital through investments in new Affiliates; cultivation of relationships with prospective new Affiliates to



position us for strong future growth

Development of our Global Distribution platform

**Capital Management Strategy**

Effective balance sheet management to return capital to stockholders and to ensure adequate capacity and flexibility to execute on our growth strategy

		Stockholder Value	Strategic Performance
Key Financial and Operating Metrics Score	80%	Creation Score 60%	Criteria Score 70%
Overall Weighted Score		70%	

***Performance Category: Key Financial and Operating Performance Metrics (Weighted 33.3%)***

The Compensation Committee’s Long-Term Incentive Compensation Performance Assessment included a review of our key financial and operating metrics on both a relative and absolute basis. The Committee noted our strong results, with all of our key financial and operating metrics increasing to record year-end levels, notwithstanding a challenging operating environment for active asset managers.

**AUM of \$836.3 billion**

**GAAP net income of \$689.5 million**

**Adjusted EBITDA of \$1.1 billion**

**Economic earnings per share of \$14.60**  
**Aggregate fees of \$5.5 billion**

**GAAP earnings per share (diluted) of \$12.03**

**Economic net income of \$824.4 million**

The Committee also reviewed the compound annual growth rates of these financial and operating metrics over the 1-, 3- and 5-year periods, which all remained strong. Together, these factors contributed to the Committee's recognition of strong performance in this category.

*Exhibit 7*

*Additional information on non-GAAP financial performance measures, including reconciliations to the most directly comparable GAAP measure, can be found in our Annual Report on Form 10-K under Supplemental Financial Performance Measures. Aggregate fees (previously referred to as Aggregate revenue) is an operating measure that consists of the total asset- and performance-based fees earned by all of our Affiliates, as further described in our Annual Report on Form 10-K.*

*Note: The above chart includes both GAAP financial measures as well as publicly reported adjusted financial measures of AMG and its peers. Peer EBITDA metrics are calculated using available company data and industry standard calculation methodologies.*

*Performance Category: Stockholder Value Creation (Weighted 33.3%)*

The Compensation Committee's Long-Term Incentive Compensation Performance Assessment included a review of our annual and long-term stock performance, on both a relative and absolute basis. The Committee noted our strong absolute stock performance in the 1-, 5- and 10-year periods, with stock performance of +41%, +58% and +75%, respectively, outpacing our Peer Group average of +30% for the year and outpacing our Peer Group median for the year and over the trailing 10-year period. The Committee also considered the modestly negative stock performance over the 3-year period of -3% (versus the Peer Group average of 9%), and noted the relative underperformance during the 3- and 5-year periods.

Stockholder returns in 2017 across the sector generally outpaced the S&P 500<sup>®</sup>, with stock prices increasing an average of +30% across publicly traded traditional and alternative asset managers, relative to the +19% return generated by the S&P 500<sup>®</sup> index.

*Exhibit 8*

*Market Data as of December 31, 2017.*

*Market Data as of December 31, 2017.*

***Performance Category: Strategic Performance Criteria (Weighted 33.3%)***

The Long-Term Incentive Compensation Performance Assessment included a review of the Company's execution on certain strategic performance criteria, including product strategy, organic growth, Global Distribution, new Affiliate investments and capital management. The Compensation Committee noted the Company's significant achievements in 2017, including meaningfully expanded capabilities across our Global Distribution platform, the successful integration of our 2016 investments in new Affiliates, and strong execution of our capital management strategy. The Committee's assessment recognized strong performance across the majority of areas in this category, as further described below.

***Investment Performance and Product Strategy:*** The Committee reviewed our execution and ongoing development of our active return-oriented product strategy, especially in the areas of global equity and alternative strategies, and recognized excellent performance in this category, including the following:

Successful implementation of a differentiated product strategy relative to our Peer Group, with approximately 75% of AMG's AUM in global equity and alternative strategies, areas we believe to have outstanding secular growth prospects. The success of our strategic focus on attractive active return-oriented product areas is further evidenced by the strong organic growth we have generated over the trailing 3- and 5-year periods, including positive net client cash flows during 2017 against a backdrop of industry-wide outflows in active equities

Continued excellent investment performance of our Affiliates' active return-oriented products; Affiliates were recognized in numerous awards for industry-leading investment excellence in 2017 by industry publications and providers of data and analytics, such as The Financial Times, Lipper, Inc. and Morningstar, Inc.

Enhanced our active return-oriented product set through the addition of over 70 new products as a result of the product development efforts at our Affiliates

***Organic Growth:*** The Committee reviewed our annual and long-term net client cash flows, on both an absolute basis and relative to our Peer Group, and recognized strong long-term performance in this category, notwithstanding a challenging market environment for active products during 2017:

Strong long-term organic growth with approximately \$130 billion in aggregate net client cash flows (virtually all from return-oriented products) since the global financial crisis

Positive net client cash flows during the year against the backdrop of industry-wide active equity outflows

AMG is one of the 5 largest global managers of active return-oriented strategies and the 5th largest publicly traded global asset manager, as measured by total assets under management

***Global Distribution:*** The Committee reviewed our progress in expanding our global institutional and U.S. retail distribution platforms, and recognized strong performance in this category, including the following:

Ongoing momentum in our Global Distribution strategy, with investments in expanded capabilities resulting in the generation of significant new business as we, together with our Affiliates, continue to build relationships with the largest and most sophisticated clients around the world

Won client investment mandates in every coverage region of our global platform during the year

Enhanced global coverage with a new Head of Global Distribution, as well as a new Head of Swiss Distribution and a new Head of Australia Distribution

Ongoing focus on enhancing the breadth and depth of institutional coverage across global regions and retail coverage in the U.S.

Enhanced our Global Distribution platform, which supports the growth of our existing Affiliates and increases our attractiveness as a potential partner to new Affiliates in turn increasing the scale, capacity and product diversification for our overall franchise

***New Affiliate Investments:*** The Committee reviewed our new Affiliate investment activity, including the overall volume of opportunities reviewed and the continued progress in relationship development with our core prospect universe, and recognized continued progress in this performance category, including the following:

Successful integration of 2016 new Affiliates representing over \$1.3 billion in aggregate transaction value, providing significant strategic benefits and additional diversity to our business, including exposure to new innovative product areas, as well as enhancements in existing product areas, that further strengthen our strategic position in active return-oriented asset classes

Deployment of over \$2 billion in aggregate transaction value over the last three years, enhancing AMG's geographic diversity and strategic position in active return-oriented strategies

Continued success in cultivating strong relationships with prospective new Affiliates, with extensive meetings and calls with prospects around the globe, effectively positioning us for substantial forward new Affiliate investment opportunities

***Capital Management:*** The Committee reviewed our capital management activity and recognized exceptional achievements in this performance category, including the following:

Initiated a quarterly cash dividend of \$0.20 in the first quarter of 2017 and announced a 50% increase in the quarterly cash dividend in 2018

Over \$400 million in share repurchases in 2017 and \$300 million in repurchases targeted for the first half of 2018, with an expanded share repurchase authorization announced in early 2018, demonstrating our commitment to consistent return of capital to stockholders

Earned an S&P rating upgrade, achieving an S&P Global Rating of A- and Moody's Investors Service rating of A3; reduced balance sheet leverage through the redemption of \$200 million of retail notes, which was accretive to earnings

### **2017 Named Executive Officer Compensation Results**

For 2017, the Compensation Committee set the size of the Incentive Pool at 6% of Adjusted Economic net income, resulting in an Incentive Pool of approximately \$62.3 million. CEO Performance-Based Incentive Compensation was capped at a maximum payout equal to the lesser of \$20.0 million or 40% of the Incentive Pool, which represented a cap of \$20.0 million for our Chairman and Chief Executive Officer, and his cash bonus award was capped at a maximum of \$4.5 million. Equity incentive awards were limited to the capped amount of Performance-Based Incentive Compensation less the maximum cash bonus, resulting in a maximum of \$15.5 million of equity incentive awards for our Chairman and Chief Executive Officer. The annual caps on Performance-Based Incentive Compensation for our President and Chief Operating Officer and for our Chief Financial Officer were set at the lesser of \$10.0 million or 20% of the Incentive Pool, and the annual caps for our Head of Global Distribution and for our General Counsel were set at the lesser of \$5.0 million or 10% of the Incentive Pool. These annual caps served as the basis for determining formulaic award payouts for each named executive officer, using the scores of the two Performance Assessments. In the case of the cash bonus, the score of the Short-Term Incentive Compensation



Performance Assessment was applied to the maximum bonus amount for our Chairman and Chief Executive Officer, to determine a formulaic cash bonus amount. In the case of the equity incentive awards, the score of the Long-Term Incentive Compensation Performance Assessment was applied to the annual capped amount of Performance-Based Incentive Compensation, less the applicable maximum cash bonus, to determine a formulaic equity incentive award amount for our Chairman and Chief Executive Officer.

The Short-Term Incentive Compensation Performance Assessment recognized strong performance for the year across all financial performance metrics, including Economic earnings per share of \$14.60 for the year and an EBITDA margin of 20.1% on an Aggregate fee basis and 48.4% on a Revenue basis, all of which exceeded target levels, as well as the significant business accomplishments and growth across our business during the year. This assessment produced a cash bonus award for our Chairman and Chief Executive Officer of \$3.6 million, representing 80% of the maximum amount.

The Long-Term Incentive Compensation Performance Assessment recognized the achievement of record results across all key financial and operating performance measures for the year, as well as strong long-term financial performance on an absolute basis, strong long-term organic growth, and a stock price increase of +41% for the year,

outperforming our Peer Group average and median, as well as major global indices. These results occurred in an environment that remained challenging for active asset managers, as robust equity markets throughout the year contributed to market dynamics that continued to favor passive products. However, despite our strong stock performance in 2017, the Committee also recognized that our stock price was modestly negative over the trailing 3-year period, reflecting the challenging market environment for active asset managers over this period. This assessment produced a formulaic Long-Term Incentive Compensation award for our Chairman and Chief Executive Officer of \$10.8 million, representing 70% of the \$15.5 million maximum amount. The Compensation Committee exercised negative discretion to reduce this formulaic equity incentive award amount by -25%, after taking into account the Company's stock performance over the 3-year period, our relative financial results over the year, and the overall amounts and the mix of award types. The resulting equity incentive award amount for our Chairman and Chief Executive Officer was \$8.1 million, reflecting this discretionary reduction. The Committee's allocation for these equity incentive awards was 40% in the form of Long-Term Deferred Equity Awards and 60% in the form of Long-Term Performance Achievement Awards, consistent with the targeted allocations.

In the case of Mr. Dalton, President and Chief Operating Officer, and Mr. Horgen, Chief Financial Officer and Treasurer, the Short-Term Incentive Compensation Performance Assessment produced cash bonus awards of \$2.1 million and \$1.9 million, respectively, and the Long-Term Incentive Compensation Performance Assessment produced equity incentive awards of \$4.9 million and \$3.6 million, respectively. The equity incentive awards were, in each case, allocated 40% in the form of Long-Term Deferred Equity Awards and 60% in the form of Long-Term Performance Achievement Awards, consistent with the Committee's targeted allocations.

Mr. Healey's Performance-Based Incentive Compensation decreased by 10% from the prior year, consistent with our compensation program philosophy of aligning pay with performance. Of Mr. Healey's 2017 Total Direct Compensation, 94% was Performance-Based Incentive Compensation, approximately 30% of which was in the form of a cash bonus, with the remainder awarded in the form of equity incentive awards, thereby closely aligning executive compensation with long-term stockholder interests. Mr. Healey's base salary has remained unchanged at \$750,000 for more than a decade. As compared to the prior year, the Performance-Based Incentive Compensation of each of Mr. Dalton and Mr. Horgen declined 10% for 2017, consistent with our compensation program philosophy of aligning pay with performance, and their base salaries remained unchanged.

The following table summarizes total compensation for performance year 2017 for our named executive officers:

Name	2017 Performance-Based Incentive Compensation						
	Salary (\$)	Cash Bonus (\$)	Total				Total Compensation Earned (\$)
			Long-Term Deferred Equity Awards (\$)	Long-Term Performance Achievement Awards (\$)	Performance- Based Incentive Compensation (\$)	All Other Compensation (\$)	
Sean M. Healey	750,000	3,600,000	3,200,000	4,900,000	<b>11,700,000</b>	115,091	<b>12,565,091</b>
Nathaniel Dalton	500,000	2,135,000	1,925,000	2,925,000	<b>6,985,000</b>	31,554	<b>7,516,554</b>
Jay C. Horgen	500,000	1,850,000	1,450,000	2,175,000	<b>5,475,000</b>	45,045	<b>6,020,045</b>
Hugh P. B. Cutler	325,000	925,000	540,000	810,000	<b>2,275,000</b>	26,252	<b>2,626,252</b>
David M. Billings	400,000	1,265,000	240,000	355,000	<b>1,860,000</b>	33,114	<b>2,293,114</b>

*CEO Performance-Based Incentive Compensation Declined -10% Compared to the Prior Year*

*Reflecting AMG's Compensation Program Philosophy of Aligning Pay with Performance*

The Performance-Based Incentive Compensation amounts provided to the named executive officers for the 2017 performance year set forth in the above table differ from the amounts disclosed in the Summary Compensation Table. Equity awards granted in recognition of performance in 2017 were granted in January 2018, and do not appear in the Summary Compensation Table, as SEC rules governing the reporting of equity compensation in the Summary Compensation Table require equity awards to be reported in the fiscal year of grant, even when the awards are intended to compensate executives for performance in a prior year. The equity awards granted in January 2018 are included as part of total 2017 compensation in the above table, to better demonstrate how we evaluate and

compensate our named executive officers. Similarly, equity awards granted in recognition of performance in 2016 were granted in January 2017 and appear in the Summary Compensation Table for 2017, in accordance with these reporting rules.

The decrease in Mr. Healey's total 2017 compensation relative to the prior year was consistent with our compensation program philosophy of aligning pay with performance. The following chart reflects compensation alignment with our long-term stock performance, which was modestly negative over the trailing three-year period despite exceptional short-term stock performance, and an increase in our key financial and operating metrics to the highest levels in Company history.

*Exhibit 9*

*Note: Stock price performance and CAGRs calculated beginning on 12/31/2012. AMG 2017 CEO compensation includes equity incentive awards earned for performance during 2017; see the Executive Compensation Tables section of this Proxy Statement for information regarding differences from the Summary Compensation Table.*

Each of the key elements of named executive officer compensation for 2017 is summarized below:

*Exhibit 10*

Elements of Named Executive Officer Compensation

**Base Salary**

Expected to be a small portion of overall compensation

Base salary was 8% of total named executive officer compensation, and only 6% of Mr. Healey's Total Direct Compensation

Mr. Healey's base salary has remained unchanged for more than a decade

**Variable Performance-Based Incentive Compensation**

The Incentive Pool, set as a percentage of Adjusted Economic net income, serves as the basis for determining all compensation other than base salary and any perquisites

Total Performance-Based Incentive Compensation payout to Mr. Healey of \$11.7 million, as compared to a maximum possible payout of \$20.0 million

94% of Mr. Healey's Total Direct Compensation; 93% and 92% of the Total Direct Compensation of Mr. Dalton and Mr. Horgen, respectively

*Cash Bonus*

Significantly smaller portion of variable performance-based compensation than equity incentive awards

31% of Mr. Healey's Performance-Based Incentive Compensation; 31% and 34% of the Performance-Based Incentive Compensation of Mr. Dalton and Mr. Horgen, respectively

*Awards*

<i>Long-Term</i>	Restricted stock unit awards vesting ratably over four years	Long-term vesting in four equal, annual installments from 2019 through 2022
<i>Deferred Equity</i>		
<i>Awards</i>		27% of Mr. Healey's Performance-Based Incentive Compensation; 28% and 26% of the Performance-Based Incentive Compensation of Mr. Dalton and Mr. Horgen, respectively
<i>Long-Term</i>	Restricted stock unit awards with delivery tied to the achievement of rigorous pre-established performance targets measuring our return on equity over a single three-year performance period	60% of Mr. Healey's Long-Term Incentive Compensation and the largest component of his overall compensation
<i>Performance</i>		
<i>Achievement</i>		
<i>Awards</i>		Awards cliff vest at the end of three years, but are only delivered if rigorous return on equity targets are achieved:
		If average return on equity is 18% for the performance period, 100% of the award will be delivered
	Targets were set based on historic and projected performance levels that incentivize management to control costs and deploy capital to maximize stockholder value creation	A ratable portion of the award will be delivered if average return on equity is between 14% and 22%, for delivery of between 20% of the initial award and, in the circumstance of exceptional performance, a maximum of 180% of the initial award
		If average return on equity is less than 14%, the full award will be forfeited
<b>Other</b>	Medical, dental, life and disability insurance; 401(k) contributions; and other modest perquisites	Less than 1% of total named executive officer compensation
<b>Compensation</b>		



The following charts summarize the relative mix of Mr. Healey's 2017 Total Direct Compensation, and compare the allocation of the proportion of Performance-Based Incentive Compensation awarded as equity incentive awards relative to our Peer Group:

*Exhibit 11*



2017 Mix of CEO Compensation Elements & Peer Comparison

*Note: Peer company data based on compensation as reported in Summary Compensation Table in most recently filed proxy statement or annual report; AMG calculation includes equity incentive awards earned for performance during 2017 that were granted in January 2018.*



## Elements of Executive Compensation

The compensation for our named executive officers comprises the following elements, designed to further the Compensation Committee's core objectives.

**Base Salary:** In determining base salary levels for our named executive officers, the Compensation Committee takes into account the executive's scope of responsibility, performance and salary history, as well as consistency within our salary structure. In addition, the Committee annually reviews the base salaries paid to executive officers of other public companies in our Peer Group. Because the Committee believes that Performance-Based Incentive Compensation including both cash compensation as well as equity-based compensation should constitute the substantial majority of compensation paid to our named executive officers, base salaries and other fixed compensation for the named executive officers typically represent between 5% and 10% of their total compensation. Base salary levels for our Chairman and Chief Executive Officer and for our President and Chief Operating Officer have remained unchanged for more than a decade.

**Performance-Based Incentive Compensation:** The Compensation Committee typically grants both equity and cash awards as part of the overall performance-based award package for each named executive officer. The Committee believes that deferred compensation in the form of equity-based awards provides long-term incentives that further the objectives of increasing stockholder value and retaining our senior management team. Given the Committee's objective of aligning compensation with increases in stockholder value, the Committee generally intends that the substantial majority of total compensation be equity-based, and grants of equity-based awards are, therefore, generally a larger portion of the variable Performance-Based Incentive Compensation than cash bonuses. Furthermore, since the Committee believes the tenure and continuity of management is a strategic imperative to creating stockholder value over the long term, in granting equity awards, the Committee ensures that awards have a long-term focus, vest over multiple years and, for at least a majority of these equity awards, are also subject to pre-established, measurable performance targets.

Performance-Based Incentive Compensation is awarded based on the results of the Compensation Committee's two Performance Assessments, which weigh key aspects of our short- and longer-term historical performance, and consider the individual named executive officer's contributions to that performance, as well as the expected contribution of the named executive officer to our future performance. The Committee considers the relative mix of equity-based compensation awards against the performance-based cash compensation awarded to each named executive officer in any particular year. The Committee further considers each named executive officer's existing equity ownership, including the relative size and structure of historical grants and the portions of awards that are not yet vested. In addition, the Committee considers the performance, cash and equity-based compensation levels of the Company and our individual named executive officers relative to our Peer Group, as well as the comparative levels of equity ownership of individual officers at such companies.

The Compensation Committee uses the Incentive Pool as the basis for determining all Performance-Based Incentive Compensation, which includes all compensation other than base salaries and any perquisites, and is established as a percentage of Adjusted Economic net income. Economic net income and Economic earnings per share are used by our management and Board of Directors as our principal financial performance benchmarks, including as measures for aligning executive compensation with stockholder value. As compared to GAAP net income and GAAP earnings per share (diluted), Economic net income and Economic earnings per share primarily adjust for non-cash items relating to our acquisition of interests in our Affiliates. Economic net income and Economic earnings per share also allow for greater comparability of our performance to the performance of our Peer Group because the majority of the companies in our Peers Group generally are not as acquisitive as us. See our 2017 Annual Report on Form 10-K, under Supplemental Financial Performance Measures, for further detail on the usage and calculation of Economic net income and Economic earnings per share, including a reconciliation to the most directly comparable GAAP measure.

***Other Elements of Compensation:*** We provide a 401(k) Profit Sharing Plan for all employees and generally contribute a percentage of compensation to such plans. We also provide other benefits such as medical, dental and life insurance and disability coverage to all eligible employees.

**Perquisites:** Our perquisite compensation is in the lowest quartile of our Peer Group, as we use only certain perquisite tools deemed appropriate by the Committee to meet the objectives of retaining key members of senior management and optimizing the use of their time and services to the Company. We do not provide tax reimbursements for any perquisite.

### **Market and Industry Comparison**

The Compensation Committee believes that in order to retain and motivate key management team members, which is an important part of our compensation program philosophy, total compensation must be competitive relative to the market for the services of our named executive officers. The Compensation Committee used data derived from our Peer Group as one of a number of analytical tools and reference points to inform its decisions about overall compensation, compensation elements, optimum pay mix and the relative competitive landscape.

The Compensation Committee continuously reviews our Peer Group in order to ensure its ongoing relevance. In determining the Company's Peer Group on an annual basis, the Compensation Committee considers both industry and company-specific dynamics to identify the peers with which we compete for client assets, stockholders and talent. As a result, the Committee focuses on peers within the asset management industry, as well as financial services companies with significant asset management components to their businesses and does not, for example, include retail or investment banks, brokerage or custodian firms, or insurance companies. The Committee also evaluates the Peer Group to ensure that it reflects the Company's growth, overall changes in the asset management industry, and the business models, size and scope of our competitors. The Company has grown significantly in recent years and is now one of the largest publicly traded asset management companies globally, as measured by market capitalization. Given the strong execution of our growth strategy, we are one of the five largest global managers of active return-oriented strategies and the fifth largest publicly traded global asset manager, as measured by total assets under management.

Similar to prior years, the Compensation Committee reviewed our Peer Group for 2017 compensation comparisons, applying the following principles as a guide.

#### *Exhibit 12*

### AMG Guiding Principles for Peer Selection

#### **Consider Industry**

#### **Identify companies with a similar business model/philosophy**

Begin with direct pure-play peers within the mono-line asset management industry; once mono-line asset manager peers are identified, select those that are most comparable

Extend search beyond mono-line asset managers to identify peers with operationally similar business models (i.e., financial services companies with a significant asset management component to their business)

**Consider Size and Scope**

**Ensure companies are similar in strategic complexity, geographic focus, and financial scale**

Select large-cap asset managers within the S&P 500®, as well as a select number of S&P 400® companies

Evaluate peers for comparability, primarily considering assets under management and fee revenue as the most relevant metrics

Select asset managers with global scale and international operations

These guiding principles reflect the Compensation Committee's focus on maintaining a Peer Group that remains relevant throughout the various stages of our growth and expansion, and that reflects current developments in the businesses of our peers. The Committee believes that success in the asset management industry, in particular, relies heavily on human talent, given the service-oriented and fee-based business model, as well as the modest capital requirements of asset management companies. This is in contrast to other financial services companies, such as banks, insurance, specialty finance, brokerage and custodian firms, and financial information technology companies, which

also rely on balance sheet capital, scale of operations and physical infrastructure to drive revenue and profitability. Thus, the size of the businesses competing with us for human talent, as measured by assets or revenues, does not always correspond to their profitability. Further, the Committee recognizes that certain firms within the industries that we compete with for executive talent, such as private equity firms and certain asset managers, use compensation models that are distinct from other businesses when comparing pay as a factor of assets or financial results. As a result, in reviewing the Peer Group, the Compensation Committee does not specifically exclude direct competitors based on size alone.

Further, the Compensation Committee believes that, while some constituents look to revenue as determined under generally accepted accounting principles when comparing peer companies, our GAAP Revenue which represented 42% of Aggregate fees in 2017 has inherent limitations in providing a full picture of the revenue-generating power of our business, and that Aggregate fees is the more appropriate measure for peer comparisons. Aggregate fees consists of the total asset- and performance-based fees earned by all of our Affiliates regardless of whether they are consolidated or accounted for under the equity method and is an operating measure used by management to evaluate the operating performance and material trends across our entire business. This is in contrast to the companies within our Peer Group, which do not have significant equity method subsidiaries and, therefore, their GAAP Revenue reflects substantially all of their asset- and performance-based fees.

In addition, the Compensation Committee recognizes that the companies within our Peer Group vary by business strategy (including those with substantial passive investment businesses versus actively-managed investment strategies), product concentration (money market products versus return-oriented equity and/or alternative products), overall profitability and stockholder returns. The nature of the roles of executives also varies by firm. For example, our senior management team has developed a differentiated skill set and reputation to match our unique business model of pursuing long-term partnerships with outstanding boutique asset management firms. Therefore, while the Committee takes Peer Group comparisons into account, it also forms its own perspective on appropriate compensation levels, considering additional subjective factors.

The following Exhibit lists the companies in our Peer Group, which the Compensation Committee reviewed in determining 2017 compensation for our named executive officers. We believe this Peer Group is consistent with our guiding principles, and includes companies that we compete with for client assets, executive talent and capital providers, including stockholders. This list indicates the other companies in our Peer Group that are also S&P 500® companies, which was one of the factors considered by the Compensation Committee in determining our Peer Group. The following Exhibit also lists the revenue of the companies in our Peer Group, along with our Aggregate fees for the reasons discussed above. Another factor considered by the Committee, which is commonly referenced in peer group analyses, is the Global Industry Classification Standard, or GICS, code. Within the GICS code applicable to asset management firms (which also includes other businesses in the financial services industry), there are approximately 30 U.S.-based asset management companies, from which the Compensation Committee has selected the nine companies that it believes are the most comparable based on the principles previously described. As part of the continuous evaluation of our Peer Group, one of the firms included in 2016 Waddell & Reed was excluded in 2017, and a new firm Lazard Ltd was added. This change to our Peer Group was made to reflect companies with global size and scale, business complexity and market capitalizations, that are more in line with our own.

## Exhibit 13

Peer Selection				
Company Name	Market Value <sup>(1)</sup>	AUM <sup>(2)</sup>	FY17 Rev./Fees <sup>(3)</sup>	S&P 500 <sup>®</sup>
	(\$ millions)	(\$ billions)	(\$ millions)	Member
BlackRock	\$82,364	\$6,288	\$12,491	
T. Rowe Price	25,426	991	4,793	
Ameriprise	25,070	495	12,027	
Franklin Resources	24,001	754	6,447	
Invesco	14,875	938	5,160	
AMG	11,408	836	5,546	
			2,655	
Lazard	6,813	249		

Eaton Vance	6,658	432	1,592
AB	6,479	555	3,299
Legg Mason	3,860	767	3,078
<b>Median</b>	<b>\$13,141</b>	<b>\$761</b>	<b>\$4,977</b>

(1) Market value represents diluted market capitalization per FactSet as of December 31, 2017; AB market value is derived by using market value per FactSet and adjusting for ownership structure.

(2) AUM is as of December 31, 2017. For Ameriprise, excludes wealth management, corporate and other AUM.

(3) Revenue is as of December 31, 2017 (and is on an LTM basis for peers that do not report on a calendar year-end basis). For AMG, reflects Aggregate fees as reported in our Form 10-K for the year ended December 31, 2017. Aggregate fees is an operating measure that consists of the total asset- and performance-based fees earned by all of our Affiliates, as further described in our Annual Report in Form 10-K.

### **Compensation Governance Practices**

Our Board of Directors is committed to maintaining responsible compensation practices, and believes that rewards for our senior leaders should be commensurate with the results they achieve for our stockholders. Our strong governance procedures and practices with respect to employment and compensation include the following:

An annual Say-on-Pay vote

No employment agreements with the Chairman and Chief Executive Officer, President and Chief Operating Officer, Chief Financial Officer and Treasurer, or General Counsel

No golden parachute change in control agreements with our executives

The substantial majority of overall executive compensation is in the form of variable performance-based incentive awards, with base salary and other fixed compensation generally expected to form only a small portion of total compensation

Total Performance-Based Incentive Compensation of each named executive officer, including our Chairman and Chief Executive Officer, is subject to an annual maximum payout equal to the lesser of a fixed dollar amount or a percentage of the Incentive Pool

The majority of equity incentive awards are performance awards with delivery tied to the achievement of future performance targets

No tax reimbursements or gross-ups for any perquisites



An insider trading policy that prohibits hedging of Company securities

No pledging of Company securities by directors or officers

No option re-pricing or buy-outs of underwater stock options

No payment of dividends on equity awards before vesting accrued dividends are only delivered following vesting and satisfaction of any performance conditions

Equity ownership guidelines for our named executive officers and directors requiring long-term ownership of equity totaling a multiple of base salary or directors' fees

A thorough risk assessment process, as described under Risk Considerations in our Compensation Program below

Double-trigger vesting upon change in control for all awards

Mitigation of the potential dilutive impact of equity awards through share repurchases

A clawback policy that allows, under certain circumstances, for the recoupment of performance-based compensation from executive officers

### **Our Compensation Committee**

The Compensation Committee oversees our general compensation policies, establishes and reviews the compensation plans and benefit programs applicable to our named executive officers, and administers our incentive plans.

The Compensation Committee currently consists of Messrs. Byrne, Ryan and Zeitlin, with Mr. Zeitlin serving as the Chair. The members of the Committee have significant experience in compensation matters from their service as directors, executive officers and/or advisors to various public and private companies, and the Committee members collectively have extensive experience with the Company and its compensation matters. The Committee's agenda and meeting calendar are determined by the Committee, with input as appropriate from Mr. Healey, who attends meetings at the request of the Committee. In his capacity as Chairman and Chief Executive Officer, Mr. Healey participates in discussions with the Committee concerning the compensation of other members of executive management and the design of our incentive plans, but does not participate in discussions regarding his own performance goals, contributions or compensation, which occur in executive sessions of the Committee and in meetings of the Committee with our Compensation Consultant. The Committee also invites Mr. Billings, General Counsel and Secretary, to attend certain meetings to discuss the design, implementation and administration of our incentive plans. The Committee has the sole authority to approve the compensation of our named executive officers and the performance goals related to such plans and programs.

The Compensation Committee regularly meets without management team members present. The Chair from time to time requests that all other non-executive directors meet with the Committee in executive sessions and otherwise

regularly provides reports to the Board of Directors on compensation considerations. Our Compensation Consultant participates in conference calls and meetings without management present at key points throughout the year, including meetings with the Chair of the Committee.

### **Compensation Consultant**

In 2017, the Compensation Committee again engaged an independent outside executive compensation consulting firm, Thomas E. Shea & Associates, LLC, to assist the Committee with compensation matters, including providing Peer Group benchmarking information and an independent analysis of how our executive and director compensation policies and practices compared to the companies in our Peer Group. In addition to a review of cash and equity compensation and perquisite arrangements across the industry, the analysis provided by our Compensation Consultant also considered financial metrics for our Peer Group, including market capitalization, assets under management, various measures of profitability, and stock price performance. In order to prepare its analysis for the Committee, our Compensation Consultant consulted with our management team throughout the year.

Our Compensation Consultant, which provides no other services to us, reported its findings directly to the Compensation Committee. A representative of our Compensation Consultant met with Committee members at key points throughout the year to update the Committee on the status of compensation surveys and make recommendations regarding executive officer and director compensation program and levels.

The independence of our Compensation Consultant has been evaluated in accordance with SEC rules, and it has been determined that its work does not raise any conflict of interest.

### Severance and Potential Change in Control Compensation and Benefits

We do not have individual change in control agreements with any of our named executive officers or our directors, and possible changes in control are addressed through the acceleration of vesting of equity in specific circumstances.

Upon a change in control, outstanding equity awards vesting pursuant to our incentive plans would be accelerated for our named executive officers, as well as for our employees, provided there was also a termination of employment without cause or for good reason (i.e., a "double-trigger"). In the event of a change in control (assuming that the double-trigger has been met), as of 2017 year-end, awards held by our named executive officers would have accelerated as set forth below. The market value amounts in the table have been calculated using a share price of \$205.25, which was the closing price of our common stock as of the last business day of 2017. No amount would have been payable as of 2017 year-end with respect to the 2013 Long-Term Performance Equity Awards, the 2015 Long-Term Growth Achievement Awards or the 2016 Long-Term Growth Achievement Awards because such awards remained subject to multiple performance-based vesting conditions as of such date.

<b>Named Executive Officer</b>	<b>Accelerated Distribution under 2013 Stock Plan (# Shares)/Market Value</b>
Sean M. Healey	85,700/\$17,589,925
Nathaniel Dalton	51,096/\$10,487,454
Jay C. Horgen	47,792/\$9,809,308
Hugh P.B. Cutler	4,430/\$909,258
David M. Billings	5,557/\$1,140,574

We do not have employment agreements with any of our named executive officers, with the exception of our U.K.-based Head of Global Distribution. In March 2017, Mr. Cutler joined AMG as Head of Global Distribution and entered into an employment agreement with our wholly owned subsidiary, Affiliated Managers Group Limited. In 2017, Mr. Cutler received a prorated portion of his annual base salary of \$325,000 (£264,355 using the closing spot rate on the date compensation was determined).

Each named executive officer is prohibited from competing with the Company or working for a competing business, and from soliciting certain of our employees, for two years following such officer's separation from the Company. Furthermore, each named executive officer is prohibited, for one year following such officer's separation from the Company, from soliciting persons or entities that were clients at the time of or in the two years immediately prior to his separation, or that were prospective clients in the year immediately prior to his separation.

### Risk Considerations in our Compensation Program

The Compensation Committee has discussed the concept of risk as it relates to our compensation program with our management team and with our Compensation Consultant. The Compensation Committee does not believe the goals

or the underlying philosophy of our compensation program encourage excessive or inappropriate risk-taking, or create risks that are reasonably likely to have a material adverse effect on the Company.

Throughout our compensation program, compensation is aligned with increases in stockholder value and long-term stockholder interests and, therefore, we believe our compensation arrangements do not encourage inappropriate risk-taking. The named executive officers' salaries are fixed in amount and typically account for between 5% and 10% of their total compensation. For 2017, all other compensation (other than base salaries and perquisites) for named executive officers was determined using a performance-based incentive pool structure linked to specific financial performance metrics, and the total Performance-Based Incentive Compensation of each named executive officer, including our Chairman and Chief Executive Officer, was subject to a maximum payout, which for our Chairman and Chief Executive Officer was equal to the lesser of \$20.0 million or 40% of the Incentive Pool. Our Chairman and Chief Executive Officer's cash bonus was subject to an additional cap of \$4.5 million, and his equity incentive awards were further capped at \$15.5 million. Additionally, a substantial portion of executive compensation is in the form of equity incentive awards, a majority of which are subject to specific pre-established performance targets, which further aligns executives' interests with those of our stockholders. We believe that these awards do not encourage excessive or inappropriate risk-taking given that the value of the awards is tied to our performance, and the awards are subject to long-term vesting schedules to help ensure that executives have significant value tied to long-term performance. The Compensation Committee retains discretion in the final amount of awards of Performance-Based Incentive Compensation, to ensure that the amounts and mix are appropriate. In addition, to further ensure the alignment of compensation with long-term performance, we have a clawback policy that allows for the recoupment of performance-based compensation from executive officers in the event of a material restatement of our financial results due to a material error within three years of the original reporting. In the event of such occurrence, the Board of Directors will review the facts and circumstances that led to the restatement and will take such actions as it deems necessary and appropriate (such as the possible recoupment of incentive compensation of an executive officer).

### **Pay Ratio**

The total annual compensation of our Chairman and Chief Executive Officer for 2017, as reported in the Total column of the Summary Compensation Table, was \$13,800,091. The total annual compensation of our median employee for 2017, calculated on the same basis, was \$157,384. The ratio of our Chairman and Chief Executive Officer's total annual compensation for 2017 to our median employee's total annual compensation for 2017 was 88 to 1.

We selected our median employee by analyzing the total compensation of each of our employees who were employed by the Company as of December 31, 2017, excluding our Chairman and Chief Executive Officer, with each employee's compensation calculated by adding together salary for 2017, any cash bonus granted in recognition of performance in 2017 and the grant date value of any equity-based awards granted in recognition of performance in 2017, in each case derived from payroll and other company records. We did not make any cost-of-living or other adjustments to these amounts, and did not exclude non-U.S. employees. We annualized total compensation for full-time employees that joined the company during 2017 or had an unpaid leave-of-absence during the year. For purposes of this analysis, we included all full- and part-time employees at the Company and at our subsidiaries where we control the compensation determinations for the subsidiary's employees.

We believe executive pay must be internally consistent and equitable to motivate our employees to create stockholder value. We are committed to internal pay equity, and the Compensation Committee monitors the relationship between the pay our executive officers receive and the pay our other employees receive.

### **Equity Ownership Guidelines**

We believe that equity ownership guidelines further align the interests of our named executive officers and directors with those of our stockholders. The guidelines provide that an executive officer or director should own equity in the amount of: ten times annual base salary (in the case of our Chairman and Chief Executive Officer); seven times annual base salary (in the case of the other named executive officers); or five times base annual fees for service (in the case of directors). Shares underlying outstanding stock options and unearned performance awards are not counted for

purposes of meeting these guidelines. These ownership guidelines are to be met within five years from the later of the applicable implementation of the guidelines or becoming an executive officer or director of the Company. All named executive officers and directors currently satisfy these equity ownership guidelines.

## **Equity Grant Policy**

We grant all equity awards, including stock options, under the terms of an equity grant policy. Generally, we grant equity awards to our named executive officers at regularly scheduled meetings of the Compensation Committee in January or February, and to directors at regularly scheduled meetings of the Compensation Committee in January or February and in July or August. If the date of a Committee meeting at which equity awards are approved falls within a regularly scheduled quarterly blackout period under our insider trading policy, the awards will not become effective and are not priced until the closing of the last day of the blackout period following the public release of our earnings results for the prior quarter and/or year, as applicable. In all other cases, the effective grant date of any equity awards will be the date of the relevant Committee meeting or written consent.

We do not have any program, plan or practice to time equity awards to employees or directors in coordination with the release of material non-public information. If the Compensation Committee is in possession of material non-public information, either favorable or unfavorable, when equity awards are made, the Compensation Committee will not take this information into consideration when determining award amounts.

## **Tax Deductibility of Compensation**

The availability of tax deductions for cash and equity compensation is one of many factors that the Compensation Committee considers in designing a compensation program that is intended to attract and retain executive talent and to reward our named executive officers for their contributions to the success of the Company.

Section 162(m) of the Internal Revenue Code of 1986, as amended from time to time, generally disallows a tax deduction for compensation in excess of \$1 million paid to any covered employee of a publicly held corporation (generally the corporation's chief executive officer, chief financial officer, and its next three most highly compensated executive officers, in the year that the compensation is paid). Prior to the enactment of changes in U.S. tax laws in December 2017, compensation paid to any covered employee (which at the time excluded the chief financial officer) in excess of \$1 million could qualify for an exception to this limitation on deductibility if the compensation qualified as performance-based compensation. The Company's incentive plans were designed to permit performance-based compensation to be paid to such covered employees. The enactment of changes in U.S. tax laws in December 2017 eliminated this exception for performance-based compensation, but permitted continued deductibility in future years for certain arrangements and awards in place as of November 2, 2017.

In implementing our compensation program for the 2017 fiscal year, the Compensation Committee considered, among other things, the impact of the enactment of changes in U.S. tax laws on our compensation plans and the use of performance-based compensation in our overall compensation program, the ability to grant awards that may achieve a tax deduction, and the ability to grant awards that do not qualify for an exemption from deductibility or are limited as to tax deductibility. The Compensation Committee is committed to maintaining a compensation program and establishing compensation levels that take tax consequences into account, and will continue to consider these issues, while prioritizing a focus on attracting and retaining executive talent and aligning management incentives with long-term stockholder interests.

## **Compensation Committee Report**

The Compensation Committee has reviewed and discussed this Compensation Discussion and Analysis with our management team. Based on its review and discussions with management, the Compensation Committee recommended to the Board of Directors that this Compensation Discussion and Analysis be included in this Proxy Statement.

JIDE J. ZEITLIN, *Chair*

SAMUEL T. BYRNE

PATRICK T. RYAN



### Executive Compensation Tables

The following tables provide information regarding the compensation arrangements for the years indicated with respect to the Company's Chief Executive Officer, Chief Financial Officer and three other most highly compensated executive officers during the fiscal year ended December 31, 2017 (collectively, the named executive officers).

Equity awards granted in January 2018 in recognition of performance during fiscal year 2017 do not appear in the following Summary Compensation Table or the Grants of Plan-Based Awards table because SEC rules require equity awards to be reported in these tables in the fiscal year of grant, even where the awards are intended to compensate executives for performance in a prior year. We have created a supplemental table that reports equity awards in the year in which they were earned, to better demonstrate how we evaluate and compensate our named executive officers. For information on the equity awards granted in January 2018 in recognition of 2017 performance, please refer to the Supplemental Table Compensation Earned in Fiscal Year 2017 below, and the related discussion in the Compensation Discussion and Analysis.

### Summary Compensation Table

Name and Principal Position	Year	Non-Equity Incentive			Stock Awards (\$)	Stock Option Awards (\$)	All Other Compensation (\$)(2)	Total (\$)
		Salary (\$)	Plan Compensation (\$)(1)	Plan Compensation (\$)(1)				
Sean M. Healey Chairman and Chief Executive Officer	2017	750,000	3,600,000	9,335,000(3)		115,091	13,800,091	
	2016	750,000	3,700,000	6,575,000(4)	3,575,000(5)	132,572	14,732,572	
	2015	750,000	3,850,000	12,750,000(6)		156,689	17,506,689	
Nathaniel Dalton President and Chief Operating Officer	2017	500,000	2,135,000	5,565,000(3)		31,554	8,231,554	
	2016	500,000	2,210,000	3,950,000(4)	2,100,000(5)	31,054	8,791,054	
	2015	500,000	2,300,000	7,600,000(6)		49,631	10,449,631	
Jay C. Horgen Chief Financial Officer and Treasurer	2017	500,000	1,850,000	4,200,000(3)		45,045	6,595,045	
	2016	500,000	1,900,000	2,940,000(4)	1,600,000(5)	41,845	6,981,845	
	2015	500,000	1,950,000	5,750,000(6)		62,356	8,262,356	
Hugh P. B. Cutler Head of Global Distribution(7)	2017	270,833	1,175,000	1,250,000(8)		26,252	2,722,085	
David M. Billings General Counsel and	2017	400,000	1,265,000	800,000(3)		33,114	2,498,114	
	2016	400,000	1,300,000	585,000(4)	315,000(5)	31,054	2,631,054	

Secretary	2015	400,000	1,400,000	500,000(6)	31,294	2,331,294
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**Supplemental Table Compensation Earned in Fiscal Year 2017**

Name	Salary	Non-Equity Incentive Plan Compensation	Long-Term Deferred Equity Awards	Long-Term Performance Achievement Awards	All Other Compensation	Total Compensation Earned
	(\$)	(\$)(1)	(\$)(9)	(\$)(10)	(\$)(2)	(\$)
Sean M. Healey	750,000	3,600,000	3,200,000	4,900,000	115,091	12,565,091
Nathaniel Dalton	500,000	2,135,000	1,925,000	2,925,000	31,554	7,516,554
Jay C. Horgen	500,000	1,850,000	1,450,000	2,175,000	45,045	6,020,045
Hugh P. B. Cutler(7)	325,000	925,000	540,000	810,000	26,252	2,626,252
David M. Billings	400,000	1,265,000	240,000	355,000	33,114	2,293,114

- (1) For 2017, these amounts represent performance-based cash bonuses awarded pursuant to the Executive Incentive Plan. The cash bonuses were determined using the Incentive Pool, established by the Compensation Committee as a set percentage of Adjusted Economic net income. In determining the cash bonuses awarded from the Incentive Pool, the Compensation Committee considered a variety of factors, as more fully described in the

Compensation Discussion and Analysis. For Mr. Cutler, the amount included in the Summary Compensation Table also includes a one-time cash bonus awarded upon the commencement of his employment with the Company in March 2017.

- (2) For 2017, all other compensation consisted of (i) contributions to a 401(k) profit sharing or similar pension plan in the amount of \$22,715 on behalf of Mr. Cutler and \$27,000 on behalf of each of Messrs. Healey, Dalton, Horgen and Billings, (ii) medical benefits and life and long-term disability insurance premiums with respect to each named executive officer and (iii) aircraft usage benefits of \$70,902 with respect to Mr. Healey, based on the incremental cost to the Company. We calculate the incremental cost of the aircraft usage benefit based on the variable costs of operating the aircraft, including fuel, maintenance contracts, landing and ground fees and other miscellaneous expenses. The Company does not provide tax reimbursements for any perquisite.
- (3) Represents the aggregate grant date fair value (computed in accordance with FASB ASC Topic 718) of the following equity incentive awards consisting of restricted stock units granted under the 2013 Stock Incentive Stock Award Plan (the 2013 Stock Plan ) in January 2017 in recognition of performance in 2016: (i) Long-Term Deferred Equity Awards granted to Messrs. Healey, Dalton, Horgen and Billings with grant date fair values of \$6,060,000, \$3,615,000, \$2,700,000 and \$515,000, respectively, and (ii) 2016 Long-Term Growth Achievement Awards granted to Messrs. Healey, Dalton, Horgen and Billings with grant date fair values (assuming the highest level of performance will be achieved) of \$3,275,000, \$1,950,000, \$1,500,000 and \$285,000, respectively. The portions of the 2016 Long-Term Growth Achievement Awards that will be eligible to vest will be based on growth rates of the Company's Economic earnings per share, as compared to a base amount of \$11.85 per share, over three-, four- and five-year measurement periods ending on December 31, 2019, 2020 and 2021, respectively, measured against primary and secondary performance targets, provided that such targets increase by 2.5% for each subsequent measurement period if no performance targets are met in the prior measurement period. If neither the primary nor the secondary performance target is achieved in a given measurement period, but the growth rate of the Company's Adjusted Economic earnings per share for the applicable measurement period meets or exceeds the median of the growth rate of earnings per share of the Company's Peer Group for such period, 50% of the total shares underlying the initial award will be issued and distributed, up to a maximum of 100% of the number of shares underlying the initial award. For details on the assumptions made in the valuation of these and other awards described herein, see the Company's 2017 Annual Report on Form 10-K, under Critical Accounting Estimates and Judgments Share-Based Compensation and Affiliate Equity and the Share-Based Compensation note to the Consolidated Financial Statements included therein.
- (4) Represents the aggregate grant date fair value (computed in accordance with FASB ASC Topic 718) of the Long-Term Deferred Equity Awards consisting of restricted stock units granted under the 2013 Stock Plan in February 2016 in recognition of performance in 2015.
- (5) Represents the aggregate grant date fair value (computed in accordance with FASB ASC Topic 718, and assuming the highest level of performance will be achieved) of the 2015 Long-Term Growth Achievement Awards consisting of stock options granted under the 2011 Stock Option and Incentive Plan (the 2011 Plan ) in February 2016 in recognition of performance in 2015. The number of shares of common stock of the Company underlying each stock option award that may become exercisable is based on growth rates of the Company's Economic earnings per share, as compared to a base amount of \$11.45 per share, over three-, four- and five-year measurement periods ending on December 31, 2018, 2019 and 2020, respectively, measured against primary and secondary performance targets.

- (6) Represents the aggregate grant date fair value (computed in the following accordance with FASB ASC Topic 718) of the following equity incentive awards consisting of restricted stock units granted under the 2013 Stock Plan in January 2015 in recognition of performance in 2014: (i) Long-Term Deferred Equity Awards granted to Messrs. Healey, Dalton, Horgen and Billings with grant date fair values of \$8,500,000, \$5,100,000, \$4,350,000 and \$500,000, respectively, and (ii) 2014 Long-Term Growth Achievement Awards granted to Messrs. Healey, Dalton and Horgen with grant date fair values (assuming the highest level of performance will be achieved) of \$4,250,000, \$2,500,000 and \$1,400,000, respectively. The portions of the 2014 Long-Term Growth Achievement Awards eligible to vest were determined based on the Company's level of achievement measured

against performance targets measuring the compound annual growth rate of the Company's Economic earnings per share over five- and three-year performance periods ending on December 31, 2015.

- (7) Mr. Cutler joined the Company in March 2017 and, therefore, no compensation is included in the tables for years prior to 2017. As an employee of our wholly owned subsidiary, Affiliated Managers Group Limited (FSA Reference Number 506689), Mr. Cutler's compensation is denominated in U.S. dollars and paid in British pounds, based on the closing spot rate on the applicable date compensation is determined. The salary amount reported in the Summary Compensation Table represents Mr. Cutler's salary compensation actually paid since he joined in March 2017, whereas the Supplemental Table reflects his annualized salary.
- (8) Represents the aggregate grant date fair value (computed in accordance with FASB ASC Topic 718) of the following equity awards granted to Mr. Cutler under the 2013 Stock Plan upon the commencement of his employment with the Company in March 2017: (i) an award of restricted stock units with a grant date fair value of \$250,000, which vested in full on March 1, 2017, and (ii) an award of restricted stock units with a grant date fair value of \$1,000,000, vesting in four equal installments on each of December 31, 2017 and January 1, 2019, 2020 and 2021, subject to continued employment through each vesting date (with certain limited exceptions in the case of death, disability or certain terminations of employment in connection with a change in control).
- (9) Represents the aggregate grant date fair value (computed in accordance with FASB ASC Topic 718) of equity incentive awards consisting of restricted stock units granted under the 2013 Stock Plan in January 2018 in recognition of performance in 2017. These Long-Term Deferred Equity Awards will vest in four equal installments on January 1, 2019, 2020, 2021 and 2022, subject to continued employment through each vesting date (with certain limited exceptions in the case of death, disability or certain terminations of employment in connection with a change in control).
- (10) Represents the aggregate grant date fair value (computed in accordance with FASB ASC Topic 718) of performance-based equity incentive awards consisting of restricted stock units granted under the 2013 Stock Plan in January 2018 in recognition of performance in 2017. These Long-Term Performance Achievement Awards vest in full on January 1, 2021 (subject to the grantee being employed by the Company on such date (and with certain limited exceptions in the case of death, disability or certain terminations of employment in connection with a change in control)); however, the number of shares of common stock of the Company underlying each award that may be issued and distributed for each restricted stock unit will be determined based on the Company's level of achievement measured against pre-established performance targets measuring the Company's Average Return on Equity. Average Return on Equity is the annual average of the Company's Economic net income (calculated on a pre-compensation basis) over a three-year measurement period ending on December 31, 2020, divided by the quarterly average of the Company's Total stockholder's equity, controlling interest (excluding accumulated other comprehensive income) over such period, reflected as a percentage. If Average Return on Equity is below 14% for the measurement period, no shares underlying the initial award will be issued and distributed. If Average Return on Equity is between 14% and 22% for the measurement period, a ratable portion between 20% and up to a maximum of 180% of the shares underlying the initial award issued will be issued and distributed, with 100% of the shares underlying the initial award issued and distributed if a mid-point of 18% Average Return on Equity is achieved. Any portion of the award that is not delivered following the three-year performance period will be forfeited. The grant date fair value of the Long-Term Performance Achievement Awards assumes that the mid-point level of Average Return on Equity will be achieved.



## Grants of Plan-Based Awards in Fiscal Year 2017

Name	Grant Date	Date of Commitment Action	Estimated Future Payouts Under Non-Equity Incentive Plan Awards <sup>(1)</sup>			Estimated Future Payouts Under Equity Incentive Plan Awards			Grant Date Fair Value of Stock Awards (\$)
			Threshold (\$)	Target (\$)	Maximum (\$)	Threshold (#)	Target (#)	Maximum (#)	
Sean M. Healey	1/22/2018			3,600,000					
	1/31/2017(2)	1/23/2017				39,774		6,060,000	
	1/31/2017(3)	1/23/2017				21,495		3,275,000	
Nathaniel Dalton	1/22/2018			2,135,000					
	1/31/2017(2)	1/23/2017				23,727		3,615,000	
	1/31/2017(3)	1/23/2017				12,799		1,950,000	
Jay C. Horgen	1/22/2018			1,850,000					
	1/31/2017(2)	1/23/2017				17,721		2,700,000	
	1/31/2017(3)	1/23/2017				9,845		1,500,000	
Hugh P. B. Cutler	1/22/2018			925,000					
	3/1/2017			250,000					
	3/1/2017(4)					1,477		250,000	
	3/1/2017(5)					5,906		1,000,000	
David M. Billings	1/22/2018			1,265,000					
	1/31/2017(2)	1/23/2017				3,380		515,000	
	1/31/2017(3)	1/23/2017				1,871		285,000	

- (1) Represents performance-based cash bonuses awarded to each named executive officer in recognition of performance in 2017. See footnote (1) to the Summary Compensation Table for additional details regarding these awards.
- (2) Represents Long-Term Deferred Equity Awards granted in January 2017 under the 2013 Stock Plan in recognition of performance in 2016, vesting in four equal installments on each of December 31, 2017 and January 1, 2019, 2020 and 2021, subject to continued employment through each vesting date (with certain limited exceptions in the case of death, disability or certain terminations of employment in connection with a change in control). The grant date fair value has been computed in accordance with FASB ASC Topic 718.
- (3) Represents 2016 Long-Term Growth Achievement Awards granted in January 2017 under the 2013 Stock Plan in recognition of performance in 2016, vesting in full on January 1, 2020, subject to continued employment through the vesting date (with certain limited exceptions in the case of death, disability or certain terminations of employment in connection with a change in control). The number of shares of common stock of the Company underlying each award that may be issued and distributed for each restricted stock unit is based on the Company's level of achievement measured against primary and secondary pre-established performance targets, each measuring the growth rate of the Company's Economic earnings per share over three-, four- and five-year measurement periods ending on December 31, 2019, 2020, and 2021, respectively. The grant date fair value has been computed in accordance with FASB ASC Topic 718, and assumes the highest level of performance will be

achieved.

- (4) Represents an equity incentive award of restricted stock units granted to Mr. Cutler under the 2013 Stock Plan upon the commencement of his employment with the Company, which vested in full on March 1, 2017. The grant date fair value has been computed in accordance with FASB ASC Topic 718.
  
- (5) Represents an equity incentive award of restricted stock units granted to Mr. Cutler under the 2013 Stock Plan upon the commencement of his employment with the Company, vesting in four equal installments on December 31, 2017 and January 1, 2019, 2020 and 2021. The grant date fair value has been computed in accordance with FASB ASC Topic 718.



### Outstanding Equity Awards at 2017 Fiscal Year-End

Name	Option Awards				Stock Awards			
	Number of Securities Underlying Unexercised Options Exercisable (#)	Number of Securities Underlying Unexercised Options (#)	Option Exercise Price (\$)	Option Expiration Date	Number of Shares of Stock That Have Not Vested (#)(1)	Market or Payout Value of Stock That Have Not Vested (\$)	Equity Incentive Awards: Number of Shares of Stock That Have Not Vested (#)(2)	Equity Incentive Awards: Market Value of Unearned Stock That Have Not Vested (\$)
Sean M. Healey	70,031(3)		99.66	7/19/2018	85,700	17,589,925	69,895	8,249,883
		91,902(4)	122.40	2/3/2023				
Nathaniel Dalton		53,985(4)	122.40	2/3/2023	51,096	10,487,454	42,046	4,946,224
Jay C. Horgen		41,131(4)	122.40	2/3/2023	47,792	9,809,308	18,832	2,733,351
Hugh P. B. Cutler					4,430	909,258		
David M. Billings		8,098(4)	122.40	2/3/2023	5,557	1,140,574	1,871	384,023

- (1) Represents the following awards of restricted stock units granted under the 2013 Stock Plan: (i) 2016 Long-Term Deferred Equity Awards granted in January 2017, vesting in four equal installments on December 31, 2017 and January 1, 2019, 2020 and 2021, (ii) 2015 Long-Term Deferred Equity Awards granted in February 2016, vesting in four equal installments on January 1 and December 31, 2017, and January 1, 2019 and 2020, (iii) 2014 Long-Term Growth Achievement Awards granted in January 2015, vesting in four equal installments on March 1, 2016, January 1 and December 31, 2017, and January 1, 2019, (iv) 2014 Long-Term Deferred Equity Awards granted in January 2015, vesting in four equal installments on January 1, 2016 and 2017, December 31, 2017, and January 1, 2019, (v) performance-based awards granted in December 2013 (a portion of the 2013 Long-Term Deferred Equity Awards), vesting in four equal installments on December 31, 2017 and January 2, 2019, 2020 and 2021, and (vi) for Mr. Cutler, includes an award granted in March 2017 upon the commencement of his employment with the Company, vesting in four equal installments on December 31, 2017 and January 1, 2019, 2020 and 2021. See the Summary Compensation Table for additional details. For each award set forth above, vesting is subject to continued employment through each vesting date (with certain limited exceptions in the case of death, disability or certain terminations of employment in connection with a change in control). These awards participate in cash dividends declared by the Company, the payment of which is deferred until delivery of the shares and are forfeited if the requisite service period or any performance conditions are not satisfied.
- (2) Represents the following awards of restricted stock units granted under the 2013 Stock Plan: (i) 2016 Long-Term Growth Achievement Awards, vesting in full on January 1, 2020, with the portion of such awards eligible to vest determined based on growth rates of the Company's Economic earnings per share over three-, four- and five-year measurement periods ending on December 31, 2019, 2020 and 2021, respectively, measured against primary and secondary pre-established performance targets, and (ii) 2013 Long-Term Performance Equity Awards divided into three equal tranches, with the number of shares of stock to be issued and distributed for each restricted stock

unit granted in each tranche to become distributable only if the Company's stock price reaches performance hurdles of 15%, 25% and 35%, respectively, above the closing price of the Company's common stock on the grant date. The stock price appreciation hurdles for the 2013 Long-Term Performance Equity Awards may be met at any time during the award term, but shares in any tranche will be earned and distributable only on the earliest distribution date (January 2, 2018, 2019 or 2020) upon which each of the following requirements has been satisfied with respect to such tranche: (a) the shares have become time-vested (each tranche vested in four equal annual installments on each of January 2, 2015, 2016, 2017 and 2018), (b) the applicable stock price appreciation hurdle has been met for 30 consecutive trading days, and (c) the closing price of the Company's common stock on the applicable distribution date meets the 15% stock price appreciation hurdle. As of December 31, 2017, the achievement of the performance targets for the 2016 Long-Term Growth Achievement Awards had not yet been determined, and none of the stock price appreciation hurdles for the 2013 Long-Term Performance Equity Awards had been met. These awards participate in cash dividends declared by the Company, the payment of which is deferred until delivery of the shares and are forfeited if the requisite service period or any performance

conditions are not satisfied. See the Summary Compensation Table for additional details regarding the 2016 Long-Term Growth Achievement Awards and relevant performance conditions.

- (3) Represents options granted on July 19, 2011 that vested in 25% increments on each of December 31, 2012, 2013, 2014 and 2015.
- (4) Represents options granted on February 3, 2016 that vest on January, 1, 2019, the exercise of which is subject to the achievement of applicable performance targets. See the Summary Compensation Table for additional details regarding these awards and relevant performance conditions.

#### Option Exercises and Stock Vested in Fiscal Year 2017

Name	Option Awards		Stock Awards(1)	
	Number of Shares Acquired on Exercise (#)	Value Realized on Exercise \$(2)	Number of Shares Acquired on Vesting (#)(3)	Value Realized on Vesting \$(4)
Sean M. Healey	135,894	10,538,633	86,424	15,182,318
Nathaniel Dalton	165,000	9,730,800	51,886	9,105,110
Jay C. Horgen	120,000	7,853,662	41,998	7,467,671
Hugh P. B. Cutler			2,953	553,020
David M. Billings			5,107	914,755

- (1) Includes restricted stock units originally vesting on January 1 and 2 of 2018, the vesting of which was accelerated to December 31, 2017 (one- and two-day accelerations, respectively) as part of the Company's tax planning in anticipation of pending tax reform proposals at the end of 2017, in order to achieve a deduction of the related compensation expense ahead of the anticipated reduction in the federal corporate tax rate. Although the vesting dates of the awards were accelerated, the delivery and settlement of the awards were not changed, and there was, therefore, no change to the transfer of value to the named executive officers, which remained on the original delivery dates in January 2018.
- (2) Reflects the aggregate value realized upon the exercise of options in 2017. The exercise price of the options ranged from \$95.82 to \$99.66, which exercise prices were, in each case, equal to the fair market value of a share of the Company's common stock on the applicable date of grant.
- (3) Reflects the portions vested in 2017 of (i) the 2016 Long-Term Deferred Equity Awards granted in January 2017 under the 2013 Stock Plan, (ii) the 2015 Long-Term Deferred Equity Awards granted in February 2016 under the 2013 Stock Plan, (iii) the 2014 Long-Term Deferred Equity Awards granted in January 2015 under the 2013 Stock Plan, (iv) the 2014 Long-Term Growth Achievement Awards granted in January 2015 under the 2013 Stock Plan, (v) the performance-based restricted stock unit awards granted in December 2013 under the 2013 Plan (a portion of the 2013 Long-Term Deferred Equity Awards), and (vi) the performance-based awards granted in December 2012 and December 2013 under the Executive Incentive Plan that were notionally invested, at the election of the named executive officer, in shares of the Company's common stock, subject to time-based vesting

conditions. For Messrs. Cutler and Billings, also includes the portions vested in 2017 of awards of restricted stock units granted on March 1, 2017 and June 30, 2014, respectively, upon their commencements of employment with the Company.

- (4) Represents the value of the portions vested in 2017 of each of the awards listed in footnote (3) above, determined as of the date of vesting or satisfaction of performance conditions, as applicable.

## Director Compensation

At the request of the Compensation Committee, our Compensation Consultant regularly provides a review of director compensation in the broad peer universe and in our Peer Group. This analysis includes data on total compensation for directors at such peer companies, as well as on the individual components of that compensation, such as annual retainers, meeting fees and equity awards. Our Compensation Consultant also provides comparative data from time to time on compensation by board position (such as committee chairs and lead directors) and information on the nature of the service of particular directors in their various capacities (e.g., lead directors) at such companies. Shea & Associates also provides information from time to time to the Compensation Committee on trends in director compensation.

In determining current compensation levels for the Company's directors, the Compensation Committee's objective is that cash compensation be set at or near the median in comparison to directors at public companies within our Peer Group, while equity compensation linked to stockholder value be higher on a relative basis. The annual fee for service by non-executive directors is \$80,000. Directors do not receive quarterly meeting fees. Committee fees are as follows: members of the Audit Committee receive an annual fee of \$20,000, with the Chair receiving an annual fee of \$35,000; members of the Compensation Committee receive an annual fee of \$17,000, with the Chair receiving an annual fee of \$20,000; and members of the Nominating and Governance Committee receive an annual fee of \$13,000, with the Chair receiving an annual fee of \$15,000. The Chair of each Committee receives the annual Chair fee in lieu of the Committee fee. In addition, the Lead Independent Director receives a fee of \$100,000 for his active role as principal liaison with management of the Company and for his services as the principal contact on our Board of Directors for our stockholders and other interested parties. All directors of the Company are provided information technology and support by the Company and are reimbursed for travel expenses incurred in attending meetings of the Board of Directors and its committees, as well as Board-related activities.

Equity grant determinations for directors are made consistent with the Compensation Committee's philosophy that compensation should be directly linked to increases in stockholder value. Directors are granted awards, on a semi-annual basis in January or February and in July or August, under the Deferred Compensation Plan, in an aggregate amount of \$80,000, vesting in 25% increments over four years. The directors may determine how these awards are invested, and, to date, they have elected to invest all awards in the stock unit fund under the Deferred Compensation Plan. The number of stock units subject to each award is determined based on the fair market value of the Company's common stock on the grant date, with each stock unit representing one share of the Company's common stock. These awards participate in cash dividends declared by the Company, with such cash dividends invested in the stock unit fund until shares subject to the awards are vested and delivered. Cash dividends are forfeited if the applicable vesting conditions are not satisfied. Directors also receive semi-annual stock option grants in January or February and in July or August, with an aggregate annual grant date Black-Scholes value of \$120,000. Each of these awards is subject to vesting, in 25% increments over four years. This vesting period is longer than the one-to-three year vesting schedules employed by companies in our Peer Group and across the market more generally.

**Director Compensation in Fiscal Year 2017**

The following table sets forth information regarding the compensation earned by the Company's non-executive directors in 2017. For compensation information with respect to Mr. Healey and his services as the Company's Chairman and Chief Executive Officer, please see the Summary Compensation Table and other accompanying compensation tables. Mr. Healey receives no additional compensation for his service as a director. Ms. Yerburch was appointed to our Board of Directors effective as of January 1, 2018 and, therefore, did not receive any compensation in 2017 for service as a director.

Name	Fees Earned or Paid in			All Other Compensation	Total
	Cash (\$)	Stock Award (\$)(1)	Option Award (\$)(2)	(\$)	(\$)
Samuel T. Byrne	130,000	80,056	120,089		330,145
Dwight D. Churchill	115,000	80,056	120,089		315,145
Glenn Earle	100,000	80,056	120,089		300,145
Niall Ferguson	93,000	80,056	120,089		293,145
Tracy P. Palandjian	113,000	80,056	120,089		313,145
Patrick T. Ryan	232,000	80,056	120,089		432,145
Jide J. Zeitlin	100,000	80,056	120,089		300,145

- (1) On January 31, 2017 and August 1, 2017, the Company granted awards to each director then serving on our Board of Directors (in each case, vesting 25% on each of January 1, 2018, 2019, 2020 and 2021). The grant date fair value of each award granted on January 31, 2017 and August 1, 2017, computed in accordance with FASB ASC Topic 718, is \$40,071 and \$39,986, respectively. As of December 31, 2017, the aggregate unvested portion of awards made under the Deferred Compensation Plan (measured in shares of common stock) was as follows: Mr. Byrne: 1,227; Mr. Churchill: 1,227; Mr. Earle: 1,075; Mr. Ferguson: 1,179; Ms. Palandjian: 1,227; Mr. Ryan: 1,227; and Mr. Zeitlin: 1,227.
- (2) On January 31, 2017 and August 1, 2017, the Company granted 1,292 and 1,207 stock options, respectively, to each director then serving on our Board of Directors (in each case, vesting 25% on each of January 1, 2018, 2019, 2020 and 2021). The grant date fair value of the stock options granted on January 31, 2017 and August 1, 2017, computed in accordance with FASB ASC Topic 718, is \$60,065 and \$60,024, respectively. As of December 31, 2017, the number of shares of common stock subject to stock options held by each director was as follows: Mr. Byrne: 21,118; Mr. Churchill: 17,707; Mr. Earle: 7,487; Mr. Ferguson: 9,640; Ms. Palandjian: 15,386; Mr. Ryan: 26,743; and Mr. Zeitlin: 26,743.

**Equity Compensation Plan Information**

The following table sets forth information regarding the securities authorized for issuance under our equity compensation plans as of December 31, 2017:

Number of securities issued upon exercise of	Weighted-average exercise price of	Number of securities remaining available
----------------------------------------------	------------------------------------	------------------------------------------

	<b>outstanding options, warrants and rights</b>	<b>outstanding options, warrants and rights</b>	<b>future issuance under compensation plans (excluding securities reflected in column (a))</b>
	<b>(a)</b>	<b>(b)</b>	<b>(c)</b>
Equity compensation plans approved by stockholders(1)	577,376	\$ 124.42	4,147,496
Equity compensation plans not approved by stockholders(2)	26,801	\$ 70.77	22,208
<b>Total</b>	<b>604,177</b>	<b>122.04</b>	<b>4,169,704</b>

(1) Consists of the 2011 Plan and the 2013 Stock Plan.

(2) Consists of the Amended and Restated 2002 Stock Option and Incentive Plan. The 22,208 shares available for issuance under such plan may also be issued pursuant to deferred stock awards, restricted stock awards, unrestricted stock awards, restricted stock unit awards, performance share awards or dividend equivalent rights.

## **PROPOSAL 2: ADVISORY VOTE ON EXECUTIVE COMPENSATION**

In accordance with the requirements of Section 14A of the Securities Exchange Act of 1934, as amended (the Exchange Act ), we are again providing for a non-binding, advisory vote for stockholders to approve the compensation of our named executive officers, as disclosed in this Proxy Statement, pursuant to Item 402 of Regulation S-K. The Board of Directors has determined to hold an advisory vote on our named executive officers' compensation annually, consistent with the outcome of the advisory vote of our stockholders at our 2017 Annual Meeting of Stockholders.

While this vote is advisory and not binding on the Company, the Board of Directors and the Compensation Committee value the opinions of our stockholders, and will continue to consider, among other factors, the outcome of the vote when making future compensation decisions for our named executive officers.

In considering your vote on the compensation of our named executive officers, please review the Compensation Discussion and Analysis beginning on page 26 of this Proxy Statement. The Compensation Discussion and Analysis describes the Company's executive compensation program and the decisions that the Compensation Committee made with respect to the compensation of our named executive officers.

Our executive compensation program is designed to enable the Company to attract, motivate and retain key persons while, at the same time, creating a close relationship between performance and compensation. The Company regularly reviews its compensation program and the overall compensation package paid to each of its named executive officers, including through the engagement of an independent compensation consultant, to assess risk and to ensure that the program is structured appropriately in order to achieve the Company's strategic goals.

Approval of the advisory vote on executive compensation requires the affirmative vote of a majority of the shares of common stock cast at the Annual Meeting. Abstentions and broker non-votes will have no effect on this proposal.

### **Recommendation of the Board of Directors**

The Board of Directors unanimously recommends that the Company's stockholders vote **FOR** the approval, on an advisory basis, of the compensation paid to our named executive officers, as disclosed in this Proxy Statement, pursuant to Item 402 of Regulation S-K. Although the vote we are asking you to cast is non-binding, the Compensation Committee and the Board of Directors value the views of our stockholders and will consider, among other factors, the outcome of the vote when determining future compensation arrangements for our named executive officers.



**PROPOSAL 3: RATIFICATION OF THE  
SELECTION OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

The Audit Committee of the Board of Directors has selected PricewaterhouseCoopers LLP as the Company's independent registered public accounting firm for the current fiscal year, subject to ratification by the Company's stockholders at the Annual Meeting. PricewaterhouseCoopers has acted as the Company's independent registered public accounting firm since the Company's inception. The Company has been advised by PricewaterhouseCoopers that it is a registered public accounting firm with the Public Company Accounting Oversight Board (the PCAOB) and complies with the auditing, quality control and independence standards and rules of the PCAOB and the SEC. A representative of PricewaterhouseCoopers is expected to be present at the Annual Meeting to respond to appropriate questions and to make a statement if he or she so desires.

Although stockholder ratification of the selection of PricewaterhouseCoopers is not required, the Board of Directors is nevertheless submitting the selection of PricewaterhouseCoopers to the stockholders for ratification. Should the selection of PricewaterhouseCoopers not be ratified by the stockholders, the Audit Committee will reconsider the matter. Even in the event the selection of PricewaterhouseCoopers is ratified, the Audit Committee, in its discretion, may direct the appointment of a different independent registered public accounting firm at any time during the year if it determines that such a change is in the best interests of the Company and its stockholders.

Ratification of the selection of PricewaterhouseCoopers as our independent registered public accounting firm for the current fiscal year requires the affirmative vote of a majority of the shares of common stock cast at the Annual Meeting. Abstentions will have no effect on this proposal.

**Recommendation of the Board of Directors**

The Board of Directors believes that the selection of PricewaterhouseCoopers as the Company's independent registered public accounting firm is in the best interests of the Company and its stockholders and, therefore, unanimously recommends that the Company's stockholders vote **FOR** this proposal.

## AUDIT COMMITTEE REPORT

The Audit Committee currently consists of Messrs. Byrne, Churchill, Earle and Ryan, and Ms. Palandjian, each an independent director of the Company, with Mr. Churchill serving as the Chair of the Audit Committee.

The Audit Committee's purpose is to assist the Board of Directors in oversight of the Company's internal controls and financial statements and the audit process. The Board of Directors has determined in its business judgment that all members of the Audit Committee are independent, as is required by the listing standards of NYSE and under SEC rules.

Management is responsible for the preparation, presentation and integrity of the Company's financial statements, accounting and financial reporting principles and internal controls and procedures designed to assure compliance with accounting standards and applicable laws and regulations. The independent registered public accounting firm, PricewaterhouseCoopers LLP (PricewaterhouseCoopers), is responsible for performing an independent audit of the consolidated financial statements in accordance with the standards of the Public Company Accounting Oversight Board (the PCAOB).

In performing its oversight role, the Audit Committee has reviewed and discussed the audited financial statements with management and the independent registered public accounting firm. The Audit Committee has also discussed with PricewaterhouseCoopers the matters required to be discussed by the applicable standards of the PCAOB, including Auditing Standard No. 1301, Communications with Audit Committee. The Audit Committee has received the written disclosures and the letter from the independent registered public accounting firm required by applicable requirements of the PCAOB regarding PricewaterhouseCoopers's communications with the Audit Committee concerning independence, and has discussed with the independent registered public accounting firm its independence.

Based on the reports and discussions described in this report, and subject to the limitations on the role and responsibilities of the Audit Committee referred to below and in its charter, the Audit Committee recommended to the Board of Directors that the audited financial statements be included in the Annual Report on Form 10-K for the fiscal year ended December 31, 2017.

The Audit Committee's role is one of oversight, and members of the Audit Committee rely without independent verification on the information provided to them and on the representations made by management and the independent registered public accounting firm. Accordingly, the Audit Committee's oversight does not provide an independent basis to determine that management has maintained appropriate accounting and financial reporting principles or appropriate internal controls and procedures designed to assure compliance with accounting standards and applicable laws and regulations. Furthermore, the Audit Committee's considerations and discussions referred to above do not assure that the audit of the Company's financial statements has been carried out in accordance with the standards of the PCAOB, that the financial statements are presented in accordance with generally accepted accounting principles or that PricewaterhouseCoopers is in fact independent.

The Audit Committee operates pursuant to a charter that was most recently adopted by the Board of Directors in October 2017 and is available on the Company's website at [www.amg.com](http://www.amg.com).

DWIGHT D. CHURCHILL, *Chair*

SAMUEL T. BYRNE

GLENN EARLE

TRACY P. PALANDJIAN

PATRICK T. RYAN

## Principal Accountant Fees and Services

The following table sets forth information regarding the fees for professional services rendered by the Company's independent registered public accounting firm, PricewaterhouseCoopers LLP, in each of the last two fiscal years:

Type of Fee	Year Ended December 31, 2016	Year Ended December 31, 2017
Audit Fees(1)	\$ 7,058,966	\$ 6,698,238
Audit-Related Fees(2)	981,854	1,152,687
Tax Fees(3)	5,316,753	2,822,430
All Other Fees		

(1) Represents fees for professional services rendered in connection with the audit of the Company's annual financial statements, reviews of the financial statements included in each of the Company's quarterly reports on Form 10-Q and issuances of comfort letters and consents, as well as in connection with audits of the financial statements of certain of the Company's subsidiaries and Affiliates.

(2) Represents fees for due diligence procedures in connection with new investments, research assistance on accounting-related issues, benefit plan audits, issuances of the Global Investment Performance Standards performance verification and internal controls reports such as those pursuant to Statement on Standards for Attestation Engagements No. 18.

(3) Represents fees for income tax compliance and domestic and international tax planning as well as tax due diligence procedures in connection with new investments.

In making its determination regarding the independence of PricewaterhouseCoopers, the Audit Committee considered whether the provision of the services covered in the sections entitled "Audit-Related Fees" and "Tax Fees" was compatible with maintaining such independence.

The appointment of the independent registered public accounting firm to audit the Company's financial statements is approved each year by the Audit Committee. At the beginning of the year, the Audit Committee also evaluates other potential engagements by the Company of the accounting firm and approves or rejects each service considering (among other factors) the possible impact of each non-audit service on the accounting firm's independence from management. In accordance with its charter, the Audit Committee pre-approves all auditing services and the terms thereof and any non-audit services provided by the independent registered public accounting firm unless an exception to such pre-approval exists under the Exchange Act or the rules of the SEC. The Audit Committee carefully considers the fees that are proposed to be paid in connection with the approval of audit and non-audit services, and then closely monitors the fees incurred in connection with the provision of such services throughout the year. At each meeting, the Audit Committee receives updates from management on the services that have been provided and fees incurred; from time to time, the Audit Committee may also consider and approve the provision of additional services. In the event that a need arises for the approval of additional services between meetings, the services would be considered and provisionally approved by a designated member of the Audit Committee who would present the scope and fees of the services provisionally pre-approved at the following meeting of the Audit Committee.



## SECURITY OWNERSHIP OF MANAGEMENT

### AND CERTAIN BENEFICIAL OWNERS

The following table sets forth information as of March 15, 2018 (unless otherwise noted), regarding the beneficial ownership of common stock by (i) persons or groups (as that term is used in Section 13(d)(3) of the Exchange Act) known by us to be the beneficial owner of more than 5% of the common stock of the Company, (ii) named executive officers, (iii) directors and (iv) directors and executive officers as a group. Except as otherwise indicated, we believe, based on information furnished by such persons, that each person listed below has sole voting and investment power over the shares of common stock shown as beneficially owned, subject to community property laws, where applicable.

In accordance with SEC rules, the number of shares of common stock beneficially owned excludes shares underlying restricted stock unit awards that are currently unvested or unsettled and that will remain so within 60 days of March 15, 2018 (the measurement period). Additional information regarding the restricted stock units held by each named executive officer is included in the footnotes to the table, as well as in the Supplemental Table Compensation Earned in Fiscal Year 2017 and Outstanding Equity Awards at 2017 Fiscal Year-End tables included elsewhere in this Proxy Statement.

Name of Beneficial Owner(1)	Number of Shares Beneficially Owned(2)	Percent of Common Stock(2)
The Vanguard Group(3)	5,609,314	10.33%
BlackRock, Inc.(4)	3,430,442	6.32%
Manulife Financial Corporation(5)	3,349,811	6.17%
Sean M. Healey(6)	97,106	*
Nathaniel Dalton(7)	163,997	*
Jay C. Horgen(8)	45,086	*
Hugh P. B. Cutler(9)	1,564	*
David M. Billings(10)	4,824	*
Samuel T. Byrne(11)	25,242	*
Dwight D. Churchill(12)	18,323	*
Glenn Earle(13)	4,499	*
Niall Ferguson(14)	6,888	*
Tracy P. Palandjian(15)	13,629	*
Patrick T. Ryan(16)	28,052	*
Karen L. Yerburch(17)		*
Jide J. Zeitlin(18)	87,627	*
Directors and executive officers as a group (13 persons)(19)	496,837	*

\* Less than 1%

(1) The mailing address for each executive officer and director is c/o Affiliated Managers Group, Inc., 777 South Flagler Drive, West Palm Beach, Florida 33401. In certain cases, voting and investment power of certain shares may be shared by an executive officer with one or more family members who reside in the executive's household.

(2)

In computing the number of shares of common stock beneficially owned by a person, (i) shares of common stock subject to options held by that person that are currently exercisable or that become exercisable within the measurement period are deemed outstanding and (ii) shares of common stock underlying restricted stock units held by that person that are currently unvested or unsettled and that will remain so through the measurement period are not deemed outstanding. For purposes of computing the percentage owned, shares of common stock subject to options that are currently exercisable or that become exercisable within the measurement period are deemed to be outstanding for the holder thereof, but are not for the purpose of computing the ownership percentage of any other person. As of March 15, 2018, a total 54,314,926 shares of common stock were outstanding.

- (3) Information is based on a Schedule 13G-A filed with the SEC on February 8, 2018 by The Vanguard Group as of December 31, 2017. The Vanguard Group beneficially owns an aggregate of 5,609,314 shares of common stock, with sole voting power over 78,562 of such shares, shared voting power over 10,519 of such shares, sole dispositive

power over 5,522,156 of such shares and shared dispositive power over 87,158 of such shares. The address of The Vanguard Group is listed in such Schedule 13G-A as 100 Vanguard Blvd., Malvern, PA 19355.

- (4) Information is based on a Schedule 13G-A filed with the SEC on January 29, 2018 by BlackRock, Inc. as of December 31, 2017. BlackRock, Inc. beneficially owns an aggregate of 3,430,442 shares of common stock, with sole voting power over 3,000,119 of such shares and sole dispositive power over all of such shares (with no shared voting or dispositive power reported). The address of BlackRock, Inc. is listed in such Schedule 13G-A as 55 East 52<sup>nd</sup> Street, New York, NY 10055.
- (5) Information is based on a Schedule 13G filed with the SEC on February 13, 2018 by Manulife Financial Corporation, in respect of beneficial ownership held indirectly through certain of its wholly owned subsidiaries (collectively, the Manulife Companies ), as of December 31, 2017. The Manulife Companies beneficially own an aggregate of 3,349,811 shares of common stock, with sole voting and dispositive power over all of such shares (with no shared voting or dispositive power reported). The addresses listed in such Schedule 13G for the Manulife Companies are as follows: 200 Bloor Street East, Toronto, Ontario, Canada, M4W 1E5; 197 Clarendon Street, Boston, MA 02116; and 16/F Lee Garden One, 33 Hysan Avenue, Causeway Bay, Hong Kong.
- (6) Includes 70,031 shares of common stock subject to options exercisable within the measurement period. Excludes 101,446 shares of common stock underlying outstanding restricted stock units awards subject to time-based vesting conditions and 94,007 shares of common stock underlying outstanding restricted stock units awards that are also subject to performance-based vesting conditions that will, in each case, remain unvested or unsettled through the measurement period.
- (7) Excludes 60,568 shares of common stock underlying outstanding restricted stock units awards subject to time-based vesting conditions and 56,439 shares of common stock underlying outstanding restricted stock units awards that are also subject to performance-based vesting conditions that will, in each case, remain unvested or unsettled through the measurement period.
- (8) Excludes 54,927 shares of common stock underlying outstanding restricted stock units awards subject to time-based vesting conditions and 29,535 shares of common stock underlying outstanding restricted stock units awards that are also subject to performance-based vesting conditions that will, in each case, remain unvested or unsettled through the measurement period.
- (9) Excludes 7,087 shares of common stock underlying outstanding restricted stock units awards subject to time-based vesting conditions and 3,986 shares of common stock underlying outstanding restricted stock units awards that are also subject to performance-based vesting conditions that will, in each case, remain unvested or unsettled through the measurement period.
- (10) Excludes 6,738 shares of common stock underlying outstanding restricted stock units awards subject to time-based vesting conditions and 3,618 shares of common stock underlying outstanding restricted stock units awards that are also subject to performance-based vesting conditions that will, in each case, remain unvested or unsettled through the measurement period.



- (11) Includes 17,246 shares of common stock subject to options exercisable within the measurement period, 1,981 of which were exercised between March 15, 2018 and the filing date of this Proxy Statement. Excludes 960 shares of common stock underlying outstanding restricted stock units awards subject to time-based vesting conditions that will remain unvested through the measurement period.
  
- (12) Includes 13,835 shares of common stock subject to options exercisable within the measurement period. Excludes 960 shares of common stock underlying outstanding restricted stock units awards subject to time-based vesting conditions that will remain unvested through the measurement period.
  
- (13) Includes 3,895 shares of common stock subject to options exercisable within the measurement period. Excludes 955 shares of common stock underlying outstanding restricted stock units awards subject to time-based vesting conditions that will remain unvested through the measurement period.

- (14) Includes 5,768 shares of common stock subject to options exercisable within the measurement period. Excludes 960 shares of common stock underlying outstanding restricted stock units awards subject to time-based vesting conditions that will remain unvested through the measurement period.
- (15) Includes 11,514 shares of common stock subject to options exercisable within the measurement period. Excludes 960 shares of common stock underlying outstanding restricted stock units awards subject to time-based vesting conditions that will remain unvested through the measurement period.
- (16) Includes 22,871 shares of common stock subject to options exercisable within the measurement period. Excludes 960 shares of common stock underlying outstanding restricted stock units awards subject to time-based vesting conditions that will remain unvested through the measurement period.
- (17) Excludes 197 shares of common stock underlying outstanding restricted stock units awards subject to time-based vesting conditions that will remain unvested through the measurement period.
- (18) Includes 22,871 shares of common stock subject to options exercisable within the measurement period. Excludes 960 shares of common stock underlying outstanding restricted stock units awards subject to time-based vesting conditions that will remain unvested through the measurement period.
- (19) Includes 168,031 shares of common stock subject to options exercisable within the measurement period.

#### **OTHER MATTERS**

#### **Section 16(a) Beneficial Ownership Reporting Compliance**

Section 16(a) of the Exchange Act requires our executive officers and directors, and persons who own more than 10% of a registered class of the Company's equity securities, to file reports of ownership and changes in ownership of our equity securities with the SEC and NYSE. Executive officers, directors and greater than 10% stockholders are required by SEC regulations to furnish to the Company copies of all Section 16(a) forms that they file. To our knowledge, based solely on a review of copies of such reports, all Section 16(a) filing requirements applicable to our executive officers, directors and greater than 10% beneficial owners have been satisfied, except that a Form 3 filing, reporting no beneficial ownership, was inadvertently filed late for Mr. Cutler, due to an administrative error.

#### **Related Person Transactions**

We previously granted awards of units of profits interests under the 2010 Long-Term Equity Interests Plan, the 2011 Long-Term Equity Interests Plan and the 2012 Long-Term Equity Interests Plan (together, the Plans) to certain of our named executive officers as part of our compensation program, all of which were fully vested as of December 31, 2015. Vested units under the Plans are generally eligible to be sold to the Company at fair value beginning on the fourth or fifth anniversary of grant, and generally may be repurchased by the Company at fair value upon the holder's departure from the Company. In the second quarter of 2017, Mr. Healey, the Company's Chairman and Chief Executive Officer, and Mr. Horgen, the Company's Chief Financial Officer, each elected to sell a portion of the units awarded to them under the 2010 Long-Term Equity Interests Plan, which were purchased by the Company for a purchase price of \$4.8 million each. In the first quarter of 2018, Mr. Healey, Mr. Dalton, the Company's President and Chief Operating Officer, and Mr. Horgen each elected to sell a portion of the units awarded to them under the 2010 Long-Term Equity Interests Plan, which were purchased by the Company for a purchase price of \$6.6 million, in the

case of Mr. Healey, and \$3.3 million, in the case of each of Mr. Dalton and Mr. Horgen.

Our executive officers and directors may invest from time to time in funds advised by our Affiliates on substantially the same terms as other investors.

### **Expenses of Solicitation**

The cost of solicitation of proxies will be borne by us. In an effort to have as large a representation of stockholders at the Annual Meeting as possible, special solicitation of proxies may, in certain instances, be made personally or by mail, telephone or other electronic means by one or more of our employees or by a proxy solicitor. We also may reimburse brokers, banks, nominees and other fiduciaries for postage and reasonable clerical expenses of forwarding the proxy materials to their principals who are beneficial owners of common stock.

The Company has retained Innisfree M&A Incorporated, 501 Madison Avenue, New York, NY 10022, for services in connection with the solicitation of proxies for a fee of \$25,000.

### **Stockholder Proposals**

Any stockholder proposals submitted pursuant to Exchange Act Rule 14a-8 and intended to be presented at the Company's 2019 Annual Meeting of Stockholders must be received by us at our principal executive offices on or before December 31, 2018 to be eligible for inclusion in the Proxy Statement and form of proxy card to be distributed by the Board of Directors in connection with such meeting.

Any stockholder proposal, other than a stockholder proposal submitted pursuant to Exchange Act Rule 14a-8, or notice of stockholder nominees for election to the Board of Directors intended to be presented at the Company's 2019 Annual Meeting of Stockholders, must be received in writing at our principal executive offices no earlier than February 12, 2019, nor later than March 29, 2019. Such stockholder proposals and notice of nominations must satisfy the requirements of our Charter and By-laws and must comply with Delaware General Corporation Law, and include the information, representations and materials required under our By-laws. For more complete information on our advance notice procedures and requirements for stockholder proposals and notice of nominations, please refer to our By-laws.

### **Householding of Proxy Statement**

Some banks, brokers and other nominee record holders may be participating in the practice of householding proxy statements and annual reports. This means that only one copy of the Notice of Internet Availability or this Proxy Statement and the 2017 Annual Report on Form 10-K may have been sent to multiple stockholders in your household. We will promptly deliver a separate copy of our Proxy Statement and 2017 Annual Report on Form 10-K to you if you write or call us at the following address or telephone number: Affiliated Managers Group, Inc., 777 South Flagler Drive, West Palm Beach, Florida 33401-6152, Attention: Investor Relations, (617) 747-3300. If you would like to receive separate copies of these materials in the future, or if you are receiving multiple copies and would like to receive only one copy for your household, you should contact your bank, broker or other nominee record holder, or you may contact us at the above address and telephone number.

### **Other Matters**

The Board of Directors does not know of any matters other than those described in this Proxy Statement that will be presented for action at the Annual Meeting. If other matters are presented, proxies will be voted in accordance with the discretion of the proxy holders.

For those stockholders who receive the Notice of Internet Availability of Proxy Materials, this Proxy Statement and the 2017 Annual Report on Form 10-K are available at [www.proxyvote.com](http://www.proxyvote.com). In addition, a copy of the 2017 Annual Report on Form 10-K will be provided without charge upon the written request of any stockholder to Affiliated Managers Group, Inc., 777 South Flagler Drive, West Palm Beach, Florida 33401-6152, Attention: Investor Relations, and may be found on the Company's website at [www.amg.com](http://www.amg.com). This Proxy Statement references materials and information that are available on our website, including our 2017 Annual Report on Form 10-K and the Responsibilities section of our website, which are not incorporated by reference into this Proxy Statement and are not part of the Company's solicitation materials.

**REGARDLESS OF THE NUMBER OF SHARES YOU OWN, YOUR VOTE IS IMPORTANT TO THE COMPANY. PLEASE SUBMIT A PROXY OVER THE INTERNET, BY TELEPHONE OR BY RETURNING A COMPLETED, SIGNED AND DATED PROXY CARD OR VOTING INSTRUCTION FORM.**



***AFFILIATED MANAGERS GROUP, INC.***

***777 SOUTH FLAGLER DRIVE***

***WEST PALM BEACH, FL 33401***

**WE ENCOURAGE YOU TO TAKE ADVANTAGE OF INTERNET OR TELEPHONE VOTING. BOTH ARE AVAILABLE 24 HOURS A DAY, 7 DAYS A WEEK.**

**VOTE BY INTERNET - [www.proxyvote.com](http://www.proxyvote.com)**

Use the Internet to transmit your voting instructions and for electronic delivery of information. Vote by 11:59 P.M. Eastern Daylight Time on June 11, 2018. Have your proxy card in hand when you access the web site and follow the instructions to obtain your records and to create an electronic voting instruction form. If you vote by Internet or telephone, you do not need to mail back your proxy card.

**VOTE BY PHONE - 1-800-690-6903**

Use any touch-tone telephone to transmit your voting instructions. Vote by 11:59 P.M. Eastern Daylight Time on June 11, 2018. Have your proxy card in hand when you call and then follow the instructions.

**VOTE BY MAIL**

Mark, sign and date your proxy card and return it in the postage-paid envelope we have provided or return it to Vote Processing, c/o Broadridge, 51 Mercedes Way, Edgewood, NY 11717.

**ELECTRONIC DELIVERY OF FUTURE PROXY MATERIALS**

If you would like to reduce the costs incurred by our company in mailing proxy materials, you can consent to receiving all future proxy statements, proxy cards and annual reports electronically via e-mail or the Internet. To sign up for electronic delivery, please follow the instructions above to vote using the Internet and, when prompted, indicate that you agree to receive or access proxy materials electronically in future years.

TO VOTE, MARK BLOCKS BELOW IN BLUE OR BLACK INK AS FOLLOWS:

E38477-P04400

KEEP THIS PORTION FOR YOUR RECORDS

DETACH AND RETURN THIS PORTION ONLY

**THIS PROXY CARD IS VALID ONLY WHEN SIGNED  
AND DATED.**

**AFFILIATED MANAGERS GROUP, INC.**

**The Board of Directors recommends you vote FOR the following:**

1. To elect each of the following nine directors of the Company to serve until the 2019 Annual Meeting of Stockholders and until their respective successors are duly elected and qualified.

<b>Nominees:</b>	<b>For</b>	<b>Against</b>	<b>Abstain</b>
1a. Samuel T. Byrne			
1b. Dwight D. Churchill			
1c. Glenn Earle			
1d. Niall Ferguson			
1e. Sean M. Healey			
1f. Tracy P. Palandjian			
1g. Patrick T. Ryan			
1h. Karen L. Yerburgh			
1i. Jide J. Zeitlin			

	<b>For</b>	<b>Against</b>	<b>Abstain</b>
2. To approve, by a non-binding advisory vote, the compensation of the Company's named executive officers.			
3. To ratify the selection of PricewaterhouseCoopers LLP as the Company's independent registered public accounting firm for the current fiscal year.			

**NOTE:** Such other business as may properly come before the meeting or any adjournment or postponement thereof.

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Please sign exactly as your name(s) appear(s) hereon. When signing as attorney, executor, administrator, or other fiduciary, please give full title as such. Joint owners should each sign personally. All holders must sign. If a corporation or partnership, please sign in full corporate or partnership name by authorized officer.

Signature [PLEASE SIGN WITHIN BOX]

Date

Signature (Joint Owners)

Date



**Important Notice Regarding the Availability of Proxy Materials for the Annual Meeting:**

The Notice and Proxy Statement and Form 10-K are available at [www.proxyvote.com](http://www.proxyvote.com).

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**PROXY**

**FOR ANNUAL MEETING OF STOCKHOLDERS**

**AFFILIATED MANAGERS GROUP, INC.**

**June 12, 2018, 2:00 PM BST (9:00 AM EDT)**

**Solicited on behalf of the Board of Directors**

The undersigned hereby appoints Sean M. Healey and David M. Billings, and each of them, as proxies, each with full power of substitution, and authorizes them to represent and to vote all of the shares of common stock of Affiliated Managers Group, Inc. (the Company) that the undersigned is entitled to vote at the Annual Meeting of Stockholders, and at any adjournments or postponements thereof, and hereby grants each of them full power and authority to act on behalf of the undersigned at said meeting and any adjournments or postponements thereof. The Annual Meeting of Stockholders will be held on Tuesday, June 12, 2018, at 2:00 p.m. British Summer Time (9:00 a.m. Eastern Daylight Time), at the Company's London office at 35 Park Lane, London W1K 1RB, United Kingdom.

The undersigned hereby revokes any proxy previously given in connection with such meeting and acknowledges receipt of the Notice of Annual Meeting of Stockholders, Proxy Statement and 2017 Annual Report on Form 10-K.

**This proxy, when properly executed, will be voted in the manner directed herein by the undersigned stockholder.**

**If no such direction is made on the reverse side of this form, this proxy will be voted FOR the election of each of the nominees for director listed in Proposal 1, FOR Proposal 2 - To approve, by a non-binding**

**advisory vote, the compensation of the Company's named executive officers, and FOR Proposal 3 - To ratify the selection of PricewaterhouseCoopers LLP as the Company's independent registered public accounting firm for the current fiscal year.**

**Continued, and to be signed on reverse side**