

GAMCO INVESTORS, INC. ET AL
Form 10-Q
November 05, 2015
SECURITIES & EXCHANGE COMMISSION
WASHINGTON, D.C. 20549
FORM 10-Q

(Mark One)

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

For the quarterly period ended September 30, 2015
or

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

For the transition period from ____ to ____

Commission File No. 001-14761

GAMCO INVESTORS, INC.
(Exact name of Registrant as specified in its charter)

Delaware 13-4007862
(State of other jurisdiction of incorporation or organization) (I.R.S. Employer Identification No.)

One Corporate Center, Rye, NY 10580-1422
(Address of principle executive offices) (Zip Code)

(914) 921-3700
Registrant's telephone number, including area code

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

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

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

Large accelerated filer Accelerated filer

Non-accelerated filer Smaller reporting company

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Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes No

Indicate the number of shares outstanding of each of the Registrant's classes of Common Stock, as of the latest practical date.

Class	Outstanding at October 31, 2015
Class A Common Stock, .001 par value (Including 556,100 restricted stock awards)	6,247,452
Class B Common Stock, .001 par value	19,196,792

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GAMCO INVESTORS, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF INCOME
UNAUDITED

(Dollars in thousands, except per share data)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2015	2014	2015	2014
Revenues				
Investment advisory and incentive fees	\$82,182	\$92,591	\$257,563	\$270,544
Distribution fees and other income	12,301	15,727	39,402	46,367
Institutional research services	2,063	2,540	6,130	6,720
Total revenues	96,546	110,858	303,095	323,631
Expenses				
Compensation	39,731	43,316	127,627	131,258
Management fee	2,682	3,756	11,360	13,628
Distribution costs	12,344	15,101	39,747	44,087
Other operating expenses	5,593	5,099	19,271	17,036
Total expenses	60,350	67,272	198,005	206,009
Operating income	36,196	43,586	105,090	117,622
Other income (expense)				
Net gain/(loss) from investments	(11,467)	(9,086)	(614)	7,468
Interest and dividend income	884	1,084	3,227	3,557
Interest expense	(1,917)	(1,987)	(5,899)	(6,000)
Total other income/(expense), net	(12,500)	(9,989)	(3,286)	5,025
Income before income taxes	23,696	33,597	101,804	122,647
Income tax provision	9,245	13,045	38,547	44,796
Net income	14,451	20,552	63,257	77,851
Net loss attributable to noncontrolling interests	(518)	(3,113)	(589)	(2,718)
Net income attributable to GAMCO Investors, Inc.'s shareholders	\$14,969	\$23,665	\$63,846	\$80,569
Net income attributable to GAMCO Investors, Inc.'s shareholders per share:				
Basic	\$0.60	\$0.94	\$2.55	\$3.17
Diluted	\$0.59	\$0.93	\$2.52	\$3.15
Weighted average shares outstanding:				
Basic	24,947	25,296	25,047	25,385
Diluted	25,241	25,517	25,337	25,595
Dividends declared:	\$0.07	\$0.06	\$0.21	\$0.18

See accompanying notes.

GAMCO INVESTORS, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
UNAUDITED

(Dollars in thousands, except per share data)

	Three Months Ended September 30, 2015		Nine Months Ended September 30, 2015	
	2014		2014	
Net income	\$14,451	\$20,552	\$63,257	\$77,851
Other comprehensive income/(loss), net of tax:				
Foreign currency translation	(35)	(45)	(22)	(15)
Net unrealized losses on securities available for sale (a)	(6,696)	(2,407)	(7,417)	(6,832)
Other comprehensive income / (loss)	(6,731)	(2,452)	(7,439)	(6,847)
Comprehensive income	7,720	18,100	55,818	71,004
Less: Comprehensive loss attributable to noncontrolling interests	(518)	(3,113)	(589)	(2,718)
Comprehensive income attributable to GAMCO Investors, Inc.	\$8,238	\$21,213	\$56,407	\$73,722

(a) Net of income tax benefit of (\$3,932), (\$1,414), (\$4,356) and (\$4,013), respectively.

See accompanying notes.

GAMCO INVESTORS, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL CONDITION
UNAUDITED
(Dollars in thousands, except per share data)

	September 30, 2015	December 31, 2014	September 30, 2014
ASSETS			
Cash and cash equivalents	\$425,616	\$298,224	\$358,421
Investments in securities	126,917	259,537	254,630
Investments in sponsored registered investment companies	115,046	39,537	39,520
Investments in partnerships	101,025	107,637	107,434
Receivable from brokers	52,918	76,079	79,885
Investment advisory fees receivable	28,629	41,872	31,155
Income tax receivable	2,409	2,477	2,433
Other assets	20,109	41,067	25,282
Total assets	\$872,669	\$866,430	\$898,760
LIABILITIES AND EQUITY			
Payable to brokers	\$49,074	\$43,409	\$46,790
Income taxes payable and deferred tax liabilities	10,529	27,939	27,412
Capital lease obligation	5,191	5,253	5,272
Compensation payable	88,747	39,983	93,535
Securities sold, not yet purchased	5,577	10,595	14,180
Mandatorily redeemable noncontrolling interests	1,257	1,302	1,304
Accrued expenses and other liabilities	34,246	29,657	31,007
Sub-total	194,621	158,138	219,500
5.875% Senior notes (due June 1, 2021)	100,000	100,000	100,000
Zero coupon subordinated debentures, Face value: \$6.9 million at September 30, 2015, \$13.1 million at December 31, 2014 and \$13.1 million at September 30, 2014 (due December 31, 2015)	6,750	12,163	11,941
Total liabilities	301,371	270,301	331,441
Redeemable noncontrolling interests	6,018	68,334	56,086
Commitments and contingencies (Note J)			
Equity			
GAMCO Investors, Inc. stockholders' equity			
Preferred stock, \$.001 par value; 10,000,000 shares authorized; none issued and outstanding			
Class A Common Stock, \$.001 par value; 100,000,000 shares authorized; 15,387,701, 15,341,433 and 15,230,433 issued, respectively; 6,340,992, 6,616,212 and 6,599,982 outstanding, respectively	14	14	14
Class B Common Stock, \$.001 par value; 100,000,000 shares authorized; 24,000,000 shares issued; 19,196,792, 19,239,260 and 19,279,260 shares outstanding, respectively	19	19	19
Additional paid-in capital	299,769	291,681	289,664
Retained earnings	661,415	602,950	582,357

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Accumulated other comprehensive income	17,575	25,014	23,392
Treasury stock, at cost (9,046,709, 8,725,221 and 8,630,451 shares, respectively)	(416,147)	(394,617)	(386,952)
Total GAMCO Investors, Inc. stockholders' equity	562,645	525,061	508,494
Noncontrolling interests	2,635	2,734	2,739
Total equity	565,280	527,795	511,233
 Total liabilities and equity	 \$872,669	 \$866,430	 \$898,760

See accompanying notes.

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GAMCO INVESTORS, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF EQUITY
UNAUDITED
(In thousands)

For the Nine months ended September 30, 2015

	GAMCO Investors, Inc. stockholders							
	Noncontrolling	Common	Additional	Retained	Accumulated	Treasury	Total	Redeemable
	Interests	Stock	Paid-in	Earnings	Other	Stock		Noncontrolling
			Capital		Comprehensive			Interests
					Income			
Balance at December 31, 2014	\$ 2,734	\$33	\$291,681	\$602,950	\$ 25,014	\$(394,617)	\$527,795	\$ 68,334
Redemptions of redeemable noncontrolling interests	-	-	-	-	-	-	-	(602)
Contributions from redeemable noncontrolling interests	-	-	-	-	-	-	-	1,036
Consolidation of a consolidated feeder fund and a partnership	-	-	-	-	-	-	-	996
Deconsolidation of offshore fund	-	-	-	-	-	-	-	(63,256)
Net income (loss)	(99)	-	-	63,846	-	-	63,747	(490)
Net unrealized losses on securities available for sale, net of income tax benefit (\$4,341)	-	-	-	-	(7,392)	-	(7,392)	-
Amounts reclassified from accumulated other comprehensive income, net of income tax benefit (\$15)	-	-	-	-	(25)	-	(25)	-
Foreign currency translation	-	-	-	-	(22)	-	(22)	-
Dividends declared (\$0.21 per share)	-	-	-	(5,381)	-	-	(5,381)	-
Stock based compensation expense	-	-	6,819	-	-	-	6,819	-

Exercise of stock
options

including tax benefit

(\$102)	-	-	1,269	-	-	-	1,269	-
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Purchase of treasury

stock	-	-	-	-	-	(21,530)	(21,530)	-
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Balance at September

30, 2015	\$ 2,635	\$33	\$299,769	\$661,415	\$ 17,575	\$(416,147)	\$565,280	\$ 6,018
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See accompanying notes.

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GAMCO INVESTORS, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF EQUITY
UNAUDITED
(In thousands)

For the Nine months ended September 30, 2014

	GAMCO Investors, Inc. stockholders							
	Noncontrolling	Common	Additional	Retained	Accumulated	Treasury	Total	Redeemable
	Interests	Stock	Paid-in	Earnings	Other	Stock		Noncontrolling
			Capital		Comprehensive			Interests
					Income			
Balance at December 31, 2013	\$ 2,851	\$33	\$282,496	\$506,441	\$ 30,239	\$(361,878)	\$460,182	\$ 6,751
Redemptions of redeemable noncontrolling interests	-	-	-	-	-	-	-	(1,666)
Contributions from redeemable noncontrolling interests	-	-	-	-	-	-	-	53,607
Net income (loss)	(112)	-	-	80,569	-	-	80,457	(2,606)
Net unrealized losses on securities available for sale, net of income tax (\$1,393)	-	-	-	-	(2,371)	-	(2,371)	-
Amount reclassified from accumulated other comprehensive income, net of income tax benefit (\$2,620)	-	-	-	-	(4,461)	-	(4,461)	-
Foreign currency translation	-	-	-	-	(15)	-	(15)	-
Dividends declared (\$0.18 per share)	-	-	-	(4,653)	-	-	(4,653)	-
Stock based compensation expense	-	-	5,182	-	-	-	5,182	-
Exercise of stock options including tax benefit (\$349)	-	-	1,986	-	-	-	1,986	-
Purchase of treasury stock	-	-	-	-	-	(25,074)	(25,074)	-
Balance at September 30, 2014	\$ 2,739	\$33	\$289,664	\$582,357	\$ 23,392	\$(386,952)	\$511,233	\$ 56,086

See accompanying notes.

GAMCO INVESTORS, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
UNAUDITED
(In thousands)

	Nine Months Ended September 30, 2015	2014
Operating activities		
Net income	\$ 63,257	\$ 77,851
Adjustments to reconcile net income to net cash provided by operating activities:		
Equity in net gains from partnerships	(681)	(572)
Depreciation and amortization	475	507
Stock based compensation expense	6,819	5,182
Deferred income taxes	(8,033)	(3,472)
Tax benefit from exercise of stock options	102	349
Foreign currency translation gain/(loss)	(22)	(15)
Other-than-temporary loss on available for sale securities	150	69
Cost basis of donated securities	104	1,502
Gains on sales of available for sale securities	(30)	(3,511)
Accretion of zero coupon debentures	502	661
Loss on extinguishment of debt	310	84
(Increase) decrease in assets:		
Investments in trading securities	29,096	(22,376)
Investments in partnerships:		
Contributions to partnerships	(15,170)	(15,698)
Distributions from partnerships	22,800	4,828
Receivable from brokers	(24,745)	(30,424)
Investment advisory fees receivable	13,046	20,351
Income tax receivable and deferred tax assets	68	(1,988)
Other assets	20,402	563

Increase (decrease) in
liabilities:

Payable to brokers	42,930		36,026	
Income taxes payable and deferred tax liabilities	(5,019)	(4,950)
Compensation payable	48,768		58,873	
Mandatorily redeemable noncontrolling interests	(45)	(51)
Accrued expenses and other liabilities	5,092		(1,639)
Total adjustments	136,919		44,299	
Net cash provided by operating activities	\$	200,176	\$	122,150

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GAMCO INVESTORS, INC. AND SUBSIDIARIES
 CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
 UNAUDITED (continued)
 (In thousands)

	Nine Months Ended September 30,	
	2015	2014
Investing activities		
Purchases of available for sale securities	\$(43,030)	\$(6,252)
Proceeds from sales of available for sale securities	1,064	8,018
Return of capital on available for sale securities	554	827
Net cash (used in) provided by investing activities	(41,412)	2,593
Financing activities		
Contributions from redeemable noncontrolling interests	1,036	53,607
Redemptions of redeemable noncontrolling interests	(602)	(1,666)
Redemptions of noncontrolling interests	-	-
Proceeds from exercise of stock options	1,169	1,637
Dividends paid	(5,252)	(4,567)
Repurchase of zero coupon subordinated debentures	(6,224)	(715)
Purchase of treasury stock	(21,530)	(25,074)
Net cash (used in) provided by financing activities	(31,403)	23,222
Effect of exchange rates on cash and cash equivalents	8	5
Net increase in cash and cash equivalents	127,369	147,970
Cash and cash equivalents at beginning of period	298,224	210,451
Increase in cash from consolidation	10	-
Increase in cash from deconsolidation	13	-
Cash and cash equivalents at end of period	\$425,616	\$358,421
Supplemental disclosures of cash flow information:		
Cash paid for interest	\$3,897	\$3,847
Cash paid for taxes	\$49,590	\$52,956

Non-cash activity:

- For the nine months ended September 30, 2015 and September 30, 2014, the Company accrued dividends on restricted stock awards of \$129 and \$86, respectively.

- On January 1, 2015, GAMCO Investors, Inc. was no longer deemed to have control over a certain offshore fund and a certain consolidated feeder fund which resulted in the deconsolidation of that offshore fund and consolidated feeder fund and an increase of approximately \$13 of cash and cash equivalents, a decrease of approximately \$63,280 of net assets and a decrease of \$63,267 of noncontrolling interests.

- On April 1, 2015, GAMCO Investors, Inc. was deemed to have control over a certain offshore fund and a certain partnership which resulted in the consolidation of that one offshore fund and one partnership and an increase of approximately \$10 of cash and cash equivalents, an increase of approximately \$986 of other net assets and an increase of approximately \$996 of redeemable noncontrolling interest.

See accompanying notes.

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GAMCO INVESTORS, INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
September 30, 2015
(Unaudited)

A. Significant Accounting Policies

Basis of Presentation

Unless we have indicated otherwise, or the context otherwise requires, references in this report to "GAMCO Investors, Inc.," "GAMCO," "the Company," "GBL," "we," "us" and "our" or similar terms are to GAMCO Investors, Inc., its predecessors and its subsidiaries.

The unaudited interim condensed consolidated financial statements of GAMCO included herein have been prepared in conformity with generally accepted accounting principles ("GAAP") in the United States for interim financial information and with the instructions to Form 10-Q and Rule 10-01 of Regulation S-X. Accordingly, they do not include all the information and footnotes required by U.S. GAAP in the United States for complete financial statements. In the opinion of management, the unaudited interim condensed consolidated financial statements reflect all adjustments, which are of a normal recurring nature, necessary for a fair presentation of financial position, results of operations and cash flows of GAMCO for the interim periods presented and are not necessarily indicative of a full year's results.

The interim condensed consolidated financial statements include the accounts of GAMCO and its subsidiaries. Intercompany accounts and transactions are eliminated.

These interim condensed consolidated financial statements should be read in conjunction with our audited consolidated financial statements included in our Annual Report on Form 10-K for the year ended December 31, 2014 from which the accompanying condensed consolidated financial statements were derived.

Use of Estimates

The preparation of the interim condensed consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the amounts reported on the interim condensed consolidated financial statements and accompanying notes. Actual results could differ from those estimates.

Recent Accounting Developments

In May 2014, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2014-09, "Revenue from Contracts with Customers," which supersedes the revenue recognition requirements in the Accounting Standards Codification ("Codification") Topic 605, Revenue Recognition, and most industry-specific guidance throughout the industry topics of the Codification. The core principle of the new ASU No. 2014-09 is for companies to recognize revenue from the transfer of goods or services to customers in amounts that reflect the consideration to which the company expects to be entitled in exchange for those goods or services. The new standard provides a five-step approach to be applied to all contracts with customers and also requires expanded disclosures about revenue recognition. The ASU is effective for annual reporting periods beginning after December 15, 2017, including interim periods and is to be retrospectively applied. Early adoption is not permitted. The Company is currently evaluating this guidance and the impact it will have on its consolidated financial statements.

In June 2014, the FASB issued an accounting update clarifying that entities should treat performance targets that could be met after the requisite service period of a share-based payment award as performance conditions that affect

vesting. Therefore, an entity would not record compensation expense (measured as of the grant date) for an award where transfer to the employee is contingent upon satisfaction of the performance target until it becomes probable that the performance target will be met. The guidance is effective for the Company beginning January 1, 2016. Early adoption is permitted. This guidance is not expected to have a material impact on the Company's consolidated financial statements.

In February 2015, the FASB issued an accounting update amending the consolidation requirements under GAAP. This guidance is effective for the Company beginning January 1, 2016. Early adoption is permitted. The Company is continuing to analyze the impact, if any, that this update may have on its consolidated financial statements.

In May 2015, the FASB issued new guidance amending the current disclosure requirements for investments in certain entities that calculate net asset value per share. The guidance requires investments for which fair value is measured using the net asset value per share practical expedient be removed from the fair value hierarchy. Instead, those investment amounts shall be provided as a separate item to permit reconciliation of the fair value of investments included in the fair value hierarchy to the line items presented in the statement of financial condition. This new guidance will be effective for the Company's first quarter of 2016. The Company is currently evaluating the potential impact on its consolidated financial statements and related disclosures.

B. Investment in Securities

Investments in securities at September 30, 2015, December 31, 2014 and September 30, 2014 consisted of the following:

	September 30, 2015		December 31, 2014		September 30, 2014	
	Cost	Fair Value	Cost	Fair Value	Cost	Fair Value
	(In thousands)					
Trading securities:						
Government obligations	\$-	\$-	\$18,994	\$18,996	\$20,995	\$20,999
Common stocks	78,025	87,745	170,977	195,029	167,714	190,939
Mutual funds	2,504	3,180	2,432	3,498	2,416	3,373
Other investments	505	723	743	1,704	753	1,550
Total trading securities	81,034	91,648	193,146	219,227	191,878	216,861
Available for sale securities:						
Common stocks	13,561	34,095	13,637	38,942	14,228	36,380
Mutual funds	627	1,174	681	1,368	681	1,389
Total available for sale securities	14,188	35,269	14,318	40,310	14,909	37,769
Total investments in securities	\$95,222	\$126,917	\$207,464	\$259,537	\$206,787	\$254,630

Securities sold, not yet purchased at September 30, 2015, December 31, 2014 and September 30, 2014 consisted of the following:

	September 30, 2015		December 31, 2014		September 30, 2014	
	Proceeds	Fair Value	Proceeds	Fair Value	Proceeds	Fair Value
	(In thousands)					
Trading securities:						
Common stocks	\$6,123	\$5,482	\$9,835	\$9,960	\$11,699	\$13,514
Other investments	8	95	1	635	71	666
Total securities sold, not yet purchased	\$6,131	\$5,577	\$9,836	\$10,595	\$11,770	\$14,180

Investments in sponsored registered investment companies at September 30, 2015, December 31, 2014 and September 30, 2014 consisted of the following:

	September 30, 2015		December 31, 2014		September 30, 2014	
	Cost	Fair Value	Cost	Fair Value	Cost	Fair Value

(In thousands)

Trading securities:						
Mutual funds	\$40,097	\$41,820	\$1	\$1	\$1	\$1
Total trading securities	40,097	41,820	1	1	1	1
Available for sale securities:						
Closed-end funds	63,068	70,349	21,962	36,323	21,819	36,142
Mutual funds	1,883	2,877	1,898	3,213	1,922	3,377
Total available for sale securities	64,951	73,226	23,860	39,536	23,741	39,519
Total investments in sponsored registered investment companies	\$105,048	\$115,046	\$23,861	\$39,537	\$23,742	\$39,520

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Management determines the appropriate classification of debt and equity securities at the time of purchase and reevaluates such designation as of the date of each consolidated statement of financial condition. Investments in United States Treasury Bills and Notes with maturities of greater than three months at the time of purchase are classified as investments in securities, and those with maturities of three months or less at the time of purchase are classified as cash equivalents. The portion of investments in securities held for resale in anticipation of short-term market movements are classified as trading securities. Trading securities are stated at fair value, with any unrealized gains or losses reported in current period earnings. Available for sale ("AFS") investments are stated at fair value, with any unrealized gains or losses, net of taxes, reported as a component of equity except for losses deemed to be other than temporary ("OTT") which are recorded as realized losses in the condensed consolidated statements of income.

The following table identifies all reclassifications out of accumulated other comprehensive income ("AOCI") into income for the three and nine months ended September 30, 2015 and 2014 (in thousands):

Amount Reclassified from AOCI	Affected Line Items in the Statements Of Income	Reason for Reclassification from AOCI
Three months ended September 30, 2015		
2014		
\$-	Net gain/(loss) from investments	Realized gain on sale of AFS securities
45	Other operating expenses/net gain from investments	Realized gain on donation of AFS securities
(150)	Net gain/(loss) from investments	OTT impairment of AFS securities
(105)	Income before income taxes	
39	Income tax provision	
\$(66)	Net income	

Amount Reclassified from AOCI	Affected Line Items in the Statements Of Income	Reason for Reclassification from AOCI
Nine months ended September 30, 2015		
2014		
\$30	Net gain/(loss) from investments	Realized gain on sale of AFS securities
80	Other operating expenses/net gain from investments	Realized gain on donation of AFS securities
(150)	Net gain/(loss) from investments	OTT impairment of AFS securities
(40)	Income before income taxes	
15	Income tax provision	
\$(25)	Net income	

The Company recognizes all derivatives as either assets or liabilities measured at fair value and includes them in either investments in securities or securities sold, not yet purchased on the condensed consolidated statements of financial condition. From time to time, the Company and/or the partnerships and offshore funds that the Company consolidates will enter into hedging transactions to manage their exposure to foreign currencies and equity prices related to their proprietary investments. At September 30, 2015, December 31, 2014 and September 30, 2014, we held derivative contracts on 170,000 equity shares, 3.8 million equity shares and 2.3 million equity shares,

respectively, that are included in investments in securities or securities sold, not yet purchased on the condensed consolidated statements of financial condition. We had two, one and one foreign exchange contracts outstanding at September 30, 2015, December 31, 2014 and September 30, 2014, respectively, that are included in receivable from brokers or payable to brokers on the condensed consolidated statements of financial condition. Aside from one foreign exchange contract, these transactions are not designated as hedges for accounting purposes, and therefore changes in fair values of these derivatives are included in net gain/(loss) from investments on the condensed consolidated statements of income. The one foreign exchange contract that is designated as a hedge was for a short of British Pounds to hedge the long investment that we have in our London Stock Exchange listed Gabelli Value Plus+ Trust Ltd. closed-end fund which is denominated in British Pounds. As the underlying investment that is being hedged is an available for sale security, the portion of the change in value of the closed-end fund that is currency related is recorded in net gain/(loss) from investments on the condensed consolidated statements of income and not in accumulated comprehensive income.

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The following tables identify the fair values and gains and losses of all derivatives held by the Company (in thousands):

Balance Sheet Location		Asset Derivatives Fair Value			Liability Derivatives Fair Value			
		September 30, 2015	December 31, 2014	September 30, 2014	September 30, 2015	December 31, 2014	September 30, 2014	
Derivatives designated as hedging instruments under FASB ASC 815-20								
Foreign exchange contracts	Receivable from brokers	\$-	\$ -	\$ -	Payable to brokers	\$36,354	\$ -	\$ -
Sub total		\$-	\$ -	\$ -		\$36,354	\$ -	\$ -
Derivatives Not Designated As Hedging Instruments Under Fasb Asc 815-20								
	Investments in				Securities sold, not yet purchased			
Equity contracts	securities	\$ 143	\$ 896	\$ 800		\$95	\$ 635	\$ 666
Foreign exchange contracts	Receivable from brokers	-	-	-	Payable to brokers	5,172	5,470	6,343
Sub total		\$ 143	\$ 896	\$ 800		\$5,267	\$ 6,105	\$ 7,009
Total derivatives		\$ 143	\$ 896	\$ 800		\$41,621	\$ 6,105	\$ 7,009

Type of Derivative	Income Statement Location	Three Months ended		Nine Months ended	
		September 30, 2015	September 30, 2014	September 30, 2015	September 30, 2014
Foreign exchange contracts	Net gain/(loss) from investments	\$1,985	\$482	\$1,885	\$541
Equity contracts	Net gain/(loss) from investments	27	758	199	591
Total		\$2,012	\$1,240	\$2,084	\$1,132

The Company is a party to enforceable master netting arrangements for swaps entered into as part of the investment strategy of the Company's proprietary portfolio. They are typically not used as hedging instruments. These swaps, while settled on a net basis with the counterparties, major U.S. financial institutions, are shown gross in assets and liabilities on the condensed consolidated statements of financial condition. The swaps have a firm contract end date and are closed out and settled when each contract expires.

		Gross Amounts Not Offset in the Statements of Financial Condition	
Gross Amounts of the Recognized	Gross Amounts Offset in the	Net Amounts of Assets Presented	Financial

	Statements of	Financial Assets	in the Statements of Financial Condition	Cash Collateral Received	Net Amount
Swaps:		(in thousands)			
September 30, 2015	\$143	\$ -	\$ 143	\$(89) \$ -	\$ 54
December 31, 2014	896	-	896	(634) -	262
September 30, 2014	\$800	\$ -	\$ 800	\$(657) \$ -	\$ 143

Gross Amounts Not Offset in
the
Statements of Financial
Condition

	Gross Amounts Offset in the Statements of Financial Condition	Net Amounts of Liabilities Presented in the Statements of Financial Condition	Cash Collateral Placed	Net Amount
Swaps:	(in thousands)			
September 30, 2015	\$89	\$ 89	\$(89) \$ -	\$ -
December 31, 2014	634	634	(634) -	-
September 30, 2014	\$657	\$ 657	\$(657) \$ -	\$ -

The following is a summary of the cost, gross unrealized gains, gross unrealized losses and fair value of available for sale investments as of September 30, 2015, December 31, 2014 and September 30, 2014:

	September 30, 2015			
	Gross Unrealized		Gross Unrealized	Fair Value
	Cost	Gains	Losses	
	(In thousands)			
Common stocks	\$13,561	\$ 20,534	\$ -	\$34,095
Closed-end Funds	63,068	10,128	(2,847)	70,349
Mutual funds	2,510	1,620	(79)	4,051
Total available for sale securities	\$79,139	\$ 32,282	\$ (2,926)	\$108,495

	December 31, 2014			
	Gross Unrealized		Gross Unrealized	Fair Value
	Cost	Gains	Losses	
	(In thousands)			
Common stocks	\$ 13,637	\$ 25,305	\$ -	\$ 38,942
Closed-end Funds	21,962	14,398	(37)	36,323
Mutual funds	2,579	2,030	(28)	4,581
Total available for sale securities	\$ 38,178	\$ 41,733	\$ (65)	\$ 79,846

	September 30, 2014			
	Gross Unrealized		Gross Unrealized	Fair Value
	Cost	Gains	Losses	
	(In thousands)			
Common stocks	\$ 14,228	\$ 22,152	\$ -	\$36,380
Closed-end Funds	21,819	14,325	(2)	36,142
Mutual funds	2,603	2,163	-	4,766
Total available for sale securities	\$38,650	\$ 38,640	\$ (2)	\$77,288

Changes in net unrealized losses, net of taxes, for the three months ended September 30, 2015 and September 30, 2014 of (\$6.7) million in losses and (\$2.4) million in losses, respectively, have been included in other comprehensive income, a component of equity, at September 30, 2015 and September 30, 2014. Return of capital on available for sale securities was \$0.3 million and \$0.3 million for the three months ended September 30, 2015 and September 30, 2014, respectively. During the three months ended September 30, 2015, there were no proceeds from the sales of investments available for sale and no gross gains on the sale of investments available for sale. Proceeds from sales of investments available for sale were approximately \$1.5 million for the three months ended September 30, 2014. For the three months ended September 30, 2014, gross gains on the sale of investments available for sale amounted to \$0.3 million and were reclassified from other comprehensive income into net gain from investments in the condensed consolidated statements of income. There were no losses on the sale of investments available for sale for the three months ended September 30, 2015 or September 30, 2014. Changes in net unrealized losses, net of taxes, for the nine months ended September 30, 2015 and September 30, 2014 of \$(7.4) million in losses and \$(6.8) million in losses, respectively, have been included in other comprehensive income, a component of equity, at September 30, 2015 and September 30, 2014. Return of capital on available for sale securities was \$0.6 million and \$0.8 million for the nine

months ended September 30, 2015 and September 30, 2014, respectively. Proceeds from sales of investments available for sale were approximately \$1.1 million and \$8.0 million for the nine months ended September 30, 2015 and September 30, 2014, respectively. For the nine months ended September 30, 2015 and September 30, 2014, gross gains on the sale of investments available for sale amounted to \$30,000 and \$3.5 million, respectively, and were reclassified from other comprehensive income into net gain from investments in the condensed consolidated statements of income. There were no losses on the sale of investments available for sale for the nine months ended September 30, 2015 or September 30, 2014. The basis on which the cost of a security sold is determined using specific identification.

Investments classified as available for sale that are in an unrealized loss position for which other-than-temporary impairment has not been recognized consisted of the following:

	September 30, 2015			December 31, 2014			September 30, 2014		
	Unrealized		Fair Value	Unrealized		Fair Value	Unrealized		Fair Value
	Cost	Losses		Cost	Losses		Cost	Losses	
(in thousands)									
Closed-end funds	\$40,537	\$ (2,847)	\$37,690	\$812	\$ (37)	\$775	\$79	\$ (2)	\$ 77
Mutual Funds	303	(79)	224	303	(28)	275	-	-	-
Total available for sale securities	\$40,840	\$ (2,926)	\$37,914	\$1,115	\$ (65)	\$1,050	\$79	\$ (2)	\$ 77

At September 30, 2015, there were four holdings in loss positions which were not deemed to be other-than-temporarily impaired due to the length of time that they had been in a loss position and because they passed scrutiny in our evaluation of issuer-specific and industry-specific considerations. In these specific instances, the investments at September 30, 2015 were mutual funds and closed-end funds with diversified holdings across multiple companies and across multiple industries. One holding was impaired for two months, one holding was impaired for three months, one holding was impaired for seven months and one holding was impaired for eight months at September 30, 2015. The value of these holdings at September 30, 2015 was \$37.9 million.

At December 31, 2014, there were four holdings in loss positions which were not deemed to be other-than-temporarily impaired due to the length of time that they had been in a loss position and because they passed scrutiny in our evaluation of issuer-specific and industry-specific considerations. In these specific instances, the investments at December 31, 2014 were mutual funds and closed-end funds with diversified holdings across multiple companies and across multiple industries. One holding was impaired for one month, one for three months and two for four months at December 31, 2014. The value of these holdings at December 31, 2014 was \$1.1 million.

At September 30, 2014, there was one holding in a loss position which was not deemed to be other-than-temporarily impaired due to the length of time that it had been in a loss position and because it passed scrutiny in our evaluation of issuer-specific and industry-specific considerations. In this specific instance, the investment at September 30, 2014 was a closed-end fund with diversified holdings across multiple companies and across multiple industries. The one holding was impaired for one month at September 30, 2014. The value of this holding at September 30, 2014 was \$0.1 million.

For the three months ended September 30, 2015 there were \$150,000 of losses on available for sale securities deemed to be other than temporary and a loss has been recorded in net gain from investments. There were no losses recognized on AFS securities for the three months ended September 30, 2014. For the nine months ended September 30, 2015 and September 30, 2014, there were \$150,000 and \$69,000, respectively, of losses on available for sale securities deemed to be other than temporary and a loss has been recorded in net gain from investments.

C. Fair Value

The following tables present information about the Company's assets and liabilities by major categories measured at fair value on a recurring basis as of September 30, 2015, December 31, 2014 and September 30, 2014 and indicates the fair value hierarchy of the valuation techniques utilized by the Company to determine such fair value:

Assets and Liabilities Measured at Fair Value on a Recurring Basis as of September 30, 2015 (in thousands)

	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance as of September 30, 2015
Assets				
Cash equivalents	\$425,392	\$ -	\$ -	\$425,392
Investments in partnerships	-	14,319	-	14,319
Investments in securities:				
AFS - Common stocks	34,095	-	-	34,095
AFS - Mutual funds	1,174	-	-	1,174
Trading - Common stocks	86,970	-	775	87,745
Trading - Mutual funds	3,180	-	-	3,180
Trading - Other	263	143	317	723
Total investments in securities	125,682	143	1,092	126,917
Investments in sponsored registered investment companies:				
AFS - Closed-end Funds	70,349	-	-	70,349
AFS - Mutual Funds	2,877	-	-	2,877
Trading - Mutual funds	41,820	-	-	41,820
Total investments in sponsored registered investment companies	115,046	-	-	115,046
Total investments	240,728	14,462	1,092	256,282
Total assets at fair value	\$666,120	\$ 14,462	\$ 1,092	\$681,674
Liabilities				
Trading - Common stocks	\$5,482	\$ -	\$ -	\$5,482
Trading - Other	-	95	-	95
Securities sold, not yet purchased	\$5,482	\$ 95	\$ -	\$5,577

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Assets and Liabilities Measured at Fair Value on a Recurring Basis as of December 31, 2014 (in thousands)

	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance as of December 31, 2014
Assets				
Cash equivalents	\$297,971	\$ -	\$ -	\$297,971
Investments in partnerships	-	23,803	-	23,803
Investments in securities:				
AFS - Common stocks	38,942	-	-	38,942
AFS - Mutual funds	1,368	-	-	1,368
Trading - Gov't obligations	18,996	-	-	18,996
Trading - Common stocks	193,735	1	1,293	195,029
Trading - Mutual funds	3,498	-	-	3,498
Trading - Other	513	897	294	1,704
Total investments in securities	257,052	898	1,587	259,537
Investments in sponsored registered investment companies:				
AFS - Closed-end Funds	36,323	-	-	36,323
AFS - Mutual Funds	3,213	-	-	3,213
Trading - Mutual funds	1	-	-	1
Total investments in sponsored registered investment companies	39,537	-	-	39,537
Total investments	296,589	24,701	1,587	322,877
Total assets at fair value	\$594,560	\$ 24,701	\$ 1,587	\$620,848
Liabilities				
Trading - Common stocks	\$9,960	\$ -	\$ -	\$9,960
Trading - Other	-	635	-	635
Securities sold, not yet purchased	\$9,960	\$ 635	\$ -	\$10,595

Assets and Liabilities Measured at Fair Value on a Recurring Basis as of September 30, 2014 (in thousands)

	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance as of September 30, 2014
Assets				
Cash equivalents	\$358,210	\$ -	\$ -	\$358,210
Investments in partnerships	-	24,094	-	24,094
Investments in securities:				
AFS - Common stocks	36,380	-	-	36,380
AFS - Mutual funds	1,389	-	-	1,389
Trading - Gov't obligations	20,999	-	-	20,999
Trading - Common stocks	190,215	-	724	190,939

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Trading - Mutual funds	3,373	-	-	3,373
Trading - Other	453	803	294	1,550
Total investments in securities	252,809	803	1,018	254,630
Investments in sponsored registered investment companies:				
AFS - Closed-end Funds	36,142	-	-	36,142
AFS - Mutual Funds	3,377	-	-	3,377
Trading - Mutual funds	1	-	-	1
Total investments in sponsored registered investment companies	39,520	-	-	39,520
Total investments	292,329	24,897	1,018	318,244
Total assets at fair value	\$650,539	\$ 24,897	\$ 1,018	\$ 676,454
Liabilities				
Trading - Common stocks	\$13,514	\$ -	\$ -	\$ 13,514
Trading - Other	-	666	-	666
Securities sold, not yet purchased	\$13,514	\$ 666	\$ -	\$ 14,180

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The following tables present additional information about assets by major categories measured at fair value on a recurring basis and for which the Company has utilized Level 3 inputs to determine fair value.

Changes in Level 3 Assets and Liabilities Measured at Fair Value on a Recurring Basis for the Three Months Ended September 30, 2015 (in thousands)

Asset	June 30, 2015 Beginning Balance	Total Realized and Unrealized Gains or (Losses) in Income AFS Trading Investments	Total Unrealized Gains or (Losses) Included in Other Comprehensive Income	Total Realized and Unrealized Gains or (Losses)	Purchases	Sales	Transfers In and/or (Out) of Level 3	Ending Balance
Financial instruments owned:								
Trading - Common								
stocks	\$ 920	\$ (145)	\$ -	\$ -	\$ (145)	\$ -	\$ -	\$ 775
Trading - Other	298	19	-	-	19	-	-	317
Total	\$ 1,218	\$ (126)	\$ -	\$ -	\$ (126)	-	\$ -	\$ 1,092

There were no transfers between any Levels during the three months ended September 30, 2015.

Changes in Level 3 Assets and Liabilities Measured at Fair Value on a Recurring Basis for the Three Months Ended September 30, 2014 (in thousands)

Asset	June 30, 2014 Beginning Balance	Total Realized and Unrealized Gains or (Losses) in Income AFS Trading Investments	Total Unrealized Gains or (Losses) Included in Other Comprehensive Income	Total Realized and Unrealized Gains or (Losses)	Purchases	Sales	Transfers In and/or (Out) of Level 3	Ending Balance
Financial instruments owned:								
Trading - Common								
stocks	\$ 716	\$ 8	\$ -	\$ -	\$ 8	\$ -	\$ -	\$ 724
Trading - Other	294	-	-	-	-	-	-	294
Total	\$ 1,010	\$ 8	\$ -	\$ -	\$ 8	\$ -	\$ -	\$ 1,018

There were no transfers between any Levels during the three months ended September 30, 2014.

Changes in Level 3 Assets and Liabilities Measured at Fair Value on a Recurring Basis for the Nine Months Ended September 30, 2015 (in thousands)

Asset	December 31, 2014	Total Realized and Unrealized Gains (Losses) in Income AFS Trading Investments	Total Unrealized Gains or (Losses) Included in Other Comprehensive Income	Total Realized and Unrealized Gains or (Losses)	Purchases	Sales	Transfers In and/or (Out) of Level 3	Ending Balance	
Financial instruments owned:									
Trading - Common									
stocks	\$ 1,293	\$(166)	\$ -	\$ -	\$ (166)	\$ 6	\$(358)	\$ -	\$ 775
Trading - Other	294	102	-	-	102	5	(84)	-	317
Total	\$ 1,587	\$(64)	\$ -	\$ -	\$ (64)	11	\$(442)	\$ -	\$ 1,092

There were securities with a value of \$0.4 million that were transferred out of Level 3 as a result of the deconsolidation of an offshore fund during the first quarter of 2015 which are reflected in sales above. There were no transfers between Levels 1 or 2 during the nine months ended September 30, 2015.

Changes in Level 3 Assets and Liabilities Measured at Fair Value on a Recurring Basis for the Nine Months Ended September 30, 2014 (in thousands)

		Total Realized and Unrealized Gains		Total Unrealized Gains or (Losses)	Total Realized				
Asset	December 31, 2013 Beginning Balance	or (Losses) in Income AFS Trading	Investments	Included in Other Comprehensive Income	and Unrealized Gains or (Losses)	Purchases	Sales	Transfers In and/or (Out) of Level 3	Ending Balance
Financial instruments owned:									
Trading - Common stocks	\$ 700	\$ 24	\$ -	\$ -	\$ 24	\$ -	\$ -	\$ -	\$ 724
Trading - Other	284	-	-	-	-	10	-	-	294
Total	\$ 984	\$ 24	\$ -	\$ -	\$ 24	\$ 10	\$ -	\$ -	\$ 1,018

There were no transfers between any Levels during the nine months ended September 30, 2014.

D. Investments in Partnerships, Offshore Funds and Variable Interest Entities ("VIEs")

The Company is general partner or co-general partner of various affiliated entities in which the Company has investments totaling \$87.2 million, \$94.2 million and \$93.2 million at September 30, 2015, December 31, 2014 and September 30, 2014, respectively, and whose underlying assets consist primarily of marketable securities (the "affiliated entities"). We also have investments in unaffiliated entities of \$13.8 million, \$13.4 million and \$14.2 million at September 30, 2015, December 31, 2014 and September 30, 2014, respectively (the "unaffiliated entities"). On a quarterly basis, we evaluate each entity for the appropriate accounting treatment and disclosure. Certain of the affiliated entities, and none of the unaffiliated entities, are consolidated.

For those entities where consolidation is not deemed to be appropriate, we report them in our condensed consolidated statement of financial condition under the caption "Investments in partnerships". This caption includes those investments, in both affiliated and unaffiliated entities, which the Company accounts for under the equity method of accounting, as well as certain investments that the feeder funds hold that are carried at fair value, as described in Note C. The Company reflects the equity in earnings of these equity method investees and the change in fair value of the consolidated feeder funds ("CFFs") under the caption Net gain/(loss) from investments on the condensed consolidated statements of income.

The following table highlights the number of entities, including voting interest entities ("VOEs"), that we consolidate as well as under which accounting guidance they are consolidated, including CFFs, which retain their specialized investment company accounting in consolidation, partnerships and offshore funds.

Entities consolidated

CFFs	Partnerships	Offshore Funds	Total
------	--------------	----------------	-------

	VIEs	VOEs	VIEs	VOEs	VIEs	VOEs	VIEs	VOEs
Entities consolidated at December 31, 2013	1	2	-	1	-	1	1	4
Additional consolidated entities	-	-	-	-	-	-	-	-
Deconsolidated entities	-	-	-	-	-	-	-	-
Entities consolidated at September 30, 2014	1	2	-	1	-	1	1	4
Additional consolidated entities	-	-	-	-	-	-	-	-
Deconsolidated entities	-	-	-	-	-	-	-	-
Entities consolidated at December 31, 2014	1	2	-	1	-	1	1	4
Additional consolidated entities	-	1	-	1	1	-	1	2
Deconsolidated entities	-	(1)	-	-	-	(1)	-	(2)
Entities consolidated at September 30, 2015	1	2	-	2	1	-	2	4

At and for the nine months ended September 30, 2015, the one CFF VIE is consolidated, as the Company has been determined to be the primary beneficiary because it has an equity interest and absorbs the majority of the expected losses and/or expected gains. At and for the nine months ended September 30, 2015, the one CFF VOE and one Partnership VOE are consolidated because the unaffiliated partners or shareholders lack substantive kick-out rights, and the Company, as either the general partner or investment manager, is deemed to have control. During the three months ended June 30, 2015, it was determined that an additional Partnership VOE should be consolidated when the Partnership was created on April 1, 2015 without unaffiliated capital and an Offshore Fund VIE should be consolidated as the last unaffiliated investor withdrew during the second quarter. Additionally, during the three months ended March 31, 2015, an Offshore Fund VOE was deconsolidated as the Company's ownership percentage fell below 50%, a CFF VOE was deconsolidated when it was closed and a different CFF VOE was consolidated as the last unaffiliated investor withdrew on March 31, 2015.

At and for the nine months ended September 30, 2014 and at December 31, 2014, one CFF VIE is consolidated, as the Company has been determined to be the primary beneficiary because it has an equity interest and absorbs the majority of the expected losses and/or expected gains. At and for the nine months ended September 30, 2014 and at December 31, 2014, two CFF VOEs, one Partnership VOE and one Offshore Fund VOE are consolidated because the unaffiliated partners or shareholders lack substantive rights, and the Company, as either the general partner or investment manager, is deemed to have control.

The following table breaks down the investments in partnerships line by accounting method, either fair value or equity method, and investment type (in thousands):

Accounting method	September 30, 2015					
	Investment Type			Unaffiliated		
	Affiliated Consolidated					
	Feeder Funds	Partnerships	Offshore Funds	Partnerships	Offshore Funds	Total
Fair Value	\$ 14,317	\$ -	\$ -	\$ -	\$ -	\$ 14,317
Equity Method	-	38,318	34,552	6,286	7,552	86,708
Total	\$ 14,317	\$ 38,318	\$ 34,552	\$ 6,286	\$ 7,552	\$ 101,025

Accounting method	December 31, 2014					
	Investment Type			Unaffiliated		
	Affiliated Consolidated					
	Feeder Funds	Partnerships	Offshore Funds	Partnerships	Offshore Funds	Total
Fair Value	\$ 23,803	\$ -	\$ -	\$ -	\$ -	\$ 23,803
Equity Method	-	34,385	36,033	6,552	6,864	83,834
Total	\$ 23,803	\$ 34,385	\$ 36,033	\$ 6,552	\$ 6,864	\$ 107,637

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September 30, 2014

Investment Type

Affiliated

Unaffiliated

Consolidated

Accounting method	Feeder Funds	Partnerships	Offshore Funds	Partnerships	Offshore Funds	Total
Fair Value	\$ 24,094	\$ -	\$ -	\$ -	\$ -	\$ 24,094
Equity Method	-	34,967	34,185	6,611	7,577	83,340
Total	\$ 24,094	\$ 34,967	\$ 34,185	\$ 6,611	\$ 7,577	\$ 107,434

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The following table includes the net impact by line item on the condensed consolidated statements of financial condition for each category of entity consolidated (in thousands):

	September 30, 2015				
	Prior to Consolidation	CFFs	Partnerships	Offshore Funds	As Reported
Assets					
Cash and cash equivalents	\$ 425,549	\$ 2	\$ 52	\$ 13	\$ 425,616
Investments in securities	118,401	-	7,807	709	126,917
Investments in sponsored investment companies	115,046	-	-	-	115,046
Investments in partnerships	105,097	4,817	(8,504)	(385)	101,025
Receivable from brokers	50,960	-	1,933	25	52,918
Investment advisory fees receivable	28,615	5	9	-	28,629
Other assets	22,363	16	137	2	22,518
Total assets	\$ 866,031	\$ 4,840	\$ 1,434	\$ 364	\$ 872,669
Liabilities and equity					
Securities sold, not yet purchased	\$ 5,231	\$ -	\$ 140	\$ 206	\$ 5,577
Accrued expenses and other liabilities	188,770	38	155	81	189,044
Total debt	106,750	-	-	-	106,750
Redeemable noncontrolling interests	-	4,802	1,139	77	6,018
Total equity	565,280	-	-	-	565,280
Total liabilities and equity	\$ 866,031	\$ 4,840	\$ 1,434	\$ 364	\$ 872,669
December 31, 2014					
	December 31, 2014				
	Prior to Consolidation	CFFs	Partnerships	Offshore Funds	As Reported
Assets					
Cash and cash equivalents	\$ 298,149	\$ (11)	\$ 86	\$ -	\$ 298,224
Investments in securities	200,443	-	7,801	51,293	259,537
Investments in sponsored investment companies	39,537	-	-	-	39,537
Investments in partnerships	111,380	4,438	(8,181)	-	107,637
Receivable from brokers	24,301	-	623	51,155	76,079
Investment advisory fees receivable	42,102	(6)	(2)	(222)	41,872
Other assets	43,393	-	-	151	43,544
Total assets	\$ 759,305	\$ 4,421	\$ 327	\$ 102,377	\$ 866,430
Liabilities and equity					
Securities sold, not yet purchased	\$ 9,991	\$ -	\$ -	\$ 604	\$ 10,595
Accrued expenses and other liabilities	109,356	22	24	38,141	147,543
Total debt	112,163	-	-	-	112,163
Redeemable noncontrolling interests	-	4,399	303	63,632	68,334
Total equity	527,795	-	-	-	527,795
Total liabilities and equity	\$ 759,305	\$ 4,421	\$ 327	\$ 102,377	\$ 866,430
September 30, 2014					
	September 30, 2014				
	Prior to Consolidation	CFFs	Partnerships	Offshore Funds	As Reported
Assets					
Cash and cash equivalents	\$ 358,316	\$ 7	\$ 98	\$ -	\$ 358,421
Investments in securities	203,280	-	8,836	42,514	254,630
Investments in sponsored investment companies	39,520	-	-	-	39,520

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Investments in partnerships	110,679	4,684	(7,929)	-	107,434
Receivable from brokers	31,388	-	306	48,191	79,885
Investment advisory fees receivable	31,221	17	(1)	(82)	31,155
Other assets	28,528	24	(1,000)	163	27,715
Total assets	\$ 802,932	\$ 4,732	\$ 310	\$ 90,786	\$ 898,760
Liabilities and equity					
Securities sold, not yet purchased	\$ 13,549	\$ -	\$ -	\$ 631	\$ 14,180
Accrued expenses and other liabilities	166,209	71	31	39,009	205,320
Total debt	111,941	-	-	-	111,941
Redeemable noncontrolling interests	-	4,661	279	51,146	56,086
Total equity	511,233	-	-	-	511,233
Total liabilities and equity	\$ 802,932	\$ 4,732	\$ 310	\$ 90,786	\$ 898,760

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The following table includes the net impact by line item on the condensed consolidated statements of income for each category of entity consolidated (in thousands):

	Three Months Ended September 30, 2015				
	Prior to Consolidation	CFFs	Partnerships	Offshore Funds	As Reported
Total revenues	\$ 96,558	\$ (10)	\$ (2)	\$ -	\$ 96,546
Total expenses	60,304	23	20	3	60,350
Operating income	36,254	(33)	(22)	(3)	36,196
Total other income/(expense), net	(12,093)	(268)	(120)	(19)	(12,500)
Income before income taxes	24,161	(301)	(142)	(22)	23,696
Income tax provision	9,245	-	-	-	9,245
Net income	14,916	(301)	(142)	(22)	14,451
Net loss attributable to noncontrolling interests	(53)	(301)	(142)	(22)	(518)
Net income attributable to GAMCO	\$ 14,969	\$ -	\$ -	\$ -	\$ 14,969

	Three Months Ended September 30, 2014				
	Prior to Consolidation	CFFs	Partnerships	Offshore Funds	As Reported
Total revenues	\$ 111,073	\$ (7)	\$ -	\$ (208)	\$ 110,858
Total expenses	66,980	20	12	260	67,272
Operating income	44,093	(27)	(12)	(468)	43,586
Total other income, net	(7,462)	(186)	(18)	(2,323)	(9,989)
Income before income taxes	36,631	(213)	(30)	(2,791)	33,597
Income tax provision	13,045	-	-	-	13,045
Net income	23,586	(213)	(30)	(2,791)	20,552
Net income attributable to noncontrolling interests	(79)	(213)	(30)	(2,791)	(3,113)
Net income attributable to GAMCO	\$ 23,665	\$ -	\$ -	\$ -	\$ 23,665

	Nine Months Ended September 30, 2015				
	Prior to Consolidation	CFFs	Partnerships	Offshore Funds	As Reported
Total revenues	\$ 303,139	\$ (26)	\$ (4)	\$ (14)	\$ 303,095
Total expenses	197,828	95	50	32	198,005
Operating income	105,311	(121)	(54)	(46)	105,090
Total other income/(expense), net	(3,016)	(177)	(102)	9	(3,286)
Income before income taxes	102,295	(298)	(156)	(37)	101,804
Income tax provision	38,547	-	-	-	38,547
Net income	63,748	(298)	(156)	(37)	63,257
Net loss attributable to noncontrolling interests	(98)	(298)	(156)	(37)	(589)
Net income attributable to GAMCO	\$ 63,846	\$ -	\$ -	\$ -	\$ 63,846

	Nine Months Ended September 30, 2014				
	Prior to Consolidation	CFFs	Partnerships	Offshore Funds	As Reported
Total revenues	\$ 324,287	\$ (21)	\$ (2)	\$ (633)	\$ 323,631
Total expenses	205,207	34	38	730	206,009
Operating income	119,080	(55)	(40)	(1,363)	117,622
Total other income, net	6,172	20	19	(1,186)	5,025

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Income before income taxes	125,252	(35)	(21)	(2,549)	122,647
Income tax provision	44,796	-	-	-	44,796
Net income	80,456	(35)	(21)	(2,549)	77,851
Net income/(loss) attributable to noncontrolling interests	(113)	(35)	(21)	(2,549)	(2,718)
Net income attributable to GAMCO	\$ 80,569	\$ -	\$ -	\$ -	\$ 80,569

Variable Interest Entities

We sponsor a number of investment vehicles where we are the general partner or investment manager. Certain of these vehicles are VIEs, but we are not the primary beneficiary, in all but two cases, because we do not absorb a majority of the entities' expected losses and/or expected returns, and they are, therefore, not consolidated. We consolidate the two VIEs where we are the primary beneficiary. The Company has not provided any financial or other support to those VIEs where we are not the primary beneficiary. The total net assets of these non-consolidated VIEs at September 30, 2015, December 31, 2014 and September 30, 2014 were \$65.8 million, \$71.6 million and \$59.8 million, respectively. On September 30, 2015, the maximum exposure to loss as a result of our involvement with the non-consolidated VIEs is limited to the investment in one VIE of \$9.6 million and the deferred carried interest that we have in another of \$38,000 which was included in investments in partnerships on the condensed consolidated statements of financial condition. On December 31, 2014 and September 30, 2014, our maximum exposure to loss as a result of our involvement with the non-consolidated VIEs is limited to the investment in two VIEs of \$10.6 million and \$8.6 million, respectively, and the deferred carried interest that we have in another of \$43,000 and \$44,000, respectively, which was included in investments in partnerships on the condensed consolidated statements of financial condition. Additionally, as the general partner or investment manager to these VIEs the Company earns fees in relation to these roles, which given a decline in AUMs of the VIEs would result in lower fee revenues earned by the Company which would be reflected on the condensed consolidated statement of income, condensed consolidated statement of financial condition and condensed consolidated statement of cash flows.

The assets of these VIEs may only be used to satisfy obligations of the VIEs. The following table presents the balances related to the VIEs that are consolidated and are included on the condensed consolidated statements of financial condition as well as GAMCO's net interest in the VIEs. There are two VIEs consolidated at September 30, 2015 and one VIE consolidated at December 31, 2014 and September 30, 2014:

	September 30, 2015	December 31, 2014	September 30, 2014
(In thousands)			
Cash and cash equivalents	\$ 13	\$ -	\$ 1
Investments in securities	709	-	-
Investments in partnerships	5,116	13,434	13,618
Receivable from brokers	25	-	-
Other assets	3	-	-
Payable to brokers	(62)	-	-
Securities sold, not yet purchased	(206)	-	-
Accrued expenses and other liabilities	(27)	(12)	(15)
Redeemable noncontrolling interests	(615)	(794)	(962)
GAMCO's net interests in consolidated VIE	\$ 4,956	\$ 12,628	\$ 12,642

E. Income Taxes

The effective tax rate ("ETR") for the three months ended September 30, 2015 and September 30, 2014 was 39.0% and 38.8%, respectively. The effective tax rate for the nine months ended September 30, 2015 was 37.9% compared to 36.5% for the prior year nine month period. During the nine month period ended September 30, 2014 we benefitted from the donation of appreciated securities used to fund our shareholder designated charitable contribution program.

F. Earnings Per Share

The computations of basic and diluted net income per share are as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
(in thousands, except per share amounts)	2015	2014	2015	2014
Basic:				
Net income attributable to GAMCO Investors, Inc.'s shareholders	\$ 14,969	\$ 23,665	\$ 63,846	\$ 80,569
Weighted average shares outstanding	24,947	25,296	25,047	25,385
Basic net income attributable to GAMCO Investors, Inc.'s shareholders per share	\$0.60	\$0.94	\$2.55	\$3.17
Diluted:				
Net income attributable to GAMCO Investors, Inc.'s shareholders	\$ 14,969	\$ 23,665	\$ 63,846	\$ 80,569
Weighted average share outstanding	24,947	25,296	25,047	25,385
Dilutive stock options and restricted stock awards	294	221	290	210
Total	25,241	25,517	25,337	25,595
Diluted net income attributable to GAMCO Investors, Inc.'s shareholders per share	\$0.59	\$0.93	\$2.52	\$3.15

G. Debt

Debt consists of the following:

	September 30, 2015		December 31, 2014		September 30, 2014	
	Carrying	Fair	Carrying	Fair	Carrying	Fair
	Value	Value	Value	Value	Value	Value
	Level 2	Level 2	Level 2	Level 2	Level 2	Level 2
(In thousands)						
5.875% Senior notes	\$100,000	\$106,625	\$100,000	\$110,123	\$100,000	\$108,200
0% Subordinated debentures	6,750	6,800	12,163	13,000	11,941	12,775
Total	\$106,750	\$113,425	\$112,163	\$123,123	\$111,941	\$120,975

5.875% Senior notes

On May 31, 2011, the Company issued 10-year, \$100 million senior notes. The notes mature on June 1, 2021 and bear interest at 5.875% per annum, payable semi-annually on June 1 and December 1 of each year and commenced on December 1, 2011. Upon the occurrence of a change of control triggering event, as defined in the indenture, the Company would be required to offer to repurchase the notes at 101% of their principal amount.

Zero coupon Subordinated debentures due December 31, 2015

On December 31, 2010, the Company issued \$86.4 million in par value of five year zero coupon subordinated debentures due December 31, 2015 ("Debentures") to its shareholders of record on December 15, 2010 through the declaration of a special dividend of \$3.20 per share. The Debentures have a par value of \$100 and are callable at the option of the Company, in whole or in part, at any time or from time to time, at a redemption price equal to 100% of the principal amount of the Debentures to be redeemed. During the three month period ended September 30, 2015 and September 30, 2014 the Company repurchased 16 Debentures and 1,032 Debentures, respectively, having a face value of \$1,600 and \$0.1 million, respectively. The redemptions were accounted for as extinguishments of debt and resulted in losses of less than \$1,000 and \$10,000, respectively, which were included in net gain from investments on the condensed consolidated statements of income. During the nine month periods ended September 30, 2015 and September 30, 2014, the Company repurchased 62,242 Debentures and 7,165 Debentures, respectively, having a face value of \$6.2 million and \$0.7 million, respectively. The redemptions were accounted for as extinguishments of debt and resulted in losses of \$310,000 and \$84,000, respectively. The debt is being accreted to its face value using the effective rate on the date of issuance of 7.45%. At September 30, 2015, December 31, 2014 and September 30, 2014, the debt was recorded at its accreted value of \$6.8 million, \$12.2 million and \$11.9 million, respectively.

The fair value of the Company's debt, which is a Level 2 valuation, is estimated based on either quoted market prices for the same or similar issues or on the current rates offered to the Company for debt of the same remaining maturities or using market standard models. Inputs in these standard models include credit rating, maturity and interest rate.

On May 4, 2015, the Securities and Exchange Commission ("SEC") declared effective the "shelf" registration statement filed by the Company. The "shelf" provides the Company with the flexibility of issuing any combination of senior and subordinated debt securities, convertible securities and common and preferred securities up to a total amount of \$500 million and replaced the existing shelf registration which expired in May 2015. As of September 30, 2015, \$500 million is available on the shelf.

H. Stockholders' Equity

Shares outstanding were 25.5 million, 25.9 million and 25.9 million on September 30, 2015, December 31, 2014 and September 30, 2014, respectively.

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Dividends

	Payment Date	Record Date	Amount
Three months ended March 31, 2015	March 31, 2015	March 17, 2015	\$ 0.07
Three months ended June 30, 2015	June 30, 2015	June 16, 2015	0.07
Three months ended September 30, 2015	September 29, 2015	September 15, 2015	0.07
Nine months ended September 30, 2015			\$ 0.21
Three months ended March 31, 2014	March 25, 2014	March 11, 2014	\$ 0.06
Three months ended June 30, 2014	June 24, 2014	June 10, 2014	0.06
Three months ended September 30, 2014	September 30, 2014	September 16, 2014	0.06
Nine months ended September 30, 2014			\$ 0.18

Voting Rights

The holders of Class A Common stock ("Class A Stock") and Class B Common stock ("Class B Stock") have identical rights except that (i) holders of Class A Stock are entitled to one vote per share, while holders of Class B Stock are entitled to ten votes per share on all matters to be voted on by shareholders in general, and (ii) holders of Class A Stock are not eligible to vote on matters relating exclusively to Class B Stock and vice versa.

Stock Award and Incentive Plan

The Company maintains two Plans approved by the shareholders, which are designed to provide incentives which will attract and retain individuals key to the success of GBL through direct or indirect ownership of our common stock. Benefits under the Plans may be granted in any one or a combination of stock options, stock appreciation rights, restricted stock, restricted stock units, stock awards, dividend equivalents and other stock or cash based awards. A maximum of 3.5 million shares of Class A Stock have been reserved for issuance under the Plans by a committee of the Board of Directors responsible for administering the Plans ("Compensation Committee"). Under the Plans, the committee may grant RSAs and either incentive or nonqualified stock options with a term not to exceed ten years from the grant date and at an exercise price that the committee may determine.

On December 23, 2014, September 15, 2014 and January 9, 2014, the Company approved the granting of 73,000 RSA shares, 83,500 RSA shares and 2,100 RSA shares, respectively, at a grant date fair value of \$87.99 per share, \$73.41 per share and \$81.99 per share, respectively. As of September 30, 2015, December 31, 2014 and September 30, 2014, there were 688,550 RSA shares, 710,750 RSA shares and 639,750 RSA shares outstanding, respectively, that were previously issued at an average weighted grant price of \$67.34, \$67.45 and \$65.12, respectively. All grants of the RSA shares were recommended by the Company's Chairman, who did not receive a RSA, and approved by the Compensation Committee. This expense, net of estimated forfeitures, is recognized over the vesting period for these awards which is either (1) 30% over three years from the date of grant and 70% over five years from the date of grant or (2) 30% over three years from the date of grant and 10% each year over years four through ten from the date of grant. During the vesting period, dividends to RSA holders are held for them until the RSA vesting dates and are forfeited if the grantee is no longer employed by the Company on the vesting dates. Dividends declared o