Robinson Jeff
Form 4
January 13, 2010

FORM 4

Check this box if no longer subject to Section 16. Form 4 or Form 5 obligations may continue. *See* Instruction 1(b).

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

STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

OMB APPROVAL

OMB Number:	3235-0287
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(Print or Type Responses)

1. Name and Address of Reporting Person [*]
Robinson Jeff

(Last) (First) (Middle)

3100 MAIN STREET, SUITE 900

(Street)

HOUSTON, TX 77002

(City) (State) (Zip)

2. Issuer Name **and** Ticker or Trading Symbol
PROS Holdings, Inc. [PRO]

3. Date of Earliest Transaction (Month/Day/Year)
01/12/2010

4. If Amendment, Date Original Filed(Month/Day/Year)

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

_____ Director _____ 10% Owner
__X__ Officer (give title below) _____ Other (specify below)
Sr. VP Pricing Solutions

6. Individual or Joint/Group Filing(Check Applicable Line)
_X_ Form filed by One Reporting Person
___ Form filed by More than One Reporting Person

Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned

1.Title of Security (Instr. 3)	2. Transaction Date (Month/Day/Year)	2A. Deemed Execution Date, if any (Month/Day/Year)	3. Transaction Code (Instr. 8)		4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5)			5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Indirect Beneficial Ownership (Instr. 4)
			Code	V	Amount	(A) or (D)	Price			
Common Stock	01/12/2010		S [(1)]		1,400	D	$ 9.45	14,332	D	
Common Stock	01/12/2010		S [(1)]		300	D	$ 9.46	14,032	D	
Common Stock	01/12/2010		S [(1)]		200	D	$ 9.48	13,832	D	
Common Stock	01/12/2010		S [(1)]		400	D	$ 9.49	13,432	D	
Common Stock	01/12/2010		S [(1)]		200	D	$ 9.5	13,232	D	

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

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SEC 1474 (9-02)

Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned
(*e.g.*, puts, calls, warrants, options, convertible securities)

1. Title of Derivative Security (Instr. 3)	2. Conversion or Exercise Price of Derivative Security	3. Transaction Date (Month/Day/Year)	3A. Deemed Execution Date, if any (Month/Day/Year)	4. Transaction Code (Instr. 8)		5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5)		6. Date Exercisable and Expiration Date (Month/Day/Year)		7. Title and Amount of Underlying Securities (Instr. 3 and 4)		8. Price of Derivative Security (Instr. 5)	9. Nu Deriv Secur Bene Owne Follo Repo Trans (Instr
				Code	V	(A)	(D)	Date Exercisable	Expiration Date	Title	Amount or Number of Shares		

Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
Robinson Jeff 3100 MAIN STREET SUITE 900 HOUSTON, TX 77002			Sr. VP Pricing Solutions	

Signatures

J. Scott McClendon, Attonery-in-Fact for Jeff Robinson	01/13/2010
**Signature of Reporting Person	Date

Explanation of Responses:

* If the form is filed by more than one reporting person, *see* Instruction 4(b)(v).

** Intentional misstatements or omissions of facts constitute Federal Criminal Violations. *See* 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).

(1) Rule 10b5-1 Plan - The sales reported in this Form 4 was affected pursuant to a Rule 10b5-1 trading plan adopted by the reporting person on December 15, 2009.

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *see* Instruction 6 for procedure.
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Private Funds

(in billions)	As of and for the Three Months Ended September 30, 2013	2012	As of and for the Nine Months Ended September 30, 2013	2012
AUM in Private Funds ($)	$ 1.0	$ 1.1	$ 1.0	$ 1.1
Average AUM For Private Funds	$ 1.0	$ 1.0	$ 1.0	$ 0.9
Private Funds Revenue ($) (in millions)	$ 2.2	$ 2.0	$ 6.7	$ 6.3
Percentage of management and advisory fees revenue (%)	16%	17%	17%	19%

Our advisory fees are primarily driven by the level of our assets under management. Our assets under management increase or decrease based on the net inflows or outflows of funds into our various investment strategies and the investment performance of our

31

clients accounts. In order to increase our assets under management and expand our business, we must develop and market investment strategies that suit the investment needs of our target clients and provide attractive returns over the long term. Our ability to continue to attract clients will depend on a variety of factors including, among others:

- our ability to educate our target clients about our classic value investment strategies and provide them with exceptional client service;
- the relative investment performance of our investment strategies, as compared to competing products and market indices;
- competitive conditions in the investment management and broader financial services sectors;
- investor sentiment and confidence; and
- our decision to close strategies when we deem it to be in the best interests of our clients.

The majority of advisory fees that we earn on separately-managed accounts are based on the value of assets under management on the last day of each calendar quarter. Most of our advisory fees are billed quarterly in advance on the first day of each calendar quarter. Our basic annual fee schedule for management of clients assets in separately managed accounts is: (i) for managed equity or balanced portfolios, 1% of the first $10 million and 0.60% on the balance, (ii) for managed fixed income only portfolios, 0.40% on the first $10 million and 0.30% on the balance and (iii) for the municipal value strategy, 0.65%. Our fee for monitoring non-discretionary assets can range from 0.05% to 0.01%, but can also be incorporated into an agreed-upon fixed family office service fee. The majority of our client relationships pay a blended fee rate since they are invested in multiple strategies.

Management fees earned on investment funds that we advise are calculated primarily based on the net assets of the funds. Some funds calculate investment fees based on the net assets of the funds as of the last business day of each calendar quarter, whereas other funds calculate investment fees based on the value of net assets on the first business day of the month. Depending on the investment fund, fees are paid either quarterly in advance or quarterly in arrears. For our private funds, the fees range from 0.25% to 1.5% annually. Certain management fees earned on investment funds for which we perform risk management and due diligence services are based on flat fee agreements customized for each engagement.

Average management fee is calculated by dividing our actual revenue earned over a period by our average assets under management during the same period (which is calculated by averaging quarter-end assets under management for the applicable period). Our average management fee was 0.41% and 0.46% for the three months ended September 30, 2013 and 2012, respectively, and was 0.44% and 0.47% for the nine months ended September 30, 2013 and 2012, respectively. The decreases in our total average management fee rates are primarily the result of the addition of approximately $1.9 billion of non-discretionary assets under management related to the Ten-Sixty Asset Management, LLC acquisition in March 2013 without a corresponding increase in management fees. Changes in our total average management fee rates are typically the result of changes in the mix of our assets under management and increased concentration in our equities strategies whose fee rates are higher than those of other investment strategies. Advisory fees are also adjusted for any cash flows into or out of a portfolio, where the cash flow represents greater than 10% of

the value of the portfolio. These cash flow-related adjustments were insignificant for the three and nine months ended September 30, 2013 and 2012. Silvercrest L.P. has authority to take fees directly from external custodian accounts of its separately managed accounts.

Our advisory fees may fluctuate based on a number of factors, including the following:

- changes in assets under management due to appreciation or depreciation of our investment portfolios, and the levels of the contribution and withdrawal of assets by new and existing clients;
- allocation of assets under management among our investment strategies, which have different fee schedules;
- allocation of assets under management between separately managed accounts and advised funds, for which we generally earn lower overall advisory fees; and
- the level of our performance with respect to accounts and funds on which we are paid incentive fees.

Our family office services capabilities enable us to provide comprehensive and integrated services to our clients. Our dedicated group of tax and financial planning professionals provide financial planning, tax planning and preparation, partnership accounting and

fund administration and consolidated wealth reporting among other services. Family office services income fluctuates based on both the number of clients for whom we perform these services and the level of agreed-upon fees, most of which are flat fees. Therefore, non-discretionary assets under management, which are associated with family office services, do not typically serve as the basis for the amount of family office services revenue that is recognized. We have experienced a steady increase in family office services fees over the past few years as more of our separately managed accounts relationships have taken advantage of these services. We have also been successful in attracting new clients who have engaged us primarily for our family office services.

Expenses

Our expenses consist primarily of compensation and benefits expenses, as well as general and administrative expense including rent, professional services fees, data-related costs and sub-advisory fees. These expenses may fluctuate due to a number of factors, including the following:

- variations in the level of total compensation expense due to, among other things, bonuses, awards of equity to our employees and partners of Silvercrest L.P., changes in our employee count and mix, and competitive factors; and
- the level of management fees from funds that utilize sub-advisors will affect the amount of sub- advisory fees.

We expect our professional services fees to increase as a result of being a public company.

Compensation and Benefits Expense

Our largest expense is compensation and benefits, which includes the salaries, bonuses, equity-based compensation and related benefits and payroll costs attributable to our principals and employees. Our compensation methodology is intended to meet the following objectives: (i) support our overall business strategy; (ii) attract, retain and motivate top-tier professionals within the investment management industry; and (iii) align our employees interests with those of our equity owners. We have experienced, and expect to continue to experience, a general rise in compensation and benefits expense commensurate with growth in headcount and with the need to maintain competitive compensation levels.

Following the consummation of our initial public offering, we account for partner incentive distributions as an expense in our Statement of Operations. Accordingly, this will have the effect of increasing compensation expense relative to the amounts that have been recorded historically in our financial statements.

The components of our compensation expenses for the three and nine months ended September 30, 2013 and 2012 are as follows:

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
(in thousands)	2013	2012	2013	2012
Cash compensation and benefits	$ 7,956	$ 4,364	$ 18,293	$ 13,137
Distributions on liability awards (1)	2	7	13	21
Non-cash equity-based compensation expense	430	444	1,207	1,257

Total compensation expense	$ 8,388	$ 4,815	$ 19,513	$ 14,415

(1) Cash distributions on the portion of unvested deferred equity units that are subject to forfeiture are expensed when paid. The portion of unvested deferred equity units that can be settled in cash are classified as liability awards.

On February 29, 2012, February 28, 2011 and February 24, 2010, Silvercrest L.P. and Silvercrest GP LLC, our predecessor, granted equity-based compensation awards to certain of their principals based on the fair value of the equity interests of Silvercrest L.P. and Silvercrest GP LLC. Each grant included a deferred equity unit and performance unit, subject to forfeiture and acceleration of vesting. As a result of the reorganization of Silvercrest L.P. and the initial public offering, each 100 deferred equity units represent the unsecured right to receive 100 Class B units of Silvercrest L.P., subject to vesting over a four-year period beginning on the first anniversary of the date of grant. Each deferred equity unit, whether vested or unvested, entitles the holder to receive distributions from Silvercrest L.P. as if such holder held such unit. Upon each vesting date, a holder may receive the number of units vested or a mixture of the equivalent cash value of some of the units and units, but in no event may the holder receive more than 50% of the aggregate

33

value in cash. To the extent that holders elect to receive up to 50% of the aggregate value in cash, we could have less cash to utilize. We have accounted for the distributions on the portion of the deferred equity units that are subject to forfeiture as compensation expense. Equity-based compensation expense will be recognized on the February 29, 2012, February 28, 2011 and February 24, 2010 deferred equity unit and performance unit awards through February 29, 2016, February 28, 2015 and February 24, 2014, respectively.

Each performance unit represents the right to receive one Class B unit of Silvercrest L.P. for each two units of Silvercrest L.P. issued upon vesting of the deferred equity units awarded to the employee, in each case subject to the achievement of defined performance goals. Although performance units will only vest upon the achievement of the performance goals, they are expensed over the same vesting period as the deferred equity units with which they are associated because there is an explicit service period.

General and Administrative Expenses

General and administrative expenses include occupancy-related costs, professional and outside services fees, office expenses, depreciation and amortization, sub-advisory fees and the costs associated with operating and maintaining our research, trading and portfolio accounting systems. Our costs associated with operating and maintaining our research, trading and portfolio accounting systems and professional services expenses generally increase or decrease in relative proportion to the number of employees retained by us and the overall size and scale of our business operations. Sub-advisory fees will fluctuate based on the level of management fees from funds that utilize sub-advisors.

As a result of the completion of our initial public offering, we expect that we will incur additional expenses as a result of being a public company for, among other things, directors and officers insurance, director fees, SEC reporting and compliance, including Sarbanes-Oxley compliance, transfer agent fees, professional fees and other similar expenses. These additional expenses will reduce our net income.

Other Income

Other income is derived primarily from investment income arising from our investments in various private investment funds that were established as part of our investment strategies. We expect the investment components of other income, in the aggregate, to fluctuate based on market conditions and the success of our investment strategies. Performance fees earned from those investment funds in which we have a partnership interest have been earned over the past few years as a result of the achievement of various high water marks depending on the investment fund. These performance fees are recorded based on the equity method of accounting. The majority of our performance fees over the past few years have been earned from our fixed income-related funds.

Non-Controlling Interests

After our reorganization, we became the general partner of SLP and control its business and affairs and, therefore, consolidate its financial results with ours. In light of our limited partners 54.0% interest in SLP as a result of the consummation of the reorganization and our initial public offering, we reflect their partnership interests as non-controlling interests in our Consolidated Financial Statements.

Provision for Income Tax

While Silvercrest L.P. has historically not been subject to U.S. federal and certain state income taxes, it has been subject to the New York City Unincorporated Business Tax. As a result of our reorganization, we became subject to taxes applicable to C-corporations. We expect our effective tax rate, and the absolute dollar amount of our tax expense, to increase as a result of this reorganization offset by the benefits of the tax receivable agreement entered into by our Class B stockholders.

Acquisition

On March 28, 2013, we acquired certain assets of Ten-Sixty Asset Management, LLC. Ten-Sixty Asset Management, LLC is a registered investment adviser that advises on approximately $1.9 billion of assets primarily on behalf of institutional clients. This strategic acquisition expands our hedge fund due diligence capabilities and continues the growth of our institutional business. Under the terms of the asset purchase agreement, we paid cash consideration at closing of $2.5 million and issued a promissory note to Ten-Sixty Asset Management, LLC for $1.5 million subject to adjustment. The aggregate principal amount of the promissory note is

payable in two initial installments of $0.2 million each on April 30, 2013 and December 31, 2013 and then quarterly installments from June 30, 2014 through March 31, 2017 of $0.1 million each. The principal amount outstanding under this note bears interest at the rate of five percent per annum. The principal amount outstanding under this note was $1,374 as of September 30, 2013.

Operating Results

Revenue

Our revenues for the three and nine months ended September 30, 2013 and 2012 are set forth below:

	For the Three Months Ended September 30,			
(in thousands)	2013	2012	2013 vs. 2012 ($)	2013 vs. 2012 (%)
Management and advisory fees	$ 13,516	$ 11,542	$ 1,974	17.1%
Performance fees and allocations	14	34	(20)	-58.8%
Family office services	1,207	1,183	24	2.0%
Total revenue	$ 14,737	$ 12,759	$ 1,978	15.5%

	For the Nine Months Ended September 30,			
(in thousands)	2013	2012	2013 vs. 2012 ($)	2013 vs. 2012 (%)
Management and advisory fees	$ 39,245	$ 33,870	$ 5,375	15.9%
Performance fees and allocations	17	50	(33)	-66.0%
Family office services	3,632	3,626	6	0.2%
Total revenue	$ 42,894	$ 37,546	$ 5,348	14.2%

The growth in our assets under management during the three and nine months ended September 30, 2013 and 2012 is described below:

	Assets Under Management		
(in billions)	Discretionary	Non-Discretionary	Total
As of June 30, 2012	$ 7.6	$ 3.1	$ 10.7
Gross client additions	1.4	0.1	1.5
Gross client withdrawals	(1.2)	(0.1)	(1.3)
Market depreciation	0.3	0.0	0.3
As of September 30, 2012	$ 8.1	$ 3.1	$ 11.2(1)
As of June 30, 2013	$ 8.6	$ 5.3	$ 13.9
Gross client additions	0.7	0.1	0.8
Gross client withdrawals	(0.5)	(0.1)	(0.6)
Market appreciation	0.4	0.1	0.5
As of September 30, 2013	$ 9.2	$ 5.4	$ 14.6(1)

As of December 31, 2011	$ 7.0	$ 3.1	$ 10.1
Gross client inflows	4.5	0.4	4.9
Gross client outflows	(3.9)	(0.4)	(4.3)
Market appreciation	0.5	0.0	0.5
As of September 30, 2012	$ 8.1	$ 3.1	$ 11.2(1)
As of December 31, 2012	$ 8.0	$ 3.1	$ 11.2
Gross client inflows	2.8	2.2	5.0
Gross client outflows	(2.6)	(0.4)	(3.1)
Market appreciation	1.0	0.5	1.5
As of September 30, 2013	$ 9.2	$ 5.4	$ 14.6(1)

(1) Less than 5% of assets under management generate performance fees.

35

The following chart summarizes the performance of each of our principal equity strategies relative to their appropriate benchmarks:

PROPRIETARY EQUITY PERFORMANCE[1, 2]

as of 9/30/13

		Annualized performance				
	Inception	1-year	3-year	5-year	7-year	Inception
Large Cap Value Composite	4/1/02	23.6	16.0	10.0	6.7	7.5
Russell 1000 Value Index		22.3	16.3	8.9	4.2	6.2
Small Cap Value Composite	4/1/02	31.6	20.8	14.6	12.3	11.4
Russell 2000 Value Index		27.0	16.6	9.1	5.4	8.2
Smid Cap Value Composite	10/1/05	26.4	18.3	10.6	9.2	9.2
Russell 2500 Value Index		27.6	17.1	11.1	6.4	7.0
Multi Cap Value Composite	7/1/02	24.4	17.9	12.3	8.7	8.9
Russell 3000 Value Index		22.7	16.3	8.9	4.3	7.3
Equity Income Composite	12/1/03	24.3	18.2	11.9	9.7	11.5
Russell 3000 Value Index		22.7	16.3	8.9	4.3	7.4
Focused Value Composite	9/1/04	28.3	16.7	12.5	9.0	10.5
Russell 3000 Value Index		22.7	16.3	8.9	4.3	6.9

[1] Returns are based upon a time weighted rate of return of various fully discretionary equity portfolios with similar investment objectives, strategies and policies and other relevant criteria managed by Silvercrest Asset Management Group LLC (SAMG LLC), a subsidiary of Silvercrest. Performance results are gross of fees and net of commission charges. An investor s actual return will be reduced by the advisory fees and any other expenses it may incur in the management of the investment advisory account. SAMG LLC s standard advisory fees are described in Part 2 of its Form ADV. Actual fees and expenses will vary depending on a variety of factors, including the size of a particular account. Returns greater than one year are shown as annualized compounded returns and include gains and accrued income and reinvestment of distributions. Past performance is no guarantee of future results. This piece contains no recommendations to buy or sell securities or a solicitation of an offer to buy or sell securities or investment services or adopt any investment position. This piece is not intended to constitute investment advice and is based upon conditions in place during the period noted. Market and economic views are subject to change without notice and may be untimely when presented here. Readers are advised not to infer or assume that any securities, sectors or

markets described were or will be profitable. SAMG LLC is an independent investment advisory and financial services firm created to meet the investment and administrative needs of individuals with substantial assets and select institutional investors. SAMG LLC claims compliance with the Global Investment Performance Standards (GIPS®).

[2] The market indices used to compare to the performance of our strategies are as follows:
The Russell 1000 Index is a capitalization-weighted, unmanaged index that measures the 1000 smallest companies in the Russell 3000. The Russell 1000 Value Index is a capitalization-weighted, unmanaged index that includes those Russell 1000 Index companies with lower price-to-book ratios and lower expected growth values.

The Russell 2000 Index is a capitalization-weighted, unmanaged index that measures the 2000 smallest companies in the Russell 3000. The Russell 2000 Value Index is a capitalization-weighted, unmanaged index that includes those Russell 2000 Index companies with lower price-to-book ratios and lower expected growth values.

The Russell 2500 Index is a capitalization-weighted, unmanaged index that measures the 2500 smallest companies in the Russell 3000. The Russell 2500 Value Index is a capitalization-weighted, unmanaged index that includes those Russell 2000 Index companies with lower price-to-book ratios and lower expected growth values.

The Russell 3000 Value Index is a capitalization-weighted, unmanaged index that measures those Russell 3000 Index companies with lower price-to-book ratios and lower forecasted growth.

The following chart summarizes the performance of each of our principal fixed income strategies relative to their appropriate benchmarks:

MODEL PORTFOLIO PERFORMANCE [1]

as of 9/30/2013

		Annualized Performance				
	Inception	1-year	3-year	5-year	7-year	Inception
Income Portfolio	5/1/03	10.0	7.6	7.4	5.9	6.7
U.S. Stock/Bond Mix (40/60)[2]		6.6	8.3	8.5	6.2	6.7
Balanced Portfolio	5/1/03	13.2	9.3	8.4	6.4	7.8
U.S. Stock/Bond Mix (60/40)[2]		10.8	10.9	9.5	6.4	7.5
Growth Portfolio	5/1/03	19.2	12.8	10.5	7.0	9.1
U.S. Stock/Bond Mix (85/15)[2]		16.1	14.3	10.1	6.1	8.1
Barclays Aggregate[3]		(1.7)	2.9	5.4	5.1	4.6
S&P 500		19.3	16.3	10.0	5.6	8.2

[1] Returns are based upon a time weighted rate of return of various fully discretionary fixed income portfolios with similar investment objectives, strategies and policies and other relevant criteria managed by SAMG LLC, a subsidiary of Silvercrest. Performance results are gross of fees and net of commission charges. An investor s actual return will be reduced by the advisory fees and any other expenses it may incur in the management of the investment advisory account. SAMG LLC s standard advisory fees are described in Part 2 of its Form ADV. Actual fees and expenses will vary depending on a variety of factors, including the size of a particular account. Returns greater than one year are shown as annualized compounded returns and include gains and accrued income and reinvestment of distributions. Past performance is no guarantee of future results. This piece contains no recommendations to buy or sell securities or a solicitation of an offer to buy or sell securities or investment services or adopt any investment position. This piece is not intended to constitute investment advice and is based upon conditions in place during the period noted. Market and economic views are subject to change without notice and may be untimely when presented here. Readers are advised not to infer or assume that any securities, sectors or markets described were or will be profitable. SAMG LLC is an independent investment advisory and financial services firm created to meet the investment and administrative needs of individuals with substantial assets and select institutional investors. SAMG LLC claims compliance with the Global Investment Performance Standards (GIPS®).

[2] The equity benchmark is the S&P 500 Index and the fixed income benchmark is the Barclays Aggregate Bond Index.

[3] The market indices used to compare to the performance of our strategies are as follows:
The Barclays Aggregate Bond Index is an index of investment grade government and corporate bonds with a maturity of more than one year.
The S&P 500 Index is a capitalization-weighted, unmanaged index that measures 500 widely held US common stocks of leading companies in leading industries, representative of the broad US equity market.

Three Months Ended September 30, 2013 versus Three Months Ended September 30, 2012

Our total revenue increased by $1.9 million, or 15.5%, to $14.7 million for the three months ended September 30, 2013, from $12.8 million for the three months ended September 30, 2012. This increase was driven primarily by growth in our management and advisory fees as a result of increased assets under management.

Assets under management increased by $3.4 billion, or 30.4%, to $14.6 billion at September 30, 2013 from $11.2 billion at September 30, 2012. Compared to the three months ended September 30, 2012, there was a decrease in client outflows of $0.7 billion, and an increase in market appreciation of $0.2 billion, which was partially offset by a decrease in client inflows of $0.7 billion.

For the three months ended September 30, 2013, assets under management increased by $0.7 billion, or 5.0%, to $14.6 billion at September 30, 2013 from $13.9 billion at June 30, 2013. Our market appreciation during the three months ended September 30, 2013 constituted a 3.6% rate of increase in our total assets under management compared to June 30, 2013. Our growth in assets under management for the three months ended September 30, 2013 was attributable to an increase of $0.6 billion and $0.1 billion in discretionary and non-discretionary assets under management, respectively, primarily related to increases in separately managed accounts. An increase in the concentration of equity securities, which are included in discretionary assets under management and whose fee rates are higher than those of other investments, was the primary driver of increased management and advisory fees revenue for the three months ended September 30, 2013 compared to the prior year. Sub-advised fund management revenue increased by $0.1 million to $0.4 million for the three months ended September 30, 2013 from $0.3 million for the same period in the prior year as a result of the Ten-Sixty Asset Management, LLC acquisition. Proprietary fund management revenue increased by $0.1 million to $1.8 million for the three months ended September 30, 2013 from $1.7 million for the same period in the prior year. This increase in proprietary fund management revenue was primarily attributable to market appreciation. With respect to our discretionary assets under management, equity assets experienced growth of 9.4% during the three months ended September 30, 2013, and fixed income assets increased by 2.0% during the same period. For the three months ended September 30, 2013, most of our growth came from our small cap value, focused value and multi cap value strategies with composite returns of 9.9%, 9.0% and 6.9%, respectively. As of September 30, 2013, the composition of our assets under management was 63% in discretionary assets, which includes both separately managed accounts and proprietary and sub-advised funds, and 37% in non-discretionary assets which represent assets on which we provide portfolio reporting but do not have investment discretion.

Nine Months Ended September 30, 2013 versus Nine Months Ended September 30, 2012

Our total revenue increased by $5.3 million, or 14.2%, to $42.9 million for the nine months ended September 30, 2013, from $37.6 million for the nine months ended September 30, 2012. This increase was driven primarily by growth in our management and advisory fees as a result of increased assets under management.

Assets under management increased by $3.4 billion, or 30.4%, to $14.6 billion at September 30, 2013 from $11.2 billion at September 30, 2012. Compared to the nine months ended September 30, 2012, there was an increase of $0.1 billion of client inflows, a decrease of $1.2 billion in client outflows, and an increase of $1.0 billion in market appreciation.

For the nine months ended September 30, 2013, assets under management increased by $3.4 billion, or 30.4%, to $14.6 billion at September 30, 2013 from $11.2 billion at December 31, 2012. Our market appreciation during the nine months ended September 30, 2013 constituted a 13.4% rate of increase in our total assets under management compared to December 31, 2012. Our growth in assets under management for the nine months ended September 30, 2013 was attributable to an increase of $1.2 billion and $2.3 billion in discretionary and non-discretionary assets under management, respectively, primarily related to the Ten-Sixty Asset Management, LLC acquisition. The growth in our discretionary assets under management was primarily driven by an increase in separately managed accounts. An increase in the concentration of equity securities, which are included in discretionary assets under management and whose fee rates are higher than those of other investments, was the primary driver of increased management and advisory fees revenue for the nine months ended September 30, 2013 compared to the prior year. Sub-advised fund management revenue increased by $0.3 million to $1.2 million for the nine months ended September 30, 2013 from $0.9 million for the same period in the prior year as a result of the Ten-Sixty Asset Management, LLC acquisition. Proprietary fund management revenue remained flat for the nine months ended September 30, 2013 as compared to the same period in the prior year. With respect to our discretionary assets under management, equity assets experienced growth of 25.7% during the nine months ended September 30, 2013, while fixed income assets decreased by 1.7% during the same period. For the nine months ended September 30, 2013, most of our growth came from our small cap value, focused value and equity income strategies with composite returns of 27.1%, 27.0% and 22.7%, respectively. As of September 30, 2013, the composition of our assets under management was 63% in discretionary

assets, which includes both separately managed accounts and proprietary and sub-advised funds, and 37% in non-discretionary assets which represent assets on which we provide portfolio reporting but do not have investment discretion.

Expenses

Our expenses for the three and nine months ended September 30, 2013 and 2012 are set forth below:

	For the Three Months Ended September 30,			
(in thousands)	2013	2012	2013 vs. 2012 ($)	2013 vs. 2012 (%)
Compensation and benefits	$ 8,388	$ 4,815	$ 3,573	74.2%
General, administrative and other	3,162	3,006	156	5.2%
Total expenses	$ 11,550	$ 7,821	$ 3,729	47.7%

	For the Nine Months Ended September 30,			
(in thousands)	2013	2012	2013 vs. 2012 ($)	2013 vs. 2012 (%)
Compensation and benefits	$ 19,513	$ 14,415	$ 5,098	35.4%
General, administrative and other	8,596	8,214	382	4.7%
Total expenses	$ 28,109	$ 22,629	$ 5,480	24.2%

Our expenses are driven primarily by our compensation costs. The table included in Expenses Compensation and Benefits Expense describes the components of our compensation expense for the three and nine months ended September 30, 2013 and 2012. Other expenses, such as rent, professional service fees, data-related costs, and sub-advisory fees incurred are included in our general and administrative expenses.

Three Months Ended September 30, 2013 versus Three Months Ended September 30, 2012

Total expenses increased by $3.7 million, or 47.7%, to $11.5 million for the three months ended September 30, 2013 from $7.8 million for the three months ended September 30, 2012. This increase was primarily attributable to increases in compensation and benefits expense and general and administrative expenses of $3.6 million and $0.1 million, respectively.

Compensation and benefits expense increased by $3.6 million, or 74.2%, to $8.4 million for the three months ended September 30, 2013 from $4.8 million for the three months ended September 30, 2012. The increase was primarily attributable to an increase in the accrual for bonuses of $3.2 million as a result of the recognition of partner incentive payments as compensation expense, and an increase in salaries and benefits expense of $0.3 million and $0.1 million, respectively, as a result of both merit increases and increased headcount.

General and administrative expenses increased by $0.2 million, or 5.2%, to $3.2 million for the three months ended September 30, 2013 from $3.0 million for the three months ended September 30, 2012. This increase was primarily due to an increase in investor relation costs of $0.1, an increase in recruiting costs of $0.1 and an increase in client promotion costs of $0.1. Partially offsetting this increase was a reduction in sub-advisory fees of $0.1 million as a result of the Ten-Sixty Asset Management, LLC acquisition.

Nine Months Ended September 30, 2013 versus Nine Months Ended September 30, 2012

Total expenses increased by $5.5 million, or 24.2%, to $28.1 million for the nine months ended September 30, 2013 from $22.6 million for the nine months ended September 30, 2012. This increase was primarily attributable to increases in compensation and benefits expense and general and administrative expenses of $5.1 million and $0.4

million, respectively.

Compensation and benefits expense increased by $5.1 million, or 35.4%, to $19.5 million for the nine months ended September 30, 2013 from $14.4 million for the nine months ended September 30, 2012. The increase was primarily attributable to an increase in the accrual for bonuses of $3.2 million as a result of the recognition of partner incentive payments as compensation expense, special non-principal bonuses of $0.8 million that were paid in July upon consummation of our initial public offering, an increase in salaries and benefits expense of $0.6 million and $0.2 million, respectively, as a result of both merit increases and increased headcount, and increased equity-based compensation expense of $0.3 million primarily due to an increase in the fair value of the deferred equity units.

General and administrative expenses increased by $0.4 million, or 4.7%, to $8.6 million for the nine months ended September 30, 2013 from $8.2 million for the nine months ended September 30, 2012. This increase was primarily due to an increase in occupancy expense of $0.6 million because in 2012, after reoccupying space at our headquarters, we reversed a lease abandonment liability that was originally recorded in 2009, which had the effect of reducing occupancy expense in 2012, an increase in investor relation costs of $0.1 million, an increase in recruiting costs of $0.1 million and an increase in client promotion costs of $0.1 million, Partially offsetting this increase was a reduction in professional fees of $0.4 million as a result of incurring fees for services rendered in the prior year in connection with a planned initial public offering that was withdrawn in 2012 and acquisition transactions. Furthermore, our sub-advisory fees decreased by $0.1 million as a result of the Ten-Sixty Asset Management, LLC acquisition.

Other Income (Expense), Net

	For the Three Months Ended September 30,			
(in thousands)	2013	2012	2013 vs. 2012 ($)	2013 vs. 2012 (%)
Other income (expense), net	$ 29	$ 29	$	0.0%
Interest income	36	34	2	5.9%
Interest expense	(180)	(53)	(127)	-239.6%
Total other income (expense), net	$ (115)	$ 10	$ (125)	-1,250.0%

	For the Nine Months Ended September 30,			
(in thousands)	2013	2012	2013 vs. 2012 ($)	2013 vs. 2012 (%)
Other income (expense), net	$ 86	$ 90	$ (4)	-4.4%
Interest income	85	120	(35)	-29.2%
Interest expense	(288)	(259)	(29)	-11.2%
Total other income (expense), net	$ (117)	$ (49)	$ (68)	-138.8%

Three Months Ended September 30, 2013 versus Three Months Ended September 30, 2012

Other income (expense), net decreased by $125 thousand to $115 thousand of other expense for the three months ended September 30, 2013 from $10 thousand of other income for the three months ended September 30, 2012 primarily due to an increase in interest expense related to borrowings under our credit facility, the issuance of a note in 2013 related to the Ten-Sixty acquisition, and notes issued to two former partners in conjunction with their share redemptions prior to our initial public offering.

Nine Months Ended September 30, 2013 versus Nine Months Ended September 30, 2012

Other income (expense), net increased by $68 thousand to $117 thousand for the nine months ended September 30, 2013 from $49 thousand for the nine months ended September 30, 2012 primarily due to a $127 thousand increase in interest expense related to borrowings under our credit facility, the issuance of a note in 2013 related to the Ten-Sixty acquisition, and notes issued to two former partners in conjunction with their share redemptions prior to our initial public offering. Partly offsetting these increases were reductions in interest expense of $98 thousand primarily as a result of a write-off of prepaid interest expense in 2012 related to the reversal of a lease abandonment liability, in addition to principal payments made in 2013 on a note issued as part of the Milbank acquisition.

Provision for Income Taxes

Three Months Ended September 30, 2013 versus Three Months Ended September 30, 2012

The provision for income taxes was $0.8 million and $0.3 million for the three months ended September 30, 2013 and 2012, respectively. The change was a result of both the recognition of corporate income tax expense related to our initial public offering and a projected increase in taxable income. Our provision for income taxes as a percentage of income before provision for income taxes for the three months ended September 30, 2013 and 2012 was 26.8% and 5.9%, respectively.

Nine Months Ended September 30, 2013 versus Nine Months Ended September 30, 2012

The provision for income taxes was $1.5 million and $0.8 million for the nine months ended September 30, 2013 and 2012, respectively. The change was a result of both the recognition of corporate income tax expense related to our initial public offering and a projected increase in taxable income. Our provision for income taxes as a percentage of income before provision for income taxes for the nine months ended September 30, 2013 and 2012 was 10.2% and 5.4%, respectively.

Supplemental Non-GAAP Financial Information

To provide investors with additional insight, promote transparency and allow for a more comprehensive understanding of the information used by management in its financial and operational decision-making, we supplement our consolidated financial statements presented on a basis consistent with U.S. generally accepted accounting principles, or GAAP, with Adjusted EBITDA, Adjusted EBITDA margin, Adjusted Net Income, and Adjusted Earnings Per Share which are non-GAAP financial measures of earnings.

- EBITDA represents net income before provision for income taxes, interest income, interest expense, depreciation and amortization. We define Adjusted EBITDA as EBITDA without giving effect to professional fees associated with acquisitions or financing transactions, losses on forgiveness of notes receivable from our principals, gains on extinguishment of debt or other obligations related to acquisitions, impairment charges and losses on disposals or abandonment of assets and leaseholds, client reimbursements and fund redemption costs, severance and other similar expenses, but including partner incentive allocations as an expense.

- Adjusted EBITDA Margin is calculated by dividing Adjusted EBITDA by total revenue.

- Adjusted Net Income represents recurring net income without giving effect to professional fees associated with acquisitions or financing transactions, losses on forgiveness of notes receivable from our principals, gains on extinguishment of debt or other obligations related to acquisitions, impairment charges and losses on disposals or abandonment of assets and leaseholds, client reimbursements and fund redemption costs, severance and other similar expenses, but including partner incentive allocations as an expense. Furthermore, Adjusted Net Income includes income tax expense assuming a corporate rate of 40%.

- Adjusted Earnings Per Share represents Adjusted Net Income divided by the actual Class A and Class B shares outstanding as of the end of the reporting period for basic Adjusted Earnings Per Share, and to the extent dilutive, we add unvested deferred equity units and performance units to the total shares outstanding to compute diluted Adjusted Earnings Per Share. As a result of our structure, which includes a non-controlling interest, we feel that it is important to management and investors to supplement our consolidated financial statements presented on a GAAP basis with Adjusted Earnings Per Share, a non-GAAP financial measure of earnings, as this measure provides a perspective of recurring earnings per share of the company as a whole as opposed to being limited to our Class A common stock.

These adjustments, and the non-GAAP financial measures that are derived from them, provide supplemental information to analyze our operations between periods and over time. Investors should consider our non-GAAP financial measure in addition to, and not as a substitute for, financial measures prepared in accordance with GAAP.

41

Explanation of Responses:

The following tables contain reconciliations of net income to Adjusted EBITDA, Adjusted Net Income and Adjusted Earnings Per Share (amounts in thousands except per share amounts).

Adjusted EBITDA

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2013	2012	2013	2012
Reconciliation of non-GAAP financial measure:				
Net income	$ 2,249	$ 4,658	$ 13,179	$ 14,066
Provision for income taxes	823	290	1,489	802
Interest expense	180	53	288	259
Interest income	(36)	(34)	(85)	(120)
Partner/member incentive allocations (A)		(2,524)	(6,000)	(6,972)
Depreciation and amortization	501	490	1,455	1,444
Equity-based compensation	433	444	1,469	1,251
Other adjustments (B)	136	415	1,021	(162)
Adjusted EBITDA	$ 4,286	$ 3,792	$ 12,816	$ 10,568
Adjusted EBITDA Margin	29.1%	29.7%	29.9%	28.2%

Adjusted Net Income and Adjusted Earnings Per Share

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2013	2012	2013	2012
Reconciliation of non-GAAP financial measure:				
Net income	$ 2,249	$ 4,658	$ 13,179	$ 14,066
GAAP Provision for income taxes	823	290	1,489	802
Partner/member incentive allocations (A)		(2,524)	(6,000)	(6,972)
Other adjustments (B)	136	415	1,021	(162)
Adjusted earnings before provision for income taxes	$ 3,208	$ 2,839	$ 9,689	$ 7,734
Adjusted provision for income taxes:				
Adjusted provision for income taxes (40% assumed tax rate)	(1,283)	(1,136)	(3,876)	(3,094)
Adjusted net income	$ 1,925	$ 1,703	$ 5,813	$ 4,640
Adjusted earnings per share/unit:				
Basic	$ 0.16	$ 0.16	$ 0.49	$ 0.44
Diluted	$ 0.16	$ 0.16	$ 0.47	$ 0.43
Shares outstanding:				
Basic Class A shares outstanding	5,509		5,509	
Basic Class B shares/units outstanding	6,462	10,547	6,462	10,544

Total basic shares/units outstanding	11,971	10,547	11,971	10,544
Diluted Class A shares outstanding	5,509		5,509	
Diluted Class B shares/units outstanding (C)	6,891	10,694	6,891	10,691
Total basic shares/units outstanding	12,400	10,694	12,400	10,691

(A) Partner/member incentive allocations have historically been treated as distributions of net income and recorded when paid. Upon the completion of our reorganization and initial public offering, we account for partner incentive payments as an expense in our Statement of Operations and have reflected the related adjustments in our historical financial information. Accordingly,

this has the effect of increasing compensation expense relative to the amounts that have been recorded historically in our financial statements.

(B) Other adjustments consist of the following:

Loss on sub-lease (a)	$ (21)	$ (21)	$ (63)	$ (63)
Lease abandonment (reversal) (b)				(662)
Fund redemption costs (c)				9
Initial public offering professional fees (d)	43	263	23	366
Initial public offering-related non-principal bonuses			754	
Acquisition costs (e)	16	21	90	36
Other (f)	98	152	217	152
Total other adjustments	$ 136	$ 415	$ 1,021	$ (162)

(a) Reflects the amortization recognized, on a present value basis, between the per square foot rental rate for our company s primary lease and a sub-lease that we signed in 2011 with a sub-tenant for our headquarters in New York.

(b) Reflects the reversal of the remaining rent expense on a portion of our unutilized space at our headquarters that we abandoned in 2009 and reoccupied in May 2012. A portion of this space is subleased through September 29, 2017.

(c) Includes the costs associated with the reimbursement to one of our funds for the difference between the value of certain investor redemptions and the actual proceeds of the underlying securities in 2012 and 2011.

(d) Represents professional fees incurred in conjunction with the preparation and reporting related to our initial public offering.

(e) Reflects the legal and accounting fees associated with the closing of the Ten-Sixty Asset Management, LLC acquisition in 2013 and the MW Commodity Advisors, LLC acquisition in 2012. Also reflects transition expenses related to integrating the Ten-Sixty Asset Management, LLC acquisition in 2013, and expenses related to relocating Milbank Winthrop & Co. personnel and operations to our headquarters that were incurred during the year ended December 31, 2012.

(f) Represents the accrual of Quarterly Income Payments, as defined in the MW Commodity Advisors, LLC purchase agreement and other one-time costs related to client promotion and the relocation of a partner of SLP.

(C) Includes 191,828 unvested deferred equity units as of September 30, 2013. Also, 237,089 and 146,452 performance units which are conditionally issuable units that would be issuable if September 30, 2013 and 2012,

respectively, was the end of the contingency period are included.

Liquidity and Capital Resources

Historically, the working capital needs of our business have primarily been met through cash generated by our operations. We expect that our cash and liquidity requirements in the next twelve months will be met primarily through cash generated by our operations.

On June 24, 2013, the subsidiaries of Silvercrest L.P. entered into a $15.0 million credit facility with City National Bank. The subsidiaries of Silvercrest L.P. are the borrowers under such facility and Silvercrest L.P. guarantees the obligations of its subsidiaries under the credit facility. The credit facility is secured by certain assets of Silvercrest L.P. and its subsidiaries. The credit facility consists of a $7.5 million delayed draw term loan that matures on June 24, 2020 and a $7.5 million revolving credit facility that matures on December 24, 2016. The loan bears interest at either (a) the higher of the prime rate plus a margin of 0.05 percentage points and 2.5% or (b) the LIBOR rate plus 3 percentage points, at the borrowers option. On June 28, 2013, Silvercrest L.P. borrowed $7 million under the revolving credit facility to partially fund a $10.0 million distribution that was made in July 2013 to the existing limited partners of Silvercrest L.P. prior to the closing of our initial public offering. Such distribution is not indicative of the amount of any future distributions. As of September 30, 2013, $5.0 million remained outstanding on the revolving credit facility. As of September 30, 2013, no amount has been drawn on the term loan credit facility and the borrowers may draw up to the full amount of the term loan through June 25, 2018. Borrowings under the term loan on or prior to June 24, 2015 will be payable in twenty equal quarterly installments. Borrowings under the term loan after June 24, 2015 will be payable in equal quarterly installments through the maturity date. The new credit facility contains restrictions on, among other things, (i) incurrence of additional debt, (ii) creating liens

on certain assets, (iii) making certain investments, (iv) consolidating, merging or otherwise disposing of substantially all of our assets, (v) the sale of certain assets, and (vi) entering into transactions with affiliates. In addition, the credit facility contains certain financial covenants including a test on discretionary assets under management, maximum debt to EBITDA and a fixed charge coverage ratio. The credit facility contains customary events of default, including the occurrence of a change in control which includes a person or group of persons acting together acquiring more than 30% of total voting securities of Silvercrest. Any undrawn amounts under this facility would be available to fund future acquisitions or for working capital purposes, if needed. We were in compliance with the covenants under the credit facility as of September 30, 2013.

Our ongoing sources of cash will primarily consist of management fees and family office services fees, which are principally collected quarterly. We will primarily use cash flow from operations to pay compensation and related expenses, general and administrative expenses, income taxes, debt service, capital expenditures, distributions and dividends on shares of our Class A common stock.

Seasonality typically affects cash flow since the first quarter of each year includes as a source of cash, the prior year s annual performance fee payments, if any, from our various funds and external investment strategies and, as a use of cash, the prior fiscal year s incentive compensation. We believe that we have sufficient cash from our operations to fund our operations and commitments for the next twelve months.

The following table sets forth certain key financial data relating to our liquidity and capital resources as of September 30, 2013 and December 31, 2012.

	As of	
(in thousands)	September 30, 2013	December 31, 2012
Cash and cash equivalents	$ 25,055	$ 13,443
Accounts receivable	$ 3,930	$ 3,675
Due from Silvercrest Funds	$ 1,594	$ 1,622

We anticipate that distributions to the limited partners of Silvercrest L.P. will continue to be a material use of our cash resources and will vary in amount and timing based on our operating results and dividend policy. We currently intend to declare quarterly cash dividends to our Class A stockholders beginning in the fourth quarter of 2013. We are a holding company and have no material assets other than our ownership of interests in Silvercrest L.P. As a result, we will depend upon distributions from Silvercrest L.P. to pay any dividends to our Class A stockholders. We expect to cause Silvercrest L.P. to make distributions to us in an amount sufficient to cover dividends, if any, declared by us. Our dividend policy has certain risks and limitations, particularly with respect to liquidity. Although we expect to pay dividends according to our dividend policy, we may not pay dividends according to our policy, or at all, if, among other things, we do not have the cash necessary to pay our intended dividends or our subsidiaries are prevented from making a distribution to us under the terms of our new credit facility or any future financing. To the extent we do not have cash on hand sufficient to pay dividends, we may decide not to pay dividends. By paying cash dividends rather than investing that cash in our future growth, we risk slowing the pace of our growth, or not having a sufficient amount of cash to fund our operations or unanticipated capital expenditures, should the need arise.

Our purchase of Class B units in Silvercrest L.P. that occurred concurrently with the consummation of our initial public offering, and the future exchanges of Class B units of Silvercrest L.P., are expected to result in increases in our share of the tax basis of the tangible and intangible assets of Silvercrest L.P. at the time of our acquisition and these future exchanges, which will increase the tax depreciation and amortization deductions that otherwise would not have been available to us. These increases in tax basis and tax depreciation and amortization deductions are expected to

reduce the amount of tax that we would otherwise be required to pay in the future. We entered into a tax receivable agreement with the current principals of Silvercrest L.P. and any future employee-holders of Class B units pursuant to which we agreed to pay them 85% of the amount of cash savings, if any, in U.S. federal, state and local income tax that we actually realize as a result of these increases in tax basis and certain other tax benefits related to entering into the tax receivable agreement, including tax benefits attributable to payments thereunder. The timing of these payments is currently unknown. The payments to be made pursuant to the tax receivable agreement will be a liability of Silvercrest and not Silvercrest L.P., and thus this liability has been recorded as an other liability on our Condensed Consolidated Statement of Financial Condition. For purposes of the tax receivable agreement, cash savings in income tax will be computed by comparing our actual income tax liability to

44

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the amount of such taxes that we would have been required to pay had there been no increase in our share of the tax basis of the tangible and intangible assets of Silvercrest L.P.

The actual increase in tax basis, as well as the amount and timing of any payments under the tax receivable agreement, will vary depending upon a number of factors, including the timing of exchanges, the price of shares of our Class A common stock at the time of the exchange, the extent to which such exchanges are taxable, the amount and timing of our income and the tax rates then applicable. Nevertheless, we expect that as a result of the size of the increases in the tax basis of our tangible and intangible assets, the payments that we may make under the tax receivable agreement likely will be substantial. Assuming no material changes in the relevant tax law and that we earn sufficient taxable income to realize the full tax benefit of the increased depreciation and amortization of our assets, we expect that future payments to the selling principals of Silvercrest L.P. in respect of our purchase of Class B units from them will aggregate approximately $3.7 million. Future payments to current principals of Silvercrest L.P. and future holders of Class B units in respect of subsequent exchanges would be in addition to these amounts and are expected to be substantial. We intend to fund required payments pursuant to the tax receivable agreement from the distributions received from Silvercrest L.P.

Cash Flows

The following table sets forth our cash flows for the nine months ended September 30, 2013 and 2012. Operating activities consist of net income subject to adjustments for changes in operating assets and liabilities, depreciation, and equity-based compensation expense. Investing activities consist primarily of acquiring and selling property and equipment, distributions received from investments in investment funds, and cash paid as part of business acquisitions. Financing activities consist primarily of contributions from partners, distributions to partners, the issuance and payments on partner notes, other financings, and earnout payments related to business acquisitions.

	Nine Months Ended September 30,	
(in thousands)	2013	2012
Net cash provided by operating activities	$ 19,947	$ 14,379
Net cash used in investing activities	$ (3,333)	$ (340)
Net cash used in financing activities	$ (5,002)	$ (12,673)
Net change in cash	$ 11,612	$ 1,366

Operating Activities

Nine Months Ended September 30, 2013 versus Nine Months Ended September 30, 2012

Operating activities provided $19.9 million and $14.4 million for the nine months ended September 30, 2013 and 2012, respectively. This difference is partially the result of increased distributions from investment funds of $0.9 million for the same period. Our working capital increased due to an increase in collections of receivables and fees due from Silvercrest Funds of $0.8 million resulting primarily from greater revenue, and accrued compensation of $3.3 million due to the recognition of partner incentive payment compensation expense beginning in the third quarter of 2013.

Investing Activities

Nine Months Ended September 30, 2013 versus Nine Months Ended September 30, 2012

For the nine months ended September 30, 2013 and 2012, investing activities used $3.3 million and $0.3 million, respectively. The increase in the use of cash was primarily the result of $2.5 million of cash paid at the closing of the Ten-Sixty Asset Management LLC acquisition in addition to higher earnout payments made related to the Marathon Capital Group, LLC acquisition.

Financing Activities

Nine Months Ended September 30, 2013 versus Nine Months Ended September 30, 2012

For the nine months ended September 30, 2013 and 2012, financing activities used $5.0 million and $12.7 million, respectively. The decrease in net cash used in financing activities from 2012 to 2013 was primarily the result of the sale and issuance of Silvercrest Class A common stock of $56.7 million and borrowings under our credit facility of $7.0 million. This was partially offset by the

purchase of Class B units from partners of Silvercrest L.P. of $35.4 million, payments under our revolving credit facility of $2.0 million, a decrease in payments from partners on notes receivable as compared to prior year as the notes from named executive officers were repaid in September 2012, higher partner incentive allocations paid in 2013, and higher tax distributions paid during the nine months ended September 30, 2013 as compared to the same period in 2012. Incentive allocations and tax distributions increased directly as a result of increased profitability and operating cash flow. Also, the earnout payment made in the first half of 2013 was $0.5 million higher than the payment made in the same period in the prior year and offering expenses related to our initial public offering of $1.4 million were paid as of the end of our reporting period.

We anticipate that distributions to principals of Silvercrest L.P. will continue to be a material use of our cash resources, and will vary in amount and timing based on our operating results and dividend policy.

As described below, we have outstanding fixed rate notes payable to Ten-Sixty Asset Management LLC and Milbank Winthrop & Co. related to the Ten-Sixty Asset Management LLC and Milbank Winthrop & Co. acquisitions, and variable rate notes issued to former principals to redeem units held by them under which we exercised our call right upon their termination. Furthermore, we have an outstanding balance on our revolving credit facility.

As of September 30, 2013, the aggregate principal amount of the Ten-Sixty Asset Management LLC promissory note is approximately $1.4 million which is payable in one installment of $0.2 million on December 31, 2013 and then quarterly installments from June 30, 2014 through March 31, 2017 of $0.1 million each. The principal amount outstanding under this note bears interest at the rate of 5% per annum. Accrued but unpaid interest on the notes payable related to the Ten-Sixty Asset Management LLC acquisition was approximately $26 thousand as of September 30, 2013.

The aggregate principal amount of the notes related to the Milbank Winthrop & Co. acquisition matures after four annual principal installments payable on each of November 1, 2013, 2014, and 2015 in the amounts of $0.9 million, $1.0 million, and $0.6 million, respectively, together with all accrued and unpaid interest. If specified conditions are not met by Milbank Winthrop & Co. prior to November 1, 2014, then the principal payment due on November 1, 2015 will be reduced to $0.1 million. The principal amount outstanding under this note bears interest at the rate of 5% per annum.

As of September 30, 2013, $2.5 million remains outstanding on the notes payable related to the Milbank Winthrop & Co. acquisition. Accrued but unpaid interest on the notes payable related to the Milbank Winthrop & Co. acquisition was approximately $110 thousand as of September 30, 2013.

As of September 30, 2012, $5.0 million is outstanding on our revolving credit facility with City National Bank.

As of December 31, 2012, $2.4 million remained outstanding on the notes payable related to the Milbank Winthrop & Co. acquisition. Accrued but unpaid interest on the notes payable related to the Milbank Winthrop & Co. acquisition was approximately $20 thousand as of December 31, 2012.

On June 3, 2013, we redeemed units from two of our former employee-partners. In conjunction with the redemption, we issued promissory notes with an aggregate principal amount of approximately $5.3 million, and such principal amount is subject to downward adjustment to the extent of any breach by the holder of such note. The principal amount of the notes are payable in four equal annual installments on each of June 3, 2014, 2015, 2016 and 2017. The principal amount outstanding under these notes bears interest at the U.S. Prime Rate plus 1% in effect at the time payments are due.

As of September 30, 2013, $5.7 million remains outstanding on the notes issued to former principals. Accrued but unpaid interest on these notes issued to former principals was approximately $89 thousand as of September 30, 2013. The principal amounts outstanding under these notes bear interest at the U.S. Prime Rate plus 1% in effect at the time

payments are due.

As of December 31, 2012, $0.9 million remained outstanding on the notes issued to former principals. Accrued but unpaid interest on these notes issued to former principals was approximately $26 thousand as of December 31, 2012. The principal amounts outstanding under these notes bear interest at the U.S. Prime Rate plus 1% in effect at the time payments are due.

Off-Balance Sheet Arrangements

We did not have any off-balance sheet arrangements as of September 30, 2013, December 31, 2012 or September 30, 2012.

Critical Accounting Policies and Estimates

There have been no changes to our Critical Accounting Policies and Estimates from those disclosed in our Form 10-Q as of June 30, 2013, which is accessible on the SEC s website at www.sec.gov.

Revenue Recognition

Investment advisory fees are typically billed quarterly in advance at the beginning of the quarter or in arrears after the end of the quarter, based on a contractual percentage of the assets managed. Family office services fees are also typically billed quarterly in advance at the beginning of the quarter or in arrears after the end of the quarter based on a contractual percentage of the assets managed or upon a contractually agreed-upon flat fee arrangement. Revenue is recognized on a ratable basis over the period in which services are performed.

We account for performance based revenue in accordance with ASC 605-20-S99, Accounting for Management Fees Based on a Formula, by recognizing performance fees and allocations as revenue only when it is certain that the fee income is earned and payable pursuant to the relevant agreements. In certain arrangements, we are only entitled to receive performance fees and allocations when the return on assets under management exceeds certain benchmark returns or other performance targets. We record performance fees and allocations as a component of revenue.

Because the majority of our revenues are earned based on assets under management that have been determined using fair value methods and since market appreciation/depreciation has a significant impact on our revenue, we have presented our assets under management using the GAAP framework for measuring fair value. That framework provides a three-level fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs based on company assumptions (Level 3). A financial instrument s categorization within the fair value hierarchy is based upon the lowest level of input that is significant to the instrument s fair value measurement. The three levels within the fair value hierarchy are described as follows:

- Level 1 includes quoted prices (unadjusted) in active markets for identical instruments at the measurement date. The types of financial instruments included in Level 1 include unrestricted securities, including equities listed in active markets.

- Level 2 includes inputs other than quoted prices that are observable for the instruments, including quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, or inputs other than quoted prices that are observable for the instruments. The type of financial instruments in this category include less liquid and restricted securities listed in active markets, securities traded in other than active markets, government and agency securities, and managed funds whose net asset value is based on observable inputs.

- Level 3 includes one or more significant unobservable inputs. Financial instruments that are included in this category include assets under management primarily comprised of investments in privately-held entities, limited partnerships, and other instruments where the fair value is based on unobservable inputs.

The table below summarizes the approximate amount of assets under management for the periods indicated for which fair value is measured based on Level 1, Level 2 and Level 3 inputs.

	Level 1	Level 2	Level 3	Total
		(in billions)		
September 30, 2013 AUM	$ 9.4	$ 2.8	$ 2.4	$ 14.6
December 31, 2012 AUM	$ 8.4	$ 1.4	$ 1.4	$ 11.2

As substantially all our assets under management are valued by independent pricing services based upon observable market prices or inputs, we believe market risk is the most significant risk underlying valuation of our assets under management, as discussed under the heading Risk Factors in our prospectus dated June 26, 2013, filed with the SEC in accordance with Rule 424(b) of the Securities Act of 1933 on June 28, 2013, which is accessible on the SEC s website at www.sec.gov and Item 3 Quantitative and Qualitative Disclosure About Market Risk .

The average value of our assets under management for the three and nine months ended September 30, 2013 was approximately $14.3 billion and $12.9 billion, respectively. Assuming a 10% increase or decrease in our average assets under management and the change being proportionately distributed over all our products, the value would increase or decrease by approximately $1.4 billion and $1.3 billion for the three and nine months ended September 30, 2013, respectively, which would cause an annualized increase or decrease in revenues of approximately $5.9 million and $5.7 million for the three and nine months ended September 30, 2013, respectively, at a weighted average fee rate for the three and nine months ended September 30, 2013 of 0.41% and 0.44%, respectively.

The average value of our assets under management for the year ended December 31, 2012 was approximately $10.7 billion. Assuming a 10% increase or decrease in our average assets under management and the change being proportionately distributed over all our products, the value would increase or decrease by approximately $1.1 billion, which would cause an annualized increase or decrease in revenues of approximately $4.6 million, at the 2012 weighted average fee rate of 0.43%.

Recently Issued Accounting Pronouncements

In May 2011, the FASB issued ASU 2011-04, Fair Value Measurement (Topic 820): Amendments to Achieve Common Fair Value Measurement and Disclosure Requirements in GAAP and International Financial Reporting Standards, (IFRS) which amended guidance on fair value measurements to achieve common fair value measurement and disclosure requirements in GAAP and IFRS. The amended guidance specifies that the concepts of highest and best use and valuation premise in a fair value measurement are relevant only when measuring the fair value of nonfinancial assets and are not relevant when measuring the fair value of financial assets or of liabilities. The amendments include requirements specific to measuring the fair value of those instruments, such as equity interests used as consideration in a business combination. An entity should measure the fair value of its own equity instrument from the perspective of a market participant that holds the instrument as an asset. With respect to financial instruments that are managed as part of a portfolio, an exception to fair value requirements is provided. That exception permits a reporting entity to measure the fair value of such financial assets and financial liabilities at the price that would be received to sell a net asset position for a particular risk or to transfer a net liability position for a particular risk in an orderly transaction between market participants at the measurement date. The amendments also clarify that premiums and discounts should only be applied if market participants would do so when pricing the asset or liability. Premiums and discounts related to the size of an entity s holding (e.g., a blockage factor) rather than as a characteristic of the asset or liability (e.g., a control premium) are not permitted in a fair value measurement.

The guidance also requires enhanced disclosures about fair value measurements, including, among other things, (i) for fair value measurements categorized within Level III of the fair value hierarchy, (1) a quantitative disclosure of the unobservable inputs and assumptions used in the measurement, (2) the valuation process used by the reporting entity and (3) a narrative description of the sensitivity of the fair value measurement to changes in unobservable inputs and the interrelationships between those unobservable inputs, if any, and (ii) the categorization by level of the fair value hierarchy for items that are not measured at fair value in the statement of financial position but for which the fair value is required to be disclosed (for example, a financial instrument that is measured at amortized cost in the statement of financial position but for which fair value is disclosed). The guidance also amends disclosure requirements for significant transfers between Level I and Level II and now requires disclosure of all transfers between Levels I and II in the fair value hierarchy.

The amended guidance was effective for us on January 1, 2012 and did not have a material impact on our Consolidated Financial Statements.

In June 2013, the FASB issued ASU 2013-08, Financials Services-Investment Companies (Topic 946): Amendments to the Scope, Measurement, and Disclosure Requirements. The ASU modifies the guidance in ASC 946 for determining whether an entity is an investment company, as well as the measurement and disclosure requirements for investment companies. The ASU also clarifies the characteristics of an investment company and requires an investment company to measure noncontrolling ownership interests in

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other investment companies at fair value rather than using the equity method of accounting. The ASU does not change the current accounting where a noninvestment company parent retains the specialized accounting applied by an investment company subsidiary in consolidation. The ASU is effective for the fiscal years and interim periods beginning after December 15, 2013. This ASU is not expected to have a material effect on the Company s results of operations or financial position.

Item 3. Qualitative and Quantitative Disclosures Regarding Market Risk

Our exposure to market risk is directly related to our role as investment adviser for the separate accounts we manage and the funds for which we act as sub-investment adviser. Most of our revenue for the three and nine months ended September 30, 2013 and 2012 was derived from advisory fees, which are typically based on the market value of assets under management. Accordingly, a decline in the prices of securities would cause our revenue and income to decline due to a decrease in the value of the assets we manage. In addition, such a decline could cause our clients to withdraw their funds in favor of investments offering higher returns or lower risk, which would cause our revenue and income to decline further. Due to the nature of our business, we believe that we do not face any material risk from inflation. Please see our discussion of market risks in Critical Accounting Policies and Estimates Revenue Recognition which is part of Item 2. Management s Discussion and Analysis of Financial Condition and Results of Operations.

Item 4. Controls and Procedures

Disclosure Controls and Procedures

Our management, including our Chief Executive Officer and Chief Financial Officer, evaluated the effectiveness of our disclosure controls and procedures (as such term is defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act of 1934, as amended) at September 30, 2013. Based on this evaluation, our Chief Executive Officer and Chief Financial Officer have concluded that our disclosure controls and procedures were effective at September 30, 2013.

Internal Control over Financial Reporting

There were no changes in the Company s internal control over financial reporting that occurred during the quarter ended September 30, 2013 that have materially affected or are reasonably likely to materially affect our internal control over financial reporting.

Part II Other Information

Item 1. Legal Proceedings

In the normal course of business, we may be subject to various legal and administrative proceedings. Currently, there are no legal proceedings pending or to our knowledge threatened against us.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

On July 15, 2013, the Company issued 16,540 shares of Class B Common Stock to one of the employee-partners of SLP in connection with the issuance of a like number of Class B Units of Silvercrest LP to such employee-partner. The Class B Units were issued pursuant to the 2012 Equity Incentive Plan. The shares of Class B Common Stock were issued pursuant to the terms of the Certificate of Incorporation of the Company which requires the Company to issue at the par value per share of Class B Common Stock, one share of Class B Common Stock for each Class B Unit of Silvercrest LP issued. The aggregate price per share and unit issued under the 2012 Equity Incentive Plan was $0.01 and $9.99, respectively. The issuance of the Class B Units and Class B Common Stock was exempt pursuant to Rule 701 and Section 4(2), respectively, of the Securities Act of 1933, as amended, since the shares were issued under an employee benefit plan and the issuance of units was not made in a public offering.

On September 30, 2013, the Company purchased from six employee-partners 14,092 shares of Class B common stock at a price equal to the par value thereof in connection with the repurchase of a like number of Class B Units from such employee partners at a price of $13.49 per share.

Item 6. Exhibits

Exhibit Number	Description
3.1	Second Amended and Restated Certificate of Incorporation of Silvercrest Asset Management Group Inc. (incorporated by reference to Exhibit 3.1 to the Registrant s Registration Statement on Form S-1 filed April 19, 2013).
3.2	Bylaws of Silvercrest Asset Management Group Inc. (incorporated by reference to Exhibit 3.2 to the Registrant s Registration Statement on Form S-1 filed April 19, 2013).
31.1*	Certification of the Company s Chief Executive Officer pursuant to Exchange Act Rules 13a-14(a)/15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2*	Certification of the Company s Chief Financial Officer pursuant to Exchange Act Rules 13a-14(a)/15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1*	Certification of the Company s Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2*	Certification of the Company s Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101.INS**	XBRL Instance Document
101.SCH**	XBRL Taxonomy Extension Schema Document
101.CAL**	XBRL Taxonomy Extension Calculation Linkbase Document
101.LAB**	XBRL Taxonomy Extension Label Linkbase Document
101.PRE**	XBRL Taxonomy Extension Presentation Linkbase Document
101.DEF**	XBRL Taxonomy Extension Definition Linkbase Document

*Filed herewith

**Furnished herewith
Pursuant to Rule 406T of Regulation S-T, the interactive data files on Exhibit 101 hereto are deemed not filed or part of a registration statement or prospectus for purposes of Sections 11 and 12 of the Securities Act of 1933, as amended, are deemed not filed for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, and otherwise are not subject to liability under those sections.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Silvercrest Asset Management Group Inc.

	By:	/s/ G. Moffett Cochran
Date:	November 13, 2013	G. Moffett Cochran
		Chief Executive Officer, Chairman and Director
		(Principal Executive Officer)
		/s/ Scott A. Gerard
Date:	November 13, 2013	Scott A. Gerard
		Chief Financial Officer
		(Principal Financial and Accounting Officer)

52

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