Silvercrest Asset Management Group Inc.
Form S-1
April 19, 2013
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As filed with the Securities and Exchange Commission on April 18, 2013

Registration No. 333-

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, DC 20549

FORM S-1

REGISTRATION STATEMENT UNDER

THE SECURITIES ACT OF 1933

Silvercrest Asset Management Group Inc.

(Exact name of each registrant as specified in its charter)

Delaware	6282	45-5146560
(State or other jurisdiction of incorporation or organization)	(Primary Standard Industrial Classification Code Number)	(I.R.S. Employer Identification Number)

Silvercrest Asset Management Group Inc.

1330 Avenue of the Americas, 38th Floor

New York, New York 10019

(212) 649-0600

(Address, including zip code, and telephone number, including area code, of registrant s principal executive offices)

David J. Campbell

General Counsel

Silvercrest Asset Management Group Inc.

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(212) 649-0600

(Name, address, including zip code, and telephone number, including area code, of agent for service)

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

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

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

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

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

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

Title of each class of securities to be registered	Amount to be registered	Proposed maximum offering price per share (1)	Proposed maximum aggregate offering price (2)	Amount of registration fee
Class A common stock, par value, $0.01 per share	$	$	$ 60,000,000	$ 8,184

(1) Estimated solely for the purpose of calculating the registration fee pursuant to Rule 457(o) under the Securities Act.
(2) Including shares of Class A common stock which may be purchased by the underwriters to cover over-allotments, if any.

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

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The information in this preliminary prospectus is not complete and may be changed. We may not sell these securities until the registration statement filed with the Securities and Exchange Commission is effective. This prospectus is not an offer to sell these securities and is not soliciting an offer to buy these securities in any state where the offer or sale is not permitted.

SUBJECT TO COMPLETION, DATED APRIL 18, 2013

PRELIMINARY PROSPECTUS

Shares

Silvercrest Asset Management Group Inc.

Class A Common Stock

This is an initial public offering of shares of Class A common stock of Silvercrest Asset Management Group Inc. We are offering shares of Class A common stock.

Prior to this offering, there has been no public market for our Class A common stock. We expect the initial public offering price of our Class A common stock will be between $ and $ per share. We intend to apply to list our Class A common stock on The Nasdaq Global Market under the symbol SAMG.

We intend to use a portion of the net proceeds of this offering to purchase limited partnership units of our subsidiary Silvercrest L.P. from certain of its limited partners and will not retain any of these proceeds.

The underwriters have the option to purchase up to an additional shares of our Class A common stock from us within 30 days of the date of this prospectus at the initial public offering price, less the underwriting discounts and commissions.

Prior to the consummation of this offering, we will issue shares of our Class B common stock, each share of which initially entitles the holder to one vote per share, to the continuing limited partners of Silvercrest L.P. Of these Class B stockholders, holders of shares of our Class B common stock, who will hold approximately % of the combined voting power of our common stock immediately after this offering (or approximately % if the underwriters exercise in full their option to purchase additional shares), will enter into a stockholders agreement pursuant to which they will agree to vote their shares of common stock together, as determined by the Executive Committee of Silvercrest L.P. on all matters submitted to a vote of our common stockholders.

We are an emerging growth company under the federal securities laws and will be subject to reduced public company reporting requirements. Investing in our Class A common stock involves risks. See Risk Factors beginning on page 16.

	Per Share	Total
Public offering price	$	$
Underwriting discounts and commissions[1]	$	$
Proceeds, before expenses, to Silvercrest Asset Management Group Inc.	$	$

[1] The underwriters have reserved shares for sale in a directed share program at the initial public offering price. We will pay reduced underwriting discounts and commissions in respect of shares sold in the directed share program. The table assumes that none of the shares

reserved for sale in the directed share program are sold in the directed share program. If all of the shares reserved for sale in the directed share program are sold in the directed share program, the total underwriting discounts and commissions would be $ and the total proceeds to us, before expenses, would be $. See Underwriting beginning on page 152 for a description of additional compensation received by the underwriters.

Sandler O Neill + Partners, L.P., on behalf of the underwriters, expects to deliver the shares of Class A common stock on or about , 2013, subject to customary closing conditions.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

SANDLER O NEILL + PARTNERS, L.P. | RAYMOND JAMES

The date of this prospectus is , 2013.

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You should rely only on the information contained in this prospectus or in any free writing prospectus we may authorize to be delivered to you. Neither we nor the underwriters have authorized anyone to provide you with additional or different information. When you make a decision about whether to participate in this offering, you should not rely on any information other than the information contained in this prospectus or any such free writing prospectus. This document may only be used where it is legal to sell these securities. The information in this prospectus may only be accurate as of the date of this prospectus.

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PROSPECTUS SUMMARY

This summary highlights selected information contained elsewhere in this prospectus and does not contain all of the information you need to consider in making your decision to invest in our Class A common stock. This summary is qualified in its entirety by the more detailed information, and the consolidated financial statements and notes thereto, included elsewhere in this prospectus. You should read carefully this entire prospectus and should consider, among other things, the matters set forth in the section entitled Risk Factors before deciding to invest in our Class A common stock. Unless otherwise indicated, the information included in this prospectus assumes (1) no exercise by the underwriters of their option to purchase up to an additional shares of our Class A common stock and (2) the shares that are reserved for sale in the directed share program are sold to the public and not through the directed share program. Unless otherwise indicated, Silvercrest refers solely to Silvercrest Asset Management Group Inc. The terms we, us, the Company and our refer to Silvercrest L.P. and its consolidated subsidiaries when referring to events occurring prior to this offering, and these terms refer to Silvercrest Asset Management Group Inc. and its consolidated subsidiaries when referring to events occurring after this offering.

Our Company

We are a premier, 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, 2012, our assets under management were $11.2 billion, which we believe makes us the largest investment adviser in the United States that is focused on high net worth clients and is principally owned by its employees. Our clients are among the wealthiest and most sophisticated in the world.

We were founded 11 years ago on the premise that if we staffed and organized our business to deliver a combination of excellent investment performance and high-touch client service, we would quickly 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 particularly well-positioned to offer comprehensive investment and family office service solutions to families with over $25 million of investable assets. As of December 31, 2012, our top 394 client relationships had an average size of $28 million and represented approximately 98% of our assets under management. Our top 50 relationships averaged $158 million in size as of December 31, 2012.

We have grown during a time of extraordinary financial turmoil during which the value of a full-service, independent, client-focused firm has become ever-more apparent. Our growth and success at attracting ultra-high net worth clients, primarily by taking market share from our competitors, validates our original premise. Our organic growth has been complemented by selective hiring and by five successfully completed acquisitions, which have expanded not only our assets under management, but also our professional ranks, geographic footprint and service capabilities. Our annual client retention rate has averaged 98% since 2006 and, as shown below, the compound annual growth rate in assets under management since inception is 46%.

Our clients engage us to advise them on traditional and alternative investment strategies. 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 advisory 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 for discretionary asset management, and are based on the value of the assets we manage for our clients. These fee revenues increase if our clients assets grow in value; these fee revenues decrease if our clients assets decline in value. Unlike our discretionary asset management fees, our fees for family office services and related administrative services are generally not based on or correlated to market values of our clients assets. For these services, we generally charge our clients a negotiated fee based on the scope of work requested. These services create strong client relationships and contribute meaningfully to our record of client retention.

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As of December 31, 2012, approximately 93% of our assets under management were held for our individual clients and 7% for our institutional clients. Based on the strong investment results of our proprietary equity strategies, we have begun to attract a significant amount of institutional investor interest. The following chart summarizes the performance of each of our principal equity strategies relative to their appropriate benchmarks since inception.

Our headquarters are located in New York City with additional offices in Boston, Massachusetts and Charlottesville, Virginia. We believe our track record of superior performance and our trusted reputation within the wealth management industry and among our clients are solely attributable to the talent and pedigree of our employees. As of April 15, 2013, we had 94 employees, including 35 employee-owners. The 35 employee-owners of Silvercrest L.P. are also referred to as our principals.

Our Market Opportunity

We operate in the multi-family office (MFO)/registered investment adviser (RIA) channel of private wealth management, the fastest growing sector of the market according to Cerulli Associates. The aggregate assets of managers in this channel have doubled from 2005 to 2010, largely due to market share gains primarily from large financial institutions. Our client relationships with ultra-high net worth individuals currently represent less than 1% of U.S. families with investable assets over $25 million. The Spectrem Group estimates there were 1.1 million households in the United States with a net worth of over $5 million in 2011 and 107,000 with a net worth in excess of $25 million. Even modest improvements in our penetration of this market will lead to significant further growth.

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The 2008 financial crisis created an ongoing opportunity for independent smaller firms to attract assets from their larger competitors. The press has documented the erosion of client trust that has occurred at large financial institutions due to inherent conflicts of interest and lack of transparency. In delivering conflict-free advice within a completely transparent fee relationship, we are well-positioned to achieve further market share gains.

Key Competitive Strengths

Independent, Unconflicted Advice. We are an independent registered investment adviser and are not affiliated with a broker/dealer or a commercial bank. We employ a partnership culture and mindset with 35 of our employees owning equity in our company. We do not receive commissions, rebates, spreads or any other indirect or undisclosed forms of compensation. We are not controlled by any client or family and all of our investment decisions are made in the best interests of our clients. All of our fees are fully disclosed and transparent to our clients who have an unrestricted right to accept or reject them.

Demonstrated Track Record of Growing Assets Under Management. We have expanded our business through a combination of organic growth and acquired growth. Our value proposition to clients has enabled us to win market share from competitors. Since 2004, we have successfully completed four strategic acquisitions of separate registered investment advisers and we have integrated and rebranded their operations into our company. In April 2013, we began integrating and rebranding the acquired operations of Ten-Sixty Management, LLC. These factors, combined with strong investment returns, have produced a compound annual growth rate in total client assets through December 31, 2012 of 46% since our inception.

Long-Term Track Record of Superior Investment Performance. We have a proven ability to generate excellent investment performance through both our asset allocation work on behalf of clients as well as through security selection. We have a team-based approach that utilizes the same body of research to manage all of our proprietary equity strategies, which we believe generates superior, more consistent returns over time. Through December 31, 2012, each of our proprietary equity strategies has outperformed its respective benchmark since inception.

Loyal, Diverse Base of Clients. As a result of our focus on delivering outstanding investment performance combined with highly personalized client service, we have developed significant long-term relationships with a large majority of our clients. Since 2006, our annual client retention rate has averaged 98%. As of December 31, 2012, our clients were represented in 42 states and the District of Columbia and no single client represented more than 5% of our total revenue.

Dedicated, Proven Senior Management. Our entire business is overseen by an Executive Committee comprising our Chief Executive Officer, President and Chief Operating Officer, Chief Financial Officer and General Counsel. At present, no one on the Executive Committee has direct client or investment responsibility and, as a result, each member of the Executive Committee commits his full resources to managing the business and executing our growth strategy.

Our Growth Strategy

Continuing To Support Our Organic Growth. We have a proven ability to identify, attract and retain ultra-high net worth clients who seek a firm that can deliver excellent investment performance and excellent client service. Our organizational model of separate and distinct business functions has proven scalable and our assets under management have grown to $11.2 billion as of December 31, 2012, consisting of the market appreciation of our assets under management as well as an increase in the amount of assets we manage for both new and existing clients, without a commensurate increase in headcount. Going forward, we will continue to execute our proven business plan for attracting ultra-high net worth clients through client referrals, as well as through our recently created business development team charged with identifying and then creating customized solicitations for newly formed wealth.

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Continuing Our Successful Track Record of Acquired Growth. From our inception, our organic growth has been complemented by selective hiring and strategic acquisitions. We expect to continue to acquire compatible wealth management companies, and 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 currently intend to establish offices in major wealth centers on the West Coast, in the Southwest and in the Midwest to be closer to both our clients and to prospective clients.

Continuing To Accelerate Our Institutional Growth. After five years of effort focused on cultivating relationships with institutional investment consultants, we are now regularly making new business presentations to institutional investors, including public pension funds, endowments, foundations and their consultants. We are now on the approved lists of certain prominent institutional investment consultants and we have begun to win mandates in our equity strategies. In addition, we have been hired to manage a new equity mutual fund which is presently in the early stages of its national marketing campaign. 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 and we will actively pursue new business opportunities in this channel.

Continuing to Uphold And Increase Our Brand Awareness. We have invested heavily to build, maintain and extend our brand. With limited resources, we have created a focused national advertising campaign and have invested in efforts to receive media coverage in some of the nation s most prestigious national publications as well as in industry journals and newsletters. Following this offering, we expect to increase our spending in both advertising and public relations as part of our effort to further build our brand and to increase the market s awareness of our company, particularly in geographic markets that we expect to enter.

Risks Facing our Company

Our business is subject to numerous risks that are described more fully in the section entitled Risk Factors beginning on page 16.

We derive a substantial portion of our revenues from a limited number of our strategies. As a result, a portion of our operating results depends upon the performance of those strategies and our ability to retain client assets. If a significant portion of the investors in our larger strategies decide to withdraw their investments or terminate their investment management agreements for any reason, our revenues from those strategies would decline, which would have a material adverse effect on our results of operations and financial condition.

We face additional challenges that may impact our growth strategy and our ability to compete. A significant portion of our assets under management are or may be derived from a small number of clients. If any such client withdraws all or a portion of its assets under management, our business would be significantly affected, which would negatively impact our advisory fees and could have a material adverse effect on our results of operations and financial condition.

Further, volatile market conditions could adversely affect our business in many ways, including 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.

Our Structure and Reorganization

On July 11, 2011, Silvercrest was incorporated as a Delaware corporation. Silvercrest GP LLC is currently the general partner of Silvercrest L.P., which is the managing member of the operating subsidiary, Silvercrest Asset Management Group LLC. See The Reorganization and Our Holding Company Structure Overview for a description of the reorganization and the structure of our company. Prior to the consummation of this offering but after the effectiveness of the registration statement of which this prospectus forms a part, the members of Silvercrest GP LLC will receive a distribution of the general partner interests of Silvercrest L.P. owned by Silvercrest GP LLC as part of the reorganization. Once acquired, these interests that were distributed to the members of Silvercrest GP LLC will be automatically converted into limited partnership interests. Subsequent to the distribution of the general partner interests of Silvercrest L.P. to its members and the conversion of those interests into limited partnership interests, Silvercrest GP LLC will transfer its rights as general partner to Silvercrest and will be dissolved. Thereafter, Silvercrest will become the general partner of Silvercrest L.P. As part of the reorganization, the partnership agreement of Silvercrest L.P. will be amended to provide that the limited partnership interests will be converted to Class B units and the general partnership interests will be converted to Class A units.

Immediately following the reorganization, our only material asset will be the general partnership interests in Silvercrest L.P. We will use approximately $ million of the net proceeds from this offering to purchase Class B units of Silvercrest L.P. from its current limited partners, including all Class B units held by a third-party investor in Silvercrest L.P., and such Class B units acquired by us will be immediately converted into Class A units. This third-party investor will therefore no longer hold any portion of Silvercrest L.P s Class B units or any of our Class B common stock subsequent to the reorganization. Following the reorganization and this offering, we will own all of the Class A units, which represent the general partnership interest in Silvercrest L.P., or approximately % of the partnership units of Silvercrest L.P. (or approximately % of the partnership units if the underwriters exercise in full their option to purchase additional shares of Class A common stock). The remaining approximately % of the partnership units in Silvercrest L.P. (or % of the partnership units if the underwriters exercise in full their option to purchase additional shares of Class A common stock) will be held by 35 of our principals and two former employees, whom we refer to in this prospectus as the non-employee partners. We refer to our principals and non-employee partners collectively as our limited partners in this prospectus. In addition, Silvercrest L.P. has issued deferred equity units exercisable for Class B units, which entitle the holders thereof to receive distributions from Silvercrest L.P. to the same extent as if the underlying Class B units were outstanding. See The Reorganization and Our Holding Company Structure for a description of the reorganization and the structure of our company. Prior to the consummation of this offering, Silvercrest L.P. intends to make a distribution to its limited partners of previously undistributed earnings in the aggregate amount of approximately $ million. Such distribution will be funded from the existing cash balances of Silvercrest L.P. Purchasers in this offering will not be entitled to any portion of this distribution and such distribution may not be indicative of the amount of any future distributions.

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Set forth below is our holding company structure and anticipated ownership immediately after the consummation of this offering and the use of a portion of the net proceeds from this offering to purchase Class B units of Silvercrest L.P. from its limited partners (assuming no exercise of the underwriters option to purchase additional shares and without taking into account any outstanding deferred equity units).

(1) Each share of Class B common stock is entitled to one vote per share. Class B stockholders will 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 will have 100% of the rights of all classes of our capital stock to receive distributions, except that Class B common stockholders will have the right to receive the par value of the Class B common stock upon our liquidation, dissolution or winding-up.

(3) Each Class B unit held by a principal is exchangeable for one share of Class A common stock. The limited partners will collectively hold Class B units, which will represent the right to receive approximately % of the distributions made by Silvercrest L.P., and non-voting deferred equity units exerciseable for Class B units, which will represent the right to receive approximately % of the distributions made by Silvercrest L.P. (or approximately % and %, respectively, of the distributions made by Silvercrest L.P. if the underwriters exercise in full their option to purchase additional shares of Class A common stock). The deferred equity units which have been issued to limited partners of Silvercrest L.P. 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 deferred equity units have not been

issued and are not deemed outstanding, the holders of deferred equity 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 deferred equity units of Silvercrest L.P. until such time as the underlying Class B units are issued.

(4) We will hold Class A units (or Class A units if the underwriters exercise in full their option to purchase additional shares of Class A common stock), which will represent the right to receive approximately % of the distributions made by Silvercrest L.P. (or approximately % of the distributions made by Silvercrest L.P. if the underwriters exercise in full their option to purchase additional shares of Class A common stock). The deferred equity units which have been issued to principals of Silvercrest L.P. 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 deferred equity units have not been issued and are not deemed outstanding, the holders of deferred equity 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 deferred equity units of Silvercrest L.P. until such time as the underlying Class B units are issued.

We are a Delaware corporation and the address of our principal executive offices is 1330 Avenue of the Americas, 38th Floor, New York, New York 10019. Our telephone number is (212) 649-0600 and our website is www.silvercrestgroup.com. Our website and the information included therein are not part of this prospectus.

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The Offering

Class A common stock offered by us	shares of Class A common stock, or shares of Class A common stock if the underwriters exercise in full their option to purchase additional shares.
Class A common stock to be outstanding immediately after this offering	shares of Class A common stock (which includes 10 shares of Class A common stock issued to our Chairman and Chief Executive Officer on May 7, 2012), or shares of Class A common stock if the underwriters exercise in full their option to purchase additional shares. If all outstanding Class B units of Silvercrest L.P. held by our principals were to be exchanged for shares of our Class A common stock, shares of Class A common stock would be outstanding immediately after this offering.
Class B common stock to be outstanding immediately after this offering and the use of proceeds to purchase Class B units of Silvercrest L.P.	shares of Class B common stock will be outstanding after this offering and the use of a portion of the net proceeds from this offering to purchase Class B units of Silvercrest L.P. from certain of its existing limited partners. See Use of Proceeds. Shares of our Class B common stock have voting rights but no economic rights (including no rights to dividends or distribution upon liquidation) and will be issued to our limited partners in an amount equal to the number of Class B units of Silvercrest L.P. that our limited partners hold following the reorganization (but will not be issued in respect of deferred equity units of Silvercrest L.P. held by our principals). When a Class B unit is purchased by us or exchanged for a share of Class A common stock, the corresponding share of Class B common stock will be cancelled. See The Reorganization and Our Holding Company Structure Second Amended and Restated Limited Partnership Agreement of Silvercrest L.P. Coordination of Silvercrest Asset Management Group Inc. and Silvercrest L.P.
Use of proceeds	We will receive net proceeds from our sale of Class A common stock in this offering of approximately $ million (or approximately $ million if the underwriters exercise in full their option to purchase additional shares), based on an assumed initial public offering price of $ per share (the midpoint in the price range set forth on the cover of this prospectus), in each case after deducting assumed underwriting discounts and estimated offering expenses payable by us. We intend to use approximately $ million of the net proceeds from this offering to purchase Class B units of Silvercrest L.P. from certain of its existing limited partners. The purchase price for the Class B units will be determined by the public offering price of our Class A common stock in this offering, less the amount of underwriting discounts and commissions and offering expenses incurred by us on a per share basis. We intend to use the

	remaining net proceeds of this offering, including any proceeds from the exercise of the underwriters option to purchase additional shares, to purchase additional Class A units from Silvercrest L.P. and Silvercrest L.P. will use such proceeds for general corporate purposes, which may include business operations, investments in our business, the development of new investment strategies and strategic acquisitions.
Voting rights and stockholders agreement	One vote per share for Class A common stock and Class B common stock. Our principals who hold shares of Class B common stock will enter into a stockholders agreement pursuant to which they will agree to vote, while employed by us, the shares of Class A common stock and Class B common stock that they hold in accordance with the decision of the Executive Committee of Silvercrest L.P., referred to herein as the Executive Committee, consisting initially of G. Moffett Cochran, Chairman and Chief Executive Officer, Richard R. Hough III, President and Chief Operating Officer, Scott A. Gerard, Chief Financial Officer, and David J. Campbell, General Counsel and Secretary. The vote of each member of the Executive Committee will be weighted based on the number of Class B units owned by the member relative to the number of Class B units held by all members of the Executive Committee at the time of a vote. See The Reorganization and Our Holding Company Structure Voting Rights of Class A and Class B Stockholders and The Reorganization and Our Holding Company Structure Stockholders Agreement Among Class B Stockholders.
Class B unit exchange	Pursuant to the terms of the second amended and restated limited partnership agreement of Silvercrest L.P. and an exchange agreement to be entered into between us and the principals, each Class B unit held by a principal will be exchangeable for a share of our Class A common stock, subject to the exchange timing and volume limitations described under The Reorganization and Our Holding Company Structure Second Amended and Restated Limited Partnership Agreement of Silvercrest L.P. Exchange Rights. All Class B units held by a principal will be exchanged automatically for shares of our Class A common stock upon the termination of employment of such principal, other than in the case of retirement, subject to certain limitations described under The Reorganization and Our Holding Company Structure Second Amended and Restated Limited Partnership Agreement of Silvercrest L.P. Exchange Rights.
Resale and registration rights	Pursuant to a resale and registration rights agreement that we will enter into with the principals, we will agree to use our best efforts to file a registration statement for the sale of the shares of our Class A common stock that are issuable upon exchange of Class B units as soon as practicable after we become eligible to file a registration statement on Form S-3, which we expect to be one year after the consummation of this offering. We expect to cause that registration statement to be declared effective by the Securities and Exchange

Commission, or the SEC, as soon as practicable thereafter. See The Reorganization and Our Holding Company Structure Resale and Registration Rights Agreement for a description of the timing and manner limitations on resales of these shares of our Class A common stock.

Dividend policy	Upon completion of this offering, we will have no material assets other than our ownership of Class A units of Silvercrest L.P. Accordingly, our ability to pay dividends will depend on distributions from Silvercrest L.P. We intend to cause Silvercrest L.P. to make distributions to us with available cash generated from its subsidiaries operations in an amount sufficient to cover dividends. If Silvercrest L.P. makes such distributions, the limited partners will be entitled to receive equivalent distributions on a pro rata basis.
	The declaration and payment of all future dividends, if any, will be at the sole discretion of our board of directors and may be discontinued at any time. In determining the amount of any future dividends, our board of directors will take into account any legal or contractual limitations, our actual and anticipated future earnings, cash flow, debt service and capital requirements and the amount of distributions to us from Silvercrest L.P.
	Following this offering, we intend to pay quarterly cash dividends. See Dividend Policy.
Tax receivable agreement	We will enter into a tax receivable agreement with the principals, and any future holders of Class B units, that will require us to pay them 85% of the amount of cash savings, if any, in U.S. federal, state and local income tax that we actually realize (or are deemed to realize in the case of an early termination payment by us, or a change in control) as a result of the increases in tax basis and certain other tax benefits related to entering into the tax receivable agreement, including tax benefits attributable to payments under the tax receivable agreement. This will be our obligation and not the obligation of Silvercrest L.P. We expect to benefit from the remaining 15% of cash savings, if any, realized.
	The tax receivable agreement will commence upon consummation of this offering and will continue until all such tax benefits have been utilized or expired, unless we exercise our right to terminate the tax receivable agreement for an amount based on an agreed upon value of payments remaining to be made under the agreement. The tax receivable agreement will automatically terminate with respect to our obligations to a principal if a principal (i) is terminated for cause, (ii) breaches his or her non-solicitation covenants with our company or (iii) voluntarily resigns or retires and competes with our company in the 12-month period following resignation of employment or retirement, and no further payments will be made to such principal under the tax receivable agreement. See The Reorganization and Our Holding Company Structure Tax Receivable Agreement.

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Listing symbol SAMG.

Unless otherwise noted, the number of shares of Class A common stock outstanding after this offering and other information based thereon in this prospectus excludes:

- shares of Class A common stock, which may be issued upon the exercise of the underwriters option to purchase additional shares;
- shares of Class A common stock reserved for issuance upon exchange of the Class B units that will be outstanding immediately after this offering;
- shares of Class A common stock reserved for issuance upon exchange of the corresponding number of Class B units reserved for issuance upon the exercise of deferred equity units that have been granted as of the date of this prospectus and shares of Class A common stock reserved for issuance upon the vesting of performance units that have been granted as of the date of this prospectus; and
- shares of Class A common stock reserved for issuance under our new 2012 Equity Incentive Plan.

Summary Selected Historical and Pro Forma Consolidated Financial Data

The following table sets forth the summary selected historical consolidated financial data of Silvercrest L.P., which is deemed to be our predecessor for accounting purposes, as of the dates and for the periods indicated. The historical selected consolidated statement of operations data for the years ended December 31, 2012, 2011 and 2010, and the consolidated statements of financial position data as of December 31, 2012 and 2011 of Silvercrest L.P. have been derived from, and are qualified in their entirety by, the historical audited consolidated financial statements of Silvercrest L.P. included elsewhere in this prospectus. The consolidated statements of financial position data as of December 31, 2010 have been derived from financial statements not included in this prospectus.

The unaudited pro forma consolidated financial data for Silvercrest Asset Management Group Inc. give effect to all transactions described under Unaudited Pro Forma Consolidated Financial Information, including the reorganization, the distribution of approximately $ million to its existing limited partners prior to the consummation of this offering and this offering.

You should read the following summary selected historical consolidated financial data of Silvercrest L.P. and the unaudited pro forma financial information of Silvercrest, together with Business, Selected Historical Consolidated Financial Data, Unaudited Pro Forma Consolidated Financial Information, Management s Discussion and Analysis of Financial Condition and Results of Operations and the historical consolidated financial statements and related notes of Silvercrest L.P. and subsidiaries appearing elsewhere in this prospectus. In the following tables (including the footnotes thereto), dollars are in thousands, except as otherwise indicated.

	Historical Silvercrest L.P. Year Ended December 31,			Pro Forma Silvercrest Year Ended December 31,
	2012	2011	2010	2012
Statements of operations data:				
Revenue:				
Management and advisory fees	$ 46,069	$ 37,869	$ 32,442	
Performance fees and allocations	714	85	548	
Family office services	4,907	4,833	3,841	
Total revenue	51,690	42,787	36,831	
Expenses:				
Compensation and benefits	19,108	17,492	16,528	
General and administrative	13,680	10,849	9,459	
Total expenses	32,788	28,341	25,987	
Income before other income (expense), net	18,902	14,446	10,844	
Other income (expense), net:				
Loss on forgiveness of notes receivable		(34)	(508)	
Other income (expense)	123	(210)	32	
Interest income	145	187	231	
Interest expense	(304)	(164)	(241)	
Equity income from investments	1,911	950	1,241	
Total other income (expense), net	1,875	729	755	
Income before provision for income taxes	20,777	15,175	11,599	
(Provision) for income taxes	(1,057)	(566)	(657)	
Net income	$ 19,720	$ 14,609	$ 10,942	

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	Historical Silvercrest L.P. Year Ended December 31, 2012	2011	2010	Pro Forma Silvercrest Year Ended December 31, 2012
Selected statements of financial position data:				
Total assets	$ 52,454	$ 45,262	$ 33,079	
Notes payable	3,315	4,809	2,957	
Total liabilities	14,317	15,751	12,490	
Redeemable partners capital	98,607	85,177	45,619	
Partners deficit/Stockholders equity	(60,470)	(55,666)	(25,030)	
Non-controlling interests				
Selected unaudited operating data:				
Assets under management (billions) (1)	$ 11.2	$ 10.1	$ 9.2	
Adjusted EBITDA (2)	$ 14,702	$ 10,839	$ 9,068	
Adjusted EBITDA margin (3)	28.4%	25.3%	24.6%	

(1) As of the last day of the period.

(2) To provide investors with additional insight, promote transparency and allow for a more comprehensive understanding of the information used by management in its financial and operational decision-making, we supplement our consolidated financial statements presented on a basis consistent with U.S. generally accepted accounting principles, or GAAP, with Adjusted EBITDA, a non-GAAP financial measure of earnings. EBITDA represents net income before income tax expense, interest income, interest expense, depreciation and amortization. We define Adjusted EBITDA as EBITDA without giving effect to professional fees associated with acquisitions or financing transactions, losses on forgiveness of notes receivable from our principals, gains on extinguishment of debt or other obligations related to acquisitions, impairment charges and losses on disposals or abandonment of assets and leaseholds, client reimbursements and fund redemption costs, severance and other similar expenses, but including partner incentive allocations as an expense. Our management uses Adjusted EBITDA as a financial measure to evaluate the profitability and efficiency of our business model. We use this non-GAAP financial measure to assess the strength of the underlying operations of our business. These adjustments, and the non-GAAP financial measure that is derived from them, provide supplemental information to analyze our operations between periods and over time. Investors should consider our non-GAAP financial measure in addition to, and not as a substitute for, financial measures prepared in accordance with GAAP.

The following table contains a reconciliation of net income to Adjusted EBITDA (amounts in thousands).

	Year Ended December 31, 2012	2011	2010
Reconciliation of non-GAAP financial measure:			
Net income	$ 19,720	$ 14,609	$ 10,942
Provision for income taxes	1,057	566	657
Interest expense	304	164	241
Interest income	(145)	(187)	(231)
Partner incentive allocations (A)	(12,129)	(8,775)	(5,173)
Depreciation and amortization	1,918	1,469	1,379
Equity-based compensation	1,416	1,060	583
Other adjustments (B)	2,561	1,933	670
Adjusted EBITDA	$ 14,702	$ 10,839	$ 9,068

(A) Partner incentive allocations have historically been treated as distributions of net income and recorded when paid. Upon the completion of the reorganization and this offering, we will account for partner incentive payments as an expense in our statement of operations and have reflected the related adjustments in our pro forma financial information. Accordingly, this will have the effect of increasing compensation expense relative to the amounts that have been recorded historically in our financial statements. See Unaudited Pro Forma Consolidated Financial Information.

(B) Other adjustments consist of the following:

	Years Ended December 31,		
	2012	2011	2010
Loss on forgiveness of notes receivable (a)	$	$ 34	$ 508
Write-off of LongChamp revenue (b)			64
Loss on sub-lease (c)	(85)	150	
Lease abandonment (reversal) (d)	(662)		
Client reimbursement	12		
Fund redemption costs (e)	(4)	827	
IPO professional fees	2,892	578	
Acquisition costs (f)	121	222	
Severance	79	69	100
Other (g)	208	53	(2)
Total other adjustments	**$ 2,561**	**$ 1,933**	**$ 670**

(a) Represents remaining balance on notes originally issued in connection with the issuance of equity that were forgiven in connection with the termination of employee-partners.

(b) In 2009, we entered into a settlement agreement with the former owners of LGI to close the business of LGI, which was acquired by us in 2007. All agreements between our company and the former owners of LGI were terminated. LGI was ultimately wound down in 2009.

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

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

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

(f) Reflects the legal and accounting fees associated with the closing of the Commodity Advisors acquisition in 2012 and the Milbank acquisition that were expensed in 2011. Also reflects expenses related to relocating Milbank personnel and operations to our headquarters that were incurred during the year ended December 31, 2012.

(g) In 2012, represents a fair value adjustment to the Milbank contingent consideration of ($42), a non-recurring catch-up operating escalation from our landlord of $97, and $153 of expenses incurred related to our 10th anniversary client event. In 2011, professional fees related to the Milbank acquisition and a Silvercrest fund.

(3) Adjusted EBITDA margin is calculated by dividing Adjusted EBITDA by total revenue.

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RISK FACTORS

You should carefully consider the following risk factors in addition to the other information presented in this prospectus before investing in our Class A common stock. Any of the following risks could have a material adverse effect on our business, financial condition, results of operations or cash flow. If any of the following risks and uncertainties actually occur, you may lose all or part of your original investment.

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.

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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 under Business Our Business Model. 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, 2012 and for periods 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 and the second quarter of 2010, 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, 2012, $7.1 billion of our assets under management were concentrated in discretionary managed accounts, representing approximately 82% of our investment management fees for the year ended December 31, 2012. In addition, $0.9 billion of our assets under management were invested in private partnerships, as of December 31, 2012, representing approximately 18% of our investment management fees for the year ended December 31, 2012. 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 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 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 most of our revenues from assets under management that may be reduced at any time by our clients.

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 advisory 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 or if we close certain of our investment strategies.

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.

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, investors may purchase relatively expensive stocks in order to obtain access to above average growth, as was the case in the late 1990s. Value-oriented strategies may also experience weakness during periods when the markets are focused on one investment thesis or sector. For example, in the past two years, the markets have deemed many businesses producing commodities and basic materials to be sound investments, regardless of their prices, based on the thesis that the rapid growth of such large economies as China and India means that there will be constant shortfalls in the supply of the goods produced by these companies. We would not invest in these companies if their stocks were not inexpensively priced, thus foregoing potentially attractive returns during the periods when these companies stock prices are continuing to advance.

Our investment approach may underperform other investment approaches, which may result in significant withdrawals of client assets or client departures or 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, extensive periods in particular market environments or other difficulties may result in significant withdrawals of client assets, client departures or 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, 2012, our Core International Equity Strategy, which invests in companies domiciled outside of the United States, accounted for approximately 0.7% 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 the portfolio managers. As of December 31, 2012, $3.6 billion, representing 32% of our assets under management, were managed using one of our proprietary equity strategies. Our five largest strategies as of December 31, 2012 were Large Cap, Multi Cap, Small Cap, Equity Income and Focused Value which represented 11%, 7%, 7%, 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 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 also depend on the contributions of our senior management team led by G. Moffett Cochran, our Chairman and Chief Executive Officer, who co-founded our company and has been the primary architect of our business strategy, as well as other members of our senior management team. Mr. Cochran is 62 years old and has no current plans to retire. In 2002, he had an islet cell tumor removed from his pancreas and in 2005, he was

found to have neuroendocrine tumors on his liver. Since 2005, Mr. Cochran has been under the treatment of a physician and has continuously performed his duties as Chief Executive Officer of our company on a full-time basis. There can be no assurance, however, that Mr. Cochran will not reduce his responsibilities or retire earlier than expected if his health condition were to worsen in the future. 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.

Any of our investment or management professionals may resign at any time, join our competitors or form a competing company. 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 (other than an immaterial key-man policy on Mr. Cochran) 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 critical elements to executing our business strategy and attracting and retaining clients. Accordingly, the retention of our senior management and key investment professionals is crucial 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

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equity ownership through interests in Silvercrest L.P. and Silvercrest GP LLC. Those key employees who are currently limited partners of Silvercrest L.P. and Silvercrest GP LLC will hold these interests in the form of Class B units immediately following this offering. In connection with our transition to a public company, we expect to implement a new compensation structure that uses a combination of cash and equity-based incentives as appropriate. Although we intend for overall compensation levels to remain commensurate with amounts paid to our key employees in the past, we may not be successful in designing and implementing an attractive compensation model. Any cost-reduction initiative or adjustments or reductions to compensation could negatively impact our ability to retain key personnel. In addition, changes to our management structure, corporate culture and corporate governance arrangements, including the changes associated with, and resulting from, our reorganization and becoming a public company, 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 Investment Advisers Act of 1940, as amended, or the Advisers Act, by the Commodity Futures Trading Commission, or CFTC, under the Commodity Exchange Act, by the U.S. Department of Labor under the Employee Retirement Income Security Act of 1974, or 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 Securities Exchange Act of 1934, as amended, or the Exchange Act, the Investment Company Act of 1940, as amended, or the Investment Company Act, and 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.

The Dodd-Frank Wall Street Reform and Consumer Protection Act, or the Dodd-Frank Act, was signed into law on July 21, 2010. While we do not at this time believe that the Dodd-Frank Act will cause us to reconsider our business model, it does appear that certain provisions will, and other provisions may, increase regulatory burdens and reporting and related compliance costs. In addition, the scope of many provisions of the Dodd-Frank Act will be determined by implementing regulations, some of which will require lengthy proposal and promulgation periods. Moreover, the Dodd-Frank Act mandates many regulatory studies, some of which pertain directly to the investment management industry, which could lead to additional legislation or regulation. The SEC and the CFTC, jointly issued final rules that require investment advisers registered with the SEC that advise one or more private funds, as well as commodity pool operators and commodity trading advisors registered with the CFTC, to provide certain information on Form PF about their funds and assets under management, including the amount of borrowings, concentration of ownership and other performance information, which will be used by the Financial Stability Oversight Council for purposes of assessing the systemic risk posed by private funds and by the SEC and CFTC for other purposes. In light of this rulemaking, we will be required to file a Form PF, a Form CPO-PQR and Form CTA-PR providing all necessary information. The Dodd-Frank Act will affect a broad range of market participants with whom we interact or may interact, including banks, non-bank financial institutions, rating agencies, mortgage brokers, credit unions, insurance companies and broker-dealers.

Regulatory changes that will affect other market participants are likely to change the way in which we conduct business with our counterparties. The uncertainty regarding implementation 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. We believe that significant regulatory changes in our industry are likely to continue, which is likely to 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, as a result of the recent economic downturn, acts of serious fraud in the investment management industry and perceived lapses in regulatory oversight, U.S. and non-U.S. governmental and regulatory authorities may increase regulatory oversight of our businesses. We may be adversely affected as a result of new or revised legislation or regulations imposed by the SEC, 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.

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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.

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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.

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.

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 teams 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 flow, 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.

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 of 1986, as amended, or 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.

After we become 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.

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.

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.

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 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 which 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.

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

New accounts sourced through consultant-led searches may 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. If we fail to successfully maintain these third-party distribution and sub-investment advisory relationships, our business could be materially 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 $11.2 billion as of December 31, 2012. 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 otherwise take action to slow the flow of assets into those strategies.

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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.

The cost of insuring our business is substantial and may increase.

Our insurance costs are substantial and can fluctuate significantly from year to year and rate increases in the future are possible. In addition, certain insurance coverage may not be available or may only be available at prohibitive costs. As we renew our insurance policies, we may be subject to additional costs resulting from rising premiums, the assumption of higher deductibles and/or co-insurance liability. In addition, we intend to obtain additional liability insurance for our directors and officers in connection with this offering. Higher insurance costs and increased deductibles would negatively impact our net income.

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.

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The historical consolidated and unaudited pro forma financial information included in this prospectus is not necessarily indicative of our future financial results after the reorganization and as a public company.

The historical consolidated financial information included in this prospectus may not be indicative of our future financial results after the reorganization and as a public company. Our assets under management have increased 42% in the past six years. We do not expect our assets under management or revenue to grow at the same rate as they have grown in the past five years. In addition, the historical consolidated financial information included in this prospectus does not reflect the added costs that we expect to incur as a public company or the changes that will occur in our capital structure and operations in connection with our reorganization. For example, because we operated through a limited liability company prior to this offering and paid little or no taxes on our profits, our historical consolidated financial information does not reflect the tax impact of our adoption of a corporate holding company structure.

In preparing our unaudited pro forma financial information for the periods prior to this offering, we adjusted our historical financial information for the transactions described in The Reorganization and Our Holding Company Structure. The estimates we used in this unaudited pro forma financial information are not intended to approximate our actual experience as a public company or be indicative in any way of our future performance. The results of future periods may be materially different than those of the past as a result of:

- the impact of the reorganization, in relation to our size, during the pro forma periods;
- future performance of our investment strategies, which differs from the historical performance reflected in the unaudited pro forma financial information;
- the pace of growth of our business in the future, including the formation of new investment strategies, which differs from the historical growth reflected in the unaudited pro forma financial information; and
- the additional costs of being a public company including compliance with Sarbanes-Oxley.

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 overage 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.

Any requirement that we sell assets at a loss to redeem or pay interest on any leverage or for other reasons would reduce our net asset 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.

Although we believe that the proceeds from this offering and future cash flow from operations will be sufficient to meet our working capital needs 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 use proceeds remaining from this offering 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.

Risks Related to Our Structure

Control by our principals of % of the combined voting power of our capital stock and the rights of holders of Class B units of Silvercrest L.P. may give rise to conflicts of interest.

Immediately after the completion of this offering, our employee stockholders will collectively hold approximately % of the combined voting power of our capital stock (or approximately %, if the underwriters exercise in full their option to purchase additional shares of our Class A common stock). Concurrently with the completion of this offering, each of our principals (including directors who are principals) who hold shares of our common stock will enter into a stockholders agreement with respect to all shares of our Class A common stock and Class B common stock then held by them and any shares of our Class A common stock and Class B common stock they may acquire in the future. Pursuant to the stockholders agreement, the shares of Class A common stock and Class B common stock held by our employees will be voted in accordance with the determination of the Executive Committee until the termination of employment of such employee. The votes of the members of the Executive Committee will be weighted based upon their relative holdings of Silvercrest L.P. Class B units. As a result of his equity ownership and position on the Executive Committee, Mr. Cochran, our Chief Executive Officer, will initially control the vote of the Executive Committee and, as a result, all of the shares of Class A common stock and Class B common stock held by our principals.

In connection with this offering, we plan to adopt the 2012 Equity Incentive Plan, pursuant to which we intend to grant equity awards of or with respect to shares of our Class A common stock or Class B units of Silvercrest L.P. To the extent that we cause Silvercrest L.P. to issue additional Class B units to our principals, these employees would be entitled to receive a corresponding number of shares of our Class B common stock (including if the Class B units awarded are subject to vesting). All of the shares of our common stock issued to principals under this plan will be subject to the stockholders agreement.

For so long as our principals who remain employed by us collectively hold at least 50% of the number of outstanding shares of our common stock, the parties to the stockholders agreement will be able to elect all of the members of our board of directors and thereby control our management and affairs, including determinations with respect to acquisitions, dispositions, borrowings, issuances of securities and the declaration and payment of dividends. In addition, the parties to the stockholders agreement will be able to determine the outcome of all matters requiring the approval of stockholders to cause or prevent a change of control of our company or a change in the composition of our board of directors and could preclude any unsolicited acquisition of our

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company. The parties to the stockholders agreement will have the ability to prevent the consummation of mergers, takeovers or other transactions that may be in the best interests of our Class A stockholders. In particular, this concentration of voting power could deprive Class A stockholders of an opportunity to receive a premium for their shares of Class A common stock as part of a sale of our company, and could ultimately affect the market price of our Class A common stock.

In addition, because our principals will hold 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 existing owners 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 we will enter into in connection with this 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 these existing owners tax or other considerations even where no similar benefit would accrue to us. See The Reorganization and Our Holding Company Structure Tax Receivable Agreement for more information.

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.

Following completion of this offering, we intend to declare cash dividends on our Class A common stock as described in Dividend Policy. 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 future indebtedness, 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.

Upon the consummation of this offering, we will have no material assets other than our ownership of Class A units of Silvercrest L.P. and will have no independent means of generating revenue. Silvercrest L.P. will be treated as a partnership for U.S. federal income tax purposes and, as such, will not be subject to U.S. federal income tax. Instead, taxable income will be 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. will be 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 reorganization described under The Reorganization and Our Holding Company Structure will result 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 partners, both the existing basis and the anticipated basis adjustments are likely to increase (for tax purposes) depreciation and amortization deductions allocable to us from 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 will enter into with our principals, will generally provide 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 this 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 this offering and (ii) future exchanges of Class B units as described above would aggregate approximately $ million over 15 years from the date of this offering based on an assumed price of $ per share of our Class A common stock (the midpoint of the price range set forth on the cover of this prospectus) and assuming all future exchanges or purchases, other than the purchases in connection with this offering, would occur one year after this offering. Under such scenario we would be required to pay the holders of limited partnership units 85% of such amount, or approximately $ million, over the 15-year period from the date of this offering. The actual amounts may materially differ from these hypothetical amounts, as potential future reductions in tax payments for us and tax receivable agreement payments by us will be calculated using the market value of our Class A common stock 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. See The Reorganization and Our Holding Company Structure Tax Receivable Agreement.

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 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 immediately after this offering, based on an assumed price of $ per share of our Class A common stock (the midpoint of the price range set forth on the cover of this prospectus), we estimate that we would be required to pay approximately $ million in the aggregate under the tax receivable agreement.

If we were deemed an investment company under the Investment Company Act as a result of our ownership of 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). Upon consummation of this offering, our sole asset will be 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.

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Risks Related to this Offering

There is no existing market for our Class A common stock, and we do not know if one will develop, which may cause our Class A common stock to trade at a discount from its initial offering price and make it difficult to sell the shares you purchase.

Prior to this offering, there has not been a public market for our Class A common stock and we cannot predict the extent to which investor interest in us will lead to the development of an active trading market on Nasdaq, or otherwise, or how liquid that market might become. If an active trading market does not develop, you may have difficulty selling your shares of Class A common stock at an attractive price, or at all. The initial public offering price for our Class A common stock will be determined by negotiations between us and the representatives of the underwriters and may not be indicative of prices that will prevail in the open market following this offering. Consequently, you may not be able to sell shares of our Class A common stock at prices equal to or greater than the price you paid in this offering and you may suffer a loss on your investment.

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.

Even if an active trading market develops, 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 cover our Class A common stock after this offering;
- 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;

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 after completion of this offering, or the perception that such sales could occur. These sales, or the possibility that these sales may occur, also may make it more difficult for us to raise additional capital by selling equity securities in the future, at a time and price that we deem appropriate.

We will agree with the underwriters not to issue, sell, or otherwise dispose of or hedge any shares of our Class A common stock, subject to certain exceptions, for the 180-day period following the date of this prospectus, without the prior consent of Sandler O Neill & Partners, L.P. and Raymond James & Associates, Inc. Prior to the consummation of this offering, our executive officers and directors and our employees who participate in the directed share program will enter into similar lock-up agreements with the underwriters. Sandler O Neill & Partners, L.P. and Raymond James & Associates, Inc. may, at any time, release us and/or any of our officers and directors from this lock-up agreement and allow us to sell shares of our Class A common stock within this 180-day period. For more information, see Underwriting. In addition, pursuant to the terms of an exchange agreement that we will enter into with our principals, such Class B units will not be exchangeable for shares of our Class A common stock until the six-month anniversary of the consummation of this offering. Pursuant to our lock-up agreement with the underwriters, we will not be permitted to waive these restrictions pursuant to the exchange agreement without the prior consent of Sandler O Neill & Partners, L.P. and Raymond James & Associates, Inc.

Upon completion of this offering, there will be shares of our Class A common stock outstanding (or shares if the underwriters exercise in full their option to purchase additional shares of our Class A common stock) of which shares will be freely transferable without restriction or further registration under the Securities Act. 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 at the times described under The Reorganization and Our Holding Company Structure Resale and Registration Rights Agreement. For so long as a principal remains employed by us, during every 12-month period beginning on the six-month anniversary of this offering, 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 Reorganization and Our Holding Company Structure Second Amended and Restated Limited Partnership Agreement of Silvercrest L.P. Exchange Rights. 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 described in The Reorganization and Our Holding Company Structure Resale and Registration Rights.

After this offering, we intend initially to register shares of our Class A common stock for issuance 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 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.

Participants in our directed share program who have executed a lock-up agreement with the underwriters must hold their shares for a minimum of 180 days following the date of this prospectus and accordingly will be subject to market risks not imposed on other investors in this offering.

At our request, the underwriters have reserved up to shares of the Class A common stock offered hereby for sale to our directors, officers, employees and certain other parties who are otherwise associated with us. Purchasers of these shares who have entered into a lock-up agreement with the underwriters will not, subject to exceptions, be able to offer, sell, contract to sell, or otherwise dispose of or hedge any such shares for a period of 180 days after the date of the final prospectus relating to this offering, subject to certain specified extensions. As a result of such restriction, such purchasers may face risks not faced by other investors who have the right to sell their shares at any time following this offering (including other participants in the directed share program who have not executed a lock-up agreement with the underwriters). These risks include the market risk of holding our shares of Class A common stock during the period that such restrictions are in effect.

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 choose to 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, 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 billion in nonconvertible debt during the preceding three-year period. We cannot predict whether investors will find our Class A common stock less attractive if we choose to rely on these exemptions. If some investors find our Class A common stock less attractive as a result of any decisions to reduce future disclosure, 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 are, however, choosing 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.

Following the completion of this offering, we will be required to comply with various regulatory and reporting requirements, including those required by the SEC. Complying with these reporting and other regulatory requirements will be time-consuming and will result 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 will be 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 will need to commit significant resources, hire additional staff and provide additional management oversight. We will be implementing additional procedures and processes for the purpose of addressing the standards and requirements applicable to public companies, including consideration of an upgrade to our financial reporting systems. 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 expansion. In addition, as a public company, we must also enhance 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 may 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.

You will suffer immediate and substantial dilution and may experience additional dilution in the future.

We expect that the initial public offering price per share of our Class A common stock will be substantially higher than the pro forma net tangible book value per share of our Class A common stock immediately after this offering, and after giving effect to the exchange of all outstanding Class B units held by our principals for shares of our Class A common stock. As a result, you will pay a price per share that substantially exceeds the per share book value of our assets after subtracting our liabilities. At an offering price of $ (the midpoint of the range set forth on the cover of this prospectus), you will incur immediate and substantial dilution in an amount of $ per share of our Class A common stock. In addition, you 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.

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We have broad discretion in the use of the net proceeds to us from this offering and may not use them in a manner in which our stockholders would consider appropriate.

We cannot specify with certainty the particular uses of the net proceeds remaining after the repurchase of Class B units from existing limited partners that we will receive from this offering. Our management will have broad discretion in the application of the net proceeds, including for any of the purposes described under the heading Use of Proceeds included elsewhere in this prospectus. Our stockholders may not agree with the manner in which our management chooses to allocate and spend the net proceeds. The failure by our management to apply these funds effectively could have an adverse effect on our business. Pending their use, we may invest the net proceeds from this offering in a manner that does not produce income or that loses value.

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, which will be in effect at the time this offering is consummated, will authorize 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. 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.

We will be a controlled company within the meaning of the Nasdaq rules and, as a result, will qualify for, exemptions from certain corporate governance requirements.

Upon the closing of this offering, our principals will continue to control a majority of our Class A common stock. As a result, we will be a controlled company within the meaning of the Nasdaq corporate governance standards. Under the Nasdaq rules, a company of which more than 50% of the voting power is held by an individual, group or another company is a controlled company and may elect not to comply with certain Nasdaq corporate governance requirements, including:

- the requirement that a majority of the board consists of independent directors;
- the requirement that we have a nominating/corporate governance committee that is composed entirely of independent directors;
- the requirement that we have a compensation committee that is composed entirely of independent directors; and
- the requirement for an annual performance evaluation of the nominating/corporate governance and compensation committees.

Following this offering, we do not intend to utilize these exemptions. As a result, we will have a majority of independent directors and our Nominating/Corporate Governance and Compensation Committees will consist entirely of independent directors and we will have an annual performance evaluation of the Nominating/Corporate Governance and Compensation Committees. See Management section. However, if we decide to utilize these exemptions in the future, you will not have the same protections afforded to stockholders of companies that are subject to all of the Nasdaq corporate governance requirements.

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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 will depend in part on the research and reports that securities or industry analysts publish about us or our business. We do not currently have and may never obtain research coverage by securities and industry analysts. If no securities or industry analysts commence coverage of our company, the trading price for our Class A common stock would be negatively impacted. If we obtain securities or industry analyst coverage and 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.

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SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

This prospectus includes forward-looking statements. These statements may be identified by the use of forward-looking terminology such as anticipate, believe, continue, could, estimate, expect, intend, may, might, plan, potential, predict, should, or will, or variations thereon or comparable terminology. In particular, statements about our expectations, beliefs, plans, objectives, assumptions or future events or performance relating to our growth, expansion into new markets, sales trends of particular lines of products and other statements contained in this prospectus, including certain statements under the headings Prospectus Summary, Risk Factors, Management s Discussion and Analysis of Financial Condition and Results of Operations, Business and Regulatory Environment, are forward-looking statements.

We have based these forward-looking statements on our current expectations, assumptions, estimates and projections. While we believe these expectations, assumptions, estimates and projections are reasonable, these forward-looking statements are only predictions and involve known and unknown risks and uncertainties, many of which are beyond our control. These and other important factors, including those discussed in this prospectus under the headings Prospectus Summary, Risk Factors, Management s Discussion and Analysis of Financial Condition and Results of Operations, Business and Regulatory Environment may cause our actual results, performance or achievements to differ materially from any future results, performance or achievements expressed or implied by these forward-looking statements. Some of the key factors that could cause actual results to differ from our expectations are:

- our business strategies and investment policies;
- our intention to pay quarterly dividends;
- our financing plans;
- our competitive position and the effects of competition on our business;
- potential growth opportunities available to us;
- our status as an emerging growth company;
- the recruitment and retention of our employees;
- our expected levels of compensation of our employees and the impact of compensation on our ability to attract and retain employees;
- our potential operating performance and efficiency;
- our expected tax rate;
- our expectation with respect to the economy, capital markets, the market for asset management services and other industry trends;

- the benefits to our business resulting from the effects of the reorganization;
- our belief as to the adequacy of our facilities; and
- the impact of future legislation and regulation, and changes in existing legislation and regulation, on our business.

Other factors that could cause actual results to differ from those implied by the forward-looking statements in this prospectus are more fully described in the Risk Factors section and elsewhere in this prospectus. Given these risks and uncertainties, you are cautioned not to place undue reliance on these forward-looking statements. The forward-looking statements included in this prospectus are made only as of the date hereof. We do not undertake and specifically decline any obligation to update any of these statements or to publicly announce the results of any revisions to any of these statements to reflect future events or developments.

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THE REORGANIZATION AND OUR HOLDING COMPANY STRUCTURE

Overview

On July 11, 2011, Silvercrest was incorporated as a Delaware corporation. Silvercrest GP LLC is currently the general partner of Silvercrest L.P., which is the managing member of the operating subsidiary, Silvercrest Asset Management Group LLC.

Set forth below is our holding company structure and ownership immediately prior to the reorganization described below:

(1) Prior to the reorganization and this offering, Vulcan Wealth Management LLC held approximately % of the limited partner interests in Silvercrest L.P. and Silvercrest GP LLC. We will use a portion of the proceeds from this offering to purchase all such interests in Silvercrest L.P. from Vulcan Wealth Management LLC.
(2) Silvercrest GP LLC is the general partner of Silvercrest L.P.
(3) Silvercrest L.P. is the managing member of the operating subsidiaries.

Prior to the consummation of this offering but after the effectiveness of the registration statement of which this prospectus forms a part, the members of Silvercrest GP LLC will receive a distribution of the general partner interests of Silvercrest L.P. owned by Silvercrest GP LLC as part of the reorganization. Once acquired, these interests that were distributed to the members of Silvercrest GP LLC will be automatically converted into limited partnership interests. Subsequent to the distribution of the general partner interests of Silvercrest L.P. to its members and the conversion of those interests into limited partnership interests, Silvercrest GP LLC will transfer its rights as general partner to Silvercrest and will be dissolved. Silvercrest will become the general partner of Silvercrest L.P. As part of the reorganization, the partnership agreement of Silvercrest L.P. will be amended to provide that the limited partnership interests will be converted to Class B units and the general partnership interests will consist of Class A units.

Immediately following the reorganization, our only material asset will be our general partner interests in Silvercrest L.P. We will use approximately $ million of the net proceeds from this offering to purchase Class B units of Silvercrest L.P. from certain of its existing limited partners, including all Class B units held by a third-party investor in Silvercrest L.P., and such Class B units acquired by us will be immediately converted into Class A units. This third-party investor will therefore no longer hold any portion of Silvercrest L.P s Class B units or any of our Class B common stock subsequent to the reorganization. Following the reorganization and this offering, we will own all of the Class A units, which represent the general partnership interest in Silvercrest L.P., or approximately % of the partnership units of Silvercrest L.P. (or % of the partnership units if the underwriters exercise in full their option to purchase additional shares of Class A common stock). The remaining approximately % of the partnership units in Silvercrest L.P. (or % of the partnership units if the underwriters exercise in full their option to purchase additional shares of Class A common stock) will be held by 35 of our principals and two non-employee partners. Prior to the consummation of this offering, Silvercrest L.P. intends to make a distribution to its limited partners of previously undistributed earnings in the aggregate amount of approximately $ million. Such distribution will be funded from the existing cash balances of Silvercrest L.P. Purchasers in this offering will not be entitled to receive any portion of this distribution and such distribution may not be indicative of the amount of any future distributions.

The Class A units and Class B units will have the same economic rights. In addition, Silvercrest L.P. has issued non-voting deferred equity units exercisable for Class B units, which entitle the holders thereof to distributions from Silvercrest L.P. as if the underlying Class B units were outstanding. Accordingly, immediately after the consummation of this offering and the purchase of Class B units from certain limited partners of Silvercrest L.P., the holders of the Class B units and deferred equity units in Silvercrest L.P. will hold approximately % and %, respectively, of the economic interests in our business (or approximately % and %, respectively, if the underwriters exercise in full their option to purchase additional shares of Class A common stock). For a discussion of the deferred equity units issued by Silvercrest L.P., see Compensation Discussion and Analysis Potential Payments Upon Termination or Change in Control Deferred Equity Units and Performance Units and note 16 to the audited financial statements of Silvercrest L.P.

As part of the reorganization, we will issue to the holders of Class B units, for each Class B unit, one share of Class B common stock in exchange for the payment by the holder of the Class B unit of its par value. We will not issue Class B common stock in respect of deferred equity units of Silvercrest L.P. until the underlying Class B units are issued with respect thereto. Each share of our Class B common stock will entitle its holder to one vote. Initially, the holders of the Class B common stock will have % of the combined voting power of our common stock (or % if the underwriters exercise in full their option to purchase additional shares of Class A common stock). When a Class B unit is purchased by us, exchanged for a share of our Class A common stock, forfeited as a result of applicable vesting provisions, or forfeited or redeemed as a result of a breach of any restrictive covenants contained in the second amended and restated limited partnership agreement of Silvercrest L.P., a corresponding number of shares of our Class B common stock automatically will be redeemed at par value and cancelled by us. Conversely, to the extent we cause Silvercrest L.P. to issue additional Class B units (including awards of Class B units subject to vesting) to our employees pursuant to our 2012 Equity Incentive Plan or Class B units are issued upon the vesting of outstanding deferred equity units in Silvercrest L.P., these employees will be entitled to receive an equal number of shares of our Class B common stock.

Concurrently with the reorganization, our principals will enter into a stockholders agreement pursuant to which they will agree to vote while they are employed by us all shares of Class B common stock and Class A common stock then held by them, and acquired in the future, on all matters submitted to a vote of our common stockholders in accordance with the decision of the Executive Committee. Therefore, upon the closing of this offering, the Executive Committee will be able to exercise control over all matters requiring the approval of our stockholders, including the election of our directors and the approval of significant corporate transactions.

The Class A common stock will represent 100% of the rights of the holders of all classes of our capital stock to share in all distributions, except for the right of holders of our Class B common stock to receive the par value of each share of our Class B common stock upon our liquidation, dissolution or winding-up.

Pursuant to the second amended and restated limited partnership agreement of Silvercrest L.P., each vested Class B unit held by a principal will be exchangeable for a share of our Class A common stock, subject to the exchange timing and volume limitations described under Second Amended and Restated Limited Partnership Agreement of Silvercrest L.P. Exchange Rights. Unvested Class B units held by our principals will not be exchangeable until they have vested other than upon a termination of employment of a principal, at which time all vested and unvested Class B units will be automatically exchanged for shares of our Class A common stock, subject to certain exceptions, including in the case of retirement and termination for cause, as described under Second Amended and Restated Limited Partnership Agreement of Silvercrest L.P. Exchange Rights.

Pursuant to a resale and registration rights agreement that we will enter into with our principals, we intend to file a registration statement on Form S-3 to register the resale of shares of our Class A common stock that are issuable upon exchange of these Class B units and to maintain such registration in effect for no less than five years. We expect to become eligible to file a registration statement on Form S-3 one year after the consummation of this offering. See Resale and Registration Rights Agreement for a description of the timing and manner limitations on resales of these shares.

Set forth below is our holding company structure and anticipated ownership immediately after the consummation of this offering and the use of a portion of the net proceeds to purchase Class B units of Silvercrest L.P. from certain of its existing limited partners (assuming no exercise of the underwriters option to purchase additional shares and without taking into account any outstanding deferred equity units).

(1) Each share of Class B common stock is entitled to one vote per share. Class B stockholders will 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 will have 100% of the rights of all classes of our capital stock to receive distributions, except that Class B common stockholders will have the right to receive the par value of the Class B common stock upon our liquidation, dissolution or winding-up.

(3) Each Class B unit held by a principal is exchangeable for one share of Class A common stock. The principals will collectively hold Class B units, which will represent the right to receive approximately % of the distributions made by Silvercrest L.P. and deferred equity units exercisable for Class B units, which will represent the right to receive approximately % of the distributions made by Silvercrest L.P. (or approximately % and %, respectively, of the distributions made by Silvercrest L.P. if the underwriters exercise in full their option to purchase additional shares of Class A common stock). The deferred equity 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 deferred equity units have not been issued and are not deemed outstanding, the holders of deferred equity 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 deferred equity units of Silvercrest L.P. until such time that the underlying Class B units are issued.

(4) We will hold Class A units (or Class A units if the underwriters exercise in full their option to purchase additional shares of Class A common stock), which will represent the right to receive approximately % of the distributions made by Silvercrest L.P. (or approximately % of the distributions made by Silvercrest L.P. if the underwriters exercise in full their option to purchase additional shares of Class A common stock). The deferred equity 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 deferred equity units have not been issued and are not deemed outstanding, the holders of deferred equity 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 deferred equity units of Silvercrest L.P. until such time that the underlying Class B units are issued.

Holding Company Structure

Our only business following this offering will be to act as the general partner of Silvercrest L.P. and, as such, we will 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. will be accounted for as a non-controlling interest in our consolidated financial statements after this offering.

Net profits, net losses and distributions of Silvercrest L.P. will be allocated and made to each of its partners pro rata 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 exercisable for Class B units which entitle the holders thereof to receive distributions from Silvercrest L.P. to the same extent as if the underlying Class B units were outstanding. Accordingly, net profits and net losses of Silvercrest L.P. will initially be allocated, and distributions will be made, approximately % to us and approximately % to the initial holders of Class B units and holders of deferred equity units (or % and %, respectively, if the underwriters exercise in full their option to purchase additional shares of Class A common stock).

Second Amended and Restated Limited Partnership Agreement of Silvercrest L.P.

As a result of the reorganization, we will operate our business through Silvercrest L.P. and its consolidated subsidiaries. The operations of Silvercrest L.P., and the rights and obligations of its partners, are set forth in the second amended and restated limited partnership agreement of Silvercrest L.P., a form of which is being filed as an exhibit to the registration statement of which this prospectus forms a part. The following is a description of the material terms of the second amended and restated limited partnership agreement.

Governance

We will serve as the general partner of Silvercrest L.P. As such, we will control its business and affairs and will be responsible for the management of its business. We also will have the power to delegate some of our management responsibilities as the general partner of Silvercrest L.P. to an Executive Committee consisting of our Chief Executive Officer, Mr. Cochran, and the individuals appointed by us to serve as members of the Executive Committee. Initially, Mr. Cochran and each of Richard R. Hough III, Scott A. Gerard and David J. Campbell will serve as members of the Executive Committee. No limited partners of Silvercrest L.P., in their capacity as such, will have any authority or right to control the management of Silvercrest L.P. or to bind it in connection with any matter.

Voting and Economic Rights

Silvercrest L.P. will issue Class A units, which may only be issued to us, as general partner, and Class B units. Each Class A unit and Class B unit will entitle holders to equal economic rights. Holders of Class B units will have no voting rights, except for the right to approve amendments to the second amended and restated

limited partnership agreement of Silvercrest L.P. that adversely affect the rights of the holders of Class B units and to approve certain material corporate transactions. See Amendments and Material Corporate Transactions.

We intend to cause Silvercrest L.P. to issue additional Class B units in the future pursuant to the 2012 Equity Incentive Plan, which Class B units may be subject to vesting periods set forth in the relevant award agreements.

Net profits, net losses and distributions of Silvercrest L.P. will be allocated and made to each of its partners pro rata in accordance with the number of partnership units of Silvercrest L.P. held by each of them (whether or not vested). In addition, Silvercrest L.P. has issued deferred equity units which entitle the holders thereof to receive distributions from Silvercrest L.P. to the same extent as if the underlying Class B units were outstanding. Silvercrest L.P. will agree to make distributions to the holders of its partnership units, including Silvercrest, for the purpose of funding their tax obligations in respect of Silvercrest L.P. See Tax Consequences. Additional distributions from Silvercrest L.P. to us will be made at the discretion of our board of directors, acting on our behalf as the general partner of Silvercrest L.P. Silvercrest L.P. may not make any distributions to its partners 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.

Assuming Silvercrest L.P. makes distributions to its partners in any given year, the determination to pay dividends, if any, to our Class A common stockholders will be made by our board of directors. Because our board of directors may or may not decide to pay dividends to our Class A stockholders, our Class A stockholders may not necessarily receive dividend distributions relating to our pro rata share of the income earned by Silvercrest L.P. even if Silvercrest L.P. makes such distributions to us.

Coordination of Silvercrest Asset Management Group Inc. and Silvercrest L.P.

At any time Silvercrest issues a share of our Class A common stock for cash, assets or other consideration, the net proceeds received by Silvercrest will be promptly transferred to Silvercrest L.P., and Silvercrest L.P. will issue to Silvercrest one of its Class A units. Alternatively, if otherwise agreed by us and any holder of Class B units, we may use the proceeds from the sale of a share of Class A common stock to purchase a Class B unit from such limited partner of Silvercrest L.P. Upon the purchase of a Class B unit by Silvercrest, the Class B unit will automatically be converted into a Class A unit. If at any time we issue a share of our Class A common stock pursuant to our 2012 Equity Incentive Plan, we will be deemed to have contributed to Silvercrest L.P. all of the proceeds we receive (if any), and Silvercrest L.P. will be deemed to have purchased from us the Class A common stock for the amount of the contribution and will issue to us one of its Class A units, having the same restrictions, if any, attached to the shares of Class A common stock issued under this plan. If we issue other classes or series of our equity securities, (i) Silvercrest L.P. will issue, and (ii) Class B units (if any) transferred to us by its limited partners in exchange for our newly issued equity securities will be converted automatically into, an equal number of equity securities of Silvercrest L.P. with designations, preferences and other rights and terms that are substantially the same as our newly issued equity securities. Conversely, if we redeem any shares of our Class A common stock (or our equity securities of other classes or series) for cash, Silvercrest L.P. will, immediately prior to our redemption, redeem an equal number of Class A units (or its equity securities of the corresponding classes or series) held by us, upon the same terms and for the same price, as the shares of our Class A common stock (or our equity securities of such other classes or series) are redeemed.

The Compensation Committee of our board of directors, as the administrator of the 2012 Equity Incentive Plan, in its sole discretion, may cause Silvercrest L.P. to grant equity-based awards to its employees exercisable for, or awarded in, Class B units or shares of Class A common stock. If Class B units are issued at any time after this offering, the holder will be entitled to receive a corresponding number of shares of our Class B common stock in exchange for the payment of their par value, as long as the holder agrees to be bound by the terms of the stockholders agreement described under Stockholders Agreement Among Class B Stockholders.

Silvercrest L.P. may also, from time to time, issue other classes or series of partnership units having such relative rights, powers and preferences in profits, losses, allocations and distributions of Silvercrest L.P. as may be designated by us.

Pursuant to the second amended and restated limited partnership agreement of Silvercrest L.P., we will agree, as general partner, that we will not conduct any business other than the management and ownership of Silvercrest L.P. and its subsidiaries, or own (other than on a temporary basis) any other assets, other than certain cash accounts, although we may incur indebtedness and may take other actions if we determine in good faith that such indebtedness or other actions are in the best interest of Silvercrest L.P. In addition, partnership units of Silvercrest L.P., as well as our common stock, will be subject to equivalent stock splits, dividends and reclassifications.

Issuances and Transfer of Units

Class A units may only be issued to us, the general partner of Silvercrest L.P., and are non-transferable. Class B units may be issued only to persons or entities to which we agree to permit the issuance of units in exchange for cash or other consideration, including the services of Silvercrest L.P. s and its subsidiaries employees. Class B units may not be transferred except, with our consent, to certain permitted transferees or a permitted charitable institution, subject to conditions we may specify, or as described below under Exchange Rights. If a Class B unitholder is permitted to transfer its Class B units, the holder of Class B units may not transfer any Class B units to any person unless he or she transfers an equal number of shares of our Class B common stock to the same transferee.

Extraordinary Corporate Transactions

If Silvercrest L.P. proposes to engage in certain extraordinary corporate transactions, including a merger, consolidation, or conversion to another business entity, we, in our capacity as the general partner, along with a majority in interest of the holders of the Class B units, will have the power and authority to approve such a transaction. If Silvercrest L.P. proposes to dissolve, we, in our capacity as general partner, along with 75% in interest of the holders of our Class B units, will have the power and authority to approve a dissolution by vote.

Exchange Rights

We have reserved for issuance shares of our Class A common stock, which is the aggregate number of shares of our Class A common stock expected to be issued over time upon exchanges pursuant to an exchange agreement to be entered into with each of our principals and the provisions of the second amended and restated limited partnership agreement of Silvercrest L.P. by:

- all principals who hold Class B units outstanding immediately after this offering;
- recipients of grants that may be made, or have been made at the consummation of this offering, under the 2012 Equity Incentive Plan, pursuant to which Silvercrest L.P. will have reserved a number of Class B units equal to 15% of the total number of units of Silvercrest L.P. outstanding immediately after the consummation of this offering, assuming no anti-dilution adjustments based on share splits, dividends or reclassifications; and
- all holders of the deferred equity units and performance units to acquire up to Class B units that have been granted prior to the consummation of this offering.

Principals may exchange their vested Class B units for shares of our Class A common stock at the times and in the amounts described below.

Pursuant to the exchange agreement, so long as a principal is employed by us, each year in the period beginning on the six-month anniversary of the consummation of this offering, a principal and his permitted

transferees may collectively exchange up to the number of vested Class B units that equals 20% of all Class B units such principal and his or her permitted transferees collectively hold as of the first day of that year, in accordance with the timing restrictions described under Resale and Registration Rights Agreement. Notwithstanding the foregoing, each principal shall commit to retain at least 25% of the number of Class B units held by the principal on the date of the consummation of this offering or on the date of such principal s initial employment if such principal was hired after the consummation of this offering (as adjusted for any stock splits, dividends and reclassifications occurring after this offering). Any principal who is hired by our company after the consummation of this offering may not exchange any Class B units during his or her first year of employment with our company. In addition, unless otherwise determined by the Executive Committee, in its sole discretion, upon a termination of employment for any reason other than retirement, all of the Class B units held by a principal shall be exchanged automatically for shares of our Class A common stock, subject to the forfeiture of any Class B units as described under Restrictive Covenants Forfeiture or Repurchase of Class B units and Class A Common Stock below.

Pursuant to the second amended and restated limited partnership agreement of Silvercrest L.P., if the amount of income taxes that principals are required to pay due to the grant or vesting of their Class B units, the exercise of their options to acquire Class B units and/or the exchange of their Class B units for shares of our Class A common stock upon termination of employment (whether or not they are employees at the time that the tax payment obligation arises) exceeds the net proceeds they would receive upon the sale of all of the shares of our Class A common stock issued to them in exchange for 20% of Class B units that they hold as of the first day of the year with respect to which the tax is payable, then they will instead be entitled to exchange an amount of vested Class B units, subject to any applicable securities law limitations, and resell an equal number of shares of our Class A common stock issued in exchange for such Class B units such that the net proceeds from the sale of this amount of shares would enable them to pay all such taxes due. In addition, we may allow principals to make exchanges in amounts exceeding those described above at any time following the effective date of the shelf registration statement (as described in Resale and Registration Rights Agreement), which determination may be withheld, delayed, or granted on such terms and conditions as our Executive Committee may determine, in its sole discretion.

Any principal who has acquired a corresponding number of shares of Class B common stock in connection with the original issuance of Class B units, which includes all holders of the Class B units to be issued to the 35 principals in Silvercrest L.P. in connection with the reorganization, must deliver a corresponding number of shares of Class B common stock to us for redemption in connection with exercising his, her or its right to exchange Class B units for shares of our Class A common stock.

Restrictive Covenants

Non-Solicitation

Pursuant to the terms of the second amended and restated limited partnership agreement, each of the principals of Silvercrest L.P. will agree not to solicit our clients or any other employees of Silvercrest L.P. during the term of his or her employment and for 18 months thereafter.

Confidential Information

Pursuant to the terms of the second amended and restated limited partnership agreement, each of the principals of Silvercrest L.P. will agree to protect the confidential information of Silvercrest L.P. This covenant will survive the termination of his or her employment.

Forfeiture or Repurchase of Class B Units and Class A Common Stock

Unless otherwise determined by our board of directors, in its sole discretion, or previously agreed to by the principal and his or her permitted transferees and us, if a principal of Silvercrest L.P. breaches any of the non-solicitation or confidentiality covenants described above while employed, then, pursuant to the terms of the

second amended and restated limited partnership agreement, the principal, and, to the extent of any Class B units transferred after the date of the consummation of this offering, his or her permitted transferees, would forfeit all of his, her or their unvested Class B units and 80% of the number of vested Class B units collectively held by the principal and his or her permitted transferees. Unless otherwise determined by our board of directors, in its sole discretion, or previously agreed to by the principal and his or her permitted transferees and us, if a principal of Silvercrest L.P. breaches any of the non-solicitation or confidentiality covenants described above, after the termination of his or her employment, or, if a principal voluntarily resigns or retires and competes with our company during the 12 months following his or her termination of employment, then, in addition to any legal rights and remedies available to us, the principal (and to the extent of any Class B units transferred after the date of the consummation of this offering, his or her permitted transferees) would forfeit all of his, her or their unvested Class B units and/or shares of Class A common stock, if any, and, at the option of Silvercrest L.P., would be required to sell to Silvercrest L.P. all of the vested Class B units collectively held by the principal and his or her permitted transferees for a purchase price equal to the lesser of (i) the capital account balance of the principal and his or her permitted transferees in Silvercrest L.P. and (ii) the purchase price paid by the terminated principal to first acquire the Class B units, and, at our option, would be required to sell to us all of the Class A common stock collectively held by the principal and his or her permitted transferees for a purchase price equal to the purchase price paid by the principal to first acquire the Class B units for which such shares of Class A common stock had been exchanged. To the extent a retired principal violates these restrictive covenants or competes with our company during the 12 months following his or her termination of employment and the retired principal or his or her permitted transferees sold more than 20% of the Class B units and/or shares of Class A common stock held by the retired principal and his or her permitted transferees on the date of the principal s retirement, then, in addition to the repurchase of Class B units and shares of Class A common stock described above, we will have the right to recover from the retired principal the purchase price received for the shares of Class A common stock and/or Class B units sold less the purchase price originally paid to acquire the securities above an amount equal to 20% of the securities held on the date of retirement. In addition to the forfeiture, repurchase and recovery provisions described above, if a principal violates the non-solicitation or confidentiality covenants or competes with our company within the 12-month period following a voluntary resignation of employment or retirement, then the principal will cease to receive any payments required to be made to the principal under the tax receivable agreement. See Tax Receivable Agreement.

Repurchase of Class B Units Upon Termination for Cause

Unless otherwise determined by our board of directors, in its sole discretion, or previously agreed to by the principal, his or her permitted transferees and us, if a principal of Silvercrest L.P. is terminated for cause, the principal (and, to the extent of any Class B units transferred after the date of the consummation of this offering, his or her permitted transferees) would forfeit all of his, her or their unvested Class B units, if any, and, at our option, Silvercrest L.P. would have the right to redeem all of the vested Class B units collectively held by the principal and his or her permitted transferees for a purchase price equal to the lesser of (i) the aggregate capital account balance in Silvercrest L.P. of the principal and his or her permitted transferees and (ii) the purchase price paid by the terminated principal to first acquire the Class B units. In addition to the redemption described above, any principal terminated for cause will cease to receive any payments required to be made to the principal under the tax receivable agreement. See Tax Receivable Agreement.

Indemnification and Exculpation

To the extent permitted by applicable law, Silvercrest L.P. will indemnify us, as its general partner, its authorized officers, its other employees and its agents from and against any losses, liabilities, damages, costs, expenses, fees or penalties incurred by any acts or omissions of these persons, provided that the acts or omissions of these indemnified persons are not the result of fraud, intentional misconduct or a violation of the implied contractual duty of good faith and fair dealing, or any lesser standard of conduct permitted under applicable law.

We, as the general partner, and the authorized officers, other employees and agents of Silvercrest L.P., will not be liable to Silvercrest L.P., its partners or their affiliates for damages incurred by any acts or omissions of

these persons, provided that the acts or omissions of these exculpated persons are not the result of fraud, intentional misconduct or a violation of the implied contractual duty of good faith and fair dealing, or any lesser standard of conduct permitted under applicable law.

Amendments

The second amended and restated limited partnership agreement of Silvercrest L.P. may be amended with the consent of the general partner and the holders of at least 60% of the Class B units, provided that the general partner may, without the consent of the holders of at least 60% of the Class B units, make amendments that, generally, are not expected to adversely affect the holders of Class B units.

Resale and Registration Rights Agreement

Pursuant to a resale and registration rights agreement that we will enter into with our principals, the shares of Class A common stock issued upon exchange will be eligible for resale pursuant to a shelf registration statement, or otherwise, subject to the resale timing and manner limitations described below. Pursuant to this agreement, when Silvercrest L.P. issues any Class B units to its employees, partners or other consultants pursuant to the 2012 Equity Incentive Plan, the recipient will be entitled to the same resale and registration rights, and will be subject to the same restrictions, as the principals holding Class B units outstanding immediately following this offering.

Pursuant to the resale and registration rights agreement, we will commit to use our best efforts to:

- file a shelf registration statement in order to register the resale of these shares of Class A common stock as soon as practicable after the date that we become eligible to use Form S-3 under the Securities Act, which is expected to be one year after the consummation of this offering; and

- cause the SEC to declare the shelf registration statement effective as soon as practicable thereafter.

From the first effective date of the shelf registration statement until the fifth anniversary of the consummation of this offering, principals holding Class B units, subject to the exchange timing and volume limitations described above under Second Amended and Restated Limited Partnership Agreement of Silvercrest L.P. Exchange Rights, will be able to sell the shares of Class A common stock issued upon exchange pursuant to the shelf registration statement. Prior to the first effective date of the shelf registration statement, principals holding Class B units may, subject to securities law limitations, sell their shares in any manner, but only at times determined by us in our sole discretion and subject to the timing and volume limitations described above under Second Amended and Restated Limited Partnership Agreement of Silvercrest L.P. Exchange Rights. Principals who hold Class B units will be permitted to sell shares of Class A common stock issued upon exchange of Class B units during the first 10-day period of the open trading window of each quarter by submitting a request to the Executive Committee to sell a specified number of shares. The Executive Committee may, in its discretion, deny the request of any principal to sell his or her underlying shares of Class A common stock. If a sale request by a principal is denied, the denied holder will be given the first opportunity to sell shares of Class A common stock in the next available open window. Thereafter, principals holding Class B units will be able to exchange their Class B units for shares of our Class A common stock, subject to the exchange timing and volume limitations described above under Second Amended and Restated Limited Partnership Agreement of Silvercrest L.P. Exchange Rights and will be permitted to sell their shares in any manner, but only at times determined by us, in our sole discretion.

Notwithstanding the restrictions described above and below, subject to securities law limitations, (i) holders of shares of Class A common stock issued upon exchange of Class B units after the consummation of this offering may always sell a number of shares of Class A common stock sufficient to cover any taxes due on the exchange, using an assumed tax rate equal to the applicable prevailing capital gains rate at the time of the exchange, and (ii) the estate of any deceased holder, or the beneficiaries thereof, and any principal who has retired or whose employment has been terminated due to death or disability may sell any or all shares of Class A common stock he or she holds without regard to the restrictions described above.

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Following the termination of a principal s employment other than in the case of retirement or termination for cause, the Class B units held by the terminated principal will be automatically exchanged, and the corresponding number of shares of Class B common stock redeemed, for shares of our Class A common stock, subject to any required forfeiture or repurchase of Class B units as described under Restrictive Covenants Forfeiture or Repurchase of Class B Units and Class A Common Stock above. If the principal s employment was terminated for any reason other than retirement, death, disability or voluntarily resignation, the principal may, subject to securities law limitations, (i) at the time of termination of employment, sell a number of shares of Class A common stock sufficient to cover any taxes due on the exchange of Class B units, and (ii) in each 12-month period following the 18-month anniversary of the termination, sell a number of shares of our Class A common stock equal to one-half of the difference between the aggregate number of vested shares of Class A common stock received upon exchange of the Class B units held as of the date of termination of his or her employment and the number of shares, if any, of Class A common stock the principal sold to cover taxes to the exchange subsequent to the principal s termination. If a principal voluntarily terminates his or her employment, then the principal may, subject to securities law limitations, (i) at the time of termination of employment, sell a number of shares of Class A common stock sufficient to cover taxes due on the exchange of Class B units and (ii) in each 12-month period following the 18-month anniversary of the termination, sell a number of shares of our Class A common stock equal to one-third of the difference between the aggregate number of vested shares of Class A common stock received upon exchange of the Class B units held as of the date of termination of his or her employment and the number of shares, if any, of Class A common stock the principal sold to cover taxes to the exchange subsequent to the principal s termination. If the principal has retired, died or become disabled, he or she (or his or her estate) may sell any and all shares of Class A common stock or Class B units held by such retired, deceased or disabled principal, subject to any applicable securities law limitations. If the amount of income taxes that principals are required to pay due to the exchange of their Class B units for shares of our Class A common stock (whether or not they are employees at the time that the tax payment obligations arises) exceeds the net proceeds they would receive upon the sale of all shares they are permitted to sell pursuant to the immediately preceding paragraph during the year with respect to which the tax is payable, then they will instead be entitled to sell a number of shares of our Class A common stock sufficient to provide net proceeds that would enable them to pay the taxes due.

We have agreed to indemnify the principals who hold the Class B units against any losses or damages resulting from any untrue statement or omission of material fact in any registration statement or prospectus pursuant to which they may sell the shares of our Class A common stock they receive upon exchange of their Class B units, unless such liability arose from the selling stockholder s misstatement or omission, and the principals who hold Class B units have agreed to indemnify us against all losses caused by their misstatements or omissions. We will pay all expenses incident to our performance under the resale and registration rights agreement, and the selling stockholders will pay their respective portions of all transfer taxes and selling expenses relating to the sale of their shares of Class A common stock pursuant to the registration rights agreement.

Voting Rights of Class A and Class B Stockholders

Each share of our Class A common stock and Class B common stock will entitle its holder to one vote. Immediately after this offering, our Class B common stockholders will hold approximately % of the combined voting power of our common stock (or % if the underwriters exercise their option in full to purchase additional shares of our Class A common stock). We intend to cause Silvercrest L.P. to issue additional Class B units to our employees in various forms of equity compensation, such as restricted Class B units and options to acquire Class B units. Silvercrest L.P. will initially be authorized to issue additional Class B units in an amount not exceeding 15% of all partnership units outstanding as of the consummation of this offering pursuant to the 2012 Equity Incentive Plan. The holders of any vested or unvested Class B units issued after this offering will be entitled to receive a corresponding number of shares of our Class B common stock in exchange for the payment of their par value and, therefore, the voting power of our Class B common stockholders will increase to the extent that we grant Class B unit awards pursuant to the 2012 Equity Incentive Plan, to our employees, partners or other consultants. Conversely,

when any principal who holds vested Class B units exchanges them for the corresponding number of shares of our Class A common stock, any principal who holds unvested Class B units forfeits a Class B unit or has it repurchased due to applicable vesting provisions, or any principal who holds vested or unvested Class B units forfeits a Class B unit due to a breach of restrictive covenants contained in the second amended and restated limited partnership agreement of Silvercrest L.P. or the holder voluntarily resigns or retires and competes with our company in the 12-month period following termination of employment, it will result in the automatic redemption of the corresponding number of shares of our Class B common stock and, therefore, will decrease the aggregate voting power of our Class B stockholders.

Stockholders Agreement Among Class B Stockholders

Concurrently with the consummation of this offering and the reorganization, our principals will enter into a stockholders agreement with respect to all shares of Class B common stock then held by them and any additional shares of Class B common stock they may acquire in the future. Pursuant to this stockholders agreement, our principals will agree to vote all their shares of Class B common stock together on any matter submitted to our common stockholders for a vote. Upon a termination of employment, including a retirement, the terminated principal will cease to be a party to the stockholders agreement and will no longer be subject to the voting obligation contained in the agreement.

Prior to any vote of our common stockholders, the Executive Committee will convene to determine how the principals should vote their shares of Class B common stock and Class A common stock on each matter upon which a vote of all common stockholders is proposed to be taken. The vote of each member of the Executive Committee shall be weighted based on the number of Class B units owned by the member relative to the number of Class B units held by all members of the Executive Committee. Each principal must then vote all of his or her shares of Class B common stock in accordance with the determination of the Executive Committee. In order to give effect to these voting provisions, each principal will grant to each member of the Executive Committee an irrevocable proxy to vote all his or her shares of Class B common stock in accordance with the determination of the Executive Committee.

In addition, pursuant to this stockholders agreement, each principal will agree that:

- the principal will not transfer any shares of Class B common stock to any person unless the principal transfers an equal number of Class B units to the same person; and
- in the event the principal transfers any Class B units to any person, the principal will transfer an equal number of shares of Class B common stock to the same person.

This stockholders agreement may only be amended with the consent of the holders of a majority of the shares of Class B common stock that are party to this agreement.

Tax Consequences

The holders of partnership units of Silvercrest L.P., including us, generally will incur U.S. federal, state and local income taxes on their proportionate share of any net taxable income of Silvercrest L.P. Net profits and net losses of Silvercrest L.P. generally will be allocated to its partners pro rata in proportion to their respective partnership units. The second amended and restated limited partnership agreement of Silvercrest L.P. will provide for cash distributions to its partners if the taxable income of Silvercrest L.P. gives rise to taxable income for its partners. In accordance with this agreement, Silvercrest L.P. will make distributions to the existing holders of its partnership units for the purpose of funding their tax obligations in respect of the income of Silvercrest L.P. that is allocated to them. Generally, these tax distributions will be computed based on our estimate of the net taxable income of Silvercrest L.P. allocable per partnership unit multiplied by an assumed tax rate equal to the highest combined U.S. federal and applicable state and local tax rate applicable to any partner (taking into account the deductibility of state and local taxes for U.S. federal income tax purposes).

Silvercrest L.P. has made a Section 754 of the Internal Revenue Code election. As a result of this election any future exchanges of Class B units for shares of our Class A common stock, are expected to result in increases in our share of the tax basis in the tangible and intangible assets of Silvercrest L.P. at the time of our acquisition of partnership units, which will increase the tax depreciation and amortization deductions available to us. These increases in tax basis and tax depreciation and amortization deductions are expected to reduce the amount of tax that we would otherwise be required to pay in the future.

Tax Receivable Agreement

We will enter into a tax receivable agreement with our principals, and any future employee holders of Class B units, that will require us to pay them 85% of the amount of cash savings, if any, in U.S. federal, state and local income tax that we actually realize (or are deemed to realize in the case of an early termination payment by us, or a change in control, as discussed below) as a result of the increases in tax basis described above and certain other tax benefits related to entering into the tax receivable agreement, including tax benefits attributable to payments under the tax receivable agreement. This will be our obligation and not the obligation of Silvercrest L.P. We expect to benefit from the remaining 15% of cash savings, if any, realized. For purposes of the tax receivable agreement, cash savings in income tax will be computed by comparing our actual income tax liability to the amount of such taxes that we would have been required to pay had there been no increase in our share of the tax basis of the tangible and intangible assets of Silvercrest L.P. The term of the tax receivable agreement will commence upon consummation of this offering and will continue until all such tax benefits have been utilized or expired, unless we exercise our right to terminate the tax receivable agreement for an amount based on an agreed-upon value of payments remaining to be made under the agreement. Our obligation to make payments to a principal pursuant to the tax receivable agreement will automatically terminate if such principal (i) is terminated for cause, (ii) breaches his or her non-solicitation covenants with our company or (iii) voluntarily resigns or retires and competes with our company in the 12-month period following resignation of employment or retirement.

Estimating the amount of payments that we may be required to make under the tax receivable agreement is imprecise by its nature, because the actual increase in our share of the tax basis, as well as the amount and timing of any payments under the tax receivable agreement, will vary depending upon a number of factors, including:

- the timing of exchanges of Class B units for shares of our Class A common stock for instance, the increase in any tax deductions will vary depending on the fair market value, which may fluctuate over time, of the depreciable and amortizable assets of Silvercrest L.P. at the time of the exchanges;

- the price of our Class A common stock at the time of exchanges of Class B units the increase in our share of the basis in the assets of Silvercrest L.P., as well as the increase in any tax deductions, will be related to the price of our Class A common stock at the time of these exchanges;

- the extent to which these exchanges are taxable if an exchange is not taxable for any reason (for instance, if a principal who holds Class B units exchanges units in order to make a charitable contribution), increased deductions will not be available;

- the tax rates in effect at the time we utilize the increased amortization and depreciation deductions; and

- the amount and timing of our income we will be required to pay 85% of the tax savings, as and when realized, if any. If we do not have taxable income, we generally will not be required to make payments under the tax receivable agreement for that taxable year because no tax savings will have been actually realized.

We expect that, as a result of the size of the increases in our share of the tax basis of the tangible and intangible assets of Silvercrest L.P. attributable to our interest therein, the payments that we make under the tax receivable agreement will likely be substantial. Assuming that there are no material changes in the relevant tax law, and that we earn sufficient taxable income to realize the full tax benefit of the increased depreciation and amortization of our assets, we expect that future payments under the tax receivable agreement in respect of our

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initial purchase of partnership units of Silvercrest L.P. will aggregate approximately $ million, or $ million per year over the next 15 years. A $1.00 increase (decrease) in the assumed initial public offering price of $ per share of Class A common stock (the midpoint of the price range set forth on the cover of this prospectus) would increase (decrease) the aggregate amount of future payments to holders of Class B units in respect of the purchase by approximately $ million. Future payments under the tax receivable agreement in respect of subsequent exchanges will be in addition to these amounts and are expected to be substantial.

In addition, the tax receivable agreement provides that, upon certain mergers, asset sales, other forms of business combinations or other changes of control, our (or our successors) obligations with respect to exchanged or acquired Class B units (whether exchanged or acquired before or after such transaction) would be based on certain assumptions, including that we would have sufficient taxable income to fully utilize the deductions arising from the increased tax deductions and tax basis and other benefits related to entering into the tax receivable agreement.

Decisions made by the continuing partners of Silvercrest L.P. in the course of running our business, such as with respect to mergers, asset sales, other forms of business combinations or other changes in control, may influence the timing and amount of payments that are received by an exchanging or selling principal under the tax receivable agreement. For example, the earlier disposition of assets following an exchange or acquisition transaction will generally accelerate payments under the tax receivable agreement and increase the present value of such payments, and the disposition of assets before an exchange or acquisition transaction will increase an existing owner s tax liability without giving rise to any rights of a principal to receive payments under the tax receivable agreement.

Were the IRS to successfully challenge the tax basis increases described above, we would not be reimbursed for any payments previously made under the tax receivable agreement. As a result, in certain circumstances, we could make payments under the tax receivable agreement in excess of our actual cash savings in income tax.

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USE OF PROCEEDS

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

We intend to use approximately $ million of the net proceeds from this offering to purchase an aggregate of Class B units of Silvercrest L.P. from existing limited partners and will not retain any of these proceeds. The purchase price for the Class B units will be determined by the public offering price of our Class A common stock in this offering less the per share amount of offering expenses incurred by us. We intend to use the remaining net proceeds of this offering, including any proceeds from the exercise of the underwriters option to purchase additional shares, to purchase additional Class A units from Silvercrest L.P. and Silvercrest L.P. will use such proceeds for general corporate purposes, which may include business operations, investments in our business and new investment strategies and strategic acquisitions for which no targets have been identified.

A $1.00 increase (decrease) in the assumed initial public offering price of $ per share of our Class A common stock would increase (decrease) the amount of net proceeds to us from this offering available to purchase Class B units from our existing limited partners by approximately $ million, and, as a result, the amount of proceeds available to us for general corporate purposes by approximately $ million, assuming the number of shares of our Class A common stock offered by us, as set forth on the cover page of this prospectus, remains the same, and after deducting estimated underwriting discounts and commissions and estimated offering expenses payable by us.

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DIVIDEND POLICY

Our Dividend Policy

Following this offering, we intend to pay quarterly cash dividends. We expect that our first dividend will be paid in the quarter of 2013 and will be $ per share 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 will be a holding company and will have no material assets other than our ownership of the general partnership interest of Silvercrest L.P. As a result, we intend to fund our initial dividend, as well as any future dividend, from our % portion of the distributions from Silvercrest L.P. (or % portion if the underwriters exercise in full their option to purchase additional shares of Class A common stock). 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. are 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 will be 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;
- general economic and business conditions; and
- such other factors as our board of directors may deem relevant.

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. 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.

Silvercrest L.P. s Historical Distributions

Prior to the completion of this offering, Silvercrest L.P. was owned by 35 of its current employees, two former employees and one outside investor. All decisions regarding the amount and timing of distributions were made by Silvercrest GP LLC as the general partner of Silvercrest L.P. prior to this offering, based on an assessment of appropriate amounts of distributions, taking into account Silvercrest L.P. s capital needs, as

well as actual and potential earnings.

Silvercrest L.P. made distributions to its partners of $14.8 million, $10.0 million, $5.9 million, $7.4 million, and $12.9 million for the years ended December 31, 2012, 2011, 2010, 2009 and 2008, respectively. Prior to the consummation of this offering, Silvercrest L.P. intends to make a distribution to its existing partners in the aggregate amount of approximately $ million representing its undistributed earnings generated prior to the date of this offering. Such distribution will be funded from the existing cash balances of Silvercrest L.P. and will not be funded by any of the proceeds of this offering. Purchasers in this offering will not be entitled to receive any portion of this distribution and the such distribution may not be indicative of the amount of any future distributions.

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CAPITALIZATION

The following table sets forth our cash and cash equivalents and capitalization as of December 31, 2012 (1) on an actual basis for Silvercrest L.P. and (2) on a pro forma basis for Silvercrest after giving effect to the transactions described under Unaudited Pro Forma Consolidated Financial Information, including the reorganization and the application of the net proceeds from this offering (assuming no exercise of the underwriters option to purchase additional shares). The table below should be read in conjunction with Use of Proceeds, Management s Discussion and Analysis of Financial Condition and Results of Operations, and the historical consolidated financial statements of Silvercrest L.P. and related notes included elsewhere in this prospectus.

	As of December 31, 2012	
	Silvercrest L.P. Actual	Silvercrest Pro Forma
	(unaudited)	
	(dollars in thousands)	
Cash and cash equivalents (1)	$ 13,443	$
Total long-term debt, including current portion	3,315	
Total redeemable equity	98,607	
Total (deficit) equity	(60,470)	
Total capitalization	$ 41,452	$

(1) Prior to the consummation of this offering, Silvercrest L.P. intends to make a distribution to its existing limited partners of previously undistributed earnings in the aggregate amount of approximately $ million. Such distribution will be funded from the existing cash balances of Silvercrest L.P. at the time of the reorganization but before the consummation of this offering and will not be funded by any of the proceeds of this offering. The pro forma effect of the reorganization and the offering on Cash and cash equivalents does not reflect the undistributed earnings and cash which we have accumulated subsequent to December 31, 2012. The $ million distribution will be paid from cash on hand at December 31, 2012 and cash and undistributed earnings that have been generated subsequent to December 31, 2012. This distribution is reflected in the Silvercrest Asset Management Group Inc. Consolidated Pro Forma column of the Unaudited Pro Forma Consolidated Statement of Financial Condition as of December 31, 2012 included in Unaudited Pro Forma Consolidated Financial Information included elsewhere in this prospectus.

DILUTION

If you invest in our Class A common stock, your interest will be diluted to the extent of the difference between the initial public offering price per share of our Class A common stock and the pro forma, as adjusted net tangible book value per share of our Class A common stock upon completion of this offering.

Our pro forma, as adjusted net tangible book value (deficit) as of December 31, 2012 was approximately $( ) million, or approximately $( ) per share of our Class A common stock. Pro forma, as adjusted net tangible book value per share represents the amount of total tangible assets less total liabilities, after giving effect to the reorganization and the distribution by Silvercrest L.P. to its pre-offering partners of some of its retained profits as of the date of the closing of this offering.

After giving effect to the sale by us of shares of Class A common stock in this offering at the assumed initial public offering price of $ per share (the midpoint of the price range set forth on the cover of this prospectus) after deducting assumed underwriting discounts and commissions and estimated offering expenses payable by us and the assumed exchange of all Class B units held by our principals that will be outstanding immediately after the reorganization for the corresponding number of shares of our Class A common stock, our pro forma as adjusted net tangible book value at December 31, 2012 was $ million, or $ per share of our Class A common stock. This represents an immediate increase in net tangible book value of $ per share to our existing stockholders and an immediate dilution of $ per share to the new investors purchasing shares in this offering. The following table illustrates this per share dilution:

Assumed initial public offering price per share of Class A common stock		$
Pro forma, as adjusted net tangible book value per share of Class A common stock at December 31, 2012	$	
Increase in pro forma, as adjusted net tangible book value per share of Class A common stock attributable to new investors	$	
Pro forma, as adjusted net tangible book value per share after this offering		$
Dilution in pro forma, as adjusted net tangible book value per share of Class A common stock to new investors		$

The following table sets forth, on the same pro forma, as adjusted basis at December 31, 2012, the number of shares of Class A common stock purchased from us and the total consideration and the average price per share paid by existing equity holders, which consist of the principals, and by new investors purchasing Class A common stock in this offering, assuming that all principals who hold Class B units of Silvercrest L.P. immediately after the consummation of the reorganization have exchanged all their Class B units for the corresponding number of shares of our Class A common stock:

	Shares Purchased		Total Consideration		Average Price
	Number	Percent	Amount	Percent	Per Share
Existing equity holders		%	$	%	$
New investors					
Total		%	$	%	$

A $1.00 increase (decrease) in the assumed initial public offering price of $ per share would increase (decrease) total consideration paid by new investors by $ million, assuming that the number of shares offered by us, as set forth on the cover page of this prospectus, remains the same and after deducting the estimated underwriting discounts and estimated offering expenses payable by us.

If the underwriters exercise in full their option to purchase additional shares, our pro forma as adjusted net tangible book value will increase to $ per share, representing an increase to existing holders of $ per share, and there will be an immediate dilution of $ per share to new investors.

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SELECTED HISTORICAL CONSOLIDATED FINANCIAL DATA

The following tables set forth selected historical combined consolidated financial and other data of Silvercrest L.P., which is deemed to be our predecessor for accounting purposes, as of the dates and for the periods indicated. As discussed elsewhere in this prospectus, Silvercrest L.P. was formed on December 10, 2008 and commenced operations on January 1, 2009. For reporting purposes, all balances of Silvercrest Asset Management Group LLC, the accounting predecessor to Silvercrest L.P., were carried over to Silvercrest L.P. at their carrying values on December 31, 2008. The selected consolidated statements of operations data for the years ended December 31, 2012, 2011 and 2010, and the consolidated statements of financial position data as of December 31, 2012 and 2011 have been derived from the Silvercrest L.P. and subsidiaries audited consolidated financial statements included elsewhere in this prospectus. The consolidated statement of operations data for the year ended December 31, 2009 and the consolidated statement of financial position data as of December 31, 2010 and 2009 has been derived from consolidated financial statements of Silvercrest L.P. and subsidiaries not included in this prospectus. The selected consolidated statements of operations data for the year ended December 31, 2008 and the consolidated statement of financial position data as of December 31, 2008 have been derived from the unaudited consolidated financial statements of Silvercrest Asset Management Group LLC and subsidiaries not included in this prospectus.

You should read the following selected historical combined consolidated financial data together with The Reorganization and Our Holding Company Structure, Management s Discussion and Analysis of Financial Condition and Results of Operations and the historical combined consolidated financial statements and related notes included elsewhere in this prospectus. In the following table, dollars are in thousands, except assets under management which is in billions.

	Historical Silvercrest L.P.					Pro Forma Silvercrest
	Years Ended December 31,					Year Ended December 31,
	2012	2011	2010	2009	2008 (1)	2012
Statements of operations data:						
Revenue:						
Management and advisory fees	$ 46,069	$ 37,869	$ 32,442	$ 29,341	$ 40,987	
Performance fees and allocations	714	85	548	96	75	
Family office services	4,907	4,833	3,841	3,097	2,019	
Total revenue	51,690	42,787	36,831	32,534	43,081	
Expenses:						
Compensation and benefits	19,108	17,492	16,528	15,630	18,399	
General and administrative	13,680	10,849	9,459	13,006	11,943	
Impairment charges				1,691	9,599	
Total expenses	32,788	28,341	25,987	30,327	39,941	
Income before other income (expense), net	18,902	14,446	10,844	2,207	3,140	
Other income (expense), net:						
Gain on extinguishment of debt				3,934		
Gain on settlement with former Long Champ shareholders				1,470		
Loss on forgiveness of notes receivable		(34)	(508)			
Other income (expense)	123	(210)	32			
Interest income	145	187	231	213	358	
Interest expense	(304)	(164)	(241)	(467)	(613)	
Change in value of options granted to equity holders				134	796	
Equity income (loss) from investments	1,911	950	1,241	274	(247)	
Total other income (expense), net	1,875	729	755	5,558	294	

Income before (provision) benefit for income taxes	20,777	15,175	11,599	7,765	3,434
(Provision) benefit for income taxes	(1,057)	(566)	(657)	321	(1,062)
Net income	$ 19,720	$ 14,609	$ 10,942	$ 8,086	$ 2,372

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	Historical Silvercrest L.P.					Pro Forma Silvercrest
	Years Ended December 31,					Year Ended December 31,
	2012	2011	2010	2009	2008 (1)	2012
Selected statements of financial position data:						
Total assets	$ 52,454	$ 45,262	$ 33,079	$ 29,964	$ 37,719	
Notes payable	3,315	4,809	2,957	7,120	8,855	
Total liabilities	14,317	15,751	12,490	14,893	23,282	
Redeemable partners /members capital	98,607	85,177	45,619	34,219	83,377	
Partners /members deficit/Stockholders equity	(60,470)	(55,666)	(25,030)	(19,148)	(68,940)	
Non-controlling interests						
Selected unaudited operating data:						
Assets under management (in billions) (2)	$ 11.2	$ 10.1	$ 9.2	$ 8.8	$ 7.8	
Adjusted EBITDA (3)	$ 14,702	$ 10,839	$ 9,068	$ 6,499	$ 7,107	
Adjusted EBITDA margin (4)	28.4%	25.3%	24.6%	20.0%	16.5%	

(1) Effective January 1, 2009, each of the members of Silvercrest Asset Management Group LLC, or SAMG LLC, contributed their limited liability company interests in SAMG LLC to Silvercrest L.P. in return for limited partnership interests in Silvercrest L.P., and membership interests in Silvercrest GP LLC. As a result of the reorganization SAMG LLC became a wholly owned subsidiary of Silvercrest L.P. The reorganization was accounted for as a transaction between entities under common control.

(2) As of the last day of the period.

(3) To provide investors with additional insight, promote transparency and allow for a more comprehensive understanding of the information used by management in its financial and operational decision-making, we supplement our consolidated financial statements presented on a GAAP basis with Adjusted EBITDA, a non-GAAP financial measure of earnings. EBITDA represents net income before income tax expense, interest income, interest expense, depreciation and amortization. We define Adjusted EBITDA as EBITDA without giving effect to professional fees associated with acquisitions or financing transactions, losses on forgiveness of notes receivable from our principals, gains on extinguishment of debt or other obligations related to acquisitions, impairment charges and losses on disposals or abandonment of assets and leaseholds, client reimbursements and fund redemption costs, severance and other similar expenses, but including partner incentive allocations as an expense. Our management uses Adjusted EBITDA as a financial measure to evaluate the profitability and efficiency of our business model. We use this non-GAAP financial measure to assess the strength of the underlying operations of our business. These adjustments, and the non-GAAP financial measure that is derived from them, provide supplemental information to analyze our operations between periods and over time. Investors should consider our non-GAAP financial measure in addition to, and not as a substitute for, financial measures prepared in accordance with GAAP.

The following table contains a reconciliation of net income to Adjusted EBITDA (amounts in thousands).

	Historical Silvercrest L.P.					Pro Forma Silvercrest
	Years Ended December 31,					Year Ended December 31,
	2012	2011	2010	2009	2008 (1)	2012
Reconciliation of non-GAAP financial measure:						
Net income	$ 19,720	$ 14,609	$ 10,942	$ 8,086	$ 2,372	
Provision (benefit) for income taxes	1,057	566	657	(321)	1,062	
Interest expense	304	164	241	467	613	
Interest income	(145)	(187)	(231)	(213)	(358)	
Partner/member incentive allocations (A)	(12,129)	(8,775)	(5,173)	(2,591)	(7,171)	
Non-performance fee related equity method (gains) losses					247	
Depreciation and amortization	1,918	1,469	1,379	1,531	1,539	
Equity-based compensation	1,416	1,060	583			
Other adjustments (B)	2,561	1,933	670	(460)	8,803	

Adjusted EBITDA	$ 14,702	$ 10,839	$ 9,068	$ 6,499	$ 7,107

(A) Partner/member incentive allocations have historically been treated as distributions of net income and recorded when paid. Upon the completion of the reorganization and this offering, we will account for partner incentive

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payments as an expense in our statement of operations and have reflected the related adjustments in our pro forma financial information. Accordingly, this will have the effect of increasing compensation expense relative to the amounts that have been recorded historically in our financial statements. See Unaudited Pro Forma Consolidated Financial Information.

(B) Other adjustments consist of the following:

	Years Ended December 31,				
	2012	2011	2010	2009	2008
Loss on forgiveness of notes receivable (a)	$	$ 34	$ 508	$	$
Gain on extinguishment of debt (b)				(3,934)	
Gain on settlement with former LongChamp shareholders (b)				(926)	
Write-off of LongChamp revenue (b)			64	557	
Loss on sub-lease (c)	(85)	150			
Lease abandonment (reversal)/charge (d)	(662)			1,154	
Goodwill, intangible, and fixed asset impairment charge (e)				1,691	9,599
Client reimbursement	12			1,132	
Fund redemption costs (f)	(4)	827			
IPO professional fees	2,892	578			
Acquisition costs (g)	121	222			
Severance	79	69	100		
Change in value of options granted to equity holders (h)				(134)	(796)
Other (i)	208	53	(2)		
Total other adjustments	**$ 2,561**	**$ 1,933**	**$ 670**	**$ (460)**	**$ 8,803**

(a) Represents remaining balance on notes originally issued in connection with the issuance of equity that were forgiven in connection with the termination of employee-partners.

(b) In 2009, we entered into a settlement agreement with the former owners of LGI to close the business of LGI, which was acquired by us in 2007. All agreements between our company and the former owners of LGI were terminated. LGI was ultimately wound down in 2009.

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

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

(e) Includes goodwill and intangibles impairment charges related to the closing of our LGI business. Also reflects an impairment charge related to the write-off of leasehold improvements in the abandoned space in 2009.

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

(g) Reflects the legal and accounting fees associated with the closing of the Commodity Advisors acquisition in 2012 and the Milbank acquisition that were expensed in 2011. Also reflects expenses related to relocating Milbank personnel and operations to our headquarters that were incurred during the year ended December 31, 2012.

(h) Reflects the change in fair value of options that were granted to previous equity holders to purchase membership in SAMG LLC. The options expired on April 30, 2010.

(i) In 2012, represents a fair value adjustment to the Milbank contingent consideration of ($42), a non-recurring catch-up operating escalation from our landlord of $97, and $153 of expenses incurred related to our 10th anniversary client event. In 2011, professional fees related to the Milbank acquisition and a Silvercrest fund.

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UNAUDITED PRO FORMA CONSOLIDATED FINANCIAL INFORMATION

The following unaudited consolidated pro forma financial statements present the consolidated results of operations and financial condition of Silvercrest and its predecessor, Silvercrest L.P., assuming that all of the transactions described in the three bullet points below had been completed as of January 1, 2012 with respect to the unaudited pro forma consolidated statement of operations data for the year ended December 31, 2012, and as of December 31, 2012 with respect to the unaudited pro forma consolidated statement of financial condition data as of December 31, 2012. The pro forma adjustments are based on available information and upon assumptions that our management believes are reasonable in order to reflect, on a pro forma basis, the impact of these transactions and this offering on the historical financial information of Silvercrest L.P.

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

- the reorganization described in The Reorganization and Our Holding Company Structure, which will occur prior to the consummation of this offering, including our agreement to return 85% of the tax benefits that we receive as a result of our ability to step up our tax basis in the partnership units of Silvercrest L.P. that we acquire from our partners and including the distribution by Silvercrest L.P. of approximately $ million to its existing partners prior to the consummation of this offering;

- the amendment of the partnership agreement of Silvercrest L.P., effective as of the consummation of this offering, to eliminate the call and put rights of Silvercrest L.P. and its partners, respectively upon a partner s death, or, if applicable, termination of employment, which required all partnership units to be classified as temporary equity in Silvercrest L.P. s consolidated financial statements; and

- the sale of shares of our Class A common stock in this offering at an assumed offering price of $ per share (the midpoint of the price range set forth on the cover of this prospectus) and the application of the proceeds therefrom, after payment of assumed underwriting discounts and commissions and estimated offering expenses payable by us (assuming no exercise of the underwriters option to purchase additional shares).

The unaudited consolidated pro forma financial information of Silvercrest and its predecessor should be read together with The Reorganization and Our Holding Company Structure, Management s Discussion and Analysis of Financial Condition and Results of Operations and the historical consolidated financial statements of Silvercrest L.P. and related notes included elsewhere in this prospectus.

The unaudited consolidated pro forma financial information is included for informational purposes only and does not purport to reflect our results of operations or financial condition that would have occurred had we operated as a public company during the periods presented. The unaudited consolidated pro forma financial information should not be relied upon as being indicative of our results of operations or financial condition had the transactions contemplated in connection with the reorganization and this offering been completed on the dates assumed. The unaudited consolidated pro forma financial information also does not project the results of operations or financial condition for any future period or date.

All dollar amounts in the following unaudited consolidated pro forma financial information are presented in thousands, except for per share amounts and except as otherwise indicated.

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UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF OPERATIONS

FOR THE YEAR DECEMBER 31, 2012

	Silvercrest L.P. Historical	Reorganization Adjustments (1)	Reorganization Adjustment Pro Forma Note	As Adjusted Before Offering	Offering Adjustments (2)	Offering Adjustments Pro Forma Note	Silvercrest Asset Management Group Inc. Consolidated Pro Forma
Revenue:							
Management and advisory fees	$ 46,069	$		$	$		$
Performance fees and allocations	714						
Family office services	4,907						
Total revenue	51,690						
Expenses:							
Compensation and benefits	19,108						
General and administrative	13,680						
Total expenses	32,788						
Income before other income (expenses)	18,902						
Other income (expense):							
Other income	123						
Interest income	145						
Interest expense	(304)						
Equity income from investments	1,911						
Total other income	1,875						
Income before provision for income taxes	20,777						
Provision for income taxes	(1,057)						
Net income (excluding non-recurring charges)	19,720						
Less: net income attributable to non-controlling interests							
Net income attributable to Silvercrest	$ 19,720	$		$	$		$
Net income per share:							
Basic							$

Diluted	$
Weighted average shares outstanding:	
Basic	$
Diluted	$

(1) **Reorganization Adjustments:**

(A) Reflects the adjustment to treat our historical partner incentive payments of $, which were recorded as distributions when paid prior to this offering, as compensation expense.

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(B) Reflects an adjustment to eliminate interest income earned on the partner notes receivable from named executive officers as if such notes had been repaid January 1, 2012. Such notes were repaid on September 18, 2012.

(2) **Offering Adjustments:**

(A) Reflects the impact of federal, state and local income taxes on the income of Silvercrest. The pro forma effective income tax rate is estimated to be approximately % and was determined by combining the projected federal, state and local income taxes.

Historically, as a flow through entity, Silvercrest L.P. has not been subject to U.S. federal and certain state income taxes, however it has been subject to the New York City Unincorporated Business Tax. As a result of our reorganization, we will become subject to U.S. federal and certain state income taxes applicable to C-Corporations. The provision for income taxes differs from the amount of income tax computed by applying the applicable U.S. statutory federal income tax rate to income before provision for income taxes as follows:

	For the Year Ended December 31, 2012 (dollars in thousands)
Provision at federal statutory rate	
State and local income taxes, net of federal	
Other permanent items	
Rate benefit from the flow through entity (1)	
Provision for income taxes	

(1) Rate benefit from the flow through entity is calculated principally by multiplying the consolidated pro forma income before tax by the percentage of non-controlling interests (%) represented by the Class B units and deferred equity units of Silvercrest L.P. and the federal and state statutory rates. The pro forma income before tax attributable to the non-controlling interests would be subject to New York City Unincorporated Business tax at the consolidated level at a statutory rate of 4.0%. The federal and state income taxes on the earnings attributable to the Class B units and deferred equity units will be payable directly by the principals of Silvercrest L.P. who hold such units.

The table above includes certain book to tax differences such as losses recorded on sub-leases and meals and entertainment which represent permanent differences. These differences are recognized at the level of the flow through entity, Silvercrest L.P., which indirectly benefit Silvercrest by reducing the effective income tax rate.

(B) Represents the non-controlling interest allocation of % (assuming no exercise of the underwriters option to purchase additional shares) of the net income of Silvercrest to Silvercrest L.P. The percentage is based on the Class B units of Silvercrest L.P. to be outstanding after the offering and the unvested deferred equity units (which share in Silvercrest L.P. s earnings as if vested). All unit amounts set forth below give effect to the unit distribution to be made to the existing limited partners of Silvercrest L.P. subsequent to the effectiveness of the registration statement of which this prospectus forms a part in connection with the reorganization. The percentage of ownership interests (including deferred equity units) held by each existing limited partner will not be changed by the unit distribution. The pro forma effect of the unit distribution if it had occurred as of December 31, 2012 would result in units being outstanding after the distribution for each one unit outstanding prior to the distribution (including deferred equity units).

The elimination of the put and call rights associated with the existing limited partnership units of Silvercrest L.P. that will occur as part of the reorganization result in a modification of the terms of the deferred equity units. Such modification will not result in an increase in the fair value of the deferred equity units and therefore no incremental compensation charge is required to be reflected in the pro forma consolidated statement of operations.

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(dollars in thousands)	Units Outstanding Excluding Deferred Equity Units	Units Outstanding Including Deferred Equity Units
Class B units to be outstanding		
Outstanding deferred equity units at December 31, 2012		
Total units attributable to non-controlling interest		
Total units to be outstanding		
Non-controlling interest allocation	%	%
Income before provision for income taxes		$
Non-controlling interest allocation		%
Non-controlling interest income before provision for income taxes		
Non-controlling portion of provision for income taxes (1)		
Net income attributable to non-controlling interests		**$**

(1) The non-controlling portion of provision for income taxes of ($) for the period ended December 31, 2012, is calculated by multiplying the pro forma provision for income taxes for Silvercrest L.P. of ($) by the non-controlling interest allocation percentage of %.

(C) Calculation of Earnings per Class A Share

For purposes of calculating the pro forma net income per Class A share, the number of Class A shares of Silvercrest outstanding are calculated as follows:

Incremental shares of Class A common stock (1)	
Shares of Class A common stock outstanding immediately after this offering	
Total pro forma Class A shares of Silvercrest for purposes of calculating pro forma net income per Class A share	

(1) Represents incremental Class A shares whose proceeds are assumed to fund the cash distribution to our existing principals as such distribution exceeds current year pro forma earnings.

Distribution prior to offering	$
Pro forma net income attributable to Silvercrest	$
Distribution in excess of pro forma net income attributable to Silvercrest	$
Initial public offering price per share	$
Incremental shares of Class A common stock	
Shares of Class A common stock outstanding immediately after this offering	
Total pro forma Class A shares of Silvercrest for purposes of calculating pro forma net income per Class A share	

The pro forma basic and diluted net income per Class A share is calculated as follows (Dollars in thousands, except per share data):

	Basic	Diluted
Pro forma net income attributable to Silvercrest (2)	$	$
Weighted average common shares outstanding		
Pro forma net income per Class A share	$	$

(2) Our shares of Class B common stock do not share in our earnings and are therefore not included in the weighted average shares outstanding or net income per share. Furthermore, no pro forma effect was given to the future potential exchanges of the Class B units of Silvercrest L.P. held by our principals that will be outstanding immediately after the consummation of the reorganization and the offering for a corresponding number of shares of our Class A common stock because the issuance of shares of Class A common stock upon these exchanges would not be dilutive.

Employee bonuses and related payroll taxes of $ are expected to be paid in conjunction with the completion of this offering but have not been reflected in the unaudited pro forma statement of operations given the non-recurring nature of these payments.

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UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL CONDITION

AS OF DECEMBER 31, 2012

	Silvercrest L.P. Historical	Reorganization Adjustments (1)	Reorganization Adjustment Pro Forma Note	As Adjusted Before Offering	Offering Adjustments (2)	Offering Adjustments Pro Forma Note	Silvercrest Asset Management Group Inc. Consolidated Pro Forma
Assets:							
Cash and cash equivalents	$ 13,443	$		$	$		$
Restricted certificates of deposit and escrow	1,020						
Investments	1,980						
Receivables, net	3,675						
Due from Silvercrest Funds	1,622						
Furniture, equipment and leasehold improvements, net	2,061						
Goodwill	15,891						
Intangible assets, net	12,363						
Prepaid expenses and other assets	399						
Total assets	$ 52,454	$		$	$		$
Liabilities, Redeemable Partners Capital and Partners Deficit:							
Accounts payable and accrued expenses	$ 4,513	$		$	$		$
Accrued compensation	3,656						
Notes payable	3,315						
Deferred rent	2,268						
Deferred tax and other liabilities	565						
Total liabilities	14,317						
Redeemable partners capital	102,017						
Notes receivable from partners	(3,410)						
Total redeemable partners capital	98,607						
Partners Capital/Stockholder s Equity:							
Preferred stock, par value $0.01, 10,000,000 shares authorized; and zero shares issued and outstanding, as adjusted							
Class A Common stock, par value $0.01, 50,000,000 shares authorized; and shares issued and outstanding, as adjusted							
Class B Common stock, par value $0.01, 25,000,000 shares authorized; and shares issued and outstanding, as adjusted							
Additional paid-in capital							
Partners capital	47,904						

Excess of liabilities, redeemable partners capital and partners capital over assets		(108,374)				
Total partners deficit/ stockholders equity		(60,470)				
Non-controlling interests						
Total liabilities, redeemable partners capital and partners deficit/stockholders equity	$	52,454	$	$	$	$

(1) **Reorganization Adjustments:**

(A) Represents the reclassification of notes receivable from partners of $ from redeemable partners capital to partners capital. Also reflects an adjustment of $ to eliminate interest income earned on the partner notes receivable of $1,886 from named executive officers, which were repaid on September 18, 2012.

(B) Represents an accrual for the cash distribution to be paid to our existing principals prior to the consummation of this offering.

(C) In the unaudited pro forma consolidated statement of financial condition, the adjustment reflects the treatment of our historical partner incentive payments of $, that were recorded as distributions when paid prior to the reorganization and this offering, as compensation expense. An adjustment of $ is reflected to reclassify to partners capital, the liability related to deferred equity units that will no longer be considered liability awards upon completion of the reorganization. This treatment results from the amendment to the Silvercrest L.P. limited partnership agreement prior to the completion of this offering to remove the call and put rights of Silvercrest L.P. and its partners, respectively.

(D) Represents the elimination of redeemable partners capital, and excess of liabilities, redeemable partners capital and partners capital over assets, as the Silvercrest L.P. limited partnership agreement will be amended prior to the completion of this offering to remove the call and put rights of Silvercrest L.P. and its partners, respectively.

(2) **Offering Adjustments:**

(A) From this offering, we expect to receive net proceeds from our sale of Class A common stock of approximately $, based on an assumed initial public offering price of $ per share (the midpoint in the price range set forth on the cover of this prospectus), after deducting assumed underwriting discounts and estimated offering expenses payable by us (assuming no exercise of the underwriters option to purchase additional shares). We intend to use approximately $ of the net proceeds from this offering to purchase Class B units of Silvercrest L.P. from certain of its existing limited partners. The purchase price for the Class B units will be determined by the public offering price of our Class A common stock in this offering, less the amount of offering expenses incurred by us on a per share basis. We intend to use the remaining net proceeds of this offering, including any proceeds from the exercise of the underwriters option to purchase additional Class A units from Silvercrest L.P. and Silvercrest L.P. will use such proceeds for general corporate purposes, which may include business operations, investments in our business, the development of new investment strategies and strategic acquisitions. The purchase of additional Class A units from Silvercrest L.P. will dilute the ownership interest of the holders of Class B units in Silvercrest L.P.

Prior to the consummation of this offering, Silvercrest L.P. intends to make a distribution to its existing limited partners of previously undistributed earnings in the aggregate amount of approximately $. Such distribution will be funded from the existing cash balances of Silvercrest L.P. at December 31, 2012 and undistributed earnings and cash accumulated by Silvercrest L.P. subsequent to December 31, 2012, and will not be funded by any of the proceeds of this offering. Purchasers in this offering will not be entitled to receive any portion of this distribution and such distribution may not be indicative of the amount of any future distributions.

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The non-controlling interests in the equity of Silvercrest L.P. consist of the following components:

(dollars in thousands)	
Purchase of Class B units	$
Partner distribution of undistributed earnings just prior to the reorganization	
Partner incentive compensation expense	
Deferred equity units and performance units	
Notes receivable from partners	
Redeemable partners capital before the reorganization	
Partners capital before the reorganization	
Excess of liabilities, redeemable partners capital and partners capital over assets before the reorganization	$

(B) We will enter into a tax receivable agreement with the principals of Silvercrest L.P., and any future holders of Class B units, that will require us to pay them 85% of the amount of cash savings, if any, in U.S. federal, state and local income tax that we actually realize (or are deemed to realize in the case of an early termination payment by us, or a change in control, as discussed below) as a result of the increases in tax basis and certain other tax benefits related to entering into the tax receivable agreement, including tax benefits attributable to payments under the tax receivable agreement. This will be our obligation and not the obligation of Silvercrest L.P. Not all current partners who are selling units pursuant to the offering will participate in the tax receivable agreement. Those partners who sell their entire interests are not party to the tax receivable agreement. The portion of the deferred tax asset of $ resulting from the offering, attributable to those partners who are part of the tax receivable agreement is $. This amount was calculated by giving consideration to several different basis layers which exist within the units offered (and thus being inherited) as well as giving consideration to deferred tax benefits generated from the tax benefits attributable to payments under the tax receivable agreement. The liability to be recognized for the tax receivable agreement is $ or % of the deferred tax asset which has been recognized from the increase in tax basis and certain other tax benefits related to those partners entering into the tax receivable agreement. This liability is included in pro forma other liabilities. We expect to benefit from the remaining 15% of cash savings, if any, realized. The term of the tax receivable agreement will commence upon consummation of this offering and will continue until (i) all such tax benefits have been utilized or expired, (ii) the tax receivable agreement with a principal automatically terminates due to a breach by such principal of his or her non-solicitation covenants with our company, or (iii) the termination by our company of a principal with cause, unless we exercise our right to terminate the tax receivable agreement for an amount based on an agreed-upon value of payments remaining to be made under the agreement.

The total deferred tax asset and tax receivable agreement liability pro forma adjustments are $ and $, respectively. The excess of the deferred tax asset pro forma adjustment over the tax receivable agreement liability pro forma adjustment of $ is recorded as additional paid-in capital.

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MANAGEMENT S DISCUSSION AND ANALYSIS OF

FINANCIAL CONDITION AND RESULTS OF OPERATIONS

You should read this discussion and analysis of our financial condition and results of operation in conjunction with our Selected Historical Consolidated Financial Data and our historical financial statements and related notes included elsewhere in this prospectus. The information in this section contains forward-looking statements (see Special Note Regarding Forward-Looking Statements). Our actual results may differ significantly from the results suggested by these forward-looking statements and from our historical results. Some factors that may cause our results to differ are described in the Risk Factors section of this prospectus. The historical financial data discussed below reflect the historical results of operations and financial condition of Silvercrest L.P. and its subsidiaries and do not give effect to our reorganization. See The Reorganization and Our Holding Company Structure and Unaudited Pro Forma Consolidated Financial Information, included elsewhere in this prospectus, for a description of our reorganization and its effect on our historical results of operations.

Overview

We are a premier, full-service wealth management firm focused on providing financial advisory and related family office services to ultra-high net worth individuals and endowments, foundations and other 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 a comprehensive oversight of their financial affairs. During the year ended December 31, 2012, our assets under management grew 10.9%, from $10.1 billion to $11.2 billion.

As part of the reorganization of our company occurring in connection with this offering, Silvercrest will become the general partner of Silvercrest, L.P, our operating company. In addition, the partnership units of all continuing partners of Silvercrest L.P. will be reclassified as Class B units that have equal economic rights to our shares of Class A common stock. After giving effect to the reorganization described above, we will hold approximately % of the partnership interests in Silvercrest L.P. (or approximately % if the underwriters exercise in full their option to purchase additional shares). The partners in Silvercrest L.P. following this offering, consisting of 35 of our current employees and two non-employee partners, will collectively hold the remaining approximately % of the partnership interests in Silvercrest L.P. (or approximately % if the underwriters in full exercise their option to purchase additional shares). In addition, Silvercrest L.P. has issued deferred equity units exercisable for Class B units which entitle the holders thereof to receive distributions from Silvercrest L.P. to the same extent as if the underlying Class B units were outstanding. Net profits and net losses of Silvercrest L.P. will be allocated, and distributions from Silvercrest L.P. will be made, to its current partners pro rata in accordance with their respective partnership units (and assuming the Class B units underlying all deferred equity units are outstanding). For more information on our reorganization, see The Reorganization and Our Holding Company Structure.

The historical results of operations discussed in this Management s Discussion and Analysis of Financial Condition and Results of Operations are those of Silvercrest L.P. and its subsidiaries. After the completion of the reorganization, as the general partner of Silvercrest L.P., we will control its business and affairs and, therefore, consolidate its financial results with ours. In light of our employees collective % partnership interest in Silvercrest L.P. immediately after the reorganization and this offering (or approximately % if the underwriters exercise in full their option to purchase additional shares), we will reflect the interests of these employees as a non-controlling interest in our consolidated financial statements. As a result, our net income, after amounts attributable to non-controlling interests, will represent % of Silvercrest L.P. s net income (or approximately % if the underwriters exercise in full their option to purchase additional shares), and similarly, outstanding shares of our Class A common stock will represent % of the outstanding partnership units of Silvercrest L.P. (or approximately % if the underwriters exercise in full their option to purchase additional shares). For more information on the pro forma impact of our reorganization, see Unaudited Pro Forma Consolidated Financial Information.

Key Performance Indicators

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

(in thousands except as indicated)	For the Years Ended December 31, 2012	2011	2010
Revenue	$ 51,690	$ 42,787	$ 36,831
Income before other income (expense), net	$ 18,902	$ 14,446	$ 10,844
Net income	$ 19,720	$ 14,609	$ 10,942
Adjusted EBITDA (1)	$ 14,702	$ 10,839	$ 9,068
Adjusted EBITDA margin (2)	28.4%	25.3%	24.6%
Assets under management at period end (billions)	$ 11.2	$ 10.1	$ 9.2
Average assets under management (billions) (3)	$ 10.7	$ 9.7	$ 9.0

(1) EBITDA represents net income before income tax expense, interest income, interest expense, depreciation and amortization. We define Adjusted EBITDA as EBITDA without giving effect to professional fees associated with acquisitions or financing transactions, losses on forgiveness of notes receivable from our principals, gains on extinguishment of debt or other obligations related to acquisitions, impairment charges and losses on disposals or abandonment of assets and leaseholds, client reimbursements and fund redemption costs, severance and other similar expenses, but including partner incentive allocations as an expense. See Selected Historical Consolidated Financial Data for a further explanation of Adjusted EBITDA and its reconciliation to net income on a basis consistent with GAAP.

(2) Adjusted EBITDA margin is calculated by dividing Adjusted EBITDA by total revenue.

(3) We have computed average assets under management by averaging assets under management at the beginning of the applicable period and assets under management at the end of the applicable period.

Revenue

We generate revenue from management and advisory fees, performance fees, and family office services fees. Our management and advisory fees are generated by managing assets on behalf of separate accounts and acting as investment adviser for various investment funds. Our performance fees relate to assets managed in external investment strategies in which we have a revenue sharing arrangement and in funds in which we have no partnership interest. Our management and advisory fees and family office services fees income is recognized through the course of the period in which these services are provided. Income from performance fees is recorded at the conclusion of the contractual performance period when all contingencies are resolved. In certain arrangements, we are only entitled to receive performance fees and allocations when the return on assets under management exceeds certain benchmark returns or other performance targets.

The discretionary investment management agreements for our separately managed accounts do not have a specified term. Rather, each agreement may be terminated by either party at any time upon written notice of termination to the other party. The investment management agreements for our private funds are generally in effect from year to year, and may be terminated at the end of any year (or, in certain cases, on the anniversary of execution of the agreement) (i) by us upon 30 or 90 days prior written notice and (ii) after receiving the affirmative vote of a specified percentage of the investors in the private fund that are not affiliated with us, by the private fund on 60 or 90 days prior written notice. The investment management agreements for our private funds may also generally be terminated effective immediately by either party where the non-terminating party (i) commits a material breach of the terms subject, in certain cases, to a cure period, (ii) is found to have committed fraud, gross negligence or willful misconduct or (iii) terminates, become bankrupt, becomes insolvent or dissolves. Each of our investment management agreements contains customary indemnification obligations from us to our clients. The tables below set forth the amount of assets under management, the percentage of management and advisory fees revenues, the amount of revenue recognized, and the average assets under management for discretionary managed accounts and for private funds for each period presented.

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Discretionary Managed Accounts

(in billions)	As of and for the Years Ended December 31, 2012	2011	2010
AUM concentrated in Discretionary Managed Accounts ($)	$ 7.1	$ 6.2	$ 5.7
Average AUM For Discretionary Managed Accounts	$ 6.7	$ 6.0	$ 5.5
Discretionary Managed Accounts Revenue ($) (in millions)	$ 37.6	$ 32.5	$ 27.5
Percentage of management and advisory fees revenue (%)	82%	86%	85%

Private Funds

(in billions)	As of and for the Years Ended December 31, 2012	2011	2010
AUM concentrated in Private Funds ($)	$ 0.9	$ 0.8	$ 0.7
Average AUM For Private Funds	$ 0.9	$ 0.8	$ 0.8
Private Funds Revenue ($) (in millions)	$ 8.5	$ 5.4	$ 4.9
Percentage of management and advisory fees revenue (%)	18%	14%	15%

Our advisory fees are primarily driven by the level of our assets under management. Our assets under management increase or decrease based on the net inflows or outflows of funds into our various investment strategies and the investment performance of our clients accounts. In order to increase our assets under management and expand our business, we must develop and market investment strategies that suit the investment needs of our target clients and provide attractive returns over the long term. Our ability to continue to attract clients will depend on a variety of factors including, among others:

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

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

Management fees earned on investment funds that we advise are calculated based on the net assets of the funds. Some funds calculate investment fees based on the net assets of the funds as of the last business day of each calendar quarter, whereas other funds calculate investment fees based on the value of net assets on the first business day of the month. Depending on the investment fund, fees are paid either quarterly in advance or quarterly in arrears. For our private funds, the fees range from 0.25% to 1.5% annually.

Average management fee is calculated by dividing our actual revenue earned over a period by our average assets under management during the same period (which is calculated by averaging quarter-end assets under

management for the applicable period). Our average management fee was 0.43%, 0.39% and 0.36% for the years ended December 31, 2012, 2011 and 2010, respectively. Increases in our total average management fee rates are primarily the result of a change in the mix of our assets under management and increased concentration in our equities strategies whose fee rates are higher than those of other investment strategies. Advisory fees are also adjusted for any cash flows into or out of a portfolio, where the cash flow represents greater than 10% of the value of the portfolio. Silvercrest L.P. has authority to take fees directly from external custodian accounts of its separately managed accounts.

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

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

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

Expenses

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

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

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

Compensation and Benefits Expense

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

Upon the completion of the reorganization and this offering, we will account for partner incentive payments as an expense in our statement of operations and have reflected the related adjustments in our pro forma financial statements. Accordingly, this will have the effect of increasing compensation expense relative to the amounts that have been recorded historically in our financial statements. See Unaudited Pro Forma Consolidated Financial Information.

The components of our compensation expenses for the three years ended December 31, 2012 are as follows:

	For the Year Ended December 31,		
(in thousands)	**2012**	**2011**	**2010**
Cash compensation and benefits	$ 17,726	$ 16,495	$ 15,936
Distributions on liability awards (1)	28	20	9
Non-cash equity-based compensation expense	1,354	977	583
Total compensation expense	$ 19,108	$ 17,492	$ 16,528

(1) Cash distributions on the portion of unvested deferred equity units that are subject to forfeiture are expensed when paid. Unvested deferred equity units are classified as liability awards.

On February 29, 2012, February 28, 2011 and February 24, 2010, Silvercrest L.P. and Silvercrest GP LLC, our predecessor, granted equity-based compensation awards to certain of their principals based on the fair value of the equity interests of Silvercrest L.P. and Silvercrest GP LLC. Each grant includes a deferred equity unit and performance unit, subject to forfeiture and acceleration of vesting. Each 100 deferred equity units represent the unsecured right to receive one unit of Silvercrest GP LLC and 99 units of Silvercrest L.P., subject to vesting over a four-year period beginning on the first anniversary of the date of grant. Each deferred equity unit, whether vested or unvested, entitles the holder to receive distributions from Silvercrest L.P. and Silvercrest GP LLC as if such holder held such unit. Upon each vesting date, a holder may receive the number of units vested or the equivalent cash value and units, but in no event may the holder receive more than 50% of the aggregate value in cash. To the extent that holders elect to receive up to 50% of the aggregate value in cash, we could have less cash to utilize. We have accounted for the distributions on the portion of the deferred equity units that are subject to forfeiture as compensation expense. Equity-based compensation expense will be recognized on the February 29, 2012, February 28, 2011 and February 24, 2010 deferred equity unit and performance unit awards through February 29, 2016, February 28, 2015 and February 24, 2014, respectively.

Each performance unit represents the right to receive one unit of Silvercrest L.P. and one unit of Silvercrest GP LLC for each two units of Silvercrest L.P. and Silvercrest GP LLC, respectively, issued upon vesting of the deferred equity units awarded to the employee, in each case subject to the achievement of defined performance goals. Although performance units will only vest upon the achievement of the performance goals, they are expensed over the same vesting period as the deferred equity units with which they are associated because there is an explicit service period. For more information on the terms of the deferred equity units and performance units, see Compensation Discussion and Analysis Deferred Equity Units and Performance Units.

General and Administrative Expenses

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

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

Other Income

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

Minority and Non-Controlling Interests

After our reorganization, we will be the general partner of Silvercrest L.P. and will control its business and affairs and, therefore, consolidate its financial results with ours. In light of our employees expected % interest in Silvercrest L.P. (or % if the underwriters exercise in full their option to purchase additional shares) immediately after the consummation of the reorganization and this offering, we will reflect their partnership interests as non-controlling interests in our consolidated financial statements. As a result, immediately after the consummation of this offering, our net income, after income attributable to non-controlling interests, will represent % of Silvercrest L.P. s net income (or % if the underwriters exercise in full their option to purchase additional shares), and similarly, outstanding shares of our Class A common stock will represent % of the outstanding partnership units of Silvercrest L.P. (or % if the underwriters exercise in full their option to purchase additional shares).

Provision for Income Tax

While Silvercrest L.P. has historically not been subject to U.S. federal and certain state income taxes, it has been subject to the New York City Unincorporated Business Tax. As a result of our reorganization, we will become subject to taxes applicable to C-corporations. We expect our effective tax rate, and the absolute dollar amount of our tax expense, to increase as a result of this reorganization offset by the benefits of the tax receivable agreement. For more information on the pro forma income taxes applicable to us under C-corporation status, see The Reorganization and Our Holding Company Structure and Unaudited Pro Forma Consolidated Financial Information.

Significant Transactions

Milbank

On November 1, 2011, we acquired substantially all of the assets of Milbank Winthrop & Co., Inc., or Milbank, a registered investment adviser that managed approximately $500 million of assets primarily on behalf of ultra-high net worth families. The strategic acquisition of Milbank, a long-standing and highly regarded investment boutique, strengthens Silvercrest L.P. s presence in the New York market and adds investment managers that have significant experience and knowledge of the industry. Under the terms of the asset purchase agreement, the purchase price for the assets of Milbank consisted of a cash consideration of $3.4 million (net of cash acquired of $0.8 million), interests in Silvercrest L.P. and Silvercrest GP LLC with a fair value of $3.1 million, and a promissory note issued by SAMG LLC to Milbank for $3.2 million. As part of the asset purchase agreement, we are obligated to make future earnout payments to Milbank should specific financial and performance targets be achieved by the Milbank business. We determined that the acquisition-date fair value of

the contingent consideration was $1.7 million based on the likelihood that the financial and performance targets included in the asset purchase agreement will be achieved. Under the terms of the asset purchase agreement, Milbank is entitled to receive six earnout payments for the following periods: November 1, 2011 through December 31, 2011, full calendar years 2012, 2013, 2014 and 2015, and January 1, 2016 through October 31, 2016. Each earnout payment is equal to 20% of EBITDA generated by the Milbank business (as defined in the asset purchase agreement) during the relevant earnout period. The amount of the earnout payment will vary depending on the level of EBITDA that is generated in each respective earnout period. Milbank revenue and operating expenses for the two months ended December 31, 2011 were $0.9 million and $0.4 million, respectively.

Operating Results

Revenue

Our revenues for the years ended December 31, 2012, 2011 and 2010 are set forth below:

	For the Years Ended December 31,			
(in thousands)	**2012**	**2011**	**2012 vs. 2011 ($)**	**2012 vs. 2011 (%)**
Management and advisory fees	$ 46,069	$ 37,869	$ 8,200	21.7%
Performance fees and allocations	714	85	629	740.0%
Family office services	4,907	4,833	74	1.5%
Total revenue	$ 51,690	$ 42,787	$ 8,903	20.8%

	For the Years Ended December 31,			
(in thousands)	**2011**	**2010**	**2011 vs. 2010 ($)**	**2011 vs. 2010 (%)**
Management and advisory fees	$ 37,869	$ 32,442	$ 5,427	16.7%
Performance fees and allocations	85	548	(463)	-84.5%
Family office services	4,833	3,841	992	25.8%
Total revenue	$ 42,787	$ 36,831	$ 5,956	16.2%

The growth in our assets under management from January 1, 2010 to December 31, 2012 is described below:

	Assets Under Management		
	Discretionary	**Non-Discretionary**	**Total**
As of January 1, 2010	$ 6.1	$ 2.7	$ 8.8
Gross client inflows	1.5	1.0	2.5
Gross client outflows	(1.7)	(0.8)	(2.5)
Market appreciation (depreciation) (1)	0.5	(0.1)	0.4
As of December 31, 2010	$ 6.4	$ 2.8	$ 9.2
Gross client inflows	3.6	1.5	5.1
Gross client outflows	(3.1)	(1.1)	(4.2)
Market appreciation (depreciation) (1)	0.1	(0.1)	
As of December 31, 2011	$ 7.0	$ 3.1	$ 10.1
Gross client inflows	6.7	0.6	7.3
Gross client outflows	(6.3)	(0.6)	(6.9)
Market appreciation (1)	0.6	0.1	0.7

As of December 31, 2012	$ 8.0	$ 3.2	$ 11.2 (2)

(1) For additional investment strategy performance information disclosed elsewhere in this prospectus, please see the Business section.
(2) Less than 5% of assets under management generate performance fees.

Year Ended December 31, 2012 versus Year Ended December 31, 2011

Our total revenue increased by $8.9 million, or 20.8%, to $51.7 million for the year ended December 31, 2012, from $42.8 million for the year ended December 31, 2011. This increase was driven primarily by growth in our management and advisory fees as a result of increased assets under management.

Assets under management increased by $1.1 billion, or 10.9%, to $11.2 billion at December 31, 2012 from $10.1 billion at December 31, 2011. Contributing to the growth in assets under management was $7.3 billion of client inflows and $0.7 billion in market appreciation, partially offset by client outflows of $6.9 billion. Our market appreciation during the year ended December 31, 2012 constituted a 6.9% rate of increase in our total assets under management compared to the year ended December 31, 2011. Our growth in assets under management for the year ended December 31, 2012 was primarily attributable to an increase of $0.9 billion in separately managed accounts, which are included in discretionary assets under management. An increase in the concentration of equity securities, which are included in discretionary assets under management and whose fee rates are higher than those of other investments, was the primary driver of increased management and advisory fees revenue for the year ended December 31, 2012 compared to the prior year. Sub-advised fund management revenue decreased by $0.4 million to $1.2 million for the year ended December 31, 2012 from $1.6 million in the prior year. While sub-advised fund assets under management remained flat as of December 31, 2012 as compared to December 31, 2011, client redemptions primarily contributed to the decrease in sub-advised fund management revenue. Proprietary fund management revenue increased by $3.5 million to $7.3 million for the year ended December 31, 2012 from $3.8 million for the same period in the prior year. This increase in proprietary fund management revenue was attributable to the acquisition of Milbank in November 2011. With respect to our discretionary assets under management, equity assets experienced growth of 30.5% during the year ended December 31, 2012 while fixed income assets were flat during the same period. Most of our growth came from our SMID cap, multi cap and small cap value strategies with composite returns of 16.7%, 16.5% and 16.0%, respectively. As of December 31, 2012, the composition of our assets under management was 72% in discretionary assets, which includes both separately managed accounts and proprietary and sub-advised funds, and 28% in non-discretionary assets which represent assets on which we provide portfolio reporting but do not have investment discretion.

Performance fee revenue increased by $629 thousand to $714 thousand for the year ended December 31, 2012 from $85 thousand for the year ended December 31, 2011. These performance fees are primarily related to external investment strategies in which we have a revenue sharing arrangement. The increase in performance fee revenue is directly attributable to higher returns achieved at our external investment strategies. The balance of our performance fees are earned from proprietary funds and are included in equity income from investments, which is discussed below in Other Income (Expense).

Family office services income increased by $0.1 million or 1.5%, from $4.8 million for the year ended December 31, 2011 to $4.9 million for the year ended December 31, 2012, primarily as a result of increased fees from existing clients because of increased rates in certain cases and a greater amount of services provided in other cases.

Year Ended December 31, 2011 versus Year Ended December 31, 2010

Our total revenue increased by $6.0 million, or 16.2%, to $42.8 million for the year ended December 31, 2011, from $36.8 million for the year ended December 31, 2010. This increase was driven primarily by growth in our management and advisory fees as a result of increased assets under management.

Assets under management increased by $0.9 billion, or 9.8%, to $10.1 billion at December 31, 2011 from $9.2 billion at December 31, 2010. Contributing to the growth in assets under management was $5.1 billion of net client inflows partially offset by $4.2 billion of client outflows. Our growth in assets under management in 2011 was primarily attributable to an increase of $0.5 billion in separately managed accounts and $0.2 billion in proprietary and sub-advised funds, which are included in discretionary assets under management. An increase in the concentration of equity securities, which are included in discretionary assets under management and whose fee rates are higher than those of other investments, was the primary driver of increased management and advisory fees revenue for the year ended December 31, 2011 compared to the year ended December 31, 2010. Sub-advised fund management revenue increased by $0.2 million to $1.6 million for the year ended December 31, 2011 from $1.4 million for the year ended December 31, 2010 while sub-advised fund assets under management remained flat. Proprietary fund management revenue increased by $0.3 million to $3.8 million for the year ended December 31, 2011 from $3.5 million for the year ended December 31, 2010. This increase in proprietary fund management revenue was attributable to a $0.2 billion increase in proprietary fund assets under management from $0.5 billion as of December 31, 2010 to $0.7 billion as of December 31, 2011. This increase was primarily the result of the addition of $0.3 billion of Milbank fund assets under management in November 2011, partially offset by $0.1 billion of client fund redemptions. With respect to our discretionary assets under management, equities experienced growth of 9.4% while fixed income assets declined 3.0% for the year ended December 31, 2011. Most of our growth came from our equity income, multi cap value and small cap value strategies with composite returns of 4.4%, 0.5%, and 1.5%, respectively. As of December 31, 2011, the composition of our assets under management was 70% in discretionary assets, which includes both separately managed accounts and proprietary and sub-advised funds, and 30% in non-discretionary assets, which represent assets on which we provide portfolio reporting but do not have investment discretion.

Performance fee revenue decreased by $463 thousand to $85 thousand for the year ended December 31, 2011 from $548 thousand for the year ended December 31, 2010. These performance fees are primarily related to external investment strategies in which we have a revenue sharing arrangement. The decrease in performance fee revenue is directly attributable to lower returns achieved at our external investment strategies. The balance of our performance fees are earned from proprietary funds and are included in equity income from investments, which is discussed below in Other Income (Expense), Net.

Family office services income increased by $1.0 million or 25.8%, from $3.8 million for the year ended December 31, 2010 to $4.8 million for the year ended December 31, 2011, primarily as a result of the addition of significant family relationships in 2011 and increased fees from existing clients because of increased rates in certain cases and a greater amount of services provided in other cases.

Expenses

Our expenses for the years ended December 31, 2012, 2011 and 2010 are set forth below:

	For the Years Ended December 31,			
(in thousands)	**2012**	**2011**	**2012 vs. 2011 ($)**	**2012 vs. 2011 (%)**
Compensation and benefits	$ 19,108	$ 17,492	$ 1,616	9.2%
General, administrative and other	13,680	10,849	2,831	26.1%
Total expenses	$ 32,788	$ 28,341	$ 4,447	15.7%

	For the Years Ended December 31,			
(in thousands)	**2011**	**2010**	**2011 vs. 2010 ($)**	**2011 vs. 2010 (%)**
Compensation and benefits	$ 17,492	$ 16,528	$ 964	5.8%
General and administrative	10,849	9,459	1,390	14.7%
Total expenses	$ 28,341	$ 25,987	$ 2,354	9.1%

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Our expenses are driven primarily by our compensation costs. The table included in Expenses Compensation and Benefits Expense describes the components of our compensation expense for the three years ended December 31, 2012. Other expenses, such as rent, professional service fees, data-related costs, and sub-advisory fees incurred are included in our general and administrative expenses.

Year Ended December 31, 2012 versus Year Ended December 31, 2011

Total expenses increased by $4.5 million, or 15.7%, to $32.8 million for the year ended December 31, 2012 from $28.3 million for the year ended December 31, 2011. This increase was primarily attributable to increases in compensation and benefits expense and general and administrative expenses of $1.6 million and $2.8 million, respectively.

Compensation and benefits expense increased by $1.6 million, or 9.2%, to $19.1 million for the year ended December 31, 2012 from $17.5 million for the year ended December 31, 2011. The increase was primarily attributable to an increase in salaries of $0.9 million as a result of both merit increases and increased headcount primarily as a result of the Milbank acquisition, increased incentive compensation expense of $0.3 million, and increased equity-based compensation expense of $0.3 million due to the grant of additional deferred equity units to employees and an increase in the fair value of the deferred equity units.

General and administrative expenses increased by $2.8 million, or 26.1%, to $13.7 million for the year ended December 31, 2012 from $10.9 million for the year ended December 31, 2011. This increase was primarily due to an increase in professional fees of $2.3 million for services rendered in connection with a planned initial public offering that was withdrawn in November 2012 and acquisition transactions and depreciation and amortization expense of $0.4 million primarily related to amortization of intangible assets as part of the Milbank transaction.

On May 1, 2012, we reoccupied space at our headquarters that we had previously abandoned in 2009. As a result, this released the remaining abandonment-related liability of $0.7 million. This reversal was partially offset by increased operating cost escalations of $0.2 million and lower sub-tenant rent of $0.2 million.

Year Ended December 31, 2011 versus Year Ended December 31, 2010

Total expenses increased by $2.4 million, or 9.1%, to $28.3 million for the year ended December 31, 2011 from $26.0 million for the year ended December 31, 2010. This increase was primarily attributable to increases in compensation and benefits expense and general and administrative expenses of $1.0 million and $1.4 million, respectively.

Compensation and benefits expense increased by $1.0 million, or 5.8%, to $17.5 million for the year ended December 31, 2011 from $16.5 million for the year ended December 31, 2010. The increase was primarily attributable to an increase in equity-based compensation expense of $0.5 million due to the grant of deferred equity units to employees, increased salaries of $0.8 million as a result of both merit increases and increased headcount, and increased benefits and payroll taxes expense of $0.1 million, partially offset by lower employee bonus expense of $0.4 million.

General and administrative expenses increased by $1.4 million, or 14.7%, to $10.8 million for the year ended December 31, 2011 from $9.4 million for the year ended December 31, 2010. This increase was primarily due to an increase in professional fees of $0.8 million for services rendered in connection with this offering and acquisition transactions, $0.7 million in reimbursements to clients and a $0.2 million increase in costs related to the development of our portfolio management system and investment research and pricing subscriptions, offset by decreased occupancy costs of $0.3 million due to increased sub-tenant rent.

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Other Income (Expense), Net

	For the Years Ended December 31,			
(in thousands)	2012	2011	2012 vs. 2011 ($)	2012 vs. 2011 (%)
Loss on forgiveness of notes receivable	$	$ (34)	$ 34	-100.0%
Other	123	(210)	333	-41.4%
Interest income	145	187	(42)	-22.5%
Interest expense	(304)	(164)	(140)	85.4%
Equity income from investments	1,911	950	961	-158.6%
Total other income (expense), net	$ 1,875	$ 729	$ 1,146	157.2%

	For the Years Ended December 31,			
(in thousands)	2011	2010	2011 vs. 2010 ($)	2011 vs. 2010 (%)
Loss on forgiveness of notes receivable	$ (34)	$ (508)	$ 474	-93.3%
Other	(210)	32	(242)	-756.3%
Interest income	187	231	(44)	-19.0%
Interest expense	(164)	(241)	77	-32.0%
Equity income from investments	950	1,241	(291)	-23.4%
Total other income (expense), net	$ 729	$ 755	$ (26)	-3.4%

Year Ended December 31, 2012 versus Year Ended December 31, 2011

Other income (expense), net increased by $1.1 million to $1.9 million for the year ended December 31, 2012 from $0.7 million for the year ended December 31, 2011. The increase in other income (expense), net is attributable to a $1.0 million increase in equity income from investments resulting from performance fee allocations partially offset by net interest expense of $0.2 million as a result of a write off prepaid interest expense related to the reversal of a lease abandonment liability in addition to an increase in notes payable issued in connection with the acquisition of Milbank.

Year Ended December 31, 2011 versus Year Ended December 31, 2010

Other income (expense), net decreased by $26 thousand, or 3.4%, to $0.7 million for the year ended December 31, 2011 from $0.8 million for the year ended December 31, 2010. In 2011 and 2010, we recorded losses on the forgiveness of notes receivable of $34 thousand and $508 thousand, respectively, in connection with the termination of employee-partners and the related termination of existing notes in exchange for the repurchase of units of Silvercrest L.P. and Silvercrest GP LLC. Interest income decreased by $44 thousand or 19.0% to $187 thousand for the year ended December 31, 2011 from $231 thousand for the year ended December 31, 2010. Interest expense decreased by $77 thousand or 32.0% to $164 thousand for the year ended December 31, 2011 from $241 thousand for the year ended December 31, 2010. Equity income from investments decreased by $0.3 million primarily as a result of decreased performance fee allocations from some of our funds. Other income (expense) decreased by $0.2 million as a result of a $0.1 million loss on sub-lease charge related to a new sub-tenant on our leased space in January 2011 and $0.1 million of unrealized and realized losses related to an investment in marketable securities.

Provision for Income Taxes

Year Ended December 31, 2012 versus Year Ended December 31, 2011

The provision for income taxes was $1.1 million and $0.6 million for the years ended December 31, 2012 and December 31, 2011, respectively. The change was a result of an increase in taxable income. Our provision for income taxes as a percentage of income before provision for income taxes for the year ended December 31, 2012 was 5.1% compared to 3.7% for the year ended December 31, 2011.

Year Ended December 31, 2011 versus Year Ended December 31, 2010

The provision for income taxes was $0.6 million and $0.7 million for the years ended December 31, 2011 and December 31, 2010, respectively, representing a decrease of $0.1 million, or 14.3%. The change was a result of a decrease in taxable income due to increased deferred rent, contingent consideration in the Milbank acquisition, and increased amortization of intangible assets. Our provision for income taxes as a percentage of income before provision for income taxes in 2011 was 3.7% compared to 5.7% in 2010.

Liquidity and Capital Resources

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

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

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

The following table set forth certain key financial data relating to our liquidity and capital resources as of December 31, 2012, 2011 and 2010.

	Years Ended December 31,		
(in thousands)	**2012**	**2011**	**2010**
Cash and cash equivalents	$ 13,443	$ 7,354	$ 7,025
Accounts receivable	$ 3,675	$ 2,238	$ 2,247
Due from Silvercrest Funds	$ 1,622	$ 2,043	$ 1,255

Prior to the consummation of this offering, Silvercrest L.P. intends to make a distribution to its existing limited partners of previously undistributed earnings in the aggregate amount of approximately $ million. Such distribution will be funded from the existing cash balances of Silvercrest L.P. at the time of the reorganization but before the consummation of this offering and will not be funded by any of the proceeds of this offering. Purchasers in this offering will not be entitled to receive any portion of this distribution and such distribution may not be indicative of the amount of any future distributions.

We anticipate that distributions to the limited partners of Silvercrest L.P., which, immediately following this offering, will consist of 35 of our current employees, two non-employee partners and us will continue to be a material use of our cash resources and will vary in amount and timing based on our operating results and dividend policy. As discussed under Dividend Policy, we currently intend to declare quarterly cash dividends to our Class A common stockholders. We are a holding company and have no material assets other than our ownership of interests in Silvercrest L.P. As a result, we will depend upon distributions from Silvercrest L.P. to pay any dividends to our Class A stockholders. We expect to cause Silvercrest L.P. to make distributions to us in an amount sufficient to cover dividends, if any, declared by us. Our dividend policy has certain risks and limitations, particularly with respect to liquidity. Although we expect to pay dividends according to our dividend policy, we may not pay dividends according to our policy, or at all, if, among other things, we do not have the cash necessary to pay our intended dividends. To the extent we do not have cash on hand sufficient to pay dividends, we may decide not to pay dividends. By paying cash dividends rather than investing that cash in our future growth, we risk slowing the pace of our growth, or not having a sufficient amount of cash to fund our operations or unanticipated capital expenditures, should the need arise.

Our purchase of Class B units in Silvercrest L.P. concurrently with this offering, and the future exchanges of Class B units of Silvercrest L.P., are expected to result in increases in our share of the tax basis of the tangible and intangible assets of Silvercrest L.P. at the time of our acquisition and these future exchanges, which will increase the tax depreciation and amortization deductions that otherwise would not have been available to us. These increases in tax basis and tax depreciation and amortization deductions are expected to reduce the amount of tax that we would otherwise be required to pay in the future. We will enter into a tax receivable agreement with the current principals of Silvercrest L.P. and any future employee holders of Class B units pursuant to which we will agree to pay them 85% of the amount of cash savings, if any, in U.S. federal, state and local income tax that we actually realize as a result of these increases in tax basis and certain other tax benefits related to entering into the tax receivable agreement, including tax benefits attributable to payments thereunder. The timing of these payments is currently unknown. The payments to be made pursuant to the tax receivable agreement will be a liability of Silvercrest and not Silvercrest L.P. This liability will be recorded as an other liability on our statement of financial condition. For purposes of the tax receivable agreement, cash savings in income tax will be computed by comparing our actual income tax liability to the amount of such taxes that we would have been required to pay had there been no increase in our share of the tax basis of the tangible and intangible assets of Silvercrest L.P.

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

Cash Flows

The following table sets forth our cash flows for the years ended December 31, 2012, 2011 and 2010. Operating activities consist of net income subject to adjustments for changes in operating assets and liabilities, depreciation, and equity-based compensation expense. Investing activities consist primarily of acquiring and selling property and equipment, distributions received from investments in investment funds, and cash paid as part of business acquisitions. Financing activities consist primarily of contributions from partners, distributions to partners, the issuance and payments on partner notes and earnout payments related to business acquisitions.

	Years Ended December 31,		
(in thousands)	**2012**	**2011**	**2010**
Net cash provided by operating activities	$ 20,756	$ 15,401	$ 11,419
Net cash (used in) provided by investing activities	(770)	(4,476)	365
Net cash used in financing activities	(13,897)	(10,596)	(10,086)
Net change in cash	$ 6,089	$ 329	$ 1,698

Operating Activities

Year Ended December 31, 2012 versus Year Ended December 31, 2011

Operating activities provided $20.8 million and $15.4 million for the years ended December 31, 2012 and 2011, respectively. This difference primarily is the result of an increase in net income of $5.1 million for the year

ended December 31, 2012, and increased working capital resulting from an increase in the change to accrued compensation of $0.8 million due to increased incentive compensation expense in 2012 which was paid in 2013.

Year Ended December 31, 2011 versus Year Ended December 31, 2010

Operating activities provided $15.4 million and $11.4 million for the years ended December 31, 2011 and 2010, respectively. This difference primarily is the result of an increase in net income of $3.7 million for the year ended December 31, 2011 and increased working capital resulting from an increase of $0.7 million in the collection of accounts receivable during the year ended December 31, 2011. The increase in Due from Silvercrest Funds is the result of a change in payment terms from monthly to quarterly in addition to increased fund management fee revenue.

Investing Activities

Year Ended December 31, 2012 versus Year Ended December 31, 2011

For the year ended December 31, 2012, investing activities used $0.8 million primarily as a result of a $0.7 million earnout payment related to the Marathon acquisition.

Year Ended December 31, 2011 versus Year Ended December 31, 2010

Investing activities consist primarily of investments in investment funds as well as capital expenditures. For the year ended December 31, 2011, investing activities used $4.5 million whereas for the year ended December 31, 2010, investing activities provided $0.4 million. The increase in cash used in investing activities from 2010 to 2011 was primarily the result of the cash payment of $3.3 million related to the Milbank acquisition in addition to a $0.4 million increase in earnout payments related to the Marathon acquisition.

Financing Activities

Year Ended December 31, 2012 versus Year Ended December 31, 2011

For the years ended December 31, 2012 and 2011, financing activities used $13.9 million and $10.6 million, respectively. The increase in net cash used in financing activities from 2011 to 2012 was primarily the result of higher partner incentive allocations paid in 2012 in addition to higher tax distributions paid during the year ended December 31, 2012 as compared to the same period in 2011 partially offset by increased payments from partners on notes receivable. Incentive allocations and tax distributions increased directly as a result of increased profitability and operating cash flow.

Year Ended December 31, 2011 versus Year Ended December 31, 2010

Financing activities consist primarily of contributions from partners, distributions to partners, the issuance and payments on partner notes, and earnout payments related to business acquisitions completed on or subsequent to January 1, 2009. For the years ended December 31, 2011 and 2010, financing activities used $10.6 million, and $10.1 million, respectively. The increase in net cash used in financing activities from 2010 to 2011 was the result of increased distributions of $4.1 million made to principals as a result of higher partner incentive allocations paid in 2011 in addition to higher tax distributions paid in the first quarter of 2011 as compared to the same period in 2010. Incentive allocations and tax distributions increased directly as a result of increased profitability and operating cash flow. These increases were partially offset by lower payments of $2.9 million on notes payable due to the payment in full in 2011 of the note issued in connection with the Marathon acquisition, and the payment in full during 2010 of notes issued to former partners by us for the redemption of units under which we exercised our call right upon their termination of employment. In addition, cash received from principals on notes receivable was $1.1 million for the year ended December 31, 2011 compared to $0.2 million for the year ended December 31, 2010.

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

We have an outstanding fixed rate note payable to Milbank related to the Milbank acquisition, and variable rate notes issued to former principals to redeem units held by them under which we exercised our call right upon their termination.

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

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

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

Contractual Obligations

The following table sets forth information regarding our consolidated contractual obligations as of December 31, 2012.

	Payments Due by Period (in thousands)				
	Total	Less Than 1 Year	1-3 Years	3-5 Years	More Than 5 Years
Operating leases	$ 17,352	$ 3,675	$ 7,307	$ 6,370	$
Capital leases	33	20	13		
Notes payable	3,270	1,556	1,714		
Total	$ 20,655	$ 5,251	$ 9,034	$ 6,370	$

Off-Balance Sheet Arrangements

We entered into a guaranty arrangement in October 2011. We act as investment advisor to Silvercrest Strategic Opportunities Fund. In October 2011, Silvercrest Strategic Opportunities Fund entered into a $5,000,000 revolving credit agreement with Pershing LLC for client redemptions. Simultaneously with the execution of the credit agreement, we entered into an indemnification agreement with Pershing whereby we agreed to indemnify Pershing from claims arising out of the non-performance of Silvercrest Strategic Opportunities Fund s obligations under the related credit agreement. The credit agreement matured on January 15, 2012. See Note 10 to the consolidated financial statements of Silvercrest L.P. for the years ended December 31, 2012, 2011 and 2010 included elsewhere in this prospectus for further disclosure regarding this off-balance sheet arrangement.

We did not have any off-balance sheet arrangements as of December 31, 2012 or December 31, 2010.

Critical Accounting Policies and Estimates

The preparation of the consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues, expenses and other income reported in the consolidated financial statements and the accompanying notes. We base our estimates on historical experience and on various other assumptions that are believed to be reasonable under current circumstances, our results of which form the basis for making judgments about the carrying value of assets and liabilities that are not readily available from other sources. Actual results could differ from those estimates. Significant estimates and assumptions made by management include the fair value of acquired assets and liabilities, impairment of goodwill and intangible assets, revenue recognition, equity based compensation, accounting for income taxes, and other matters that affect the consolidated financial statements and related disclosures. Accounting policies are an integral part of our financial statements. An understanding of these accounting policies is essential when reviewing our reported results of operations and our financial condition. Management believes that the critical accounting policies and estimates discussed below involve additional management judgment due to the sensitivity of the methods and assumptions used.

Business Combinations

We account for business combinations using the acquisition method of accounting. The acquisition method of accounting requires that purchase price, including the fair value of contingent consideration, of the acquisition be allocated to the assets acquired and liabilities assumed using the estimated fair values determined by management as of the acquisition date.

For acquisitions completed subsequent to January 1, 2009, we measure the fair value of contingent consideration at each reporting period using a probability-adjusted discounted cash flow method based on significant inputs not observable in the market and any change in the fair value from either the passage of time or events occurring after the acquisition date, is recorded in earnings. In relation to our acquisition of Milbank, the fair value of the contingent consideration was based on discounted cash flow models using projected EBITDA for each earnout period. The discount rate applied to the projected EBITDA was determined based on the weighted average cost of capital for the Company and considered that the overall risk associated with the payments was similar to the overall risks of our business as there is no target, floor or cap associated with the contingent payments.

Goodwill and Intangible Assets

Goodwill consists of the excess of the purchase price over the fair value of identifiable net assets of businesses acquired. Goodwill is not amortized and is evaluated for impairment using a two-step process that is performed at least annually, or whenever events or circumstances indicate that impairment may have occurred.

In September 2011, the FASB issued ASU 2011-08, Testing Goodwill for Impairment , which provided new accounting guidance on testing goodwill for impairment. The enhanced guidance provides an entity the option to first perform a qualitative assessment of whether a reporting unit s fair value is more likely than not less than its carrying value, including goodwill. In performing its qualitative assessment, an entity considers the extent to which adverse events or circumstances identified, such as changes in economic conditions, industry and market conditions or entity specific events, could affect the comparison of the reporting unit s fair value with its carrying amount. If an entity concludes that the fair value of a reporting unit is more likely than not less than its carrying amount, the entity is required to perform the currently prescribed two-step goodwill impairment test to identify potential goodwill impairment and, accordingly, measure the amount, if any, of goodwill impairment loss to be recognized for that reporting unit. The guidance was effective for the us as of January 1, 2012. We did not utilize this option and assessed goodwill using the two-step process when performing our annual impairment assessment in 2012.

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The first step is a comparison of the fair value of a reporting unit with its carrying amount, including goodwill. If the fair value of the reporting unit exceeds its carrying value, goodwill of the reporting unit is not considered impaired and the second step is unnecessary. If the carrying value of the reporting unit exceeds its fair value, a second step is performed to measure the amount of impairment by comparing the carrying amount of the goodwill to a determination of the implied fair value of the goodwill. If the carrying amount of the goodwill is greater than the implied value, an impairment loss is recognized for the difference. The implied value of the goodwill is determined as of the test date by performing a purchase price allocation, as if the reporting unit had just been acquired, using currently estimated fair values of the individual assets and liabilities of the reporting unit, together with an estimate of the fair value of the reporting unit taken as a whole. The estimate of the fair value of the reporting unit is based upon information available regarding prices of similar groups of assets, or other valuation techniques including present value techniques based upon estimates of future cash flows. Our reporting unit is not at risk of failing step one as its estimated fair value determined during the company s annual goodwill impairment test for 2012 exceeded its carrying amount by over 380%.

During 2011, we changed our annual impairment test date from December 31 to October 1, effective October 1, 2011. The change was made in anticipation of our company having a requirement to issue its annual financial statements on an accelerated basis as compared to prior years. The change had no impact on our results of operations or any other financial statement line item.

Identifiable finite-lived intangible assets are amortized over their estimated useful lives ranging from three to 20 years. The method of amortization is based on the pattern over which the economic benefits, generally expected undiscounted cash flows, of the intangible asset are consumed. Intangible assets for which no pattern can be reliably determined are amortized using the straight-line method. Intangible assets consist primarily of the contractual right to future management, advisory and performance fees from customer contracts or relationships. Indefinite-lived intangible assets are reviewed for impairment whenever events or changes in circumstances indicate that the net carrying amount of the asset may not be recoverable. In connection with such review, we also re-evaluate the periods of amortization for these assets. Recoverability of these assets is measured by a comparison of the carrying amount of these assets to undiscounted future net cash flows expected to be generated by these assets. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds their fair value.

Revenue Recognition

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

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

Because the majority of our revenues are earned based on assets under management that have been determined using fair value methods and since market appreciation/depreciation has a significant impact on our revenue, we have presented our assets under management using the U.S. GAAP framework for measuring fair value. That framework provides a three-level fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs based on

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company assumptions (Level 3). A financial instrument s categorization within the fair value hierarchy is based upon the lowest level of input that is significant to the instrument s fair value measurement. The three levels within the fair value hierarchy are described as follows:

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

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

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

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

	Level 1	Level 2	Level 3	Total
		(in billions)		
December 31, 2012 AUM	$ 8.4	$ 1.4	$ 1.4	$ 11.2
December 31, 2011 AUM	$ 7.5	$ 1.1	$ 1.5	$ 10.1

As substantially all our assets under management are valued by independent pricing services based upon observable market prices or inputs, we believe market risk is the most significant risk underlying valuation of our assets under management, as discussed under the heading Risk Factors and Quantitative and Qualitative Disclosure About Market Risk.

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

Equity-Based Compensation

Equity-based compensation cost relating to the issuance of share-based awards to principals is based on the fair value of the award at the date of grant, which is expensed ratably over the requisite service period, net of estimated forfeitures. The fair value of the award is based upon the calculation of a per unit limited partnership interest of our company utilizing both discounted cash flow and guideline company valuation methodologies. The forfeiture assumption is ultimately adjusted to the actual forfeiture rate. Therefore, changes in the forfeiture assumptions may affect the timing of the total amount of expense recognized over the vesting period. The service period is the period over which the employee performs the related services, which is normally the same as the vesting period. Equity-based awards that do not require future service are expensed immediately. Equity-based awards that have the potential to be settled in cash at the election of the employee or that pertain to redeemable partnership units are classified as liabilities, or Liability Awards, and are adjusted to fair value at the end of each reporting period. Distributions associated with Liability Awards not expected to vest are accounted for as part of compensation expense in our Consolidated Statements of Operations.

In order to determine the fair value of our limited partnership interests underlying equity-based compensation awards issued prior to the offering described in this prospectus, we first determined the market value of our invested capital, or MVIC. Our MVIC was estimated using a combination of two generally accepted approaches: the income approach using the discounted cash flow method, or DCF, and the market-based approach using the comparable company method. The DCF method estimates enterprise value based on the estimated present value of future net cash flows the business is expected to generate over a forecasted period and an estimate of the present value of cash flows beyond that period, which is referred to as terminal value. The estimated present value is calculated using our weighted average cost of capital, which accounts for the time value of money and the appropriate degree of risks inherent in the business. The market-based approach considers multiples of financial metrics based trading multiples of a selected peer group of companies. These multiples are then applied to our financial metrics to derive a range of indicated values. Once calculated, the discounted cash flow and comparable company methods are then weighted. Estimates of the volatility of our limited partnership interests were based on available information regarding the volatility of common stock of comparable, publicly traded companies.

Prior to this offering, the fair value of the limited partnership interests underlying equity-based compensation awards were determined in accordance with the guidelines outlined in the American Institute of Certified Public Accountants Practice Aid, Valuation of Privately-Held-Company Equity Securities Issued as Compensation. The assumptions we used in the valuation model were based on future expectations combined with management judgment. Because there had been no public market for our limited partnership units, management exercised significant judgment and considered numerous objective and subjective factors to determine the fair value of our limited partnership interests as of the date of each equity-based compensation award grant, including the following factors:

- the provisions of our limited partnership agreement;
- our operating and financial performance;
- current business conditions and projections;
- lack of control discount;
- lack of marketability discount;
- the likelihood of achieving a liquidity event for the limited partnership interests underlying these equity-based compensation awards, such as an initial public offering or sale of our company, given prevailing market conditions;
- historical trading activity of comparable publicly traded companies;
- the market performance of comparable publicly traded companies; and
- the U.S. and global capital market conditions.

In February 2010, we granted 15,808 units with fair value at grant date of $68.36 per unit. By February 2011, U.S. markets improved which resulted in an increase in our valuation and the market value of comparable companies. As a result of these factors in addition to organic growth, we projected increases in our budget for 2011 as compared to our actual performance in 2010. In February 2011, we granted 10,802 units with fair value at grant date of $148.35 per unit. Our valuation determined a MVIC by weighting the DCF approach at 50% and the market-based approach at 50%. Our MVIC reflected a discount for lack of control of 13% based on the existence of a non-managing partnership interest and a discount for lack of marketability of 20% based on a liquidity event expected to occur within approximately twelve months. In February 2012, we granted 1,000 units with fair value at grant date of $207.71 per unit. U.S. markets continued to improve into the first quarter of 2012 as

compared to the end of 2011. As a result, we projected increases in our 2012 budget as compared to actual performance in 2011. Our valuation for the February 2012 grants was determined using a market-based approach and reflected an assumed initial public offering discount of 15%.

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Income Taxes

Our operating company is not subject to federal and state income taxes, since all income, gains and losses are passed through to our partners. Our operating company is subject to New York City Unincorporated Business Tax. We, including our affiliated incorporated entities, are subject to federal and state corporate income tax, which requires an asset and liability approach to the financial accounting and reporting of income taxes. With respect to our incorporated entity, the annual tax rate is based on the income, statutory tax rates and tax planning opportunities available in the various jurisdictions in which we operate. Tax laws are complex and subject to different interpretations by the taxpayer and respective governmental taxing authorities. Judgment is required in determining the tax expense and in evaluating tax positions. The tax effects of an uncertain tax position, or UTP, taken or expected to be taken in income tax returns are recognized only if it is more likely-than-not to be sustained on examination by the taxing authorities, based on its technical merits as of the reporting date. The tax benefits recognized in the financial statements from such a position are measured based on the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement. We recognize estimated interest and penalties related to UTPs in income tax expense.

We recognize the benefit of a UTP in the period when it is effectively settled. Previously recognized tax positions are derecognized in the first period in which it is no longer more likely than not that the tax position would be sustained upon examination.

Recently Issued Accounting Pronouncements

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

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

The amended guidance was effective for us on January 1, 2012 and did not have a material impact on our consolidated financial statements.

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Subsequent Event

On March 28, 2013, we acquired certain assets of Ten-Sixty Asset Management, LLC. Ten-Sixty Asset Management, LLC is a registered investment adviser that oversees approximately $1.9 billion of assets primarily on behalf of institutional clients. This strategic acquisition expands our hedge fund due diligence capabilities and continues the growth of our institutional business. Under the terms of the asset purchase agreement, we paid cash consideration at closing of $2.5 million and issued a promissory note to Ten-Sixty Asset Management, LLC for $1.5 million subject to adjustment. The aggregate principal amount of the promissory note is payable in two installments of $0.2 million each on April 30, 2013 and December 31, 2013 and then quarterly installments from June 30, 2014 through March 31, 2017 of $0.1 million each. The principal amount outstanding under this note bears interest at the rate of five percent per annum.

Qualitative and Quantitative Disclosures Regarding Market Risk

Our exposure to market risk is directly related to our role as investment adviser for the separate accounts we manage and the funds for which we act as sub-investment adviser. Most of our revenue for the year ended December 31, 2012 was derived from advisory fees, which are typically based on the market value of assets under management. Accordingly, a decline in the prices of securities would cause our revenue and income to decline due to a decrease in the value of the assets we manage. In addition, such a decline could cause our clients to withdraw their funds in favor of investments offering higher returns or lower risk, which would cause our revenue and income to decline further. Please see our discussion of market risks in Critical Accounting Policies and Estimates Revenue Recognition.

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BUSINESS

Our 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 premier, 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, 2012, our assets under management were $11.2 billion, which we believe makes us the largest investment adviser in the United States that is focused on high net worth clients and is principally owned by its employees. Our clients are among the wealthiest and most sophisticated in the world.

We were founded 11 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 quickly 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 particularly well-positioned to offer comprehensive investment and family office service solutions to families with over $25 million of investable assets. As of December 31, 2012, our top 394 client relationships had an average size of $28 million and represented approximately 98% of our assets under management. Our top 50 relationships averaged $158 million in size as of December 31, 2012. 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.

We consider these to be our competitive strengths:

- We are a company offering independent, unconflicted advice, which is principally employee-owned.

- We have a strong record of organic and acquired growth and we have a scalable platform.

- We have a long-term track record of superior investment performance.

- We have a diverse and highly loyal clientele.

We have proven senior management which has successfully executed our growth strategy.

We have grown during a time of extraordinary financial turmoil during which the value of a full-service, independent, client-focused firm has become ever-more apparent. Our growth and success at attracting ultra-high net worth clients, primarily by taking market share from our competitors, validates our original premise. Our annual client retention rate has averaged 98% since 2006 and, as shown below, the compound annual growth rate, or CAGR, in assets under management since inception is 46%. 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 five successfully completed strategic acquisitions which 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 for discretionary asset management, and are based on the value of the assets we manage for our clients. These fee revenues increase if our clients assets grow in value; these revenues decrease if our clients assets decline in value. We charge a management fee based on assets under management for our investment advisory services. 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, 2012, approximately 93% of our assets under management were held for individual clients and 7% for institutional clients. Based on the strong results we have achieved in a number of our equity strategies, we have begun to attract a significant amount of institutional investor interest. After five years of dedicated effort, our equity capabilities are now on the approved lists of several prominent institutional consultants and, as a result, we believe significant institutional growth is likely 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 April 15, 2013, approximately a quarter of our 94 employees are veterans of DLJ. Many of our principals, therefore, have worked together for 20 years and, in some cases, even longer.

Our headquarters are located in New York City with additional offices in Boston, Massachusetts and Charlottesville, Virginia. From 2004 to 2012, we successfully acquired four separate registered investment advisers and integrated and rebranded their operations into our company. In April 2013, we began integrating and rebranding the acquired operations of Ten-Sixty Asset Management, LLC. The following is a summary of these acquisitions:

- James C. Edwards Asset Management Inc., acquired in March 2004 with $889 million in assets under management, helped build out our New York presence;

- Heritage Financial Management LLC, acquired in March 2005 with $330 million in assets under management, created an office in Charlottesville, VA and enhanced our family office and tax planning and preparation capabilities;

- Marathon Capital Group LLC, acquired in October 2008 with $552 million in assets under management, established a Boston office for our company; and

- Milbank Winthrop & Co., acquired in November 2011 with approximately $478 million in assets under management, strengthened our presence in the New York market and allowed us to add commodity and new funds of funds investment capabilities.

- Ten-Sixty Asset Management, LLC, acquired in March 2013 with approximately $1.9 billion in assets under management, expanded our hedge fund due diligence capabilities and continued to grow our institutional business.

In structuring our business we anticipated that we would quickly become a large boutique operation. Accordingly, from inception we have embraced an organizational structure in which the primary functions of client service, investments, technology and operations and business administration were 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, smid 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

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and other financial needs. The portfolio manager is responsible for developing a portfolio strategy designed to meet these predetermined client goals. Thereafter, the portfolio manager becomes the client s primary point of contact with our company in all matters, including assessing the client s need for family office services, and then introducing and overseeing the family office services professionals engaged for that work. Client-facing portfolio managers, their support staffs and the family office services group account for 50% of our total employees, a reflection of our high commitment to excellent client service. The ratio of our total client relationships to client-facing professionals is, therefore, approximately nine to one. We are staffed to assure that each client receives senior level personal attention.

We have a staff of 10 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 the client, leading to greater client retention and the institutionalization of client relationships.

Prior to the financial crisis of 2008, we enjoyed a compound annual growth rate in assets under management of approximately 85% from inception through August 2008. Subsequent to the onset of the financial crisis in 2008, we have recovered more rapidly than many of our large, independent competitors, according to RIA Data Center, and our assets under management now exceed our pre-financial crisis high. Importantly, we remained profitable throughout the downturn. We expect to continue our pattern of complementing our organic growth in assets through selective hiring and acquisitions. We expect our growth to further accelerate as a direct result of growing client referrals and increasing our presence in the institutional marketplace.

Our Market Opportunity

Overview

Our client relationships with ultra-high net worth individuals currently represent less than 1% of U.S. families with investable assets over $25 million. Our assets represent less than 5% of the $356 billion multi-family office (MFO)/registered investment adviser (RIA) channel, which, according to data from Cerulli Associates, itself represents 8% of the estimated $4.6 trillion high net worth market. Even modest improvements in our penetration of this market will lead to significant further growth.

Domestic High Net Worth Market

The Spectrem Group estimates there were 1.1million households in the United States with a net worth of over $5 million in 2011 and 107,000 with a net worth in excess of $25 million. Over the last 14 years, the number of households with over $5 million in net worth has grown at an annual rate of 12% per year. Cerulli Associates estimates that 92% of the $4.6 trillion high net worth market is at firms outside the MFO/RIA channel. With our focus on taking market share from these firms, we believe that there is a significant growth opportunity for us.

Source: The Spectrem Group

The Spectrem Group found that high net worth clients and families, in selecting an adviser, valued qualities such as honesty, trustworthiness, transparency and responsive service ahead of an adviser s investment performance track record. When these highly valued characteristics are coupled with superior performance, the result can be an unusually loyal client base. During one of the most turbulent periods of U.S. financial history our clients proved to be highly loyal: our annual client retention rate for the years 2006 through 2012 was 98%.

The Wealth Management Industry

The wealth management industry is highly competitive and comprised of many players. We compete directly with some of the largest financial service companies, as well as some of the smallest. Substantially all of our new business to date has resulted from our success in taking market share from these firms. 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 with many sources of compensation.

- ***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 with little emphasis on performance.

- ***MFO/RIAs*** focus exclusively on the high net worth segment and, in the case of MFOs, are frequently dominated by one or two families.

Cerulli Associates estimates that MFO/RIAs are the fastest growing firms in the wealth management industry. Assets have doubled over the last five years as they have taken greater market share, primarily from large financial institutions. Assets managed by MFO/RIAs grew from 2005-2010 at a CAGR of 14.9% as compared with a 4.3% CAGR for all high net worth providers. Cerulli Associates further estimates that high net worth managed assets will grow at a 9.4% CAGR from 2010 through 2014. We are an RIA which is also regarded as an MFO, and thus we are well positioned to benefit from the growth Cerulli Associates foresees.

The 2008 financial crisis created an ongoing opportunity for independent smaller firms to attract assets from their larger competitors. The press has documented the erosion of client trust that has occurred at large financial

institutions due to inherent conflicts of interest and lack of transparency. In delivering conflict-free advice within a completely transparent fee relationship, we are well-positioned to achieve further market share gains.

Institutional Market

The asset management industry has experienced significant growth in worldwide assets under management during the past 15 years, fueled in significant respects by aging populations in both developed and emerging markets around the world, which have increased the pools of savings and particularly pension assets. For example, total pension assets in the United States grew from $6.8 trillion at the end of 1996 to $16.1 trillion at the end of 2011, according to Towers Watson. Furthermore, Towers Watson estimates that U.S. pension funds allocate 44% of year-end total assets to equities or $7.1 trillion at the end of 2011. As of December 31, 2012, institutional assets only represented approximately 7% of our total assets under management or $762 million but, after a focused multi-year investment effort to make our capabilities known to institutional investment consultants, we believe we are now well positioned to attract meaningful institutional assets. As a result, we expect this percentage to increase significantly.

Competitive Strengths

Our key competitive strengths are as follows:

Independent, Unconflicted Advice

We are an independent registered investment adviser and are not affiliated with a broker/dealer or a commercial bank. As a result, our financial incentives are directly aligned with those of our clients. The vast majority of our fees are for discretionary asset management, and are based on the value of the assets we manage for our clients. These fee revenues increase if our clients assets grow in value; these revenues decrease if our clients assets decline in value. We do not receive commissions, rebates, spreads or any other indirect or undisclosed forms of compensation. We are not controlled by any client or family and all of our investment decisions are made in the best interests of our clients. All of our fees are fully disclosed and transparent to our clients who have an unrestricted right to accept or reject them.

We employ a partnership culture and mindset fostered through widespread employee equity ownership. As of April 15, 2013, 35 of our employees owned equity in our company. Each of our principals purchased this equity by making a substantial personal investment in our company. We believe that employee equity aligns our employees interests both with our company s and our clients interests. It further motivates and dedicates employees to the task of satisfying our clients objectives. We believe that this partnership approach maximizes teamwork and collegiality and when issues and opportunities arise, all of our principals take an active interest in them.

Demonstrated Track Record of Growing Assets Under Management

We have expanded our business through a combination of organic growth and acquired growth, which combined with strong investment returns, have produced a CAGR in total client assets of 46% since our inception.

Our organic growth in our individual client business has been fueled by client referrals and through the hiring of portfolio managers with substantial client relationships. Our institutional client business has resulted from a multi-year effort to make our equity capabilities known to institutional investment consultants. Our acquired growth is the result of five successfully completed strategic acquisitions we have consummated in New York, Boston and Charlottesville. Following this offering, we expect the number and frequency of acquisitions to increase.

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We have adopted a scalable 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. Our organization not only permits the efficient and scalable growth of our business but fosters the integration of acquired firms. Our ultra-high net worth business is scalable and our institutional business is even more so. We can add significant institutional assets without any further significant investment in infrastructure.

Long-Term Track Record of Superior Investment Performance

We have a proven ability to deliver excellent investment performance through both our asset allocation work on behalf of clients as well as through security selection. We believe that the superior investment returns we have generated for investors over many years and through all types of economic conditions are a key reason for our success in growing assets. The following chart summarizes the performance of each of our principal equity strategies relative to their appropriate benchmarks.

PROPRIETARY EQUITY PERFORMANCE		ANNUALIZED PERFORMANCE				
AS OF 12/31/12	INCEPTION	1-YEAR	3-YEAR	5-YEAR	7-YEAR	INCEPTION
Large Cap Value Composite	**4/1/02**	**14.1**	**9.4**	**2.2**	**5.1**	**6.1**
Russell 1000 Value Index		17.5	10.9	0.6	3.3	4.8
Small Cap Value Composite	**4/1/02**	**16.0**	**14.0**	**9.6**	**10.2**	**9.8**
Russell 2000 Value Index		18.1	11.6	3.6	4.1	6.7
Smid Cap Value Composite	**10/1/05**	**16.7**	**12.1**	**5.2**	**7.5**	**7.3**
Russell 2500 Value Index		19.2	12.9	4.5	4.8	4.8
Multi Cap Value Composite	**7/1/02**	**16.3**	**11.8**	**4.5**	**7.1**	**7.4**
Russell 3000 Value Index		17.6	10.9	0.8	3.4	5.9
Equity Income Composite	**12/1/03**	**14.9**	**12.0**	**6.0**	**8.3**	**10.0**
Russell 3000 Value Index		17.6	10.9	0.8	3.4	5.8
Focused Value Composite	**9/1/04**	**13.3**	**9.0**	**5.2**	**6.6**	**8.3**
Russell 3000 Value Index		17.6	10.9	0.8	3.4	5.1

Loyal, Diverse Base of Clients

As a result of our focus on delivering outstanding investment performance combined with highly personalized client service, we have developed significant long-term relationships with a large majority of our clients. Many of our client relationships pre-date the formation of our company. Since 2006, our annual client retention rate has averaged 98% and was 99% and 100% in 2011 and 2012, respectively.

Our suite of family office services has been an important component to building a strong relationship with our clients, leading to greater client retention. Nine out of our ten largest relationships use one or more components of our family office services. In addition to assisting in client retention, these capabilities have been instrumental in attracting new clients from families which seek a comprehensive and efficient approach to overseeing their wealth beyond investment management.

Our assets under management are highly diversified among clients. As of December 31, 2012, approximately 98% of our business was comprised of clients whose average relationship size is $28 million and our top 50 relationships averaged $158 million. As of December 31, 2012, our clients were represented in 42 states, the District of Columbia, Europe and Latin America and no single client represented more than 5% of our revenue or 6% of discretionary assets under management.

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Dedicated, Proven Senior Management

Our entire business is overseen by an Executive Committee comprising our Chief Executive Officer, President and Chief Operating Officer, Chief Financial Officer and General Counsel. This group meets weekly to discuss our overall business. In particular, the Executive Committee focuses on developing and implementing our strategy as well as solving problems and seizing opportunities effectively and efficiently. At present, no one on the Executive Committee has direct client or investment responsibility and, as a result, each member of the Executive Committee commits his full resources to managing the business and executing our growth strategy.

Our Growth Strategy

We built our company to take market share from financial services firms whose wealth management models we believe are flawed. To date, we attracted substantially all of our new client relationships from our competitors due to client dissatisfaction with service and/or investment performance. 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 $11.2 billion as of December 31, 2012 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 proven 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 30 years of experience and they have 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, these portfolio managers develop 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 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 expect to see growth in client utilization of these services in the future. Nine of our ten largest clients use our family office services and some of these 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 expect much greater penetration with our current clients in future years and we expect that many of our new clients will use these services extensively.

Complementing the efforts of our senior portfolio managers to cultivate client referrals, our recently created 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. This effort is relatively new but we are very encouraged by its early results.