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Silvercrest Asset Management Group Inc.
Form 10-K
March 09, 2018

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Form 10-K

(Mark One)

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
FOR THE FISCAL YEAR ENDED December 31, 2017

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: 001-35733

Silvercrest Asset Management Group Inc.

(Exact name of registrant as specified in its charter)

Delaware 45-5146560
(State or other jurisdiction) (I.R.S. Employer
of incorporation) Identification No.)

1330 Avenue of the Americas, 38th Floor

New York, New York 10019

(Address of principal executive offices and zip code)

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(212) 649-0600

(Registrant's telephone number, including area code)

Not Applicable

(Formed name, former address and former fiscal year, if changed since last report)

Securities registered pursuant to Section 12(b) of the Act:

Class A common stock, \$0.01 par value per share

(Title of each class)

The Nasdaq Global Market

(Name of each exchange in which registered)

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Act. Yes No

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 (§ 232.405 of this chapter) 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 if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§ 229.405 of this chapter) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

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. (Check one):

Large accelerated filer

Accelerated filer

Non-accelerated filer

(Do not check if a smaller reporting company) Smaller reporting company

Emerging Growth Company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 7(a)(2)(B) of the Securities Act

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

The aggregate market value of the registrant's common equity held by non-affiliates of the registrant (assuming for purposes of this computation only that the directors and executive officers may be affiliates) at June 30, 2017, which was the last business day of the registrant's most recently completed second fiscal quarter was approximately \$95.1 million based on the closing price of \$13.45 for one share of common stock, as reported on The Nasdaq Global Market on June 30, 2017.

The number of outstanding shares of the registrant's Class A common stock, par value \$0.01 per share, and Class B common stock, par value \$0.01 per share, as of March 6, 2018 were 8,142,120 and 5,059,319, respectively.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the registrant's definitive Proxy Statement for its 2018 Annual Meeting of Stockholders are incorporated by reference into Part III of this Annual Report on Form 10-K where indicated. Such Definitive Proxy Statement will be filed with the Securities and Exchange Commission within 120 days after the end of the registrant's fiscal year ended December 31, 2017.

Part I

Item 1.	<u>Business</u>	2
Item 1A.	<u>Risk Factors</u>	15
Item 1B.	<u>Unresolved Staff Comments</u>	34
Item 2.	<u>Properties</u>	34
Item 3.	<u>Legal Proceedings</u>	34

Part II

	<u>Market for Registrant’s Common Equity, Related Stockholder Matters and Issuer Purchases of Equity</u>	
Item 5.	<u>Securities</u>	35
Item 6.	<u>Selected Financial Data</u>	38
Item 7.	<u>Management’s Discussion and Analysis of Financial Condition and Results of Operations</u>	39
Item 7A.	<u>Quantitative and Qualitative Disclosures About Market Risk</u>	60
Item 8.	<u>Financial Statements and Supplementary Data</u>	60
Item 9A.	<u>Controls and Procedures</u>	60

Part III

Item 10.	<u>Directors, Executive Officers and Corporate Governance</u>	61
Item 11.	<u>Executive Compensation</u>	61
Item 12.	<u>Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters</u>	61
Item 13.	<u>Certain Relationships and Related Transactions, and Director Independence</u>	61
Item 14.	<u>Principal Accounting Fees and Services</u>	61

Part IV

Item 15.	<u>Exhibits, Financial Statement Schedules</u>	62
Item 16.	<u>Form 10-K Summary</u>	63

Except where the context requires otherwise and as otherwise set forth herein, in this report, references to the “Company”, “we”, “us” or “our” refer to Silvercrest Asset Management Group Inc. (“Silvercrest”) and its consolidated subsidiary, Silvercrest L.P., the managing member of our operating subsidiary (“Silvercrest L.P.” or “SLP”). SLP is a limited partnership whose existing limited partners are referred to in this report as “principals”. On June 26, 2013, Silvercrest completed its corporate reorganization, and on July 2, 2013, Silvercrest closed its initial public offering. Prior to that date, Silvercrest was a private company.

Forward-Looking Statements

This report contains, and from time to time our management may make, forward-looking statements within the meaning of the safe harbor provisions of the U.S. Private Securities Litigation Reform Act of 1995. In some cases, you can identify these statements by forward-looking words such as “may”, “might”, “will”, “should”, “expects”, “intends”, “p”, “anticipates”, “believes”, “estimates”, “predicts”, “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, future expenses, anticipated growth strategies, descriptions of new business initiatives and anticipated trends in our business or financial results. These statements are only predictions based on our current expectations and projections about future events. Important factors that could cause actual results, level of activity, performance or achievements to differ materially from those indicated by such forward-looking statements include but are not limited to: incurrence of net losses, fluctuations in quarterly and annual results, adverse economic or market conditions, our expectations with respect to future levels of assets under management, inflows and outflows of assets under management, our ability to retain clients from whom we derive a substantial portion of our assets under management, our ability to maintain our fee structure, our particular choices with regard to investment strategies employed, our ability to hire and retain qualified investment professionals, the cost of complying with current and future regulation, coupled with the cost of defending ourselves from related investigations or litigation, failure of our operational safeguards against breaches in data security, privacy, conflicts of interest or employee misconduct, our expected tax rate, and our expectations with respect to deferred tax assets, adverse economic or market conditions, adverse effects of management focusing on implementation of a growth strategy, failure to develop and maintain the Silvercrest brand and other factors disclosed under “Risk Factors” in this annual report on Form 10-K. We undertake no obligation to publicly update or review any forward-looking statement, whether as a result of new information, future developments or otherwise, except as required by law.

PART I.

Item 1. Business.

Our Guiding Principles

We operate our business in accordance with the following guiding principles:

- We will create, build and maintain an environment that encourages innovation and original thought and apply this fresh thinking to the needs of our clients and firm.
 - We will attract, motivate and retain unusually talented and ambitious professionals who share a passion for the investment business and an antipathy for corporate bureaucracy and office politics.
 - We will conduct ourselves in all our dealings as highly ethical, responsible and competent professionals who always place our clients' financial interests ahead of our own.
- We will encourage and nurture an entrepreneurial, collegial and action-oriented business culture in which "fun" is inevitable and decisions are generally consensual.

Our Company

We are a full-service wealth management firm focused on providing financial advisory and related family office services to ultra-high net worth individuals and institutional investors. In addition to a wide range of investment capabilities, we offer a full suite of complementary and customized family office services for families seeking comprehensive oversight of their financial affairs. As of December 31, 2017, our assets under management were \$21.3 billion.

We were founded 15 years ago on the premise that if we staffed and organized our business to deliver a combination of excellent investment performance together with high-touch client service, we would differentiate our business from a crowded field of firms nominally in the wealth management business. We seek to attract and serve a base of individuals and families with \$10 million or more of investable assets, and we believe we are well-positioned to offer comprehensive investment and family office service solutions to families with over \$25 million of investable assets. As of December 31, 2017, we had 719 client relationships with an average size of \$29 million that represented approximately 98% of our assets under management. Our top 50 relationships averaged \$254 million in size, and such amount represented approximately 1.2% of our assets under management. As a boutique, we are large enough to provide an array of comprehensive capabilities, yet agile enough to coordinate and deliver highly personalized client service.

Our annual client retention rate has averaged 98% since 2006 and, as shown below, the compound annual growth rate, or CAGR, in our assets under management since inception is 35%. Our growth rate in any 12-month period ending on the last day of a fiscal quarter since inception ranged from (23)% to 1,142%, with a mean of 42%. We believe our record of growth is a direct result of our demonstrated record of delivering excellent performance together with highly personalized service to our clients.

Our organic growth has been complemented by selective hiring and by seven successfully completed strategic acquisitions that have expanded not only assets under management, but also our professional ranks, geographic footprint and service capabilities. We believe additional acquisitions will allow us to extend our geographic presence nationally. As we grow, we will maintain our value proposition to continue to deliver to our clients excellent investment performance together with excellent client service, the essence of what differentiates us from our competitors.

Our clients engage us to advise them on traditional investment strategies focused on equities, fixed income and cash as well as non-traditional investment strategies including hedge funds, private equity funds, real estate and commodities. Our clients receive a full menu of proprietary investment capabilities together with a focused array of complementary non-proprietary capabilities offered by unaffiliated firms selected by us. In addition to our investment capabilities, we also provide our clients with family office services and related administrative services, which include financial planning, tax planning and preparation, partnership accounting and fund administration, and consolidated wealth reporting. Our fees for our investment advisory services, non-proprietary services and family office and related administrative services are structured to align our financial incentives with those of our clients to ensure they receive unconflicted advice. The vast majority of our fees are derived from discretionary assets under management, and are based on the value of the assets we manage for our clients. These fees increase if our clients' assets grow in value; on the other hand, these fees decrease if our clients' assets decline in value. Unlike our management fees, our fees for family office services and related administrative services are generally not based on or correlated to market values. For these services, we generally charge our clients a negotiated fee based on the scope of work. These services create strong client relationships and contribute meaningfully to our record of client retention.

As of December 31, 2017, approximately 76% of our discretionary assets under management were held for individual clients and 24% for institutional clients. Based on the results we have achieved in a number of our equity strategies, we continue to attract a significant amount of institutional investor interest. Our equity capabilities are on the approved lists of several prominent institutional consultants and, as a result, we believe significant institutional growth is likely to continue in future years.

History, Organization and Philosophy

When forming our company, our founders had the objective of creating a large full-service boutique operation focused on managing portfolios and delivering financial advice to wealthy individuals and select institutions. We commenced operations in April of 2002. Our first partners and employees came almost entirely from Donaldson, Lufkin & Jenrette ("DLJ") Asset Management Group, which had been acquired by Credit Suisse Asset Management in late 2000. In 2002, we carefully recruited and hired the same equity, fixed income and client service teams with whom our clients had worked at DLJ Asset Management Group. As of December 31, 2017, approximately eleven percent of our 122 employees are veterans of DLJ. Many of our principals, therefore, have worked together for 21 years and, in some cases, even longer.

Our headquarters are located in New York City with additional offices in Massachusetts, Virginia and New Jersey. From inception, we have embraced an organizational structure in which the primary functions of client service, investments, technology and operations, and business administration are organized and staffed with professionals who specialize in each of those functions. This structure permits each professional to focus on his or her area of expertise without the distraction of other business responsibilities. At many other firms, the senior professionals are expected to serve multiple roles simultaneously, which we believe dilutes the value to clients and makes scaling the business effectively unachievable. We firmly believe that our business structure represents a better approach and will permit us to greatly expand our business on our existing platform.

In meeting our primary objective to deliver strong investment results, we seek to add value through our asset allocation advice, as well as through our proprietary equity and fixed income strategies and outsourced investment capabilities. We recruited and hired a team of seasoned securities analysts who have an institutional caliber approach to security selection and a long record of success in implementing their strategies. We encourage them to focus 100% of their professional time on the task of securities selection. Our in-house equity analysts are focused on U.S. large cap, small cap, mid cap, multi cap, equity income and focused value equity strategies. On the fixed income side, our analysts are focused on high-grade municipals, high-yield municipals and high-grade taxables.

In order to deliver excellent client service, our portfolio managers are charged with the responsibility of working individually with each client to help define investment objectives, risk tolerance, cash flow requirements and other financial needs. Client-facing portfolio managers, their support staffs and the family office services group, account for 58% of our total employees, a reflection of our high commitment to excellent client service. We are staffed to ensure that each client receives senior level personal attention.

We have a staff of eight professionals who work with our portfolio managers to deliver family office services to interested clients. The fees for family office services are negotiated with the client and generally are not asset-based. For this reason, the revenues generated by our family office services are non-correlated to market movements and provide us with a diversified source of earnings. We believe these family office services have been an attractive component of our overall value proposition and engender a stronger relationship with our clients, leading to greater client retention and the institutionalization of client relationships.

Our Growth Strategy

We built our company to take market share from financial services firms whose wealth management models we believe are flawed. Our growth strategy has been and will continue to be to grow our business organically, to complement our organic growth with strategic hires and acquisitions and to expand our presence in the institutional market. In support of each of these initiatives we plan to continue to invest in establishing our brand through continued selective advertising and public relations.

Organic Growth

We have a proven ability to identify, attract and retain ultra-high net worth clients who seek a firm designed to deliver excellent investment performance and excellent client service. Our organizational model of separate and distinct business functions has proven scalable and our company's assets under management have grown to \$21.3 billion as of December 31, 2017 without a commensurate increase in headcount. Importantly, we have achieved our growth while maintaining our profitability during one of the most challenging periods in the history of the U.S. financial markets. Going forward, we will continue to execute our business plan for attracting ultra-high net worth clients.

The business of attracting ultra-high net worth clients is the business of obtaining referrals and gaining trust. At our company, these responsibilities reside principally with our portfolio managers. Our senior portfolio managers have on average nearly 35 years of industry experience and they have developed a wealth of contacts and professional referral sources as a result of that experience. In spearheading the effort to deliver excellent performance and service to their clients, our portfolio managers have developed very close relationships with their clients and in many cases these relationships are much older than our company itself. Much of our new business results from referrals from existing clients. In this regard, it is critical that our portfolio managers work closely with each of their clients to establish and maintain the trust that is at the heart of the relationship.

Where appropriate, our portfolio managers are also encouraged to introduce our clients to our family office services capabilities and we have capacity for growth in client utilization of these services. Four of our ten largest clients use our family office services and some of these clients have closed their own family offices to consolidate those activities with us. This is a profitable business for us and it serves to tighten our ties to those clients who avail themselves of the services we offer. It is also extremely useful to us in new business competitions where we use these services as a differentiator from our competitors. We continue to see the opportunity for greater penetration with our current clients in future years.

Complementing the efforts of our senior portfolio managers to cultivate client referrals, our business development team is charged with identifying newly-formed wealth (resulting from merger, acquisition or corporate finance) and then creating customized solicitations. Our objective is two-fold: we will expand awareness of our company and its capabilities by distributing our marketing materials to this new audience and we will attract a certain amount of new business. The basis of this effort is careful research designed to ascertain if the prospect has any relationship with us-or any of our clients or friends-and then our solicitation is tailored to those circumstances.

In all of our business development efforts we devote a great deal of time and effort to developing highly customized and detailed proposals for our prospects. In order to do so, we spend as much time as is required to thoroughly understand the prospect's circumstances and goals as well as the sources of its dissatisfaction with its existing adviser. Where appropriate our proposals include the integration of our entire suite of family office services. We believe our customized new business presentations distinguish us from both our much larger competitors, which have substantial resources, but whose size, we believe, may impede them from easily tailoring solutions to suit clients' needs, as well as from our smaller competitors whom, we believe, do not have our depth of resources or capabilities.

Acquired Growth

From our inception, our organic growth has been complemented by selective hiring and strategic acquisitions, which have served to enlarge our client base, expand our professional ranks, increase our geographic presence and broaden our service capabilities. We therefore expect to continue to recruit and hire senior portfolio managers with significant client relationships as well as successful investment professionals with capabilities currently not available internally to us. We have used acquisitions to extend our presence into new geographies (Boston, Virginia and New Jersey) and to gain new investment expertise. The seven strategic acquisitions we have successfully completed have allowed us to benefit from economies of scale and scope.

In making acquisitions, we look for firms with compatible professionals of the highest integrity who believe in our high service-high performance model for the business. It is important that their clientele be principally clients of high net worth and it is helpful if they have a similar value-based investment methodology. These firms are attracted to our company by the strength of our brand, the breadth of our services and the integrity of our people. Often these firms are extremely limited in the investment products and services they can offer their clients and it is not uncommon that they have succession or other management issues to resolve. In addition, the high and growing cost of compliance with federal and state laws governing their business is often an added inducement. We believe we will become the partner of choice for many such firms.

Continuing our short-term growth strategy, we intend to establish offices in major wealth centers on the West Coast, in the Southwest and in the Midwest in order to be closer to both our clients and to prospective clients.

Our past acquisitions have sharpened our ability to integrate acquired businesses, and we believe that once we identify an acquisition target we will be able to complete the acquisition and integrate the acquired business expeditiously.

Institutional Growth

After nine years of effort focused on cultivating relationships with institutional investment consultants, we continue to regularly make new business presentations to institutional investors, including public and corporate pension funds, endowments, foundations, and their consultants.

We are on the “approved” lists of certain prominent institutional investment consultants, which means that these consultants would be prepared to recommend our firm to clients in search of a particular investment strategy for their clients. This has significantly enhanced our ability to win mandates these consultants seek for their institutional clients and as a result we have won institutional mandates in our equity strategies. We expect this trend to continue once it is publicly known that these and other institutions have engaged us to manage significant portfolios for them. The importance of institutional growth to our company is noteworthy: institutional assets will likely expand not only our assets under management but also our profit margins; and the due diligence conducted by these institutions before selecting us will ratify and confirm the decisions to hire us made by our individual clients.

Brand Management

We have invested heavily to build, maintain and extend our brand. We have done so in the belief that creating awareness of our company and its differentiated characteristics would support all aspects of our business but most notably our growth.

With limited resources, we have created a focused national advertising campaign, which has drawn praise from clients, prospects and competitors alike. We have carefully chosen media outlets that reach our target audience efficiently and we estimate that the new business that we get directly as a result of our advertising now finances its

cost.

Complementing our advertising strategy and again with limited resources, we have also invested in an effort to get media coverage of our company in some of the nation's most prestigious national publications as well as in industry journals and newsletters. This effort has resulted in press coverage by the Wall Street Journal, Barron's, Bloomberg, the Financial Times and The New York Times as well as various trade publications distributed within our industry. This public relations effort has proven very helpful in establishing our company as a leader in our industry.

Our Business Model

We were founded in 2002 to provide independent investment advisory and related family office services to ultra-high net worth individuals and endowments, foundations and other institutional investors. To this end, we are structured to provide our clients with institutional-quality investment management with the superior level of service expected by wealthy individuals.

5

To provide this high level of service, we rely on portfolio management teams and our family office services team to provide objective, conflict-free investment management selection and a fully integrated, customized family-centric approach to wealth management. We believe the combination of comprehensive family office service, excellent investment capabilities and a high level of personal service allows us to take advantage of economies of scale to service the needs of our ultra-high net worth clients.

We have dedicated investment management teams tasked with successfully implementing their respective investment strategies. To increase the probability of success in meeting this objective, our analysts are not responsible for client interaction, management of our business, marketing or compliance oversight. This enables us to effectively serve ultra-high net worth clients as well as institutions that typically perform in-depth due diligence before selecting a manager.

Delivering Investment Performance

The Investment Policy & Strategy Group, or IPSG, which is comprised of our chief strategist and several of our senior portfolio managers, is charged with the responsibility of adding value through asset allocation and manager selection. This is done through the use of our proprietary investment management by our internal analysts, and by those whom we believe are best-of-breed external managers.

The IPSG develops model asset allocations assuming differing levels of risk, liquidity and income tolerance as well as conducting outside manager due diligence. Our proprietary model portfolio structures are not merely a backward-looking, mechanical exercise based on the past performance of different asset classes. Instead, our IPSG overlays our judgment on the likely future performance of different asset classes in arriving at optimal portfolio structures. None of our dedicated investment analysts serves on this committee, which safeguards the independence of the IPSG's recommendations.

Our portfolio managers are responsible for creating a customized investment program for each client based upon the IPSG's work. An interactive dialogue ensures that each portfolio plan is based upon each client's defined written objectives. Each client's portfolio strategy takes into account that client's risk tolerance, income and liquidity requirements as well as the effect of diversifying out of low-basis and/or sentimental holdings.

Historically, the IPSG has added value to our clients' portfolios through asset allocation weightings and manager selection.

From inception, we have employed a system of peer group reviews to ensure that client portfolios have been constructed in a manner consistent with our best collective thinking. In annual peer group reviews, the asset allocation within each client portfolio is compared with such portfolio's defined objectives and portfolios that are not fully aligned with the investment objective are then singled out for further review and discussion. Our objective is for all clients to receive our best thinking and for portfolio managers to manage portfolios consistently with our policy. As a combination of these various factors, the client relationship is with us and not merely with an individual at our company.

We believe that it is impossible for a single manager to perform all forms of investing equally well. Thus, our core proprietary investment capabilities are focused on a narrow range of highly disciplined U.S. equity and fixed income management strategies. Our investment teams have exhibited strong performance records. With respect to these strategies, roughly 63% of our total assets under management are managed in our proprietary investment strategies.

Our outsourced investment capabilities include alternative investments as well as traditional investment approaches in the categories of domestic large, mid and small cap growth equity, international equities and high-yield bonds.

Proprietary Equity Strategies

Our equity strategies rely on a team-based investment approach and a rigorous investment process. This approach has resulted in returns that exceed relevant market benchmarks. We believe this team approach has provided and will continue to provide consistency to our investment process and results over the long-term. Our investment analysts are generalists who employ a “bottom-up” value oriented equity selecting methodology. Our analysts collectively monitor a universe of approximately 100 stocks that are deemed to be attractively valued relative to their business outlook and management’s history of adding value.

6

Once stocks have been approved for investment from this body of research, they become part of one or more model equity portfolios. These are generally large cap, small cap, mid cap, multi-cap, equity income and focused value. Each stock position is continually monitored against its investment thesis to ensure investment discipline, and we employ a strict discipline to trim or sell securities in the following circumstances:

- when a stock is excessively valued in our models or the best case scenario is reflected in the stock price;
- due to a stock's outperformance, which can adversely affect a portfolio's diversification;
- due to underperformance, when a stock trails relevant benchmarks by more than 10%; or
- when the investment thesis changes, due to a loss of confidence in management, a change in business prospects or the deterioration in earnings quality.

Below is a breakdown of assets among the various proprietary equity strategies as of December 31, 2017:¹

¹ As of the filing of this annual report our small cap strategy is closed to new investors. The strategy may be reopened if one or more of our investors elects to rebalance its assets, which may occur at any time.

Each of our equity strategies has outperformed its benchmark since inception as illustrated by the following chart:

PROPRIETARY EQUITY PERFORMANCE

AS OF 12/31/17	ANNUALIZED PERFORMANCE					
	INCEPTION	1-YEAR	3-YEAR	5-YEAR	7-YEAR	INCEPTION
Large Cap Value Composite	4/1/02	24.9	13.3	16.5	13.6	9.3
Russell 1000 Value Index		13.7	8.7	14.0	12.5	7.6
Small Cap Value Composite	4/1/02	12.2	12.7	16.0	13.8	11.7
Russell 2000 Value Index		7.8	9.6	13.0	10.8	8.7
Smid Cap Value Composite	10/1/05	15.4	14.2	16.3	14.1	10.9
Russell 2500 Value Index		10.4	9.3	13.3	11.5	8.2
Multi Cap Value Composite	7/1/02	19.5	12.6	16.4	14.0	10.3
Russell 3000 Value Index		13.2	8.7	14.0	12.3	8.4
Equity Income Composite	12/1/03	20.1	13.4	17.1	14.9	12.5
Russell 3000 Value Index		13.2	8.7	14.0	12.3	8.6
Focused Value Composite	9/1/04	18.3	13.8	17.3	13.6	11.6
Russell 3000 Value Index		13.2	8.7	14.0	12.3	8.4

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

²The market indices used to compare to the performance of our strategies are as follows:

The Russell 1000 Index is a capitalization-weighted, unmanaged index that measures the 1000 smallest companies in the Russell 3000. The Russell 1000 Value Index is a capitalization-weighted, unmanaged index that includes those Russell 1000 Index companies with lower price-to-book ratios and lower expected growth values.

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

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

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

8

Proprietary Fixed Income Strategies

In the management of fixed income investments, clients typically give us the mandate to produce stable returns to dampen the volatility of their portfolios as a counter-weight to equities as part of their complete asset allocation. For those investors who can take advantage of the tax exemption of municipal bonds, we have developed two high-yield municipal bond products designed to add value to the returns possible from high-grade bonds in a low interest rate environment. Below is the breakdown of assets under management by strategy as of December 31, 2017:

Our fixed income strategy employs a bottom-up fundamental value approach designed to minimize the risk of loss. Almost all of our bond portfolios are highly customized and focused on income and liquidity generation as opposed to capital appreciation.

Outsourced Manager Selection

Recognizing the value of diversification to our clients, we offer a variety of outsourced investment capabilities designed to complement our proprietary capabilities. These outsourced capabilities include managers who have long records of success in managing growth equities, international equities, taxable high-yield bonds, hedge funds and other strategies not offered on a proprietary basis by us. In selecting these managers, we utilize an investment manager database for initial screening and then a dedicated staff conducts on-site due diligence. Potential managers are reviewed and selected by our IPSG. Our selection criteria include the following:

- ◆ **Highly Consistent Returns.** We emphasize consistency of performance over strong performance marked by high volatility.
- ◆ **Tax Sensitivity.** We seek managers with a low turnover style of management designed to achieve attractive after-tax rates of return.
- ◆ **Solid Operations and Technology.** We require each manager to produce evidence that it has strong technology and operations capabilities as well as vigorous compliance adherence.
- ◆ **Alignment of Interest.** We require evidence that the strategy's key people have significant equity in their company and are motivated to stay in place.
- ◆ **Willingness to Negotiate Fees.** We require our managers to accept a significant discount in their management fees because we expect to manage all aspects of the client relationship. Their only responsibility is to manage the capital entrusted to them. No manager has refused to offer the discounts we seek.

For large clients with significant hedge fund exposure, we offer a hedge fund advisory service that creates customized hedge fund portfolios. Each of our funds of funds appears below:

- ◆ **Silvercrest Hedged Equity Fund** is designed to complement and diversify long-only equity portfolios through investments with managers who employ long and short strategies;
- ◆ **Silvercrest Emerging Markets Fund** provides international and non-dollar exposure and diversification focused on long, short, credit and other managers who invest in emerging markets;

• Silvercrest International Fund provides investors with broad coverage of international markets, spanning developed, emerging and frontier markets;

• Silvercrest Special Situations Fund is designed to outperform traditional benchmarks with less volatility; and

- Silvercrest Jefferson Fund is designed to outperform its benchmarks on a risk-adjusted basis for investors who seek to minimize risk and preserve capital.

We have two types of fee arrangements with outsourced managers. Clients either pay a discounted fee, negotiated by us, directly to the manager who retains the entire fee or directly to the manager who distributes a portion of the fee to us. Clients are informed of the applicable arrangement and sign a written acknowledgement.

Delivering Client Service

We take a holistic approach to client service, whereby a senior portfolio manager spearheads the coordination of the IPSG recommendations, family office services work and the investment management team in order to deliver the full range of our capabilities to the client.

Four out of our ten largest high net worth clients use one or more components of our family office services. We believe that this is an attractive growth area for our company and we have initiated plans to increase the provision of these services to both broaden relationships with existing clients and to attract potential clients. Our family office services are profitable and are not used as a loss-leader for attracting clients. Our family office capabilities include the following:

- Financial Planning;
- Tax Planning and Preparation;
- Partnership Accounting and Fund Administration;
- Consolidated Wealth Reporting;
- Estate or Trust Agency; and
- Art Consultancy and Management.

For institutional client relationships, contact with our clients is handled by a dedicated institutional client service team headed by a Managing Director who also maintains our relationships with institutional investment consultants. This structure permits our investment professionals to maintain their focus on achieving superior investment results without the distraction of client demands.

Competition

The wealth management industry is highly competitive and is comprised of many players. We compete directly with some of the largest financial service companies, as well as some of the smallest. We primarily compete on the basis of several factors, including our level of service, the quality of our advice, independence, stability, performance results, breadth of our capabilities and fees. In general, these competitors fall into one of the following categories:

• Diversified Financial Institutions have divisions aimed at providing wealth management solutions to the high net worth segment that are usually staffed by brokers.

• Asset Management Firms offer proprietary institutional and retail asset management services catering to the high net worth segment largely with off-the-shelf products.

• Trust Companies combine fiduciary and investment services as well as ancillary financial services.

• MFO/RIAs focus exclusively on the high net worth segment and are frequently dominated by one or two families.

As a registered investment adviser that is not affiliated with other financial firms, we are free from the conflicts associated with brokerage or investment banking firms. In advising our clients on portfolio strategies, we are motivated to meet our clients' investment objectives—not to generate commissions or placement fees—and to focus solely on providing excellent service and investment performance.

We have the size and resources to compete with larger organizations, and unlike many smaller firms, to provide our clients with fully customized, full-service wealth management and integrated family office solutions.

While many competitors outsource investment management, we have chosen to compete with excellent proprietary investment capabilities coupled with a focused array of complementary non-proprietary capabilities offered by unaffiliated firms. This combination enables us to compete for and win the business of wealthy investors. We believe this is a key to our past and future success.

Employees

As of December 31, 2017, we had 119 full-time employees and three part-time employees. None of our employees are subject to a collective bargaining agreement. We believe that relations with our employees continue to remain strong.

Our Structure and Reorganization

Holding Company Structure

Our only business is acting as the general partner of Silvercrest L.P. and, as such, we will continue to operate and control all of its business and affairs and consolidate its financial results into our financial statements. The ownership interests of holders of limited partnership interests of Silvercrest L.P. are accounted for as a non-controlling interest in our consolidated financial statements.

Net profits, net losses and distributions of Silvercrest L.P. are allocated and made to each of its partners on a pro rata basis in accordance with the number of partnership units of Silvercrest L.P. held by each of them. In addition, Silvercrest L.P. has issued deferred equity units and restricted stock units exercisable for Class B units that entitle the holders thereof to receive distributions from Silvercrest L.P. to the same extent as if the underlying Class B units were outstanding.

Set forth below is our holding company structure and ownership as of December 31, 2017.

- (1) Each share of Class B common stock is entitled to one vote per share. Class B stockholders have the right to receive the par value of the Class B common stock upon our liquidation, dissolution or winding-up.
- (2) Each share of Class A common stock is entitled to one vote per share. Class A common stockholders have 100% of the rights of all classes of our capital stock to receive distributions, and substantially all assets, after payment in full to creditors and holders of preferred stock, if any.
- (3) Each Class B unit held by a principal is exchangeable for one share of Class A common stock. The principals collectively hold 5,059,319 Class B units as of December 31, 2017, which represents the right to receive approximately 40.5% of the distributions made by Silvercrest L.P. The principals also collectively hold 486,098 restricted stock units which are exercisable for one Class B unit, which collectively represent the right to receive approximately 3.6% of the distributions made by Silvercrest L.P. The 486,098 restricted stock units which have been issued to our principals entitle the holders thereof to participate in distributions from Silvercrest L.P. as if the underlying Class B units are outstanding and thus are taken into account to determine the economic interest of each holder of units in Silvercrest L.P. However, because the Class B units underlying the restricted stock units have not been issued and are not deemed outstanding, the holders of restricted stock units have no voting rights with respect to the underlying Class B units. We will not issue shares of Class B common stock in respect of restricted stock units of Silvercrest L.P. until such time that the underlying Class B units are issued.
- (4) We hold 8,142,120 Class A units, which represents the right to receive approximately 59.5% of the distributions made by Silvercrest L.P. The 486,098 restricted stock units which have been issued to our principals entitle the holders thereof to participate in distributions from Silvercrest L.P. as if the underlying Class B units are outstanding and thus are taken into account to determine the economic interest of each holder of units in Silvercrest L.P. However, because the Class B units underlying the restricted stock units have not been issued and are not deemed outstanding, the holders of restricted stock units have no voting rights with respect to those Class B units. We will not issue shares of Class B common stock in respect of restricted stock units of Silvercrest L.P. until such time that the underlying Class B units are issued.

12

Regulatory Environment

Our business is subject to extensive regulation in the United States at the federal level and, to a lesser extent, the state level. Under these laws and regulations, agencies that regulate investment advisers have broad administrative powers, including the power to limit, restrict or prohibit an investment adviser from carrying on its business in the event that it fails to comply with such laws and regulations. Possible sanctions that may be imposed include the suspension of individual employees, limitations on engaging in certain lines of business for specified periods of time, revocation of investment adviser and other registrations, censures and fines.

The legislative and regulatory environment in which we operate has undergone significant changes in recent years. New laws or regulations, or changes in the enforcement of existing laws or regulations, applicable to us, our activities and our clients may adversely affect our business. Our ability to function in this environment will depend on our ability to 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 have resulted in increased scrutiny of the industry and new rules and regulations for investment advisers. This regulatory scrutiny may limit our ability to engage in certain activities that might be beneficial to our stockholders.

In addition, as a result of market events, 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 Securities and Exchange Commission, or the SEC, the U.S. Commodity Futures Trading Commission, or the CFTC, other U.S. or non-U.S. 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 U.S. and non-U.S. courts. It is impossible to determine the extent of the impact of any new laws, regulations or initiatives that may be proposed on us or the markets in which we trade, or whether any of the proposals will become law. Compliance with any new laws or regulations could add to our compliance burden and costs and affect the manner in which we conduct our business.

SEC Regulation

SAMG LLC is registered with the SEC as an investment adviser under the Investment Advisers Act of 1940, as amended, or the Advisers Act. The Advisers Act, together with the SEC's regulations and interpretations thereunder, imposes substantive and material restrictions and requirements on the operations of investment advisers. The SEC is authorized to institute proceedings and impose sanctions for violations of the Advisers Act, ranging from fines and censures to termination of an adviser's registration.

The Advisers Act imposes substantive regulation on virtually all aspects of our business and relationships with our clients. As a registered investment adviser, we are subject to many requirements that cover, among other things, disclosure of information about our business to clients; maintenance of written policies and procedures; maintenance of extensive books and records; restrictions on the types of fees we may charge, including performance fees; solicitation arrangements; engaging in transactions with clients; maintaining an effective compliance program; custody of client assets; client privacy; advertising; pay-to-play; cybersecurity and proxy voting. The SEC has authority to inspect any registered investment adviser from time to time to determine whether the adviser is conducting its activities (i) in accordance with applicable laws, (ii) consistent with disclosures made to clients and (iii) with adequate systems and procedures to ensure compliance.

As an investment adviser, we have a fiduciary duty to our clients. The SEC has interpreted this duty to impose standards, requirements and limitations on, among other things: trading for proprietary, personal and client accounts; allocations of investment opportunities among clients; use of soft dollars; execution of transactions; and

recommendations to clients. We manage 67% of our accounts on a discretionary basis, with authority 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 receive soft dollar credits from broker-dealers that have the effect of reducing certain of our expenses. Section 28(e) of the Securities Exchange Act of 1934, or the Exchange Act, provides a “safe harbor” to an investment adviser against claims that it breached its fiduciary duty under state or federal law (including The Employee Retirement Income Security Act of 1974, as amended, or ERISA) solely because the adviser caused its clients’ accounts to pay more than the lowest available commission for executing a securities trade in return for brokerage and research services. To rely on the safe harbor offered by Section 28(e), (i) we must make a good-faith determination that the amount of commissions is reasonable in relation to the value of the brokerage and research services being received and (ii) the brokerage and research services must provide lawful and appropriate assistance to us in carrying out our investment decision-making responsibilities. In permissible circumstances, we may receive technology-based research, market quotation and/or market survey services which are paid for in whole or in part by soft dollar brokerage arrangements. If our ability to use soft dollars were reduced or eliminated as a result of the implementation of statutory amendments or new regulations, our operating expenses would increase.

Under the Advisers Act, our investment management agreements may not be assigned without the client's consent. The term "assignment" is broadly defined and includes direct assignments as well as assignments that may be deemed to occur upon the transfer, directly or indirectly, of a controlling interest in an investment adviser.

The failure of SAMG LLC to comply with the requirements of the Advisers Act, and the regulations and interpretations thereunder, could have a material adverse effect on us.

CFTC Regulation

SAMG LLC is registered with the CFTC and the National Futures Association, or the NFA, as a commodity pool operator and/or commodity trading advisor. Registration subjects us and our affiliates to substantive and material restrictions and requirements, including, among other things, reporting, recordkeeping, disclosure, self-examination and training requirements. Registration also subjects us to periodic on-site audits, and the CFTC is authorized to institute proceedings and impose sanctions for violations of the Commodity Exchange Act and/or CFTC rules.

Dodd-Frank

The Dodd-Frank Wall Street Reform and Consumer Protection Act, or the Dodd-Frank Act, was signed into law on July 21, 2010. The Dodd-Frank Act will not cause us to reconsider our basic strategy. However, certain provisions have, and others may continue to increase regulatory burdens related to compliance costs. The scope of many provisions of the Dodd-Frank Act has been, or will be, determined by implementing regulations, some of which will require lengthy proposal and promulgation periods.

Pursuant to the mandate of the Dodd-Frank Act, the SEC and the CFTC have adopted certain reporting requirements that require us to report certain information about a number of our private funds, commodity pools and commodity trading advisers, including regulations promulgated under the authority given to the SEC and CFTC under Sections 404 and 406 of the Dodd-Frank Act requiring a Form-PF and/or a CTA-PQR and CTA-PR to be filed by us. These filings have required and will continue to require investments in people and systems to ensure timely and accurate reporting. Further, we will need to monitor compliance with new SEC and CFTC rules concerning swaps and other derivatives including, among other things, designated trading venues, mandated central clearing arrangements and other conduct requirements.

The Dodd-Frank Act affects a broad range of market participants with whom we interact or may interact. Regulatory changes that will affect other market participants are likely to change the way in which we conduct business with our counterparties. Although many aspects of the Dodd-Frank Act have been implemented, there remains significant uncertainty regarding implementation of other aspects of the Dodd-Frank Act. While its impact on the investment management industry and us cannot be predicted at this time, it will continue to be a risk for our business.

ERISA-Related Regulation

To the extent that SAMG LLC or any other of our affiliates is a "fiduciary" under ERISA with respect to benefit plan clients (including IRAs), it is subject to ERISA (and/or applicable provisions of the Internal Revenue Code of 1986, as amended, referred to as the Internal Revenue Code) and to regulations promulgated thereunder. Among other things, ERISA and applicable provisions of the Internal Revenue Code of 1986, as amended, referred to as the Internal Revenue Code, impose certain duties on persons who are fiduciaries under ERISA, prohibit certain transactions involving benefit plan clients and provide monetary penalties and taxes for violations of these prohibitions. Our failure to comply with these requirements could have a material adverse effect on our business.

Other Jurisdictions

The Alternative Investment Fund Managers Directive (“AIFMD”) went into effect in the European Union (“EU”) on July 22, 2013. The AIFMD imposes significant regulatory requirements on alternative investment fund managers (“AIFMs”), operating within the EU, as well as prescribing certain conditions with regard to regulatory standards, cooperation and transparency that will need to be satisfied for non-EU AIFMs to market alternative investment funds (“AIFs”) into EU Member States. To date, we have not registered any funds in EU Member States pursuant to the AIFMD, but may do so in the future. Should SAMG LLC or any other our other affiliates market AIFs in the EU, it and such funds may be subject to significant conditions on their respective operations.

Similarly, revisions to the EU’s Markets in Financial Instruments Directive (MiFID II) which took effect in January 2018 introduced new requirements for certain non-EU portfolio managers who provide certain investment services to EU investors. Should SAMG LLC or any other our other affiliates provide such services in the EU, it and such funds may be subject to the regulatory requirements of MiFID II.

In addition, we and/or our affiliates may become subject to additional regulatory demands in the future to the extent we expand our investment advisory business in existing and new jurisdictions. There are also a number of pending or recently enacted legislative and regulatory initiatives in the United States and in other jurisdictions that could significantly impact our business.

Compliance

Our legal and compliance functions are integrated into a team of professionals. This group is responsible for all legal and regulatory compliance matters, as well as monitoring adherence to client investment guidelines. Senior management is involved at various levels in all of these functions.

Available Information

We maintain a website at <http://ir.silvercrestgroup.com/>. We provide access to our annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K and all amendments to those reports free of charge through this website as soon as reasonably practicable after such material is electronically filed with the SEC. Paper copies of annual and periodic reports filed with the SEC may be obtained free of charge upon written request by contacting our headquarters at the address located on the front cover of this report or under Investor Relations on our website. In addition, our Corporate Governance Guidelines, Code of Business Conduct and Ethics, By-Laws, Audit Committee Charter, Compensation Committee Charter and Nominating and Governance Committee Charter are available on our website (under Corporate Governance) and are available in print without charge to any stockholder requesting them. You may obtain and copy any document we furnish or file with the SEC at the SEC's public reference room at 100 F Street, NE, Room 1580, Washington, D.C. 20549. You may obtain information on the operation of the SEC's public reference facilities by calling the SEC at 1-800-SEC-0330. The SEC maintains a website that contains reports, information statements, and other information regarding issuers like us who file electronically with the SEC. The SEC's website is located at www.sec.gov.

Item 1A. Risk Factors.

Risks Related to our Investment Performance and the Financial Markets

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

The fees we earn under our investment management agreements with clients are based on the value of our assets under management. The prices of the securities held in the portfolios we manage and, therefore, our assets under management, may decline due to any number of factors beyond our control, including, among others, a declining stock or bond market, general economic downturn, political uncertainty or acts of terrorism. In connection with the severe market dislocations of 2008 and early 2009, the value of our assets under management declined substantially due primarily to the significant 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, which could further reduce our assets under management in addition to market depreciation. The economic outlook remains uncertain and we continue to operate in a challenging business environment. If market conditions, or actions taken by clients in response to market conditions, cause a decline in our

assets under management, it would result in lower investment management fees and other revenue. If our revenues decline without a commensurate reduction in our expenses, our net income will be reduced and our business will be negatively affected.

If market conditions improve greatly, driving the prices of the securities in our clients' accounts higher, it may lead to withdrawals or redemptions. In many cases, we advise only a portion of our clients' complete financial portfolio. This is because many clients prefer to diversify their portfolio among more than one asset manager or investment type. As to those clients, if the portion of their portfolio held by us increases significantly, it may become too large a percentage of their overall portfolio, and they may withdraw assets from our management and invest it elsewhere, thereby rebalancing their overall portfolio and returning their allocation to us to its prior level.

If our investment strategies perform poorly, clients could withdraw their assets and we could suffer a decline in our assets under management and/or become the subject of litigation, either of 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 on an absolute basis or relative to other investment advisers, or the rankings of mutual funds we sub-advise decline, our earnings could decline because:

- our existing clients may withdraw funds from our investment strategies or terminate their relationships with us, or investors in the mutual funds we sub-advise may redeem their investments, which would cause a decline in the revenues that we generate from investment management and other fees; or
- third-party financial intermediaries, advisers 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, investment decisions that we make and the performance of the companies in which we invest on behalf of our clients. 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.

While clients do not generally 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, gross negligence, willful misconduct, breach of contract or other similar misconduct, these clients may have remedies against us 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 future results of investment strategies we may develop in the future.

We have presented the historical returns of our existing investment strategies outlined under “Business” in this report. The historical returns of our strategies should not be considered indicative of the future results of these strategies or of the results 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 historical performance presented herein is as of December 31, 2017 and for the period then ended. The performance we achieve as of a subsequent date and for a subsequent period may be higher or lower and the difference may be material. Our strategies’ returns have benefited during some periods from investment opportunities and positive economic and market conditions. In other periods, such as in 2008, the first quarter of 2009, the second quarter of 2010 and the third quarter of 2015, 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.

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

As of December 31, 2017, \$15.5 billion of our assets under management were concentrated in discretionary managed accounts, and the revenue from these discretionary managed accounts represents approximately 93% of our investment management fees for the twelve months ended December 31, 2017. In addition, \$0.5 billion of our assets under management were invested in private partnerships as of December 31, 2017, and the revenue from these private partnerships represents approximately 7% of our investment management fees for the twelve months ended December 31, 2017. As a result, a substantial portion of our operating results depends upon the performance of a limited number of investment strategies used to manage those discretionary managed accounts and private partnerships, and our ability to retain client assets. 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 results of operations and financial condition.

A significant portion of our assets under management are or may be derived from a small number of clients, the loss of which could significantly reduce our investment management fees and have a material adverse effect on our results of operations.

Certain of our strategies are or may derive a significant portion of their total assets under management from assets of a single client or a small number of clients. If any such clients withdraw all or a portion of their assets under management, our business would be significantly affected, which would negatively impact our investment management fees and could have a material adverse effect on our results of operations 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 or changes in our business mix. In recent years, there has been a general trend toward lower fees in the investment management industry, and some of our investment strategies, because they 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 be able to continue to provide clients with investment returns and service that our clients believe justify our fees. We may not succeed in providing the investment returns and service that will allow us to maintain our current fee structure. 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. Furthermore, if a larger part of our assets under management are invested in our larger capacity, lower fee strategies, our revenue could be adversely affected.

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

We derive our revenues principally from our assets under management, which may be reduced by our clients, or investors in the mutual funds we sub-advise, at any time. A client may reduce his assets under management with us by re-allocating all or any portion of the assets that we manage away from us at any time with little or no notice. In addition, investors in the mutual funds we advise can redeem their investments in those funds at any time without prior notice. A client may also reduce his assets under management with us through the termination of his investment advisory agreement with us. Our investment management agreements are terminable by our clients upon short notice 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 a reduction in assets under management or the termination of a material client relationship or group of client relationships could have a material adverse effect on our business.

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

Our largest equity investment strategies hold long positions in publicly traded equity securities of companies across a wide range of market capitalizations, geographies and industries. Accordingly, under market conditions in which there is a general decline in the value of equity securities, each of our equity strategies is likely to perform poorly on an absolute basis. Aside from our privately managed funds and funds of funds, we do not have strategies that invest in privately held companies 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. 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.

The performance of our investment strategies or the growth of our assets under management may be constrained by the 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 sufficiently 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

there are insufficient investment opportunities 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 sufficiently 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 small cap and smid cap strategies that focus on small-cap investments, and is likely to increase as our assets under management increase, particularly if these increases occur very rapidly. If we are unable to identify appropriate investment opportunities in which to invest client assets, our growth and results of operations may be negatively affected. As of the filing of this annual report our small cap strategy is closed to new investors. The strategy may be reopened if one or more of our investors elects to rebalance its assets, which may occur at any time.

Our investment strategies may not obtain attractive returns in the short-term or during certain market periods.

Our products are best suited for investors with long-term investment horizons. In order for our classic value investment approach to yield attractive returns, we must typically hold securities for an average of over three years. Therefore, our investment strategies may not perform well during short periods of time. In addition, our strategies may not perform well during points in the economic cycle when value-oriented stocks are relatively less attractive. For instance, during the late stages of an economic cycle or during periods where the markets are focused on one investment thesis or sector, investors may purchase relatively expensive stocks in order to obtain access to above average growth, as was the case in the late 1990s.

Our investment approach may underperform other investment approaches, which may result in significant withdrawals of client assets, client departures or otherwise result in a reduction in our assets under management.

Even when securities prices are rising generally, portfolio performance may be affected by our investment approach. We employ a long-term investment approach in all of our investment strategies. This investment approach has outperformed the market in some economic and market environments and underperformed it in others. In particular, a prolonged period in which the growth style of investing outperforms the value style may cause our investment strategy to go out of favor with some clients, consultants or third-party intermediaries. Poor performance relative to peers, coupled with changes in personnel, unfavorable market environments or other difficulties may result in significant withdrawals of client or investor assets, client or investor departures or otherwise result in a reduction in our assets under management.

Our investment process requires us to conduct extensive fundamental research on any company before investing in it, which may result in missed investment opportunities and reduce the performance of our investment strategies.

We take a considerable amount of time to complete the in-depth research projects that our investment process requires before adding any security to our portfolio. Our process requires that we take this time in order to understand the company and the business well enough to make an informed decision whether we are willing to own a significant position in a company whose current earnings are below its historic norms and that does not yet have earnings visibility. However, the time we take to make this judgment may cause us to miss the opportunity to invest in a company that has a sharp and rapid earnings recovery. Any such missed investment opportunities could adversely impact the performance of our investment strategies.

Our Core International Equity Strategy invests principally in the securities of non-U.S. companies, which involve foreign currency exchange, tax, political, social and economic uncertainties and risks.

As of December 31, 2017, our Core International Equity Strategy, which invests in companies domiciled outside of the United States, accounted for approximately 0.3% of our assets under management. 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, particularly as a result of the recent decline in economic conditions. 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 the United States. 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. Liquidity also may be adversely affected by political or economic events within a particular country, and our ability to dispose of an investment also may 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, also may be different, and there may be less publicly available information about such companies. These risks could adversely affect the performance of our Core International Equity Strategy and may be particularly acute in the emerging or less developed markets in which we invest.

Risks Related to our Key Professionals

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 investment professionals and our success depends on our ability to retain the key members of our senior management and investment teams, who possess substantial experience in investing and have been primarily responsible for the historically strong investment performance we have achieved. In particular, we depend on our portfolio managers. As of December 31, 2017, \$9 billion, representing 43% of our assets under management, were managed using one of our proprietary equity strategies. Our five largest strategies as of December 31, 2017 were Small Cap, Large Cap, Equity Income, Multi Cap and Focused Value which represented 18%, 8%, 8%, 5% and 2% of assets under management, respectively. Each of these five strategies has been managed by its current portfolio manager since its inception at Silvercrest.

Because of the long tenure and stable track record of our portfolio managers, our clients may attribute the investment performance we have achieved to these individuals. While we have generally experienced very few departures among our portfolio managers, there can be no assurance that this stability will continue in the future. The departure of one of a strategy's portfolio managers could cause clients to withdraw funds from the strategy, which would reduce our assets under management, our investment management and other fees and, if we were not able to reduce our expenses sufficiently, our net income, and these reductions could be material to our business. The departure of one of a strategy's portfolio managers also could cause clients or investors to refrain from allocating additional funds to the strategy or delay such allocation of additional funds until a sufficient track record under a new portfolio manager or managers has been established. This would have a negative effect on the future growth of our assets under management and, therefore, our results of operations.

We depend on the contributions of our senior management team led by Richard R. Hough, our Chairman and Chief Executive Officer, as well as other members of our senior management team. In addition, our senior marketing and client service personnel have direct contact with our clients and their consultants and advisors 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, prevent us from sustaining the historically strong investment performance and adversely affect our ability to retain or attract client assets.

If any member of our senior management or a key investment professional were to join a competitor or form a competing company, some of our current clients or other prominent members of the investing community could choose to invest with that competitor rather than us.

Certain of our investment or management professionals have resigned and joined a competitor, and others may resign at any time, join our competitors or form competing companies. Although the unvested shares of Class A common stock and Class B units held by our principals are subject to forfeiture, and the vested shares of Class A common stock and Class B units held by our principals are subject to repurchase, if the principal voluntarily resigns or retires and competes with us while employed or during the 12-month period following termination of employment, these forfeiture and repurchase provisions may not be enforceable or may not be enforceable to their full extent. We do not carry "key man" insurance on any of our key investment professionals 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.

The professional reputations, expertise in investing and client relationships of our senior management and key investment professionals are important elements to executing our business strategy and attracting and retaining clients. Accordingly, the retention of our senior management and key investment professionals is a key element to our future success. There is no guarantee that they will not resign, join our competitors or form a competing company. The terms of the second amended and restated limited partnership agreement of Silvercrest L.P. restrict each of the principals of Silvercrest L.P. from soliciting our clients or other employees during the term of their employment with us and for 18 months thereafter. In addition to the legal rights and remedies available to us to enforce these restrictive covenants, the penalty for a breach of these restrictive covenants or, if a principal voluntarily resigns or retires from our company, for competing with us during the 12-month period following termination of employment, will be the forfeiture of all of the unvested shares of Class A common stock and Class B units of the offending party and his or her permitted transferees and, at the option of Silvercrest L.P., the required sale to Silvercrest L.P. of all of the vested Class B units of the offending party and his or her permitted transferees at a purchase price equal to the lesser of (i) the aggregate capital account balance of the offending party and his or her permitted transferees in Silvercrest L.P. and (ii) the purchase price paid by the offending party to first acquire the Class B units, and, at our option, the required sale to us of all of the Class A common stock collectively held by the offending party and his or her permitted transferees at a purchase price equal to the purchase price paid by the offending party to first acquire the Class B units for which such shares of Class A common stock had been exchanged. Although we also would likely seek specific performance of these restrictive covenants, there can be no assurance that we would be successful in obtaining this relief. Further, after this post-employment restrictive period, we will not be able to prohibit a departed professional from soliciting our clients or employees. If any of our principals were to join a competitor or form a competing company, some of our current clients or other prominent members of the investing community could choose to invest with that competitor rather than us or otherwise withdraw assets from our company which could have a negative impact on our results of operations.

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 qualified personnel will depend heavily on the amount and structure of compensation and opportunities for equity ownership we offer. Historically we have offered key employees equity ownership through interests in Silvercrest L.P. Those key employees who are currently limited partners of Silvercrest L.P. hold these interests in the form of Class B units. We expect our compensation structure to include 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 retain key personnel, our results of operations may be negatively affected.

Risks Related to the Regulatory Environment in Which We Operate

We are subject to extensive regulation that imposes numerous obligations on our business.

We are subject to extensive regulation in the United States, primarily at the federal level, including regulation by the SEC under the Advisers Act, by the CFTC, and by the National Futures Association, or the NFA, under the Commodity Exchange Act, by the U.S. Department of Labor under ERISA, and Nasdaq. The Advisers Act and the Commodity Exchange Act impose numerous obligations on us including advertising, recordkeeping and operating requirements, disclosure obligations and prohibitions on fraudulent activities. In addition, we regularly rely on exemptions from various requirements of the Securities Act of 1933, as amended, or the Securities Act, the Exchange Act, the Investment Company Act of 1940, as amended, or the Investment Company Act, and the Employee

Retirement Income Security Act of 1974, or ERISA. These exemptions are sometimes highly complex and may in certain circumstances depend on compliance by third parties whom we do not control. If for any reason these exemptions were to be revoked or challenged or otherwise become unavailable to us, we could be subject to regulatory action or third-party claims, and our business could be materially and adversely affected.

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.

Our business is highly regulated in the United States, and has seen a significant increase of regulatory oversight in recent years. Some of the regulations adopted in recent years, as well as proposed regulations that may be adopted are focused directly on the investment management industry, while others broadly impact our industry.

The Dodd-Frank Act will not cause us to reconsider our basic strategy. However, certain provisions have, and others may continue to increase regulatory burdens related to compliance costs. The scope of many provisions of the Dodd-Frank Act have been, or will be, determined by implementing regulations, some of which will require lengthy proposal and promulgation periods.

Pursuant to the mandate of the Dodd-Frank Act, the SEC and the CFTC have adopted certain reporting requirements that require us to report certain information about a number of our private funds, commodity pools and commodity trading advisers, including regulations promulgated under the authority given to the SEC and CFTC under Sections 404 and 406 of the Dodd-Frank Act requiring a Form-PF and/or a CTA-PQR and CTA-PR to be filed by us. These filings have required and will continue to require investments in people and systems to assure timely and accurate reporting. Further, we will need to monitor compliance with new SEC and CFTC rules concerning swaps and other derivatives including, among other things, designated trading venues, mandated central clearing arrangements, and other conduct requirements.

The Dodd-Frank Act will affect a broad range of market participants with whom we interact or may interact. Regulatory changes that will affect other market participants are likely to change the way in which we conduct business with our counterparties. Although many aspects of the Dodd-Frank Act have been implemented, there remains significant uncertainty regarding implementation of other aspects of the Dodd-Frank Act, and its impact on the investment management industry and us cannot be predicted at this time but will continue to be a risk for our business.

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, other than the Exchange Act and the Nasdaq rules, are generally designed to ensure the integrity of the financial markets and to protect clients and other third parties who deal with us, and are generally 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. Moreover, recent extreme volatility events in the U.S. equities markets have led to heightened scrutiny of sophisticated trading technology and execution methods.

The regulatory environment in which we operate is subject to continuous 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, including additional filings with the SEC and the CFTC required by investment advisers, which have resulted in increased costs to the Company. Significant regulatory changes in our industry may continue, which would likely subject industry participants to additional, more costly and generally more detailed regulation. 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 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 investment advisers. This regulatory scrutiny may limit our ability to engage in certain activities that might be beneficial to our stockholders.

In addition, 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, the CFTC, 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 U.S. and non-U.S. courts. It is impossible to determine the extent of the impact of any new laws, regulations or initiatives that may be proposed on us or the markets in which we trade, or whether any of the proposals will become law. Compliance with any new laws or regulations could add to our compliance burden and costs and affect the manner in which we conduct business.

We could be subject to regulatory investigations, which could harm our reputation and cause our funds to lose existing investors or us to lose existing accounts or fail to attract new investors or accounts.

The failure by us to comply with applicable laws or regulations could result in fines, suspensions of individual employees or other sanctions. Even if an investigation or proceeding did not result in a fine or sanction or the fine or sanction imposed against us or our employees by a regulator were small in monetary amount, the adverse publicity relating to an investigation, proceeding or imposition of these fines or sanctions could harm our reputation and cause our funds to lose existing investors or us to lose existing accounts or fail to attract new investors or accounts.

Failure to comply with “pay to play” regulations implemented by the SEC and certain states, and changes to the “pay to play” regulatory regimes, could adversely affect our business.

The SEC and several states have initiated investigations alleging that certain private equity firms and hedge funds or agents acting on their behalf have paid money to current or former government officials or their associates in exchange for improperly soliciting contracts with state pension funds. The SEC has also recently initiated a similar investigation into contracts awarded by sovereign wealth funds. The SEC approved Rule 206(4)-5 under the Advisers Act regarding “pay to play” practices by investment advisers involving campaign contributions and other payments to government officials able to exert influence on potential government entity clients. Among other restrictions, the rule prohibits investment advisers from providing advisory services for compensation to a government entity for two years, subject to very limited exceptions, after the investment adviser, its senior executives or its personnel involved in soliciting investments from government entities have made contributions to certain candidates and officials in a position to influence the hiring of an investment adviser by such government entity. Advisers are required to implement compliance policies designed, among other matters, to track contributions by certain of the adviser’s employees and engagements of third parties that solicit government entities (and political action committees controlled by such persons) and to keep certain records in order to enable the SEC to determine compliance with the rule. Additionally, California enacted legislation that requires placement agents (including in certain cases employees of investment managers) who solicit funds from California state retirement systems, such as the California Public Employees’ Retirement System and the California State Teachers’ Retirement System, to register as lobbyists, thereby becoming subject to increased reporting requirements and prohibited from receiving contingent compensation for soliciting investments from California state retirement systems. There also has been similar rulemaking in New York and other states. Such additional regulations may require the attention of senior management and may result in fines if any of our funds are deemed to have violated any regulations, thereby imposing additional expenses on us. Any failure on our part to comply with these rules could cause us to lose compensation for our advisory services or expose us to significant penalties and reputational damage.

Risks Related to Our Growth

Our efforts to establish new investment teams and strategies may be unsuccessful and could negatively impact our results of operations and our reputation.

As part of our growth strategy, we may seek to take advantage of opportunities to add new investment teams that invest in a way that is consistent with our philosophy of offering high value-added investment strategies. To the extent we are unable to recruit and retain investment teams that will complement our existing business model, we may not be successful in further diversifying our investment strategies and client assets, any of which could have a material adverse effect on our business and future prospects. In addition, the costs associated with establishing a new team and investment strategy initially will exceed the revenues they generate. If any such new strategies perform poorly and fail to attract sufficient assets to manage, our results of operations will be negatively impacted. A new strategy’s poor performance also may negatively impact our reputation and the reputation of our other investment strategies within the investment community.

We may enter into new lines of business, make strategic investments or acquisitions or enter into joint ventures, each of which may result in additional risks and uncertainties for our business.

The second amended and restated limited partnership agreement of Silvercrest L.P. permits us to enter into new lines of business, make future strategic investments or acquisitions and enter into joint ventures. As we have in the past, and subject to market conditions, we may grow our business through increasing assets under management in existing investment strategies, pursue new investment strategies, which may be similar or complementary to our existing strategies or be wholly new initiatives, consummating acquisitions of other investment advisers or entering into joint

ventures.

To the extent we make strategic investments or acquisitions, enter into strategic relationships or joint ventures or enter into new lines of business, we will face numerous risks and uncertainties, including risks associated with the required investment of capital and other resources and with combining or integrating operational and management systems and controls and managing potential conflicts. Entry into certain lines of business may subject us to new laws and regulations with which we are not familiar, or from which we are currently exempt, and may lead to increased litigation and regulatory risk. If a new business generates insufficient revenues, or produces investment losses, or if we are unable to efficiently manage our expanded operations, our results of operations will be adversely affected, and our reputation and business may be harmed. In the case of joint ventures, we are subject to additional risks and uncertainties in that we may be dependent upon, and subject to liability, losses or reputational damage relating to, systems, controls and personnel that are not under our control.

22

We may be unable to successfully execute strategic investments or acquisitions or enter into joint ventures, and we may fail to successfully integrate and operate new investment teams, which could limit our ability to grow assets under management and adversely affect our results of operations.

Although we periodically consider strategic investments or acquisitions as part of our growth strategy, we have not at this time entered into any binding agreements with respect to any strategic investments or acquisitions or any strategic relationships or joint ventures and we cannot assure you that we will actually make any additional acquisitions. Our ability to execute our acquisition strategy will depend on our ability to identify new lines of businesses or new investment teams that meet our investment criteria and to successfully negotiate with the owners/managers who may not wish to give up control of the target fund general partner or managing member, as the case may be. We cannot be certain that we will be successful in finding new investment teams or investing in new lines of business or that they will have favorable operating results following our acquisitions.

Moreover, our future acquisition strategies may focus on privately-held asset managers that pursue single strategy specialized investments. This approach presents challenges, including the lack of publicly available information, and greater risks than are generally associated with transactions with more traditional asset managers. The asset managers that we may acquire and their financial information may not be subject to the reporting requirements and other rules that govern public companies, including the Sarbanes-Oxley Act of 2002, or Sarbanes-Oxley. Moreover, such asset managers may not be subject to regulation under the Advisers Act and/or the Commodity Exchange Act at the time we acquire them. As a result, such asset managers could be more susceptible to irregular accounting or fraudulent practices. The targets we seek to acquire in the future may have shorter operating histories than us on which to estimate future performance and may not have significant or any operating revenues. They also may have a lower capitalization and fewer resources (including cash) and be more vulnerable to failure than traditional asset managers. We will be required to rely on the ability of the professionals employed by us to obtain adequate information to evaluate the manager affiliates we seek to acquire.

In addition, our ability to acquire asset managers on favorable terms and successfully integrate and operate them is subject to the following significant risks:

- we may acquire asset managers that are not accretive to our financial results upon acquisition, and we may not successfully manage acquired funds to meet our expectations;
- we may be unable to generate sufficient management fees from operations or obtain the necessary debt or equity financing to consummate an acquisition on favorable terms or at all;
- agreements for the acquisition of such asset managers will typically be subject to customary conditions to closing, including satisfactory completion of due diligence investigations and negotiation of ancillary documentation, and we may spend significant time and money on potential acquisitions that we do not consummate;
- the process of acquiring or pursuing the acquisition of such asset managers may divert the attention of our management team from the operations of our business and our initial funds;
- we will need to attract, hire, train, supervise and manage new employees as a result of the acquisitions of asset managers;
 - we may acquire such asset managers without any recourse, or with only limited recourse, for liabilities, whether known or unknown, such as claims against the former owners of the asset managers and claims for indemnification by the asset managers, limited partners and others indemnified by the former owners of the managers of the funds; and
- we may be unable to quickly and efficiently integrate new acquisitions into our existing operations.

If we cannot complete acquisitions of such asset managers on favorable terms, or integrate or operate new investment teams to meet our goals or expectations, our financial condition, results of operations, cash flows, trading price of our common stock and ability to satisfy any debt service obligations and to pay distributions could be adversely affected. Additionally, any acquisitions that we make generally will not be subject to our stockholders' consent. These factors

increase the risk of investing in our Class A common stock.

23

The due diligence process that we undertake in connection with strategic investments or acquisitions or entry into joint ventures may not reveal all facts that may be relevant in connection with an investment, which could subject us to unknown liabilities.

In connection with strategic investments, acquisitions or entry into joint ventures, we conduct due diligence that we deem reasonable and appropriate based on the facts and circumstances applicable to such investments, acquisitions or joint ventures and expect to use our resources and oversight to enhance the risk management functions and diligence of our business and any investments going forward. When conducting due diligence, we have been required and will be required to evaluate important and complex business, financial, tax, accounting and legal issues. Outside consultants, legal advisers, accountants and investment banks may be involved in the due diligence process in the future in varying degrees depending on the type of investment. When conducting due diligence and making an assessment regarding a strategic investment, acquisition or joint venture, we have and will continue to rely on the resources available to us, including information provided by the target of the strategic investment, acquisition or joint venture, in some circumstances, third-party investigations. The due diligence investigations that we have carried out or will carry out with respect to any strategic investment, acquisition or joint venture may not reveal or highlight all relevant facts that may be necessary or helpful in evaluating the strategic investment, acquisition or joint venture, which could subject us to unknown liabilities that could adversely affect our profitability, financial condition and results of operations. Moreover, such investigations will not necessarily result in the strategic investment, acquisition or joint venture being successful.

Risk Related Generally to our Business

Our failure to comply with investment guidelines set by our clients 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.

Certain clients who retain us to manage assets on their behalf specify guidelines regarding investment allocation and strategy that we are required to follow in managing their portfolios. In addition, the boards of mutual funds we sub-advise 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 Investment Company Act, and applicable provisions of the Internal Revenue Code. Our failure to comply with any of these guidelines and other limitations could result in losses to clients which, depending on the circumstances, could result in our obligation to make clients whole for such losses. If we believed that the circumstances did not justify a reimbursement, or clients believed the reimbursement we offered was insufficient, they could seek to recover damages from us, withdraw assets from our management or terminate their investment advisory agreement with us. Any of these events could harm our reputation and adversely affect our business.

Operational risks, including the threat of cyber attacks, may disrupt our business, breach our clients' security, 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. Operational risks, such as trading or operational errors or interruption of our financial, accounting, trading, compliance and other data processing systems, whether caused by the failure to prevent or mitigate data loss or other security breaches, or other cyber security threats or attacks, including breaches of our vendors' technology and systems, fire or other natural disaster, power or telecommunications failure, 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 have a material adverse effect on our business. 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. Cyber security risks relating to our business primarily

involve the potential security breaches of our clients' personal and financial information and illegal use thereof through system-wide "hacking" or other means. While we have never had any cyber security threat or attack on our technology systems, this may occur in the future.

Although we have back-up systems and cyber security and consumer protection measures in place, our back-up procedures, cyber defenses and capabilities in the event of a failure, interruption, or breach of security may not be adequate. Insurance and other safeguards we use may not be available or may only partially reimburse us for our losses related to operational failures or cyber attacks. In addition, we may choose to reimburse a client in the event of a trading error or under other circumstances, even if we are not legally required to do so, and any such reimbursements could adversely affect our results of operations.

As a public company and as our client base, number of investment strategies and/or physical locations increase, developing and maintaining our operational systems and infrastructure and protecting our systems from cyber security attacks and threats may become increasingly challenging and costly, which could constrain our ability to expand our businesses. Any upgrades or expansions to our operations and/or technology to accommodate increased volumes of transactions or otherwise may require significant expenditures and may increase the probability that we will suffer system interruptions and failures. We also depend substantially on our New York 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.

Improper disclosure of personal data could result in liability and harm our reputation.

We and our service providers store and process personal client information. It is possible that the security controls, training and other processes with respect to personal data may not prevent the improper disclosure of client information. Such disclosure could harm our reputation as well and subject us to liability, resulting in increased costs or loss of revenue.

Employee misconduct could expose us to significant legal liability and reputational harm.

We are vulnerable to reputational harm because we operate in an industry in which personal relationships, integrity and the confidence of our clients are of critical importance. Our employees could engage in 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 be subject to legal action and 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 has increased its scrutiny of the use of non-public information obtained from corporate insiders by professional investors. Misconduct by our employees, or even unsubstantiated allegations of misconduct, could result in an adverse effect on our reputation and our business.

Failure to properly address conflicts of interest could harm our reputation, business and results of operations.

As we expand the scope of our business and our client base, we must continue to monitor and address any conflicts between our interests and those of our clients. 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 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.

We provide a broad range of services to the Silvercrest Funds and family office services, which may expose us to liability.

We provide a broad range of administrative services to the management of certain of our company's funds of funds and other investment funds, or collectively, the Silvercrest Funds, including preparation or supervision of the preparation of some of the Silvercrest Funds' regulatory filings, provision of shareholder services and communications, accounting services including the supervision of the activities of Silvercrest Funds' accounting services providers in the calculation of the funds' net asset values, supervision of the preparation of Silvercrest Funds' financial statements and

coordination of the audits of those financial statements, tax services, including supervision of tax return preparation and supervision of the work of Silvercrest Funds' other service providers. If it were determined that the Silvercrest Funds 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.

We also provide a range of family office services, in addition to investment management services, to some of our clients, including philanthropic, estate and wealth planning services, tax planning and preparation, financial statement, bill paying and record keeping services, bank loan arrangement and payment services and property and casualty insurance review. If we fail to perform these services properly, we could incur costs and reputational harm for which we might be liable. Further, 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 investment management industry faces substantial litigation risks that could have a material adverse effect on 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. 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 commenced by a client or regulatory authority. Substantial legal liability or significant regulatory action against us could have a material adverse effect on our business, financial condition or results of operations or cause significant reputational harm to us.

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, 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, name recognition and other resources 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;
- 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 the markets may perceive 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 services than we do.

If we are unable to compete effectively, our results of operations may be materially adversely affected.

Reductions in business sourced through third-party distribution channels, or their poor reviews of us or our products, could materially reduce our revenue and ability to attract new clients.

Accounts sourced through consultant-led searches have been, and may continue to be, a major component of our future growth. We also have accessed the high-net-worth segment of the investing community through relationships with well-respected wealth advisers who use our investment strategies in investment programs they construct for their clients. As of December 31, 2017 we had approximately \$3.9 billion in assets under management from third party distribution channels, which constituted approximately 18.3% of our total assets under management. If we fail to successfully maintain these third-party distribution channels, our business could be materially and adversely affected. In addition, many of these parties review and evaluate our products and our organization. Poor reviews or evaluations of either the particular product or of us may result in client withdrawals or may impact our ability to attract new assets through such intermediaries.

The significant growth we have experienced may be difficult to sustain.

Our assets under management have increased from \$7.8 billion as of December 31, 2006 to \$21.3 billion as of December 31, 2017. The absolute measure of our assets under management represents a significant rate of growth that may be difficult to sustain. The 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 investment strategies. Our business growth also will 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. If we believe that in order to continue to produce attractive returns from some or all of our investment strategies we should limit the growth of those strategies, we have in the past chosen, and in the future may choose, to limit or close access to those strategies to some or most categories of new investors or clients or otherwise take action to slow the flow of assets into those strategies.

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.

A change of control could result in termination of our sub-investment advisory and investment advisory agreements.

Pursuant to the Advisers Act, each of our investment advisory agreements for the separate accounts we manage may not be assigned without the consent of the client. In addition, under the Investment Company Act, each of the investment advisory agreements with SEC registered mutual funds that we sub-advise automatically terminates in the event of its assignment. A sale of a controlling block of our voting securities and certain other transactions would be deemed an "assignment" pursuant to the Advisers Act and the Investment Company Act. Such an assignment may be deemed to occur in the event that the holders of the Class B units of Silvercrest L.P. exchange enough of their Class B units for shares of our Class A common stock and dispose of such shares of Class A common stock such that they no longer own a controlling interest in us, even if no other person or group acquires a controlling interest. If such a deemed assignment occurs, there can be no assurance that we will be able to obtain the necessary consents from our clients and, unless the necessary approvals and consents are obtained, the deemed assignment could adversely affect our ability to continue managing client accounts, resulting in the loss of assets under management and a corresponding loss of revenue.

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, implementation or insufficient scope, 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 or self-regulatory organizations. Our techniques for managing risks in client portfolios may not fully mitigate the risk exposure in all economic or market environments, or against all types of risk, including risks that we might fail to identify or anticipate.

Our reliance on prime brokers, custodians, administrators and other agents subjects us to certain risks relating to their execution of transactions and their solvency, and the failure by or insolvency of, any such person could adversely

affect our business and financial performance.

Our business generally depends on the services of prime brokers, custodians, administrators and other agents to carry out securities transactions. For example, in the event of the insolvency of a prime broker and/or custodian, our funds might not be able to recover equivalent assets in full as they will rank among the prime broker's and custodian's unsecured creditors in relation to assets, which the prime broker or a custodian borrows, lends or otherwise uses. In addition, our funds' cash held with a prime broker or a custodian will not be segregated from the prime broker's or custodian's own cash, and our funds will therefore rank as unsecured creditors in relation thereto.

If we incur indebtedness or issue senior equity securities, we will be exposed to additional risks, including the typical risks associated with leverage.

The amount of leverage that we employ will depend on our board of directors' assessment of market and other factors at the time of any proposed borrowing. We may also use leverage to make certain investments. There is no assurance that a leveraging strategy will be successful. Leverage involves risks and special considerations that include the following:

- there is a likelihood of greater volatility of net asset value of our business and market price of our common stock than a comparable business without leverage;
- we will be exposed to increased risk of loss if we incur debt or issue senior equity securities to finance acquisitions or investments because a decrease in the value of our investments would have a greater negative impact on our returns, and therefore the value of our Class A common stock than if we did not use leverage;
- it is likely that such debt or equity securities will be governed by instruments containing covenants restricting our operating flexibility. These covenants may impose asset coverage or investment composition requirements that are more stringent than those of our business plan and could require our business to liquidate investments at an inopportune time;
- if we are required to pledge a substantial portion of our assets in order to obtain debt financing, it may limit our ability to enter into subsequent financings at attractive terms;
- we, and indirectly our investors, will bear the cost of leverage, including issuance and servicing costs; and
- any preferred, convertible or exchangeable securities that we issue may have rights, preferences and privileges more favorable than those of our common stock.

In addition, the credit facility entered into in June 2013, as explained below, by all of the subsidiaries of Silvercrest L.P. and guaranteed by Silvercrest L.P. contains financial and other restrictive covenants, including restrictions on distributions, incurrence of additional indebtedness, mergers and certain other dispositions of our business and sale of assets.

Any requirement that we sell assets at a loss to redeem or pay interest on any leverage or for other reasons would reduce our equity value and also make it difficult for our net asset value to recover. Our board of directors, in its best judgment, nevertheless may determine to use leverage if it expects that the benefits to our common stockholders of maintaining the leveraged position will outweigh the risks. General interest rate fluctuations may have a substantial negative impact on our investments and investment opportunities. In addition, an increase in interest rates would make it more expensive for us to use debt to finance these investments.

Future financings could adversely affect us and our common stockholders by diluting existing stockholders or by placing restrictions on our ability to run our business, including making distributions to unitholders.

The subsidiaries of Silvercrest L.P. entered into a credit facility in June 2013, pursuant to which the subsidiaries of Silvercrest L.P. will be able to borrow up to \$15.0 million in principal amount from time to time for working capital needs and other purposes. Although we believe that available borrowings under our credit facility and future cash flow from operations will be sufficient to meet our working capital requirements for normal operations pursuant to our business plan, these sources of capital may not fully fund our growth strategy in the immediate future. If we decide to pursue future acquisitions, we may draw down proceeds from our existing credit facilities and then raise additional capital through the incurrence of long-term or short-term indebtedness or the issuance of additional equity securities in private or public transactions. This could result in dilution of existing common stockholders' equity positions, increased interest expense and decreased net income. In addition, significant capital requirements associated with such investments may impair our ability to make distributions to our Class A common stockholders.

Newly enacted laws, such as Tax Cuts and Jobs Act, or regulations and future changes in the U.S. taxation of businesses may impact our effective tax rate or may adversely affect our business, financial condition and operating results.

On December 22, 2017, the President signed into law the Tax Cuts and Jobs Act, which significantly changed the Code, including a reduction in the statutory corporate income tax rate to 21%, a new limitation on the deductibility of business interest expense and restrictions on the use of net operating loss carryforwards arising in taxable years beginning after December 31, 2017. The Tax Cuts and Jobs Act also authorizes the Treasury Department to issue regulations with respect to the new provisions. We cannot predict how the changes in the Tax Cuts and Jobs Act, regulations, or other guidance issued under it or conforming or non-conforming state tax rules might affect us or our business. In addition, there can be no assurance that U.S. tax laws, including the corporate income tax rate, would not undergo significant changes in the near future.

Risks Related to Our Structure

The rights of holders of Class B units of Silvercrest L.P. may give rise to conflicts of interest.

As a result of our principals holding all or a portion of their ownership interests in our business through Silvercrest L.P., rather than through Silvercrest, these existing owners may have other conflicting interests with holders of our Class A common stock. For example, our principals may have different tax positions from holders of our Class A common stock 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 agreement that was entered into in connection with our initial public offering, and whether and when our company should terminate the tax receivable agreement and accelerate its obligations thereunder. Also, the structuring of future transactions may take into consideration our principals' tax or other considerations even where no similar benefit would accrue to us.

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 declare cash dividends on our Class A common stock. However, 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, because of our structure, we will be 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 Silvercrest L.P., 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 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 current and future indebtedness (including the credit facility entered into in June 2013 by the subsidiaries of Silvercrest L.P.), its other agreements with third parties, as well as its obligation to make tax distributions under the second amended and restated limited partnership agreement (which distributions would reduce the cash available for distributions by Silvercrest L.P. to us). As a Delaware corporation, our ability to pay cash dividends to our Class A common stockholders with the distributions received by us as general partner of Silvercrest L.P. also will be subject to the applicable provisions of Delaware law. Also, 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 agreement, may be limited by our structure.

We have no material assets other than our ownership of Class A units of Silvercrest L.P. and have no independent means of generating revenue. Silvercrest L.P. is treated as 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 will incur income taxes on our proportionate share of any net taxable income of Silvercrest L.P. and also will incur expenses related to our operations. Under the terms of its second amended and restated limited partnership agreement, Silvercrest L.P. is obligated to make tax distributions to holders of its partnership units, including us. In addition to tax expenses, we also will incur expenses related to our operations, including expenses under the tax receivable agreement, which we expect will be significant. We intend to cause Silvercrest L.P. 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 agreement. 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 to fund our operations, we may need to borrow funds and thus this could have a material adverse effect on our liquidity and financial condition. To the extent we are unable to make payments under the tax receivable agreement for any reason, such payments will be deferred and will accrue interest at LIBOR plus 300 basis points until paid.

We will be required to pay principals for certain tax benefits we may claim, and the amounts we may pay could be significant.

The corporate reorganization of Silvercrest L.P. resulted in favorable tax attributes for us. In addition, future exchanges of Class B units of Silvercrest L.P. held by our principals for shares of our Class A common stock are expected to produce additional favorable tax attributes for us. When we acquire Class B units from existing principals, both the existing basis and the anticipated basis adjustments are likely to increase (for tax purposes) depreciation and amortization deductions allocable to us from Silvercrest L.P. and therefore reduce the amount of income tax we would otherwise be required to pay in the future. This increase in tax basis also may 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.

The tax receivable agreement, which we entered into with our principals, 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) in periods after our initial public offering as a result of (i) any step-up in tax basis in Silvercrest L.P.'s assets resulting from (a) the purchases or exchanges of Class B units (along with the corresponding shares of our Class B common stock) for shares of our Class A common stock and (b) payments under this tax receivable agreement; (ii) certain prior distributions by Silvercrest L.P. and prior transfers or exchanges of Class B units which resulted in tax basis adjustments to the assets of Silvercrest L.P.; and (iii) tax benefits related to imputed interest deemed to be paid by us as a result of this tax receivable agreement.

We expect that the payments we will be required to make under the tax receivable agreement 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 agreement, we expect that the reduction in tax payments for us associated with (i) the purchase of Class B units from certain of the limited partners of Silvercrest L.P. with a portion of the net proceeds of our initial public offering and (ii) exchanges of Class B units subsequent to our initial public offering as described above would aggregate approximately \$11.1 million over a 15-year period. Under such scenario we would be required to pay the holders of Class B limited partnership units approximately \$8.7 million, over a 15-year period. 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 and the prevailing tax rates at the time of the exchange and will be dependent on us generating sufficient future taxable income to realize the benefit.

The actual increase in tax basis, as well as the amount and timing of any payments under this agreement, will vary depending upon a number of factors, including the timing of exchanges by principals, the price of our Class A common stock at the time of the exchange, the extent to which such exchanges are taxable, the amount and timing of 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 agreement constituting imputed interest or depreciable or amortizable basis. Payments under the tax receivable agreement will be based on the tax reporting positions that we determine. Although we are not aware of any issue that would cause the Internal Revenue Service, or the IRS, to challenge a tax basis increase or other tax attributes subject to the tax receivable agreement, we will not be reimbursed for any payments previously made under the tax receivable agreement. As a result, in certain circumstances, payments could be made under the tax receivable agreement in excess of the benefits that we actually realize in respect of the attributes to which the tax receivable agreement relates.

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

The tax receivable agreement provides that upon certain mergers, asset sales, other forms of business combinations or other changes of control, or if, at any time, we elect an early termination of the tax receivable agreement, our (or our successor's) obligations under the tax receivable agreement (with respect to all Class B units held by our principals, whether or not such Class B units have been exchanged or acquired before or after such transaction) would be based on certain assumptions, including that we would have sufficient taxable income to fully avail ourselves of the deductions arising from the increased tax deductions and tax basis and other benefits related to entering into the tax receivable agreement. As a result, (i) we could be required to make payments under the tax receivable agreement 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 tax receivable agreement, and (ii) if we elect to terminate the tax receivable agreement 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 agreement 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 agreement. If we were to elect to terminate the tax receivable agreement, we estimate that we would be required to pay approximately \$8.7 million in the aggregate under the tax receivable agreement.

30

If we were deemed an investment company under the Investment Company Act as a result of our ownership interest in Silvercrest L.P., applicable restrictions could make it impractical for us to continue our business as contemplated and could have a material adverse effect on our business.

We do not believe that we are an “investment company” under the Investment Company Act. Because we, as the sole general partner of Silvercrest L.P., control and operate Silvercrest L.P., we believe that our interest in Silvercrest L.P. is not an “investment security” as that term is used in the Investment Company Act. If we were to cease participation in the management of Silvercrest L.P., our interest in Silvercrest L.P. could be deemed an “investment security” for purposes of the Investment Company Act. A person may be an “investment company” if it owns investment securities having a value exceeding 40% of the value of its total assets (exclusive of U.S. government securities and cash items). Our sole asset is our general partner interest in Silvercrest L.P. A determination that such investment was an investment security could cause us to be deemed an investment company under the Investment Company Act and to become subject to the registration and other requirements of the Investment Company Act. In addition, we do not believe that we are an investment company under Section 3(b)(1) of the Investment Company Act because we are not primarily engaged in a business that causes us to fall within the definition of “investment company.” We and Silvercrest L.P. intend 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 Investment Company 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.

Risks Related to our 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. Moreover, 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 the price at which you purchased it, 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 or annual operating results;
- failure to meet the market’s earnings expectations;
- publication of research reports about us or the investment management industry, or the failure of securities analysts to continue to cover our Class A common stock;
- the public’s reactions to our press releases, other public announcements and filings with the SEC;
- departures of any of our portfolio managers or members of our senior 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;
- market and industry perception of our success, or lack thereof, in pursuing our growth strategies;
- actions by stockholders;
- strategic actions by us or our competitors, such as acquisitions or restructurings;
- changes in market valuations of similar companies;
- changes in our capital structure;
- 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;

changes in accounting standards, policies, guidance, interpretations or principles;

- adverse publicity about the investment management industry generally or as a result of specific events;

sales of shares of our Class A common stock by us or members of our management team;

litigation and governmental investigations;

31

the expiration of contractual lockup agreements; and changes in general market, economic and political conditions in the United States and global economies or financial markets, including those resulting from natural disasters, terrorist attacks, acts of war, and responses to such. Future issuances and sales of our Class A common stock in the public market could lower our stock price, and any additional capital raised by us through the 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 sales of a large number of shares of our Class A common stock available for sale, 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 have 8,142,120 shares of our Class A common stock outstanding as of March 6, 2018. The shares of Class A common stock that will be issuable upon exchange of Class B units held by our principals may only be sold in the manner and at the times described in our exchange agreement with our principals. For so long as a principal remains employed by us, during any 12-month period, each principal and his permitted transferees (e.g., family trusts) may collectively exchange vested Class B units that equal 20% of the Class B units such persons collectively held at the beginning of such 12-month period, subject to certain exceptions described under the second amended and restated limited partnership agreement of Silvercrest L.P. Upon a termination of employment other than due to retirement or for cause, all Class B units held by a principal, other than those Class B units forfeited under certain circumstances, will be exchanged automatically for shares of Class A common stock. The shares of Class A common stock received upon exchange for Class B units held by our principals may be sold (i) at any time and in any manner by retired employees and employees or estates of employees terminated due to death or disability, (ii) for any principal whose employment is terminated by us without cause, in an amount equal to 50% of the total shares of Class A common stock held by the principal at the time of termination of employment less any amounts sold for taxes in each 12-month period following the 18-month anniversary of the date of termination of employment, and (iii) for any principal who voluntarily resigns his employment, in an amount equal to one-third of the total shares of Class A common stock held by the principal at the time of termination of employment less any amounts sold for taxes in each 12-month period following the 18-month anniversary of the date of resignation of employment subject to manner of sale restrictions. The estate of our former Chief Executive Officer may sell portions or all of its Class A common shares in Silvercrest in order to diversify its portfolio.

As of December 31, 2017, we have reserved for issuance 690,077 shares of our Class A common stock pursuant to, upon the exercise of options or other equity awards granted under, or upon exchange of Class B units granted under, our 2012 Equity Incentive Plan. We may increase the number of shares registered for this purpose from time to time. Once we register these additional shares, they will be able to be sold in the public market upon issuance.

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.

We are an “emerging growth company,” and any decision on our part to comply only with certain reduced disclosure requirements applicable to emerging growth companies could make our Class A common stock less attractive to investors.

We are an “emerging growth company,” as defined in the Jumpstart Our Business Startups Act, or the JOBS Act, enacted in April 2012, and, for as long as we continue to be an “emerging growth company,” we may take advantage of exemptions from various reporting requirements applicable to other public companies but not to “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 shareholder approval of any golden parachute payments not previously approved. We could remain an “emerging growth company” for up to five years from the last day of the fiscal year in which our IPO closed, or until the earliest of (i) the last day of the first fiscal year in which our annual gross revenues exceed \$1 billion, (ii) the date that we become a “large accelerated filer” as defined in Rule 12b-2 under the Exchange Act, which would occur if the market value of our Class A common stock that is held by non-affiliates exceeds \$700 million as of the last business day of an issuer’s most recently completed second fiscal quarter before the end of that five-year period, or (iii) the date on which we have issued more than \$1.07 billion in nonconvertible debt during the preceding three-year period. Investors may find our Class A common stock less attractive if we rely on these exemptions. If some investors find our Class A common stock less attractive as a result there may be a less active trading market for our Class A common stock and our stock price may be more volatile.

In addition, Section 107 of the JOBS Act also 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 for complying with new or revised accounting standards. In other words, an “emerging growth company” can delay the adoption of certain accounting standards until those standards would otherwise apply to private companies. We chose, however, 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. Section 107 of the JOBS Act provides that our decision to opt out of the extended transition period for complying with new or revised accounting standards is irrevocable.

The requirements of being a public company may strain our resources and distract our management, which could make it difficult to manage our business, particularly after we are no longer an “emerging growth company.”

As a public company, we are required to comply with various regulatory and reporting requirements, including those required by the SEC. Complying with these reporting and other regulatory requirements is time-consuming and results in increased costs to us and could have a negative effect on our business, results of operations and financial condition. As a public company, we are subject to the reporting requirements of the Exchange Act and requirements of Sarbanes Oxley. These requirements may place a strain on our systems and resources. The Exchange Act requires that we file annual, quarterly and current reports with respect to our business and financial condition. Sarbanes Oxley requires that we maintain effective disclosure controls and procedures and internal controls over financial reporting. To maintain and improve the effectiveness of our disclosure controls and procedures, we need to commit significant resources, hire additional staff and provide additional management oversight. We have implemented additional procedures and processes for the purpose of addressing the standards and requirements applicable to public companies. Sustaining our growth also will require us to commit additional management, operational and financial resources to identify new professionals to join our company and to maintain appropriate operational and financial systems to adequately support our expansion. In addition, as a public company, we have enhanced our investor relations, legal and corporate communications functions. All of these activities and additional efforts may increase our costs, strain our resources and divert management’s attention from other business concerns, which could have a material adverse effect on our business, financial condition, results of operations and cash flows.

As an “emerging growth company” as defined in the JOBS Act, we will take advantage of certain temporary exemptions from various reporting requirements, including, but not limited to, not being required to comply with the auditor attestation requirements of Section 404 of Sarbanes Oxley (and rules and regulations of the SEC thereunder, which we refer to as Section 404) and reduced disclosure obligations regarding executive compensation in our periodic reports and proxy statements. When these exemptions cease to apply, we expect to incur additional expenses and devote increased management effort toward ensuring compliance with them. We cannot predict or estimate the amount of additional costs we may incur as a result of becoming a public company or the timing of such costs.

Stockholders may experience dilution in the future.

Stockholders will experience further dilution upon the issuance of restricted Class B units or restricted shares of our Class A common stock, or upon the grant of options or other equity awards to purchase Class B units or shares of our Class A common stock, in each case under our 2012 Equity Incentive Plan.

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

Provisions in our second amended and restated certificate of incorporation and amended and restated bylaws 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 our stockholders. For example, our second amended and restated certificate of incorporation authorizes our board of directors to issue up to 10,000,000 shares of our preferred stock and to designate the rights, preferences, privileges and restrictions of unissued series of our preferred stock, each without any vote or action by our stockholders. We could issue a series of preferred stock to impede the consummation of a merger, tender offer or other takeover attempt. In addition, our second amended and restated certificate of incorporation will provide that our board of directors is classified into three classes of directors. The anti-takeover provisions in our second amended and restated certificate of incorporation and bylaws may impede takeover attempts, or other transactions, that may be in the best interests of our stockholders and, in particular, our Class A stockholders.

For example, our stockholders are unable to take any action by written consent, call a special meeting or require our board to call a special meeting, each of which impedes stockholders' ability to take certain actions related to takeovers. In addition, the advance notice requirements in our amended and restated bylaws hinder a stockholder's ability to bring matters before the board, in particular matters relating to a change in control, due to the 90-day notice period required before any action may be requested in some circumstances.

Our second amended and restated certificate of incorporation and amended and restated bylaws also grant the board the power to increase the authorized number of directors without stockholder consent, by resolution adopted by the affirmative vote of a majority of the entire board, thus preventing a stockholder from being able to control the board and its decisions. Similarly, the board has the sole ability to fill newly created directorships. Further, while any director or the whole board may only be removed for cause by the vote of the holders of a majority of the shares of common stock and preferred stock, there is no power of stockholders to remove a director without cause. Our board also has the power to adopt, amend or repeal the bylaws, subject only to such limitation, if any, as may from time to time be imposed by law or by the bylaws, while stockholder action to adopt, amend or repeal the bylaws requires a vote of 66 2/3% of the outstanding common stock. Many of these provisions could hinder stockholders' ability to consummate certain transactions that may benefit our business and the price of our common stock.

Moreover, the market price of our Class A common stock could be adversely affected to the extent that provisions of our second amended and restated certificate of incorporation and amended and restated bylaws discourage potential takeover attempts, or other transactions, that our stockholders may favor.

If securities or industry analysts do not publish research or publish inaccurate or unfavorable research about our business, 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. If one or more of the analysts who covers us downgrades our stock or publishes inaccurate or unfavorable research about our business, 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.

Item 1B. Unresolved Staff Comments.

None.

Item 2. Properties.

Our corporate headquarters are located at 1330 Avenue of the Americas, 38th Floor, New York, New York 10019, where we occupy approximately 41,000 square feet of space under a lease, the extended terms of which expire on September 30, 2028. We also lease space for our other six offices. We believe our current facilities are adequate for our current needs and that suitable additional space will be available as and when needed.

Item 3. Legal Proceedings.

We are, and will continue to be, subject to litigation from time to time in the ordinary course of business. Currently, there are no material legal proceedings pending or threatened against us.

PART II

Item 5. Market for Registrant’s Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities

Our Class A common stock has been listed on The Nasdaq Global Market under the symbol “SAMG” since June 27, 2013. Prior to June 27, 2013, there was no established public trading market for our Class A common stock. Our Class B common stock is not listed on The Nasdaq Global Market and there is no established trading market for such shares.

The following table presents information on the high and low sales prices per share as reported on The Nasdaq Global Market for our Class A common stock for the periods indicated and dividends declared during such periods:

	2017		Dividends Declared Per Share
	High	Low	
First Quarter	\$14.50	\$12.60	\$ 0.12
Second Quarter	\$14.10	\$11.85	\$ 0.12
Third Quarter	\$14.95	\$11.85	\$ 0.12
Fourth Quarter	\$16.80	\$13.31	\$ 0.12

	2016		Dividends Declared Per Share
	High	Low	
First Quarter	\$13.15	\$9.84	\$ 0.12
Second Quarter	\$13.56	\$11.65	\$ 0.12
Third Quarter	\$12.88	\$11.50	\$ 0.12
Fourth Quarter	\$13.85	\$11.07	\$ 0.12

No purchases of our Class A common stock were made by us or on our behalf during the quarter ended December 31, 2017.

Holders

As of March 1, 2018, there were six holders of record of our Class A common stock and 47 holders of record of our Class B common stock. A substantially greater number of holders of our Class A common stock are held in “street name” and held of record by banks, brokers and other financial institutions.

Dividends

We pay and intend to continue paying quarterly cash dividends to the holders of our Class A common stock. Only holders of our Class A common stock will be entitled to any dividend declared by us on our capital stock. We are a

holding company and have no material assets other than our ownership of the general partnership interest of Silvercrest L.P. As a result, we intend to fund any future dividends from our portion of the distributions from Silvercrest L.P. If Silvercrest L.P. makes distributions to its partners, holders of Class B units will be entitled to receive equivalent distributions on a pro rata basis.

All of the foregoing is subject to the qualification that the declaration and payment of any distributions by Silvercrest L.P. is at our sole discretion, as general partner, and we may change our distribution policy at any time.

In addition, the declaration and payment of any dividends to our stockholders is at the sole discretion of our board of directors. Our board or directors may decide not to declare a dividend on our Class A common stock even if Silvercrest L.P. makes a distribution to its partners, including Silvercrest. In determining whether to make a dividend payment to our Class A stockholders, our board of directors will take into account:

- our financial results as well as the financial results of Silvercrest L.P.;
- our available cash and anticipated cash needs;
- the capital requirements of our company and our direct and indirect subsidiaries (including Silvercrest L.P.);
- contractual, legal, tax and regulatory restrictions on, and implications of, the payment of dividends by us to our stockholders or by our direct and indirect subsidiaries (including Silvercrest L.P.) to us;

35

general economic and business conditions; and
such other factors as our board of directors may deem relevant.

Other than our credit facility, which SAMG LLC and other of our direct and indirect subsidiaries, entered into in June 2013, neither we nor any of our direct or indirect subsidiaries has any debt obligations that limit our or its ability to pay dividends or distributions. Our credit facility limits SAMG LLC's and other of our direct and indirect subsidiaries ability to make distributions to the extent SLP and its subsidiaries are not in compliance with covenants and financial ratios related to such facility. However, pursuant to its second amended and restated limited partnership agreement, Silvercrest L.P. may not make any distributions to its partners, including us, if doing so would violate any agreement to which it is then a party or any law then applicable to it, have the effect of rendering it insolvent or result in it having net capital lower than that required by applicable law.

Our dividend policy has certain risks and limitations, particularly with respect to liquidity. Although we expect to pay dividends according to our dividend policy, we may not pay dividends according to our policy, or at all, if, among other things, we do not have the cash necessary to pay our intended dividends. By paying cash dividends rather than saving or investing that cash, we risk, among other things, slowing the pace of our growth and having insufficient cash to fund our operations or unanticipated capital expenditures.

During each of 2017 and 2016, we paid quarterly dividends totaling \$0.48 per share of Class A common stock or \$3.9 million and \$3.9 million in 2017 and 2016, respectively. In February 2018, our board of directors declared a dividend of \$0.14 per share, or an aggregate of approximately \$1.1 million, to our Class A common shareholders in respect of the fourth quarter of 2017 payable on March 16, 2018 to holders of record of Class A common stock at the close of business on March 9, 2018.

Equity Compensation Plan Information

Plan Category	(a) Number of securities to be issued upon exercise of outstanding options, warrants and rights	(b) Weighted-average exercise price of outstanding options, warrants and rights	(c) Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a))
Equity compensation plans approved by security holders	980,883	\$13.23	690,077
Equity compensation plans not approved by security holders	—	—	—
Total	980,883	\$13.23	690,077

A total of 1,670,960 shares of Class A common stock were registered, 966,510 restricted stock units were granted in August 2015 and 14,373 restricted stock units were granted in May 2016, and 690,077 remain reserved for issuance under the 2012 Equity Incentive Plan as of December 31, 2017.

Performance Graph

The following graph compares the cumulative total stockholder return on our common stock from June 27, 2013 (the date our Class A common stock first began trading on The Nasdaq Global Market) through December 31, 2017, with the cumulative total return of the Standard & Poor's 500 Stock Index and the SNL Asset Manager Index. The SNL Asset Manager Index is a composite of 41 publicly traded asset management companies prepared by SNL Financial, Charlottesville, Virginia. The graph assumes the investment of \$100 in our Class A common stock and in each of the two indexes on June 26, 2013 and the reinvestment of all dividends, if any. The initial public offering price of our Class A common stock was \$11.00 per share.

Index	6/27/2013	12/31/2013	12/31/2014	12/31/2015	12/31/2016	12/31/2017
Silvercrest Asset Management Group Inc.	100.00	156.17	147.63	116.58	134.15	169.64
S&P500	100.00	116.54	132.49	134.33	150.39	183.22
SNL Asset Manager*	100.00	127.71	134.73	114.90	121.55	161.41

*As of 12/31/2017, the SNL Asset Manager Index comprised the following companies: Affiliated Managers Group Inc.; AllianceBernstein Holding L.P.; Apollo Global Mgmt LLC; Ares Mgmt LP; Artisan Partners Asset Mgmt.; Ashford Inc.; Associated Capital Group; BlackRock Inc.; Blackstone Group L.P.; Carlyle Group L.P.; Cohen & Steers Inc.; Diamond Hill Investment Group; Eaton Vance Corp.; Federated Investors Inc.; Fifth Street Asset Management Inc.; Financial Engines Inc.; Franklin Resources Inc.; GAMCO Investors Inc.; Great Elm Capital Group Inc.; Hamilton Lane Inc.; Hennessy Advisors Inc.; Invesco Ltd.; Janus Henderson Group Plc; KKR & Co. L.P.; Legg Mason Inc.; Manning & Napier Inc.; Medley Management Inc.; Oaktree Capital Group LLC; Och-Ziff Capital Mgmt Group LLC; OM Asset Management plc; Pzena Investment Mgmt Inc.; Safeguard Scientifics Inc.; SEI Investments Co.; Silvercrest Asset Mgmt Group; T. Rowe Price Group Inc.; U.S. Global Investors Inc.; Virtus Investment Partners Inc.; Waddell & Reed Financial Inc.; Westwood Holdings Group Inc.; WisdomTree Investments Inc.; ZAIS Group Holdings Inc.

In accordance with the rules of the SEC, this section entitled "Performance Graph" shall not be incorporated by reference into any future filings by us under the Securities Act or Exchange Act, and shall not be deemed to be soliciting material or to be filed under the Securities Act or the Exchange Act.

Item 6. Selected Financial Data.

The following tables set forth selected historical consolidated financial and other data of Silvercrest as of and for the years ended December 31, 2017, 2016, 2015, 2014 and 2013. The portion of the operating results included in the consolidated statement of operations data for the year ended December 31, 2013 that relates to the six months ended June 30, 2013 are those of Silvercrest L.P., our predecessor for accounting purposes. The consolidated statement of operations data for the year ended December 31, 2013 represents the combination of Silvercrest L.P.'s results of operations for the six months ended June 30, 2013 and Silvercrest's results of operations for the six months ended December 31, 2013.

The following selected historical consolidated financial data has been derived from the Company's audited consolidated financial statements. You should read the following selected historical consolidated financial data together with "Management's Discussion and Analysis of Financial Condition and Results of Operations" and the consolidated financial statements and related notes included elsewhere in this report.

	Years Ended December 31,				
	2017	2016	2015	2014	2013
	(In thousands, except share and per share data)				
Statements of operations data:					
Revenue:					
Management and advisory fees	\$86,542	\$76,185	\$71,759	\$65,026	\$53,465
Performance fees and allocations	834	322	11	221	1,830
Family office services	3,982	3,755	3,368	4,225	4,756
Total revenue	91,358	80,262	75,138	69,472	60,051
Expenses:					
Compensation and benefits	54,143	49,009	42,856	40,290	30,322
General and administrative	16,846	16,617	15,325	13,860	13,197
Total expenses	70,989	65,626	58,181	54,150	43,519
Income before other income (expense), net	20,369	14,636	16,957	15,322	16,532
Other income (expense), net:					
Other income (expense)	5,346	(105)	1,268	876	3,118
Interest income	47	61	72	69	92
Interest expense	(112)	(228)	(261)	(381)	(447)
Equity income (loss) from investments	615	304	18	1,208	21
Total other income (expense), net	5,896	32	1,097	1,772	2,784
Income before (provision) benefit for income taxes	26,265	14,668	18,054	17,094	19,316
Provision for income taxes	(13,734)	(4,686)	(6,969)	(6,386)	(2,148)
Net income	12,531	9,982	11,085	10,708	17,168
Less: net income attributable to non-controlling interests	(7,194)	(4,967)	(5,761)	(5,933)	(3,478)
Net income attributable to Silvercrest	\$5,337	\$5,015	\$5,324	\$4,775	\$13,690
Net income per share/unit:					
Basic	\$0.66	\$0.62	\$0.68	\$0.63	\$1.68
Diluted	\$0.66	\$0.62	\$0.68	\$0.63	\$1.63

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Weighted average shares/units outstanding:

Basic	8,110,128	8,031,161	7,855,038	7,600,739	8,145,476
Diluted	8,117,407	8,038,177	7,855,038	7,600,739	8,374,025

Dividends paid per share	\$0.48	\$0.48	\$0.48	\$0.48	\$0.12
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Selected statements of financial position data:

Total assets	\$117,360	\$112,281	\$108,211	\$99,696	\$100,727
Notes payable	740	2,486	4,514	4,148	11,303
Total liabilities	45,241	46,197	46,574	46,634	52,562
Total Silvercrest Asset Management Group Inc.'s equity	49,095	47,305	45,835	42,516	41,222
Non-controlling interests	23,024	18,779	15,802	10,546	6,943

Selected other data:

Assets under management (in billions) (1)	\$21.3	\$18.6	\$18.1	\$17.9
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