Artisan Partners Asset Management Inc.
Form S-1
January 29, 2014
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As filed with the Securities and Exchange Commission on January 28, 2014.

Registration No.

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM S-1

REGISTRATION STATEMENT

UNDER

THE SECURITIES ACT OF 1933

Artisan Partners Asset Management Inc.

(Exact Name of Registrant as Specified in Its Charter)

Delaware	**6282**	**45-0969585**
(State or Other Jurisdiction of Incorporation or Organization)	**(Primary Standard Industrial Classification Code Number)**	**(IRS Employer Identification Number)**

875 E. Wisconsin Avenue, Suite 800

Milwaukee, WI 53202

(414) 390-6100

(Address, Including Zip Code, and Telephone Number, Including Area Code, of Registrant s Principal Executive Offices)

SARAH A. JOHNSON

Chief Legal Officer

Artisan Partners Asset Management Inc.

875 E. Wisconsin Ave., Suite 800

Milwaukee, WI 53202

(414) 390-6100

(Name, Address, Including Zip Code, and Telephone Number, Including Area Code, of Agent for Service)

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Approximate date of commencement of proposed sale to the public: As soon as practicable after the effective date of this Registration Statement.

If any of the securities being registered on this form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, check the following box. ¨

If this form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ¨

If this form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ¨

If this form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ¨

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of large accelerated filer , accelerated filer and smaller reporting company in Rule 12b-2 of the Securities Exchange Act of 1934.

(Check one):

Large accelerated filer	¨	Accelerated filer	¨
Non-accelerated filer	x (Do not check if a smaller reporting company)	Smaller reporting company	¨

CALCULATION OF REGISTRATION FEE

Title of each class of securities to be registered	**Amount to be registered(1)**	**Proposed maximum offering price per share(2)**	**Proposed maximum aggregate offering price(2)**	**Amount of registration fee**
Class A common stock, par value $0.01 per share	**1,532,918**	**$65.24**	**$100,000,000**	**$12,880**

(1) Includes shares of Class A common stock that the underwriters have the option to purchase.
(2) Estimated solely for purposes of computing the amount of the registration fee pursuant to Rule 457(c) under the Securities Act of 1933, as amended, based on an average of the high and low reported prices of the shares of the Registrant s Class A common stock on the New York Stock Exchange on January 27, 2014.

The Registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until the Registration Statement shall become effective on such date as the Commission, acting pursuant to said Section 8(a), may determine.

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The information in this preliminary prospectus is not complete and may be changed. These securities may not be sold until the registration statement filed with the Securities and Exchange Commission is effective. This preliminary prospectus is not an offer to sell nor does it seek an offer to buy these securities in any jurisdiction where the offer or sale is not permitted.

Subject to Completion. Dated January 28, 2014.

Shares

Class A Common Stock

Artisan Partners Asset Management Inc. is offering shares of Class A common stock. The Class A common stock is listed on the New York Stock Exchange under the symbol APAM . On , 2014, the last reported sale price of our Class A common stock was $ per share. We intend to use all of the net proceeds of this offering to purchase common units of Artisan Partners Holdings LP, our direct subsidiary, from certain of the limited partners of Artisan Partners Holdings, including certain of our directors and executive officers or their affiliates, and preferred units of Artisan Partners Holdings LP and shares of our convertible preferred stock from an affiliate of one of our directors.

Artisan Investment Corporation and each of our employees to whom we have granted equity (including our employee-partners) have entered into a stockholders agreement pursuant to which they granted to a stockholders committee the right to vote all of the shares of our common stock they have acquired from us and any shares they may acquire from us in the future. Under the stockholders agreement, Andrew A. Ziegler, our Executive Chairman, currently has the sole right, in consultation with the other member or members of the stockholders committee, to determine how to vote all such shares. As a result, the stockholders committee, and currently solely Mr. Ziegler, is able to elect all of the members of our board of directors (subject to the obligation of the stockholders committee under the terms of the stockholders agreement to vote in support of certain nominees) and thereby will effectively control our management and affairs for so long as the stockholder group holds at least a majority of the combined voting power of our capital stock. Mr. Ziegler s sole right to determine how to vote all shares is expected to cease on March 12, 2014, in connection with the termination of his employment with us. After that time, shares subject to the stockholders agreement will be voted in accordance with the majority decision of the three members of the stockholders committee, each of whom will be an employee of ours. The stockholders committee may control our management and affairs even if the shares subject to the stockholders agreement represent less than a majority of the number of outstanding shares of our capital stock. The purchasers of the shares of Class A common stock included in this offering will not be invited to enter and will never be a party to the stockholders agreement.

We are an emerging growth company under the federal securities laws and, as such, are eligible for reduced public company reporting and other requirements. See Risk Factors beginning on page 20 to read about factors you should consider before buying shares of the Class A common stock.

Neither the Securities and Exchange Commission nor any other regulatory body has approved or disapproved of these securities or passed upon the accuracy or adequacy of this prospectus. Any representation to the contrary is a criminal offense.

	Per Share	Total
Public offering price	$	$
Underwriting discount(1)	$	$
Proceeds, before expenses, to Artisan Partners Asset Management Inc.	$	$

(1) We will agree to reimburse the underwriters for certain expenses in connection with this offering. In addition, we will agree to pay a fee to a broker-dealer not part of the underwriting syndicate for certain financial consulting services they have provided to us. See Underwriting .

To the extent that the underwriters sell more than shares of Class A common stock, the underwriters have the option to purchase up to an additional shares from Artisan Partners Asset Management Inc. at the public offering price less the underwriting discount.

The underwriters expect to deliver the shares of Class A common stock against payment in New York, New York on , 2014.

Citigroup **Goldman, Sachs & Co.**

Prospectus dated , 2014.

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DIVERSIFIED BUSINESS BY INVESTMENT TEAM AND DISTRIBUTION CHANNEL

WITH STRONG LONG-TERM PERFORMANCE ACROSS ALL STRATEGIES[2]

(1) Our assets under management, or AUM, presented above are as of September 30, 2013. The allocation of AUM by distribution channel involves the use of estimates and the exercise of judgment. See Performance and Assets Under Management Information Used in this Prospectus for more information.

(2) Our average annual returns presented above are gross and net of our advisory fees, for the period from composite inception to September 30, 2013. Each MSCI Index and Russell Index presented above is the index we use in assessing the returns of our composites. Historical returns are not necessarily indicative of future performance of our current or future investment strategies. For additional details on investment performance, please see pages 122 to 135 of this prospectus. See also Performance and Assets Under Management Information Used in this Prospectus . Our Global Small-Cap Growth strategy began investment operations in June 2013.

(3) At December 31st of each year, unless otherwise indicated.

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We are responsible for the information contained in this prospectus and in any free writing prospectus we may authorize to be delivered to you. We have not authorized anyone to give you any other information, and take no responsibility for any other information that others may give you. This prospectus is an offer to sell only the shares offered hereby, but only under circumstances and in jurisdictions where it is lawful to do so. The information contained in this prospectus is current only as of its date.

Except where the context requires otherwise, in this prospectus:

AIC refers to Artisan Investment Corporation, an entity controlled by Andrew A. Ziegler and Carlene M. Ziegler, who are married to each other, and through which Mr. Ziegler and Mrs. Ziegler maintain their ownership interests in Artisan Partners Holdings;

Artisan Funds refers to Artisan Partners Funds, Inc., a family of Securities and Exchange Commission registered mutual funds;

Artisan Global Funds refers to Artisan Partners Global Funds PLC, a family of Ireland-domiciled funds organized pursuant to the European Union s Undertaking for Collective Investment in Transferable Securities;

Artisan Partners Asset Management Inc. , Artisan , Artisan Partners Asset Management , the company , we , us and our refer t Partners Asset Management Inc., a Delaware corporation, and, unless the context otherwise requires, its direct and indirect subsidiaries, and, for periods prior to our initial public offering, Artisan, the company, we, us and our refer to Artisan Partners Holdings LP and, unless the context otherwise requires, its direct and indirect subsidiaries;

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Artisan Partners Holdings and Holdings refer to Artisan Partners Holdings LP, a limited partnership organized under the laws of the State of Delaware, and, unless the context otherwise requires, its direct and indirect subsidiaries;

client and clients refer to investors who access our investment management services by investing in mutual funds, including the funds of Artisan Funds or Artisan Global Funds, or by engaging us to manage a separate account in one or more of our investment strategies (such accounts include collective investment trusts, which are pools of retirement plan assets maintained by a bank or trust company, and other pooled investment vehicles for which we are investment adviser, each of which we manage on a separate account basis);

employee includes limited partners of Artisan Partners Holdings whose full-time professional efforts are devoted to providing services to us;

IPO means the initial public offering of 12,712,279 shares of Class A common stock of Artisan Partners Asset Management Inc. completed on March 12, 2013;

IPO Reorganization means the series of transactions Artisan Partners Asset Management Inc. and Artisan Partners Holdings completed on March 12, 2013, immediately prior to the IPO, in order to reorganize their capital structures in preparation for the IPO; and

November 2013 Offering means the public offering of 5,520,000 shares of Class A common stock of Artisan Partners Asset Management Inc. completed on November 6, 2013.

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Performance and Assets Under Management Information Used in this Prospectus

We manage investments primarily through mutual funds and separate accounts. We serve as investment adviser to Artisan Funds, a family of Securities and Exchange Commission, or the SEC, registered mutual funds, and as investment manager and promoter of Artisan Global Funds, a family of Ireland-domiciled funds organized pursuant to the European Union s Undertaking for Collective Investment in Transferable Securities, or UCITS. We refer to funds and other accounts that are managed by us with a broadly common investment objective and substantially in accordance with a single model account as being part of the same strategy . We measure the results both of our individual funds and of our composites , which represent the aggregate performance of all discretionary client accounts, including mutual funds, invested in the same strategy, except those accounts with respect to which we believe client-imposed socially-based restrictions may have a material impact on portfolio construction and those accounts managed in a currency other than U.S. dollars (the results of these accounts are maintained in separate composites, which are not presented in this prospectus). The performance of accounts with socially-based investment restrictions differs from the performance of accounts included in our principal composite for the applicable strategy because one or more securities may be omitted from the portfolio in order to comply with the socially-based restrictions and the weightings in the portfolio of other securities are correspondingly altered. The performance of non-U.S. dollar accounts differs from the performance of the principal composite for the applicable strategy because of the fluctuations in currency exchange rates between the currencies in which portfolio securities are traded and the currency in which the account is managed or U.S. dollars, respectively.

We have not presented the performance results of social restriction accounts or non-U.S. dollar accounts because (1) the results of those accounts and the composites consisting only of them are generally in line with the results of the relevant principal composites, (2) to the extent the performance of those accounts and the composites consisting only of them are different from the results of the relevant principal composites, the differences result from factors not reflective of the judgment of, or investment decisions made by, our investment professionals and (3) our assets under management in those accounts comprise only a small percentage of our total assets under management (those accounts represented approximately 2% and 6%, respectively, of our assets under management as of September 30, 2013). The performance results of the principal composite for each of our investment strategies are presented in pages 122 to 135 of this prospectus.

Results for any investment strategy described herein, and for different investment products within a strategy, are affected by numerous factors, including: different material market or economic conditions; different investment management fee rates, brokerage commissions and other expenses; and the reinvestment of dividends or other earnings. The returns for any strategy may be positive or negative, and past performance does not guarantee future results.

Throughout this prospectus, we present the average annual returns and annual returns of our composites on a gross and net basis, which represent average annual returns and annual returns before and after payment of the highest fee payable to us by any portfolio in the composite, respectively, and in each case are net of commissions and transaction costs. In this prospectus, we also present the average annual returns and annual returns of certain market indices or benchmarks for the comparable period. Indices that are used for these performance comparisons are broad-based market indices that we believe are appropriate comparisons of our investment performance over a full market cycle and, for some of our strategies, style-based indices that we believe may be useful in evaluating our performance over shorter periods. The indices are unmanaged and have differing volatility, credit and other characteristics. You should not assume that there is any material overlap between the securities included in the portfolios of our investment strategies during these periods and those that comprise any MSCI Index or any Russell Index referred to in this prospectus. It is not possible to invest directly in any of the indices described in this prospectus. The returns of these indices, as presented in this prospectus, have not been reduced by fees and expenses associated with investing in securities, but do include the reinvestment of dividends. In this prospectus, we refer to the date on which we began tracking the performance of an investment strategy as that strategy s inception date .

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The Russell 2000® Index, the Russell 2000® Value Index, the Russell Midcap® Index, the Russell Midcap® Value Index, the Russell 1000® Index, the Russell 1000® Value Index, the Russell Midcap® Growth Index and the Russell 2000® Growth Index are trademarks of Russell Investment Group. Russell Investment Group is the owner of all copyrights relating to these indices and is the source of the performance statistics that are referred to in this prospectus.

In this prospectus, we present Morningstar, Inc., or Morningstar, ratings for series of Artisan Funds. The Morningstar ratings refer to the ratings by Morningstar of the share class of the respective series of Artisan Funds with the earliest inception date and are based on a 5-star scale. Morningstar data contained herein (1) is proprietary to Morningstar and/or its content providers, (2) may not be copied or distributed and (3) is not warranted to be accurate, complete or timely. Neither Morningstar nor its content providers are responsible for any damages or losses arising from any use of this information. For each fund with at least a three-year history, Morningstar calculates a Morningstar Rating , which is based on a Morningstar Risk-Adjusted Return measure that accounts for variation in a fund s monthly performance, including the effects of sales charges, loads, and redemption fees, placing more emphasis on downward variations and rewarding consistent performance. The top 10% of funds in each category receive 5 stars, the next 22.5% receive 4 stars, the next 35% receive 3 stars, the next 22.5% receive 2 stars and the bottom 10% receive 1 star. The Overall Morningstar Rating™ is derived from a weighted average of the performance figures associated with the rated fund s three-, five- and 10-year Morningstar Rating metrics.

We also present Lipper rankings for series of Artisan Funds. Lipper rankings are based on total return, are historical and do not represent future results. The number of funds in a category may include multiple share classes of the same fund, which may have a material impact on a fund s ranking within a category. Lipper, a Thomson Reuters company, is the owner of all trademarks and copyrights relating to Lipper rankings.

Throughout this prospectus, we present historical information about our assets under management, including information about changes in our assets under management due to gross client cash inflows and outflows, market appreciation and depreciation and transfers between investment vehicles (i.e., Artisan Funds and separate accounts). Gross client cash inflows and outflows represent client fundings, terminations and client initiated contributions and withdrawals (which could be in cash or in securities). Market appreciation (depreciation) represents realized gains and losses, the change in unrealized gains and losses, net income and certain miscellaneous items, immaterial in the aggregate, which may include payment of Artisan s management fees or payment of custody expenses to the extent a client causes these fees to be paid from the account we manage. We also present information about our average assets under management for certain periods. We use our information management systems to track our assets under management, the components of market appreciation and depreciation, and client inflows and outflows, and we believe the information set forth in this prospectus regarding our assets under management, market appreciation and depreciation, and client inflows and outflows is accurate in all material respects. We also present in this prospectus information regarding the amount of our assets under management and client inflows and outflows sourced through particular investment vehicles and distribution channels. The allocation of assets under management and client flows sourced through particular distribution channels involves estimates because precise information on the sourcing of assets invested in Artisan Funds through intermediaries is not available on a complete or timely basis and involves the exercise of judgment because the same assets, in some cases, might fairly be said to have been sourced from more than one distribution channel. We have presented the information on our assets under management and client inflows and outflows sourced by distribution channel in the way in which we prepare and use that information in the management of our business. Data on our assets under management sourced by distribution channel and client inflows and outflows are not subject to our internal controls over financial reporting.

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Any discrepancies included in this prospectus between totals and the sums of the amounts listed are due to rounding.

None of the information in this prospectus or the registration statement constitutes either an offer or a solicitation to buy or sell any fund securities, nor is any such information a recommendation for any fund security or investment service.

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SUMMARY

This summary highlights information contained elsewhere in this prospectus. This summary does not contain all of the information that you should consider before deciding to invest in our Class A common stock. You should read this entire prospectus carefully, including the Risk Factors section, our historical consolidated financial statements and the notes thereto, and unaudited pro forma financial information, each included elsewhere in this prospectus.

Our Business

Founded in 1994, we are an investment management firm that provides a broad range of U.S., non-U.S. and global equity investment strategies. As of September 30, 2013, we managed a total of $96.9 billion in assets. We have established a track record of attractive investment performance across multiple strategies and products. Our goal in management of client portfolios is to achieve superior long-term investment performance. Through September 30, 2013, 11 of our 13 investment strategies had outperformed their respective benchmarks, on a gross basis, since inception, with inception dates ranging from April 1, 1995 for our U.S. Small-Cap Growth strategy to July 1, 2013 for our Global Small-Cap Growth strategy. Those 11 outperforming strategies comprised 98% of our assets under management as of September 30, 2013.

Since our founding, we have pursued a business model that is designed to maximize our ability to produce attractive investment results for our clients, and we believe this model has contributed to our success in doing so. We focus on attracting, retaining and developing talented investment professionals by creating an environment in which each investment team is provided ample resources and support, transparent and direct financial incentives, and a high degree of investment autonomy. We currently offer to clients 13 actively-managed equity investment strategies, managed by five distinct investment teams. Each team is led by one or more experienced portfolio managers with a track record of strong investment performance and is devoted to identifying long-term investment opportunities. We believe this autonomous structure promotes independent analysis and accountability among our investment professionals, which we believe promotes superior investment results.

Our 13 equity investment strategies span different market capitalization segments and investing styles in both U.S. and non-U.S. markets. Each strategy is designed to have a clearly articulated, consistent and replicable investment process that is well-understood by clients and managed to achieve long-term performance. Throughout our history, we have expanded our investment management capabilities in a disciplined manner that we believe is consistent with our overall philosophy of offering high value-added investment strategies in growing asset classes. We launched our new Global Small-Cap Growth strategy in June 2013, and we are currently establishing our sixth autonomous investment team, which will manage a high income strategy. We expect to launch this strategy, which will be our first fixed income strategy, in the first half of 2014.

In addition to our investment teams, we have a strong and seasoned management team that is focused on our business objectives of achieving profitable growth, expanding our investment capabilities, diversifying the source of our assets under management and delivering superior client service. Our management team supports our investment management capabilities and manages a centralized infrastructure, which allows our investment professionals to focus primarily on making investment decisions and generating returns for our clients.

We have attracted and retained a diverse base of clients across a range of distribution channels. Our assets under management have increased from $31.9 billion as of December 31, 2003 to $96.9 billion as of September 30, 2013, representing a compound annual growth rate of 12%. From September 30, 2013 to December 31, 2013, our assets under management increased by an additional $8.6 billion to $105.5 billion. While our assets under management have generally increased over time, we have also had periods in which our assets under management have decreased. See Management s Discussion and Analysis of Financial Condition and Results of Operations Financial Overview Assets Under Management and Investment Management Fees for changes in our assets under management since December 31, 2009.

We offer our investment management capabilities primarily to institutions and through intermediaries that operate with institutional-like decision-making processes and have longer-term investment horizons, by means of separate accounts and mutual funds. As of September 30, 2013, we managed 201 separate accounts representing $42.4 billion, or 44%, of our assets under management, spanning 141 client relationships. Our clients include pension and profit sharing plans, trusts, endowments, foundations, charitable organizations, government entities, private funds and non-U.S. pooled investment vehicles that are generally comparable to U.S. mutual funds, as well as mutual funds, non-U.S. funds and collective trusts we sub-advise. We serve as the investment adviser to Artisan Funds, an SEC-registered family of mutual funds, and as investment manager and promoter of Artisan Global Funds, a family of Ireland-based UCITS funds. Artisan Funds and Artisan Global Funds comprised $54.5 billion, or 56%, of our assets under management as of September 30, 2013.

We derive essentially all of our revenues from investment management fees, which primarily are based on a specified percentage of clients average assets under management. These fees are derived from investment advisory and sub-advisory agreements that are terminable by clients upon short notice or no notice. Our growth in assets under management has resulted in an increase in our revenues from $147.9 million for the year ended December 31, 2003 to $625.3 million for the 12 months ended September 30, 2013. Despite this growth, we have had periods in which revenues declined. See Selected Historical Consolidated Financial Data for our revenues and net income for the years ended December 31, 2012, 2011, 2010, 2009 and 2008 and the nine months ended September 30, 2013 and 2012.

As of September 30, 2013, we had approximately 295 employees. Our employees, including our investment professionals and senior management, to whom we have granted equity collectively owned approximately 52% of the economic interests in our company as of September 30, 2013 (and will own approximately % following the completion of this offering). Our culture of employee ownership strongly aligns our management s and clients interests in our delivery of strong investment performance and growth.

Competitive Strengths

We believe that our success as an investment manager is based on the following competitive strengths:

Talent-Focused Business Model. We believe that the success of an investment management firm depends on the talent of its professionals. As a result, we have implemented a business model that is designed to attract, develop and retain talented investment professionals by allowing them to focus on portfolio management in an environment conducive to producing their best work on a consistent, long-term basis. We have a strong philosophical belief in the autonomy of each investment team. We provide each investment team with ample resources and support, without imposing a centralized research function. At the same time, we have experienced business leadership that manages a team of dedicated client service professionals and a centralized infrastructure, and we work to reduce the demands on our investment professionals from responsibilities not directly related to managing client portfolios.

Our business leaders work closely with each Artisan investment team to develop that team into an investment franchise with multiple investment decision-makers and natural, internal succession, a solid, repeatable investment process, a strong long-term performance track record, a diversified client base, dedicated resources, and the capacity to make a significant contribution to our financial results. As a team grows into an investment franchise, the team develops the capacity to manage multiple strategies, growth opportunities for members of the team are created, and portfolio managers are encouraged by the potential evolution of their responsibilities over time to extend their careers and their contributions to our success. Developing an investment

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team into an investment franchise involves identifying, evaluating and developing investment professionals who are the right fit for our strategy and business model. Our rigorous standards are evidenced by the select number of senior investment professionals we have added over the years. Since our founding in 1994, we have had very limited turnover among our portfolio managers. Minimizing such turnover is a significant part of the responsibilities of our senior business management team.

Attractive Range of Diverse, High Value-Added Equity Investment Strategies. We currently have five distinct investment teams that manage a diverse array of 13 equity investment strategies. These U.S., non-U.S. and global equity investment strategies are diversified by market capitalization and investment style and are focused on areas that we believe provide opportunities to generate returns in excess of the relevant benchmarks. We are currently establishing our sixth autonomous investment team, which will manage a high income strategy, our first fixed income strategy. As of September 30, 2013, our largest strategy accounted for approximately 24% of our total assets under management and none of our investment teams managed more than approximately 29% of our total assets under management.

Track Record of Investment Excellence. Through September 30, 2013, 11 of our 13 investment strategies had outperformed their benchmarks, on a gross basis, since inception, with inception dates ranging from April 1, 1995 for our U.S. Small-Cap Growth strategy to July 1, 2013 for our Global Small-Cap Growth strategy. Ten of the 12 series of Artisan Funds eligible for Morningstar ratings, representing 91% of the assets of Artisan Funds and managed in strategies representing 91% of our total assets under management, had an Overall Morningstar Rating of 4 or 5 stars as of September 30, 2013. Investment performance highlights of our four largest strategies include:

- Non-U.S. Growth is our largest strategy and accounted for approximately 24% of our assets under management as of September 30, 2013. Our Non-U.S. Growth composite has outperformed its benchmark by an average of 668 basis points annually from inception in 1996 through September 30, 2013 (calculated on an average annual gross basis before payment of fees). Artisan International Fund, which is managed in our Non-U.S. Growth strategy, is ranked #12 of 91 funds over the trailing 10 years, and #1 of 29 funds from inception (December 1995) in Lipper s international large-cap growth category. See Performance and Assets Under Management Information Used in this Prospectus .

- U.S. Mid-Cap Growth accounted for approximately 16% of our assets under management as of September 30, 2013. Our U.S. Mid-Cap Growth composite has outperformed its benchmark by an average of 653 basis points annually from inception in 1997 through September 30, 2013 (calculated on an average annual gross basis before payment of fees). Artisan Mid Cap Fund is ranked #11 of 250 funds over the trailing 10 years, and #1 of 107 funds from inception (June 1997) in Lipper s multi-cap growth category. See Performance and Assets Under Management Information Used in this Prospectus .

- Non-U.S. Value accounted for approximately 16% of our assets under management as of September 30, 2013. Our Non-U.S. Value composite has outperformed its benchmark by an average of 743 basis points annually from inception in 2002 through September 30, 2013 (calculated on an average annual gross basis before payment of fees). Artisan International Value Fund, which is managed in our Non-U.S. Value strategy, is ranked #1 of 99 funds over the trailing 10 years, and #1 of 94 funds from inception (September 2002) in Lipper s international multi-cap core category. See Performance and Assets Under Management Information Used in this Prospectus .

- U.S. Mid-Cap Value accounted for approximately 15% of our assets under management as of September 30, 2013. Our U.S. Mid-Cap Value composite has outperformed its benchmark by an average of 604 basis points annually from inception in 1999 through September 30, 2013 (calculated on an average annual gross basis before payment of fees). Artisan Mid Cap Value Fund is ranked #2 of 81 funds over the trailing 10 years, and #3 of 38 funds from inception (March 2001) in Lipper s mid-cap value category. See Performance and Assets Under Management Information Used in this Prospectus .

We have been successful at generating attractive long-term investment performance on a consistent basis. Over the five-year period ended September 30, 2013, strategies representing approximately 94% of our total assets under management had outperformed their relevant benchmarks. A similar measure of trailing five-year investment performance relative to benchmarks indicates that strategies representing 96%, 95% and 99% of our total assets under management at each of December 31, 2012, 2011 and 2010, respectively, were outperforming their relevant benchmarks. While we have generally been successful at generating attractive long-term investment performance on a consistent basis, we have also had periods in each of our investment strategies in which we have underperformed those relevant benchmarks. See Business Investment Strategies and Performance for additional information regarding each strategy s performance over shorter, and during more recent, periods of time.

Disciplined Growth Balancing Investment Integrity, Investment Performance and Sustainable Demand. We launch a new strategy only when we believe it has the potential to achieve superior investment performance in an area that we believe will have sustained client demand at attractive fee rates over the long term. We strive to maintain the integrity of the investment process followed in each of our strategies by rigorous adherence to the investment parameters we have communicated to our clients. We also carefully monitor our investment capacity in each investment strategy. We believe that management of our investment capacity protects our ability to manage assets successfully, which protects the interests of our clients and, in the long term, protects our ability to retain client assets and maintain our profit margins. In order to better achieve our long-term goals, we are willing to close a strategy to new investors or otherwise take action to slow or restrict its growth, even though our short-term results may be impacted. Currently, our Non-U.S. Small-Cap Growth, Non-U.S. Value, U.S. Mid-Cap Growth, U.S. Small-Cap Value, U.S. Mid-Cap Value and U.S. Small-Cap Growth strategies are closed to most new investors and client relationships. Our Global Value strategy is closed to most new separate account relationships, although it currently remains open to new investors in Artisan Funds and Artisan Global Funds, and to additional investments by all clients. In January 2014, we announced that we will close our Global Value strategy to most new mutual fund investors on February 14, 2014. Each of the strategies that we have offered to clients during our history continues in operation today.

Institutionally Oriented Client Base. We target discrete market segments that we believe offer attractive growth opportunities, include institutions and intermediaries that operate with institutional-like decision-making processes and have longer-term investment horizons, and where we believe we have a well-recognized brand. Our original focus was on traditional institutional investors, including corporate and public pension plans, foundations and endowments. We believed these investors were often more focused on the integrity of the investment process and consistency of long-term investment performance than some other types of investors, which offered the potential for relationships of longer duration. As other market segments have evolved to have more institutional-like decision-making processes and longer-term investment horizons, we have expanded our distribution efforts into those areas, including defined contribution/401(k) administrators, broker-dealer fee-based programs and fee-based financial advisors.

Attractive Financial Model. We focus on high value-added strategies in asset classes that allow us to generate an attractive effective rate of fee and profit margin. We also have designed our expense structure to be flexible. Most of our operating expenses, including incentive compensation and mutual fund intermediary fees, vary directly with our revenues and the amount of our assets under management. We believe that our model of relatively low fixed costs and relatively high variable costs is efficient and flexible, and historically has generated attractive adjusted operating margins and strong cash flow, even during challenging market conditions. Although we have designed our expense structure to be flexible, we have substantial indebtedness outstanding, and we have fixed debt service obligations with respect to that indebtedness. The portion of our cash flow used to service those obligations could be substantial if our revenues decline. See Risk Factors Our indebtedness may expose us to material risks for additional information.

Ownership Culture That Aligns Interests. We believe that broad equity ownership of our business by our investment professionals, senior management and other employees has been instrumental in supporting the development of seasoned investment and business leaders and is critical in aligning the interests of our clients, stockholders, investment professionals, management and employees. Our employees, including our investment professionals and senior management, to whom we have granted equity collectively owned approximately 52% of the economic interests in our company as of September 30, 2013 (and will own approximately % following the completion of this offering). We intend to continue to promote broad and substantial equity ownership by our investment professionals, senior management and other employees through grants of equity interests and inclusion of equity interests as an element of compensation.

Strategy

Our strategy for continued success and future growth is guided by the following principles:

Execute Proven Business Model. The cornerstone of our strategy is to continue to promote our business model of attracting, developing and retaining talented investment professionals. We remain committed to investment team autonomy, to ensuring that our teams are able to focus on portfolio management and to fostering an environment that is attractive for our teams because they are able to do their best work on a consistent, long-term basis. We actively seek to identify new investment talent and teams both within and outside Artisan. Our business leaders work closely with each investment team to develop that team into an investment franchise. We are committed to the continuing development of our existing investment teams and we are open to the possibility of adding new investment teams, through hiring or acquisitions, when our rigorous standards have been met. In the fourth quarter of 2013, we hired an experienced fixed income portfolio manager to lead our sixth autonomous investment team, which will manage a high income investment strategy.

Deliver Profitable and Sustainable Financial Results. We focus on delivering profitable and sustainable financial results. We are committed to managing high value-added strategies that allow us to generate an attractive effective rate of fee and profit margin. We intend to maintain our flexible financial profile through our highly variable expense structure with centralized infrastructure and investment team support.

Capitalize on our Realizable Capacity in Products with Strong Client Demand. We believe that growth in assets under management in an investment strategy requires investment capacity in the strategy (which is driven by the availability of attractive investment opportunities relative to the amount of assets under management in the strategy) at a time when the strategy has a competitive performance track record and there is stable or growing client demand for the strategy or asset class. When we believe that each of these factors is present with respect to an investment strategy, we say we have realizable capacity in that strategy. We believe that we currently have realizable capacity particularly in some of our non-U.S. and global strategies, where we believe we are well-positioned to take advantage of increasing client demand.

Expand Distribution and Focus on Investment Strategies Generating Sustainable Demand. We will remain focused on institutional and institutional-like clients and intermediaries and will continue to offer high value-added investment strategies with market demand that we believe is sustainable, avoiding fad and niche products with limited long-term growth prospects. We expect to see growing interest among institutional investors in the United States in strategies focused on non-U.S. and global investments. We seek to further penetrate the defined contribution/401(k) market and the broker-dealer and the fee-based financial advisor markets with our style-oriented investment strategies. We continue to expand our distribution effort into non-U.S. markets, including the United Kingdom, other member countries of the European Union, Australia and certain Asian countries, where we believe there is growing demand from institutions and intermediaries that operate with institutional-like decision-making processes for global investment strategies, such as our Global Value, Global Equity, Global Opportunities and Global Small-Cap Growth strategies. We have seen strong results from these non-U.S. distribution efforts. As of September 30, 2013 and December 31, 2012, 11% of our total assets under management was sourced from clients located outside the United States, an increase from 9% and 6% as of December 31, 2011 and 2010, respectively. Cash flow from clients domiciled outside the United States fluctuates, and we continue to earn most of our revenue from clients located inside the United States, from which we earned more than 92%, 93%, 95% and 98% of our investment management fees for the nine months ended September 30, 2013 and the years ended December 31, 2012, 2011 and 2010, respectively.

Continue to Develop Artisan Leadership. We will continue to develop additional leaders for the company and for each investment team. We will also continue to work with each of our investment teams to develop its talent so that each team s investment capabilities are expanded and natural internal succession continues to be developed. We intend to continue to promote broad and substantial equity ownership of our company by our investment professionals and senior management.

Continue Disciplined Approach to Growth. We intend to continue to manage our business with a long-term view. We will launch a new strategy only when we believe it has the potential to achieve superior investment performance in an area that we believe will have sustained client demand at attractive fee rates over the long term. Consistent with this approach, we launched our new Global Small-Cap Growth strategy in June 2013 and we expect to launch a fixed income strategy in the first half of 2014. We intend to continue to actively manage our investment capacity to protect our ability to manage client assets successfully, which protects the interests of our clients and our own long-term interests, and we will seek to continue to diversify our client base to enhance the stability of our assets under management.

Risk Factors

An investment in our Class A common stock involves substantial risks and uncertainties. These risks and uncertainties include, among others, the following:

The loss of key members of our investment teams and senior management could have a material adverse effect on our business. Our ability to attract and retain qualified investment, management and marketing and client service professionals is critical to our success.

If our investment strategies perform poorly for any reason, including due to a declining stock market, general economic downturn or otherwise, clients could withdraw their funds and we could suffer a decline in our assets under management and/or become subject to litigation, which would reduce our earnings. Each of our investment strategies has had periods in which it has underperformed the relevant benchmarks. See Business Investment Strategies and Performance for information regarding each strategy s performance.

The historical returns of our existing investment strategies may not be indicative of their future results or of the results of investment strategies we may develop in the future.

Difficult market conditions can adversely affect our business in many ways, including by reducing the value of our assets under management and causing clients to withdraw funds, each of which could materially reduce our revenues and adversely affect our financial condition.

Several of our investment strategies invest principally in the securities of non-U.S. companies, which involve foreign currency exchange, tax, political, social and economic uncertainties and risks.

We derive a substantial portion of our revenues from a limited number of our investment strategies.

We may be unable to maintain our fee structure at current rates.

We may not be successful in establishing our first fixed income investment team and strategy (or in establishing new teams and strategies in the future).

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Our employees to whom we have granted equity (including our employee-partners) have entered into a stockholders agreement pursuant to which they have granted a stockholders committee control of approximately 52% (or approximately % following the completion of this offering) of the combined voting power of our capital stock, which may give rise to conflicts of interest.

We must pay certain of our pre-IPO owners for certain tax benefits that we claim, and such amounts are expected to be substantial.

Future sales of our Class A common stock in the public market could lower our stock price, and any future grant or sale of equity or convertible securities may dilute your ownership in us.

The foregoing is not a comprehensive list of the risks and uncertainties we face. Investors should carefully consider all of the information in this prospectus, including information under Risk Factors , prior to making an investment in our Class A common stock.

Our Structure and Reorganization

Holding Company Structure. We are a holding company and our assets principally consist of our ownership of partnership units of Artisan Partners Holdings, deferred tax assets and cash. As the sole general partner of Artisan Partners Holdings, we operate and control all of its business and affairs, subject to certain voting rights of its limited partners. We conduct all of our business activities through operating subsidiaries of Artisan Partners Holdings. Net profits and net losses are allocated based on the ownership of partnership units of Artisan Partners Holdings. Based on the ownership that will exist after giving effect to this offering and the application of the net proceeds as described under Use of Proceeds , net profits and net losses of Artisan Partners Holdings will be allocated, and distributions of profits will be made (subject to the H&F preference, as described under Description of Capital Stock Preferential Distributions to Holders of Preferred Units and Convertible Preferred Stock), approximately % to us and % in the aggregate to Artisan Partners Holdings limited partners.

The historical consolidated financial statements presented and discussed elsewhere in this prospectus are the combined and consolidated results of Artisan Partners Asset Management and Artisan Partners Holdings. Because Artisan Partners Asset Management and Artisan Partners Holdings were under common control at the time of the IPO Reorganization, Artisan Partners Asset Management s acquisition of control of Artisan Partners Holdings was accounted for as a transaction among entities under common control. Artisan Partners Asset Management has been allocated a part of Artisan Partners Holdings net income since March 12, 2013, when it became Artisan Partners Holdings general partner as part of the IPO Reorganization discussed below.

IPO Reorganization. In March 2013, we completed our IPO of 12,712,279 shares of our Class A common stock. In connection with our IPO, we and Artisan Partners Holdings completed a series of reorganization transactions, which we refer to as the IPO Reorganization, in order to reorganize our capital structures in preparation for the IPO. The IPO Reorganization was designed to create a capital structure that preserves our ability to conduct our business through Artisan Partners Holdings, while permitting us to raise additional capital and provide access to liquidity through a public company. Multiple classes of securities at the public company level were necessary to achieve those objectives and maintain a corporate governance structure consistent with that of Artisan Partners Holdings prior to the IPO Reorganization. The IPO Reorganization included, among other changes, the following:

Our appointment as the sole general partner of Artisan Partners Holdings.

The modification of our capital structure into three classes of common stock and a series of convertible preferred stock. We issued shares of our Class B common stock, Class C common stock and convertible preferred stock to pre-IPO partners of Artisan Partners Holdings. For a description of these shares, see Description of Capital Stock .

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H&F Corp merged with and into Artisan Partners Asset Management, which we refer to in this prospectus as the H&F Corp Merger. As consideration for the merger, the shareholder of H&F Corp received shares of our convertible preferred stock, contingent value rights, or CVRs, issued by Artisan Partners Asset Management and the right to receive an amount of cash equal to H&F Corp s share of the post-IPO distribution of Artisan Partners Holdings pre-IPO retained profits. In connection with an underwritten public offering by us completed in November 2013, referred to in this prospectus as the November 2013 Offering, the CVRs issued by Artisan Partners Asset Management were terminated with no amounts paid or payable thereunder. The November 2013 Offering is further described under Relationships and Related Party Transactions Transactions in connection with the November 2013 Offering .

The voting and certain other rights of each class of limited partnership units of Artisan Partners Holdings were modified. In addition, the preferred units were modified to eliminate the associated put right. In exchange for the elimination of the put right that existed prior to our IPO, Artisan Partners Holdings issued CVRs to the holders of the preferred units. In connection with the November 2013 Offering, the CVRs issued by Artisan Partners Holdings were terminated with no amounts paid or payable thereunder.

We entered into two tax receivable agreements, referred to in this prospectus as the TRAs, one with the pre-H&F Corp Merger shareholder of H&F Corp and the other with each limited partner of Artisan Partners Holdings. Pursuant to the first TRA, we will pay to the counterparty a portion of certain tax benefits we realized as a result of the H&F Corp Merger. Pursuant to the second TRA, we will pay to the counterparties a portion of certain tax benefits realized as a result of purchases or redemptions of limited partnership units of Artisan Partners Holdings, including the purchase of units with a portion of the net proceeds of this offering, and future exchanges of such units for shares of our Class A common stock or convertible preferred stock, as applicable. The tax receivable agreements are further described under Relationships and Related Party Transactions Transactions in connection with the IPO Reorganization Tax Consequences Tax Receivable Agreements .

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The diagram below depicts our organizational structure immediately after the consummation of this offering. The percentages of voting and economic rights shown in the diagram below reflect the consummation of this offering and the application of the net proceeds as described below under Use of Proceeds (assuming the underwriters do not exercise their option to purchase additional shares):

(1) AIC and each of our employees to whom we have granted equity have entered into a stockholders agreement with respect to all shares of our common stock they have acquired from us and any shares they may acquire from us in the future, pursuant to which they granted an irrevocable voting proxy to a stockholders committee, as described under Relationships and Related Party Transactions Transactions in connection with the IPO Reorganization Stockholders Agreement . AIC may withdraw its shares of common stock from the stockholders agreement when Mr. Ziegler is no longer a member of the stockholders committee, which we expect to occur on March 12, 2014, in connection with the termination of his employment with us. Upon such withdrawal, AIC will have sole voting control over its shares.

(2) Each share of Class B common stock initially entitles its holder to five votes per share. The stockholders committee holds an irrevocable proxy to vote the shares of our common stock held by the Class B common stockholders until the stockholders agreement terminates.

(3) Economic rights of the Class A common stock, the common units and the GP units are subject to the H&F preference as described under Description of Capital Stock Preferential Distributions to Holders of Preferred Units and Convertible Preferred Stock .

(4) We are obligated to vote the preferred units we hold at the direction of our convertible preferred stockholders as described under Relationships and Related Party Transactions Transactions in connection with the IPO Reorganization Amended and Restated Limited Partnership Agreement of Artisan Partners Holdings .

(5) Each class of common units generally entitles its holders to the same economic and voting rights in Artisan Partners Holdings as each other class of common units, as described under Relationships and Related Party Transactions Amended and Restated Limited Partnership Agreement of Artisan Partners Holdings Economic Rights of Partners and Relationships and Related Party Transactions Transactions in connection with the IPO Reorganization Amended and Restated Limited Partnership Agreement of Artisan Partners Holdings Voting and Class Approval Rights , respectively, except that the Class E common units have no voting rights except as required by law.

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Exchange of Partnership Units and Conversion of Convertible Preferred Stock.

Common Units. On and after March 12, 2014, subject to certain restrictions set forth in the exchange agreement (including those intended to ensure that Artisan Partners Holdings is not treated as a publicly traded partnership for U.S. federal income tax purposes), each common unit (together with a share of our Class B or Class C common stock, as applicable) held by a limited partner of Artisan Partners Holdings will be exchangeable for one share of our Class A common stock. Each time the holder of a common unit exchanges such a unit for a share of our Class A common stock, we will automatically cancel a share of our Class B common stock or Class C common stock held by such exchanging holder. Employee-partners who exchange Class B common units that are unvested will receive restricted shares of our Class A common stock that are subject to the same vesting requirements that applied to the common units exchanged. Upon the termination of the employment of an employee-partner, such employee-partner s vested Class B common units and the associated Class B common stock are automatically exchanged for Class E common units and Class C common stock, respectively, and we cancel each unvested share of the employee-partner s Class B common stock. Unvested Class B common units are forfeited by the terminated employee-partner.

Preferred Units and Convertible Preferred Stock. On and after March 12, 2014, subject to certain restrictions, each preferred unit held by a limited partner of Artisan Partners Holdings will be exchangeable for one share of our convertible preferred stock or shares of our Class A common stock at the conversion rate.

Shares of our convertible preferred stock are convertible at the election of the holder into shares of our Class A common stock at the conversion rate, which is currently one-for-one but subject to adjustment to reflect the payment of any preferential distributions made to the holders of our convertible preferred stock. See Description of Capital Stock Convertible Preferred Stock Conversion Rate . When the holders of our convertible preferred stock are no longer entitled to preferential distributions and any preferred distributions have been paid in full to such holders, all shares of convertible preferred stock will automatically convert into shares of our Class A common stock at the conversion rate plus cash in lieu of fractional shares (after aggregating all shares of our Class A common stock that would otherwise be received by such holder). Upon the conversion of a share of convertible preferred stock or the exchange of a preferred unit, Artisan Partners Holdings will issue to us a number of general partnership units, or GP units, equal to the number of shares of Class A common stock issued upon such conversion or exchange.

Issuance of GP Units. In order to make a share of Class A common stock represent the same percentage economic interest, disregarding corporate-level taxes and payments with respect to the tax receivable agreements described under Relationships and Related Party Transactions Transactions in connection with the IPO Reorganization Tax Consequences Tax Receivable Agreements , in Artisan Partners Holdings as a common unit of Artisan Partners Holdings, we will always hold a number of GP units equal to the number of shares of Class A common stock issued and outstanding. As the holders of common units or preferred units exchange their units for Class A common stock, we will receive a number of GP units of Artisan Partners Holding equal to the number of shares of our Class A common stock that they receive, and a number of common units or preferred units, and shares of our Class B or Class C common stock, as applicable, equal to the number of units so exchanged will be cancelled. We will retain any preferred units exchanged for shares of convertible preferred stock until the subsequent conversion of such shares into shares of our Class A common stock, although a number of shares of our Class C common stock equal to the number of units so exchanged will be cancelled. Upon conversion of shares of convertible preferred stock, we will exchange a number of preferred units we hold for GP units equal to the number of shares of our Class A common stock issued upon conversion. Following the consummation of this offering, we will hold an additional number of GP units equal to the number of shares of Class A common stock we issue, which will be equal to the aggregate number of limited partnership units and shares of convertible preferred stock we purchase with the net proceeds of this offering.

For additional information relating to the exchange and conversion features of these securities, see Relationships and Related Party Transactions and Description of Capital Stock .

Our Corporate Information

Our principal executive offices are located at 875 E. Wisconsin Avenue, Suite 800, Milwaukee, Wisconsin 53202. Our telephone number at this address is (414) 390-6100 and our website address is www.artisanpartners.com. Information contained on our website is not part of this prospectus. The company was incorporated in Wisconsin on March 21, 2011 and converted to a Delaware corporation on October 29, 2012.

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THE OFFERING

Class A common stock offered by us	shares of Class A common stock.
Class A common stock to be outstanding immediately after this offering and the application of the net proceeds as described below under Use of proceeds	shares of Class A common stock. If all limited partnership units of Artisan Partners Holdings (other than those held by us) were exchanged for shares of our Class A common stock or convertible preferred stock, as applicable, and all shares of our convertible preferred stock were converted at a one-to-one conversion rate for shares of our Class A common stock immediately after the consummation of this offering and the application of the net proceeds as described below under Use of proceeds , shares of Class A common stock would be outstanding immediately after this offering.
Class B common stock to be outstanding immediately after this offering and the application of the net proceeds as described below under Use of proceeds	shares of Class B common stock. Shares of our Class B common stock have voting but no economic rights (including no rights to dividends or distributions upon liquidation) and are held by our employee-partners in an amount equal to the number of Class B common units of Artisan Partners Holdings held by them. When a Class B common unit is exchanged by an employee-partner for a share of Class A common stock, a share of Class B common stock held by such exchanging party will be cancelled. See Relationships and Related Party Transactions Transactions in connection with the IPO Reorganization Exchange Agreement .
Class C common stock to be outstanding immediately after this offering and the application of the net proceeds as described below under Use of proceeds	shares of Class C common stock. Shares of our Class C common stock have voting but no economic rights (including no rights to dividends or distributions upon liquidation) and are held by AIC, our initial outside investors, private equity funds controlled by Hellman & Friedman LLC, which we refer to in this prospectus as the H&F holders, and former employee-partners in an amount equal to the number of Class D common units, Class A common units, preferred units and Class E common units, respectively, of Artisan Partners Holdings held by each of them. When a common unit or a preferred unit, as the case may be, is exchanged by its holder for a share of Class A common stock or convertible preferred stock, as applicable, a share of Class C common stock will be cancelled. See

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	Relationships and Related Party Transactions Transactions in connection with the IPO Reorganization Exchange Agreement . Following the termination of an employee-partner s employment, the former employee-partner s vested Class B common units are automatically exchanged for Class E common units, the former employee-partner s shares of Class B common stock are cancelled and we issue such former employee-partner a number of shares of Class C common stock equal to the former employee-partner s number of Class E common units.
Convertible preferred stock to be outstanding immediately after this offering and the application of the net proceeds as described below under Use of proceeds	shares of our convertible preferred stock, each share of which, at the election of the holder, is convertible for a number of shares of our Class A common stock equal to the conversion rate as described in Description of Capital Stock Preferential Distributions to Holders of Preferred Units and Convertible Preferred Stock Convertible Preferred Stock Conversion Rate . Shares of convertible preferred stock are held by one of the H&F holders, and will, from time to time in the future, be issued upon exchange of preferred units. The shares of convertible preferred stock that we purchase with a portion of the net proceeds of this offering will be cancelled.
	Each share of our convertible preferred stock entitles its holder to one vote. In the case of distributions on the preferred units of Artisan Partners Holdings, each share of convertible preferred stock entitles its holder to preferential distributions as described in Description of Capital Stock Preferential Distributions to Holders of Preferred Units and Convertible Preferred Stock .
Voting rights and stockholders agreement	Shares of Class A common stock, Class C common stock and convertible preferred stock entitle the holder to one vote per share. Shares of Class B common stock initially entitle the holder to five votes per share. AIC and each of our employees to whom we have granted equity have entered into a stockholders agreement pursuant to which they granted an irrevocable voting proxy with respect to all of the shares of our common stock they have acquired from us and any shares they may acquire from us in the future to a stockholders committee currently consisting of a designee of AIC, who is Andrew A. Ziegler (our Executive Chairman), and Eric R. Colson (our President and Chief Executive Officer). Any shares of our common stock that we have issued or may issue in the future to our employee-partners or other employees will be subject to the stockholders agreement so long as the agreement has not been terminated.

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The AIC designee has the sole right, in consultation with the other member or members of the stockholders committee as required pursuant to the stockholders agreement, to determine how to vote all shares subject to the stockholders agreement until the earliest to occur of: (i) Mr. Ziegler s death or disability, (ii) the voluntary termination of Mr. Ziegler s employment with us, including by reason of the scheduled expiration of his employment on March 12, 2014, and (iii) 180 days after the effective date of Mr. Ziegler s involuntary termination of employment with us. Mr. Ziegler s sole right to determine how to vote all shares, and AIC s right to designate a member of the stockholders committee, are expected to cease on March 12, 2014, in connection with the termination of Mr. Ziegler s employment with us. At that time, we expect the committee to consist of Mr. Colson, Charles J. Daley, Jr. (our Executive Vice President, Chief Financial Officer and Treasurer) and Gregory K. Ramirez (our Senior Vice President), and shares subject to the stockholders agreement will be voted in accordance with the majority decision of those three members. AIC may withdraw its shares of common stock from the stockholders agreement when Mr. Ziegler is no longer a member of the stockholders committee. Upon such withdrawal AIC will have sole voting control over its shares.

If and when the holders of our Class B common stock collectively hold less than 20% of the number of outstanding shares of our common stock and our convertible preferred stock, taken together, each share of Class B common stock will entitle its holder to one vote per share. See Relationships and Related Party Transactions Transactions in connection with the IPO Reorganization Stockholders Agreement for additional information about the stockholders agreement.

Use of proceeds

We estimate that net proceeds from the sale of shares of our Class A common stock by us in this offering will be approximately $ million, or approximately $ million if the underwriters exercise in full their option to purchase additional shares of Class A common stock, based on an assumed public offering price of $ per share (the last reported sale price of our Class A common stock on , 2014), in each case after deducting underwriting discounts and estimated offering expenses payable by us.

We intend to use the net proceeds from this offering to purchase common units from certain of the limited partners of Artisan Partners Holdings, including certain of our directors and executive officers or their affiliates, and preferred units and shares of our convertible preferred stock from an affiliate of one of our directors, or common units, preferred units and shares of convertible preferred stock if the underwriters exercise in full their option to purchase additional shares of our Class A common stock. We will not retain any of the net proceeds of this offering.

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	This offering is being conducted to satisfy our obligations under the resale and registration rights agreement we entered into in connection with the IPO Reorganization, as described in Relationships and Related Party Transactions Transactions in connection with this offering Resale and Registration Rights Agreement . Of the net proceeds from this offering, $ is expected to be used to purchase preferred units and shares of our convertible preferred stock from the H&F holders, $ is expected to be used to purchase common units from our directors and executive officers and $ is expected to be used to purchase common units from Class B common unit holders. See Principal Stockholders for information regarding the net proceeds of this offering that will be paid to certain of our directors and executive officers or their affiliates.
	As a result of the purchase of the common and preferred units, pursuant to the terms of the tax receivable agreement we have entered into with the holders of such units, we expect to incur payment obligations to such selling holders of approximately $ million in the aggregate (assuming no changes in the relevant tax law and that we earn sufficient taxable income to realize the full tax benefits generated by the purchase) over the 15-year period from the date of this offering based on an assumed public offering price of $ per share of our Class A common stock (the last reported sale price of our Class A common stock on , 2014). These payment obligations will be in addition to amounts we are already obligated to pay pursuant to the tax receivable agreements and other amounts we expect to be payable pursuant to such agreements in the future. Our purchase of shares of convertible preferred stock will not create any payment obligations under the tax receivable agreements. See Relationships and Related Party Transactions Transactions in connection with the IPO Reorganization Tax Consequences Tax Receivable Agreements .
Dividend policy	We paid a cash dividend of $0.43 per share of our Class A common stock on November 26, 2013 to our Class A common stockholders of record as of November 11, 2013. Our dividend policy targets the distribution of the majority of annual adjusted earnings through a quarterly dividend and, subject to firm profitability and business conditions, a special annual dividend. We intend to continue to pay dividends to the holders of our Class A common stock as described under Dividends and Dividend Policy .
	The declaration and payment of all future dividends, if any, will be at the sole discretion of our board of directors and may be discontinued at any time. In determining the amount of any future dividends, our board of directors will take into account any legal or contractual limitations, our actual and anticipated future earnings, cash flow, debt service and capital requirements and the amount of distributions to us from Artisan Partners Holdings.
	The terms of our convertible preferred stock prevent us from declaring or paying any dividend on our Class A common stock until we have paid to the convertible preferred stockholders an amount per

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	share equal to the proceeds per preferred unit of any distributions we receive on the preferred units held by us plus the cumulative amount of any prior distributions made on the preferred units held by us which have not been paid to the convertible preferred stockholders, net of taxes, if any, payable by us on (without duplication) (i) allocations of taxable income related to such distributions and (ii) the distributions themselves, in each case in respect of the preferred units held by us. We intend to pay dividends on our convertible preferred stock promptly upon receipt of any distributions made on the preferred units of Artisan Partners Holdings that we hold in amounts sufficient to permit the declaration and payment of dividends on our Class A common stock.
	As a holding company, our assets principally consist of our ownership of partnership units of Artisan Partners Holdings, deferred tax assets and cash. Accordingly, our ability to pay dividends depends on distributions from Artisan Partners Holdings. We intend to cause Artisan Partners Holdings to make distributions to us with available cash generated from its subsidiaries operations in an amount sufficient to cover dividends we may declare. If Artisan Partners Holdings makes such distributions, the holders of its limited partnership units will be entitled to receive equivalent distributions on a pro rata basis.
New York Stock Exchange symbol	APAM
Risk Factors	The Risk Factors section included in this prospectus contains a discussion of factors that you should carefully consider before deciding to invest in shares of our Class A common stock.

The number of shares of our Class A common stock to be outstanding immediately after the consummation of this offering and the application of the net proceeds as described below under Use of Proceeds excludes 13,359,391 shares of Class A common stock reserved and available for issuance under our 2013 Omnibus Incentive Compensation Plan and 2013 Non-Employee Director Plan.

Unless otherwise indicated, all information in this prospectus assumes no exercise of the underwriters option to purchase additional shares.

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SUMMARY SELECTED HISTORICAL AND PRO FORMA CONSOLIDATED FINANCIAL DATA

The following tables set forth summary selected historical consolidated financial data of Artisan Partners Asset Management as of the dates and for the periods indicated. The summary selected consolidated statements of operations data for the years ended December 31, 2012, 2011 and 2010 and the consolidated statements of financial condition data as of December 31, 2012 and 2011 have been derived from our audited consolidated financial statements included elsewhere in this prospectus. The selected consolidated statements of operations data for the nine months ended September 30, 2013 and 2012 and the consolidated statement of financial condition as of September 30, 2013 have been derived from our unaudited consolidated financial statements included elsewhere in this prospectus. The historical consolidated financial statements are the combined results of Artisan Partners Asset Management and Artisan Partners Holdings. Because Artisan Partners Asset Management and Artisan Partners Holdings were under common control at the time of the IPO Reorganization, Artisan Partners Asset Management s acquisition of control of Artisan Partners Holdings was accounted for as a transaction among entities under common control. Artisan Partners Asset Management has been allocated a part of Artisan Partners Holdings net income since March 12, 2013, when it became Artisan Partners Holdings general partner. Our unaudited consolidated financial statements have been prepared on substantially the same basis as our audited consolidated financial statements and include all adjustments that we consider necessary for a fair statement of our consolidated results of operations and financial condition for the periods and as of the dates presented therein. Our results for the nine months ended September 30, 2013 are not necessarily indicative of our results for a full fiscal year.

The selected unaudited pro forma consolidated financial data give effect to the transactions described under Unaudited Pro Forma Consolidated Financial Information .

You should read the following selected historical consolidated financial data and the unaudited pro forma financial information together with Unaudited Pro Forma Consolidated Financial Information , Management s Discussion and Analysis of Financial Condition and Results of Operations and the historical consolidated financial statements and the related notes included elsewhere in this prospectus.

	Nine Months Ended September 30, (unaudited)		Year Ended December 31,			Unaudited Pro Forma Nine Months Ended September 30,	Unaudited Pro Forma Year Ended December 31,
	2013	2012	2012	2011	2010	2013	2012
	(dollars in millions except per share amounts)						
Statements of Operations Data:							
Revenues							
Management fees							
Mutual funds	$ 330.5	$ 245.7	$ 336.2	$ 305.2	$ 261.6	$	$
Separate accounts	157.7	122.5	167.8	145.8	117.8		
Performance fees		0.3	1.6	4.1	2.9		
Total revenues	488.2	368.5	505.6	455.1	382.3		
Operating Expenses							
Salaries, incentive compensation and benefits	221.4	165.7	227.3	198.6	166.6		
Pre-offering related compensation share-based awards	380.5	85.9	101.7	(21.1)	79.1		
Pre-offering related compensation other	143.0	53.9	54.1	55.7	17.6		
Total compensation and benefits	744.9	305.5	383.1	233.2	263.3		
Distribution and marketing	27.1	21.4	29.0	26.2	23.0		
Occupancy	7.8	6.8	9.3	9.0	8.1		
Communication and technology	10.3	9.9	13.2	10.6	9.9		
General and administrative	17.7	17.2	23.9	21.8	12.8		
Total operating expenses	807.8	360.8	458.5	300.8	317.1		
Operating income (loss)	(319.6)	7.7	47.1	154.3	65.2		

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	Nine Months Ended September 30, (unaudited)		Year Ended December 31,			Unaudited Pro Forma	
						Nine Months Ended September 30,	Year Ended December 31,
	2013	2012	2012	2011	2010	2013	2012
	(dollars in millions except per share amounts)						
Non-operating income (loss)							
Interest expense	(9.0)	(8.1)	(11.4)	(18.4)	(23.0)		
Net gain on the valuation of contingent value rights	40.3						
Net gain (loss) of Launch Equity	9.1	8.5	8.8	(3.1)			
Loss on debt extinguishment		(0.8)	(0.8)				
Other income (loss)		(0.9)	(0.1)	(1.6)	1.6		
Total non-operating income (loss)	40.4	(1.3)	(3.5)	(23.1)	(21.4)		
Income (loss) before income taxes	(279.2)	6.4	43.6	131.2	43.8		
Provision for income taxes	17.1	0.8	1.0	1.2	1.3		
Net income (loss) before noncontrolling interests	(296.3)	5.6	42.6	130.0	42.5		
Less: Net income (loss) attributable to noncontrolling interests Artisan Partners Holdings LP	(320.1)	(2.9)	33.8	133.1	42.5		
Less: Net income (loss) attributable to controlling interests Launch Equity	9.1	8.5	8.8	(3.1)			
Net income attributable to Artisan Partners Asset Management Inc.	$ 14.7	$	$	$	$	$	$
Per Share Data:							
Earnings per basic common share	$ 0.97	$	$	$	$	$	$
Earnings per diluted common share	$ 0.90	$	$	$	$	$	$
Weighted average basic common shares outstanding	12,728,949						
Weighted average diluted common shares outstanding	15,294,412						

	As of September 30, 2013 (unaudited)	As of December 31, 2012	As of December 31, 2011	Unaudited Pro Forma As of September 30, 2013
	(dollars in millions)			
Statement of Financial Condition Data:				
Cash and cash equivalents	$ 275.9	$ 141.2	$ 127.0	$
Total assets	541.8	287.6	224.9	
Borrowings[1]	200.0	290.0	324.8	
Total liabilities	445.9	603.1	508.8	
Temporary equity redeemable preferred units[2]		357.2	357.2	
Total equity (deficit)	$ 95.9	$ (672.7)	$ (641.1)	$

(1)

In August 2012, we issued $200 million in unsecured notes and entered into a $100 million five-year revolving credit agreement. We used the proceeds of the notes and $90 million drawn from the revolving credit facility to prepay all of the then-outstanding principal amount of our $400 million term loan. We used a portion of the net proceeds of our IPO to repay all of the $90 million drawn from the revolving credit facility. See Management s Discussion and Analysis of Financial Condition and Results of Operations Liquidity and Capital Resources .

(2) Under the terms of Artisan Partners Holdings limited partnership agreement in effect prior to the IPO Reorganization, the holders of the preferred units had a right to put such units to the partnership on July 3, 2016 under certain circumstances.

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The following table sets forth certain of our selected operating data as of the dates and for the periods indicated:

	As of and for the Nine Months Ended September 30,		As of and for the Year Ended December 31,				
	2013	2012	2012	2011	2010	2009	2008
	(dollars in millions)						
Selected Unaudited Operating Data:							
Assets under management[(1)]	$ 96,931	$ 69,835	$ 74,334	$ 57,104	$ 57,459	$ 46,788	$ 30,577
Net client cash flows[(2)]	5,697	4,270	5,813	1,960	3,410	2,556	(1,783)
Market appreciation (depreciation)[(3)]	$ 16,900	$ 8,461	$ 11,417	$ (2,315)	$ 7,261	$ 13,655	$ (23,108)

(1) Reflects the dollar value of assets we managed for our clients in our strategies as of the last day of the period.

(2) Reflects the dollar value of assets our clients placed with us for management, and withdrew from our management, during the period, excluding appreciation (depreciation) due to market performance and fluctuations in exchange rates.

(3) Represents the appreciation (depreciation) of the value of our assets under management during the period due to market performance and fluctuations in exchange rates, as well as income, such as dividends, earned on assets under management.

Our management uses non-GAAP measures (also referred to as adjusted measures, which are not prepared in accordance with U.S. generally accepted accounting principles, or GAAP) of net income and operating income to evaluate the profitability and efficiency of the underlying operations of our business and as a factor when considering net income available for distributions and dividends. Management believes these non-GAAP measures provide more meaningful information to analyze our profitability and efficiency between periods and over time. Non-GAAP measures should be considered in addition to, and not as a substitute for, financial measures prepared in accordance with GAAP.

The following table shows certain of our adjusted measures for the periods presented. For a further discussion of our adjusted measures as well as a reconciliation of each of our adjusted measures to their comparable GAAP measures, see Management s Discussion and Analysis of Financial Condition and Results of Operations Supplemental Non-GAAP Financial Information .

	For the Nine Months Ended September 30,		For the Year Ended December 31,		
	2013	2012	2012	2011	2010
	(unaudited; in millions, except per share data)				
Net income attributable to Artisan Partners Asset Management Inc. (GAAP)	$ 14.7	$	$	$	$
Adjusted net income (Non-GAAP)	125.3	88.4	$ 122.4	$ 108.4	$ 90.2
Operating income (loss) (GAAP)	(319.6)	7.7	$ 47.1	$ 154.3	$ 65.2
Operating margin (GAAP)	(65.5)%	2.1%	9.3%	33.9%	17.1%
Adjusted operating income (Non-GAAP)	$ 204.2	$ 147.5	$ 202.9	$ 188.9	$ 161.9
Adjusted operating margin (Non-GAAP)	41.8%	40.0%	40.1%	41.5%	42.3%

(1) We compute our adjusted operating margin by adding to operating income (thereby effectively excluding) offering-related proxy expense and pre-IPO related compensation, and then dividing that sum by total revenues for the applicable period.

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RISK FACTORS

You should carefully consider each of the risks below, together with all of the other information contained in this prospectus, before deciding to invest in shares of our Class A common stock. If any of the following risks develops into an actual event, our business, financial condition or results of operations could be negatively affected, the market price of your shares could decline and you could lose all or part of your investment.

Risks Related to our Business

The loss of key investment professionals or members of our senior management team could have a material adverse effect on our business.

We depend on the skills and expertise of our portfolio managers and other investment professionals and our success depends on our ability to retain the key members of our investment teams, who possess substantial experience in investing and have been primarily responsible for the historically strong investment performance we have achieved. Each of our four largest investment strategies represented approximately 15% or more, and in the aggregate those four strategies represented 71%, of our assets under management as of September 30, 2013. Each of those four strategies has been managed by one or more of its current portfolio managers since the strategy s inception at Artisan (with the exception of the U.S. Mid-Cap Value strategy, which has been managed by James C. Kieffer and Scott C. Satterwhite since 2001, along with George O. Sertl, Jr. since 2006 and Daniel L. Kane since September 2013). Mark L. Yockey is the sole portfolio manager for our largest strategy, the Non-U.S. Growth strategy, which represented $23.0 billion, or 24%, of our assets under management as of September 30, 2013. Charles-Henri Hamker and Andrew J. Euretig are associate portfolio managers of the Non-U.S. Growth strategy. Andrew C. Stephens, James D. Hamel, Matthew A. Kamm and Craigh A. Cepukenas are portfolio co-managers and Jason L. White is associate portfolio manager of our second largest strategy, the U.S. Mid-Cap Growth strategy, which represented $15.9 billion, or 16%, of our assets under management as of September 30, 2013. Our Non-U.S. Value strategy, which is our third largest strategy and represented $15.6 billion, or 16%, of our assets under management as of September 30, 2013, is managed by co-managers N. David Samra (lead manager) and Daniel J. O Keefe. The U.S. Mid-Cap Value strategy, of which Messrs. Kieffer, Satterwhite, Sertl and Kane are co-managers, is our fourth largest strategy and represented $14.4 billion, or 15% of our assets under management as of September 30, 2013. On September 30, 2013, Mr. Satterwhite provided his three-year advance retirement notice. He plans to continue as portfolio manager on the U.S. Value team, including with respect to the U.S. Mid-Cap Value strategy, through September 2016.

Because of the long tenure and stability of our portfolio managers, our clients generally attribute the investment performance we have achieved to these individuals. While we have experienced very few departures among our portfolio managers, there can be no assurance that this stability will continue in the future. The departure of a strategy s portfolio manager, especially for strategies with only one portfolio manager, could cause clients to withdraw funds from the strategy which would reduce our assets under management, investment management fees and, if we were not able to reduce our expenses sufficiently, our net income, and these reductions could be material if our assets under management in that strategy and the related revenues were material. The departure of a strategy s portfolio manager also could cause consultants and intermediaries to stop recommending a strategy, and clients to refrain from allocating additional funds to the strategy or delay such additional funds until a sufficient track record under a new portfolio manager or managers has been established.

We also depend on the contributions of our senior management team led by Eric R. Colson. In addition, our senior marketing and client service personnel have direct contact with our institutional clients and consultants and other key individuals within each of our distribution channels. The loss of any of these key professionals could limit our ability to successfully execute our business strategy and may prevent us from sustaining the historically strong investment performance we have achieved or adversely affect our ability to retain existing and attract new client assets and related revenues. The employment of Andrew A. Ziegler, our Executive Chairman, is expected to terminate on March 12, 2014, in accordance with the terms of his employment agreement.

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However, Mr. Ziegler is expected to continue to provide strategic leadership and advice as a director of the company and Chairman of the Board.

Any of our investment or management professionals may resign at any time, join our competitors or form a competing company. Although several of our portfolio managers and Mr. Ziegler are subject to a non-compete obligation that extends for two years after their departure from Artisan, these non-competition provisions may not be enforceable or may not be enforceable to their full extent. In addition, we may agree to waive non-competition provisions or other restrictive covenants applicable to former investment or management professionals in light of the circumstances surrounding their relationship with us. We do not carry key man insurance that would provide us with proceeds in the event of the death or disability of any of the key members of our investment or management teams.

Competition for qualified investment, management and marketing and client service professionals is intense and we may fail to successfully attract and retain qualified personnel in the future. Our ability to attract and retain these personnel will depend heavily on the amount and structure of compensation and opportunities for equity ownership we offer. Prior to our IPO, we historically offered key employees equity ownership through interests in Artisan Partners Holdings. In connection with our transition to a public company, we have begun the implementation of a new compensation structure that uses a combination of cash and equity-based incentives as appropriate. Although we intend for overall compensation levels to remain commensurate with amounts paid to our key employees in the past, we may not be successful in designing and implementing an attractive compensation model. Any cost-reduction initiative or adjustments or reductions to compensation could negatively impact our ability to retain key personnel. In addition, changes to our management structure, corporate culture and corporate governance arrangements could negatively impact our ability to retain key personnel.

If we are unable to maintain our investment culture or compensation levels for investment professionals, we may be unable to attract, develop and retain talented investment professionals, which could negatively impact the performance of our investment strategies, our financial results and our ability to grow.

Attracting, developing and retaining talented investment professionals is an essential component of our business strategy. To do so, it is critical that we continue to foster an environment and provide compensation that is attractive for our existing investment professionals and for prospective investment professionals. If we are unsuccessful in maintaining such an environment (for instance, because of changes in management structure, corporate culture or corporate governance arrangements) or compensation levels for any reason, our existing investment professionals may leave our firm or fail to produce their best work on a consistent, long-term basis and/or we may be unsuccessful in attracting talented new investment professionals, any of which could negatively impact the performance of our investment strategies, our financial results and our ability to grow.

If our investment strategies perform poorly, clients could withdraw their funds and we could suffer a decline in our assets under management and/or become subject to litigation, which would reduce our earnings.

The performance of our investment strategies is critical in retaining existing client assets as well as attracting new client assets. If our investment strategies perform poorly for any reason, our earnings could decline because:

- our existing clients may withdraw funds from our investment strategies or terminate their relationships with us, which would cause the revenues that we generate from investment management fees to decline;

- the Morningstar and Lipper ratings and rankings of mutual funds we manage may decline, which may adversely affect the ability of those funds to attract new or retain existing assets; or

- third-party financial intermediaries, advisors or consultants may rate our investment products poorly, which may lead our existing clients to withdraw funds from our investment strategies or reduce asset inflows from these third parties or their clients.

Our investment strategies can perform poorly for a number of reasons, including general market conditions, investor sentiment about market and economic conditions, investment styles, investment decisions that we make and the performance of the companies in which our investment strategies invest. In addition, while we seek to deliver long-term value to our clients, volatility may lead to under-performance in the near term, which could adversely affect our results of operations. The global economic environment deteriorated sharply in 2008, particularly in the third and fourth quarters, and in the first quarter of 2009, with virtually every class of financial asset and geographic market experiencing significant price declines and volatility as a result of the global financial crisis. In the period from June 30, 2008 through March 31, 2009, our assets under management decreased by approximately 43%, primarily as a result of general market conditions.

In contrast, when our strategies experience strong results relative to the market, clients allocations to our strategies typically increase relative to their other investments and we sometimes experience withdrawals as our clients rebalance their investments to fit their asset allocation preferences despite our strong results.

While clients do not have legal recourse against us solely on the basis of poor investment results, if our investment strategies perform poorly, we are more likely to become subject to litigation brought by dissatisfied clients. In addition, to the extent clients are successful in claiming that their losses resulted from fraud, negligence, willful misconduct, breach of contract or other similar misconduct, these clients may have remedies against us, the mutual funds and other funds we advise and/or our investment professionals under the federal securities laws and/or state law.

The historical returns of our existing investment strategies may not be indicative of their future results or of the investment strategies we may develop in the future.

We have presented the historical returns of our existing investment strategies under Business Investment Strategies and Performance . The historical returns of our strategies and the ratings and rankings we or the mutual funds that we advise have received in the past should not be considered indicative of the future results of these strategies or of any other strategies that we may develop in the future. The investment performance we achieve for our clients varies over time and the variance can be wide. The ratings and rankings we or the mutual funds we advise have received are typically revised monthly. Unless otherwise indicated, the historical performance and ratings and rankings presented herein are as of September 30, 2013 and for periods then ended. The performance we have achieved and the ratings and rankings received at subsequent dates and for subsequent periods may be higher or lower and the difference could be material. Our strategies returns have benefited during some periods from investment opportunities and positive economic and market conditions. In other periods, general economic and market conditions have negatively affected investment opportunities and our strategies returns. These negative conditions may occur again, and in the future we may not be able to identify and invest in profitable investment opportunities within our current or future strategies.

Difficult market conditions can adversely affect our business in many ways, including by reducing the value of our assets under management and causing clients to withdraw funds, each of which could materially reduce our revenues and adversely affect our financial condition.

The fees we earn under our investment management agreements are typically based on the market value of our assets under management, and to a much lesser extent based directly on investment performance. Investors in the mutual funds we advise can redeem their investments in those funds at any time without prior notice and our clients may reduce the aggregate amount of assets under management with us with minimal or no notice for any reason, including financial market conditions and the absolute or relative investment performance we achieve for our clients. In addition, the prices of the securities held in the portfolios we manage may decline due to any number of factors beyond our control, including, among others, a declining stock market, general economic downturn, political uncertainty or acts of terrorism. In connection with the severe market dislocations of 2008 and 2009, for example, the value of our assets under management declined substantially due primarily to the sizeable decline in stock prices worldwide. In future periods of difficult market conditions we may experience accelerated client redemptions or withdrawals if clients move assets to investments they perceive as offering greater opportunity or lower risk or our strategies underperform relative to benchmarks, which could further

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reduce our assets under management in addition to market depreciation. If any of these factors cause a decline in our assets under management, it would result in lower investment management fees. If our revenues decline without a commensurate reduction in our expenses, our net income will be reduced.

The significant growth we have experienced over the past decade has been and may continue to be difficult to sustain.

Our assets under management increased from $31.9 billion as of December 31, 2003 to $105.5 billion as of December 31, 2013. The absolute measure of our assets under management represents a significant rate of growth that has been and may continue to be difficult to sustain. The continued growth of our business will depend on, among other things, our ability to retain key investment professionals, to devote sufficient resources to maintaining existing investment strategies and to selectively develop new, value-added investment strategies. Our business growth will also depend on our success in achieving superior investment performance from our investment strategies, as well as our ability to maintain and extend our distribution capabilities, to deal with changing market conditions, to maintain adequate financial and business controls and to comply with new legal and regulatory requirements arising in response to both the increased sophistication of the investment management industry and the significant market and economic events of the last few years.

In addition, we expect there to be significant demand on our infrastructure and investment teams and we may not be able to manage our growing business effectively or be able to sustain the level of growth we have achieved historically, and any failure to do so could adversely affect our ability to generate revenue and control our expenses. In particular, our efforts to establish our first fixed income strategy could strain our resources and slow the growth of our other strategies.

Our efforts to establish our first fixed income investment team and strategy (as well as efforts to establish other new teams and strategies in the future) may be unsuccessful and will likely negatively impact our results of operations and could negatively impact our reputation.

We seek to add new investment teams that invest in a way that is consistent with our philosophy of offering high value-added investment strategies and would allow us to grow strategically. Consistent with that strategy, in the fourth quarter of 2013 we hired an experienced portfolio manager to establish our sixth autonomous investment team, which will manage a high income strategy we expect to launch in the first half of 2014. The costs associated with establishing a new team and strategy initially exceed the revenues they generate, which will likely negatively impact our results of operations. In addition, we have not previously operated a fixed income strategy, and the new strategy may invest in securities (such as high yield corporate bonds) and other instruments (such as secured and unsecured loans, revolving credit facilities, loan participations and derivatives, including credit default swaps) with which we have no or limited experience. Our lack of experience could strain our resources. In addition, the historical returns of our existing investment strategies may not be indicative of the investment performance of any such new strategy. The poor performance of the new high income strategy or any other new strategy could negatively impact our reputation and the reputation of our other investment strategies. Future new teams or strategies could present similar risks.

We may support the development of the new fixed income strategy (or other new strategies in the future) by making one or more seed investments using capital that would otherwise be available for our general corporate purposes. Making such a seed investment would expose us to capital losses.

Failure to properly address conflicts of interest could harm our reputation or cause clients to withdraw funds, each of which could adversely affect our business and results of operations.

The SEC and other regulators have increased their scrutiny of potential conflicts of interest, and we have implemented procedures and controls that we believe are reasonably designed to address these issues. However, appropriately dealing with conflicts of interest is complex and if we fail, or appear to fail, to deal appropriately

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with conflicts of interest, we could face reputational damage, litigation or regulatory proceedings or penalties, any of which may adversely affect our results of operations.

In addition, as we expand the scope of our business and our client base, we must continue to monitor and address any conflicts between the interests of our stockholders and those of our clients. Our clients may withdraw funds if they perceive conflicts of interest between the investment decisions we make for strategies in which they have invested and our obligations to our stockholders. For example, we may limit the growth of assets in or close strategies or otherwise take action to slow the flow of assets when we believe it is in the best interest of our clients even though our aggregate assets under management and investment management fees may be negatively impacted in the short term. Similarly, we may establish or add new investment teams or expand operations into other geographic areas or jurisdictions if we believe such actions are in the best interest of our clients, even though our revenues may be adversely affected in the short term. Although we believe such actions enable us to retain client assets and maintain our fee schedules and profit margins, which benefits both our clients and stockholders, if clients perceive a change in our investment or operations decisions in favor of a strategy to maximize short term results, they may withdraw funds, which could adversely affect our investment management fees.

Several of our investment strategies invest principally in the securities of non-U.S. companies, which involve foreign currency exchange, tax, political, social and economic uncertainties and risks.

As of September 30, 2013, approximately 44% of our assets under management across our investment strategies was invested in strategies that primarily invest in securities of non-U.S. companies. In addition, some of our other strategies also invest on a more limited basis in securities of non-U.S. companies. Fluctuations in foreign currency exchange rates could negatively affect the returns of our clients who are invested in these strategies. In addition, an increase in the value of the U.S. dollar relative to non-U.S. currencies is likely to result in a decrease in the U.S. dollar value of our assets under management, which, in turn, could result in lower revenue since we report our financial results in U.S. dollars.

Investments in non-U.S. issuers may also be affected by tax positions taken in countries or regions in which we are invested as well as political, social and economic uncertainty, including, for example, as a result of the broad decline in global economic conditions beginning in 2007-2008 and slow recovery thereafter. Economic conditions in certain European Union member states have adversely affected investor sentiment, particularly with respect to international investments. Although none of our investment strategies invest in sovereign debt, our investment strategies that invest in securities of non-U.S. companies include investments that are exposed to the risks of European Union member states. The poor performance of those investments would negatively affect the performance of those strategies. Declining tax revenues may cause governments to assert their ability to tax the local gains and/or income of foreign investors (including our clients), which could adversely affect clients interests in investing outside their home markets. Many financial markets are not as developed, or as efficient, as the U.S. financial markets, and, as a result, those markets may have limited liquidity and higher price volatility, and may lack established regulations. Liquidity may also be adversely affected by political or economic events, government policies, and social or civil unrest within a particular country, and our ability to dispose of an investment may also be adversely affected if we increase the size of our investments in smaller non-U.S. issuers. Non-U.S. legal and regulatory environments, including financial accounting standards and practices, may also be different, and there may be less publicly available information about such companies. These risks could adversely affect the performance of our strategies that are invested in securities of non-U.S. issuers and may be particularly acute in the emerging or less developed markets in which we invest. In addition to our Emerging Markets strategy, a number of our other investment strategies are permitted to invest in emerging or less developed markets in amounts generally ranging from 20% to 25% of the strategy s assets under management.

We derive a substantial portion of our revenues from a limited number of our strategies.

As of September 30, 2013, $23.0 billion of our assets under management was concentrated in our Non-U.S. Growth strategy, representing approximately 24% of our investment management fees for the nine months ended

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September 30, 2013. Our next four largest strategies, U.S. Mid-Cap Growth, Non-U.S. Value, U.S. Mid-Cap Value and Global Value, represented an additional $15.9 billion, $15.6 billion, $14.4 billion and $12.3 billion of our assets under management, respectively, as of September 30, 2013, representing approximately 16%, 17%, 17% and 8% of our investment management fees, respectively, for the nine months ended September 30, 2013. Two of those strategies, Non-U.S. Value and Global Value, are managed by the same investment team. As a result, a substantial portion of our operating results depends upon the performance of those strategies, and our ability to retain client assets in those strategies. Currently, our U.S. Mid-Cap Value, Non-U.S. Value, U.S. Small-Cap Value, U.S. Mid-Cap Growth, Non-U.S. Small-Cap Growth and U.S. Small-Cap Growth strategies are closed to most new investors and client relationships. Our Global Value strategy is closed to most new separate account relationships, although it currently remains open to new investors in Artisan Funds and Artisan Global Funds, and to additional investments by all clients. In January 2014, we announced that we will close our Global Value strategy to most new mutual fund investors on February 14, 2014. Our smaller strategies, such as our Global Small-Cap Growth and Global Equity strategies, due to their size, may not be able to generate sufficient fees to cover their expenses. If a significant portion of the investors in our larger strategies decided to withdraw their investments or terminate their investment management agreements for any reason, including poor investment performance or adverse market conditions, our revenues from those strategies would decline, which would have a material adverse effect on our earnings and financial condition.

We may not be able to maintain our current fee structure as a result of poor investment performance, competitive pressures or as a result of changes in our business mix, which could have a material adverse effect on our profit margins and results of operations.

We may not be able to maintain our current fee structure for any number of reasons, including as a result of poor investment performance, competitive pressures, changes in global markets and asset classes, or as a result of changes in our business mix. Although our investment management fees vary by client and investment strategy, we historically have been successful in maintaining an attractive overall rate of fee and profit margin due to the strength of our investment performance and our focus on high value-added investment strategies. In recent years, however, there has been a general trend toward lower fees in the investment management industry, and some of our investment strategies that tend to invest in larger-capitalization companies and were designed to have larger capacity and to appeal to larger clients, have lower fee schedules. In order to maintain our fee structure in a competitive environment, we must retain the ability to decline additional assets to manage from potential clients who demand lower fees even though our revenues may be adversely affected in the short term. In addition, we must be able to continue to provide clients with investment returns and service that our clients believe justify our fees. If our investment strategies perform poorly, we may be forced to lower our fees in order to retain current, and attract additional, assets to manage. We may not succeed in providing the investment returns and service that will allow us to maintain our current fee structure. Downward pressure on fees may also result from the growth and evolution of the universe of potential investments in a market or asset class. For example, prevailing fee rates for managing portfolios of emerging markets securities have declined as those markets and the universe of potential investments in emerging markets companies have grown. In the first quarter of 2013, we reduced the rates of our standard fee schedule for managing assets in our Emerging Markets strategy. Changes in how clients choose to access asset management services may also exert downward pressure on fees. Some investment consultants, for example, are implementing programs in which the consultant provides a range of services, including selection, in a fiduciary capacity, of asset managers to serve as sub-adviser at lower fee rates than the manager s otherwise applicable rates, with the expectation of a larger amount of assets under management through that consultant. The expansion of those and similar programs could, over time, make it more difficult for us to maintain our fee rates. Over time, a larger part of our assets under management could be invested in our larger capacity, lower fee strategies, which could adversely affect our profitability. In addition, plan sponsors of 401(k) and other defined contribution assets that we manage may choose to invest plan assets in vehicles with lower cost structures than mutual funds and may choose to access our services through a separate account, including a collective investment trust (if available). We provide a lesser array of services to separate accounts than we provide to Artisan Funds and we receive fees at lower rates.

The investment management agreements pursuant to which we advise mutual funds are terminable on short notice and, after an initial term, are subject to an annual process of review and renewal by the funds boards. As part of that annual review process, the fund board considers, among other things, the level of compensation that the fund has been paying us for our services, and that process may result in the renegotiation of our fee structure or increase the cost of our performance of our obligations. Any fee reductions on existing or future new business could have an adverse effect on our profit margins and results of operations. For more information about our fees see Management s Discussion and Analysis of Financial Condition and Results of Operations Financial Overview Assets Under Management and Investment Management Fees .

We derive substantially all of our revenues from contracts and relationships that may be terminated upon short or no notice.

We derive substantially all of our revenues from investment advisory and sub-advisory agreements, all of which are terminable by clients upon short notice or no notice. Our investment management agreements with mutual funds, as required by law, are generally terminable by the funds boards or a vote of a majority of the funds outstanding voting securities on not more than 60 days written notice. After an initial term, each fund s investment management agreement must be approved and renewed annually by that fund s board, including by its independent members. In addition, all of our separate account clients and some of the mutual funds that we sub-advise have the ability to re-allocate all or any portion of the assets that we manage away from us at any time with little or no notice. These investment management agreements and client relationships may be terminated or not renewed for any number of reasons. The decrease in revenues that could result from the termination of a material client relationship or group of client relationships could have a material adverse effect on our business.

Investors in the funds that we advise can redeem their investments in those funds at any time without prior notice, which could adversely affect our earnings.

Investors in the mutual funds and some other pooled investment vehicles that we advise or sub-advise may redeem their investments in those funds at any time without prior notice and investors in other types of pooled vehicles we sub-advise may typically redeem their investments on fairly limited or no prior notice, thereby reducing our assets under management. These investors may redeem for any number of reasons, including general financial market conditions, the absolute or relative investment performance we have achieved, or their own financial condition and requirements. In a declining stock market, the pace of redemptions could accelerate. Poor investment performance relative to other funds tends to result in decreased purchases and increased redemptions of fund shares. For the nine months ended September 30, 2013, we generated approximately 79% of our revenues from advising mutual funds and other pooled vehicles (including Artisan Funds, Artisan Global Funds, and other entities for which we are adviser or sub-adviser), and the redemption of investments in those funds would adversely affect our revenues and could have a material adverse effect on our earnings.

We depend on third-party distribution sources to market our investment strategies and access our client base.

Our ability to attract additional assets to manage is highly dependent on our access to third-party intermediaries. We gain access to investors in Artisan Funds primarily through consultants, 401(k) platforms, mutual fund platforms, broker-dealers and financial advisors through which shares of the funds are sold. As of September 30, 2013, the investment consultant advising the largest portion of our assets under management represented approximately 5% of our total assets under management, and our largest relationships with a 401(k) platform, broker-dealer and financial adviser represented approximately 6%, 3% and less than 1%, respectively, of our total assets under management. We compensate most of the intermediaries through which we gain access to investors in Artisan Funds by paying fees, most of which are a percentage of assets invested in Artisan Funds through that intermediary and with respect to which that intermediary provides services. The allocation of such fees between us and Artisan Funds is determined by the board of Artisan Funds, based on information and a recommendation from us, with the goal of allocating to us all costs attributable to marketing and distribution of shares of Artisan Funds. Our expenses in connection with those intermediary relationships could increase if the

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portion of those fees determined to be in connection with marketing and distribution, and therefore allocated to us, increased. These distribution sources and client bases may not continue to be accessible to us on terms we consider commercially reasonable, or at all. The absence of such access could have a material adverse effect on our results of operations.

We access institutional clients primarily through consultants. Our institutional business is highly dependent upon referrals from consultants. Many of these consultants review and evaluate our products and our firm from time to time. Poor reviews or evaluations of either a particular product, strategy, or us as an investment management firm may result in client withdrawals or may impair our ability to attract new assets through these intermediaries. In addition, the recent economic downturn and consolidation in the broker-dealer industry may lead to reduced distribution access and increases in fees we are required to pay to intermediaries. If such increased fees should be required, refusal to pay them could restrict our access to those client bases while paying them could adversely affect our profitability.

The long-only, equity investment focus of our existing strategies exposes us to greater risk than certain of our competitors whose investment strategies may also include non-equity securities or short positions.

Our existing investment strategies hold long positions in publicly-traded equity securities of companies across a wide range of market capitalizations, geographies and industries; investments by our strategies in non-equity securities have been immaterial. Accordingly, under market conditions in which there is a general decline in the value of equity securities, each of our existing strategies is likely to perform poorly on an absolute basis. Unlike some of our competitors, we do not currently offer to clients strategies that invest in privately-held companies or in non-equity securities or take short positions in equity securities, which could offset some of the poor performance of our long-only, equity strategies under such market conditions. Even if our investment performance remains strong during such market conditions relative to other long-only, equity strategies, investors may choose to withdraw assets from our management or allocate a larger portion of their assets to non-long-only or non-equity strategies, which we do not currently offer to clients. In addition, the prices of equity securities may fluctuate more widely than the prices of other types of securities, making the level of our assets under management and related revenues more volatile. We expect to launch our first fixed income strategy in the first half of 2014. However, we expect that a very high percentage of our assets under management will continue to be managed in long-only strategies for the foreseeable future.

The performance of our investment strategies or the growth of our assets under management may be constrained by unavailability of appropriate investment opportunities.

The ability of our investment teams to deliver strong investment performance depends in large part on their ability to identify appropriate investment opportunities in which to invest client assets. If the investment team for any of our strategies is unable to identify sufficient appropriate investment opportunities for existing and new client assets on a timely basis, the investment performance of the strategy could be adversely affected. In addition, if we determine that sufficient investment opportunities are not available for a strategy, we may choose to limit the growth of the strategy by limiting the rate at which we accept additional client assets for management under the strategy, closing the strategy to all or substantially all new investors or otherwise taking action to limit the flow of assets into the strategy. If we misjudge the point at which it would be optimal to limit access to or close a strategy, the investment performance of the strategy could be negatively impacted. The risk that sufficient appropriate investment opportunities may be unavailable is influenced by a number of factors, including general market conditions, but is particularly acute with respect to our strategies that focus on small-cap and emerging market investments, and is likely to increase as our assets under management increase, particularly if these increases occur very rapidly. By limiting the growth of strategies, we may be managing the business in a manner that reduces the total amount of our assets under management and our investment management fees over the short term.

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Our failure to comply with investment guidelines set by our clients, including the boards of mutual funds, and limitations imposed by applicable law, could result in damage awards against us and a loss of our assets under management, either of which could adversely affect our results of operations or financial condition.

When clients retain us to manage assets on their behalf, they generally specify certain guidelines regarding investment allocation and strategy that we are required to follow in managing their portfolios. The boards of mutual funds we manage generally establish similar guidelines regarding the investment of assets in those funds. We are also required to invest the mutual funds assets in accordance with limitations under the 1940 Act and applicable provisions of the Internal Revenue Code of 1986, as amended, or the Internal Revenue Code. Other clients, such as plans subject to the Employee Retirement Income Security Act of 1974, as amended, or ERISA, or non-U.S. funds, require us to invest their assets in accordance with applicable law. Our failure to comply with any of these guidelines and other limitations could result in losses to clients or investors in a fund which, depending on the circumstances, could result in our obligation to make clients or fund investors whole for such losses. If we believed that the circumstances did not justify a reimbursement, or clients and investors believed the reimbursement we offered was insufficient, they could seek to recover damages from us or could withdraw assets from our management or terminate their investment management agreement with us. Any of these events could harm our reputation and adversely affect our business.

Operational risks may disrupt our business, result in losses or limit our growth.

We are heavily dependent on the capacity and reliability of the communications, information and technology systems supporting our operations, whether developed, owned and operated by us or by third parties. We also rely on manual workflows and a variety of manual user controls. Operational risks such as trading or other operational errors or interruption of our financial, accounting, trading, compliance and other data processing systems, whether caused by human error, fire, other natural disaster or pandemic, power or telecommunications failure, cyber-attack or viruses, act of terrorism or war or otherwise, could result in a disruption of our business, liability to clients, regulatory intervention or reputational damage, and thus materially adversely affect our business. The potential for some types of operational risks, including, for example, trading errors, may be increased in periods of increased volatility, which can magnify the cost of an error. Although we have not suffered operational errors, including trading errors, of significant magnitude in the past, we may experience such errors in the future, which could be significant and the losses related to which we would be required to absorb. Insurance and other safeguards might not be available or might only partially reimburse us for our losses. Although we have back-up systems in place, our back-up procedures and capabilities in the event of a failure or interruption may not be adequate, and the fact that we operate our business out of multiple physical locations may make such failures and interruptions difficult to address on a timely and adequate basis. As our client base, number and complexity of investment strategies, client relationships and/or physical locations increase, developing and maintaining our operational systems and infrastructure may become increasingly challenging, which could constrain our ability to expand our businesses. Any changes, upgrades or expansions to our operations and/or technology or implementation of new technology systems to replace manual workflows or to accommodate increased volumes or complexity of transactions or otherwise may require significant expenditures and may increase the probability that we will experience operational errors or suffer system degradations and failures. If we are unsuccessful in executing any such upgrades, expansions or implementations, we may instead have to hire additional employees, which could increase operational risk due to human error. We depend substantially on our Milwaukee, Wisconsin office where a majority of our employees, administration and technology resources are located, for the continued operation of our business. Any significant disruption to that office could have a material adverse effect on us.

In order to establish our first fixed income strategy, which we expect to launch in the first half of 2014, we are in the process of developing and contracting with third parties for the operational infrastructure and systems necessary to operate a fixed income strategy, including infrastructure and systems for trading and valuing fixed income securities and other credit instruments. We have not previously operated a fixed income strategy, and the new strategy may primarily invest in securities and other instruments with which we have no or limited operational experience, which could strain our operations resources and increase the possibility of operational error.

Employee misconduct, or perceived misconduct, could expose us to significant legal liability and/or reputational harm.

We are vulnerable to reputational harm because we operate in an industry in which integrity and the confidence of our clients are of critical importance. Our employees could engage in misconduct, or perceived misconduct, that adversely affects our business. For example, if an employee were to engage in illegal or suspicious activities, we could be subject to regulatory sanctions and suffer serious harm to our reputation (as a consequence of the negative perception resulting from such activities), financial position, client relationships and ability to attract new clients. Our business often requires that we deal with confidential information. If our employees were to improperly use or disclose this information, even if inadvertently, we could suffer serious harm to our reputation, financial position and current and future business relationships. It is not always possible to deter employee misconduct, and the precautions we take to detect and prevent this activity may not always be effective. In addition, the SEC recently has increased its scrutiny of the use of non-public information obtained from corporate insiders by professional investors. Misconduct or perceived misconduct by our employees, or even unsubstantiated allegations of such conduct, could result in significant legal liability and/or an adverse effect on our reputation and our business.

If our techniques for managing risk are ineffective, we may be exposed to material unanticipated losses.

In order to manage the significant risks inherent in our business, we must maintain effective policies, procedures and systems that enable us to identify, monitor and control our exposure to operational, legal and reputational risks. Our risk management methods may prove to be ineffective due to their design or implementation, or as a result of the lack of adequate, accurate or timely information or otherwise. If our risk management efforts are ineffective, we could suffer losses that could have a material adverse effect on our financial condition or operating results. Additionally, we could be subject to litigation, particularly from our clients, and sanctions or fines from regulators. Our techniques for managing operational, legal and reputational risks in client portfolios may not fully mitigate the risk exposure in all economic or market environments, including exposure to risks that we might fail to identify or anticipate. As part of establishing a new fixed income strategy we have modified or are modifying a number of policies, procedures and systems in order for us to appropriately identify, monitor and control our exposure to new or increased operational, legal and reputational risks presented by the new high income strategy and fixed income investing. We may fail to make the appropriate modifications which could adversely affect our financial results and subject us to litigation or regulatory actions.

Because our clients invest in our strategies in order to gain exposure to the portfolio securities of the respective strategies, we have not adopted corporate-level risk management policies to manage market risk or exchange rate risk, nor have we attempted to hedge at the corporate level the market and exchange rate risks that would affect the value of our overall assets under management and related revenues. While negative returns in our investment strategies, net client outflows and changes in the value of the U.S. dollar relative to other currencies do not directly reduce the assets on our balance sheet (because the assets we manage are owned by our clients, not us), we expect that any reduction in the value of our assets under management would result in a reduction in our revenues. See Management s Discussion and Analysis of Financial Condition and Results of Operations Qualitative and Quantitative Disclosures Regarding Market Risk .

Our indebtedness may expose us to material risks.

In August 2012, we entered into a $100 million five-year revolving credit agreement and issued $200 million in unsecured notes consisting of $60 million Series A notes maturing in 2017, $50 million Series B notes maturing in 2019, and $90 million Series C notes maturing in 2022. We used the proceeds of the notes and $90 million drawn from the revolving credit facility to prepay all of the then-outstanding principal amount of our $400 million term loan. We used a portion of the net proceeds of our IPO to repay all of the $90 million drawn from the revolving credit facility. Nevertheless, we continue to have substantial indebtedness outstanding in the amount of $200 million in unsecured notes, which exposes us to risks associated with the use of leverage. Our substantial indebtedness makes it more difficult for us to withstand or respond to adverse or changing business, regulatory and economic conditions or to take advantage of new business opportunities or make necessary capital expenditures. In addition, our notes and revolving credit agreement contain financial and operating covenants that may limit our ability to conduct our business. To the extent we service our debt from our cash flow, such cash will not be available for our operations or other purposes. Because our debt service obligations are fixed, the portion of our cash flow used to service those obligations could be substantial if our revenues have declined, whether because of market declines or for other reasons. The Series A, Series B and Series C notes bear interest at a rate equal to 4.98%, 5.32% and 5.82% per annum, respectively, and each rate is subject to a 100 basis point increase in the event Artisan Partners Holdings receives a below-investment grade rating. Each series requires a balloon payment at maturity. Any substantial decrease in net operating cash flows or any substantial increase in expenses could make it difficult for us to meet our debt service requirements or force us to modify our operations. Our ability to repay the principal amount of our notes or any outstanding loans under our revolving credit agreement, to refinance our debt or to obtain additional financing through debt or the sale of additional equity securities will depend on our performance, as well as financial, business and other general economic factors affecting the credit and equity markets generally or our business in particular, many of which are beyond our control. Any such alternatives may not be available to us on satisfactory terms or at all.

Our note purchase agreement and revolving credit agreement contain, and our future indebtedness may contain, various covenants that may limit our business activities.

Our note purchase agreement and revolving credit agreement contain financial and operating covenants that limit our business activities, including restrictions on our ability to incur additional indebtedness and pay dividends to our stockholders. For example, the agreements include financial covenants requiring Artisan Partners Holdings not to exceed specified ratios of indebtedness to consolidated earnings before interest, taxes, depreciation and amortization (as defined in the agreements), or EBITDA, and interest expense to consolidated EBITDA. The agreements also restrict Artisan Partners Holdings from making distributions to its partners (including us), other than tax distributions or distributions to fund our ordinary expenses, if a default (as defined in the respective agreements) has occurred and is continuing or would result from such a distribution. The failure to comply with any of these restrictions could result in an event of default, giving our lenders the ability to accelerate repayment of our obligations. As of the date of this prospectus, we believe we are in compliance with all of the covenants and other requirements set forth in the agreements.

We provide a broad range of services to Artisan Funds, Artisan Global Funds and sub-advised mutual funds which may expose us to liability.

We provide a broad range of administrative services to Artisan Funds, including providing personnel to Artisan Funds to serve as officers of Artisan Funds, the preparation or supervision of the preparation of Artisan Funds regulatory filings, maintenance of board calendars and preparation or supervision of the preparation of board meeting materials, management of compliance and regulatory matters, provision of shareholder services and communications, accounting services including the supervision of the activities of Artisan Funds accounting services provider in the calculation of the funds net asset values, preparation of Artisan Funds financial statements and coordination of the audits of those financial statements, tax services including calculation of dividend and distribution amounts and supervision of tax return preparation, and supervision of the work of Artisan Funds other service providers. Although less extensive than the range of services we provide to Artisan Funds, we also provide a range of services, in addition to investment management services, to Artisan Global Funds, including providing personnel to serve as directors of Artisan Global Funds, the preparation or supervision of the preparation of Artisan Global Funds regulatory filings, maintenance of board calendars and preparation or supervision of the preparation of board meeting materials, management of compliance and regulatory matters, various distribution, marketing and shareholder services, providing information to the accounting services provider to assist in the calculation of Artisan Global Funds net asset values, supplying information that is used by Artisan Global Funds to meet its regulatory requirements, tax services, as well as

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review of the various service providers to Artisan Global Funds. In addition, we from time to time provide information to the mutual funds for which we act as sub-adviser (or to a person or entity providing administrative services to such a fund) which is used by those funds in their efforts to comply with various regulatory requirements. If we make a mistake in the provision of those services, Artisan Funds, Artisan Global Funds or the sub-advised fund could incur costs for which we might be liable. In addition, if it were determined that Artisan Funds, Artisan Global Funds or the sub-advised fund failed to comply with applicable regulatory requirements as a result of action or failure to act by our employees, we could be responsible for losses suffered or penalties imposed. In addition, we could have penalties imposed on us, be required to pay fines or be subject to private litigation, any of which could decrease our future income or negatively affect our current business or our future growth prospects.

The expansion of our business outside of the United States raises tax and regulatory risks, may adversely affect our profit margins and will place additional demands on our resources and employees.

We are expanding our distribution effort into non-U.S. markets, including the United Kingdom, other member countries of the European Union, Australia and certain Asian countries, among others. Our net client cash flows that come from clients domiciled outside the United States have grown from an insignificant amount in earlier years to more than 43% of our total net client cash flows over the three years ended September 30, 2013. Clients outside the United States may be adversely affected by political, social and economic uncertainty in their respective home countries and regions, which could result in a decrease in the net client cash flows that come from such clients. These clients also may be less accepting of the U.S. practice of payment for certain research products and services through soft dollars, which could have the effect of increasing our expenses. We have established a U.K. subsidiary which is authorized to provide investment management services by the Financial Conduct Authority in the United Kingdom.

This expansion has required and will continue to require us to incur a number of up-front expenses, including those associated with obtaining regulatory approvals and office space, as well as additional ongoing expenses, including those associated with leases, the employment of additional support staff and regulatory compliance. In addition, we have organized Artisan Global Funds, a family of Ireland-based UCITS funds, that began operations during the first quarter of 2011, and for which we are investment manager and promoter. Our employees routinely travel outside the United States as a part of our investment research process or to market our services and may spend extended periods of time in one or more non-U.S. jurisdictions. Their activities outside the United States on our behalf may raise both tax and regulatory issues. If and to the extent we are incorrect in our analysis of the applicability or impact of non-U.S. tax or regulatory requirements, we could incur costs, penalties or be the subject of an enforcement or other action. We also expect that operating our business in non-U.S. markets generally will be more expensive than in the United States. Among other expenses, the effective tax rates applicable to our income allocated to some non-U.S. markets, which we are likely to earn through an entity that will pay corporate income tax, may be higher than the effective rates applicable to our income allocated to the United States, even though the effective tax rates are lower in many non-U.S. markets, because our U.S. operations are conducted through partnerships. In addition, costs related to our distribution and marketing efforts in non-U.S. markets generally have been more expensive than comparable costs in the United States. To the extent that our revenues do not increase to the same degree our expenses increase in connection with our expansion outside the United States, our profitability could be adversely affected. Expanding our business into non-U.S. markets may also place significant demands on our existing infrastructure and employees.

Failure to maintain effective internal control over financial reporting could have a material adverse effect on our business and stock price.

As a public company, we are subject to a variety of reporting requirements under the Sarbanes-Oxley Act of 2002, or Sarbanes-Oxley. Sarbanes-Oxley requires, among other things, that we maintain effective internal control over financial reporting. In accordance with Section 404 of Sarbanes-Oxley, our management is required to conduct an annual assessment of the effectiveness of our internal control over financial reporting and include a

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report on these internal controls in the annual reports we file with the SEC on Form 10-K. Our independent registered public accounting firm will not be required to formally attest to the effectiveness of our internal controls until the later of 2015 and the date on which we are no longer an emerging growth company . We are in the process of reviewing our internal control over financial reporting and are establishing formal policies, processes and practices related to financial reporting and to the identification of key financial reporting risks, assessment of their potential impact and linkage of those risks to specific areas and controls within our organization. If we are not able to implement the requirements of Section 404 in a timely and capable manner, we may be subject to adverse regulatory consequences and there could be a negative reaction in the financial markets due to a loss of investor confidence in us and the reliability of our financial statements. This could have a material adverse effect on us.

We are an emerging growth company within the meaning of the Securities Act, and if we decide to take advantage of certain exemptions from various reporting requirements applicable to emerging growth companies, our common stock could be less attractive to investors.

For as long as we remain an emerging growth company , as defined in the Jumpstart Our Business Startups Act of 2012, or the JOBS Act, we will have the option to take advantage of certain exemptions from various reporting and other requirements that are applicable to other public companies that are not emerging growth companies including, but not limited to, not being required to comply with the auditor attestation requirements of Section 404 of Sarbanes-Oxley, reduced disclosure obligations regarding executive compensation in our periodic reports and proxy statements, and exemptions from the requirements of holding a nonbinding advisory vote on executive compensation and stockholder approval of any golden parachute payments not previously approved. We may take advantage of these and other exemptions until we are no longer an emerging growth company .

The JOBS Act provides that an emerging growth company can take advantage of the extended transition period provided in Section 7(a)(2)(B) of the Securities Act of 1933, as amended, or the Securities Act, for complying with new or revised accounting standards. However, we have chosen to opt out of such extended transition period, and as a result, we will comply with new or revised accounting standards on the relevant dates on which adoption of such standards is required for non-emerging growth companies. Our decision to opt out of the extended transition period is irrevocable.

We anticipate that we will remain an emerging growth company until the earliest of (i) the end of the fiscal year during which we have total annual gross revenues of $1.0 billion or more, (ii) the end of the fiscal year following the fifth anniversary of the completion of our IPO, (iii) the date on which we have, during the previous three-year period, issued more than $1 billion in non-convertible debt and (iv) the date on which we become a large accelerated filer as defined in Rule 12b-2 under the Securities Exchange Act of 1934, as amended, or the Exchange Act.

The cost of insuring our business may increase.

We believe our insurance costs are reasonable but they could fluctuate significantly from year to year and rate increases in the future are possible. Our aggregate premiums for the current policy year for all policies of insurance under which we are insured, including insurance for our directors, officers and members of our stockholders committee, are approximately $1.5 million. Our insurance costs may increase to the extent we purchase additional insurance to reflect any changes in the size of our business or the nature of our operations. In addition, there have been historical periods in which directors and officers liability insurance and errors and omissions insurance have been available only with limited coverage amounts, less favorable coverage terms or at prohibitive cost, and those conditions could recur. As we renew our insurance policies, we may be subject to additional costs resulting from rising premiums, the assumption of higher deductibles and/or co-insurance liability and, to the extent Artisan Funds or Artisan Global Funds purchases separate director and officer and/or errors and omissions liability coverage, an increased risk of insurance companies disputing responsibility for joint claims. Higher insurance costs and incurred deductibles would reduce our net income.

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Risks Related to our Industry

We are subject to extensive regulation.

We are subject to extensive regulation in the United States, primarily at the federal level, including regulation by the SEC under the 1940 Act and the Advisers Act, by the U.S. Department of Labor under ERISA, and by the Financial Industry Regulatory Authority, Inc. We are also subject to regulation in the United Kingdom by the Financial Conduct Authority. The U.S. mutual funds we manage are registered with and regulated by the SEC as investment companies under the 1940 Act. The U.K. Financial Conduct Authority imposes a comprehensive system of regulation that is primarily principles-based (compared to the primarily rules-based U.S. regulatory system) and with which we currently have only limited experience. The Advisers Act imposes numerous obligations on investment advisers including record keeping, advertising and operating requirements, disclosure obligations and prohibitions on fraudulent activities. The 1940 Act imposes similar obligations, as well as additional detailed operational requirements, on registered investment companies, which must be adhered to by their investment advisers. We are also expanding our distribution effort into non-U.S. markets, including the United Kingdom, other member countries of the European Union, Australia and certain Asian countries, among others. The Central Bank of Ireland imposes requirements on UCITS funds subject to regulation by it, as do the regulators in certain other markets in which shares of Artisan Global Funds are offered for sale, and with which we are required to comply with respect to Artisan Global Funds. In the future, we may further expand our business outside of the United States in such a way or to such an extent that we may be required to register with additional foreign regulatory agencies or otherwise comply with additional non-U.S. laws and regulations that do not currently apply to us and with respect to which we do not have compliance experience. Our lack of experience in complying with any such non-U.S. laws and regulations may increase our risk of becoming party to litigation and subject to regulatory actions.

The regulation of over-the-counter derivatives is changing, including under the Dodd-Frank Act in the United States and the European Market Infrastructure Regulation in Europe. These regulations relate primarily to central clearing counterparties, trade reporting and repositories and risk mitigation techniques, and there are still uncertainties as to the requirements applicable under these regulations and how they could impact our clients.

In addition, the U.S. mutual funds that we advise and our broker-dealer subsidiary are each subject to the USA PATRIOT Act of 2001, which requires them to know certain information about their clients and to monitor their transactions for suspicious financial activities, including money laundering. The U.S. Office of Foreign Assets Control has issued regulations requiring that we refrain from doing business, or allowing our clients to do business through us, in certain countries or with certain organizations or individuals on a list maintained by the U.S. government. The United Kingdom has issued similar regulations requiring that we refrain from doing business with countries subject to financial sanctions or with certain entities or individuals on the consolidated list published by HM Treasury. Our failure to comply with applicable laws or regulations could result in fines, censure, suspensions of personnel or other sanctions, including revocation of the registration of Artisan Partners Limited Partnership and Artisan Partners UK LLP as registered investment advisers or deauthorization of Artisan Partners UK LLP by the U.K. Financial Conduct Authority.

Accordingly, we face the risk of significant intervention by regulatory authorities, including extended investigation and surveillance activity, adoption of costly or restrictive new regulations and judicial or administrative proceedings that may result in substantial penalties. Among other things, we could be fined or be prohibited from engaging in some of our business activities. The requirements imposed by our regulators are designed to ensure the integrity of the financial markets and to protect customers and other third parties who deal with us, and are not designed to protect our stockholders. Consequently, these regulations often serve to limit our activities, including through net capital, customer protection and market conduct requirements. See Regulatory Environment and Compliance .

In addition to the extensive regulation to which we are subject in the United States, the United Kingdom and Ireland, we are also subject to regulation by the Australian Securities and Investments Commission, where we

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operate pursuant to an order of exemption, and by Canadian regulatory authorities in the Canadian provinces where we operate pursuant to exemptions from registration. Our business is also subject to the rules and regulations of the countries in which we conduct investment management activities. Failure to comply with applicable laws and regulations in the foreign countries where we invest and/or where our clients or prospective clients reside could result in fines, suspensions of personnel or other sanctions. See Regulatory Environment and Compliance .

The regulatory environment in which we operate is subject to continual change, and regulatory developments designed to increase oversight may adversely affect our business.

The legislative and regulatory environment in which we operate has undergone significant changes in the recent past. We believe that significant regulatory changes in our industry are likely to continue on a scale that exceeds the historical pace of regulatory change, which is likely to subject industry participants to additional, more costly and generally more punitive regulation. The requirements imposed by our regulators (including both U.S. and non-U.S. regulators) are designed to ensure the integrity of the financial markets and to protect customers and other third parties who deal with us, and are not designed to protect our stockholders. Consequently, these regulations often serve to limit our activities and/or increase our costs, including through customer protection and market conduct requirements. New laws or regulations, or changes in the enforcement of existing laws or regulations, applicable to us and our clients may adversely affect our business. Our ability to function in this environment will depend on our ability to constantly monitor and promptly react to legislative and regulatory changes. There have been a number of highly publicized regulatory inquiries that have focused on the investment management industry. These inquiries already have resulted in increased scrutiny of the industry and new rules and regulations for mutual funds and investment managers. This regulatory scrutiny may limit our ability to engage in certain activities that might be beneficial to our stockholders. See Regulatory Environment and Compliance .

In addition, as a result of the recent economic downturn, acts of serious fraud in the investment management industry and perceived lapses in regulatory oversight, U.S. and non-U.S. governmental and regulatory authorities may increase regulatory oversight of our businesses. We may be adversely affected as a result of new or revised legislation or regulations imposed by the SEC, other U.S. or non-U.S. governmental regulatory authorities or self-regulatory organizations that supervise the financial markets. We also may be adversely affected by changes in the interpretation or enforcement of existing laws and rules by these governmental authorities and self-regulatory organizations, as well as by courts. It is impossible to determine the extent of the impact of any new U.S. or non-U.S. laws, regulations or initiatives that may be proposed, or whether any of the proposals will become law. Compliance with any new laws or regulations could make compliance more difficult and expensive and affect the manner in which we conduct business.

The investment management industry is intensely competitive.

The investment management industry is intensely competitive, with competition based on a variety of factors, including investment performance, investment management fee rates, continuity of investment professionals and client relationships, the quality of services provided to clients, corporate positioning and business reputation, continuity of selling arrangements with intermediaries and differentiated products. A number of factors, including the following, serve to increase our competitive risks:

- a number of our competitors have greater financial, technical, marketing and other resources, more comprehensive name recognition and more personnel than we do;
- potential competitors have a relatively low cost of entering the investment management industry;
- the recent trend toward consolidation in the investment management industry, and the securities business in general, has served to increase the size and strength of a number of our competitors;

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- some investors may prefer to invest with an investment manager that is not publicly traded based on the perception that a publicly-traded asset manager may focus on the manager s own growth to the detriment of investment performance for clients;

- some competitors may invest according to different investment styles or in alternative asset classes that may be perceived as more attractive than the investment strategies we offer;

- other industry participants, hedge funds and alternative asset managers may seek to recruit our investment professionals; and

- some competitors charge lower fees for their investment management services than we do.

If we are unable to compete effectively, our earnings would be reduced and our business could be materially adversely affected.

The investment management industry faces substantial litigation risks which could materially adversely affect our business, financial condition or results of operations or cause significant reputational harm to us.

We depend to a large extent on our network of relationships and on our reputation in order to attract and retain client assets. If a client is not satisfied with our services, its dissatisfaction may be more damaging to our business than client dissatisfaction would be to other types of businesses. We make investment decisions on behalf of our clients that could result in substantial losses to them. If our clients suffer significant losses, or are otherwise dissatisfied with our services, we could be subject to the risk of legal liabilities or actions alleging negligent misconduct, breach of fiduciary duty, breach of contract, unjust enrichment and/or fraud. These risks are often difficult to assess or quantify and their existence and magnitude often remain unknown for substantial periods of time, even after an action has been commenced. We may incur significant legal expenses in defending against litigation whether or not we engaged in conduct as a result of which we might be subject to legal liability. Substantial legal liability or significant regulatory action against us could materially adversely affect our business, financial condition or results of operations or cause significant reputational harm to us.

Risks Related to Our Structure

Control by AIC and our employees to whom we have granted equity (including our employee-partners) of approximately % of the combined voting power of our capital stock after the completion of this offering and the rights of holders of limited partnership units of Artisan Partners Holdings may give rise to conflicts of interest.

Immediately after the completion of this offering and the application of the net proceeds as described herein, our employees to whom we have granted equity (including our employee-partners) will hold approximately % of the combined voting power of our capital stock and AIC will hold approximately % of the combined voting power of our capital stock. AIC and each of our employees to whom we have granted equity have entered into a stockholders agreement pursuant to which they granted an irrevocable voting proxy with respect to all shares of our common stock they have acquired from us and any shares they may acquire from us in the future to a stockholders committee. Any additional shares of our common stock that we issue to our employee-partners or other employees, including shares of common stock issued under our Omnibus Incentive Compensation Plan, will be subject to the stockholders agreement so long as the agreement has not been terminated.

For so long as the shares subject to the stockholders agreement represent at least a majority of the combined voting power of our capital stock, the stockholders committee is able to elect all of the members of our board of directors (subject to the obligation of the stockholders committee under the terms of the stockholders agreement to vote in support of certain nominees) and will thereby control our management and affairs, including determinations with respect to acquisitions, dispositions, borrowings, issuances of securities, and the declaration and payment of dividends. In addition, subject to the class approval rights of each class of our outstanding capital stock and each class of Artisan Partners Holdings limited partnership units, the stockholders committee is able to determine the outcome of all matters requiring approval of stockholders, and is able to cause or prevent a change of control of our company or a change in the composition of our board of directors, and could preclude any unsolicited acquisition of our company. The stockholders committee has the ability to prevent the consummation of mergers, takeovers or other transactions that may be in the best interests of our Class A stockholders. In particular, this concentration of voting power could deprive Class A stockholders of an opportunity to receive a premium for their shares of Class A common stock as part of a sale of our company, and could affect the market price of our Class A common stock. Because each share of our Class B common stock initially entitles its holder to five votes, there may be situations where the stockholders committee controls our management and affairs even if the shares subject to the stockholders agreement represent less than a majority of the number of outstanding shares of our capital stock. If and when the holders of our Class B common stock collectively hold less than 20% of the aggregate number of outstanding shares of our common stock and our convertible preferred stock, shares of Class B common stock will entitle the holder to only one vote per share.

A designee of AIC, who currently is Mr. Ziegler, has the sole right, in consultation with the other member or members of the stockholders committee as required pursuant to the stockholders agreement, to determine how to vote all shares subject to the stockholders agreement until the earliest to occur of: (i) Mr. Ziegler s death or disability, (ii) the voluntary termination of Mr. Ziegler s employment with us, including by reason of the scheduled expiration of his employment on March 12, 2014, and (iii) 180 days after the effective date of Mr. Ziegler s involuntary termination of employment with us. We expect that Mr. Ziegler s employment with us will be terminated, and he will no longer be a member of the stockholders committee, on March 12, 2014. At that time, we expect the committee to consist of Mr. Colson, Mr. Daley and Mr. Ramirez, and all shares subject to the stockholders agreement will be voted in accordance with the majority decision of those three members. AIC may withdraw its shares of common stock from the stockholders agreement when Mr. Ziegler is no longer a member of the stockholders committee. Upon AIC s withdrawal of its shares from the stockholders agreement, AIC will have sole voting control over such shares. Shares held by an employee cease to be subject to the stockholders agreement upon termination of employment. See Relationships and Related Party Transactions Transactions in connection with the IPO Reorganization Stockholders Agreement for additional information about the stockholders agreement.

Even upon AIC s withdrawal from the stockholders agreement, based on the shares otherwise subject to the stockholders agreement immediately after the completion of this offering, the stockholders committee will still have the ability to determine the outcome of any matter requiring the approval of a simple majority of our outstanding voting stock and prevent the approval of any matter requiring the approval of 66 2/3% of our outstanding voting stock.

Our employee-partners (through their ownership of Class B common units), AIC (through its ownership of Class D common units) and the holders of Class A common units have the right, each voting as a single and separate class, to approve or disapprove certain transactions and matters, including material corporate transactions, such as a merger, consolidation, dissolution or sale of greater than 25% of the fair market value of Artisan Partners Holdings assets. See Relationships and Related Party Transactions Transactions in connection with the IPO Reorganization Amended and Restated Limited Partnership Agreement of Artisan Partners Holdings Voting and Class Approval Rights . These voting and class approval rights may enable our employee-partners, AIC or the holders of Class A common units to prevent the consummation of transactions that may be in the best interests of holders of our Class A common stock.

In addition, because our pre-IPO owners hold all or a portion of their ownership interests in our business through Artisan Partners Holdings, rather than through Artisan Partners Asset Management, these pre-IPO owners may have conflicting interests with holders of our Class A common stock. For example, our pre-IPO owners may have different tax positions from us which could influence their decisions regarding whether and when we should dispose of assets, whether and when we should incur new or refinance existing indebtedness, especially in light of the existence of the tax receivable agreements, and whether and when Artisan Partners Asset Management should terminate the tax receivable agreements and accelerate its obligations thereunder. In addition, the structuring of future transactions may take into consideration these pre-IPO owners tax or other considerations even where no similar benefit would accrue to us. See Relationships and Related Party Transactions Transactions in connection with the IPO Reorganization Tax Consequences Tax Receivable Agreements .

Our ability to pay regular dividends to our stockholders is subject to the discretion of our board of directors and may be limited by our structure and applicable provisions of Delaware law.

We intend to continue to pay dividends to holders of our Class A common stock as described in Dividend Policy and Dividends . Our board of directors may, in its sole discretion, change the amount or frequency of dividends or discontinue the payment of dividends entirely. In addition, as a holding company, we are dependent upon the ability of our subsidiaries to generate earnings and cash flows and distribute them to us so that we may pay dividends to our stockholders. We expect to cause Artisan Partners Holdings, which is a Delaware limited partnership, to make distributions to its partners, including us, in an amount sufficient for us to pay dividends. However, its ability to make such distributions will be subject to its and its subsidiaries operating results, cash requirements and financial condition, the applicable provisions of Delaware law that may limit the amount of funds available for distribution to its partners, its compliance with covenants and financial ratios related to existing or future indebtedness, including under our notes and our revolving credit agreement, its other agreements with third parties, as well as its obligation to make tax distributions under its partnership agreement (which distributions would reduce the cash available for distributions by Artisan Partners Holdings to us). Our ability to pay cash dividends to our Class A stockholders with the distributions received by us as general partner of Artisan Partners Holdings will be subject to the prior right of holders of our convertible preferred stock to receive distributions attributable to the distributions (net of taxes) made on the preferred units of Artisan Partners Holdings that we hold and, as a Delaware corporation, the applicable provisions of Delaware law. See Dividend Policy and Dividends . In addition, each of the companies in the corporate chain must manage its assets, liabilities and working capital in order to meet all of its cash obligations, including the payment of dividends or distributions. As a consequence of these various limitations and restrictions, we may not be able to make, or may have to reduce or eliminate, the payment of dividends on our Class A common stock. Any change in the level of our dividends or the suspension of the payment thereof could adversely affect the market price of our Class A common stock.

Our ability to pay taxes and expenses, including payments under the tax receivable agreements, may be limited by our holding company structure.

As a holding company, our assets principally consist of our ownership of partnership units of Artisan Partners Holdings, deferred tax assets and cash and we have no independent means of generating revenue. Artisan Partners Holdings is a partnership for U.S. federal income tax purposes and, as such, is not subject to U.S. federal income tax. Instead, taxable income is allocated to holders of its partnership units, including us. Accordingly, we incur income taxes on our proportionate share of any net taxable income of Artisan Partners Holdings and also incur expenses related to our operations. Under the terms of its amended and restated limited partnership agreement, Artisan Partners Holdings is obligated to make tax distributions to holders of its partnership units, including us. In addition to tax expenses, we also incur expenses related to our operations, including expenses under the tax receivable agreements, which we expect will be significant. We intend to cause Artisan Partners Holdings to make distributions in an amount sufficient to allow us to pay our taxes and operating expenses, including any payments due under the tax receivable agreements. However, its ability to make such distributions will be subject to various limitations and restrictions as set forth in the preceding risk factor. If, as a consequence of these various limitations and restrictions, we do not have sufficient funds to pay tax or other liabilities or to fund our operations, we may have to borrow funds and thus our liquidity and financial condition could be materially adversely affected. To the extent that we are unable to make payments under the tax receivable agreements for any reason, such payments will be deferred and will accrue interest at a rate equal to one-year LIBOR plus 300 basis points until paid.

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We will be required to pay holders of our convertible preferred stock and holders of limited partnership units of Artisan Partners Holdings for certain tax benefits we claim, and we expect that the payments we will be required to make will be substantial.

The H&F Corp Merger described under Summary Our Structure and Reorganization IPO Reorganization , our purchase of Class A common units in connection with our IPO and our purchase of preferred units in connection with the November 2013 Offering resulted in favorable tax attributes for us. In addition, future exchanges of limited partnership units of Artisan Partners Holdings and future purchases or redemptions of limited partnership units, including our purchase of common and preferred units in connection with this offering, are expected to produce additional favorable tax attributes for us. When we acquire partnership units from existing partners, both the existing basis and the anticipated basis adjustments are likely to increase (for tax purposes) depreciation and amortization deductions allocable to us from Artisan Partners Holdings and therefore reduce the amount of income tax we would otherwise be required to pay in the future. This increase in tax basis may also decrease gain (or increase loss) on future dispositions of certain capital assets to the extent the increased tax basis is allocated to those capital assets.

As discussed in greater detail under Relationships and Related Party Transactions Transactions in connection with the IPO Reorganization Tax Consequences Tax Receivable Agreements , we are party to two tax receivable agreements. The first tax receivable agreement, with the holders of convertible preferred stock issued as consideration for the H&F Corp Merger, generally provides for the payment by us to such stockholders of 85% of the amount of cash savings, if any, in U.S. federal and state income tax that we actually realize (or are deemed to realize in certain circumstances) as a result of (i) existing tax basis in Artisan Partners Holdings assets with respect to the preferred units acquired by us in the merger that arose from certain prior distributions by Artisan Partners Holdings and prior purchases of partnership interests by H&F Corp, (ii) any net operating losses available to us as a result of the H&F Corp Merger, and (iii) tax benefits related to imputed interest deemed to be paid by us as a result of this tax receivable agreement.

The second tax receivable agreement, with each of the holders of common and preferred units, generally provides for the payment by us to each of them of 85% of the amount of the cash savings, if any, in U.S. federal and state income tax that we actually realize (or are deemed to realize in certain circumstances) as a result of (i) any step-up in tax basis in Artisan Partners Holdings assets resulting from (a) the purchase or redemption of limited partnership units or the exchange of limited partnership units (along with the corresponding shares of our Class B or Class C common stock) for shares of our Class A common stock or convertible preferred stock and (b) payments under this tax receivable agreement, (ii) certain prior distributions by Artisan Partners Holdings and prior transfers or exchanges of partnership interests which resulted in tax basis adjustments to the assets of Artisan Partners Holdings and (iii) tax benefits related to imputed interest deemed to be paid by us as a result of this tax receivable agreement.

The payment obligation under the tax receivable agreements is an obligation of Artisan Partners Asset Management, not Artisan Partners Holdings, and we expect that the payments we will be required to make under the tax receivable agreements will be substantial. Assuming no material changes in the relevant tax law and that we earn sufficient taxable income to realize all tax benefits that are subject to the tax receivable agreements, we expect that the reduction in tax payments for us associated with (i) the H&F Corp Merger and (ii) our purchase of common units from certain of our initial outside investors in connection with our IPO, (iii) our purchase of preferred units from certain of the H&F holders in connection with the November 2013 Offering, plus (iv) our purchase of common units and preferred units with a portion of the net proceeds of this offering and (v) future purchases, redemptions or exchanges of limited partnership units as described above would aggregate to approximately $ billion over 15 years from the date of this offering based on an assumed public offering price of $ per share of our Class A common stock (the last reported sale price of our Class A common stock on , 2014) and assuming the future purchases, redemptions or exchanges described in clause (v) would occur on March 12, 2014 at a price of $ per share of our Class A common stock. Under such scenario we would be required to pay the other parties to the tax receivable agreements 85% of such amount, or $ billion, over the 15-year period from the date of this offering. The actual amounts may materially differ from these hypothetical amounts, as potential future reductions in tax payments for us and tax receivable agreement payments by us will be calculated using the market value of our Class A common stock at the time of purchase, redemption or exchange and the prevailing tax rates applicable to us over the life of the tax receivable agreements and will be dependent on us generating sufficient future taxable income to realize the benefit. As of September 30, 2013, we recorded a $54.0 million liability, representing amounts payable under the tax receivable agreements equal to 85% of the tax benefit we expected to realize from the H&F Corp Merger and our purchase of Class A common units in connection with our IPO, assuming no material changes in the related tax law and that we earn sufficient taxable income to realize all tax benefits subject to the tax receivable agreements. The liability will increase due to our purchase of preferred units in connection with the November 2013 Offering and will increase upon future purchases, redemptions or exchanges of units of Artisan Partners Holdings, including our purchase of common units and preferred units with a portion of the net proceeds of this offering, with the increase representing amounts payable under the tax receivable agreements equal to 85% of the estimated future tax benefits, if any, resulting from the purchases, redemptions or exchanges. See Management s Discussion and Analysis Factors Impacting Our Results of Operations Tax Impact of IPO Reorganization and Relationships and Related Party Transactions Transactions in connection with the IPO Reorganization Tax Consequences Tax Receivable Agreements . Payments under the tax receivable agreements are not conditioned on the counterparties continued ownership of us. Our purchase of shares of convertible preferred stock with a portion of the net proceeds of this offering will not create any payment obligations under the tax receivable agreements.

The actual increase in tax basis, as well as the amount and timing of any payments under these agreements, will vary depending upon a number of factors, including the timing of purchases, redemptions or exchanges of limited partnership units, the price of our Class A common stock or the value of our convertible preferred stock, as the case may be, at the time of the purchase, redemption or exchange, the extent to which such transactions are taxable, the amount and timing of the taxable income we generate in the future and the tax rate then applicable as well as the portion of our payments under the tax receivable agreements constituting imputed interest or depreciable or amortizable basis. Payments under the tax receivable agreements are expected to give rise to certain additional tax benefits attributable to either further increases in basis or in the form of deductions for imputed interest, depending on the tax receivable agreement and the circumstances. Any such benefits are covered by the tax receivable agreements and will increase the amounts due thereunder. In addition, the tax receivable agreements provide for interest, at a rate equal to one-year LIBOR plus 100 basis points, accrued from the due date (without extensions) of the corresponding tax return to the date of payment specified by the tax receivable agreements.

Payments under the tax receivable agreements will be based on the tax reporting positions that we determine. Although we are not aware of any issue that would cause the IRS to challenge a tax basis increase or other tax attributes subject to the tax receivable agreements, we will not be reimbursed for any payments previously made under the tax receivable agreements if such basis increases or other benefits are subsequently disallowed. As a result, in certain circumstances, payments could be made under the tax receivable agreements in excess of the benefits that we actually realize in respect of the attributes to which the tax receivable agreements relate.

In certain cases, payments under the tax receivable agreements to our pre-IPO owners may be accelerated and/or significantly exceed the actual benefits we realize in respect of the tax attributes subject to the tax receivable agreements.

The tax receivable agreements provide that (i) upon certain mergers, asset sales, other forms of business combinations or other changes of control, (ii) in the event that we materially breach any of our material obligations under the agreements, whether as a result of failure to make any payment within six months of when due (provided we have sufficient funds to make such payment), failure to honor any other material obligation required thereunder or by operation of law as a result of the rejection of the agreements in a bankruptcy or otherwise, or (iii) if, at any time, we elect an early termination of the agreements, our (or our successor s) obligations under the agreements (with respect to all units, whether or not units have been exchanged or acquired before or after such transaction) would be based on certain assumptions. In the case of a material breach or if we elect early termination, those assumptions include that we would have sufficient taxable income to fully utilize the deductions arising from the increased tax deductions and tax basis and other benefits related to entering into the tax receivable agreements. In the case of a change of control, the assumptions include that in each taxable year ending on or after the closing date of the change of control, our taxable income (prior to the application of the tax deductions and tax basis and other benefits related to entering into the tax receivable agreements) will equal the greater of (i) the actual taxable income (prior to the application of the tax deductions and tax basis and other benefits related to entering into the tax receivable agreements) for the taxable year and (ii) the highest taxable income (calculated without taking into account extraordinary items of income or deduction and prior to the application of the tax deductions and tax basis and other benefits related to entering into the tax receivable agreements) in any of the four fiscal quarters ended prior to the closing date of the change of control, annualized and increased by 10% for each taxable year beginning with the second taxable year following the closing date of the change of control. (The change of control that we expect to occur for purposes of the 1940 Act and the Advisers Act in March 2014 resulting from the resignation from the stockholders committee of the AIC designee will not constitute a change of control as defined under the tax receivable agreements.) In the event we elect to terminate the agreements early or we materially breach a material obligation, our obligations under the agreements will accelerate. As a result, (i) we could be required to make payments under the tax receivable agreements that are greater than or less than the specified percentage of the actual benefits we realize in respect of the tax attributes subject to the agreements and (ii) if we materially breach a material obligation under the agreements or if we elect to terminate the agreements early, we would be required to make an immediate payment equal to the present value of the anticipated future tax benefits, which payment may be made significantly in advance of the actual realization of such future benefits. In these situations, our obligations under the tax receivable agreements could have a substantial negative impact on our liquidity and could have the effect of delaying, deferring or preventing certain mergers, asset sales, other forms of business combinations or other changes of control. There can be no assurance that we will be able to finance our obligations under the tax receivable agreements. If we were to elect to terminate the tax receivable agreements immediately after this offering, based on an assumed public offering price of $ per share of our Class A common stock (the last reported sale price of our Class A common stock on , 2014) and a discount rate equal to one-year LIBOR plus 100 basis points, we estimate that we would be required to pay $ billion in the aggregate under the tax receivable agreements. See Relationships and Related Party Transactions Transactions in connection with the IPO Reorganization Tax Consequences Tax Receivable Agreements .

In the case of dissolution of Artisan Partners Holdings or a partial capital event, the rights of the holders of our Class A common stock to distributions will be subject to the H&F preference.

The holders of preferred units of Artisan Partners Holdings are entitled to preferential distributions (in proportion to their respective number of units) in the case of a partial capital event or upon dissolution of Artisan Partners Holdings. In the case of any preferential distributions on the preferred units, the company will be obligated to pay the holder of each share of convertible preferred stock a preferential distribution equal to the distribution made on a preferred unit, net of taxes, if any, payable by the company on (without duplication) (i) allocations of taxable income related to such distributions and (ii) the distributions themselves, in each case in respect of the preferred units held by us (using an assumed tax rate based on the maximum combined corporate federal, state and local income tax rate applicable to us). We refer in this prospectus to those preference rights as the H&F preference. See Description of Capital Stock Preferential Distributions to Holders of Preferred Units and Convertible Preferred Stock .

Net proceeds from a partial capital event will be distributed 60% to the holders of the preferred units and 40% to the holders of all other partnership units (including the GP units held by us that correspond to shares of our Class A common stock) until the amount distributed on each preferred unit in respect of all partial capital events equals $34.49, which we refer in this prospectus to as the per unit preference amount. A partial capital event means any sale, transfer, conveyance or disposition of assets of Artisan Partners Holdings for cash or other liquid consideration (other than in a transaction (i) in the ordinary course of business, (ii) that involves assets with a fair market value of less than or equal to 1% of the consolidated assets of Artisan Partners Holdings or (iii) that is part of or would result in a dissolution of Artisan Partners Holdings), or the incurrence of indebtedness by Artisan Partners Holdings or its subsidiaries, the principal purpose of which is to distribute the proceeds to the partners or equity holders thereof. A partial capital event does not include any payment from proceeds of this offering or the incurrence of any indebtedness that is refinancing indebtedness of Artisan Partners Holdings outstanding on or prior to March 12, 2013.

In the case of dissolution of Artisan Partners Holdings, the assets of Artisan Partners Holdings would be distributed (after satisfaction of its debts and liabilities and distribution of any accrued and undistributed profits) to the holders of preferred units, including us, until the amount distributed on each preferred unit, taking into account any preferential distributions previously made in connection with a partial capital event, equals the per unit preference amount.

The H&F preference will terminate if the average of the daily VWAP of our Class A common stock over any period of 60 consecutive trading days, beginning no earlier than June 12, 2014, is at least $43.11 divided by the then-applicable conversion rate.

The H&F preference may give rise to conflicts of interests for one of our directors.

The holders (other than us) of a majority of the preferred units and our convertible preferred stock are entitled to designate one director nominee as long as they directly or indirectly own shares of our capital stock constituting at least 5% of the number of shares of our common stock and our convertible preferred stock outstanding. Given the economic benefits of the H&F preference, there may be circumstances in which the interests of the holders of the preferred units and our convertible preferred stock, and thus the interests of their director representative, who is currently Allen R. Thorpe, are in conflict with the interests of our Class A stockholders.

If we were deemed an investment company under the 1940 Act as a result of our ownership of Artisan Partners Holdings, applicable restrictions could make it impractical for us to continue our business as contemplated and could have a material adverse effect on our business.

Under Sections 3(a)(1)(A) and (C) of the 1940 Act, a company generally will be deemed to be an investment company for purposes of the 1940 Act if (i) it is, or holds itself out as being, engaged primarily, or proposes to engage primarily, in the business of investing, reinvesting or trading in securities or (ii) it engages, or proposes to engage, in the business of investing, reinvesting, owning, holding or trading in securities and, absent an applicable exemption, it owns or proposes to acquire investment securities having a value exceeding 40% of the value of its total assets (exclusive of U.S. government securities and cash items) on an unconsolidated basis. We do not believe that we are an investment company , as such term is defined in either of those sections of the 1940 Act.

As the sole general partner of Artisan Partners Holdings, we control and operate Artisan Partners Holdings. On that basis, we believe that our interest in Artisan Partners Holdings is not an investment security as that term is used in the 1940 Act. However, if we were to cease participation in the management of Artisan Partners Holdings, our interest in Artisan Partners Holdings could be deemed an investment security for purposes of the 1940 Act.

We and Artisan Partners Holdings intend to continue to conduct our operations so that we will not be deemed an investment company. However, if we were to be deemed an investment company, restrictions imposed by the 1940 Act, including limitations on our capital structure and our ability to transact with affiliates, could make it impractical for us to continue our business as contemplated and could have a material adverse effect on our business.

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Risks Related to Our Class A Common Stock

The market price and trading volume of our Class A common stock may be volatile, which could result in rapid and substantial losses for our stockholders.

The market price of our Class A common stock may be highly volatile and could be subject to wide fluctuations. In addition, the trading volume of our Class A common stock may fluctuate and cause significant price variations to occur. If the market price of our Class A common stock declines significantly, you may be unable to sell your shares of Class A common stock at or above your purchase price, if at all. The market price of our Class A common stock may fluctuate or decline significantly in the future. Some of the factors that could negatively affect the price of our Class A common stock, or result in fluctuations in the price or trading volume of our Class A common stock, include:

- variations in our quarterly operating results;
- failure to meet analysts earnings expectations;
- publication of research reports about us or the investment management industry, or the failure of securities analysts to cover our Class A common stock;
- departures of any of our portfolio managers or members of our management team or additions or departures of other key personnel;
- adverse market reaction to any indebtedness we may incur or securities we may issue in the future;
- actions by stockholders;
- changes in market valuations of similar companies;
- actual or anticipated poor performance in one or more of the investment strategies we offer;
- changes or proposed changes in laws or regulations, or differing interpretations thereof, affecting our business, or enforcement of these laws and regulations, or announcements relating to these matters;
- adverse publicity about the investment management industry generally, or particular scandals, specifically;
- litigation and governmental investigations;
- the relatively low trading volume and public float of our Class A common stock;
- sales of a large number of our Class A common stock or the perception that such sales could occur; and

general market and economic conditions.

Future sales of our Class A common stock in the public market could lower our stock price, and any future grant or sale of equity or convertible securities may dilute your ownership in us.

The market price of our Class A common stock could decline as a result of the completion of this offering, additional future sales of a large number of shares of our Class A common stock, or the perception that such sales could occur. These sales, or the possibility that these sales may occur, also may make it more difficult for us to raise additional capital by selling equity securities in the future, at a time and price that we deem appropriate.

We will agree with the underwriters not to issue, sell, or otherwise dispose of or hedge any shares of our Class A common stock, subject to certain exceptions, for the lock-up period following the date of this prospectus, without the prior consent of Citigroup Global Markets Inc. and Goldman, Sachs & Co. Our officers, directors and each selling holder will enter into similar lock-up agreements with the underwriters. Citigroup Global Markets Inc. and Goldman, Sachs & Co. may, at any time, release us and/or any of our officers, directors and/or selling holders from these lock-up agreements and allow us and/or them to sell shares of our Class A common stock within this lock-up period. Pursuant to the terms of the exchange agreement between us and the holders of

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limited partnership units of Artisan Partners Holdings, such limited partnership units will be exchangeable for shares of our Class A common stock or our convertible preferred stock, which are convertible into shares of our Class A common stock, beginning on March 12, 2014. See Relationships and Related Party Transactions Transactions in connection with the IPO Reorganization . As described below, however, none of the shares of Class A common stock received upon exchange of limited partnership units may be sold prior to the expiration of the lock-up period described above.

We have entered into a resale and registration rights agreement with each holder of limited partnership units of Artisan Partners Holdings and each holder of our convertible preferred stock, pursuant to which the shares of our Class A common stock issued upon exchange of limited partnership units, and, if applicable, conversion of convertible preferred stock, are eligible for resale. Such shares of Class A common stock may be transferred only in accordance with the terms and conditions of the resale and registration rights agreement.

In each one-year period, the first of which will begin on and include the date of the completion of this offering, an employee-partner is permitted to sell (i) a number of vested shares of our Class A common stock representing up to 15% of the aggregate number of common units and shares of Class A common stock received upon exchange of common units (in each case, whether vested or unvested) he or she held as of the first day of that period (as well as the number of shares such holder could have sold in any previous period or periods but did not sell in such period or periods) or, (ii) if greater, vested shares of our Class A common stock having a market value as of the time of sale of up to $250,000. AIC is permitted to sell a number of shares of Class A common stock representing up to 15% of its aggregate number of common units and shares of Class A common stock received upon exchange of common units in the one-year period beginning on and including the date of the completion of this offering. There will be no limit on the number of shares of our Class A common stock AIC is permitted to sell after the later of (i) the termination of Mr. Ziegler s employment (which is expected to occur on March 12, 2014 pursuant to his employment agreement) and (ii) (A) June 12, 2014 or (B) the expiration of the lock-up period in connection with this offering, if this offering is completed prior to June 12, 2014. Any common units we purchase from AIC and/or an employee-partner in connection with this offering will be included when calculating the maximum number of shares of Class A common stock such person is permitted to sell in the first one-year period. Prior to the completion of this offering, our employee-partners owned 25.3 million common units and AIC owned 9.6 million common units.

Following (i) June 12, 2014 or (ii) the expiration of the lock-up period in connection with this offering, if this offering is completed prior to June 12, 2014, the H&F holders and the holders of Class A common units of Artisan Partners Holdings are permitted to sell any or all of their shares in any manner of sale permitted under the securities laws, subject to certain volume and timing restrictions applicable to the H&F holders. Prior to the completion of this offering, the H&F holders owned 3.6 million preferred units and 1.2 million shares of our convertible preferred stock and the holders of Class A common units owned 11 million common units.

In addition, after the same time period, the H&F holders and AIC will each have demand registration rights, subject to certain restrictions and conditions. See Relationships and Related Party Transactions Transactions in connection with the IPO Reorganization Resale and Registration Rights Agreement Restrictions on Sale for details relating to restrictions on transfer and registration rights.

We have filed a registration statement registering 15,000,000 shares of our Class A common stock for issuance pursuant to our 2013 Omnibus Incentive Compensation Plan and 2013 Non-Employee Director Plan. We have issued 1,616,969 restricted shares of Class A common stock to our employees and employees of our subsidiaries. In general, these shares vest pro rata over the next five years and may be sold upon vesting. We may increase the number of shares registered for this purpose from time to time. Once we register these shares and they have been issued and have vested, they will be able to be sold in the public market.

We may also purchase limited partnerships units of Holdings or shares of our convertible preferred stock at any time and may issue and sell additional shares of our Class A common stock to fund such purchases. We cannot predict the size of future issuances of our Class A common stock or the effect, if any, that future issuances and sales of shares of our Class A common stock may have on the market price of our Class A common stock. Sales or distributions of substantial amounts of our Class A common stock (including shares issued in connection with an acquisition), or the perception that such sales could occur, may cause the market price of our Class A common stock to decline. See Shares Eligible for Future Sale .

The disparity in the voting rights among the classes of our capital stock may have a potential adverse effect on the price of our Class A common stock.

Each share of our Class A common stock, Class C common stock and convertible preferred stock entitles its holder to one vote on all matters to be voted on by stockholders generally, while each share of our Class B common stock entitles its holder to five votes on all matters to be voted on by stockholders generally for so long as the holders of our Class B common stock collectively hold at least 20% of the number of outstanding shares of our common stock and our convertible preferred stock. The difference in voting rights could adversely affect the value of our Class A common stock by, for example, delaying or deferring a change of control or if investors view, or any potential future purchaser of our company views, the superior voting rights of the Class B common stock to have value.

For purposes of the Investment Company Act and the Investment Advisers Act, we expect a change of control of our company to occur no later than March 12, 2014. That change of control will result in termination of our investment advisory agreements with SEC-registered mutual funds and will trigger consent requirements in our other investment advisory agreements.

Under the U.S. Investment Company Act of 1940, as amended, or the 1940 Act, each of the investment advisory agreements between SEC-registered mutual funds and our subsidiary, Artisan Partners Limited Partnership, will terminate automatically in the event of its assignment, as defined in the 1940 Act. Upon the occurrence of such an assignment, our subsidiary could continue to act as adviser to any such fund only if that fund s board and shareholders approved a new investment advisory agreement, except in the case of certain of the funds that we sub-advise for which only board approval would be necessary. In addition, as required by the U.S. Investment Advisers Act of 1940, as amended, or the Advisers Act, each of the investment advisory agreements for the separate accounts we manage provides that it may not be assigned, as defined in the Advisers Act, without the consent of the client.

An assignment occurs under the 1940 Act and the Advisers Act if, among other things, Artisan Partners Limited Partnership undergoes a change of control as recognized under the 1940 Act and the Advisers Act. Currently, AIC, by virtue of its designee s right to determine how the shares of our common stock subject to the stockholders agreement are voted (subject to the obligation of the stockholders committee under the terms of the stockholders agreement to vote in support of certain nominees), controls Artisan Partners Limited Partnership for purposes of the 1940 Act and the Advisers Act. AIC will cease to have the right to determine how to vote the shares subject to the stockholders agreement upon the earliest to occur of: (i) Andrew A. Ziegler s death or disability, (ii) the voluntary termination of Mr. Ziegler s employment with us, including by reason of the scheduled expiration of his employment on March 12, 2014, and (iii) 180 days after the effective date of Mr. Ziegler s involuntary termination of employment with us. When AIC no longer has the right to determine how to vote the shares of our common stock subject to the stockholders agreement and therefore no longer controls Artisan Partners Limited Partnership, which we expect will occur no later than March 12, 2014 in connection with the scheduled expiration of Mr. Ziegler s employment with us, or if there were an earlier change of control at AIC or ZFIC Inc. (an entity that owns all of AIC and is controlled by Mr. Ziegler and Carlene M. Ziegler, who are married to each other), it is expected that an assignment will be deemed to have occurred and we will be required to obtain the necessary approvals for new mutual fund investment advisory agreements and consents from our separate account clients. As of January 27, 2014, we have obtained the necessary approvals for new mutual fund investment advisory agreements from the board and shareholders of Artisan Funds. We are in the process of obtaining the necessary approvals and consents from the boards and shareholders of the mutual

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funds that we sub-advise and from our separate account clients. We do not expect any agreements to terminate because of this change of control. The change of control described above that we expect to occur for purposes of the 1940 Act and the Advisers Act will not constitute a change of control as defined under the tax receivable agreements, revolving credit agreement or note purchase agreement.

Anti-takeover provisions in our restated certificate of incorporation and amended and restated bylaws and in the Delaware General Corporation Law could discourage a change of control that our stockholders may favor, which could negatively affect the market price of our Class A common stock.

Provisions in our restated certificate of incorporation, amended and restated bylaws and in the Delaware General Corporation Law, or the DGCL, may make it more difficult and expensive for a third party to acquire control of us even if a change of control would be beneficial to the interests of our stockholders. Those provisions include:

- the disparity in the voting rights among the classes of our capital stock;
- the right of the various classes of our capital stock to vote, as separate classes, on certain amendments to our restated certificate of incorporation and certain fundamental transactions;
- the ability of our board of directors to determine to issue shares of preferred stock and to determine the price and other terms of those shares, which could be used to thwart a takeover attempt;
- advance notice procedures that stockholders must comply with in order to nominate candidates to our board of directors or to propose matters to be acted upon at a stockholders meeting, which may discourage or deter a potential acquiror from conducting a solicitation of proxies to elect the acquiror s own slate of directors or otherwise attempting to obtain control of us;
- a limitation that, generally, stockholder action may only be taken at an annual or special meeting or by unanimous written consent;
- a requirement that a special meeting of stockholders may be called only by our board of directors, our Executive Chairman or our Chief Executive Officer, which may delay the ability of our stockholders to force consideration of a proposal or to take action, including the removal of directors; and
- the ability of our board of directors to adopt, amend and repeal our amended and restated bylaws by majority vote, while such action by stockholders would require a super majority vote, which makes it more difficult for stockholders to change certain provisions described above.

The market price of our Class A common stock could be adversely affected to the extent that the provisions of our restated certificate of incorporation and amended and restated bylaws discourage potential takeover attempts that our stockholders may favor. See Description of Capital Stock for additional information on the anti-takeover measures applicable to us.

Our restated certificate of incorporation designates the Court of Chancery of the State of Delaware as the sole and exclusive forum for certain types of actions and proceedings that may be initiated by our stockholders, which could limit our stockholders ability to obtain a favorable judicial forum for disputes with us or our directors, officers, employees or agents.

Our restated certificate of incorporation provides that, unless we consent in writing to an alternative forum, the Court of Chancery of the State of Delaware will be the sole and exclusive forum for (i) any derivative action or proceeding brought on our behalf, (ii) any action asserting a claim of breach of a fiduciary duty owed by any of our directors, officers, employees or agents to us or our stockholders, (iii) any action asserting a claim arising pursuant to any provision of the Delaware General Corporation Law, our restated certificate of incorporation or our amended and restated bylaws or (iv) any action asserting a claim that is governed by the internal affairs doctrine, in each case subject to the Court of Chancery having personal jurisdiction over the indispensable parties

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named as defendants therein and the claim not being one which is vested in the exclusive jurisdiction of a court or forum other than the Court of Chancery or for which the Court of Chancery does not have subject matter jurisdiction. Any person purchasing or otherwise acquiring any interest in any shares of our capital stock shall be deemed to have notice of and to have consented to this provision of our restated certificate of incorporation. This choice of forum provision may limit our stockholders ability to bring a claim in a judicial forum that it finds favorable for disputes with us or our directors, officers, employees or agents, which may discourage such lawsuits against us and our directors, officers, employees and agents. Alternatively, if a court were to find this provision of our restated certificate of incorporation inapplicable to, or unenforceable in respect of, one or more of the specified types of actions or proceedings, we may incur additional costs associated with resolving such matters in other jurisdictions, which could adversely affect our business and financial condition.

Our indemnification obligations may pose substantial risks to our financial condition.

Pursuant to our restated certificate of incorporation, we will indemnify our directors and officers to the fullest extent permitted by Delaware law against all liability and expense incurred by them in their capacities as directors or officers of us. We also are obligated to pay their expenses in connection with the defense of claims. Our bylaws provide for similar indemnification of, and advancement of expenses to, our directors, officers, employees and agents and members of our stockholders committee. We have also entered into indemnification agreements with each of our directors and executive officers and each member of our stockholders committee, pursuant to which we will indemnify them to the fullest extent permitted by Delaware law in connection with their service in such capacities. Artisan Partners Holdings will indemnify and advance expenses to AIC, as its former general partner, the former members of its pre-IPO Advisory Committee, the members of our stockholders committee, our directors and officers and its officers and employees against any liability and expenses incurred by them and arising as a result of the capacities in which they serve or served Artisan Partners Holdings. We have obtained liability insurance insuring our directors, officers and members of our stockholders committee against liability for acts or omissions in their capacities as directors, officers or committee members subject to certain exclusions. These indemnification obligations may pose substantial risks to our financial condition, as we may not be able to maintain our insurance or, even if we are able to maintain our insurance, claims in excess of our insurance coverage could be material. In addition, these indemnification obligations and other provisions of our restated certificate of incorporation, and the amended and restated partnership agreement of Artisan Partners Holdings, may have the effect of reducing the likelihood of derivative litigation against indemnified persons, and may discourage or deter stockholders or management from bringing a lawsuit against such persons, even though such an action, if successful, might otherwise have benefited us and our stockholders.

Our restated certificate of incorporation provides that certain of our investors do not have an obligation to offer us business opportunities.

Our restated certificate of incorporation provides that, to the fullest extent permitted by applicable law, certain of our investors and their respective affiliates (including affiliates who serve on our board of directors) have no obligation to offer us an opportunity to participate in the business opportunities presented to them, even if the opportunity is one that we might reasonably have pursued (and therefore they may be free to compete with us in the same business or similar business). Furthermore, we renounce and waive and agree not to assert any claim for breach of any fiduciary or other duty relating to any such opportunity against those investors and their affiliates by reason of any such activities unless, in the case of any person who is our director or officer, such opportunity is expressly offered to such director or officer in writing solely in his or her capacity as an officer or director of us. This may create actual and potential conflicts of interest between us and certain of our investors and their affiliates (including certain of our directors). See Description of Capital Stock Anti-Takeover Effects of Provisions of Delaware Law and Our Restated Certificate of Incorporation and Amended and Restated Bylaws Corporate Opportunities .

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If securities or industry analysts do not publish research or publish inaccurate or unfavorable research about our business or our industry, our stock price and trading volume could decline.

The trading market for our Class A common stock depends in part on the research and reports that securities or industry analysts publish about us or our business, or about the investment management industry generally. If one or more of the analysts who cover us downgrades our stock or publishes unfavorable research about our business or about the investment management industry, our stock price would likely decline. If one or more of these analysts ceases coverage of us or fails to publish reports on us regularly, demand for our stock could decrease, which could cause our stock price and trading volume to decline.

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CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

We have made statements under the captions Prospectus Summary , Risk Factors , Management s Discussion and Analysis of Financial Condition and Results of Operations , Business and in other sections of this prospectus that are forward-looking statements. In some cases, you can identify these statements by forward-looking words such as may , might , will , should , expects , intends , plans , anticipates , believes , estir potential or continue , the negative of these terms and other comparable terminology. These forward-looking statements, which are subject to risks, uncertainties and assumptions, may include projections of our future financial performance, our anticipated growth strategies, descriptions of new business initiatives and anticipated trends in our business. These statements are only predictions based on our current expectations and projections about future events. There are important factors that could cause our actual results, level of activity, performance or achievements to differ materially from the results, level of activity, performance or achievements expressed or implied by the forward-looking statements, including those factors discussed under the caption entitled Risk Factors .

Although we believe the expectations reflected in the forward-looking statements are reasonable, we cannot guarantee future results, level of activity, performance or achievements. We are under no duty to update any of these forward-looking statements after the date of this prospectus to conform our prior statements to actual results or revised expectations.

Forward-looking statements include, but are not limited to, statements about:

- our anticipated future results of operations;
- our potential operating performance and efficiency;
- our expectations with respect to future levels of assets under management, inflows and outflows;
- our financing plans, cash needs and liquidity position;
- our intention to pay dividends and our expectations about the amount of those dividends;
- our expected structure and levels of compensation of our employees;
- our expectations with respect to future expenses and the level of future expenses;
- our expected tax rate, and our expectations with respect to deferred tax assets;
- our estimates of future amounts payable pursuant to our tax receivable agreements; and
- our expectations with respect to new teams and/or strategies.

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USE OF PROCEEDS

The net proceeds from the sale of shares of our Class A common stock by us in this offering will be approximately $ million, or approximately $ million if the underwriters exercise in full their option to purchase additional shares of Class A common stock, in each case after deducting underwriting payable by us. We intend to use all of the net proceeds to purchase common units of Artisan Partners Holdings from certain limited partners of Artisan Partners Holdings, including certain of our directors and executive officers or their affiliates, and preferred units of Artisan Partners Holdings and shares of our convertible preferred stock from the H&F holders, or common units, preferred units and shares of convertible preferred stock, if the underwriters exercise in full their option to purchase additional shares of our Class A common stock. We will not retain any of the net proceeds from this offering.

This offering is being conducted to satisfy our obligations under the resale and registration rights agreement we entered into in connection with the IPO Reorganization, as described in Relationships and Related Party Transactions Transactions in connection with this offering Resale and Registration Rights Agreement . Of the net proceeds from this offering, $ is expected to be used to purchase preferred units and shares of our convertible preferred stock from the H&F holders, $ is expected to be used to purchase common units from our directors and executive officers and $ is expected to be used to purchase common units from other Class B common unit holders. See Principal Stockholders for information regarding the net proceeds of this offering that will be paid to certain of our directors and executive officers or their affiliates.

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PRICE RANGE OF OUR CLASS A COMMON STOCK

Shares of our Class A common stock have been listed and traded on the NYSE under the symbol APAM since March 7, 2013. The following table sets forth, for the periods indicated, the high and low sale prices in dollars on the NYSE for our Class A common stock and the dividends per share we declared with respect to the periods indicated.

	High	Low	Dividends Declared
March 7, 2013 through March 31, 2013	$ 41.54	$ 34.85	$
For the quarter ended June 30, 2013	$ 55.61	$ 36.57	$
For the quarter ended September 30, 2013	$ 55.10	$ 46.02	$ 0.43
For the quarter ended December 31, 2013	$ 66.01	$ 50.89	$ 0.43
For the quarter ending March 31, 2014 (through , 2014)	$	$	$

There is no trading market for shares of our Class B common stock, Class C common stock or convertible preferred stock.

On , 2014, the last reported sale price for our Class A common stock on the NYSE was $ per share. As of January 27, 2014, there were approximately 67 stockholders of record of our Class A common stock, 48 stockholders of record of our Class B common stock, 42 stockholders of record of our Class C common stock and 1 stockholder of record of our convertible preferred stock. These figures do not reflect the beneficial ownership or shares held in nominee name, nor do they include holders of any restricted stock units.

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DIVIDEND POLICY AND DIVIDENDS

Dividend Policy

We intend to continue to pay quarterly cash dividends and to consider each year payment of an additional special dividend. On August 26, 2013, we paid a cash dividend in respect of the second quarter of 2013 of $0.43 per share of our Class A common stock to our Class A common stockholders of record as of August 12, 2013. On November 26, 2013, we paid a cash dividend in respect of the third quarter of 2013 of $0.43 per share of our Class A common stock to our Class A common stockholders of record as of November 11, 2013. Our dividend policy targets the distribution of the majority of annual adjusted earnings through a quarterly dividend and, subject to firm profitability and business conditions, a special annual dividend. We intend to fund dividends from our portion of distributions made by Artisan Partners Holdings from its available cash generated from operations. The holders of our Class B common stock and Class C common stock are not entitled to any cash dividends in their capacity as stockholders, but, in their capacity as holders of limited partnership units of Artisan Partners Holdings, generally participate on a pro rata basis in distributions by Artisan Partners Holdings.

The declaration and payment of all future dividends, if any, will be at the sole discretion of our board of directors. In determining the amount of any future dividends, our board of directors will take into account: (i) the financial results of Artisan Partners Holdings, (ii) our available cash, as well as anticipated cash requirements (including debt servicing), (iii) our capital requirements and the capital requirements of our subsidiaries (including Artisan Partners Holdings), (iv) contractual, legal, tax and regulatory restrictions on, and implications of, the payment of dividends by us to our stockholders or by our subsidiaries (including Artisan Partners Holdings) to us, including the obligation of Artisan Partners Holdings to make tax distributions to the holders of partnership units (including us) (v) general economic and business conditions and (vi) any other factors that our board of directors may deem relevant.

As a holding company, our assets principally consist of our ownership of partnership units of Artisan Partners Holdings, deferred tax assets and cash and, accordingly, we depend on distributions from Artisan Partners Holdings to fund any dividends we may pay. We intend to cause Artisan Partners Holdings to distribute cash to its partners, including us, in an amount sufficient to cover dividends, if any, declared by us. If we do cause Artisan Partners Holdings to make such distributions, holders of Artisan Partners Holdings limited partnership units will be entitled to receive equivalent distributions on a pro rata basis.

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, Artisan Partners Holdings is unable to make distributions to us as a result of its operating results, cash requirements and financial condition, the applicable laws of the State of Delaware (which may limit the amount of funds available for distribution), its compliance with covenants and financial ratios related to indebtedness (including the notes and the revolving credit agreement) and its other agreements with third parties. Our note purchase and revolving credit agreements contain covenants limiting Artisan Partners Holdings ability to make distributions if a default has occurred and is continuing or would result from such a distribution. See Management s Discussion and Analysis of Financial Condition and Results of Operations Liquidity and Capital Resources .

The terms of our convertible preferred stock prevent us from declaring or paying any dividend on our Class A common stock until we have paid to the convertible preferred stockholders an amount per share equal to the proceeds per preferred unit of any distributions we receive on the preferred units held by us plus the cumulative amount of any prior distributions made on the preferred units held by us which have not been paid to the convertible preferred stockholders, net of taxes, if any, payable by us on (without duplication) (i) allocations of taxable income related to such distributions and (ii) the distributions themselves, in each case in respect of the preferred units held by us. We intend to pay dividends on our convertible preferred stock promptly upon receipt of any distributions made on the preferred units of Artisan Partners Holdings that we hold in amounts sufficient to permit the declaration and payment of dividends on our Class A common stock.

Under the Delaware General Corporation Law, we may only pay dividends from legally available surplus or, if there is no such surplus, out of our net profits for the fiscal year in which the dividend is declared and/or the preceding fiscal year. Surplus is defined as the excess of the fair value of our total assets over the sum of the fair value of our total liabilities plus the par value of our outstanding capital stock. Capital stock is defined as the aggregate of the par value of all issued capital stock. To the extent we do not have sufficient cash 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.

We are taxable as a corporation for U.S. federal income tax purposes and therefore holders of our Class A common stock will not be taxed directly on our earnings. Distributions of cash or other property that we pay to our stockholders will constitute dividends for U.S. federal income tax purposes to the extent paid from our current or accumulated earnings and profits (as determined under U.S. federal income tax rules). If the amount of a distribution by us to our stockholders exceeds our current and accumulated earnings and profits, such excess will be treated first as a tax-free return of capital to the extent of a holder s basis in the Class A common stock and thereafter as capital gain.

Artisan Partners Holdings Historical Distributions

Artisan Partners Holdings distributed all of the retained profits of the partnership available for distribution as of the date of the closing of our IPO to its pre-IPO partners. Approximately $40.0 million of the distribution was made immediately prior to our IPO, and the other approximately $65.3 million of the distribution was made following the closing of our IPO with a portion of the IPO net proceeds. During the second, third and fourth quarters of 2013, Artisan Partners Holdings distributed $20.4 million, $39.4 million and $65.4 million, respectively, for income taxes as required under its partnership agreement to holders of its partnership units, including us. On July 17, 2013 and October 22, 2013, we, acting as the general partner of Artisan Partners Holdings, declared distributions of $19.1 million and $21.4 million payable by Artisan Partners Holdings and those distributions were paid on August 22, 2013 and November 22, 2013, respectively, to holders of its partnership units, including us.

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CAPITALIZATION

The following table sets forth our cash and cash equivalents and our capitalization as of September 30, 2013 on an actual basis and on a pro forma basis after giving effect to the transactions described under Unaudited Pro Forma Consolidated Financial Information , including the application of net proceeds from this offering. See Use of Proceeds .

You should read the following table in conjunction with the consolidated financial statements and related notes, Unaudited Pro Forma Consolidated Financial Information and Management s Discussion and Analysis of Financial Condition and Results of Operations appearing elsewhere in this prospectus. The information presented in the following table assumes no exercise of the underwriters option to purchase additional shares of our Class A common stock.

	As of September 30, 2013	
	Actual Artisan Partners Asset Management (unaudited)	Pro Forma Artisan Partners Asset Management (unaudited)
	(dollars in millions except per share amounts)	
Cash and cash equivalents	$ 275.9	$
Borrowings	200.0	200.0
Stockholders equity (deficit):		
Class A common stock, $0.01 par value per share, 500,000,000 shares authorized, 14,287,436 outstanding on an actual basis and outstanding on a pro forma basis	0.1	
Class B common stock, $0.01 par value per share, 200,000,000 shares authorized and 25,629,149 outstanding on an actual basis and outstanding on a pro forma basis	0.3	
Class C common stock, $0.01 par value per share, 400,000,000 shares authorized, 29,001,959 outstanding on an actual basis and outstanding on a pro forma basis	0.3	
Convertible preferred stock, $0.01 par value per share, 15,000,000 shares authorized, 2,565,463 outstanding on an actual basis and outstanding on a pro forma basis	74.7	
Additional paid-in capital	(60.3)	
Retained earnings (deficit)	8.6	
Accumulated other comprehensive income (loss)	0.8	
Treasury stock, at cost		
Artisan Partners Asset Management stockholders equity (deficit)	24.5	
Noncontrolling interests Artisan Partners Holdings	22.5	
Noncontrolling interests Launch Equity	48.9	
Total equity (deficit)	95.9	
Total capitalization	$ 295.9	$

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UNAUDITED PRO FORMA CONSOLIDATED FINANCIAL INFORMATION

The following unaudited pro forma consolidated financial statements present the consolidated statements of operations and financial position of Artisan Partners Asset Management and its subsidiaries, assuming that all of the transactions described below had been completed as of: (i) January 1, 2012, with respect to the unaudited pro forma consolidated statements of operations and (ii) September 30, 2013, with respect to the unaudited pro forma consolidated statement of financial position, excluding the IPO Reorganization which is reflected in our historical results as of September 30, 2013. The pro forma adjustments are based on available information and upon assumptions that our management believes are reasonable in order to reflect, on a pro forma basis, the impact of these transactions.

The pro forma adjustments principally give effect to the following transactions:

- the IPO Reorganization and the completion of our IPO on March 12, 2013;

- the November 2013 Offering completed on November 6, 2013; and

- the following matters relating to this offering:

  - the offering of shares of our Class A common stock by us at an assumed public offering price of $ per share (the last reported sale price of our Class A common stock on , 2014);

  - the application of the approximately $ million of net proceeds from this offering to purchase from the selling holders Class A common units (and the cancellation of the corresponding shares of Class C common stock), Class B common units (and the cancellation of the corresponding shares of Class B common stock), Class D common units (and the cancellation of the corresponding shares of Class C common stock), Class E common units (and the cancellation of the corresponding shares of Class C common stock), preferred units (and cancellation of the corresponding shares of Class C common stock) and shares of our convertible preferred stock; and

  - the recording of a deferred tax asset as a result of the step-up in tax basis that is expected to result from the purchase by us of an aggregate of common and preferred units held by the selling holders and the liability that is expected to be incurred as a result under the tax receivable agreement that requires us to pay 85% of such benefits to the selling holders.

Future exchanges of common and preferred units of Artisan Partners Holdings for shares of our Class A common stock or convertible preferred stock pursuant to the exchange agreement will be recorded at existing carrying value. Those exchanges will generate deferred tax assets and liabilities relating to our tax receivable agreements as discussed in footnote (c) to the Notes to Unaudited Pro Forma Consolidated Statements of Financial Condition as of September 30, 2013.

We have not made any pro forma adjustments to our general and administrative expense, or any of our other expense items, relating to reporting, compliance or investor relations costs, or other incremental costs that we may have incurred if we had been a public company prior to our IPO, including costs relating to compliance with Section 404 of Sarbanes-Oxley.

The unaudited pro forma consolidated financial information is included for informational purposes only and does not purport to reflect our statement of operations or financial position that would have occurred had we operated as a public company throughout the periods presented. The unaudited pro forma consolidated financial information should not be relied upon as being indicative of our statement of operations or financial position had the transactions contemplated in connection with the IPO Reorganization, our IPO, the November 2013 Offering and this offering been completed on the dates assumed. The unaudited pro forma consolidated financial information also does not project the statement of operations or financial position for any future period or date. The information presented in this section of the prospectus assumes no exercise of the underwriters option to purchase additional shares of our Class A common stock.

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UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF OPERATIONS

For the Year Ended December 31, 2012

	APAM Historical	IPO Reorganization and IPO Adjustments	November 2013 Offering Adjustments	As Adjusted Before Offering	Offering Adjustments	APAM Pro Forma
	(dollars in millions, except per share amounts)					
Revenues						
Management fees						
Artisan Funds & Artisan Global Funds	$ 336.2	$	$	$ 336.2	$	$ 336.2
Separate accounts	167.8			167.8		167.8
Performance fees	1.6			1.6		1.6
Total revenues	505.6			505.6		505.6
Operating expenses						
Compensation and benefits						
Salaries, incentive compensation and benefits	227.3			227.3		227.3
Pre-offering related compensation share-based awards	101.7	(19.2)[a]		82.5		82.5
Pre-offering related compensation other	54.1	(54.1)[b]				
Total compensation and benefits	383.1	(73.3)		309.8		309.8
Distribution and marketing	29.0			29.0		29.0
Occupancy	9.3			9.3		9.3
Communication and technology	13.2			13.2		13.2
General and administrative	23.9	0.5[c]		24.4		24.4
Total operating expenses	458.5	(72.8)		385.7		385.7
Operating income	47.1	72.8		119.9		119.9
Non-operating income (loss)						
Interest expense	(11.4)	(0.3)[d]		(11.7)		(11.7)
Net gain (loss) of Launch Equity	8.8			8.8		8.8
Loss on debt extinguishment	(0.8)	0.8[d]				
Other income	(0.1)	0.8[d]		0.7		0.7
Total non-operating income (loss)	(3.5)	1.3		(2.2)		(2.2)
Income before income taxes	43.6	74.1		117.7		117.7
Provision for income taxes	1.0	14.7[e]	4.0[e]	19.7	[e]	
Income from continuing operations before nonrecurring charges directly attributable to the transactions	42.6	59.4	(4.0)	98.0		
Less: Net income attributable to noncontrolling interests Artisan Partners Holdings	33.8	51.8[f]	(6.6)[f]	79.0	[f]	
Less: Net income attributable to noncontrolling interests Launch Equity	8.8			8.8		8.8
Net income (loss) attributable to Artisan Partners Asset Management before nonrecurring charges directly attributable to the transactions[g]	$	$ 7.6	$ 2.6	$ 10.2	$	$

Basic and diluted net income per share attributable to Artisan Partners Asset Management Class A common stockholders before nonrecurring charges directly attributable to the transactions[g]	$	[h]
Shares used in basic net income per share		[h]
Shares used in diluted net income per share		[h]

The accompanying notes are an integral part of these unaudited pro forma consolidated financial statements.

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UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF OPERATIONS

For the Nine Months Ended September 30, 2013

	APAM Historical	IPO Reorganization and IPO Adjustments	November 2013 Offering Adjustments	As Adjusted Before Offering	Offering Adjustments	APAM Pro Forma
	(dollars in millions, except per share amounts)					
Revenues						
Management fees						
Artisan Funds & Artisan Global Funds	$ 330.5	$	$	$ 330.5	$	$ 330.5
Separate accounts	157.7			157.7		157.7
Performance fees						
Total revenues	488.2			488.2		488.2
Operating expenses						
Compensation and benefits						
Salaries, incentive compensation and benefits	221.4			221.4		221.4
Pre-offering related compensation share-based awards	380.5	(307.8)[(a)]		72.7		72.7
Pre-offering related compensation other	143.0	(143.0)[(b)]				
Total compensation and benefits	744.9	(450.8)		294.1		294.1
Distribution and marketing	27.1			27.1		27.1
Occupancy	7.8			7.8		7.8
Communication and technology	10.3			10.3		10.3
General and administrative	17.7			17.7		17.7
Total operating expenses	807.8	(450.8)		357.0		357.0
Operating income	(319.6)	450.8		131.2		131.2
Non-operating income (loss)						
Interest expense	(9.0)	0.3[(d)]		(8.7)		(8.7)
Net gain on the valuation of contingent value rights	40.3		(40.3)[(i)]			
Net gain (loss) of Launch Equity	9.1			9.1		9.1
Total non-operating income (loss)	40.4	0.3	(40.3)	0.4		0.4
Income before income taxes	(279.2)	451.1	(40.3)	131.6		131.6
Provision for income taxes	17.1	2.9[(e)]	0.5[(e)]	20.5	[(e)]	
Income from continuing operations before nonrecurring charges directly attributable to the transactions	(296.3)	448.2	(40.8)	111.1		
Less: Net income attributable to noncontrolling interests Artisan Partners Holdings	(320.1)	447.5[(f)]	(38.7)[(f)]	88.7	[(f)]	
Less: Net income attributable to noncontrolling interests Launch Equity	9.1			9.1		9.1
Net income (loss) attributable to Artisan Partners Asset Management before nonrecurring charges directly attributable to the transactions[(g)]	$ 14.7	$ 0.7	$ (2.1)	$ 13.3	$	$
Basic net income per share attributable to Artisan Partners Asset Management Class A common stockholders before nonrecurring charges directly	$ 0.97					$ [(h)]

attributable to the transactions[g]				
Diluted net income per share attributable to Artisan Partners Asset Management Class A common stockholders before nonrecurring charges directly attributable to the transactions[g]	$	0.90	$	[h]
Weighted average basic common shares outstanding		12,728,949		[h]
Weighted average diluted common shares outstanding		15,294,412		[h]

The accompanying notes are an integral part of these unaudited pro forma consolidated financial statements.

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Notes to Unaudited Pro Forma Consolidated Statement of Operations

For the Year Ended December 31, 2012 and the Nine Months Ended September 30, 2013

(a) Under the Class B grant agreements in effect prior to the IPO Reorganization and our IPO, Artisan Partners Holdings was required to redeem Class B common units upon the termination of employment of any holder of Class B common units. Historically, Artisan Partners Holdings recorded the Class B common units as a liability and recognized compensation expense for the distributions on those units and for changes in the value of the liability. As part of the IPO Reorganization, the Class B grant agreements were amended to eliminate the cash redemption feature. As a result, we no longer account for the Class B common units as liability awards and distributions on the awards are no longer recorded as compensation expense. We record compensation expense for the fair value of the unvested awards of Class B common units as of the close of the IPO Reorganization over the remaining vesting period. These pro forma adjustments represent the compensation expense that would be recorded had the IPO Reorganization occurred on January 1, 2012.

We have eliminated the historical compensation expense recognized for the change in the value of the liability award of $101.7 million and $41.9 million for the year ended December 31, 2012 and nine months ended September 30, 2013, respectively. In addition, for the nine months ended September 30, 2013, we eliminated the one-time expense of $287.3 million incurred as a result of the amendment of the awards (based on the difference between the carrying value of the liability associated with the vested Class B common units immediately prior to our IPO and the value based on the $30.00 offering price per share of Class A common stock in our IPO).

As of January 1, 2012, the total value of unvested Class B common units would have been $332.1 million, based on the IPO price of $30.00 per share of Class A common stock and assuming 11,068,596 unvested Class B common units. We have included $82.5 million of expense that would have been recognized in 2012 based upon the unvested balance of Class B awards as of January 1, 2012 of $332.1 million, which is amortized over the remaining vesting period for each award. We have included $21.4 million of expense that would have been recognized for the nine months ended September 30, 2013 in addition to $51.3 million already recorded.

Based on the IPO price of $30.00 per share of Class A common stock and 7,623,997 unvested Class B common units as of March 12, 2013, the closing date of our IPO, the total value of unvested Class B common units as of such date was $228.7 million. As a result of the vesting requirements associated with the awards, we will recognize the following non-cash compensation charges from the closing date of our IPO through 2017:

	(in millions)
2013 (partial year, from the close of our IPO)	$ 76.0
2014	$ 65.2
2015	$ 43.1
2016	$ 29.8
2017	$ 14.6
Total	$ 228.7

(b) As discussed in footnote (a) above, as part of the IPO Reorganization, we amended the Class B grant agreements to eliminate the cash redemption feature. Accordingly, we no longer record as compensation expense distributions on the Class B common units. This pro forma adjustment eliminates historical compensation expense associated with distributions of $54.1 million and $65.7 million for the year ended December 31, 2012 and nine months ended September 30, 2013, respectively. In addition, for the nine months ended September 30, 2013, we have eliminated (i) $56.8 million of expense associated with cash incentive compensation payments made to certain portfolio managers in connection with our IPO and (ii) $20.5 million of expense relating to profits after our IPO otherwise allocable and distributable, in the aggregate, to our pre-IPO non-employee partners that instead are allocated and distributed to certain of our employee-partners.

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(c) We plan to grant to our non-employee directors an annual award of restricted stock units aggregating $0.5 million each year, all of which will vest upon grant. The first annual award totaling $0.5 million was made in connection with our IPO and each subsequent award aggregating $0.5 million is expected to be made at the beginning of each fiscal year. This adjustment represents the increase in expense for the year ended December 31, 2012 associated with the restricted stock units we expect to award each year. No adjustment is needed for the nine months ended September 30, 2013 because the expense associated with the awards is included in the historical results for that period.

(d) These pro forma adjustments represent:

(i) for the year ended December 31, 2012, the full year impact of the increase in interest expense associated with the issuance of $200.0 million in unsecured notes and the execution of a $100.0 million five-year revolving credit facility ($90.0 million of which was drawn), the reduction of interest expense associated with the repayment of all of the then-outstanding principal amount of our term loan and expenses relating to the termination of our interest rate swaps, all of which occurred in August 2012;

(ii) for both the year ended December 31, 2012 and nine months ended September 30, 2013, the elimination of interest expense associated with the $90.0 million of principal amount drawn under the revolving credit facility, which was repaid in full at the time of our IPO; and

(iii) for the year ended December 31, 2012, the elimination of $0.8 million of loss on debt extinguishment and $0.8 million of other debt financing expenses that occurred as a result of the debt financing transaction.

(e) Represents the impact of foreign, U.S. federal and U.S. state income taxes that Artisan Partners Asset Management incurs as a corporation on its allocable portion of the income of Artisan Partners Holdings. Prior to the completion of our IPO on March 12, 2013, our business was historically organized as a partnership and was not subject to U.S. federal and certain U.S. state income taxes.

The provision for income taxes from operations differs from the amount of income tax computed by applying the applicable U.S. statutory federal income tax rate to income before provision for income taxes as follows:

	For the Year Ended December 31, 2012				
	IPO Reorganization and IPO		November 2013 Offering		Offering
Federal Statutory Rate	$ 41.2	35.0%	$ 41.2	35.0%	
Non-deductible share-based compensation	6.4	5.4%	8.0	6.8%	
Rate benefit from the flow through entity	(32.8)	(27.9%)	(30.6)	(26.0%)	
Other	0.9	0.8%	1.1	0.9%	
Provision for income taxes/Effective Tax Rate	$ 15.7	13.3%	$ 19.7	16.7%	

	For the Nine Months Ended September 30, 2013				
	IPO Reorganization and IPO		November 2013 Offering		Offering
Federal Statutory Rate	$ 60.2	35.0%	$ 46.1	35.0%	
Non-deductible share-based compensation	5.5	3.2%	6.6	5.0%	
Rate benefit from the flow through entity	(47.8)	(27.8%)	(34.1)	(25.9%)	
Other	2.1	1.3%	1.9	1.5%	
Provision for income taxes/Effective Tax Rate	$ 20.0	11.7%	$ 20.5	15.6%	

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Our effective tax rate includes a rate benefit attributable to the fact that, following our IPO, the November 2013 Offering and after this offering, approximately 78%, 72% and %, respectively, of Artisan Partners Holdings earnings will be attributable to other partners and will not be taxable to us. This favorable impact is partially offset by the impact of certain permanent items, primarily attributable to certain compensation-related expenses that are not deductible for tax purposes. Absent these items, our pro forma effective tax rate, on the portion of Artisan Partners Holdings income attributable to us, would be approximately 36%.

The rate benefit from the flow through entity primarily represents the portion of the tax effected (at statutory rates) consolidated pro forma income before tax attributable to the common and preferred units of Artisan Partners Holdings. The federal and state income taxes on the earnings attributable to the common and preferred units of Artisan Partners Holdings would be payable directly by the partners of Artisan Partners Holdings.

(f) The common and preferred units owned by the limited partners of Artisan Partners Holdings are noncontrolling interests for financial accounting purposes. The amount attributable to noncontrolling interests represents the pro forma income of Artisan Partners Holdings attributable to those partners (78% on a pro forma basis after the IPO Reorganization and our IPO, 72% after the November 2013 offering, and % after this offering).

The pro forma net income attributable to noncontrolling interest is computed as follows:

	For the Year Ended December 31, 2012		
	IPO Reorganization and IPO	November 2013 Offering (dollars in millions)	Offering
Income before income taxes	$ 117.7	$ 117.7	$ 117.7
Less: Noncontrolling interest attributable to Launch Equity	8.8	8.8	8.8
Plus: Direct expenses of Artisan Partners Asset Management	0.5	0.5	0.5
Net income of Artisan Partners Holdings	109.4	109.4	109.4
Noncontrolling interest % held by partners of Artisan Partners Holdings	78.2%	72.2%	
Noncontrolling interest attributable to Artisan Partners Holdings partners	$ 85.6	$ 79.0	

	For the Nine Months Ended September 30, 2013		
	IPO Reorganization and IPO	November 2013 Offering (dollars in millions)	Offering
Income before income taxes	$ 171.9	$ 131.6	$ 131.6
Less: Noncontrolling interest attributable to Launch Equity	9.1	9.1	9.1
Less: Artisan Partners Holdings unincorporated business tax	1.2	1.2	1.2
Plus: Direct expenses of Artisan Partners Asset Management	2.4	2.4	2.4
Net income of Artisan Partners Holdings	164.0	123.7	123.7
Average noncontrolling interest % held by partners of Artisan Partners Holdings	77.7%	71.7%	
Average moncontrolling interest attributable to Artisan Partners Holdings partners	$ 127.4	$ 88.7	

(g) In connection with the IPO Reorganization and our IPO, we incurred nonrecurring charges of $287.3 million as of the closing date of the IPO as a result of the modification of our Class B grant agreements, as discussed in footnote (a) above. In addition, as discussed in footnote (b) above, we (i) made bonus payments aggregating approximately $56.8 million to certain of our portfolio managers in connection with our IPO, (ii) incurred compensation expense aggregating $20.5 million representing reallocated distributions of profits and (iii) incurred approximately $65.7 million of expense associated with distributions on Class B common units as part of the IPO Reorganization. As part of the IPO Reorganization, we amended the Class B grant agreements to eliminate the cash redemption feature and distributions on our Class B common units are no longer recorded as compensation expense. To present the pro forma consolidated statement of operations as though the IPO Reorganization, our IPO, the November 2013 Offering and this offering had been completed as of January 1, 2012, we have removed these nonrecurring charges from the pro forma consolidated statement of operations for the nine months ended September 30, 2013. We have not included the impact of these charges in the pro forma consolidated statement of operations for the year ended December 31, 2012 because the adjustments only occurred in the year of our IPO and not thereafter.

(h) Our IPO and the IPO Reorganization closed on March 12, 2013. All income for the period prior to that date was entirely attributable to noncontrolling interest and, as a result, earnings per share is not included in the APAM historical results for the year ended December 31, 2012.

The pro forma basic and diluted net income per share calculation includes 5,520,000 and shares of our Class A common stock sold in the November 2013 Offering and this offering, respectively, for which the proceeds received from the sale of such shares has been and will be used to purchase common and preferred units of Artisan Partners Holdings and shares of our convertible preferred stock, as applicable. See Use of Proceeds .

The purchase price of the convertible preferred stock in connection with the November 2013 Offering and this offering exceeds the carrying value of the convertible preferred stock by $ million, and as a result is considered a deemed dividend. However, as this deemed dividend occurs in the year of the offering and not thereafter, the impact of the deemed dividend is excluded from the pro forma net income per share calculation. See footnote (b) to the Unaudited Pro Forma Consolidated Statement of Financial Condition for additional information.

The assumed exchange of units of Artisan Partners Holdings for Class A common stock in the future would have an antidilutive effect and, accordingly, the effect of such exchange has been excluded from pro forma basic and diluted net income per share attributable to Class A common stockholders. In addition, unvested restricted shares of Class A common stock were also determined to be antidilutive and these shares and allocated income have been excluded from pro forma diluted net income per share attributable to Class A common stockholders.

We have issued 16,670 restricted stock units to our non-employee directors, all of which vested upon grant and are included in the shares used to calculate pro forma basic and diluted net income per share. Refer to footnote (c) above for additional information on this award.

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Income available to Class A common stockholders for purposes of net income per share after giving effect to the IPO Reorganization, our IPO, the November 2013 Offering and this offering can be derived as follows:

Basic Earnings per Share	For the Year Ended December 31, 2012			For the Nine Months Ended September 30, 2013			
	APAM Pro Forma	Class A Common Stockholders	Convertible Preferred Stockholders	APAM Pro Forma	Class A Common Stockholders	Convertible Preferred Stockholders	Restricted Stockholders
	(dollars in millions, except per share amounts)						
Net income attributable to Artisan Partners Asset Management before nonrecurring charges directly attributable to the transactions	$			$			
Dividends paid		$	$		$	$	$
Undistributed earnings							
Economic ownership of Artisan Partners Asset Management							
Allocation of undistributed earnings							
Distributed and undistributed earnings basic							
Shares used in basic net income per share							
Basic net income per share attributable to Artisan Partners Asset Management Class A common stockholders before nonrecurring charges directly attributable to the transactions			$		$		
Additional earnings allocated from convertible preferred stockholders for diluted earnings per share							
Distributed and undistributed earnings diluted							
Shares used in diluted net income per share							
Diluted net income per share attributable to Artisan Partners Asset Management Class A common stockholders before nonrecurring charges directly attributable to the transactions			$		$		

(i) Represents the elimination of the gain on the valuation of the CVRs as result of the termination of the CVRs in connection with the November 2013 Offering.

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UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL CONDITION

As of September 30, 2013

	APAM Actual	Offering Adjustments (dollars in millions)		APAM Pro Forma
Assets				
Cash and cash equivalents	$ 275.9	$	(a)(b)	$
Cash and cash equivalents of Launch Equity	18.4			18.4
Accounts receivable	59.4			59.4
Accounts receivable of Launch Equity	15.2			15.2
Investment securities	23.7			23.7
Investment securities of Launch Equity	65.3			65.3
Property and equipment, net	8.5			8.5
Deferred tax assets	64.8		(c)(d)	
Prepaid expenses and other assets	10.6			10.6
Total assets	$ 541.8	$		$
Liabilities and stockholders equity (deficit)				
Accounts payable, accrued expenses, and other liabilities	42.9			42.9
Accrued incentive compensation	83.9			83.8
Amounts payable under tax receivable agreements	54.0		(c)	
Borrowings	200.0			200.0
Contingent value rights	15.1		(b)	
Payables of Launch Equity	14.5			14.5
Securities sold, not yet purchased of Launch Equity	35.5			35.5
Total liabilities	445.9			
Stockholders permanent equity (deficit)				
Common stock				
Class A common stock	0.1		(a)	
Class B common stock	0.3		(b)	
Class C common stock	0.3		(b)	
Convertible preferred stock	74.7		(b)	
Additional paid-in capital	(60.3)		(a)	
			(b)	
			(c)	
			(d)	
Retained earnings	8.6		(b)	
Accumulated other comprehensive income (loss)	0.8		(d)	
Total stockholders permanent equity	24.5			
Noncontrolling interest Artisan Partners Holdings	22.5		(b)	
			(d)	
Noncontrolling interest Launch Equity	48.9			48.9
Total equity (deficit)	95.9			
Total liabilities and stockholders permanent equity (deficit)	$ 541.8			$

The accompanying notes are an integral part of these unaudited pro forma consolidated financial statements.

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Notes to Unaudited Pro Forma Consolidated Statement of Financial Condition

As of September 30, 2013

(a) Represents the issuance of shares of our Class A common stock, par value $0.01 per share, in this offering, including (i) the par value of the Class A common stock, (ii) the additional paid-in capital representing the gross proceeds less the amount attributable to the par value and (iii) the deduction from additional paid-in capital of $ million related to the underwriting discount and $ million of estimated expenses. The gross proceeds are based on an assumed public offering price of $ per share (the last reported sale price of our Class A common stock on , 2014). A $1.00 change in the assumed offering price will increase or decrease the net proceeds we will receive by $ million.

(b) Represents our purchase of common units and preferred units of Artisan Partners Holdings and shares of our convertible preferred stock with the net proceeds of this offering (assuming an underwriting discount of $ million).

Our purchase of common and preferred units of Artisan Partners Holdings results in us holding additional GP units in Artisan Partners Holdings and a change of our ownership interest in Artisan Partners Holdings. Because we maintain control of Artisan Partners Holdings, changes in our ownership interest in Artisan Partners Holdings are treated as equity transactions.

The par value related to our purchase of shares of Class B common stock and shares of Class C common stock will be reduced by $ million and $ million, respectively, which increases additional paid-in capital. The purchase results in us holding additional GP units in Artisan Partners Holdings and as such, our non-controlling interest increased $ million and additional paid-in capital decreased $ million as a portion of the deficit carried by common non-controlling interest holders is allocated to us.

Our purchase of convertible preferred stock will reduce the carrying value of the convertible preferred stock on our consolidated statement of financial condition by $ million. The excess of consideration paid over the carrying value of the purchased convertible preferred stock will be recorded as a reduction to retained earnings of $ million.

The purchase of preferred units and shares of convertible preferred stock will result in a deemed distribution and a reduction to income available to common stockholder in our earnings per share calculation. The amount of the deemed distribution is equal to the excess of the consideration paid over the carrying value of these interests and is calculated as follows:

	Common Units	**Preferred Units**	**Convertible Preferred Stock**	**Total**
Offering proceeds, net of underwriting discount	$	$	$	$
Carrying value of preferred units / convertible preferred stock				
Deemed distribution	$	$	$	$

(c) Reflects the recognition of deferred tax assets as a result of our purchase of common and preferred units from the selling holders and the recognition of tax liabilities related to our tax receivable agreements.

Under one of the tax receivable agreements, we are required to pay to each holder of limited partnership units of Artisan Partners Holdings 85% of the applicable cash savings, if any, in U.S. federal and state income tax that we actually realize as a result of certain tax attributes of units exchanged by, or purchased from, such holder or that are created as a result of such exchanges or purchases.

The deferred tax asset relating to and the amount payable under that tax receivable agreement are $ million and $ million, respectively, based on an assumed public offering price of

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$ per share of our Class A common stock (the last reported sale price of our Class A common stock on , 2014) and our purchase of an aggregate of common units and preferred units. The computation of the deferred tax asset takes into account additional tax benefits and additional potential payments triggered by payments made under the tax receivable agreements.

The pro forma deferred tax asset adjustment is based on an assumed offering price per share of $ (the last reported sale price of our Class A common stock on , 2014) and an incremental tax rate of 36.1%. The pro forma adjustment for the amounts payable under the tax receivable agreements represents 85% of the assets subject to the tax receivable agreements. The net deferred tax asset is shown as an increase to paid-in capital within the pro forma statement of financial condition. Any payments made under the tax receivable agreements may give rise to additional tax benefits and additional potential payments under the tax receivable agreements.

In determining the future realization of the potential tax benefits associated with the purchases and exchanges of partnership units of Artisan Partners Holdings, we have applied a 5% growth rate assumption to our actual results for the fiscal year ended December 31, 2012. We project that we will be able to fully realize the potential tax benefits of this transaction.

The computation of the deferred tax asset pro forma adjustment is as follows:

	Amount (dollars in millions)
Total 743(b) gain associated with the purchase of common units and preferred units of Artisan Partners Holdings	$
Plus: Imputed Interest	
Total tax benefit	
Assumed future effective tax rate	36.1%
Tax deduction associated with the purchase of common and preferred units of Artisan Partners Holdings	
Reduced deferred tax assets	
Total deferred tax asset pro forma adjustment	$

We compute the tax receivable agreement deferred tax asset by applying IRC Section 743(b) and the corresponding treasury regulations. The 743(b) rules determine the amount of our amortizable tax basis step-up generated by a partner s exchange or sale of partnership units. The step-up is generally equal to exchange or sale proceeds less the partner s basis in the underlying partnership units. Proceeds typically include any partnership debt associated with the partnership units exchanged or sold. A partner s basis in the partnership units is typically equal to the original purchase price of the partnership units, if any, plus or minus other adjustments over time. A net increase to additional paid-in capital is recorded for 15% of the realizable tax benefits resulting from the tax receivable agreement relating to the exchange or sale of units in the amount of $ million. In addition, a net increase to additional paid-in capital is recorded for the recognition of additional deferred tax assets of $ million as a result of our increased ownership in Artisan Partners Holdings.

We anticipate that we will account for the income tax effects and corresponding tax receivable agreement effects resulting from future taxable exchanges or sales of partnership units by limited partners of Artisan Partners Holdings by recognizing an increase in our deferred tax assets, based on enacted tax rates at the date of the exchange or sale. Further, we will evaluate the likelihood that we will realize the benefit represented by the deferred tax asset and, to the extent that we estimate that it is more likely than not that we will not realize the benefit, we will reduce the carrying amount of the deferred tax asset with a valuation allowance. We expect to record the estimated amount of the increase in deferred tax assets, net of any valuation allowance, directly in additional paid-in capital, offset by the liability for the expected amount we will pay the limited partners who have exchanged or sold partnership units under the tax receivable

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agreement (85% of the actual reduction in tax payments), estimated using assumptions consistent with those used in estimating the net deferred tax assets. Therefore, at the date of an exchange or sale of partnership units, the net effect of the accounting for income taxes and the tax receivable agreement on our financial statements will be a net increase to paid-in capital of 15% of the estimated realizable tax benefit. The effect of subsequent changes in any of our estimates after the date of the exchange or sale will be included in net income. Similarly, the effect of changes in enacted tax rates and in applicable tax laws will be included in net income. It is possible that future transactions or events could increase or decrease the actual tax benefits realized and the corresponding tax receivable payments from these tax attributes. Future deferred tax assets or amounts payable by us resulting from our tax receivable agreements discussed above would be in addition to amounts related to this offering.

(d) The common and preferred units owned by the limited partners of Artisan Partners Holdings are noncontrolling interests for financial accounting purposes. Changes in our interest in Artisan Partners Holdings are accounted for as equity transactions and the carrying amount of the noncontrolling interest is adjusted to reflect the change in our ownership interest in Artisan Partners Holdings.

As a result of our purchase of common and preferred units of Artisan Partners Holdings and shares of our convertible preferred stock from the selling holders, our economic interest in the deficit of Artisan Partners Holdings will increase from % to % (excluding common units, preferred units and shares of our convertible preferred stock).

As a result of these reallocations of our historical equity, a deficit of $ million was transferred to additional paid-in capital from noncontrolling interests in Artisan Partners Holdings. Additionally, accumulated other comprehensive income is adjusted to reflect the change in ownership interest through a $ million reduction to noncontrolling interest and a $ million increase to accumulated other comprehensive income, net of $ million deferred taxes.

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SELECTED HISTORICAL CONSOLIDATED FINANCIAL DATA

The following tables set forth selected historical consolidated financial data of Artisan Partners Asset Management as of the dates and for the periods indicated. The selected consolidated statements of operations data for the years ended December 31, 2012, 2011 and 2010 and the consolidated statements of financial condition data as of December 31, 2012 and 2011 have been derived from our audited consolidated financial statements included elsewhere in this prospectus. The selected consolidated statements of operations data for the nine months ended September 30, 2013 and 2012 and the consolidated statement of financial condition as of September 30, 2013 have been derived from our unaudited consolidated financial statements included elsewhere in this prospectus. The selected consolidated statements of operations data for the years ended December 31, 2009 and 2008 and the consolidated statements of financial condition data as of December 31, 2010, 2009 and 2008 have been derived from our consolidated financial statements not included in this prospectus. The historical consolidated financial statements are the combined results of Artisan Partners Asset Management and Artisan Partners Holdings. Because Artisan Partners Asset Management and Artisan Partners Holdings were under common control at the time of the IPO Reorganization, Artisan Partners Asset Management s acquisition of control of Artisan Partners Holdings was accounted for as a transaction among entities under common control. Artisan Partners Asset Management has been allocated a part of Artisan Partners Holdings net income since March 12, 2013, when it became Artisan Partners Holdings general partner. Our unaudited consolidated financial statements have been prepared on substantially the same basis as our audited consolidated financial statements and include all adjustments that we consider necessary for a fair statement of our consolidated results of operations and financial condition for the periods and as of the dates presented therein. Our results for the nine months ended September 30, 2013 are not necessarily indicative of our results for a full fiscal year.

You should read the following selected historical consolidated financial data and the unaudited pro forma financial information together with Unaudited Pro Forma Consolidated Financial Information , Management s Discussion and Analysis of Financial Condition and Results of Operations and the historical consolidated financial statements and the related notes included elsewhere in this prospectus.

	Nine Months Ended September 30, (unaudited)		Year Ended December 31,				
	2013	2012	2012	2011	2010	2009	2008
	(dollars in millions except per share amounts)						
Statements of Operations Data:							
Revenues							
Management fees							
Mutual funds	$ 330.5	$ 245.7	$ 336.2	$ 305.2	$ 261.6	$ 197.2	$ 249.8
Separate accounts	157.7	122.5	167.8	145.8	117.8	95.5	103.5
Performance fees		0.3	1.6	4.1	2.9	3.5	3.7
Total revenues	488.2	368.5	505.6	455.1	382.3	296.2	357.0
Operating Expenses							
Salaries, incentive compensation and benefits	221.4	165.7	227.3	198.6	166.6	132.9	147.0
Pre-offering related compensation share-based awards	380.5	85.9	101.7	(21.1)	79.1	41.8	(108.9)
Pre-offering related compensation other	143.0	53.9	54.1	55.7	17.6	2.5	57.9
Total compensation and benefits	744.9	305.5	383.1	233.2	263.3	177.2	96.0
Distribution and marketing	27.1	21.4	29.0	26.2	23.0	17.8	20.1
Occupancy	7.8	6.8	9.3	9.0	8.1	8.0	7.1
Communication and technology	10.3	9.9	13.2	10.6	9.9	10.1	14.3
General and administrative	17.7	17.2	23.9	21.8	12.8	10.0	10.6
Total operating expenses	807.8	360.8	458.5	300.8	317.1	223.1	148.1

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	Nine Months Ended September 30, (unaudited) 2013	2012	Year Ended December 31, 2012	2011	2010	2009	2008
	(dollars in millions except per share amounts)						
Operating income (loss)	(319.6)	7.7	47.1	154.3	65.2	73.1	208.9
Non-operating income (loss)	(9.0)	(8.1)					
Interest expense			(11.4)	(18.4)	(23.0)	(24.9)	(26.5)
Net gain on the valuation of contingent value rights	40.3						
Net gain (loss) of Launch Equity	9.1	8.5	8.8	(3.1)			
Loss on debt extinguishment		(0.8)	(0.8)				
Other income (loss)		(0.9)	(0.1)	(1.6)	1.6		0.9
Total non-operating income (loss)	40.4	(1.3)	(3.5)	(23.1)	(21.4)	(24.9)	(25.6)
Income (loss) before income taxes	(279.2)	6.4	43.6	131.2	43.8	48.2	183.3
Provision for income taxes	17.1	0.8	1.0	1.2	1.3		
Net income (loss) before noncontrolling interests	(296.3)	5.6	42.6	130.0	42.5	48.2	183.3
Less: Net income (loss) attributable to noncontrolling interests Artisan Partners Holdings LP	(320.1)	(2.9)	33.8	133.1	42.5	48.2	183.3
Less: Net income (loss) attributable to noncontrolling interests Launch Equity	9.1	8.5	8.8	(3.1)			
Net income (loss) attributable to Artisan Partners Asset Management Inc.	$ 14.7	$	$	$	$	$	$
Per Share Data:							
Earnings per basic common share	$ 0.97	$	$	$	$	$	$
Earnings per diluted common share	$ 0.90	$	$	$	$	$	$
Weighted average basic common shares outstanding	12,728,949						
Weighted average diluted common shares outstanding	15,294,412						

	As of September 30, 2013 (unaudited)	As of December 31 2012	2011	2010	2009	2008
	(dollars in millions)					
Statement of Financial Condition Data:						
Cash and cash equivalents	$ 275.9	$ 141.2	$ 127.0	$ 159.0	$ 101.8	$ 35.9
Total assets	541.8	287.6	224.9	209.9	145.7	71.6
Borrowings[1]	200.0	290.0	324.8	380.0	400.0	400.0
Total liabilities	445.9	603.1	508.8	589.3	545.7	509.0
Temporary equity redeemable preferred units[2]		357.2	357.2	357.2	357.2	357.2
Total equity (deficit)	$ 95.9	$ (672.7)	$ (641.1)	$ (736.6)	$ (757.2)	$ (794.6)

(1) In August 2012, we issued $200 million in unsecured notes and entered into a $100 million five-year revolving credit agreement. We used the proceeds of the notes and $90 million drawn from the revolving credit facility to prepay all of the then-outstanding principal amount of our $400 million term loan. We used a portion of the net proceeds of our IPO to repay all of the $90 million drawn from the revolving credit facility. See Management s Discussion and Analysis of Financial Condition and Results of Operations Liquidity and Capital Resources .

(2) Under the terms of Artisan Partners Holdings limited partnership agreement in effect prior to the IPO Reorganization, the holders of the preferred units had a right to put such units to the partnership on July 3, 2016 under certain circumstances.

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The following table sets forth certain of our selected operating data as of the dates and for the periods indicated:

	As of and for the Nine Months Ended September 30,		As of and for the Year Ended December 31,				
	2013	2012	2012	2011	2010	2009	2008
	(dollars in millions)						
Statements of Unaudited Data:							
Assets under management[1]	$ 96,931	$ 69,835	$ 74,334	$ 57,104	$ 57,459	$ 46,788	$ 30,577
Net client cash flows[2]	5,697	4,270	5,813	1,960	3,410	2,556	(1,783)
Market appreciation (depreciation)[3]	$ 16,900	$ 8,461	$ 11,417	$ (2,315)	$ 7,261	$ 13,655	$ (23,108)

(1) Reflects the dollar value of assets we managed for our clients in our strategies as of the last day of the period.
(2) Reflects the dollar value of assets our clients placed with us for management, and withdrew from our management, during the period, excluding appreciation (depreciation) due to market performance and fluctuations in exchange rates.
(3) Represents the appreciation (depreciation) of the value of our assets under management during the period due to market performance and fluctuations in exchange rates, as well as income, such as dividends, earned on assets under management.

Our management uses non-GAAP measures (referred to as adjusted measures) of net income and operating income to evaluate the profitability and efficiency of the underlying operations of our business and as a factor when considering net income available for distributions and dividends. These adjusted measures remove the impact of (1) pre-offering related compensation (as described below), (2) offering related proxy expense (as described below), (3) the net gain (loss) on the valuation of contingent value rights (which were terminated in connection with the November 2013 Offering), and (4) adjustments to remove the non-operational complexities of our structure by adding back noncontrolling interests and assuming all income of Artisan Partners Holdings is allocated to us. Management believes these non-GAAP measures provide more meaningful information to analyze our profitability and efficiency between periods and over time. We have included these non-GAAP measures to provide investors with the same financial metrics used by management to manage the company.

Non-GAAP measures should be considered in addition to, and not as a substitute for, financial measures prepared in accordance with GAAP. Our non-GAAP measures may differ from similar measures used by other companies, even if similar terms are used to identify such measures. Our non-GAAP measures are as follows:

Adjusted net income represents net income excluding the impact of (1) pre-offering related compensation, (2) offering related proxy expense and (3) net gain (loss) on the valuation of contingent value rights, and reflects income taxes as if all outstanding limited partnership units of Artisan Partners Holdings and all shares of our convertible preferred stock were exchanged for or converted into shares of our Class A common stock on a one-for-one basis. Assuming the full exchange and conversion, all income of Artisan Partners Holdings is treated as if it were allocated to us, and the adjusted provision for income taxes represents an estimate of income tax expense at an effective rate of 35.8%, reflecting assumed federal, state, and local income taxes.

Adjusted operating income represents the operating income (loss) of the consolidated company excluding offering related proxy expense and pre-offering related compensation.

Adjusted operating margin is calculated by dividing adjusted operating income (loss) by total revenues.

For the nine months ended September 30, 2013, pre-offering related compensation includes (1) expense resulting from cash incentive compensation payments triggered by our IPO and expense associated with the reallocation of post-IPO profits from certain pre-IPO partners to employee-partners, (2) one-time expense, resulting from the modification of the Class B common unit awards at the time of our IPO, based on the difference between the carrying value of the liability associated with the vested Class B common units immediately prior to our IPO and the value based on the offering price per share of Class A common stock in our IPO, (3) the amortization of unvested Class B common units of Artisan Partners Holdings that were granted prior to our IPO and (4) the elements listed in the following sentence. For the nine months ended September 30, 2013 and 2012, pre-offering related compensation includes (1) distributions to the Class B partners of Artisan Partners Holdings, (2) redemptions of Class B common units and (3) changes in the value of Class B liability awards, in each case occurring during the respective period.

For the nine months ended September 30, 2013, offering related proxy expenses include costs incurred as a result of the change of control (for purposes of the Investment Company Act and Investment Advisers Act) that we expect will occur no later than March 12, 2014 (which is the first anniversary of the completion of our IPO). Upon the change of control, we can continue to act as adviser to any SEC-registered mutual fund only if the fund s board and shareholders approve a new investment advisory agreement, except in the case of certain sub-advised funds for which only board approval is necessary. In addition, each of the investment advisory agreements for the separate accounts we manage provides that it may not be assigned (including an assignment by virtue of a change of control) without consent of the client. We have incurred and expect to continue to incur through the first quarter of 2014 costs to solicit the necessary approvals and consents from the boards and shareholders of the mutual funds that we advise or sub-advise and from our separate account clients. See Risk Factors Risks Related to our Business For purposes of the Investment Company Act and the Investment Advisers Act, we expect a change of control of our company to occur no later than March 12, 2014. That change of control will result in termination of our investment advisory agreements with SEC-registered mutual funds and will trigger consent requirements in our other investment advisory agreements. for more information.

For a further discussion of our adjusted measures, including the presentation of adjusted net income per adjusted share and adjusted EBITDA, see Management s Discussion and Analysis of Financial Condition and Results of Operations Supplemental Non-GAAP Financial Information .

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The following table shows the adjusted net income, adjusted operating income and adjusted operating margin for Artisan Partners Asset Management for the nine months ended September 30, 2013 and 2012, and the years ended December 31, 2012, 2011, 2010, 2009 and 2008 as well as a reconciliation from GAAP financial measures to non-GAAP measures for the periods presented:

	As of and for the Nine Months Ended September 30,		As of and for the Year Ended December 31,				
	2013	2012	2012	2011	2010	2009	2008
				(dollars in millions)			
Net income attributable to Artisan Partners Asset Management Inc. (GAAP)	$ 14.7	$	$	$	$	$	$
Add back: Net income (loss) attributable to noncontrolling interests Artisan Partners Holdings	(320.1)	(2.9)	33.8	133.1	42.5	48.2	183.3
Add back: Provision for income taxes	17.1	0.8	1.0	1.2	1.3		
Add back: Pre-offering related compensation share-based awards	380.5	85.9	101.7	(21.1)	79.1	41.8	(108.9)
Add back: Pre-offering related compensation other	143.0	53.9	54.1	55.7	17.6	2.5	57.9
Add back: Offering related proxy expense	0.3						
Less: Net gain on the valuation of contingent value rights	40.3						
Less: Adjusted provision for income taxes	69.9	49.3	68.2	60.5	50.3	33.1	47.4
Adjusted net income (Non-GAAP)	$ 125.3	$ 88.4	$ 122.4	$ 108.4	$ 90.2	$ 59.4	$ 84.9
Operating income (loss) (GAAP)	$ (319.6)	$ 7.7	$ 47.1	$ 154.3	$ 65.2	$ 73.1	$ 208.9
Add back: Pre-offering related compensation share-based awards	380.5	85.9	101.7	(21.1)	79.1	41.8	(108.9)
Add back: Pre-offering related compensation other	143.0	53.9	54.1	55.7	17.6	2.5	57.9
Add back: Offering related proxy expense	0.3						
Adjusted operating income (Non-GAAP)	$ 204.2	$ 147.5	$ 202.9	$ 188.9	$ 161.9	$ 117.4	$ 157.9
Operating margin (GAAP)	(65.5)%	2.1%	9.3%	33.9%	17.1%	24.7%	58.5%
Adjusted operating margin (Non-GAAP)	41.8%	40.0%	40.1%	41.5%	42.3%	39.6%	44.2%

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MANAGEMENT S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion contains forward-looking statements that involve risks and uncertainties. Our actual results could differ materially from those anticipated in these forward-looking statements for many reasons, including the factors described under the caption Risk Factors and elsewhere in this prospectus. The following discussion and analysis should be read in conjunction with the consolidated financial statements and related notes included elsewhere in this prospectus.

Overview

We are an investment management firm focused on providing high-value added, active investment strategies to sophisticated clients globally. Our operations are conducted through Artisan Partners Holdings and its subsidiaries. We derive essentially all of our revenues from investment management fees. Our fees are based on a specified percentage of our clients average assets under our management, except for a limited number of institutional separate account clients with which we have a fee arrangement that has a component based on the investment performance we achieve for that client. We operate our business in a single segment.

We currently have five autonomous investment teams that oversee 13 distinct U.S., non-U.S. and global investment strategies. Each strategy is offered through multiple investment vehicles to accommodate a broad range of client mandates. On November 21, 2013, we announced that we are establishing our sixth autonomous investment team, which will manage a high income strategy that we expect to launch in 2014.

As of September 30, 2013, we had $96.9 billion in assets under management. From September 30, 2013 to December 31, 2013, our assets under management increased by an additional $8.6 billion to $105.5 billion.

On November 6, 2013, we completed an offering of 5,520,000 shares of our Class A common stock and used the net proceeds thereof to purchase from the H&F holders 4,152,665 preferred units of Artisan Partners Holdings and 1,367,335 shares of our convertible preferred stock. The impact of the offering, including the cancellation of the CVRs in connection with the offering, is not reflected in our September 30, 2013 consolidated financial statements because it was completed after September 30, 2013.

Factors Impacting Our Results of Operations

Economic Environment

Global equity market conditions can materially affect our financial performance. The following table presents the total returns of the S&P 500 and MSCI All Country World indices for the nine months ended September 30, 2013 and 2012 and the years ended December 31, 2012, 2011 and 2010:

	For the Nine Months Ended September 30,		For the Year Ended December 31,		
	2013	2012	2012	2011	2010
S&P 500 total returns	19.8%	16.4%	16.0%	2.1%	15.1%
MSCI All World total returns	14.4%	12.9%	16.1%	(7.4)%	12.7%

IPO and Organizational Restructuring

On March 12, 2013, we completed our IPO of 12,712,279 shares of our Class A common stock. In connection with our IPO, we and Artisan Partners Holdings completed a series of transactions, which we refer to in this prospectus as the IPO Reorganization, to reorganize our capital structures in preparation for the IPO. The IPO Reorganization was designed to create a capital structure that preserves our ability to conduct our business through Holdings, while permitting us to raise additional capital and provide access to liquidity through a public company.

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The historical consolidated financial statements discussed in this Management s Discussion and Analysis of Financial Condition and Results of Operations and elsewhere in this prospectus are the combined results of Artisan Partners Asset Management and Artisan Partners Holdings. Because Artisan Partners Asset Management and Artisan Partners Holdings were under common control at the time of the IPO Reorganization, Artisan Partners Asset Management s acquisition of control of Artisan Partners Holdings was accounted for as a transaction among entities under common control. Artisan Partners Asset Management has been allocated a part of Artisan Partners Holdings net income since March 12, 2013, when it became Artisan Partners Holdings general partner. The pre-IPO limited partners of Artisan Partners Holdings (including our employee-partners) held approximately 76% of the equity interests in Artisan Partners Holdings as of September 30, 2013. As a result, our results reflect a significant noncontrolling interest. As of September 30, 2013, our net income represented approximately 24% of Artisan Partners Holdings net income.

Changes Related to Class B Common Units of Artisan Partners Holdings

A significant portion of our historical compensation and benefits expense related to Class B limited partnership interests of Artisan Partners Holdings. Prior to the IPO Reorganization, Class B limited partnership interests were granted to certain employees. All vested Class B limited partnership interests were subject to mandatory redemption on termination of employment for any reason, with payment in cash in annual installments over the five years following termination of employment. Unvested Class B limited partnership interests were forfeited on termination of employment. Due to the redemption feature, the Class B grants were considered liability awards. Compensation expense was measured at the grant date based on the fair value of the limited partnership interests granted, and was re-measured each period. Changes in the fair value that occurred after the end of the vesting period were recorded as compensation expense for the period in which the changes occurred through settlement of the limited partnership interests. The distribution of profits associated with these limited partnership interests was recorded as compensation expense.

As part of the IPO Reorganization, the grant agreements pursuant to which the Class B limited partnership interests were granted were amended to eliminate the cash redemption feature. As a result, liability award accounting no longer applies and the costs associated with distributions to Class B partners of Artisan Partners Holdings and changes in the value of Class B liability awards are no longer recognized as compensation expense. However, we will continue to record compensation expense for the fair value of the Class B common units that were unvested at the time of the IPO Reorganization over their remaining vesting period. The total value of unvested Class B common units as of September 30, 2013 was $175.5 million. Also as a result of the IPO Reorganization, we recognized a non-recurring compensation expense based on the difference between the carrying value of the liability associated with the vested Class B common units immediately prior to the IPO Reorganization and the value based on the IPO price of $30.00 per share of Class A common stock. The amount of this non-recurring charge was $287.3 million. See also Financial Overview Operating Expenses Compensation and Benefits .

Issuance of CVRs

As part of the IPO Reorganization, Artisan Partners Holdings issued partnership CVRs and we issued public company CVRs in order to provide holders of preferred units of Artisan Partners Holdings and our convertible preferred stock with economic rights following the IPO Reorganization that, collectively, are similar (although not identical) to the economic rights they possessed with respect to Artisan Partners Holdings prior to the IPO Reorganization. The CVRs are classified as liabilities and are accounted for under ASC 815 as derivatives. As of September 30, 2013, we recorded a fair value of $22.0 million as a liability for the CVRs. For the nine months ended September 30, 2013, we recorded gains of $40.3 million in other non-operating gains (losses) to reflect a decrease in the fair value of the CVR liability. As described elsewhere in this prospectus, the CVRs were terminated in connection with the November 2013 Offering.

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Tax Impact of IPO Reorganization

Historically, our business was not subject to U.S. federal and certain state income taxes. However, we became subject to U.S. federal and state income taxation on our allocable portion of the income of Artisan Partners Holdings when we became the general partner of Artisan Partners Holdings as part of the IPO Reorganization.

In connection with the IPO Reorganization, we entered into two tax receivable agreements, each of which is described under Relationships and Related Party Transactions Transactions in connection with the IPO Reorganization Tax Consequences Tax Receivable Agreements . Under the first tax receivable agreement, we generally are required to pay to the holders of convertible preferred stock issued as consideration for the H&F Corp Merger 85% of the applicable cash savings, if any, in U.S. federal and state income tax that we actually realize (or are deemed to realize in certain circumstances) as a result of (i) the tax attributes of the preferred units we acquired in the merger, (ii) any net operating losses available to us as a result of the H&F Corp Merger and (iii) tax benefits related to imputed interest. Under the second tax receivable agreement, we generally are required to pay to the holders of limited partnership units of Artisan Partners Holdings (or Class A common stock or convertible preferred stock issued upon exchange of limited partnership units) 85% of the amount of cash savings, if any, in U.S. federal and state income tax that we actually realize (or are deemed to realize in certain circumstances) as a result of (i) certain tax attributes of their units that are created as a result of the purchases, redemptions or exchanges of the units and payments under the tax receivable agreements and (ii) tax benefits related to imputed interest deemed to be paid by us as a result of the tax receivable agreement. Under both agreements, we generally retain the benefit of the remaining 15% of the applicable tax savings.

As of September 30, 2013, we recorded a deferred tax asset of $61.6 million ($63.5 million original value less $1.9 million reclassified as current year-to-date amortization) and we recorded $54.0 million for amounts payable under the tax receivable agreements as a result of the H&F Corp Merger and the purchase of Class A common units in connection with the IPO Reorganization. Our purchase of preferred units of Artisan Partners Holdings with a portion of the proceeds of the November 2013 Offering resulted in an increase to deferred tax assets of approximately $123.9 million and an increase in amounts payable under tax receivable agreements of approximately $105.3 million as of November 6, 2013.

IPO-Related Payments

We recorded proceeds of $353.4 million, net of underwriting discounts and fees and expenses, for our sale of 12,712,279 shares of Class A common stock in our IPO. In connection with our IPO, we used a portion of the net proceeds, combined with remaining cash on hand, to (i) pay distributions of retained profits in the aggregate amount of $105.3 million to the pre-IPO partners of Artisan Partners Holdings; (ii) repay $90.0 million outstanding under our revolving credit agreement and (iii) purchase an aggregate of 2,720,823 Class A common units for $76.3 million from certain Class A limited partners of Artisan Partners Holdings.

We also used cash on hand to make cash incentive compensation payments aggregating approximately $56.8 million to certain of our portfolio managers, which we recognized as a compensation expense. We also recognized $20.5 million of compensation expense associated with the reallocation of profits after our IPO which otherwise would have been allocable and distributable to certain holders of common units and the holders of preferred units of Artisan Partners Holdings but were instead allocated to certain of Artisan Partners Holdings employee-partners.

Costs of Being a Public Company and Expected Change of Control

Following our IPO, we have incurred, and expect to continue to incur, additional expenses as a result of becoming a public company, including expenses related to additional staffing, directors and officers liability insurance, directors fees, SEC reporting and compliance (including Sarbanes-Oxley compliance), transfer agent fees, professional fees and other similar expenses. In addition, we expect to record and incur expense during the third and fourth quarters of 2013 and the first quarter of 2014, currently expected to be between $3.0 and

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$3.5 million in the aggregate, in obtaining the necessary approvals from the boards and shareholders of the mutual funds we advise and sub-advise and the necessary consents from our separate account clients in connection with the change of control (for purposes of the 1940 Act and Advisers Act) that we expect to occur in 2014 in connection with the scheduled expiration of Mr. Ziegler s employment with us on March 12, 2014. Further, in addition to the costs we will incur in connection with this offering, we may incur significant legal, accounting and other fees and expenses associated with future offerings of Class A common stock. These additional expenses will increase our general and administrative expenses and reduce our net income.

Key Performance Indicators

When we review our performance we focus on the indicators described below:

	For the Nine Months Ended September 30,		For the Year Ended December 31,		
	2013	2012	2012	2011	2010
			(dollars in millions)		
Assets under management at period end	$ 96,931	$ 69,835	$ 74,334	$ 57,104	$ 57,459
Average assets under management[(1)]	$ 85,683	$ 64,467	$ 66,174	$ 59,436	$ 48,724
Net client cash flows	$ 5,697	$ 4,270	$ 5,813	$ 1,960	$ 3,410
Total revenues	$ 488	$ 367	$ 506	$ 455	$ 382
Weighted average fee[(2)]	76 bps	76 bps	76 bps	77 bps	79 bps
Adjusted operating margin[(3)]	41.8%	40.0%	40.1%	41.5%	42.3%

(1) We compute average assets under management by averaging day-end assets under management for the applicable period.

(2) We compute our weighted average fee by dividing annualized investment management fees by average assets under management for the applicable period.

(3) We compute our adjusted operating margin by adding to operating income (thereby effectively excluding) pre-IPO related compensation, and then dividing that sum by total revenues for the applicable period. Adjusted measures are non-GAAP measures and are explained and reconciled to the comparable GAAP measures in Supplemental Non-GAAP Financial Information below.

We review our weighted average fee and adjusted operating margin to monitor progress with internal forecasts, understand the underlying business and compare our firm with others in our industry. The weighted average fee represents annualized investment management fees as a percentage of average assets under management for the applicable period, i.e., the amount of investment management fees we earn for each dollar of assets we manage. We use this information to evaluate the contribution to investment management fees of our investment products. Our weighted average fee for the periods shown has remained relatively consistent. We have historically been disciplined about maintaining our rates of fees. Over time, industry-wide fee pressure could cause us to reduce our fees.

Financial Overview

Assets Under Management and Investment Management Fees

Our assets under management increase or decrease with the net inflows or outflows of assets into our various investment strategies and with the investment performance of these strategies. In order to increase our assets under management and expand our business, we must continue to offer investment strategies that suit the investment needs of our clients and generate attractive returns over the long term. The amount and composition of our assets under management are, and will continue to be, influenced by a variety of factors including, among others:

- investment performance, including fluctuations in both the financial markets and foreign currency exchange rates and the quality of our investment decisions;

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- flows of client assets into and out of our various strategies and investment vehicles;
- our decision to close strategies or limit the growth of assets in a strategy when we believe it is in the best interests of our clients;
- our ability to attract and retain qualified investment, management and marketing and client service professionals;
- competitive conditions in the investment management and broader financial services sectors; and
- investor sentiment and confidence.

Changes to our operating results from one period to another are primarily caused by changes in the value of our assets under management. Changes in the relative composition of our assets under management among our investment strategies and products and the effective fee rates on our products could also impact our operating results, and in some periods the impact could be material. However, for the nine months ended September 30, 2013 and for the years ended December 31, 2012, 2011 and 2010, our operating results were primarily impacted by changes in the value of our assets under management.

We monitor the availability of attractive investment opportunities relative to the amount of assets we manage in each of our investment strategies. When appropriate, we are willing to close a strategy to new investors or otherwise take action to slow or restrict its growth, even though our aggregate assets under management may be negatively impacted in the short term. We may also reopen a strategy, widely or selectively, to fill available capacity or manage the diversification of our client base in that strategy.

We believe that our willingness to restrict the growth of assets under management in our strategies is important to protecting the interests of our clients and, in the long term, enables us to retain client assets and maintain our fee schedules and profit margins. When we close a strategy, we typically continue to allow additional investments in the strategy by existing clients and certain related entities, which means that during a given period we could have net client cash inflows even in a closed strategy. However, when a strategy is closed or its growth is restricted we expect there to be periods of net client cash outflows. We closed our U.S. Small-Cap Growth, U.S. Mid-Cap Value, U.S. Small-Cap Value, U.S. Mid-Cap Growth and Non-U.S. Small-Cap Growth strategies to most new investors and client relationships at various points in time prior to January 1, 2009. Since January 1, 2009, we have taken the following actions:

- U.S. Small-Cap Growth: we reopened this strategy in October 2009, but subsequently closed this strategy to most new investors and clients relationships in August 2013.
- U.S. Mid-Cap Value: we reopened this strategy to separate account clients for the period between January 2007 and October 2009. In July 2009 we closed this strategy to most new mutual fund clients, and in January 2010 we closed the strategy to all new mutual fund investors.
- Non-U.S. Value: we closed this strategy to most new separate account clients in December 2010 and to most mutual fund clients in March 2011.
- Global Value: we closed this strategy to most new separate account relationships in February 2013, although it currently remains open to new investors in Artisan Funds and Artisan Global Funds. In January 2014 we announced that we will close this strategy to most new mutual fund investors on February 14, 2014.

The primary drivers of inflows and outflows of client assets are our investment performance and the extent to which we have acted to slow the growth of our assets under management in a strategy, as described above. Our distribution efforts are targeted at institutional investors and intermediaries that operate with institutional-like decision-making processes and have longer-term investment horizons. In our experience, those investors typically (although not always) require that an investment manager have a performance track record of three to five years (depending on the strategy) placing the manager in the top quartile of the relevant comparative performance universe in that strategy as a minimum qualification to be considered for a new mandate. As a result, our experience has been that growth in our assets under management in a new strategy is typically modest

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during the first three to five years of the strategy s operation but accelerates after that three to five years of operation, provided that our investment performance is superior to the threshold level required for consideration. Following periods during which investment performance did not meet that standard, we have found that client cash flows have been stagnant or negative.

Although we have outperformed, on a gross basis, the relevant benchmarks in 11 of our 13 investment strategies since their inception, we also have had periods in each strategy in which we have underperformed those relevant benchmarks and have suffered periods of stagnant or negative client cash flows following such periods of underperformance. One of the benefits of a diverse range of investment strategies is that periods of stagnant or negative cash flows in one strategy may be offset by periods of net cash inflows in other strategies. During 2010, 2011 and 2012, our Non-U.S. Growth, Global Value, Value Equity, Global Opportunities and Emerging Markets strategies were open throughout the period, and our Non-U.S. Value and Global Equity strategies were open for parts of the period, and we enjoyed net client cash inflows of more than $3.4 billion, $1.9 billion and $5.8 billion, respectively. For the nine months ended September 30, 2013 we had positive net client cash flows in 11 of our 13 investment strategies and all five distribution channels, sourced from clients located in the United States and abroad.

Our clients access our investment strategies through mutual funds and separate accounts, which include mutual funds and non-U.S. funds we sub-advise, as well as collective investment trusts that pool retirement plan assets together in a single portfolio maintained by a bank or trust company and are managed by us on a separate account basis. The following table sets forth our assets under management under our advisory agreements with Artisan Funds and Artisan Global Funds and in the separate accounts that we managed from December 31, 2009 to September 30, 2013:

				As % of Assets Under Management	
Assets Under Management	**Artisan Funds & Artisan Global Funds**	**Separate Accounts**	**Total**	**Artisan Funds & Artisan Global Funds**	**Separate Accounts**
	(dollars in millions)				
As of December 31, 2009	$ 26,644	$ 20,144	$ 46,788	57%	43%
Gross client cash inflows	7,524	5,722	13,246		
Gross client cash outflows	(6,718)	(3,118)	(9,836)		
Net client cash flows	806	2,604	3,410		
Market appreciation (depreciation)	3,917	3,344	7,261		
Transfers between investment vehicles					
As of December 31, 2010	31,367	26,092	57,459	55%	45%
Gross client cash inflows	8,809	5,201	14,010		
Gross client cash outflows	(7,896)	(4,154)	(12,050)		
Net client cash flows	913	1,047	1,960		
Market appreciation (depreciation)	(1,226)	(1,089)	(2,315)		
Transfers between investment vehicles	(211)	211			
As of December 31, 2011	30,843	26,261	57,104	54%	46%
Gross client cash inflows	11,977	6,032	18,009		
Gross client cash outflows	(8,643)	(3,553)	(12,196)		
Net client cash flows	3,334	2,479	5,813		
Market appreciation (depreciation)	5,885	5,532	11,417		
Transfers between investment vehicles	(459)	459			
As of December 31, 2012	$ 39,603	$ 34,731	$ 74,334	53%	47%
Gross client cash inflows	12,601	4,066	16,667		
Gross client cash outflows	(6,980)	(3,990)	(10,970)		
Net client cash flows	5,621	76	5,697		
Market appreciation (depreciation)	9,326	7,574	16,900		
Transfers between investment vehicles	(61)	61			

As of September 30, 2013	$ 54,489	$ 42,442	$ 96,931	56%	44%

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The tables below set forth changes in our assets under management by investment team for the nine months ended September 30, 2013 and 2012 and the years ended December 31, 2012, 2011 and 2010:

Nine Months Ended	By Investment Team					
	Global Equity	U.S. Value	Growth	Global Value	Emerging Markets	Total
	(dollars in millions)					
September 30, 2013						
Beginning assets under management	$ 20,092	$ 16,722	$ 14,692	$ 19,886	$ 2,942	$ 74,334
Gross client cash inflows	3,938	3,603	3,961	4,774	391	16,667
Gross client cash outflows	(2,930)	(2,923)	(2,168)	(1,442)	(1,507)	(10,970)
Net client cash flows	1,008	680	1,793	3,332	(1,116)	5,697
Market appreciation (depreciation)	3,661	4,019	4,559	4,758	(97)	16,900
Transfers						
Ending assets under management	$ 24,761	$ 21,421	$ 21,044	$ 27,976	$ 1,729	$ 96,931
Average assets under management	$ 22,550	$ 19,396	17,725	$ 24,257	$ 1,755	$ 85,683
September 30, 2012						
Beginning assets under management	$ 16,107	$ 15,059	$ 10,893	$ 12,546	$ 2,499	$ 57,104
Gross client cash inflows	2,815	2,962	3,204	3,623	447	13,051
Gross client cash outflows	(3,063)	(2,564)	(2,016)	(754)	(384)	(8,781)
Net client cash flows	(248)	398	1,188	2,869	63	4,270
Market appreciation (depreciation)	3,130	958	2,068	2,017	288	8,461
Transfers						
Ending assets under management	$ 18,989	$ 16,415	$ 14,149	$ 17,432	$ 2,850	$ 69,835
Average assets under management	$ 17,780	$ 16,237	$ 13,162	$ 14,598	$ 2,690	$ 64,467

Year Ended	By Investment Team					
	Global Equity	U.S. Value	Growth	Global Value	Emerging Markets	Total
	(dollars in millions)					
December 31, 2012						
Beginning assets under management	$ 16,107	$ 15,059	$ 10,892	$ 12,547	$ 2,499	$ 57,104
Gross client cash inflows	3,719	3,984	4,325	5,525	456	18,009
Gross client cash outflows	(3,853)	(3,856)	(2,797)	(1,250)	(439)	(12,195)
Net client cash flows	(134)	128	1,528	4,275	17	5,814
Market appreciation (depreciation)	4,119	1,535	2,273	3,064	425	11,416
Transfers	0	0	0	0	0	0
Ending assets under management	$ 20,092	$ 16,722	$ 14,693	$ 19,886	$ 2,941	$ 74,334
Average assets under management	$ 18,176	$ 16,304	$ 13,377	$ 15,591	$ 2,726	$ 66,174

December 31, 2011						
Beginning assets under management	$ 19,210	14,479	11,584	9,632	2,554	57,459
Gross client cash inflows	2,439	3,372	2,025	4,521	1,654	14,011
Gross client cash outflows	(4,283)	(3,291)	(2,594)	(1,049)	(834)	(12,051)
Net client cash flows	(1,844)	81	(569)	3,472	820	1,960
Market appreciation (depreciation)	(1,259)	499	(123)	(557)	(875)	(2,315)
Transfers	0	0	0	0	0	0
Ending assets under management	$ 16,107	$ 15,059	$ 10,892	$ 12,547	$ 2,499	$ 57,104
Average assets under management	$ 18,246	$ 15,137	$ 11,685	$ 11,470	$ 2,899	$ 59,436

Year Ended	By Investment Team					
	Global Equity	U.S. Value	Growth	Global Value	Emerging Markets	Total
	(dollars in millions)					
December 31, 2010						
Beginning assets under management	$ 19,316	$ 12,439	$ 9,383	$ 4,192	$ 1,458	$ 46,788
Gross client cash inflows	3,170	2,877	1,399	4,925	876	13,247
Gross client cash outflows	(4,268)	(2,790)	(1,977)	(640)	(162)	(9,837)
Net client cash flows	(1,098)	87	(578)	4,285	714	3,410
Market appreciation (depreciation)	992	1,953	2,779	1,155	382	7,260
Transfers	0	0	0	0	0	0
Ending assets under management	$ 19,210	$ 14,479	$ 11,584	$ 9,632	$ 2,554	$ 57,459
Average assets under management	$ 18,051	$ 13,013	$ 9,903	$ 5,936	$ 1,821	$ 48,724

The different fee structures associated with Artisan Funds, Artisan Global Funds and separate accounts and the different fee schedules of our investment strategies make the composition of our assets under management an important determinant of the investment management fees we earn. Historically, we have received higher effective rates of investment management fees from Artisan Funds and Artisan Global Funds than from our separate accounts, reflecting, among other things, the different array of services we provide to Artisan Funds and Artisan Global Funds. Investment management fees for non-U.S. funds may also be higher because they include fees to offset higher distribution costs. Our investment management fees also differ by investment strategy, with our newer, higher-capacity strategies having lower standard fee schedules than our older strategies which in some cases have or had more limited capacity.

Artisan Funds and Artisan Global Funds

We serve as the investment adviser to Artisan Funds, an SEC-registered family of mutual funds that offers no-load, open-end share classes designed to meet the needs of a range of institutional and other investors. Each of the mutual funds corresponds to one of our investment strategies. As of September 30, 2013, Artisan Funds comprised $53.2 billion, or 55%, of our assets under management. For the nine months ended September 30, 2013, fees from Artisan Funds represented $324.5 million, or 67%, of our revenues.

Artisan Funds shares are not listed on an exchange. These funds issue new shares for purchase and redeem shares from those shareholders who sell. The share price for purchases and redemptions of each of these funds shares is each fund s net asset value per share, which is calculated at the end of each business day. The assets of each Artisan Fund, and therefore our assets under management, vary as a result of market appreciation and depreciation, the level of purchases or redemptions of fund shares and distributions, net of reinvestments, by each fund. We earn investment management fees, which are based on the average daily net assets of each Artisan Fund and are paid monthly, for serving as investment adviser to these funds. Our fee rates for the series of Artisan Funds range from 0.64% to 1.25% of fund assets, depending on the strategy, the amount invested and other factors. Each Artisan Fund s fee schedule includes breakpoints at which a lower rate of fee is applied to assets above the breakpoint level, except Artisan International Small Cap Fund, which was closed to most new investors at a relatively small asset level, and Artisan Global Small Cap Fund.

We also serve as the investment manager and promoter of Artisan Global Funds, a family of Ireland-based UCITS funds. Artisan Global Funds began operations in the first quarter of 2011 and offers shares to non-U.S. investors. For serving as investment adviser to Artisan Global Funds, we earn investment management fees based on the average daily net assets of each fund and are paid monthly. As of September 30, 2013, Artisan Global Funds comprised $1.3 billion, or 1%, of our assets under management. In UCITS funds, it is permissible and in some circumstances customary for a portion of the management fee to be rebated to investors with accounts of a certain type or asset size to encourage investment at an early stage or for other reasons or for a portion of the management fee to be paid to intermediaries for distribution services. We have entered into such rebate and distribution arrangements, and will continue to do so, in circumstances we consider appropriate. Our fee rates for Artisan Global Funds range from 0.75% to 1.80% of assets under management. For the nine months ended September 30, 2013, fees from Artisan Global Funds represented $6.0 million, or 1%, of our revenues.

Separate Accounts

We manage separate accounts primarily for institutional clients, such as pension and profit sharing plans, trusts, endowments, foundations, charitable organizations, governmental entities, investment companies and similar pooled investment vehicles. Separate accounts comprised $42.4 billion, or 44%, of our assets under management as of September 30, 2013. For the nine months ended September 30, 2013, fees from separate accounts, including U.S.-registered mutual funds, non-U.S. funds and collective investment trusts we sub-advise, represented $157.7 million, or 32%, of our revenues.

The fees we charge our separate accounts vary by client, investment strategy and the size of the account and are accrued monthly. Fees are billed in accordance with the provisions of the applicable investment advisory agreements, which is generally quarterly, based on the market value of the assets we manage for a particular separate account. Depending on the particular arrangement we have with a client, the fee generally is based on the average daily or average monthly market values of the assets we manage, the quarter-end value of the assets we manage or, less frequently, based on the performance of the client s account relative to an agreed-upon benchmark.

For separate account clients, we generally impose standard fee schedules that vary by investment strategy and, through the application of standard breakpoints, reflect the size of the account and client relationship, with rates of fee currently ranging from 0.40% of assets under management to 1.05% of assets under management. There are a number of exceptions to our standard fee schedules, including exceptions based on the nature of our relationship with the client and the value of the assets under our management in that relationship. For example, we may accept a sub-advised relationship in a strategy at a lower rate of fee if doing so allows us to gain access to a market segment to which we otherwise would not have access. In addition, we currently charge the collective investment trusts for which we are sub-adviser and that are marketed under the Artisan name fees that subsume breakpoints and therefore are generally lower than would be charged in connection with other types of separate accounts, as otherwise the initial investors in these trusts would bear a disproportionate amount of expense until a sufficient number of plans were invested. We also may enter into agreements with lower rates of fee for related accounts, particularly including accounts with a single point of contact for us or that otherwise require a lesser commitment of resources by us, and that together commit a larger amount of assets to our management. Our standard fee schedules have generally been in place for many years and were developed at a time when it was unusual for a separate account, or group of related accounts, under our management to be larger than a few hundred million dollars. As a result, those fee schedules do not address and are generally not appropriate for very large accounts. Clients or relationships with very large amounts of assets under our management (typically about $500 million or more) pay us fees at lower rates that reflect the size of our relationship. Many of those client relationships include multiple accounts, which may be in the same or in different investment strategies. Because our regular fee schedules do not apply, the structures of the fee schedules for those relationships have been individually designed to suit the needs of the particular client. So, for those larger relationships, our fees may be on an account-by-account basis (with different rates of fee for different accounts or different strategies), may apply a single fee schedule across multiple accounts, may impose a flat rate of fee across all assets under our management in that relationship, or may be traditional fee schedules with breakpoints at various asset levels but with higher or lower initial rates of fee and breakpoints at steeper or more gradual levels. In each case, the fees we receive, including in connection with a larger client relationship, are designed to achieve an overall effective rate of fee for that relationship that we consider to be appropriate taking into account a number of factors, including the value of the client s assets under management, the number of accounts, investment strategies or investment teams across which those assets are invested and the nature of the client and relationship, including our expectations for the duration of the relationship and the size of the relationship over time.

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In general, our effective rate of fee for a particular client relationship declines as the assets we manage for that client increase, which we believe is typical for the asset management industry. So, for example, our standard fee schedules for our Global Opportunities or Global Value strategies would result in an effective rate of fee of 0.80% for an account with average assets of $50 million, 0.70% for an account with average assets of $100 million, and 0.54% for an account with average assets of $450 million. In general, we have experienced a trend towards larger separate accounts across all of our separate account clients, as a result of both market appreciation and the establishment of new separate account relationships with relatively larger account sizes.

The weighted average rate of fee paid by our separate account clients in the aggregate for the years ended December 31, 2012, 2011 and 2010 was 0.56%, 0.56% and 0.57%, respectively, and for the nine months ended September 30, 2013 and 2012 was 0.55% and 0.56%, respectively. In our management of the business, we calculate and our management monitors the weighted average rate of fee we receive from our separate account clients. We do not track, monitor or evaluate that information separately for separate account clients or relationships with assets under our management of any particular asset size. Because, as is typical in the asset management industry, our rates of fee decline as the assets under our management in a relationship increase, and because of differences in our fees by investment strategy, a change in the composition of our assets under management, in particular a shift to strategies, clients or relationships with lower effective rates of fees, could have a material impact on our overall weighted average rate of fee. See Qualitative and Quantitative Disclosures Regarding Market Risk Market Risk for a sensitivity analysis that demonstrates the impact that certain changes in the composition of our assets under management could have on our revenues.

Revenues

Our revenues consist of investment management fees earned from managing clients assets. Our investment management fees fluctuate based on a number of factors, including the total value of our assets under management, composition of assets under management among both our investment vehicles (including pooled vehicles available to U.S. investors, pooled vehicles available to non-U.S. investors and separate accounts) and our investment strategies (which have different fee rates), changes in the investment management fee rates on our products, the extent to which we enter into fee arrangements that differ from our standard fee schedule, which can be affected by custom and the competitive landscape in the relevant markets, and, for the few accounts on which we earn performance-based fees, the investment performance of those accounts relative to their designated benchmarks. Because we earn investment management fees based on the value of the assets we manage across a reporting period, we believe that average assets under management for a period is a better metric for understanding changes in our revenues than period end assets under management.

The following table sets forth revenues we earned under our investment management agreements with Artisan Funds and Artisan Global Funds and on the separate accounts that we managed as well as average assets under management for the nine months ended September 30, 2013 and 2012 and the years ended December 31, 2012, 2011 and 2010:

	For the Nine Months Ended September 30, (unaudited)		For the Year Ended December 31,		
	2013	2012	2012	2011	2010
	(dollars in millions)				
Revenues					
Management fees					
Artisan Funds & Artisan Global Funds	$ 330.5	$ 245.7	$ 336.2	$ 305.2	$ 261.6
Separate accounts	157.7	122.5	167.8	145.8	117.8
Performance fees		0.3	1.6	4.1	2.9
Total revenues	$ 488.2	$ 368.5	$ 505.6	$ 455.1	$ 382.3
Average assets under management for period	$ 85,683	$ 64,467	$ 66,174	$ 59,436	$ 48,724

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For the years ended December 31, 2012, 2011 and 2010, more than 93%, 95% and 98% of our investment management fees, respectively, were earned from clients located in the United States. For the nine months ended September 30, 2013 and 2012, more than 92% and 94% of our investment management fees, respectively, were earned from clients located in the United States.

A small number of our separate account clients pay us fees according to the performance of their accounts relative to certain agreed-upon benchmarks, which typically results in a lower base fee, but allows us to earn higher fees if the performance we achieve for that client is superior to the performance of an agreed-upon benchmark. Performance-based fees represented 0.0% and 0.1% of our total revenues for the nine months ended September 30, 2013 and 2012, respectively, and 0.3%, 0.9% and 0.8% for the years ended December 31, 2012, 2011 and 2010, respectively.

Operating Expenses

Our operating expenses consist primarily of compensation and benefits expenses, distribution and marketing expenses, occupancy expenses, communication and technology expenses and general and administrative expenses. Our 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, incentive compensation, equity awards, changes in our employee count and product mix and competitive factors; and

- expenses, such as distribution fees, rent, professional service fees and data-related costs, incurred, as necessary, to operate our business.

Our largest operating expenses are compensation and benefits and distribution and marketing expenses. A significant portion of our operating expenses are variable and fluctuate in direct relation to our revenues or our assets under management. We regularly monitor our expenses in comparison to revenues and have historically reduced our expense levels, where appropriate, when we have experienced declining revenues. However, even if we experience declining revenues, we expect to continue to make the expenditures necessary for us to manage client portfolios effectively and support and maintain our existing client relationships and franchise value. As a result, our profits may decline.

Compensation and Benefits

Compensation and benefits includes (i) salaries, incentive compensation and benefits costs and (ii) pre-offering related compensation, which consists of distributions of profits to Class B partners, redemptions of Class B common units and changes in the value of Class B liability awards.

A significant portion of our incentive compensation varies directly with revenues. Incentive compensation is one of the most significant parts of the total compensation of our senior employees. The aggregate amount of cash incentive compensation paid to members of our portfolio management teams and senior members of our marketing and client service teams is based on formulas that are tied directly to revenues, which for each of our portfolio management teams has represented approximately 25% of the revenues generated by assets under management in the team s strategy or strategies. Incentive compensation paid to other employees is discretionary and subjectively determined based on individual performance and our overall results during the applicable year. In connection with our continuing transition to public company practices, we adopted the Artisan Partners Asset Management Inc. 2013 Omnibus Incentive Compensation Plan, pursuant to which we may grant equity-based compensation awards and performance awards, and performance-based cash awards. Under the plan, equity-based awards may be based on our Class A common stock or on Class B common units of Artisan Partners Holdings and will be subject to certain vesting restrictions. We granted our first awards as a public company in July 2013. As a public company, we expect a significant part of our compensation will continue to remain variable. As we mature as a public company, we will periodically evaluate and may change our compensation programs.

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The table below describes the components of our compensation and benefits expense for the nine months ended September 30, 2013 and 2012 and the years ended December 31, 2012, 2011 and 2010:

	For the Nine Months Ended September 30, (unaudited) 2013	2012	For the Year Ended December 31, 2012	2011	2010
	(dollars in millions)				
Salaries, incentive compensation, and benefits[1]	$ 218.0	$ 165.7	$ 227.3	$ 198.6	$ 166.6
Restricted share compensation expense	3.4				
Total salaries, incentive compensation and benefits	221.4	165.7	227.3	198.6	166.6
Change in value of Class B liability awards	41.9	85.9	101.7	(21.1)	79.1
Class B award modification expense	287.3				
Amortization expense on pre-offering Class B awards	51.3				
Pre-offering related compensation-share-based awards	380.5	85.9	101.7	(21.1)	79.1
Pre-offering related cash incentive compensation	56.8				
Pre-offering related bonus make-whole compensation	20.5				
Distributions on Class B liability awards	65.7	21.9	54.1	55.7	17.6
Pre-offering related compensation other	143.0	21.9	54.1	55.7	17.6
Total compensation and benefits expense	$ 744.9	$ 305.5	$ 383.1	$ 233.2	$ 263.3

(1) Excluding share-based compensation.

Historically, a significant portion of our compensation and benefits expense related to our Class B limited partnership interests. Prior to the IPO Reorganization, Class B limited partnership interests were granted to certain employees under the terms of Artisan Partners Holdings limited partnership agreement and pursuant to grant agreements. The Class B limited partnership interests provided for an interest in future profits of Artisan Partners Holdings as well as an interest in the overall value of Artisan Partners Holdings. Class B limited partnership interests generally vested ratably over a five-year period, beginning on the date of grant. Vesting could be accelerated upon the occurrence of certain events, including a change in control (as defined in the grant agreements). Holders of Class B limited partnership interests were entitled to fully participate in future profits from and after the date of grant. The distribution of profits associated with these limited partnership interests was recorded as compensation and benefits expense. Generally, these profits were determined based on ArtisanPartners Holdings net income before equity-based compensation charges. In July 2012, the limited partnership agreement of Artisan Partners Holdings was amended to reclassify the Class B limited partnership interests as Class B common units .

Prior to the IPO Reorganization, all vested Class B limited partnership interests were subject to mandatory redemption on termination of employment for any reason, with payment in cash in annual installments over the five years following termination of employment. Unvested Class B limited partnership interests were forfeited on termination of employment. Under the Class B grant agreements, the redemption value of Class B limited partnership interests varied depending on the circumstances of the partner s termination, but, prior to July 15, 2012, was based on the partner s equity balance which was determined for this purpose using a formula based on then-current EBITDA (excluding equity-based compensation charges) multiplied by a stated multiple, adjusted to take into account working capital, debt and noncurrent liabilities associated with Class B partner redemptions. From July 15, 2012 to the completion of the IPO Reorganization in March 2013, the redemption value of Class B common units continued to vary depending on the circumstances of the partner s termination but was based on the fair market value of the firm determined by the general partner, and approved by the Advisory Committee of Artisan Partners Holdings (which was eliminated in connection with the IPO Reorganization), by reference to the value of other asset management firms with publicly-traded equity securities. Due to the redemption feature, the Class B grants were considered liability awards. Compensation expense was measured at the grant date based on

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the intrinsic value of the limited partnership interests granted, and was re-measured each period. For purposes of estimating the intrinsic value, we assumed a holder s termination of employment was the result of resignation or involuntary termination, which provides for a redemption value that is one-half of the total vested value of the partner s limited partnership interests. The redemption value for employee-partners who have given notice of retirement in accordance with the terms of their grant agreements was calculated using the retirement valuation which provides for a redemption value that equals the total vested value of the partner s limited partnership interests. Intrinsic value as measured each period was recognized as expense over the remaining vesting period, typically five years. Changes in the intrinsic value that occurred after the end of the vesting period were recorded as compensation expense of the period in which the changes occurred through settlement of the limited partnership interests. Because, prior to July 15, 2012, the intrinsic value of the Class B limited partnership interests was based on the EBITDA formula described above, significant fluctuations in the redemption value occurred as a result of changes in assets under management, revenues and EBITDA (before equity-based compensation charges).

As of and for the periods subsequent to June 30, 2011 and prior to the completion of the IPO Reorganization in March 2013, the Class B limited partnership interests were reflected as liabilities measured at fair value. As part of the calculation to estimate the fair value of each Class B limited partnership interest, we first determined the value of the business based on the probability weighted expected return method. This approach considered the value of the business, calculated using a discounted cash flow analysis and a market approach using earnings multiples of comparable entities, under various scenarios. Significant inputs included historical revenues and expenses, future revenue and expense projections, discount rates and market prices of comparable entities. The value of the business as determined was then adjusted to take into account working capital, debt and noncurrent liabilities associated with Class B partner redemptions and allocated to individual limited partnership interests based on their respective terms. The use of the discounted cash flow and market approaches to derive the fair value of the liability at a point in time resulted in volatility to the financial statements as our current and projected financial results, and the results and earnings multiples of comparable entities, change over time.

As discussed above under Factors Impacting Our Results of Operations Changes Related to Class B Units of Artisan Partners Holdings , as part of the IPO Reorganization, the Class B grant agreements were amended to eliminate the cash redemption feature. As a result, liability award accounting no longer applies and the costs associated with distributions to our Class B partners and changes in the value of Class B liability awards are no longer recognized as a compensation expense because the Class B common units are no longer redeemable for cash upon termination of employment. Compensation expense for these awards following the IPO Reorganization represents the amortization of the fair value of unvested awards on the date of the IPO Reorganization over the remaining vesting period.

Distribution and Marketing

Distribution and marketing expenses primarily represent payments we make to broker-dealers, financial advisors, defined contribution plan providers, mutual fund supermarkets and other intermediaries for selling, servicing and administering accounts invested in shares of Artisan Funds. Artisan Funds authorizes intermediaries to accept purchase, exchange, and redemption orders for shares of Artisan Funds on behalf of Artisan Funds. Many authorized agents charge a fee for those services. Artisan Funds pays a portion of such fees, which are intended to compensate the authorized agent for its provision of services of the type that would be provided by Artisan Funds transfer agent or other service providers if the shares were registered directly on the books of Artisan Funds transfer agent. Like the investment management fees we earn as adviser to Artisan Funds, distribution fees typically vary with the value of the assets invested in shares of Artisan Funds. The allocation of such fees between us and Artisan Funds is determined by the board of Artisan Funds, based on information and a recommendation from us, with the goal of allocating to us all costs attributable to the marketing and distribution of shares of Artisan Funds. A significant portion of Artisan Funds shares are held by investors through intermediaries to which we pay distribution and marketing expenses, which is consistent with an industry-wide shift from direct retail sales of mutual fund shares to sales through intermediaries that provide advice, administrative convenience or both. As of September 30, 2013, 70% of the $53.2 billion in shares of Artisan Funds were held by investors through such intermediaries. Distribution fees are likely to increase due to an increase in our assets under management that are sourced through intermediaries that charge these fees or an increase in the fee rates charged by intermediaries. The number of shares of Artisan Funds that are held by investors through intermediaries and the percentage those shares represent of the total number of shares of Artisan Funds may vary over time. In contrast to some mutual funds, investors in Artisan Funds pay no 12b-1 fees, which are fees charged to investors to pay for marketing, advertising and distribution services. See Business Distribution, Investment Products and Client Relationships for additional information about 12b-1 fees.

Occupancy

Occupancy expenses include operating leases for facilities, furniture and office equipment, miscellaneous facility related costs and depreciation expense associated with furniture purchases and leasehold improvements.

Communication and technology

Communication and technology expenses include information and print subscriptions, telephone costs, information systems consulting fees, equipment and software maintenance expenses, operating leases for information technology equipment and depreciation and amortization expenses associated with computer hardware and software. Information and print subscriptions represent the costs we pay to obtain investment research and other data we need to operate our business, and such expenses generally increase or decrease in relative proportion to the number of our employees and the overall size and scale of our business operations.

On behalf of our mutual fund and separate account clients, we make decisions to buy and sell securities for each portfolio, select broker-dealers to execute trades and negotiate brokerage commission rates. In connection with these transactions, we may receive research products and services from broker-dealers in exchange for the business we conduct with such firms. Some of those research products and services could be acquired for cash and our receipt of those products and services through the use of client commissions, or soft dollars, reduces cash expenses we would otherwise incur. The reduction in our operating expenses through the use of soft dollars amounted to $3.9 million and $2.7 million for the nine months ended September 30, 2013 and 2012 and $3.5 million, $4.1 million and $3.3 million for the years ended December 31, 2012, 2011 and 2010, respectively. Our operating expenses will increase to the extent these soft dollars are reduced or eliminated. We believe that all research products and services we acquire through soft dollars are within the safe harbor provided by Section 28(e) of the Exchange Act.

General and Administrative

General and administrative expenses include professional fees, travel and entertainment, state and local taxes, and other miscellaneous expenses we incur in operating our business.

As discussed above under Factors Impacting Our Results of Operations Costs of Being a Public Company , we have incurred and expect to continue to incur additional expenses as a result of becoming a public company and will incur additional expenses in connection with the anticipated change in control (for purposes of the 1940 Act and Advisers Act) and future offerings of our Class A common stock. These additional expenses will increase our general and administrative expenses and reduce our net income.

Non-Operating Income (Loss) and Net Income (Loss) Attributable to Noncontrolling Interests

Interest Expense

Interest expense includes the interest we pay on our debt. We prepaid the then-outstanding principal balance of our $400 million term loan in full in August 2012 with proceeds from the issuance of $200 million in

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unsecured notes and $90 million drawn from a $100 million five-year revolving credit facility. The term loan bore interest at a rate equal to LIBOR adjusted by a statutory reserve percentage plus an applicable margin ranging from 2.00% to 3.50%, depending on Artisan Partners Holdings leverage ratio (as defined in the term loan agreement). For a description of the terms of the notes and our revolving credit facility, see Liquidity and Capital Resources .

To effectively convert a portion of our term loan s variable interest rate to a fixed rate, in July 2006, we executed with two counterparties five-year amortizing interest rate swap contracts that had a combined total notional value of $400 million at inception and had a final maturity date of July 1, 2011. In November 2010, we entered into a forward starting interest rate swap with a notional value of $200 million, an effective start date of July 1, 2011 and a final maturity date of July 1, 2013. The counterparty under this interest rate swap paid Artisan Partners Holdings variable interest at three-month LIBOR, and Artisan Partners Holdings paid the counterparty a fixed interest rate of 1.04%. The income and expense related to the interest rate swap contracts was accounted for under interest expense. Artisan Partners Holdings terminated the forward starting interest rate swap contract in August 2012 in connection with the repayment in full of the term loan.

When Artisan Partners Holdings historically redeemed Class B limited partnership interests, it generally paid the redemption price for the limited partnership interests over a period of five years and paid interest on the unpaid portion of the redemption price at rates comparable to those it received on money market instruments. These interest payments are included in our historical interest expense. As part of the IPO Reorganization, the Class B common units became exchangeable for shares of our Class A common stock, and are no longer redeemable for cash upon termination of employment.

Net Gain on the Valuation of Contingent Value Rights

As discussed above under Factors Impacting Our Results of Operations Issuance of CVRs , as part of the IPO Reorganization, we issued CVRs, which are classified as liabilities and are accounted for under ASC 815 as derivatives. Net gain on the valuation of contingent value rights includes all changes in the fair value of this liability. The CVRs were terminated in connection with the November 2013 Offering.

Net Gain (Loss) of Launch Equity and Net Income (Loss) Attributable to Noncontrolling Interests LaunchEquity

Artisan provides investment management services to Artisan Partners Launch Equity LP, or Launch Equity, a private investment partnership the investors in which are certain partners and employees of Artisan. Artisan makes day-to-day investment decisions concerning the assets of the private investment partnership. This partnership is consolidated under variable interest entity consolidation guidance. If Artisan were to liquidate, these investments would not be available to the general creditors of the company and as a result, Artisan does not consider investments held by consolidated investment products to be company assets.

Net gain (loss) of Launch Equity include net interest income, dividend expense and realized and unrealized gains and losses which are driven by the underlying investments held by consolidated investment products. Nearly all of these net gains or losses are attributable to third party investors and are offset by net income (loss) attributable to noncontrolling interests.

Net Income (Loss) Attributable to Noncontrolling Interests Holdings

Net income (loss) attributable to noncontrolling interests Holdings represents the portion of earnings or loss attributable to the economic interest in Artisan Partners Holdings held by the limited partners of Artisan Partners Holdings. All income of Artisan Partners Holdings for the period prior to March 12, 2013, is entirely attributable to noncontrolling interests.

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Other Income (Loss)

Other income (loss) includes income from our excess cash balances, dividends earned on available-for-sale securities, gains or losses we recognized on the ineffective portion of our interest rate swaps, debt related costs, and capital gains or losses we recognize upon the sale of the securities we hold.

Provision for Income Taxes

Our business was historically organized as a partnership and was not subject to U.S. federal and certain state income taxes. As a result of the IPO Reorganization, we became subject to taxes applicable to C-corporations. We are subject to U.S. federal and state income tax on our allocable portion of the income of Artisan Partners Holdings. Our effective income tax rate is dependent on many factors, including a rate benefit attributable to the fact that a portion of Artisan Partner Holdings earnings are not subject to corporate level taxes. This favorable impact may be partially offset by the impact of certain permanent items, primarily attributable to certain compensation-related expenses that are not deductible for tax purposes. Income tax expense is also recognized for certain foreign subsidiaries that pay corporate income tax.

Results of Operations

Our investment management fees are driven by the amount and composition of our assets under management. As a result, our earnings and cash flows are heavily dependent upon prevailing conditions in the securities markets, particularly in the equity securities markets. Significant increases or decreases in the value of equity securities or significant changes in the level of client contributions or withdrawals will have a material impact on our results of operations. Client contributions and withdrawals are driven by the performance results of our investment strategies, the competitiveness of our fee rates, the success of our marketing and client service efforts, the state of the overall securities markets and clients individual investment philosophies and cash-flow requirements.

Nine Months Ended September 30, 2013, Compared to the Nine Months Ended September 30, 2012

	For the Nine Months Ended September 30,		Period-to-Period	
	2013	2012	$ Change	% Change
	(unaudited; in millions, except per share data)			
Statements of Operations Data				
Revenues	$ 488.2	$ 368.5	$ 119.7	32%
Operating Expenses				
Total compensation and benefits	744.9	305.5	439.4	144%
Other operating expenses	62.9	5.3	7.6	14%
Total operating expenses	807.8	360.8	447.0	124%
Total operating income	(319.6)	7.7	(327.3)	(4,251)%
Non-operating income (loss)				
Interest expense	(9.0)	(8.1)	(0.9)	(11)%
Other non-operating income	49.4	6.8	42.6	626%
Total non-operating income (loss)	40.4	(1.3)	41.7	3,208%
Income before taxes	(279.2)	6.4	(285.6)	(4,463)%
Provision for income taxes	17.1	0.8	16.3	2,038%
Net income before noncontrolling interest	(296.3)	5.6	(301.9)	(5,391)%
Less: Noncontrolling interests Artisan Partners Holdings	(320.1)	(2.9)	(317.2)	(10,938)%
Less: Noncontrolling interests Launch Equity	9.1	8.5	0.6	7%
	$ 14.7	$	$ 14.7	

Net income attributable to Artisan Partners Asset Management Inc.	

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	For the Nine Months Ended September 30, 2013	2012	Period-to-Period $ Change	% Change
	(unaudited; in millions, except per share data)			
Per Share Data				
Net income available to Class A common stock per basic shares	$ 0.97			
Net income available to Class A common stock per diluted share	$ 0.90			
Weighted average basic shares of Class A common stock outstanding	12,728,949			
Weighted average diluted shares of Class A common stock outstanding	15,294,412			

Assets Under Management

Our assets under management increased by $27.1 billion, or 38.8%, to $96.9 billion as of September 30, 2013 from $69.8 billion as of September 30, 2012. As of September 30, 2013 and 2012, our assets under management consisted of 56% and 54% Artisan Funds and Artisan Global Funds, respectively, and 44% and 46%% separate accounts, respectively. Average assets under management for the nine months ended September 30, 2013 were $85.7 billion, an increase of 32.9% compared to average assets under management for the nine months ended September 30, 2012 of $64.5 billion. As of September 30, 2013, 11% of our assets under management were sourced from clients located outside the United States, up from 10% as of September 30, 2012.

The following table sets forth the changes in our assets under management for Artisan Funds and Artisan Global Funds and the separate accounts that we managed for the nine months ended September 30, 2013 and 2012, as well as the average assets under management for each period:

	For the Nine Months Ended September 30, (unaudited) 2013	2012	Period-to-Period $ Change	% Change
	(dollars in millions)			
Artisan Funds and Artisan Global Funds				
Beginning assets under management	$ 39,603	$ 30,843	$ 8,760	28%
Gross client cash inflows	12,601	9,131	$ 3,470	38%
Gross client cash outflows	(6,980)	(6,086)	$ (894)	15%
Net client cash flows	5,621	3,045	$ 2,576	85%
Market appreciation (depreciation)	9,326	4,301	$ 5,025	117%
Transfers between investment vehicles	(61)	(459)	$ 398	(87)%
Ending assets under management	$ 54,489	$ 37,730	$ 16,759	44%
Average assets under management	$ 47,308	$ 35,004	$ 12,304	35%
Separate Accounts				
Beginning assets under management	$ 34,731	$ 26,261	$ 8,470	32%
Gross client cash inflows	4,066	3,920	$ 146	4%
Gross client cash outflows	(3,990)	(2,695)	$ (1,295)	48%
Net client cash flows	76	1,225	$ (1,149)	(94)%
Market appreciation (depreciation)	7,574	4,160	$ 3,414	82%
Transfers between investment vehicles	61	459	$ (398)	(87)%
Ending assets under management	$ 42,442	$ 32,105	$ 10,337	32%
Average assets under management	$ 38,375	$ 29,463	$ 8,912	30%

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	For the Nine Months Ended September 30, (unaudited)		Period-to-Period	
	2013	2012	$ Change	% Change
	(dollars in millions)			
Total Assets Under Management				
Beginning assets under management	$ 74,334	$ 57,104	$ 17,230	30%
Gross client cash inflows	16,667	13,051	3,616	28%
Gross client cash outflows	(10,970)	(8,781)	(2,189)	(2)%
Net client cash flows	5,697	4,270	1,427	33%
Market appreciation (depreciation)	16,900	8,461	8,439	100%
Transfers between investment vehicles				
Ending assets under management	$ 96,931	$ 69,835	$ 27,096	39%
Average assets under management	$ 85,683	$ 64,467	$ 21,216	33%

Revenues

The increase in our revenues for the nine months ended September 30, 2013, compared to the nine months ended September 30, 2012, was driven primarily by a $21.2 billion, or 32.9%, increase in our average assets under management. The increase in our average assets under management was primarily attributable market appreciation between September 30, 2012 and September 30, 2013 resulting from the rise in global equity markets. Market appreciation was $16.9 billion and $8.5 billion for the nine months ended September 30, 2013 and 2012, respectively. During the nine months ended September 30, 2013, our net client cash inflows were $5.7 billion, which was an increase of $1.4 billion compared to the nine months ended September 30, 2012.

Our weighted average investment management fee remained consistent at 76 basis points for the nine months ended September 30, 2013 and 2012. Separate accounts, in the aggregate, paid a weighted average fee of 55 basis points and 56 basis points for the nine months ended September 30, 2013 and 2012, respectively. Artisan Funds and Artisan Global Funds paid in the aggregate a weighted average fee of 94 basis points for the nine months ended September 30, 2013 and 2012.

For the nine months ended September 30, 2013 and 2012, fees from separate accounts represented $157.7 million and $122.8 million of our revenues, respectively. For the nine months ended September 30, 2013 and 2012, fees from Artisan Funds represented $324.5 million and $243.7 million of our revenues, respectively, and fees from Artisan Global Funds represented $6.0 million and $2.0 million of our revenues, respectively.

Operating Expenses

The following table sets forth our operating expenses for the nine months ended September 30, 2013 and 2012:

	Nine Months Ended September 30, (unaudited)		Period-to-Period	
	2013	2012	$ Change	% Change
	(dollars in millions)			
Salaries, incentive compensation, and benefits	$ 221.4	$ 165.7	$ 55.7	34%
Pre-offering related compensation other	143.0	53.9	89.1	165%
Pre-offering related compensation share-based awards	380.5	85.9	294.6	343%
Total compensation and benefits expense	744.9	305.5	439.4	144%
Distribution and marketing	27.1	21.4	5.7	27%
Occupancy	7.8	6.8	1.0	14%
Communication and technology	10.3	9.9	0.4	4%
General and administrative	17.7	17.3	0.4	2%

Total operating expenses	$ 807.8	$ 360.9	$ 446.9	124%

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The increase in total operating expenses of $446.9 million compared to the nine month period ended September 30, 2012 was primarily attributable to increased compensation and benefits expense, which increased by $439.4 million for the nine months ended September 30, 2013, as compared to the nine months ended September 30, 2012.

Compensation and Benefits

	For the Nine Months Ended September 30,		Period-to-Period	
	2013	2012	$ Change	% Change
	(unaudited; in millions)			
Salaries, incentive compensation and benefits[1]	$ 218.0	$ 165.7	$ 52.3	32%
Restricted share compensation expense	3.4		3.4	
Total salaries, incentive compensation and benefits	221.4	165.7	55.7	34%
Change in value of Class B liability awards	41.9	85.9	(44.0)	(51)%
Class B award modification expense	287.3		287.3	
Amortization expense on pre-offering Class B awards	51.3		51.3	
Pre-offering related compensation share-based awards	380.5	85.9	294.6	343%
Pre-offering related cash incentive compensation	56.8		56.8	
Pre-offering related bonus make-whole compensation	20.5		20.5	
Distributions on Class B liability awards	65.7	53.9	11.8	22%
Pre-offering related compensation other	143.0	53.9	89.1	165%
Total compensation and benefits	$ 744.9	$ 305.5	$ 439.4	144%

(1) Excluding share-based compensation

The increase in salaries, incentive compensation, and benefits was driven primarily by accrued incentive compensation expense for our investment and marketing professionals. That compensation is directly linked to our revenues and increased by $34.0 million as a result of higher investment management fee revenue during the nine months ended September 30, 2013 as compared to the nine months ended September 30, 2012. In addition, compared to the nine months ended September 30, 2012, incentive compensation expense related to a special incentive compensation plan for certain portfolio managers increased by $2.4 million to $8.6 million as the market value of the incentive compensation plan increased with improvement in the global equity markets. This incentive compensation plan provides certain portfolio managers with additional cash compensation over a three-year period (ending on December 31, 2013) based on the then-current value of shares of mutual funds managed by those portfolio managers. Severance expenses increased by $5.8 million for the nine months ended September 30, 2013 as compared to the nine months ended September 30, 2012. As previously discussed, on July 17, 2013, our board of directors approved the issuance of restricted shares of Class A common stock to our employees and employees of our subsidiaries. Compensation expense recognized related to the restricted shares was $3.4 million for the nine months ended September 30, 2013. The remaining increase in salaries, incentive compensation and benefits expense was driven mainly by increased headcount and increased discretionary incentive compensation expense between 2012 and 2013. Salaries, incentive compensation and benefits as a percentage of revenues remained consistent at 45% of our revenues for the nine months ended September 30, 2013 and 2012. Included in salaries, incentive compensation and benefits was the special incentive compensation plan and severance expenses of $15.2 million and $7.1 million for the nine months ended September 30, 2013 and 2012, respectively.

Pre-offering related share-based compensation expense increased $294.6 million for the nine months ended September 30, 2013, compared to the nine months ended September 30, 2012. Prior to the IPO Reorganization, our Class B share-based awards were classified as liabilities. As part of the IPO Reorganization, we amended the

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Class B share-based grant agreements to eliminate the cash redemption feature of the awards. From January 1, 2013, through the date of the IPO Reorganization, we incurred a $41.9 million compensation charge to record the liability awards at fair value. Immediately after the amendment of the grant agreements, we incurred a $287.3 million compensation charge as a result of the award modification. Compensation expense for these awards after the IPO Reorganization represents the amortization of the fair value of unvested awards at the date of the IPO Reorganization over the remaining vesting term.

Pre-offering related other compensation increased $89.1 million for the nine months ended September 30, 2013, compared to the nine months ended September 30, 2012. During the nine months ended September 30, 2013, we recognized $56.8 million in compensation expense related to cash incentive compensation paid to certain of our portfolio managers in connection with our IPO, $65.7 million in compensation expense related to distributions of the retained earnings of Holdings made to our pre-IPO employee-partners, and $20.5 million in compensation expense representing profits after our IPO otherwise allocable and distributable, in the aggregate, to Artisan Partners Holdings pre-IPO non-employee partners which was instead allocated and will be distributed to certain of our employee-partners. Compensation expense recognized for distributions of the retained earnings of Artisan Partners Holdings made to our pre-IPO partners totaled $53.9 million for the nine months ended September 30, 2012.

Other Operating Expenses

Other operating expenses increased $7.6 million, or 14%, for the nine months ended September 30, 2012 to the nine months ended September 30, 2013. The increase is a result of a $5.7 million increase in distribution and marketing expense related to higher average assets under management and revenues, and an increase in general and administrative expenses related to the IPO Reorganization and IPO. Those increases were partially offset by a decrease in general and administrative expenses, primarily because we recognized expenses in August 2012 in connection with the resolution of a lawsuit.

Non-Operating Income (Loss)

The following table sets forth our non-operating income (loss) for the nine months ended September 30, 2013 and 2012:

	For the Nine Months Ended September 30,		Period-to-Period	
	2013	2012	$ Change	% Change
	(dollars in millions)			
Interest expense	$ (9.0)	$ (8.1)	$ (0.9)	11%
Gains (losses) of Launch Equity, net	9.1	8.5	0.6	7%
Net gain on the valuation of contingent value rights	40.3		40.3	
Other non-operating income (loss)		(1.7)	(1.7)	
Total non-operating income (loss)	$ 40.4	$ (1.3)	$ 41.7	3208%

The increase in non-operating income of $41.7 million for the nine months ended September 30, 2013, compared to the nine months ended September 30, 2012, was primarily due to a $40.3 million gain on the valuation of contingent value rights during the nine months ended September 30, 2013. Non-operating income for the nine months ended September 30, 2012 included a $0.8 million loss on debt extinguishment and $0.8 million in debt issuance costs recognized as a result of our debt refinancing in August 2012.

The price of our Class A common stock is one of the key variables used to determine the fair value of the CVR liability. As such, the gain on CVR was the result of a significant increase in our stock price from the $30.00 per share IPO price utilized in determining the initial fair value of the CVR liability to the closing price of $52.36 per share at September 30, 2013. As a derivative liability, all changes in the fair value of this liability are recorded to current earnings.

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Gains of Launch Equity represent net realized and unrealized gains of the underlying assets of Launch Equity. Nearly all gains are allocable to, and offset by, net income (loss) attributable to noncontrolling interests Launch Equity.

Interest expense increased as a result of higher interest rates paid on our unsecured notes when compared to the term loan.

Provision for Income Taxes

The increase in provision for income taxes represents our U.S. federal and state income tax on our allocable portion of the income of Artisan Partners Holdings. Our effective income tax rate for the period from March 12, 2013 through September 30, 2013 was 11.0%. Several factors contribute to the effective tax rate, including a rate benefit attributable to the fact that approximately 76% of Artisan Partners Holdings earnings for the period were not subject to corporate-level taxes. Income (loss) before income taxes includes amounts that are passed through to unit holders of Artisan Partners Holdings and noncontrolling interest and is not taxable to Artisan Partners Holdings and its subsidiaries, which reduces the effective tax rate. This favorable impact is partially offset by the impact of certain permanent items, primarily attributable to pre-IPO share-based compensation expenses that are not deductible for tax purposes. These factors are expected to continue to impact the effective tax rate for future years, although as our ownership in Artisan Partners Holdings increases, the effective tax rate will likewise increase as more income will be subject to corporate-level taxes.

Prior to our IPO and reorganization in March 2013, none of Artisan Partners Holdings earnings were subject to U.S. corporate-level taxes. The provision for income taxes in 2012 represents foreign income taxes of certain foreign corporate subsidiaries.

Year Ended December 31, 2012 Compared to the Year Ended December 31, 2011

	For the Year Ended, December 31,		Period-to-Period	
	2012	**2011**	**$ Change**	**% Change**
	(unaudited; in millions, except per share data)			
Statements of Operations Data				
Revenues	$ 505.6	$ 455.1	$ 50.5	11%
Operating Expenses				
Total compensation and benefits	383.1	233.2	149.9	64%
Other operating expenses	75.4	67.6	7.8	12%
Total operating expenses	458.5	300.8	157.7	52%
Total operating income	47.1	154.3	(107.2)	(69)%
Non-operating income (loss)				
Interest expense	(11.4)	(18.4)	7.0	38%
Other non-operating income	7.9	(4.7)	12.6	268%
Total non-operating income (loss)	(3.5)	(23.1)	19.6	85%
Income before taxes	43.6	131.2	(87.6)	(67)%
Provision for income taxes	1.0	1.2	(0.2)	(17)%
Net income before noncontrolling interest	42.6	130.0	(87.4)	(67)%
Less: Noncontrolling interests Artisan Partners Holdings	33.8	133.1	(99.3)	(75)%
Less: Noncontrolling interests Launch Equity	8.8	(3.1)	11.9	384%
Net income attributable to Artisan Partners Asset Management Inc.	$			

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Assets Under Management

Our assets under management increased by $17.2 billion, or 30%, to $74.3 billion as of December 31, 2012 from $57.1 billion as of December 31, 2011. As of December 31, 2012, our assets under management consisted of 53% Artisan Funds and Artisan Global Funds and 47% separate accounts, compared to 54% Artisan Funds and Artisan Global Funds and 46% separate accounts as of December 31, 2011. Average assets under management for the year ended December 31, 2012 were $66.2 billion, an increase of 11% compared to average assets under management for the year ended December 31, 2011 of $59.4 billion. As of December 31, 2012, 11% of our assets under management were sourced from clients located outside the United States, up from 9% as of December 31, 2011.

The following table sets forth the changes in our assets under management for Artisan Funds and Artisan Global Funds and the separate accounts that we managed for the years ended December 31, 2012 and 2011, as well as the average assets under management for each period:

	Year Ended December 31,		Period-to-Period	
	2012	2011	$ Change	% Change
	(dollars in millions)			
Artisan Funds and Artisan Global Funds				
Beginning assets under management	$ 30,843	$ 31,367	$ (524)	(2)%
Gross client cash inflows	11,977	8,809	3,168	36%
Gross client cash outflows	(8,643)	(7,896)	747	9%
Net client cash flows	3,334	913	2,421	265%
Market appreciation (depreciation)	5,885	(1,226)	7,111	580%
Transfers between investment vehicles	(459)	(211)	(248)	(118)%
Ending assets under management	$ 39,603	$ 30,843	$ 8,760	28%
Average assets under management	$ 35,840	$ 32,449	$ 3,391	10%
Separate Accounts				