

Manning & Napier, Inc.  
 Form 10-Q  
 November 06, 2015  
Table of Contents

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

FORM 10-Q

(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended September 30, 2015

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission file number: 001-35355

MANNING & NAPIER, INC.

(Exact name of registrant as specified in its charter)

Delaware	45-2609100
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

290 Woodcliff Drive	14450
Fairport, New York	(Zip Code)
(Address of principal executive offices)	

Registrant's telephone number, including area code:  
 (585) 325-6880

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes  No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes  No

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 Exchange Act:

Large accelerated filer  Accelerated filer

Non-accelerated filer  (Do not check if a smaller reporting company) Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes  No

Edgar Filing: Manning & Napier, Inc. - Form 10-Q

Indicate the number of shares outstanding of each of the registrant's classes of common stock, as of the latest practicable date.

Class	Outstanding at November 3, 2015
Class A common stock, \$0.01 par value per share	14,775,130
Class B common stock, \$0.01 par value per share	1,000

---

## TABLE OF CONTENTS

	Page	
Part I	<u>Financial Information</u>	
Item 1.	<u>Financial Statements (unaudited)</u>	
	<u>Consolidated Statements of Financial Condition as of September 30, 2015 and December 31, 2014</u>	<u>1</u>
	<u>Consolidated Statements of Operations for the three and nine months ended September 30, 2015 and 2014</u>	<u>2</u>
	<u>Consolidated Statements of Comprehensive Income for the three and nine months ended September 30, 2015 and 2014</u>	<u>3</u>
	<u>Consolidated Statements of Shareholders' Equity for the nine months ended September 30, 2015 and 2014</u>	<u>4</u>
	<u>Consolidated Statements of Cash Flows for the nine months ended September 30, 2015 and 2014</u>	<u>5</u>
	<u>Notes to Consolidated Financial Statements</u>	<u>6</u>
Item 2.	<u>Management's Discussion and Analysis of Financial Condition and Results of Operations</u>	<u>18</u>
Item 3.	<u>Quantitative and Qualitative Disclosures About Market Risk</u>	<u>38</u>
Item 4.	<u>Controls and Procedures</u>	<u>39</u>
Part II	<u>Other Information</u>	
Item 1A.	<u>Risk Factors</u>	<u>41</u>
Item 6.	<u>Exhibits</u>	<u>41</u>

In this Quarterly Report on Form 10-Q, “we”, “our”, “us”, the “Company”, “Manning & Napier” and the “Registrant” refers to Manning & Napier, Inc. and, unless the context otherwise requires, its consolidated direct and indirect subsidiaries and predecessors.

Table of Contents

## PART I—FINANCIAL INFORMATION

## Item 1. Financial Statements

Manning &amp; Napier, Inc.

Consolidated Statements of Financial Condition

(In thousands, except share data)

	September 30, 2015 (unaudited)	December 31, 2014
Assets		
Cash and cash equivalents	\$94,183	\$124,992
Accounts receivable	17,618	23,704
Accounts receivable—Manning & Napier Fund, Inc.	9,008	15,579
Due from broker	4,122	5,391
Due from broker - consolidated funds	3,781	—
Investment securities	22,668	26,915
Investment securities - consolidated funds	1,058	—
Prepaid expenses and other assets	6,767	9,321
Total current assets	159,205	205,902
Property and equipment, net	6,445	7,456
Net deferred tax assets, non-current	43,619	42,581
Other long-term assets	1,359	1,534
Total assets	\$210,628	\$257,473
Liabilities		
Accounts payable	\$870	\$2,906
Accrued expenses and other liabilities	33,933	50,779
Deferred revenue	12,777	12,812
Total current liabilities	47,580	66,497
Other long-term liabilities	2,943	3,116
Amounts payable under tax receivable agreement, non-current	38,661	39,149
Total liabilities	89,184	108,762
Commitments and contingencies (Note 9)		
Shareholders' equity		
Class A common stock, \$0.01 par value; 300,000,000 shares authorized; 14,775,130 and 13,713,540 issued and outstanding at September 30, 2015 and December 31, 2014, respectively	148	137
Class B common stock, \$0.01 par value; 2,000 shares authorized, 1,000 shares issued and outstanding at September 30, 2015 and December 31, 2014	—	—
Additional paid-in capital	205,479	209,284
Retained deficit	(37,649	) (41,087
Accumulated other comprehensive income	(2	) —
Total shareholders' equity	167,976	168,334
Noncontrolling interests	(46,532	) (19,623
Total shareholders' equity and noncontrolling interests	121,444	148,711
Total liabilities, shareholders' equity and noncontrolling interests	\$210,628	\$257,473
The accompanying notes are an integral part of these consolidated financial statements.		



Table of Contents

Manning & Napier, Inc.  
 Consolidated Statements of Operations  
 (In thousands, except share data)  
 (Unaudited)

	Three months ended September 30,		Nine months ended September 30,	
	2015	2014	2015	2014
Revenues				
Investment management services revenue	\$77,928	\$104,795	\$255,327	\$307,129
Expenses				
Compensation and related costs	24,500	51,499	79,627	159,457
Distribution, servicing and custody expenses	13,620	19,921	46,292	58,325
Other operating costs	9,075	9,365	27,053	25,867
Total operating expenses	47,195	80,785	152,972	243,649
Operating income	30,733	24,010	102,355	63,480
Non-operating income (loss)				