NEWS RELEASE

SS&C Finds Asset Managers' Operating Margins Fall as AUM Declines For the First Time in Five Quarters

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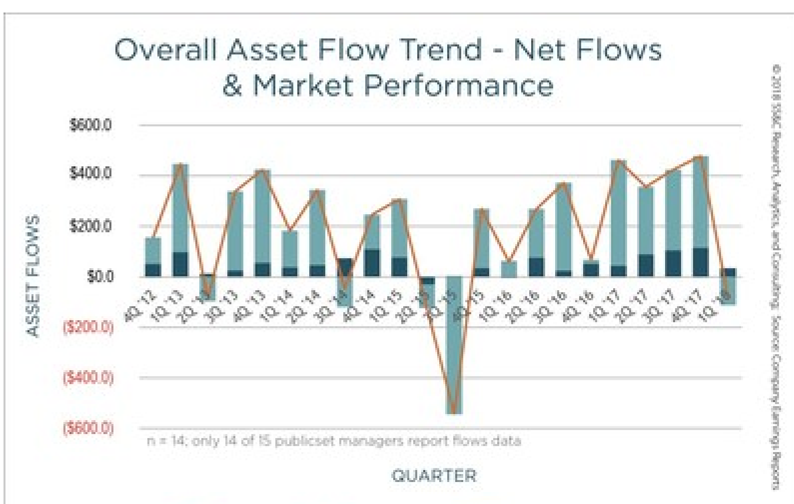
Analysis indicates market volatility impacted asset managers in Q1 2018

WINDSOR, Conn., July 11, 2018 /PRNewswire/ -- **SS&C Technologies Holdings, Inc.** (Nasdaq: SSNC), a global provider of financial services software and software-enabled services, today released the results of its Asset Manager Composite for the first quarter of 2018 which analyzes 15 publicly-traded firms. The results found that in Q1 2018, cumulative assets under management (AUM) decreased to $12.568 trillion ($10B less from Q4 2017's $12.578 trillion), with 12 of the 15 asset management firms experiencing declining AUM. Market under-performance primarily contributed to this decline due to volatility experienced in Q1. This was the first quarter to witness market depreciation for the Composite group since the third quarter of 2015. In addition, lower AUM resulted in lower asset-generated fee revenues, leading to lower operating margins. On a positive note, the 26 percent net income posted by the Composite group was the best level seen in 16 quarters, as projected tax-rates reflected the new corporate tax reform legislation.



"During the first quarter of 2018, operating margins for the public asset management firms declined from an all-time high achieved in the fourth quarter of 2017," said Michael Andrews, CFA, Head of Investment Products Research and Consulting at SS&C. "While the globally synchronized "Goldilocks economy1" is likely not rolling over, market volatility – that came on with a vengeance during Q1 – sequentially drove down AUM, asset-generated fees and consequently impacted margins. While the asset management industry is still quite profitable, the lingering question going forward will be whether we have encountered a turning point in the trend line."

Factors contributing to declining AUM

The first quarter of 2018 started off with a continuation of strong economic momentum from the second half of 2017, coupled with stronger than expected fourth quarter earnings. However, by February equity prices plunged despite business confidence reaching a multi-decade high due to concerns over inflation and increased market volatility. As Q1 2018 wound down, fears of a global trade war further destabilized financial markets with proposals for stiff tariffs on steel and aluminum products, thus sparking trade disputes with China.

"Macroeconomic growth and strong corporate earnings were unable to offset capital markets under-performance during the first quarter," said Erach Desai, senior business research analyst with SS&C Research, Analytics and Consulting. "With secular challenges such as fee pressure and industry consolidation facing the asset management industry, it seems likely that many firms will face choppy waters as they navigate the remainder of 2018."

To further complicate business processes for public asset management firms, financial reporting was impacted by the adoption of a new revenue recognition accounting principle, Revenue from Contract with Customers; Topic 6062, that went into effect in the first quarter of 2018. This accounting change means that the historical, multi-quarter operating margin data points that have been tracked for the Composite group are not comparable on an absolute basis, although the trend data (year-over-year and sequentially) remains comparable.

Key performance metrics for Q1 2018

Key performance metrics for assets under management (AUM) and asset flows for the Composite companies are included below:

- The $12.568 trillion in AUM represented a decline of $10 billion from the record level in Q4 2017. 12 of the 15 public asset management firms in the Composite group saw their overall AUM decrease sequentially. The three firms that managed a sequential gain are T. Rowe Price, BlackRock and Janus Henderson.
- First quarter net flows of $33.7 billion declined from the robust levels seen in the prior three quarters.

Excluding BlackRock3, the remaining group of 13 asset management firms4 experienced net outflows of $23.2 billion, reversing the two quarter trend of inflows.

- Consistent with recent trends, BlackRock represented nearly 83% of the positive flows for the Composite group during the first quarter. The top three firms accounted for more than 99.6% of the inflows.
- As depicted in the accompanying chart, Q1 2018 was the first quarter–since Q3 2015–to experience an overall decline in overall asset flows as market under-performance overwhelmed the modest net inflows for the overall Composite group.
- Seven of the 14 firms that report net flows experienced a net in-flow on a quarter-over-quarter basis, while the remaining seven reported net out-flows.

About the Study

The SS&C Research, Analytics, and Consulting Group (formerly DST) helps organizations manage data, gain insight and ignite change. Since Q1 2009, the group has performed consolidated financial statement analysis using the public quarterly earnings of the following composite of 15 asset management firms. Analysis each quarter includes an adjustment to operating margins to account for one-time charges. It does not, however, include adjustments for stock-based compensation and goodwill amortization as there are variances in reporting by individual asset management firms.

Firms included in the SS&C Research, Analytics and Consulting Asset Manager Composite: Affiliated Managers Group (AMG), Alliance Bernstein (AB), Artisan Partners (APAM), BlackRock (BLK), Cohen & Steers (CNS), Federated Investors (FII), Franklin Templeton (BEN), GAMCO (GBL), Invesco (IVZ), Janus Henderson Group (JHG), Legg Mason (LM), Pzena Investment Management (PZN), SEI (SEIC), T. Rowe Price (TROW) and Waddell & Reed (WDR).

About SS&C Technologies

SS&C is a global provider of investment and financial software-enabled services and software for the global financial services and healthcare industries. Founded in 1986, SS&C is headquartered in Windsor, Connecticut and has offices around the world. Some 13,000 financial services and healthcare organizations, from the world's largest institutions to local firms, manage and account for their investments using SS&C's products and services.

Additional information about SS&C (Nasdaq:SSNC) is available at **www.ssctech.com**.
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1 The term "Goldilocks Economy" **may have been coined** by David Shulman, senior economist at the UCLA Anderson Forecast, who wrote an article in 1992 titled The Goldilocks Economy: Keeping the Bears at Bay.
2 One **accounting firm's perspective on Topic 606** can be reviewed on Grant Thornton's website.

3 In Q12018, BlackRock accounted for 50.3% of the Research, Analytics, and Consulting Asset Manager Composite group's overall assets (while representing 29% to 31% of revenues, depending on asset-management fees vs. overall revenues). Thus, it behooves us to continue to analyze some of the quarterly results by looking at the group excluding BlackRock.

4 SEI Investment is the only asset manager in our Composite that does not report net flows as an ongoing communications practice. Thus, only 14 of the 15 asset managers in our Composite report net flows. Excluding BlackRock, implies 13 firms.

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