The 2020 ECHELON RIA M&A Deal Report

INVESTMENT BANKERS | MANAGEMENT CONSULTANTS | VALUATION EXPERTS

to the Wealth and Investment Management Industries

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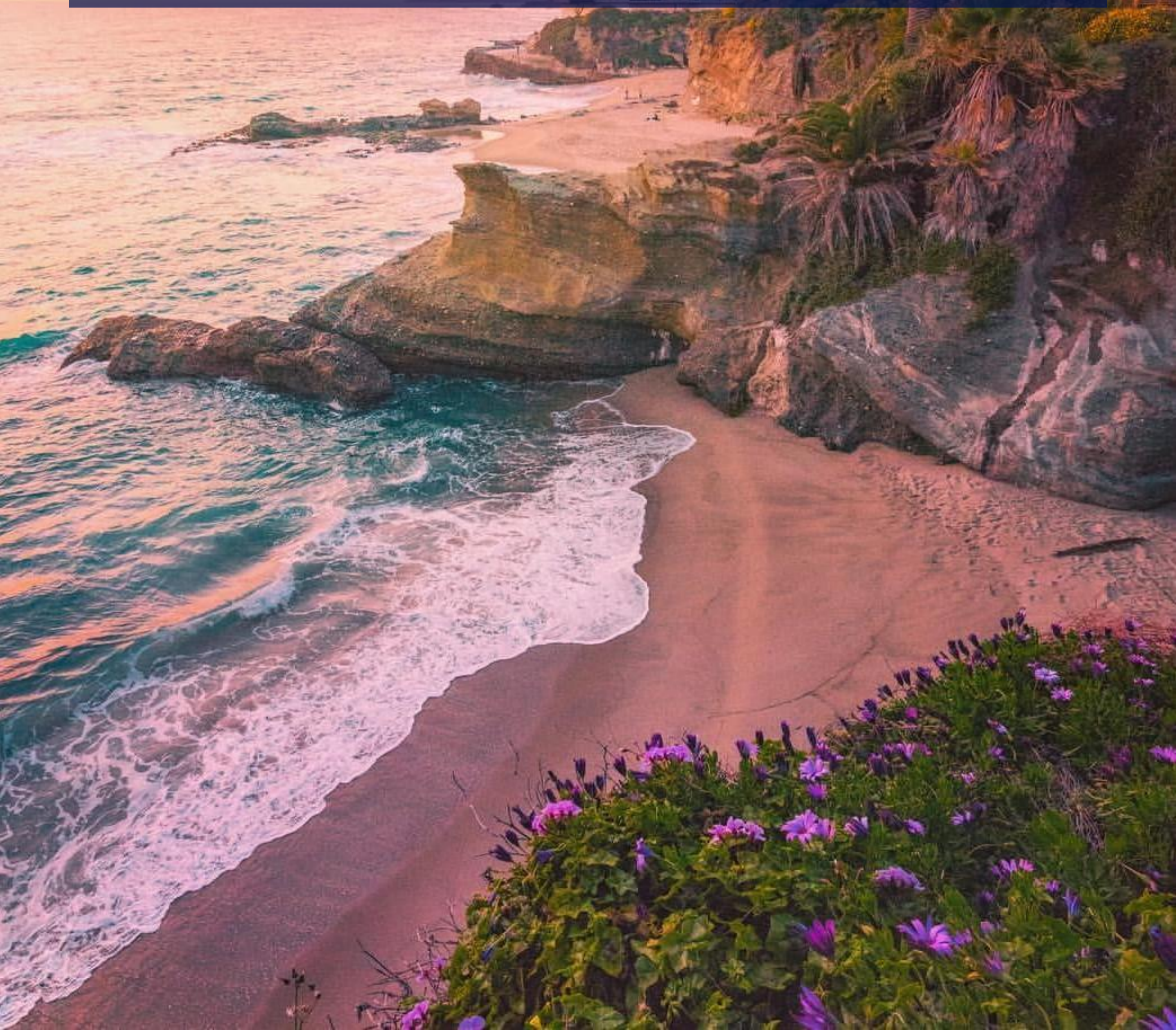


Executive Overview

Dear Dealmakers,

For the wealth management industry, 2020 will be remembered as the most remarkable period of M&A in the industry's history to date. M&A activity levels reached a new all-time high in 2020 – the eighth consecutive year that the number of deals in the industry has increased. This is an incredible accomplishment given the record levels of market volatility experienced earlier in the year and it sits against the backdrop of a pandemic-induced global economic slowdown that caused M&A activities in many other industries to come to a halt.

The total number of transactions, however, only tells part of the story of 2020. That is precisely why we have produced this **2020 ECHELON Partners RIA M&A Deal Report**: Our objective with this research is to provide industry leaders with a data-driven assessment of the key developments in M&A – while also delivering an exclusive analysis of the fundamental influences and themes that are reshaping the current and future states of the industry and the overall wealth and investment management ecosystem.

In this edition of the ECHELON Partners' RIA M&A Deal Report, our proprietary research and analysis offers insights and perspectives into the following:

I. **Overall Wealth Management Deal Activity and Top Deals of 2020:** There were 205 deals that took place in 2020, a roughly 1% increase over the 203 deals recorded in 2019, which was the previous record. Notably, the second half of 2020 was by far the most active period in the history of the industry, with 124 deals or 61% of the total annual transactions taking place in Q3 and Q4. The 69 deals that occurred in Q4 are also a new high-water mark for a single quarter – and represented a 25% increase in activity over Q3 2020.

II. **Drivers and Influencers of Wealth Management M&A:** In addition to the record-breaking activity levels, there were 78 acquisitions of firms with $1 BN+ in assets – the most in a single year. In total, $318 BN in assets were acquired last year, and the average seller boasted $1.8 BN in AUM. Both were record levels, as buyers and sellers exhibited new levels of size and sophistication. The emergence of "Professional Buyers," an influx of capital from private equity, an accelerated interest in minority transactions, and strong valuations are among the drivers analyzed in this section of the 2020 Deal Report.

III. **Developments in WealthTECH M&A:** A convergence between wealth management, asset management, and technology was the driving force behind many of the year's 48 WealthTECH deals. In particular, M&A played a key role as asset managers evolved their offerings and searched for more efficient ways to deliver targeted, customized strategies to meet the evolving needs of institutional and individual clients.

IV. **Key Trends in Breakaway Activity:** Overall, the number of RIA breakaways declined by nearly 20% from 2019 – which was a record year for breakaway activity. The 2020 activity levels remained healthy and consistent with 2018 levels, but a notable trend developed that we believe will continue: There were 33 teams with more than $1 BN in assets that transitioned to the RIA channel in 2020, a new record for a single year. Like the growing number of $1 BN firms that sold in 2020, this development underscores the sophistication of breakaways and their interest in partners that can provide resources to accelerate growth, improve operational efficiencies, deliver improved client experiences, and reward operators with equity.

Section 1:
2020 Wealth Management Deal Activity, Key Findings, and Top Deals

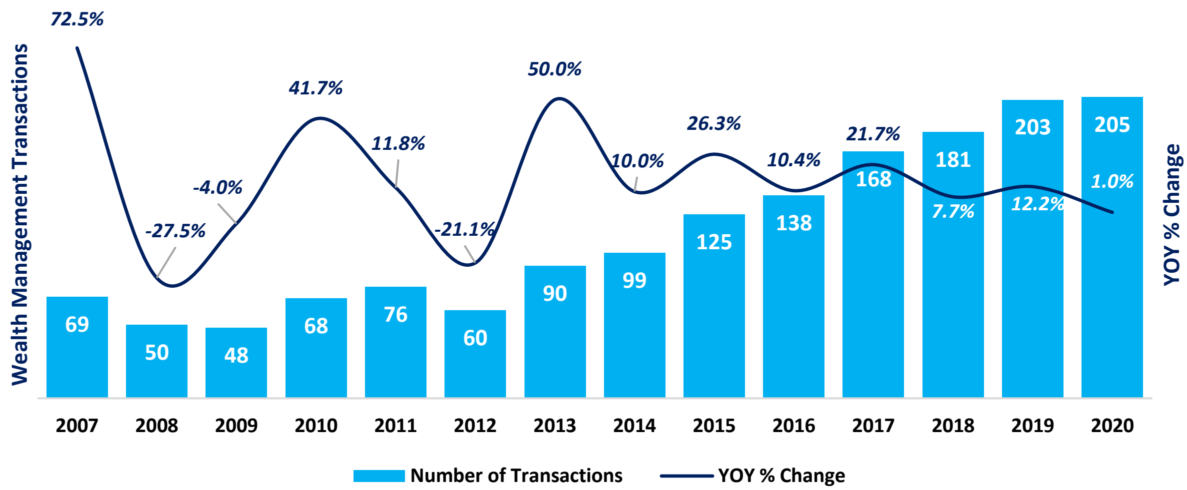
Key Findings and Top Deals

M&A deal volume reaches its eighth straight record-setting year.

Wealth Management M&A Activity Hits a New All-Time High in 2020: Despite the disruption to the global economy caused by COVID-19 throughout 2020, M&A activity in the wealth management industry reached a new record high in 2020 – the eighth straight record-setting year.

The year's total of 205 transactions is particularly impressive given the slowdown in activity that occurred in Q2, when the number of deals hit a four-year low (35) for a single quarter. Deal activity reached new quarterly highs in Q3 (55) and Q4 (69), powering 2020 to the most robust year for dealmaking in the industry's history.

Exhibit 1: M&A Activity Reaches Record High for the Eighth Straight Year



Note: Total AUM excludes deals with AUM $100 MM or lower
Sources: Company Reports, SEC IARD, ECHELON Partners Analysis

A Note on Deal Reporting in the Wealth and Investment Management Industries

It should be noted that tracking deal activity in the wealth and investment management industries is still largely an imprecise science for the following reasons:

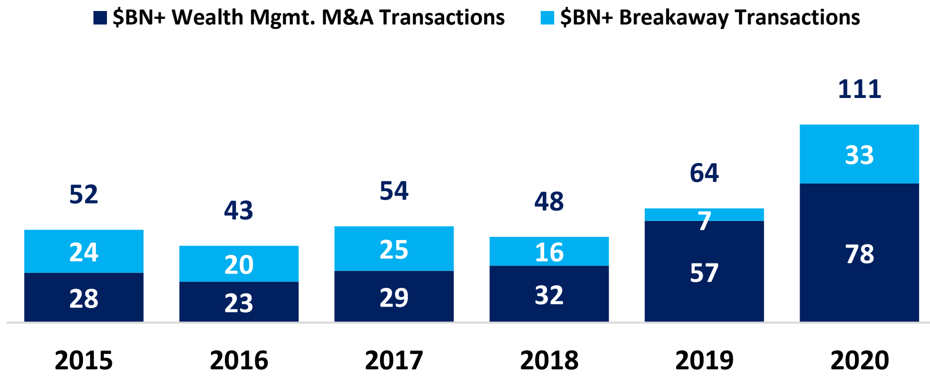
1. **Smaller Deals:** Most deals involving firms with less than $100 MM in AUM go unreported and therefore are very difficult to identify.
2. **Internal Deals:** Deals inside a firm between partners also often go unreported and would likely need to involve a material amount of equity changing hands to have a chance of being officially recognized.
3. **Hybrid Deals:** Deals that are part recruiting and part equity sharing fall into this category and present an issue as to whether they should be included. They too are often not reported.
4. **Breakaway Deals:** With the definition of "breakaway" broadening to include more than only those instances in which an advisor is leaving a wirehouse, there is a blurring of what constitutes a breakaway and what doesn't. Also at play is how much equity has to change hands for a breakaway to become more of an M&A transaction.
5. **Data Definition Rules:** The general lack of clear deal categorization and data category definitions creates an issue regarding what truly constitutes a deal.
6. **Data Consistency Over Time:** As data series contents change over time, it is difficult to go back to prior years and add or delete deals that don't fit enhanced data definitions.
7. **Tracking Date:** ECHELON tracks deals as they are announced to the public. This date does not necessarily correlate with the deal's official close, as closing dates are less frequently reported, especially for smaller deals.

As a result of the above, we believe reported deal activity is likely one-third to one-fourth of the true deal activity. Therefore, we would encourage you to remain cognizant of these facts while you consider the information in this report.

Key Findings: $1 BN+ Transactions Surge to All-Time Highs

Exhibit 2: $1 BN+ Transactions 2015-2020 | M&A Deals and Breakaways

Deals for $1 BN+ wealth managers surge in 2020, fueled by well-capitalized buyers.



Sources: Company Reports, SEC IARD, Investment News, and ECHELON Partners Analysis

$1 Billion+ Transactions and Transitions Shatter Previous Records

The economic uncertainty associated with the COVID-19 crisis and Q2's dramatic market downturn put a temporary hold on most dealmaking activity. As the market recovered, sellers with over $1 BN in AUM and larger buyers with dedicated deal teams and capital became more active, causing 2020 to see a massive 73% annual increase in the number of M&A deals and breakaways involving $1 BN+ wealth managers. The acceleration continued a trend of rapid M&A growth that began in 2019, yet it breaks the pattern of declining $1 BN+ breakaways that had been observed since 2017.

There is an ever-increasing buyer appetite for these large $1 BN+ AUM targets, and interest in this segment of the market was particularly robust in 2020 for the following reasons:

1. **Professional Acquirers Have the Resources to Push Forward Despite Uncertainty:** During 2020's early volatile period, larger buyers with dedicated management, M&A, and integration teams remained focused on their plans to identify and execute deals. Smaller sellers and acquirers were, in many cases, forced to divert their attention to portfolio management and client service in Q1 and Q2, distracting from a potential focus on M&A. Many larger buyers and sellers seized this opportunity, and once markets stabilized, resumed their normal deal processes. A number of firms accelerated discussions, as sellers were looking to close transactions before the end of 2020 in anticipation of potential tax changes that could be introduced in 2021 by the new presidential administration.
2. **Large RIAs Are Ideal Platforms for Buyers:** Large, $1 BN+ RIAs are professionally run firms with effective processes and can serve as an excellent starting point for an acquirer looking to enter a new industry or geography. New, sophisticated entrants to the wealth management M&A market are beginning to realize this, as evidenced by the continued growth of private equity's presence in the industry, increased interest from non-U.S. buyers (CI Financial), and the entrance of other institutional investors such as the Ontario Teachers' Pension Plan into the RIA M&A landscape.
3. **Firms with $1 BN+ in AUM Are Established Businesses with Desirable Financial Profiles:** Most $1 BN+ RIAs have steady revenue streams, over $3 MM in EBITDA, and profit margins that may easily exceed 30%. These reliable cash flows allow financial investors to confidently and aggressively finance transactions, while still providing a significant opportunity for upside potential and growth post deal.

Key Findings: RIAs Lead the Way, Driving 2020 Activity

RIAs: RIAs completed 38% of acquisitions in 2020, closing 78 deals and becoming the most active type of acquirer in 2020, a development that has not been seen since 2016. Even as the most active type of acquirer in 2020, RIA's share of total deals remains below the category's share of deals between 2009 and 2016 when these firms were regularly responsible for well over 40% of all deals completed. This is mostly due to the expansion of the "Other" category – which includes private equity – in the past two years.

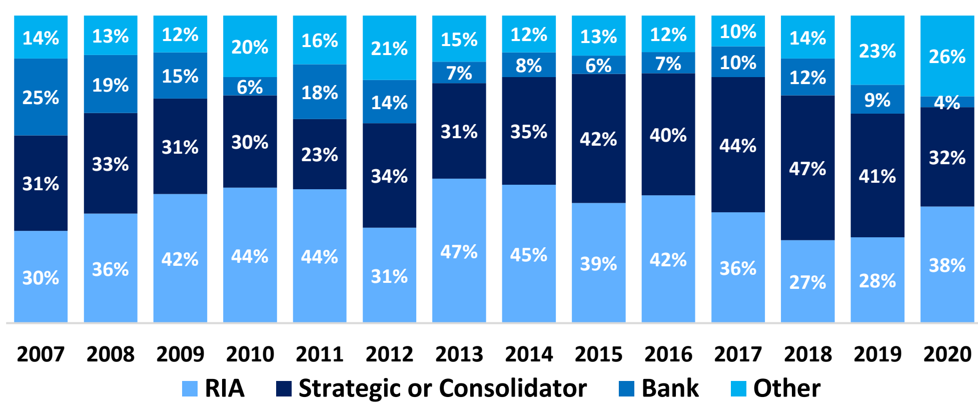
We use the "RIA" label to describe those firms that have completed fewer than four mergers or acquisitions, are generally smaller in their strategic reach, and usually have more modest financial resources. Therefore, transactions involving RIA acquirers tend to involve smaller deals than the other categories.

Strategic Buyers or Consolidators: Strategic acquirers completed 66 total deals in 2020, or 32% of the year's total count. This is the category's lowest share of total deals since 2013 and marks a significant decline on both an absolute and percent basis from 2019, when the category's 83 deals accounted for 41% of transactions. Among the most active strategic acquirers was CI Financial, which announced nine transactions as it continued its aggressive push into American markets. Following CI was Hightower Advisors, which announced eight transactions in a banner year. Creative Planning and Mercer Advisors were the two strategics with the next-most deal announcements.

It is worth noting that this group is not all roll-up firms. Instead, it represents primarily firms that a) already have a platform, b) have considerable industry presence, and c) have completed more than four M&A transactions.

Exhibit 3: Strategics Continue to Lose Ground, RIAs Rebound

RIAs and private equity firms (Other) increased their share of deal activity.



Sources: Company Reports, SEC IARD, ECHELON Partners Analysis

Banks: Banks held their place as the least active category in terms of deal activity, announcing only seven deals throughout the course of the year. Emigrant Partners, which announced four transactions in 2020, all involving AUM of over $2 BN, remains the most active player in the segment by far.

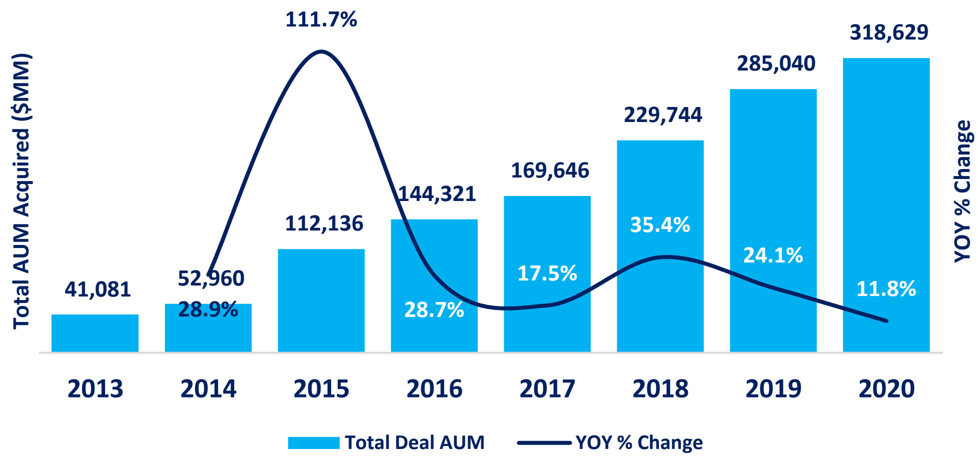
Other: The Other category continued its growth with another record year as the buyer landscape continues to shift. 2020 saw the first action by a SPAC in the RIA M&A landscape and the continued growth of private equity's interest in the industry.

Key Findings: Assets Acquired Hit Record Level

Exhibit 4 highlights the large increase in the aggregate AUM transacted since 2013. Total AUM transacted grew at 34% annually during this period, while the total deal count increased by only 12%, indicating that large transactions are becoming increasingly common. This was especially true in 2020, which saw a 37% increase in the number of $1 BN+ AUM transactions compared to the previous year. Total deal AUM has been growing, but at a slower rate since 2018, with 2020's growth equaling less than half of 2019's growth rate.

Exhibit 4: Total Deal AUM Hits Record High for Seventh Year in a Row

Cumulative AUM transacted has increased over 34% annually since 2013.

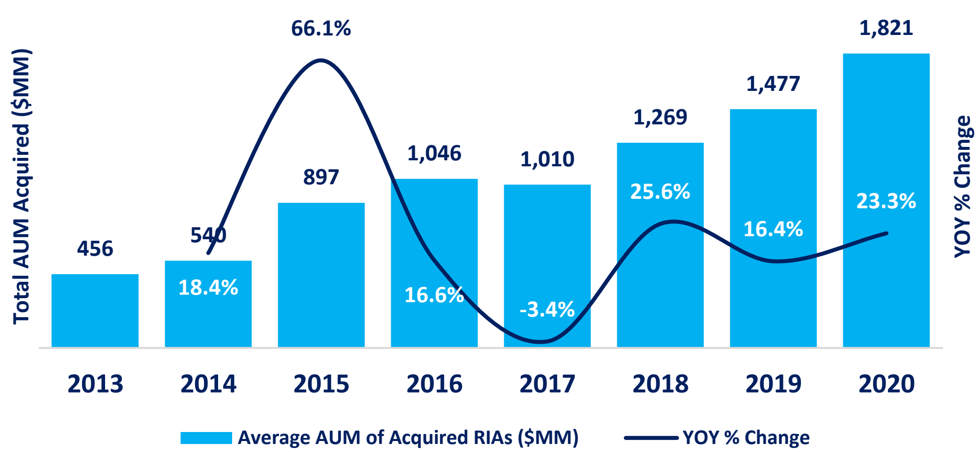


Note: Total AUM excludes deals with AUM of $20 BN or higher and $100 MM or lower
Sources: Company Reports, SEC IARD, ECHELON Partners Analysis

Exhibit 5 showcases that average AUM per M&A transaction continues to increase, topping $1.8 BN and exceeding 2019's previous record by 23.3%. This represents the fifth year in a row that average deal size has exceeded $1 BN in AUM. If the economy remains steady and the trend of increasing interest in the industry from well-capitalized buyers – namely private equity firms and long-term capital partners – continues, the increases could easily continue into 2021 and push average AUM per deal past the $2 BN threshold.

Exhibit 5: Average AUM per Deal Nears $2 BN Watermark

Average AUM per reported deal reaches another record.



Note: Total AUM excludes deals with AUM of $20 BN or higher and $100 MM or lower
Sources: Company Reports, SEC IARD, ECHELON Partners Analysis

The 25 Largest Deals of 2020

Exhibit 6: Top 25 Deals by AUM Transacted

Seller	Buyer	Buyer Type	Seller AUM ($MM)	Date
E*TRADE	Morgan Stanley	Bank	360,000	2/21/2020
Mass Mutual (Retirement Plan Division)	Empower Retirement	Other	167,000	9/8/2020
Fiduciary Investment Advisors	DiMeo Schneider & Associates (NFP)	RIA	84,000	1/31/2020
Wilshire Associates	CC Capital, Motive Partners	Other	73,000	10/2/2020
Waddell & Reed Financial	LPL Financial	Other	63,000	12/3/2020
Hightower Advisors	Goldman Sachs Asset Management; Neuberger Berman; Coller Capital	Other	61,600	10/22/2020
Creative Planning	General Atlantic	Other	50,000	2/7/2020
Resources Investment Advisors	OneDigital	Other	45,000	2/6/2020
CAPTRUST Advisors	GTCR	Other	45,000	6/2/2020
ICONIQ Capital	Dyal Capital Partners	Other	39,634	11/10/2020
NWPS	Raymond James	Other	35,000	12/10/2020
Dynasty Financial	1248 Holdings	Other	32,000	4/16/2020
Brinker Capital	Orion, Genstar Capital, TA Associates	Other	24,500	6/29/2020
Stratos Wealth Holdings	Emigrant Bank	Bank	14,500	4/1/2020
Stanhope Capital Group	FWM Holdings	Other	13,000	11/24/2020
Personal Capital	Empower Retirement	Other	12,200	6/29/2020
Sanctuary Wealth Partners	Azimut	Other	12,000	11/2/2020
Beacon Pointe	Abry Partners	Other	11,500	3/9/2020
Allworth Financial	Lightyear Capital/Ontario Teachers' Pension Plan Board	Other	10,000	10/20/2020
CornerStone Partners	Focus Financial	Strategic or Consolidator	8,900	11/2/2020
Goss Advisors	Mid Atlantic Capital Group (Parthenon Capital)	Other	8,000	11/20/2020
EP Wealth Advisors	Berkshire Partners	Other	6,930	9/30/2020
Plante Moran Financial Advisors	CAPTRUST	Strategic or Consolidator	6,270	9/10/2020
Fifth Third Bank (Retirement Plan Division)	Empower Retirement	Other	6,210	9/29/2020
Athena Capital Management	Fiduciary Trust International (Franklin Templeton)	RIA	6,000	1/7/2020

Sources: Company Reports, SEC IARD Website, ECHELON Partners Analysis

Deal Timeline & Commentary

Here we outline the year's most prominent and influential deals – ultimately, those that best represent the themes and transformations that defined 2020. This year's deals signal the following trends: 1) consolidation among the largest firms, 2) the prevalence of professional buyers, 3) heightened private equity interest in the independent channel, 4) a race to build a robust WealthTECH product suite, and 5) the aggregation of retirement planning assets.

January	DiMeo Schneider & Associates, L.L.C. Acquired Fiduciary Investment Advisors	AUM - $84.0 BN
February	Morgan Stanley Acquired E*TRADE	AUM - $360.0 BN
March	abry partners Acquired a Minority Interest in Beacon Pointe	AUM - $11.5 BN
April	Emigrant Partners Acquired a Minority Interest in Stratos Wealth Partners	AUM - $14.5 BN
May	Fiduciary Trust International Acquired Pennsylvania Trust	AUM - $4.0 BN
June	GTCR Acquired a Minority Interest in CAPTRUST	AUM - $45.0 BN
July	Kudu Investment Management Acquired a Minority Interest in Sequoia Financial Group	AUM - $4.7 BN
August	CI Financial Acquired BDF	AUM - $4.5 BN
September	Empower Retirement Acquired the Retirement Business of MassMutual	AUM - $167.0 BN
October	Lightyear Capital, Ontario Teachers' Pension Plan Acquired allworth Financial	AUM - $10.0 BN
November	Dyal Capital Partners Acquired a Minority Interest in ICONIQ	AUM - $39.6 BN
December	LPL Financial Acquired the Wealth Management Division of Waddell & Reed Financial, Inc.	AUM - $63.0 BN

January 2020

DiMeo Schneider & Associates, L.L.C.

Acquired

Fiduciary Investment Advisors

Who: DiMeo Schneider & Associates acquired Fiduciary Investment Advisors

What: $84.0 BN AUM

How: Majority interest

Why: The two firms have a history of collaboration and have shared the same fiduciary governance calendar and 401(k) fee benchmarking data set. Executives for both firms stated that the merger will naturally allow them to continue this relationship in a more formal manner. The deal also allows both firms to continue their expansion across the country as the combined entity will now have a presence in 47 states – creating one of the largest national RIAs in the industry.

February 2020

Morgan Stanley

Acquired

E*TRADE

Who: Morgan Stanley acquired E*TRADE

What: $360.0 BN AUM | $13.0 BN Transaction Value

How: Majority interest all-stock transaction where E*TRADE common shareholders received 1.0432 Morgan Stanley common shares for each E*TRADE common share.

Why: Morgan Stanley's acquisition will enable the firm to leverage E*TRADE's wealth management and RIA custody services. Specifically, E*TRADE's bespoke direct-to-consumer offering will allow Morgan Stanley to increase its share of both the mass affluent and HNW markets.

Top Deal Timeline & Summary

March 2020

Acquired a Minority Interest in

Who: Abry Partners acquired a minority interest in Beacon Pointe Advisors
What: $11.5 BN AUM
How: Minority interest
Why: Abry Partner's investment allowed Beacon Pointe to recapitalize and pursue an increased number of acquisitions in a competitive market. Beacon Pointe's dealmaking activity has picked up after the Abry investment, with five transactions totaling $2 BN of AUM added since the Boston private equity firm took a minority stake.

April 2020

Acquired a Minority Interest in

Who: Emigrant Partners acquired a minority interest in Stratos Wealth Partners
What: $14.5 BN AUM
How: Minority interest
Why: Emigrant's strategic minority stake will provide Stratos with the capital to reinvest in the firm's current affiliate business partnership offering. The funds will enable Stratos to expand its affiliate program and unaffiliated programs, respectively. Furthermore, Stratos will benefit from the bespoke banking solutions offered by Emigrant.

May 2020

Acquired

Who: Fiduciary Trust International acquired Pennsylvania Trust
What: $4.0 BN AUM
How: Majority interest
Why: Fiduciary Trust International, a subsidiary of Franklin Templeton, expanded its national footprint with the acquisition of Pennsylvania Trust. This transaction and its other 2020 acquisition, Athena Capital, added $10 BN of AUM to the global wealth manager.

June 2020

Acquired a Minority Interest in

Who: GTCR acquired a minority interest in CAPTRUST
What: $45.0 BN AUM | $1.25 BN Transaction Value
How: Minority interest
Why: GTCR's 25% investment reflects an impressive $1.25 BN enterprise value for the national RIA and retirement plan manager. Since 2006, CAPTRUST has been an active acquirer – completing over 40 transactions. The GTCR investment will enable further dealmaking and investment in the business. Following the GTCR investment, CAPTRUST acquired three firms.

July 2020

Acquired a Minority Interest in

Who: Kudu Investment Management acquired a minority interest in Sequoia Financial Group
What: $4.7 BN AUM
How: Minority interest
Why: Kudu's long-term capital solution will allow Sequoia to accelerate their U.S. expansion plans. Sequoia will continue to be employee majority-owned following the transaction.

Top Deal Timeline & Summary

August 2020

CI FINANCIAL

Acquired

BDF
Balasa Dinverno Foltz LLC

Who: CI Financial acquired Balasa Dinverno Foltz (BDF)
What: $4.5 BN AUM
How: Majority interest
Why: CI Financial entered the U.S. wealth management market in late 2019 and has since been one of the most active acquirers in the industry. Balasa Dinverno Foltz was its largest transaction of the year. The acquisition expands CI Financial's market share in the Midwest and adds an elite management team to its growing network of firms.

September 2020

EMPOWER RETIREMENT

Acquired the Retirement Business of

MassMutual

Who: Empower Retirement acquired the retirement business of Mass Mutual
What: $167.0 BN AUM
How: Majority interest
Why: Empower's acquisition of MassMutual's retirement plan business underscores the consolidation of retirement planning firms and platforms, a trend that crystalized in the wealth management space in 2020. Empowers' record-keeping assets grew to $884 BN following the transaction, cementing its position as the second largest in said industry.

October 2020

LIGHTYEAR CAPITAL | ONTARIO TEACHERS' PENSION PLAN

Acquired

allworth Financial

Who: Lightyear Capital and the Ontario Teachers' Pension Plan acquired Allworth Financial
What: $10.0 BN AUM
How: Majority interest
Why: In a private equity-to-private equity, transaction Parthenon Capital sold its stake in Allworth to Lightyear Capital and the Ontario Techers' Pension Plan. Allworth, which grew its AUM to $10 BN last year from $2.7 BN in 2017, is one of the fastest-growing firms in the industry, and a recap from private equity will enable further growth.

November 2020

DYAL | CAPITAL PARTNERS

Acquired a Minority Interest in

ICONIQ

Who: Dyal Capital Partners acquired a minority interest in ICONIQ
What: $39.6 BN AUM
How: Minority interest
Why: Dyal typically only invests in private equity GP stakes, and its investment in ICONIQ is unique as it not only participates in the revenue generated from ICONIQ's proprietary private equity investment funds but also in management fees from the multifamily office. ICONIQ is an elite investment and wealth manager based in Silicon Valley.

December 2020

LPL Financial

Acquired the Wealth Management division of

WADDELL & REED Financial, Inc.

Who: LPL Financial acquired the wealth management division of Waddell & Reed Financial
What: $63.0 BN AUM | $300 MM Transaction Value
How: Majority interest acquired by LPL from Macquarie Group, who acquired Waddell & Reed and carved out the wealth business
Why: LPL Financial's acquisition will add 921 intendent advisors with $63 BN AUA. The deal also included a long-term strategic sponsorship with Macquarie.

Exhibit 7: The Most Active Acquirers of 2020

Buyer	Buyer Type	AUM Acquired ($MM)[1]	Number of Deals[1]
CI Financial	Strategic or Consolidator	27,420	9
Hightower Advisors	Strategic or Consolidator	10,770	8
Creative Planning	RIA	5,054	8
Focus Financial	Strategic or Consolidator	14,378	7
Mercer Advisors	Strategic or Consolidator	2,627	7
LPL Financial	Other	67,760	5
Emigrant Bank	Bank	24,700	5
CAPTRUST	Strategic or Consolidator	11,059	5
Wealth Enhancement Group	Strategic or Consolidator	6,183	5
EP Wealth Advisors	Strategic or Consolidator	2,353	5
Buckingham Strategic Wealth (Focus Financial)	Strategic or Consolidator	1,983	5

[1]*This breakdown does not include sub-acquisitions made by respective buyers' partner firms.*

Exhibit 7 displays 2020's most active acquirers in the wealth management industry. CI Financial, Canada's largest asset manager as measured by its $216 BN AUM, was first in activity followed by Thomas H. Lee-backed Hightower Advisors and General Atlantic-backed Creative Planning.

In Canada, **CI Financial** has a history of M&A and has executed a number of acquisitions since its founding in 1965. It embarked on a new M&A strategy in 2019 as it entered the U.S. wealth management business for the first time and announced an impressive nine transactions averaging just over $3 BN AUM transacted per deal in 2020. Led by Kurt MacAlpine, former Executive Vice President and Head of Global Distribution for WisdomTree Asset Management, the Canadian buyer has lofty ambitions to further grow its network of firms, realize synergies associated with service enhancements, offer an improved choice of investment solutions, and create cross-border referrals. CI's entrance into the market has increased competition in deal processes, and we expect its aggressive acquisition pace to continue into 2021.

Hightower Advisors announced a recapitalization and secondary transaction in 2020 and continues to be a serial acquirer of wealth managers, announcing eight with an average AUM of $1.3 BN transacted per deal. Hightower's platform now boasts over $60 BN AUM, including the recently announced and largest transaction to date of $8 BN AUM Los Angeles-based Bel Air Investment Advisors (which is not included in its 2020 count as it was announced in 2021). Hightower acquired Bel Air from Fiera Capital, a large Canadian asset manager and competitor of CI Financial, which is divesting from its U.S. wealth management business. One enters and another exits, yet the trend of Canadian asset managers aggregating U.S. wealth managers looks set to continue.

Peter Mallouk's **Creative Planning** was also active and announced eight transactions, bringing the firm's total to 10 deals in the past two years. Creative Planning's average AUM transacted was $630 MM, demonstrating a focus on slightly smaller wealth managers.

Section 2: Key Trends and Drivers of Wealth Management M&A Activity

Key Trends: The Evolution of Buyers and Sellers

The M&A landscape evolved significantly in 2020. Notably, there were several key trends that motivated and defined deal activity throughout the year and shaped the characteristics of the year's major players:

- **Seller size and sophistication were at an all-time high**
- **Professional buyers drove an increased portion of deal activity**
- **New entrants and private equity continued to provide currency and capital for acquisitions**
- **Increased competition among buyers, coupled with strong market conditions, created attractive valuations for sellers**

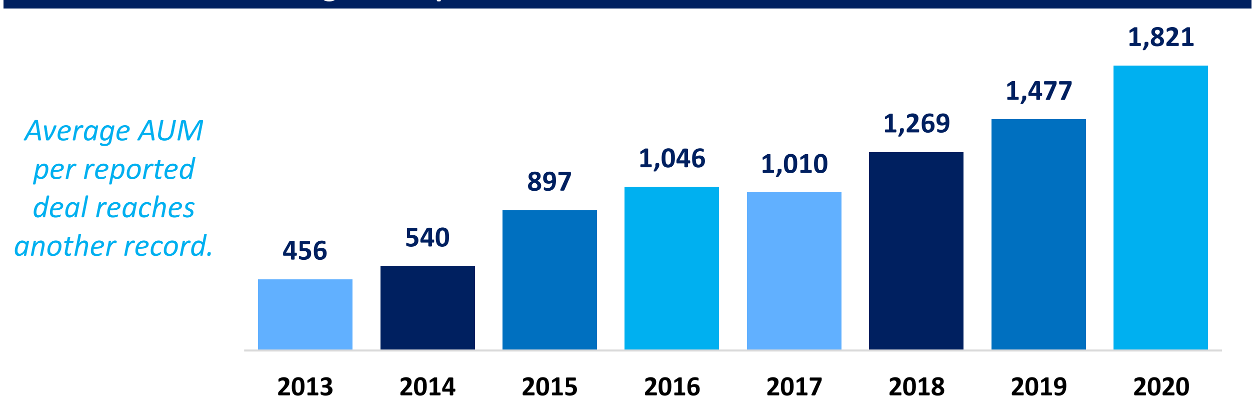
The seeds for these trends had been planted years ago, but they were more consistently present in dealmaking activity in 2020 than in any other year.

There was a clear and growing appreciation for the wealth management business, and its often stable streams of recurring revenues and strong earnings, at a more global level. At the same time, the limited supply of $1 BN+ RIA firms – coupled with the rising number of buyers with business models that are dependent on inorganic growth – accelerated deal activity and increased the number of opportunities and options available to sellers.

Spotlight on Sellers

- **Seller Size and Sophistication:** While dealmaking activities once again surged to record highs, the size and sophistication of sellers notably reached new levels in 2020. Examining the 205 sellers in 2020, the average firm had $1.8 BN in assets under management – the highest levels tracked by ECHELON to-date and a roughly 19% increase over the $1.5 BN in assets in 2019, the previous record high. This was the eighth consecutive year that the average seller's assets increased, and 2020 also registered as the largest year-over-year increase on record, as noted in **Exhibit 8** below.
- **Succession Solutions:** A wide range of factors have contributed to this significant increase. At a macro level, a number of established firms have been considering or actively pursuing succession options as their founders age and look to transition out of the industry. For $1 BN+ firms, in particular, the growing number of buyers and additional capital that was injected into the industry in recent years created compelling opportunities in 2020.

Exhibit 8: Average AUM per Deal Nears $2 BN Watermark



Note: Total AUM excludes deals with AUM of $20 BN or higher and $100 MM or lower
Sources: Company Reports, SEC IARD, ECHELON Partners Analysis

Key Trends: Seller Objectives

Seller Objectives: As larger, more established sellers navigated the range of M&A opportunities that emerged in 2020, three priorities and objectives were consistently present as they evaluated options, buyers, and post-deal considerations:

1. **The ability for firm owners to "sell and stay"** for a defined period of time after a deal closes – and ultimately participate in the growth opportunities created by the combined entities.
   - A growing number of deals in 2020 were structured to enable this alignment, which is designed to benefit both sellers and buyers, and creates the potential for higher deal valuations if post-close targets and goals are met.
2. **Unlocking growth and synergy values.** The number of buyers, their maturity and the benefits of scale that institutions can provide to advisors were key considerations for many sellers in 2020.
   - Sellers now have a greater ability to tap into larger, national firms that can often introduce a wealth manager to new markets, a deeper set of prospects, and advanced marketing capabilities.
   - At the same time, as buyers have further built their infrastructure and centralized resources, sellers have more options to offload their technology, investment management, or non-core operations.
   - In the process, sellers acquire the time, resources, and capacity to focus on accelerating organic growth and increasing the value of their businesses.
3. **Career development and growth opportunities for G2.** As founders sought to initiate their transitions out of the business, buyers that could present career paths and continued growth opportunities to remaining employees were particularly attractive to sellers.
   - A typical $1 BN RIA, for example, can often have 15-25 employees. Continuity in the business – for clients, employees, and the buyer – is an essential ingredient for a successful integration and long-term growth.

Exhibit 9: Key Seller Objectives

Full Exit	Refine Role & Plan for Exit	Alignment and Growth
Founders are looking to exit the business in **1 year or less**. This allows for a quick exit but possibly **sacrifices deal consideration** for the sellers.	Founders desire an opportunity where they can remain with the business for **1-3 years**. The deal will likely be structured to allow partners to earn **extra consideration** for driving additional growth in this 1–3-year time frame.	Founders are looking to exit in **1-3 years** and second-generation partners are looking to maintain and grow the value of their stakes. The deal will be structured to **align buyers' and sellers' interests** to incentivize growth and provide career opportunities for the firm's current employees.

Private Equity Transactions

Exhibit 10: The Top Private Equity Transactions

Seller	Buyer	Buyer Type	Seller AUM ($MM)	Date
Wilshire Associates	CC Capital, Motive Partners	Private Equity	73,000	10/2/2020
Hightower Advisors	Thomas H. Lee Partners: Goldman Sachs Asset Management; Neuberger Berman; Coller Capital	Private Equity	61,600	10/22/2020
Creative Planning	General Atlantic	Private Equity	50,000	2/7/2020
CAPTRUST Advisors	GTCR	Private Equity	45,000	6/2/2020
ICONIQ Capital	Dyal Capital Partners	Private Equity	39,634	11/10/2020
Beacon Pointe	Abry Partners	Private Equity	11,500	3/9/2020
Allworth Financial	Lightyear Capital/Ontario Teachers' Pension Plan Board	Private Equity	10,000	10/20/2020
EP Wealth Advisors	Berkshire Partners	Private Equity	6,930	9/30/2020
Sequoia Financial Group	Kudu Investment Management, LLC	Private Equity	4,700	7/8/2020

Exhibit 10 showcases private equity's growing presence in the wealth management industry. There were 75 PE firms investing in the space in 2008 prior to the economic crash, and that amount has crept up to over 275 firms presently.

The Advantages of Private Equity

- As more private equity firms enter the wealth management market, financial advisors are presented with more options for a) selling their company and b) gaining a partner for growth and development.
- The increased interest in wealth management also creates more competition among PE firms, which often drives up valuations. Perceived increases in valuation often far outweigh the reality of crafty deal structuring. On the surface, this can cause deals to look better than they really are.
- Relative to other growth industries, the vast majority of wealth managers are presently undervalued. Given the organic growth, recurring revenues, and relative stability of the industry, wealth management is a premium industry – and the influx of capital from PE firms will play a major role in raising the profile and increasing the value of wealth managers.

10 Total	**Direct Private Equity Deals in 2020**	**$303 BN**	**Total Assets Involving Direct Private Equity Investments in 2020[1]**

1. Excludes acquisitions made by private equity firms' portfolio companies.

The Disadvantages of Private Equity

- As PE firms become more ingrained in the industry, the economics shift to benefiting the investors far more than the financial advisors.
- This so-called "risk" capital would be hard pressed to find a better risk/return relationship in any other industry.
- While one day the PE investing could set off price competition, for now there are more signs of them setting off price increases.

As seen in **Exhibit 11**, there has been an increase in private equity-to-private equity transactions over the past 24 months. The largest was Lightyear Capital's sale of Advisor Group to Reverence Capital Partners. Reverence Capital Partners purchased 75% of Advisor Group from its shareholders, with Lightyear Capital, PSP Investments, and all other shareholders maintaining up to a 25% share, signaling their continued optimism in a national platform that hosts over 7,000 advisors. Maintaining a stake, or "rolling equity," is a common theme of the transactions listed below as sellers look to benefit from continued upside from their investment. In fact, all the transactions listed below involved the seller's rolling equity, with exception to Lightyear Capital's sale of Wealth Enhancement Group to TA Associates.

Exhibit 11: Private Equity-to-Private Equity Transactions 2019-2020[1]

Portfolio Company	Private Equity Seller	Private Equity Buyer	Seller AUM ($MM)	Date
Advisor Group	Lightyear Capital, PSP Investments	Reverence Capital Partners	268,000	5/9/2019
Kestra Financial	Stone Point Capital	Warburg Pincus	75,800	2/25/2019
Hightower Advisors	Thomas H. Lee Partners	Thomas H. Lee Partners;[2] Goldman Sachs Asset Management; Neuberger Berman; Coller Capital	61,600	10/22/2020
Mercer Advisors	Lovell Minnick, Genstar	Oak Hill Capital	16,500	9/19/2019
Wealth Enhancement Group	Lightyear Capital	TA Associates	12,000	7/31/2019
EP Wealth Advisors	Wealth Partners Capital Group	Berkshire Partners	6,930	9/30/2020

1. Excludes acquisitions made by private equity firms' portfolio companies.
2. Thomas H. Lee Partners made a secondary investment in Hightower alongside several other asset managers and private equity firms.

6 Total — **PE-to-PE Transactions in 2019-2020**

$440 BN — **Total AUM Transacted in PE-to-PE Transactions in 2019-2020**

Minority Transactions

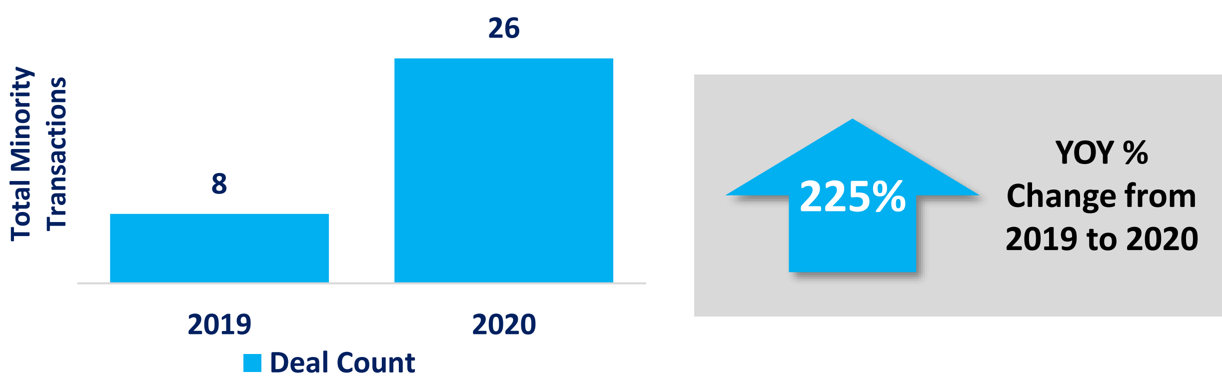
A Surge in Minority Transactions

M&A in the wealth management industry has traditionally been fueled by succession planning needs and the ability to create liquidity events for firm founders as they approached retirement.

However, in 2020, a substantial number of transactions involved wealth management firms that sold a minority stake in their business. This has allowed a growing number of firms to retain ownership and control – while at the same time accessing a partner who can help accelerate short- and long-term growth.

2020 Minority Deal Activity: Specifically, as **Exhibit 12** notes below, there were 26 minority transactions in 2020, which is more than three times the number of minority acquisitions that took place in 2019.

Exhibit 12: Total Minority Transactions



While the number of minority deals increased exponentially, the size of these transactions also increased dramatically: The average seller in a minority transaction boasted assets under management of $3.4 BN – a 49% increase over the 2019 average of $2.3 BN.

Minority Transactions – 8 Motivators: A number of factors motivated wealth management firms to consider and execute minority transactions, a strategy that ECHELON believes will continue well into 2021 and beyond:

1. **Taking Chips Off the Table:** Founders have embraced the opportunity to diversify single stock positions in their companies, pay down debt, and make personal investments outside of their firms.
2. **Taking Advantage of Markets:** Overall, equity markets surged in 2019 and 2020, setting a record for the longest market expansion in history. This provided a clear and compelling opportunity to "sell high," and many of the discussions leading to 2020 transactions began near the end of 2019.
3. **Retaining Control, Fueling New Growth:** Private equity companies typically want to buy all, or at least 80% of, the wealth managers they are evaluating. After hearing many pitches from private equity investors, sellers recognize that they have a strategic advantage and are angling to keep more equity in exchange for assistance with growth.

4. **Acquiring M&A Expertise and Dealmaking Experience:** Some advisory firm owners have dabbled with M&A but are often outbid by larger, more seasoned dealmakers. A growing number of firms are now affiliating with a "platform" to help with sourcing, deal execution, and financing to improve their experience and success rates in future M&A activity.
5. **The Desire for Economies of Scale:** The platforms driving minority acquisitions are promising to provide lower pricing for all services – including custody, investment management, technology, and compliance – which could allow advisors to focus on core competencies and generate higher profit margins.
6. **A Solution to Buy Out Retiring or Silent Partners:** Many multi-partner firms are exploring options to buy out partners who are approaching retirement or are silent investors in their businesses. The evolution of platforms and minority acquirers provides a precise solution to cash out a minority partner while also contributing resources that could accelerate future growth.
7. **The Ability to Fly Low:** When the acquired stake is below 20%, the change in ownership does not require the approvals of the firm's clients.
8. **First Step Before a Larger Deal:** Minority investments let advisors evaluate a partner before engaging in a bigger deal. They also allow the advisors to maintain control and determine when – or if – they should sell the rest of the company.

Exhibit 13: The Top 10 Minority Investment Transactions in 2020

Seller	Buyer	Buyer Type	Seller AUM ($MM)	Date
Creative Planning	General Atlantic	Other	50,000	2/7/2020
CAPTRUST Advisors	GTCR	Other	45,000	6/2/2020
ICONIQ Capital	Dyal Capital Partners	Other	39,634	11/10/2020
Dynasty Financial	1248 Holdings	Other	32,000	4/16/2020
Stratos Wealth Holdings	Nesvold Capital Partners	Other	15,000	9/29/2020
Stratos Wealth Holdings	Emigrant Bank	Bank	14,500	4/1/2020
Beacon Pointe	Abry Partners	Other	11,500	3/9/2020
EP Wealth Advisors	Berkshire Partners	Other	6,930	9/30/2020
Sequoia Financial Group	Kudu Investment Management	Other	4,700	7/8/2020
Corient Capital Partners	Merchant Investment Management	Other	3,100	9/21/2020

26 Total — **Minority Transaction Deals in 2020**

$241 BN — **Total Minority Transaction AUM**

Retirement Transactions

Consolidation and Convergence: The convergence of wealth management and retirement plan advice was a notable theme that emerged over the course of 2020 – a theme that we believe will continue to be a driving force behind M&A activity in 2021.

While there were only seven transactions that involved retirement plan advisors with greater than $100 MM in assets and/or retirement platforms, they were responsible for three of the ten largest deals last year, with a total of $257 BN in combined assets under management.

In the retirement advice segment, advisory firms that specialize in servicing defined contribution plans typically have significantly lower margins than traditional wealth managers, which often have profit margins of roughly 25%.

Economies of Scale: As fee compression and regulatory and compliance pressures have further squeezed the margins of retirement plan advisors, more of these firms have become acquired by aggregators such as CAPTRUST, Sageview, and GRP – companies that can help create economies of scale and improved margins through centralized support and operations.

Many of these larger firms are also actively in the process of acquiring wealth management firms to improve their margins and expand their services. Specifically, this provides an opportunity to develop a new base of wealth management clients by leveraging thier access to plan sponsors and plan participants.

The Participant Opportunity: This convergence opportunity also motivated retirement record-keepers and benefits providers. Empower Retirement, in particular, was the most opportunistic in 2020.

Its acquisition of Personal Capital now provides the firm with a technology platform and infrastructure that will allow the Denver-based company to differentiate its business from other record-keepers – while also providing Empower with the opportunity to introduce Personal Capital's financial planning capabilities to its 13 million plan participants. More than two million of these participants, notably, were added by the September acquisitions of MassMutual and Fifth Third's Retirement Plan Divisions.

Exhibit 14: Top Retirement-based Transactions of 2020

Seller	Buyer	Buyer Type	Seller AUM ($MM)	Date
Mass Mutual (Retirement Plan Division)	Empower Retirement	Other	167,000	9/8/2020
Resources Investment Advisors	OneDigital	Other	45,000	2/6/2020
CAPTRUST Advisors	GTCR	Other	45,000	6/2/2020
Personal Capital	Empower Retirement	Other	12,200	6/29/2020
Plante Moran Financial Advisors	CAPTRUST	Strategic or Consolidator	6,270	9/10/2020
Fifth Third Bank (Retirement Plan Division)	Empower Retirement	Other	6,210	9/29/2020
Baystate Fiduciary Advisors	Hub International Limited	Other	2,900	11/11/2020

TAMP Transactions

Turnkey asset management platforms ("TAMPs") power the back- and middle-office functions of wealth managers with investment products, technology, client servicing tools, and operations support. They optimize the wealth management process and are integral to the financial advisor ecosystem. In terms of dealmaking in 2020 and beyond we see the following trends:

Consolidation from Major Industry Players

According to ECHELON research, the top 15 TAMPs control over 90% of the industry's assets. Concentration has increased in recent years as the largest platforms consummated acquisitions. 2020 saw both mega transactions, such as the Orion-Brinker Capital merger, as well as many subscale acquisitions. Consolidation is likely to continue as smaller platforms struggle to compete with the major industry players such as Envestnet, AssetMark, and SEI. ECHELON was proud to represent two of the largest deals of the year as a sell-side advisor to Goss Advisors in its sale to EdgeCo Holdings/Parthenon Capital and sell-side advisor to OBS Financial in its sale to AssetMark.

Private Equity Interest Increasing

Genstar Capital and TA Associates supported the $40 BN Orion-Brinker Capital merger. TA Associates originally invested in Orion in 2015 and would have benefited from the platform's meteoric rise while Genstar Capital is familiar with the TAMP sector as it previously invested and realized an investment in AssetMark, which now services ~$55 BN in AUM. Other notable sponsor-backed transactions included Goss Advisors' sale to Parthenon-backed EdgeCo and FormulaFolios' sale to Thomas H. Lee-backed Brookstone/Amerilife.

Insurance Companies and Asset Managers Seeking TAMP Platforms

As the buyer pool expands, we have observed more insurance companies and asset managers expressing interest in TAMPs and their financial advisor communities. This is exemplified by Italian asset manager Azimut's majority investment in Sanctuary Wealth and insurance behemoth, Amerilife, and its involvement with Brookstone and its sub-acquisition of FormulaFolios.

Exhibit 15: Top TAMP Transactions of 2020

Seller	Buyer	Seller AUA ($MM)	Date
Brinker Capital	Orion, Genstar Capital, TA Associates	24,500	6/29/2020
Sanctuary Wealth	Azimut	12,000	11/2/2020
Cornerstone Wealth Management	Focus Financial	8,900	11/2/2020
Goss Advisors	EdgeCo Holdings/Parthenon Capital	7,900	11/16/2020
FormulaFolios	Brookstone Capital Management/Amerilife, T.H. Lee	3,640	7/8/2020
OBS Financial	AssetMark	2,000	2/3/2020

Was 2020 a Buyer's or Seller's Market?

While M&A activity experienced dramatic shifts between all-time highs and relative (albeit brief) lows in 2020, the underlying characteristics and fundamentals for the market remained remarkably consistent. We are frequently asked to categorize the state of the M&A market as a buyer's or a seller's market – and throughout 2020, that question was more prevalent than ever.

The answer: 2020 was a mixed market. **Exhibit 16** below outlines the general characteristics of each market type and the four primary drivers that define the market. Based on our research and experience, we believe that 2020 was a mixed market for several reasons:

- **Valuations:** While valuations were quite strong in 2020 relative to prior years, they have still not reached the levels that we believe would accurately reflect the value of wealth managers' premium revenues, earnings, business models, and growth potential.
- **Deal Structures:** We believe deal structures are also mixed. Many sellers have received favorable structures that provide them with the opportunity to lean in and get extra benefits. Buyers are becoming increasingly creative, and structuring terms with earnout and clawback characteristics. These structures work well if sellers can perform, but also protect the buyers in the process.
- **Number of Sellers:** While 205 was the largest number of deals in a year and the number of sellers has steadily increased, it still represents just 5.7% of the 3,600 firms with greater than $100 MM in assets.
- **Number of Buyers:** While there are a number of interested and potential buyers that became more visible in 2020, most of the buying was actually done by just a small number of firms: 48.8% of the 205 acquisitions were made by the top 20 acquirers.

Additional Contributors in 2020

For some sellers, the COVID-19 pandemic and related economic fallout in early 2020 may have had a negative impact. Smaller sellers, in particular, who might have been more reactive were unable to recognize full value in a transaction. Larger firms that had the ability to be patient, along with the financial wherewithal to structure favorable terms, benefited.

In addition, with a growing number of professional buyers, there are now more firms consistently committed to engaging in M&A, regardless of market cycles. This is a commitment that we are likely to see in future cycles, whereas in past cycles the buyer community would often dry up during downturns.

Exhibit 16: Characteristics of Buyer's, Seller's, and Mixed Markets

<table>
<tr><th></th><th>Buyer's Market</th><th>Seller's Market</th><th>Mixed Market</th></tr>
<tr><td>Valuations</td><td>Low</td><td>High</td><td>Medium</td></tr>
<tr><td>Deal Structures</td><td>Terms Favor Buyers</td><td>Terms Favor Sellers</td><td>Terms Don't Favor Either</td></tr>
<tr><td rowspan="2"># of Sellers</td><td rowspan="2">Many</td><td rowspan="2">Few</td><td>Medium #</td></tr>
<tr><td>Low Drivers</td></tr>
<tr><td rowspan="2"># of Buyers</td><td rowspan="2">Few</td><td rowspan="2">Many</td><td>50 Seasoned</td></tr>
<tr><td>Rest Are Dabblers</td></tr>
</table>

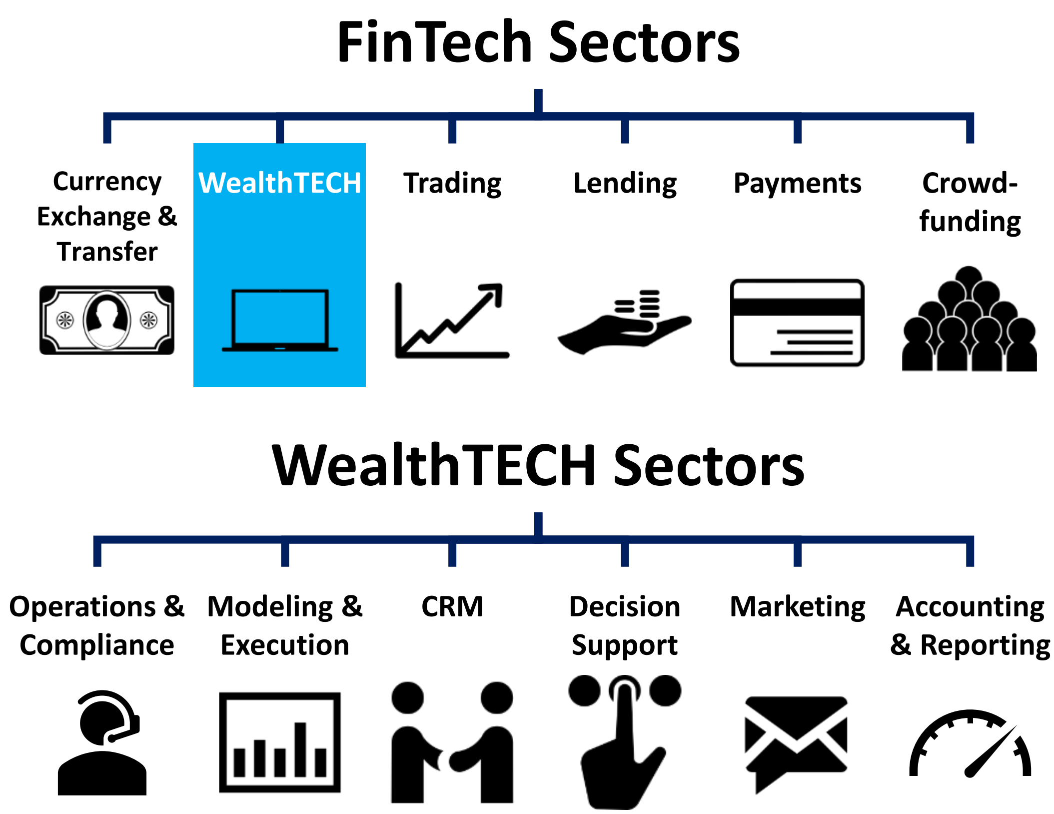
Section 3:
WealthTECH M&A:
Key Trends and Observations

WealthTECH M&A Deal Activity

Over the past decade, financial technology ("FinTech") has gone from being an underappreciated niche barely represented in Silicon Valley to becoming one of the fastest-growing and hottest sectors in the tech industry. The FinTech label is applied to almost any start-up that is trying to use technology to solve a financial problem and covers industries as diverse as insurance, brokerage, data analytics, banking, cash management, and tax planning. With all the interest and investment in this space, an ecosystem has developed, the main sectors of which are outlined in **Exhibit 17**.

Given ECHELON's focus on the subset of FinTech companies related to wealth management, in the spring of 2016 we coined the label "WealthTECH" to begin developing a sub-ecosystem for tracking the investment and development activity of these companies. Presently, we have mapped over 500 companies and their services to the six WealthTECH categories listed in Exhibit 17. There is a great deal of activity in this space as entrepreneurs rush in to improve the technology options for RIAs. We believe the increased number of WealthTECH companies and their tools has positively affected deal volume for RIAs, as advisors are now able to plug and play with different platforms rather than being tied to the infrastructure of one institution.

Exhibit 17: Dramatic Ascension of FinTech Fuels Evolution of WealthTECH



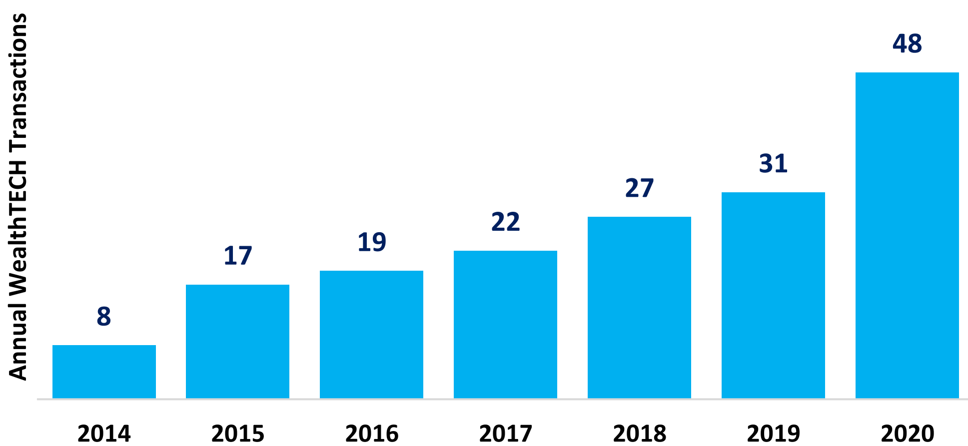
Source: ECHELON Partners

2020 was a pivotal year for WealthTECH as advisors were forced to embrace technology due to the pandemic. Tools such as videoconferencing, virtual onboarding, and CRM were essential for advisors to maintain and grow their AUM during a time when traditional workflows were disrupted. ECHELON expects significant AUM transition from financial advisors that were not able to embrace the virtual environment and subsequently left clients feeling neglected. Advisors that were able to be proactive and manage client expectations using technology during moments of heightened market volatility will benefit over the coming year as clients reflect on their experience throughout 2020 and plan for 2021.

In terms of deal volume, **Exhibit 18** reflects robust demand for WealthTECH companies as 2020 proved to be a record year. There were 48 announced deals, topping 2019's previous record by 54.8% and indicating a compound annual growth rate of 35% since 2014.

Exhibit 18: North American WealthTECH M&A Hits Record High in 2020

WealthTECH M&A activity increases for the sixth straight year.



Sources: Company Reports and ECHELON Partners Analysis

WealthTECH M&A will further increase from its current levels in terms of deal volume and prices as both push and pull demand factors affect the marketplace. End clients and advisors will act as the push factor demanding digitized but customized experiences, while asset managers, FinTechs, and other service providers to the wealth management community will be the pull factor as they develop products and invest in related technologies to improve engagement and overall flows from advisors and the end client. Effective WealthTECH tools drive advisor and client engagement, benefiting all members of the wealth management ecosystem.

Top WealthTECH Deals & Dealmakers of 2020

Exhibit 19 displays the top WealthTECH deals of 2020. The most active subsector of the WealthTECH M&A market in 2020 was Modeling and Execution, which includes companies that help financial advisors build portfolios for clients and service them in a more efficient manner. The growing investment and deal activity in this subsector reflected an expectation of growing demand from end clients and financial advisors for investment product enhancements such as roboadvisory portfolio management (Empower Retirement's acquisition of Personal Capital), direct indexing (Goldman Sachs' acquisition of Folio Financial, Schwab's acquisition of Motif Investing, CI Financial's acquisition of WealthBar, Morgan Stanley's acquisition of Parametric, BlackRock's acquisition of Aperio, and JP Morgan's acquisition of 55ip), and alternative investment online marketplaces (iCapital's acquisition of competitor Artivest and carve-out of Wells Fargo Alternative Investments Feeder Fund Platform).

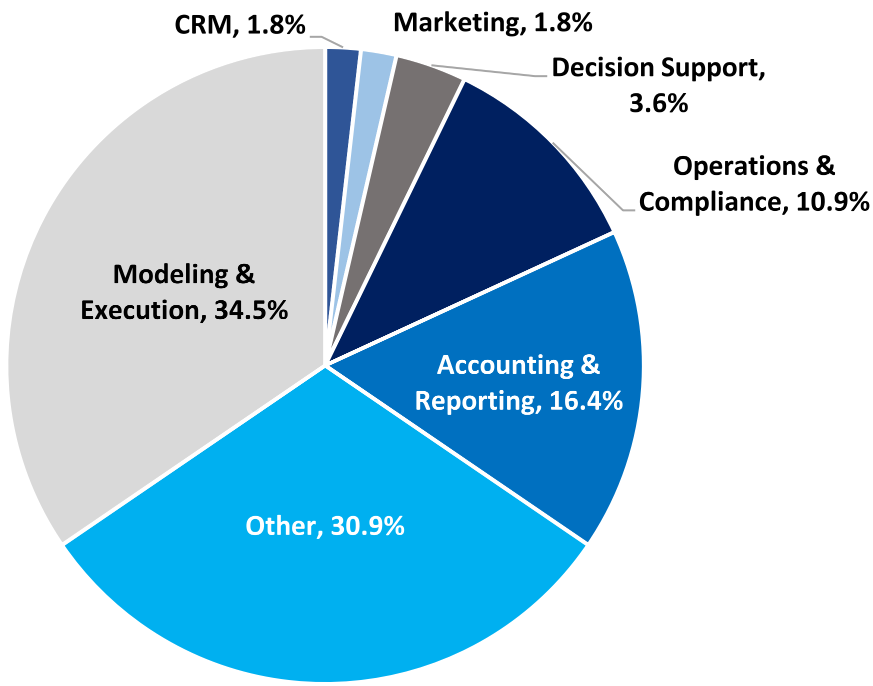
Exhibit 19: Top 2020 WealthTECH Deals

Seller	Seller Categorization	Buyer	Date
Sustainalytics	Reporting & Accounting	Morningstar	4/21/2020
AdvisorEngine	Modeling & Execution	Franklin Templeton	5/6/2020
Motif Investing	Modeling & Execution	Charles Schwab	5/7/2020
Artivest	Modeling & Execution	iCapital	5/13/2020
Folio Financial	Modeling & Execution	Goldman Sachs	5/14/2020
WealthBar	Modeling & Execution	CI Financial	5/21/2020
Wells Fargo Alternative Investments Feeder Fund Platform	Modeling & Execution	iCapital	6/18/2020
Personal Capital	Modeling & Execution	Empower Retirement	6/30/2020
Parametric (Eaton Vance)	Modeling & Execution	Morgan Stanley	10/8/2020
YCharts	Decision Support	LLR Partners	10/9/2020
OneDigital	Other	Onex	10/9/2020
Blaze Portfolios	Modeling & Execution	LPL Financial	11/23/2020
Aperio	Modeling & Execution	BlackRock	11/24/2020
55ip	Modeling & Execution	JP Morgan	12/3/2020
Flourish	Reporting & Accounting	MassMutual	12/14/2020

Sources: Company Reports, SEC IARD Website, ECHELON Partners Analysis

Exhibit 20 looks at M&A deal activity over the past year in the WealthTECH sector. Firms providing modeling and execution services continue to be the most common acquisition targets, accounting for 34.5% of targets for all deals closed in the past 12 months. While this remains the largest unique category, it is significantly lower than the category's total in 2019 when these firms were responsible for approximately 50% of all WealthTECH M&A targets.

Exhibit 20: WealthTECH Transaction Breakdown 2020



Sources: Financial Planning Tech Survey, Company Reports, and ECHELON Partners Analysis

The majority of deals in the Modeling and Execution category involved large asset managers purchasing direct indexing firms. These companies allow for greater customization and improved tax efficiency for end investors through direct ownership of securities in managed portfolios (both passive and active).

Direct Indexing: The Next Frontier of Asset Management

The evolution of investment products for financial advisors has evolved from individual securities to mutual funds to ETFs, and the next iteration is direct indexing. Labeled as the "**ETF-disruptor**" and "**next wave in asset management**," direct indexing blends the best of all product offerings together, providing the direct ownership benefits of individual stocks and trading and rebalancing of institutionalized portfolio management.

Charles Schwab Acquired motif. May 2020	Goldman Sachs Acquired Folio Financial May 2020
CI Financial Acquired WealthBar May 2020	Morgan Stanley Acquired Parametric November 2020
BlackRock Acquired aperio November 2020	J.P.Morgan Acquired 55ip December 2020

What is Direct Indexing? Simply stated, it is a process that seeks to replicate an index or strategy by purchasing the individual securities rather than shares of the index or strategy itself. Individual ownership provides benefits such as tax-loss harvesting and increased customization of holdings (accommodating faith-based investors, ESG considerations, thematic tilts), and increases transparency of holdings for investors. Up until this year, direct indexing was largely reserved for wealthy clients and institutional investors, but given transactions announced in 2020 (Charles Schwab – Motif, CI Financial – WealthBar, Goldman Sachs – Folio, Morgan Stanley – Parametric, Blackrock – Aperio, and JP Morgan – 55ip), partnerships (Fidelity and start-up Ethic and Riskalyze and Rowboat Advisors are examples), as well as a zero-commission trading environment and fractional shares, we expect to see direct indexing rolled out to the masses. Financial advisors should be prepared to offer this innovative solution to clients and communicate the value proposition to clients and their portfolios. **Exhibit 21** displays the direct indexing market landscape that includes TAMPs, WealthTECH providers, and asset managers. Some are specialized direct indexing providers focused on specific thematic trends (e.g., ESG focused), while others have broad offerings that span various active and passive investment philosophies.

Exhibit 21: Direct Indexing Market Landscape

Section 4:
Wealth Management Breakaway Activity

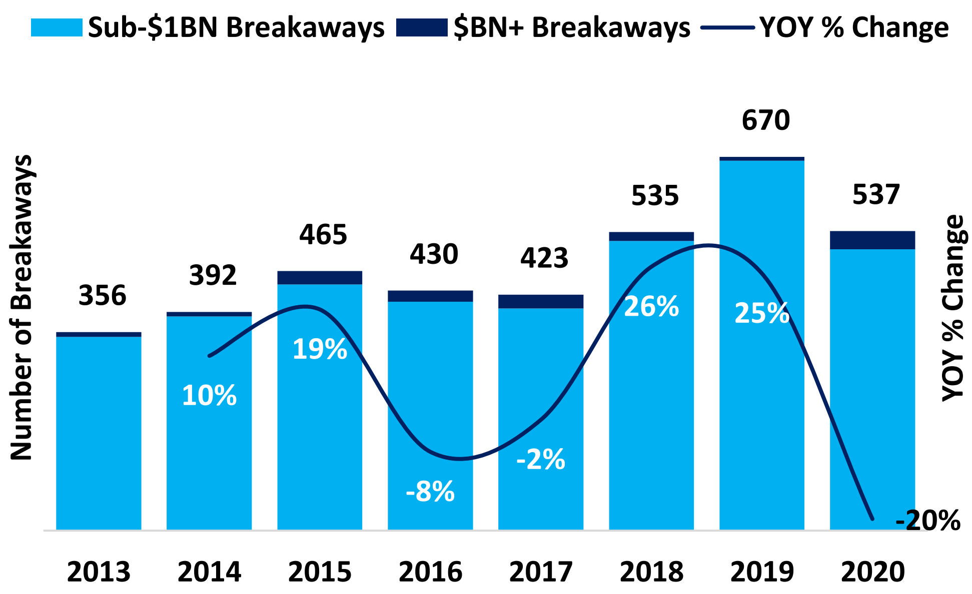
Breakaway Overview

The "RIA breakaway" is a relatively underappreciated phenomenon that increased in prevalence over the past decade. While RIAs are becoming a relatively more attractive destination for all types of advisors to migrate to, some RIAs are not doing a very good job of aligning the contributions of their most valuable employees with the rewards provided. This is causing an increasing number of partner-worthy professionals to leave the RIAs they helped grow in order to join a "Newco" or other established RIA that shares more equity, profits, and governance with them than their former employer did. Given the "slow to change" profile of some RIA owners, we expect RIA breakaways to continue increasing and to become a larger part of overall breakaway activity in the foreseeable future.

Breakaway activity declined substantially this year from the record-setting 2019 as economic uncertainty caused advisors to be wary of changing platforms. As **Exhibit 22** shows, total breakaway activity declined by nearly 20% this year and sits at just above the level the industry saw in 2018. Interestingly, while overall breakaway activity slowed substantially from its record 2019 pace, the number of $BN+ breakaways skyrocketed to 33 throughout the course of the year, once again demonstrating the effects that the COVID-19 crisis had on smaller advisors but not necessarily on impact larger, more established teams. These larger advisors remained interested in seeking the platforms that provide them with the best financial opportunity, despite the financial market volatility and economic uncertainty.

Exhibit 22: Reported Breakaway Activity Experiences a Sharp Decline

2020 saw declining overall breakaway activity yet record $BN+ transitions.



Sources: SEC Database, Company Reports, Investment News, and ECHELON Partners Analysis

It is important to note that reported breakaway activity, as outlined in the graph, is an estimated one-third to one-fourth of true volume, with a majority of breakaways not being reported. Please see the note below Exhibit 1 for more details.

Exhibit 23 outlines the top breakaways from the past two years. Sixty-four percent of these occurred in 2020, further highlighting the trend that breakaway activity among large teams accelerated this year. Still, 2020's largest breakaway that saw a $9.0 BN team leave JP Morgan Chase for UBS, was not able to top 2019's largest breakaway, which involved $9.2 BN in AUM.

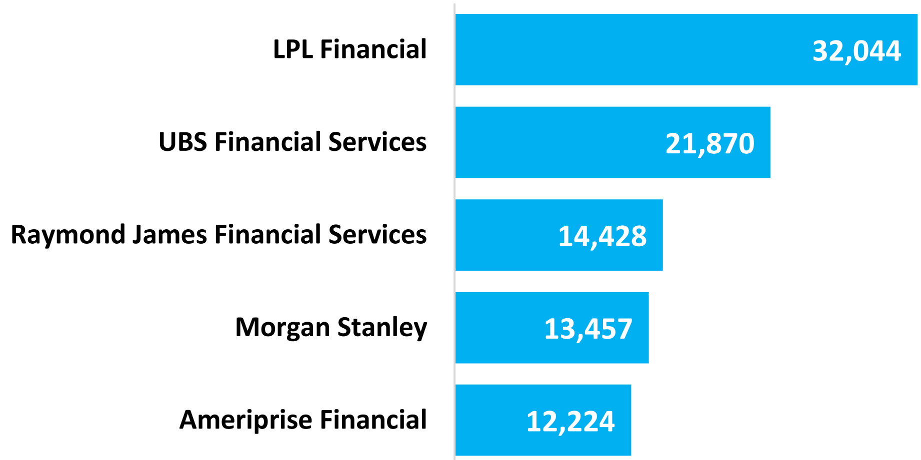
Exhibit 23: Breakaways with AUM Over $1 BN in 2019 and 2020

Team Leaving	Team Joining	Firm Type	Breakaway AUM ($MM)	Date
First Republic	Evoke Wealth	RIA	9,200	6/3/2019
JP Morgan Chase & Co.	UBS Financial Services	Wirehouse	9,000	12/20/2020
First Republic	IEQ Capital	Asset Manager	8,000	6/3/2019
UBS Financial Services Inc.	RBC Wealth Management	Regional Wirehouse	7,500	12/4/2019
RBC Wealth Management	UBS Financial Services	Wirehouse	7,500	12/4/2019
Wells Fargo Advisors	Ameriprise	Independent Broker Dealer	7,100	9/23/2020
Goldman Sachs	UBS Financial Services	Wirehouse	6,600	4/3/2019
Goldman Sachs	UBS Financial Services	Wirehouse	6,000	2/21/2020
Morgan Stanley	Dynasty Financial Partners	Other	6,000	4/26/2019
UBS Financial Services	NewEdge	Wirehouse	4,800	12/14/2020
Merrill Lynch	Morgan Stanley	Wirehouse	4,400	9/18/2020
Goldman Sachs	First Republic Bank	Bank	4,000	2/21/2020
Wells Fargo Advisors	Mayflower Advisors	RIA	3,750	12/2/2020
Goldman Sachs	UBS Financial Services Inc.	Wirehouse	3,000	8/25/2020
JFC Financial Services	LPL Financial	Independent Broker Dealer	3,000	5/4/2020
Securities America, Inc.	LPL Financial	Independent Broker Dealer	3,000	4/30/2020
Brown Advisory Securities, LLC	William Blair	Bank	3,000	2/28/2019
UBS Financial Services Inc.	Morgan Stanley	Wirehouse	2,860	5/24/2019
Merrill Lynch	First Republic Bank	Bank	2,700	8/11/2020
Merrill Lynch	Nspire Wealth	RIA	2,500	3/2/2020
UBS Financial Services Inc.	Stifel, Nicolaus & Company, Incorporated	Regional Wirehouse	2,300	4/23/2019
Morgan Stanley	Gladstone Wealth Partners	RIA	2,000	11/16/2020
Morgan Stanley	LPL Financial	Independent Broker Dealer	2,000	11/12/2020
United Capital	Mariner Wealth Advisors	RIA	2,000	11/4/2020
UBS Financial Services	Venture Visionary Partners	Wirehouse	1,800	11/12/2020

Sources: SEC Database, Company Reports, Investment News, and ECHELON Partners Analysis

Exhibit 24 showcases the firms that gained the most AUM from breakaway activity in 2020. LPL Financial saw over $32.0 BN from 80 advisory teams join its platform, the largest of any firm by both metrics, indicating that the company added many new teams with relatively low AUM. UBS and Raymond James Financial Services both maintained their place in the list of firms that gained the most via breakaways, adding $21.8 BN and $14.4 BN, respectively. UBS's average AUM per team joined sat at just under $2.2 BN, the highest average for any firm that saw at least two teams join its platform.

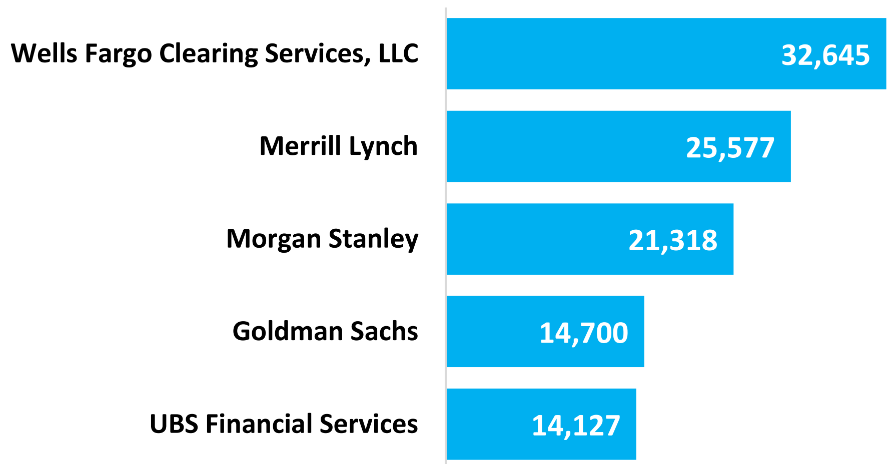
Exhibit 24: Largest AUM Gained by the Firm Team Joins ($MM)



Sources: InvestmentNews, OnWallStreet.com, and ECHELON Partners

Conversely, **Exhibit 25** outlines the top five firms that saw the greatest AUM losses due to breakaway activity. Troubles continued for Wells Fargo Clearing Services as it saw the largest drawdown on AUM for the second year in a row, losing almost $33 MM to teams breaking away. Morgan Stanley and Merrill Lynch also continue to hold their positions as the firms with the second-and third-most breakaway AUM losses. Departure from these firms demonstrates the continued trend of advisors leaving large wirehouses for fee-only independent RIAs or hybrid firms. UBS Financial Services experienced high turnover in 2020, losing $14 MM in AUM from departing advisors while also gaining $22 MM from joining ones – a net gain of $6 MM in AUM.

Exhibit 25: Largest AUM Lost by the Firm Team Departs ($MM)



Sources: InvestmentNews, OnWallStreet.com, and ECHELON Partners

2021 Outlook

Given the continued momentum and fundamental motivators that supported dealmaking throughout 2020, we strongly believe that 2021 has the potential to be another record year for M&A activity in the wealth management industry.

We believe there are five primary drivers of M&A that will lead to increased activity in 2021 and beyond:

I. **Demographic Tipping Point:** M&A will continue to play an accelerated role in solving for the wealth management industry's widespread succession need. With many founders approaching retirement and seeking liquidity events – and with valuations still strong – we anticipate that the number of sellers will continue to increase in 2021.

II. **Increased Interest from Well-Capitalized Buyers:** Aggregators, consolidators, emerging independent RIA leaders, large financial services firms, and private equity capital have fueled the continued increase in deal volume and AUM transacted. We expect the market will continue to see strong interest from this increasingly competitive group of buyers; in addition, we anticipate that new players (both in the U.S. and from abroad) will enter the market and increase dealmaking capacity.

III. **Increased Availability of Financing:** A general lack of deal financing plagued the wealth management industry for decades, as traditional lenders overlooked the industry's attractive recurring revenue streams. Now, however, more savvy, cash-flow-appreciating lenders have entered the market, as we have noted, and have helped fuel the ability of smaller, less experienced buyers to execute transactions. This increased access to financing has also allowed RIAs in particular, to grow, recognize operational efficiencies, attract talent, and realize other benefits from increased scale. Participants range from local regional banks to, more recently, platforms dedicated to helping RIAs grow via debt capital and other sources.

IV. **Convergence of Wealth, Asset Management, Retirement, and Technology:** As wealth managers, asset managers, and retirement providers reinvent their business models and offerings, M&A will play a major role in creating scale, as well as operational and economic efficiencies. In addition, as more of these firms look to rely on AI-based and algorithmic approaches to money management, business development, and client service, they will be forced to build or buy innovative technology platforms. We believe that the acquisition of leading technology platforms will accelerate in 2021 as wealth managers, asset managers, and retirement providers look to quickly differentiate in increasingly competitive markets.

V. **Market Cycle Timing:** Typically, it takes at least one year to consummate a deal, so trying to time the market with the sale of your company can prove extremely difficult. Still, advisors will attempt to factor in market cycles in timing their exit strategies. With the U.S. economy in the eleventh year of an expansion, the longest on record, we expect to see continued interest in the M&A process and upward pressure on deal activity.

Frequently Used Terms

Bank – A financial institution licensed, and typically insured by the federal government, to receive deposits and make loans. A bank may also provide financial services, such as wealth management, currency exchange, and safe deposit boxes.

Consolidator – A firm that consolidates several business units of several different companies into a larger organization, with the intent of improving operational efficiency by reducing redundant personnel and processes.

FinTech – An emerging sector of technology-enabled financial services. The term has expanded to include any technological innovation in the financial sector, including innovations in financial literacy and education, retail banking, investment, and cryptocurrencies.

Independent Broker Dealer (IBD) – A broker dealer firm that offers its services to financial advisors operating as independent contractors. The IBD business model has a mix of commission-based products and fee-based advice with insurance services.

Investment Management – A service that invests its clients' pooled funds into securities that match declared financial objectives. Asset management companies provide investors with more diversification and investing options than they would have by themselves.

Private Equity (PE) – A source of investment capital from high-net-worth individuals and institutions for the purpose of investing and acquiring equity ownership in companies.

Registered Investment Advisor (RIA) – An advisor or firm engaged in the investment advisory business and registered either with the Securities and Exchange Commission (SEC) or state securities authorities.

Strategic Buyer – A type of buyer in an acquisition that has a specific reason for wanting to purchase the company. Strategic buyers look for companies that will create a synergy with their existing businesses. Also known as synergistic buyers.

Wealth Management – A high-level professional service that combines financial and investment advice, accounting and tax services, retirement planning, and legal or estate planning for a fee.

WealthTECH – A sector of the FinTech industry that captures the universe of technology-driven companies that cater to the wealth and investment management industries.

Wirehouse/Broker Dealer – A firm in the business of buying and selling securities, operating as both a broker and a dealer, depending on the transaction.

About ECHELON Partners:

ECHELON Partners is a Los Angeles-based investment bank and consulting firm focused exclusively on the wealth and investment management industries.

ECHELON was formed to:

- Address the needs of an underserved subset of the financial services industry — investment product developers, distributors, and technology providers
- Provide objective, unbiased advice void of conflicts emblematic of larger institutions
- Help entrepreneurs working at companies of all sizes navigate the numerous complex decisions that come with attaining growth and liquidity

Our Expertise

ECHELON's service offerings fall into three categories:

- Investment Banking
- Management Consulting
- Valuations

ECHELON's comprehensive range of services help its clients make the tough decisions relating to acquisitions, sales/divestitures, investments, mergers, valuation, mergers and acquisitions, strategy, new ventures, management buyouts, capital raising, equity sharing, and succession planning.

ECHELON's business is making companies more valuable through its visionary advice and execution excellence. Accordingly, ECHELON measures its success by the enterprise value it creates for its clients. With an unparalleled quantity and quality of investment banking experience in the wealth and investment management industries, no other investment bank can match the caliber of advice or financial results delivered by the professionals of ECHELON Partners.

Our History

ECHELON Partners was founded in 2001 by Dan Seivert, the firm's current CEO and Managing Partner.

Over the past 20 years, the firm's principals have completed more M&A advisory assignments, valuations, and strategic consulting engagements for its three target industries than any other investment bank. In that time, hundreds of executive teams and boards have chosen ECHELON Partners to help them envision, initiate, and execute a diversity of complex business strategies and transactions.

ECHELON PARTNERS

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888.560.9027 |

Follow us on Twitter:
@echelon_group

How ECHELON Can Help

Provide Transaction Assistance (Mergers, Sales, Acquisitions, Capital Raising): Valuation and transactions go hand-in-hand, whether buying, selling, raising capital, divesting, investing, and/or restructuring. The professionals at ECHELON have extensive experience handling these transactions and matching the appropriate deal processes to meet the many objectives of the stakeholders involved.

Conduct a Valuation: Managers need to know firm value and, more importantly, the key drivers of value. ECHELON has emerged as the leader in delivering high-quality valuation reports that cut through irrelevant information and tell managers exactly what drives value and how their firm is performing.

Provide Continuity & Succession Planning: With its industry-specific experience and focus, ECHELON Partners equips its clients with continuity plans and succession plans designed to mitigate risk and plan for the future. ECHELON develops continuity plans for equity owners who want to put in place a short-term plan for a previously selected successor to take over their firm in the event of a catastrophe, such as death or disability. ECHELON's more involved succession planning process helps equity owners develop a formal plan for their retirement or known departure from the firm, whether they want to pursue an internal sale to colleagues or family or want to take steps to prepare the firm for an external sale.

Advise on Equity Compensation Structure: As firms grow and evolve, it is common for a wedge to develop between those who create value and those who reap the benefits (through equity ownership). This necessitates the development of equity-sharing strategies that are fair, that can foster employee retention, and at the same time minimize tax consequences and complexity. ECHELON is experienced in developing these structures for a host of unique situations.

Advising on Equity Recycling and Management: Managers need a method of internal succession whereby a senior partner sells a portion of his or her equity to either one or more junior partners currently with the firm or incoming partners not yet with the firm.

Advise on the Buyout of an Equity Partner: A problem that arises for most firms that remain private occurs when one or more of the founders need liquidity or need to be bought out. These situations require thoughtful valuation and structuring that correspond to the particular situation.

ECHELON by the Numbers

400+ investment banking advisory assignments

20+ years of experience valuing financial services companies

2,000+ valuations conducted

#1 in conducting valuations for wealth managers with $1 BN+ in AUM

400 investment opportunities vetted and valued

2,000+ acquisition targets evaluated

25 published reports focused on wealth manager M&A, management consulting, and valuation

ECHELON's Leadership

DAN SEIVERT | CEO AND MANAGING PARTNER

dseivert@echelon-partners.com

Dan Seivert is the CEO and founder of ECHELON Partners. Prior to starting ECHELON Partners, Mr. Seivert was one of the initial principals of Lovell Minnick Partners, where he helped invest over $100 MM in venture capital across 15 companies. Before his involvement in private equity, Mr. Seivert was a buy-side analyst at The Capital Group (American Funds) where he valued firms in the asset management and securities brokerage industries. In his various roles, Mr. Seivert has conducted detailed valuations on over 500 companies, evaluated more than 2,000 acquisition targets, and authored 25 reports dealing with the wealth and investment management industries. Mr. Seivert has an Advanced Bachelor's degree in Economics from Occidental College and a Master of Business Administration from UCLA's Anderson School of Management.

CAROLYN ARMITAGE, CFP®, CIMA® | MANAGING DIRECTOR

carmitage@echelon-partners.com

Carolyn Armitage is a Managing Director at ECHELON Partners and is a serial enterprise builder of asset and wealth management firms. Ms. Armitage improves the positioning, profitability, enterprise value, and team dynamics for RIAs, Broker/Dealers, and Hybrid RIAs. Ms. Armitage's experience includes roles an independent Financial Advisor and producing Branch Manager, the head of multiple advisory services teams of small and large independent firms (HD Vest, ING Advisors Network holding company (now Voya & Cetera), and more). She also led the Large Enterprise Business Management Consulting team for LPL Financial. In addition to holding numerous FINRA licenses, Ms. Armitage holds the CFP® & CIMA® designations. She has a BS in Business Administration from the University of Minnesota and a Masters in Management from The American College.

MIKE WUNDERLI | MANAGING DIRECTOR

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Mike Wunderli is a Managing Director at ECHELON Partners and is integrally involved in all aspects of the firm's activities. Prior to joining ECHELON, Mr. Wunderli founded Connect Capital Group (CCG) where he advised private, middle-market companies on pre-transaction planning, growth financing options and the development and execution of exit strategies. Before founding CCG, Mr. Wunderli spent 12 years at Lehman Brothers and UBS as a Senior Vice President in the Private Wealth Management (PWM) division. During his time at Lehman Brothers and UBS, Mr. Wunderli executed over $2 BN in investment-banking and private-equity transactions for his clients and managed over $400 MM for high-net-worth investors and their families. Mr. Wunderli received his BA from Brigham Young University and an MBA from The Wharton School at the University of Pennsylvania.

MARK BRUNO | MANAGING DIRECTOR

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Mark Bruno is a Managing Director at ECHELON Partners. Prior to joining ECHELON, Mr. Bruno was the Managing Director and Associate Publisher at InvestmentNews, where he was responsible for overseeing a wide range of businesses, including IN's research, content strategy, digital, custom publishing and sales groups. Mr. Bruno was with InvestmentNews for 12 years and helped establish the company as the leading B2B media brand in the wealth management industry. He played an integral role in the sale of InvestmentNews from Crain Communication to Bonhill Plc in 2018. Mr. Bruno is an award-winning journalist, author and researcher who has written and edited for a number of financial publications over the past two decades, including InvestmentNews, Financial Week, Pensions & Investments and U.S. Banker.

Sample Transactions & Advisory Assignments Executed by the ECHELON Team

MODERA WEALTH MANAGEMENT
has agreed to a merger with
Independence Advisors, LLC
ECHELON provided the Management of Independence Advisors with:
Valuation and Sell-Side Advisory Services

WEALTHSTREAM ADVISORS, INC.
has completed the acquisition of
Lifetime Wealth Planning and Management LLC
ECHELON provided the Management of Wealthstream Advisors, Inc. with:
Valuation and Buy-Side Advisory Services

GOSS ADVISORS
has been acquired by
MA
a portfolio company of
PARTHENON CAPITAL
ECHELON provided the Management of Goss Advisors with:
M&A Advisory Services

Rowling & associates
ECHELON provided the Management of Rowling & Associates with:
Valuation and Succession Transaction Advisory Services

has agreed to a merger with
BrownPlanning
to form
Joss Brown
ECHELON provided the Management of the firms with:
Merger and Financial Advisory Services

CERITY PARTNERS
has completed the acquisition of
SULLIVAN & SERWITZ
Multi-Family Office
ECHELON provided the Management of Sullivan & Serwitz with:
Valuation and Sell-Side Advisory Services

ASSETMARK.
has completed the acquisition of
OBS FINANCIAL
REGISTERED INVESTMENT ADVISOR
ECHELON provided the Management of OBS Financial with:
Valuation and Sell-Side Advisory Services

CONCENTRIC WEALTH MANAGEMENT LLC
ECHELON provided the Management Concentric Wealth Management, LLC with:
Buy-Side Advisory Services

BLUE OAK CAPITAL, LLC
ECHELON provided the Management of Blue Oak Capital, LLC with:
Valuation and Financial Advisory Services

Fi Comm
has agreed to a merger with
NEXUS STRATEGY
ECHELON provided the Management of FiComm Partners and Nexus Strategy, LLC with:
M&A and Financial Advisory Services

HALITE PARTNERS
ECHELON provided the Management of Halite Partners with:
M&A and Financial Advisory Services

Lexington
has agreed to a transaction with
Mission Creek
ECHELON provided the Management of Lexington Capital Management Inc. with:
M&A and Financial Advisory Services

MASSEY QUICK SIMON WEALTH MANAGEMENT INVESTMENT CONSULTING
ECHELON provided the Management of Massey Quick Simon & Co. with:
Valuation and Financial Advisory Services

OAKWORTH CAPITAL BANK
ECHELON provided the Management of Oakworth Capital Bank with:
M&A Advisory Services

Retirement Income Solutions
ECHELON provided the Management of Retirement Income Solutions with:
Valuation and Financial Advisory Services

Rowling & associates
ECHELON provided the Management of Rowling & Associates with:
Valuation and Financial Advisory Services

SIGNATUREFD
ECHELON provided the Management of SignatureFD with:
Valuation and M&A Advisory Services

THE GENSLER GROUP
WEALTH MANAGEMENT SOLUTIONS
ECHELON provided the Management of The Gensler Group with:
Valuation and Financial Advisory Services

WEALTHSTREAM ADVISORS, INC.
has completed the acquisition of
Horizon Planning, Inc.
ECHELON provided the Management of Wealthstream Advisors, Inc. with:
Valuation and Buy-Side Advisory Services

Merit FINANCIAL GROUP
has completed the acquisition of
BOTSFORD FINANCIAL GROUP
ECHELON provided the Management of Merit Financial Group with:
Valuation and Buy-Side Advisory Services

CENTENNIAL SECURITIES
Investments & Advice
ECHELON provided the Management of Centennial Securities with:
Valuation and Financial Advisory Services

BRIDGEWORTH FINANCIAL
ECHELON provided the Management of Bridgeworth, LLC with:
Valuation and Financial Advisory Services

JUNXURE
Junxure has been sold to:
AdvisorEngine
ECHELON provided the Management of Junxure with:
Sell-Side Advisory and Financial Advisory Services
2018

Private Ocean
Private Ocean has completed the acquisition of:
lakeview FINANCIAL
ECHELON provided the Management of Private Ocean with:
Buy-Side Advisory and Financial Advisory Services
2018

MASSEY QUICK
Wealth Management • Investment Consulting
has agreed to a merger with
William E. Simon & Sons
ECHELON provided the Management of Massey Quick with:
Merger Advisory and Financial Advisory Services
2017

COLLINS INVESTMENT GROUP
ECHELON provided the Management of Collins Investment Group with:
Sell-Side Advisory and Financial Advisory Services
2017

The Glowacki Group LLC
Group closed a transaction with:
ASPIRIANT
ECHELON provided the Management of The Glowacki Group with:
M&A and Sell-Side Advisory Services
2016

tRx
Total Rebalance Expert has been sold to:
MORNINGSTAR
ECHELON provided the Management of Total Rebalance Expert with:
M&A and Sell-Side Advisory Services
2015

WMG
Wealth Management Group
has agreed to be acquired by
FOCUS FINANCIAL PARTNERS
ECHELON provided the Management of Wealth Management Group, LLP with:
Sell-Side Advisory Services
2013

Opis Companies
has completed the acquisition of:
Vellum FINANCIAL
ECHELON provided the Management of Opis Companies with:
M&A, Valuation, and Sell-Side Advisory Services
2015

ONE CAPITAL MANAGEMENT, LLC
received an equity investment from
WELLINGTON WEST
ECHELON provided the Management, Board of Directors, and Shareholders of One Capital Management, LLC with:
Sell-Side Advisory, Valuation, and Financial Advisory Services

FJY FINANCIAL
has agreed to a merger with
LIFEPOINTE FINANCIAL PARTNERS
ECHELON provided the Management of FJY Financial with:
Valuation, M&A, and Financial Advisory Services
2014

OLD DOMINION CAPITAL MANAGEMENT, INC.
Old Dominion Capital Management has been sold to:
UNION
ECHELON provided the Management of Old Dominion Capital Management with:
Valuation and M&A Advisory Services
2016

CAPITAL DIRECTIONS
completed the sale of its division, **Advisors Access** to:
BAM Advisor Services
ECHELON provided the Management of Capital Directions, LLC with:
Valuation and M&A Advisory Services

OBS Financial Services, Inc.
A subsidiary of Texans Credit Union has been sold to:
WESTBRIDGE INVESTMENTS
ECHELON provided the Management of Texans Credit Union and OBS Holdings with:
M&A Advisory Services

HARRIGAN & HOWARD FINANCIAL ADVISORS, LLC
has been sold to:
SPECTRUM
ECHELON provided the Management of Harrigan & Howard Financial Advisors with:
M&A Advisory and Valuation Advisory Services

ECHELON PARTNERS

Sample Transactions & Advisory Assignments Executed by the ECHELON Team

SYMMETRY has completed the acquisition of **Summit Counsel, LLC**. ECHELON provided the Management of Symmetry Partners, LLC with: **Buy-Side, M&A, and Financial Advisory Services** — APELLA CAPITAL

FINANCIAL SYNERGIES ADVISORY, INC. has agreed to be acquired by UNITED CAPITAL INDEPENDENT WEALTH COUNSELING. ECHELON Provided the Management and Board of Directors of Financial Synergies Advisors with: **M&A, Sell-Side Advisory, and Valuation Advisory Services** — ECHELON PARTNERS

Tarpley & Underwood has agreed to a merger with WINDHAM BRANNON. ECHELON provided the Management of Tarpley & Underwood Financial Advisors and Windham Brannon Financial Group with: **Valuation and M&A Advisory Services** — ECHELON PARTNERS

FOLIODYNAMIX (Wealth Servicing Made Seamless) received an equity investment from Edison Venture Fund. ECHELON provided the Management of Foliodynamix with: **Valuation, Capital Raising, and Financial Advisory Services** — ECHELON PARTNERS

Leonard Wealth Management has agreed to a merger with: Capital Financial Advisors, L.L.C. ECHELON provided the Management of Leonard Wealth Management with: **M&A and Valuation Advisory Services** — ECHELON PARTNERS

FCG Advisors LLC. ECHELON provided the Management of FCG Advisors LLC with: **M&A and Financial Advisory Services** — ECHELON PARTNERS

KINSIGHT — Advisors for Family and Wealth. ECHELON provided the Management of Kinsight, LLC with: **Valuation, M&A, and Financial Advisory Services** — ECHELON PARTNERS

PR has agreed to a merger with WillowRidge Capital Advisors. ECHELON provided the Management of Petersen & Ramistella, Inc. and Willow Ridge Capital Advisors, Inc. with: **M&A Advisory Services** — ECHELON PARTNERS

CONCORD EQUITY GROUP ADVISORS received a private equity investment from SPENCER TRASK. ECHELON Provided the Management, Board of Directors, and Shareholders of Concord Equity Group Advisors with: **Valuation, Capital Raising, and Financial Advisory Services** — ECHELON PARTNERS

BridgePortfolio has completed a Private Placement with Capital Concepts Holdings, LLC. ECHELON Provided the Management of BridgePortfolio with: **Valuation, Capital Raising, and Financial Advisory Services** — ECHELON PARTNERS

EMERSON WEALTH MANAGEMENT. ECHELON provided the Management of Emerson Wealth Management, LLC with: **M&A Advisory Services** — ECHELON PARTNERS

dlk INVESTMENT MANAGEMENT. ECHELON provided the Management of DLK Investment Management, LLC with: **Valuation, M&A, and Financial Advisory Services** — ECHELON PARTNERS

Laserfiche. ECHELON provided the Management of Laserfiche with: **Valuation, M&A, and Financial Advisory Services** — ECHELON PARTNERS

CAPITAL INSIGHT PARTNERS. ECHELON provided the Management of Capital Insight Partners LLC with: **Valuation and Financial Advisory Services** — ECHELON PARTNERS

Camelot Wealth Management. ECHELON provided the Management of Camelot Wealth Management with: **Valuation Advisory Services** — ECHELON PARTNERS

FIDUCIARY INVESTMENT ADVISORS. ECHELON provided the Management of Fiduciary Investment Advisors with: **Valuation Advisory Services** — ECHELON PARTNERS

ALTAIR ADVISERS. ECHELON provided the Management of Altair Advisers, LLC with: **Valuation and Financial Advisory Services** — ECHELON PARTNERS

WINDWARD CAPITAL MANAGEMENT CO. ECHELON provided the Management of Windward Capital Management Co with: **Valuation and Financial Advisory Services** — ECHELON PARTNERS

Research Methodology & Data Sources:

The ECHELON Partners RIA M&A Deal Report is an amalgamation of all mergers, majority equity sales/purchases, acquisitions, shareholder spin-offs, capital infusions, consolidations, and restructurings ("deals") of firms that are SEC Registered Investment Advisors ("RIA"). The report is meant to provide contextual analysis and commentary to financial advisors pertaining to the deals occurring within the wealth & investment management industries. The deals tracked and identified in the Deal Report include any transaction involving an RIA with over $100 MM assets under management, which have also been reported by a recent data source (e.g., SEC IARD website, a press release, ECHELON Partners Deal Tracker, industry publications). This methodology aims to maintain consistency of data over time and ensure the utmost accuracy in the information represented herein. Additionally, the report includes financial advisors who terminate relationships with other financial service institutions in order to join RIAs. As with the other transactions reported in the Deal Report, the identified breakaway advisor transitions are transitioning over $100 MM assets under management to a new financial services firm. The reason for this being that transitions of this magnitude are more often than not accompanied with compensation for the transition of assets. The contents of this report may not be comprehensive or up-to-date and ECHELON Partners will not be responsible for updating any information contained within this Deal Report.

The ECHELON RIA M&A Deal Report: An Executive's Guide to M&A in the Wealth Management, Breakaway, and Investment Management Industries.

ECHELON PARTNERS

Deals & Dealmakers Webcast Series 2020

Deals & Dealmakers Webcast Series Episodes

Keynote Debate: The Changing Formula of Success in M&A	How to Maximize the Value of Your Firm
The Secrets of Succession Planning	The Competitive Dynamics of RIA M&A
Culture & Alignment: The People Side of Dealmaking	Build or Buy – Or Both? Organic and Inorganic Growth Strategies
Advanced Deal Structuring and Financing	Capstone Debate: The Insiders' Views on Deal Structuring, Negotiations, and Legal Documents

***Click here** to view replays of any episode of this eight-part series covering industry trends, dealmaking techniques, and advice for increasing the value of your firm*

Behind the Deal Podcast

Behind the Deal **is the only podcast that provides an inside look at merger and acquisition activity in the wealth management industry.**

Hosted by ECHELON Partners' Mark Bruno, *Behind the Deal* features the real stories of the top deal-makers in the industry. They offer insights into their actual M&A experiences and provide advice, guidance and counsel for wealth managers looking to execute a successful acquisition, sale, or merger.

***Click here** to watch ECHELON's podcast series on best practices for mergers and acquisitions – straight from the leading and most influential dealmakers in the wealth management industry*

Download & Subscribe to *Behind the Deal*

Apple Podcasts **Spotify**

ECHELON PARTNERS

INVESTMENT BANKERS | MANAGEMENT CONSULTANTS | VALUATION EXPERTS

to the Wealth and Investment Management Industries

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