



The #1 FINRA-registered investment bank serving the wealth and investment management industries over the past 20 years is proud to present:

The 2021 ECHELON RIA M&A Deal Report



INVESTMENT BANKERS | MANAGEMENT CONSULTANTS | VALUATION EXPERTS
to the Wealth and Investment Management Industries

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CEO Executive Overview

Dear Dealmakers,

M&A activity levels in the wealth management industry reached a new all-time high in 2021 – the ninth consecutive year that the number of deals in the industry has increased. The total number of transactions, however, only tells part of the story. There are changing dynamics across every part of the wealth M&A ecosystem – which includes product distributors (e.g., RIAs and broker dealers), product developers (e.g., asset managers), and service providers (e.g., WealthTECH and Diversified FinTechs) – and the **2021 ECHELON Partners RIA M&A Deal Report** provides a data-driven assessment of key trends that are being accentuated in the mergers and acquisitions marketplace.

Highlights from this year's report include:

- I. Wealth Management Deal Activity Review and Top Deals of 2021:** There were 307 deals that took place in 2021, a roughly 49.8% increase over the 205 deals recorded in 2020, which was the previous record. The industry also observed record quarterly volume in Q1, Q3, and Q4. In addition to the record-breaking activity levels, there were 145 acquisitions of firms with \$1 BN+ in assets – the most in a single year. In total, \$576 BN in assets were acquired last year, and the average seller boasted over \$2 BN in AUM for the first time in history.
- II. Deep Dive on Private Equity's Influence in Wealth Management M&A:** Private equity capital continues to be the most active force in wealth management M&A. Whether it is establishing platforms focused on consolidation, conducting add-on acquisitions, or providing growth capital to WealthTECH's next unicorn, there continues to be significant interest from this group. Private equity was directly or indirectly involved with over two-thirds of all deal activity (209 transactions, or 69% of the total) in 2021.
- III. Driving Forces Behind Growth of Minority Transactions:** As the wealth management M&A marketplace has matured, so have the deal structure and options for sellers. Although the majority of transactions continue to be succession-driven buyouts, there is growing demand for minority deals, which is exemplified by the 58% year-over-year increase in volume in 2021.
- IV. Record Activity in WealthTECH M&A:** WealthTECH M&A exploded in 2021 as key deals related to the following themes were prevalent: increased personalization of portfolios, distributed platform access to alternatives, and the overarching race to build the best all-in-one outsourcer platform for advisors. The technification of wealth management has been expedited by transitory forces (e.g., COVID), and deal activity has followed suit.
- V. M&A Outlook:** Despite macroeconomic risks (mainly inflation and, consequentially, a hawkish Fed), we expect continued demand for wealth management M&A from industry participants. Our 2022 outlook details reasons for our bullish view as well as other trends we expect to see in another exciting year of dealmaking.



ECHELON Partners is proud to work alongside the entrepreneurs who bring the aforementioned trends to life and we look forward to another successful year for you and your clients.

Best regards,

Dan Seivert, Managing Partner & CEO

ECHELON's Recent Experience

ECHELON Partners' business remains strong, and we are glad to share continued progress in realizing successful outcomes for our clients.

 <p>has completed its sale to</p>  <p>ECHELON served as the exclusive M&A advisor to Paradigm and provided:</p> <p>Sell-Side Investment Banking</p>	<p>Paradigm Financial Advisors (PFA) completes sale to Creative Planning (CP), a portfolio company of General Atlantic</p> <p><i>Paradigm Financial Advisors was founded to be a fee only financial advisor that provides high-quality advice to its HNW clientele. The partnership will help contribute to Creative Planning's impressive growth and further strengthen its market presence in the Midwestern U.S while enhancing PFA's pre-existing quality of services and enabling additional growth opportunities for the PFA team.</i></p> <p>Deal Size: \$600 MM in AUM</p> <p>Date Announced: February 2022</p>
 <p>has completed its sale to</p>  <p>ECHELON served as the exclusive M&A advisor to RTS and provided:</p> <p>Sell-Side Investment Banking</p>	<p>RTS Private Wealth Management (RTS) completes sale to Mariner Wealth Advisors (MWA), a portfolio company of Leonard Green</p> <p><i>This deal will contribute to MWA's further growth by adding another successful team and a second strategic location in the Phoenix-Scottsdale area. It is an incredible opportunity for RTS to continue their legacy of helping clients build a successful financial future and it will provide an attractive career path that offers new opportunities for growth and development to the RTS team.</i></p> <p>Deal Size: \$390 MM in AUM</p> <p>Date Announced: December 2021</p>
 <p>has completed its sale to</p>  <p>ECHELON served as the exclusive M&A advisor to Sawtooth and provided:</p> <p>Sell-Side Investment Banking</p>	<p>Sawtooth Solutions (Sawtooth) completes sale to Simplicity Group (Simplicity), a portfolio company of Lee Equity</p> <p><i>Sawtooth Solutions is a leading turnkey asset management platform (TAMP) that offers a flexible, comprehensive Unified Managed Accounts platform built to fit the unique needs of financial advisors and wealth management firms. Simplicity and Sawtooth's strategic partnership brings together two firms backed by strong tenure and advantageous positioning across a multitude of operational wealth management service sectors.</i></p> <p>Deal Size: \$7.3 BN in AUM</p> <p>Date Announced: September 2021</p>
 <p>has completed its sale to</p>  <p>ECHELON served as the exclusive M&A advisor to Pinnacle and provided:</p> <p>Sell-Side Investment Banking</p>	<p>The Pinnacle Group (TPG) completes sale to Mariner Wealth Advisors (MWA), a portfolio company of Leonard Green</p> <p><i>With a significant stake of its AUM in retirement plans, this deal will contribute to the growth of MWA's own retirement plan solutions, a platform designed to aid businesses in managing their employer-sponsored retirement plans. This is an incredible opportunity for TPG to continue its legacy of helping clients build a successful financial future and provide an attractive career path to members of the TPG team.</i></p> <p>Deal Size: \$600 MM in AUM</p> <p>Date Announced: September 2021</p>

ECHELON's Recent Experience



**OAKWOOD
CAPITAL
MANAGEMENT**

has completed its sale to



**Wealth
Enhancement
Group®**

ECHELON served as the exclusive
M&A advisor to Oakwood and
provided:

Sell-Side Investment Banking

Oakwood Capital Management completes sale to Wealth Enhancement Group (WEG), a portfolio company of TA Associates

The strategic partnership of WEG and Oakwood is a seamless fit, joining two firms each with a strong and successful tenure in a union that will enable future growth and continued excellence long into the future. The junction of the two firms will enhance the pre-existing quality of services while enabling the new combined entity to expand its reach and its access to resources to be utilized in service of its clients.

Deal Size: \$1.1 BN in AUM
Date Announced: June 2021



BAINCO

has completed its sale to



**CERITY
PARTNERS®**

ECHELON served as the exclusive
M&A advisor to Bainco and
provided:

Sell-Side Investment Banking

Bainco International Investors (Bainco) completes sale to Cerity Partners (Cerity), a portfolio company of Lightyear Capital

Bainco was built on the idea that quality advice demands a thoughtful approach for all aspects of clients' financial well-being. This acquisition expands Cerity's presence to New England and brings over \$1.1 BN in AUM to the firm. The core values and philosophies of Bainco are parallel to those of Cerity, and Sam Bain, CEO of Bainco, and other team members will become shareholders of Cerity post-transaction.

Deal Size: \$1.1 BN in AUM
Date Announced: February 2021



**GOSS
ADVISORS**

has completed its sale to



**MID ATLANTIC
CAPITAL GROUP**

ECHELON served as the exclusive
M&A advisor to Goss and
provided:

Sell-Side Investment Banking

Goss Advisors (Goss) completes sale to EdgeCo's Wealth Division, Mid Atlantic Capital Group (Mid Atlantic)

Goss merged with Mid Atlantic. This agreement with Goss marks EdgeCo's sixth transaction, expanding the firm's footprint in the wealth management business. With access to EdgeCo's technology and resources, Goss will be able to increase its recruiting efforts and enhance its service levels for existing advisors. The deal will also lead to Goss being a bigger force in the recruiting and M&A markets for breakaway advisors and independent RIAs.

Deal Size: \$8.0 BN in AUM
Date Announced: November 2020



OBS FINANCIAL
REGISTERED INVESTMENT ADVISOR

has completed its sale to



ASSETMARK


ECHELON served as the exclusive
M&A advisor to OBS and provided:

Sell-Side Investment Banking

OBS Financial (OBS) completes sale to AssetMark (Ticker: AMK)

OBS is a TAMP that offers fee-based investment and operations outsourcing to financial institutions and advisors around the country. The acquisition of OBS will help AssetMark bring its technology, curated investments, and world-class service to OBS' clients; provide AssetMark with the opportunity to serve bank trust advisors, an important element of its growth strategy; and facilitate a successful exit and liquidity event for Canandaigua National Corporation and OBS.

Deal Size: \$2.2 BN in AUM
Date Announced: March 2020



Section 1:
**2021 Wealth Management Deal Activity,
Key Findings, and Top Deals**

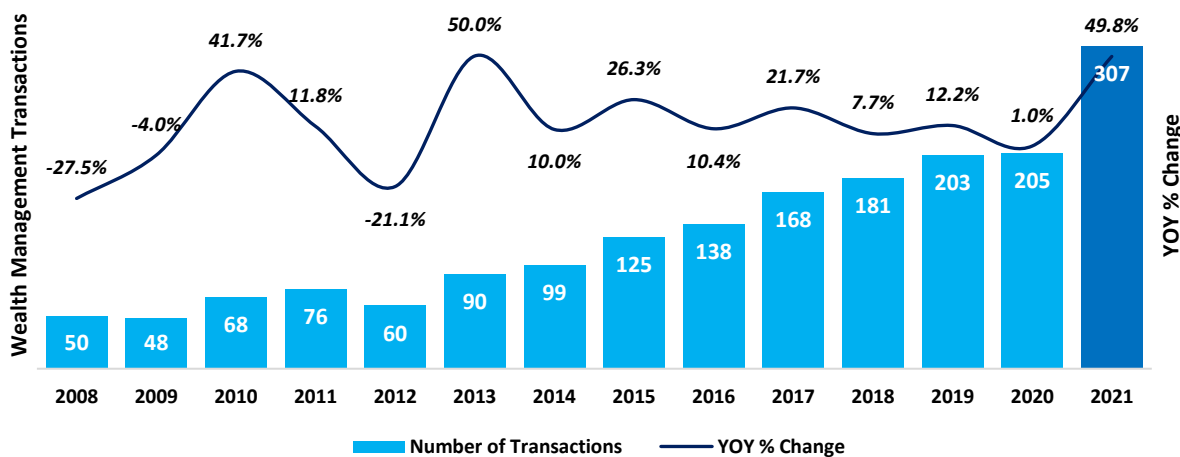
Key Findings and Top Deals

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

Wealth Management M&A Activity Skyrocketed in 2021: A combination of factors, including anticipated tax code changes, favorable capital market conditions, and heightened interest from private equity buyers and long-term capital providers, contributed to this year’s unprecedented increase in M&A activity.

The year’s total of 307 announced transactions signals the ninth straight record-setting year for wealth management M&A, but the more impressive fact is that 2021’s deal count is a massive 49.8% higher than 2020’s record of 205 transactions. Deal activity reached new quarterly highs in Q1 (76), Q3 (78), and Q4 (99). Given Q4’s total, it’s likely that we’ll soon see the first calendar quarter where ECHELON’s recorded deal count reaches triple digits.

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



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

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

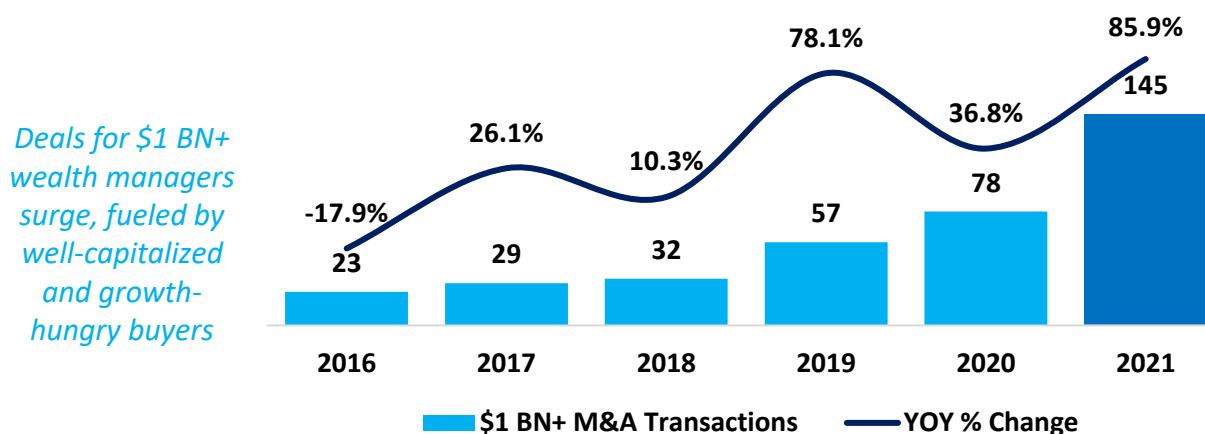
It should be noted that tracking deal activity in the wealth and investment management industries is still largely an imprecise science, for the following reasons:

- Smaller Deals:** Most deals involving firms with less than \$100 MM in AUM go unreported and therefore are very difficult to identify.
- 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.
- 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.
- 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.
- Data Definition Rules:** The general lack of clear deal categorization and data category definitions creates an issue regarding what truly constitutes a deal.
- 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.
- 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. We would encourage you to remain cognizant of these facts while you consider the information in this report.

Key Findings: \$1 BN+ Transaction Volume Climbs Steeply

Exhibit 2: \$1 BN+ Transactions 2016-2021 | M&A Deals



The number of mergers and acquisitions involving wealth managers with at least \$1 BN in AUM has steadily increased since 2016 and became notably more common starting in 2019. 2021 marked a new inflection point, and a more significant one. Driven by robust equity markets, soaring valuations, and increased buyer appetite, the number of transactions involving \$1 BN+ wealth managers increased by a massive 85.9% over 2020's record total. In the fourth quarter alone, there were 43 transactions involving \$1 BN+ firms, a total that would have broken annual records by a wide margin only a few years ago.

Interest in this segment remains particularly strong for the following reasons:

- 1. Competition from Both Strategic and Financial Acquirers Is at Record Levels:** Financial acquirers have traditionally been the most active buyers of firms with over \$1 BN in AUM. While they continue to be quite active in this space, financial acquirers face increased competition from strategic acquirers and consolidators that are looking upmarket and actively acquiring \$1 BN+ firms. This competition has led to favorable valuations and deal structures for sellers that have taken notice and entered the market, helping drive deal volume in this segment higher. Despite the increased competition, financial acquirers remain the most dominant buyer type for the largest firms in the wealth management market, frequently announcing \$10 BN+ AUM deals.
- 2. Professional Acquirers and Established \$1 BN+ Sellers Have the Resources to Run Efficient Dealmaking and Integration Processes:** Fearing a potentially steep increase in capital gains tax rates in 2022, many sellers entered into competitive marketing processes in mid-to-late 2021 with the expressed goal of closing the transaction by the end of the year. Larger buyers have dedicated M&A teams and the resources to run the efficient processes that were required to meet these deadlines. Likewise, \$1 BN+ sellers are established businesses with good recordkeeping practices and operational staff that also allow for efficient processes.
- 3. Large RIAs Are Ideal Platforms with Desirable Financial Profiles:** Large, \$1 BN+ RIAs are professionally run firms that can serve as an excellent starting point for an acquirer looking to enter a new industry or geography. Most have steady revenue streams, over \$3 MM in EBITDA, and profit margins that 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: Strategics Regain the Lead for Deal Volume

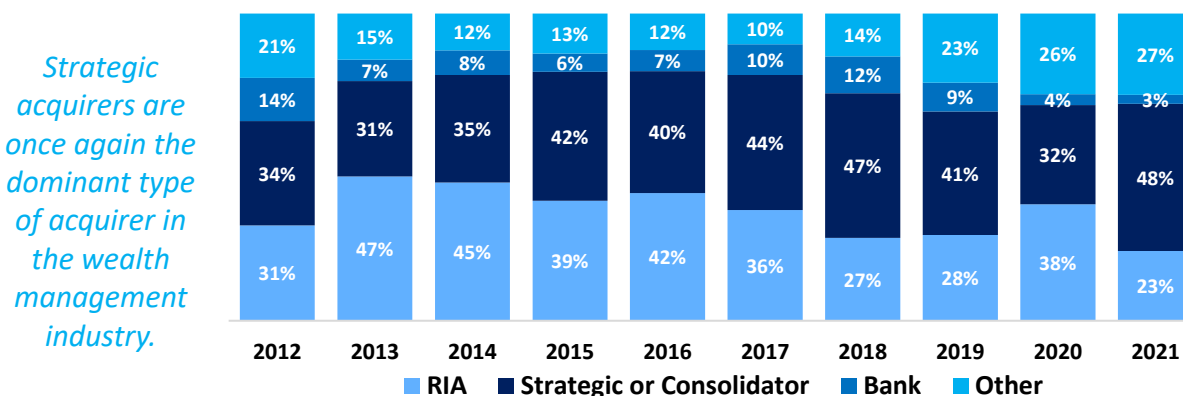
RIAs: RIAs’ dealmaking activity declined, with the category announcing only 22.7% of acquisitions in 2021, or 70 total transactions. This comes in the wake of 2020, when the category saw a strong rebound in its deal share and announced 78 transactions, or 37.9% of the year’s total, making it the most active type of acquirer. Its share of total acquisitions in 2021 puts the category in third place for the first time behind both strategic acquirers and the “Other” category, which mostly includes financial acquirers.

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 in the other categories.

Strategic Acquirers or Consolidators: Strategic acquirers are once again the dominant force in dealmaking. The category completed 147 total deals in 2021, or 47.9% of the year’s total deal volume. This is the category’s highest share of total deals since ECHELON began tracking the data in 2007. The most active strategic acquirer was Focus Financial Partners, which publicly announced 17 transactions in 2021. Following Focus were Wealth Enhancement Group and Mercer Advisors, which each announced 16 total transactions. Canadian asset manager CI Financial was the next most active, announcing 15 transactions as it continues its aggressive inorganic growth strategy that allowed it to swiftly enter the American market in 2020.

It is worth noting that this group does not solely consist of 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 Regain Lost Ground, RIAs’ Relative Deal Share Declines



Sources: Company Reports, SECIARD, ECHELON Partners Analysis

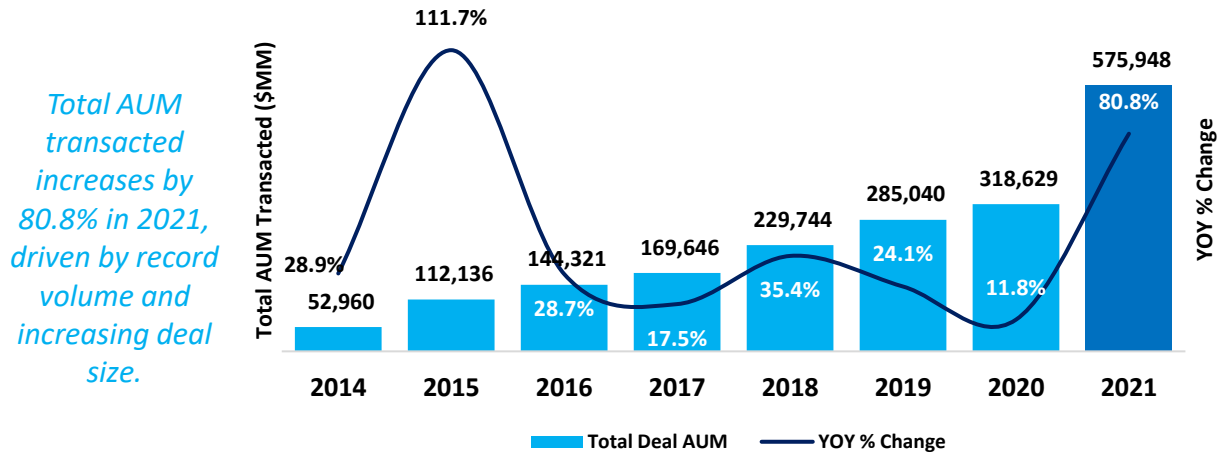
Banks: Banks remain the least active category in terms of total deal volume, announcing nine transactions in 2021, which does mark an increase over the category’s seven announced deals in 2020. None of the acquirers in this category announced more than one transaction during the year. However, the category does remain active in the larger transactions with seven of its nine announced deals involving at least \$1 BN in AUM.

Other: The Other category’s share of total transactions remained mostly unchanged relative to its 2020 level. Private equity interest in the wealth management industry remains at near-record levels, the primary factor contributing to this category’s high activity in recent years.

Key Findings: Assets Acquired Surge, Hitting New Record Level

Exhibit 4 is another that highlights the fact that 2021 was a key inflection point for M&A activity in the wealth management industry. Between 2015 and 2020, total AUM transacted increased a healthy and relatively steady rate of 23.2% annually. In 2021, driven by a 49.8% increase in total announced transactions and a 15.0% increase in average AUM per deal, the total AUM transacted increased to nearly \$576 BN, an increase of 80.8% over 2020's level. The record-setting level shows that despite repetitive annual increases in deal volume and average AUM transacted, the supply of dealmaking capital remains high.

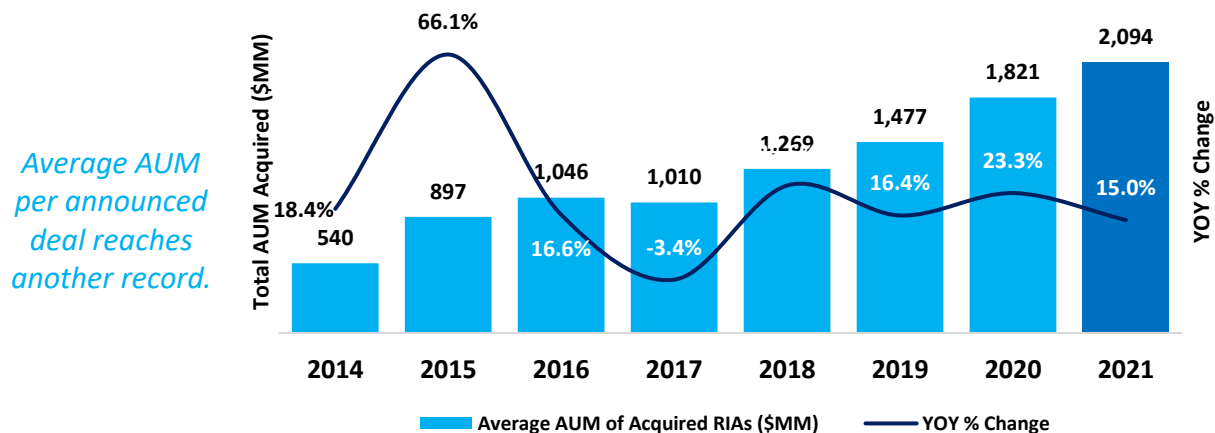
Exhibit 4: Total Deal AUM Shatters Record, Increasing for Eighth Straight Year



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 while average AUM per M&A transaction continues to increase, surpassing 2020's previous record by 15.0%, it did not increase at such a substantial rate as the overall AUM transacted. 2021 marked the first full year in which average AUM per transaction surpassed the \$2.0 BN mark. The increase in deal size can be attributed to the strong supply of dealmaking capital from experienced buyers and new entrants to the market. Growth can also be attributed to ongoing increases in major market indices, despite a growing concern that heightened inflation and the prospect of interest rate hikes will cool economic growth.

Exhibit 5: Average AUM Tops \$2 BN Watermark for the First Time



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

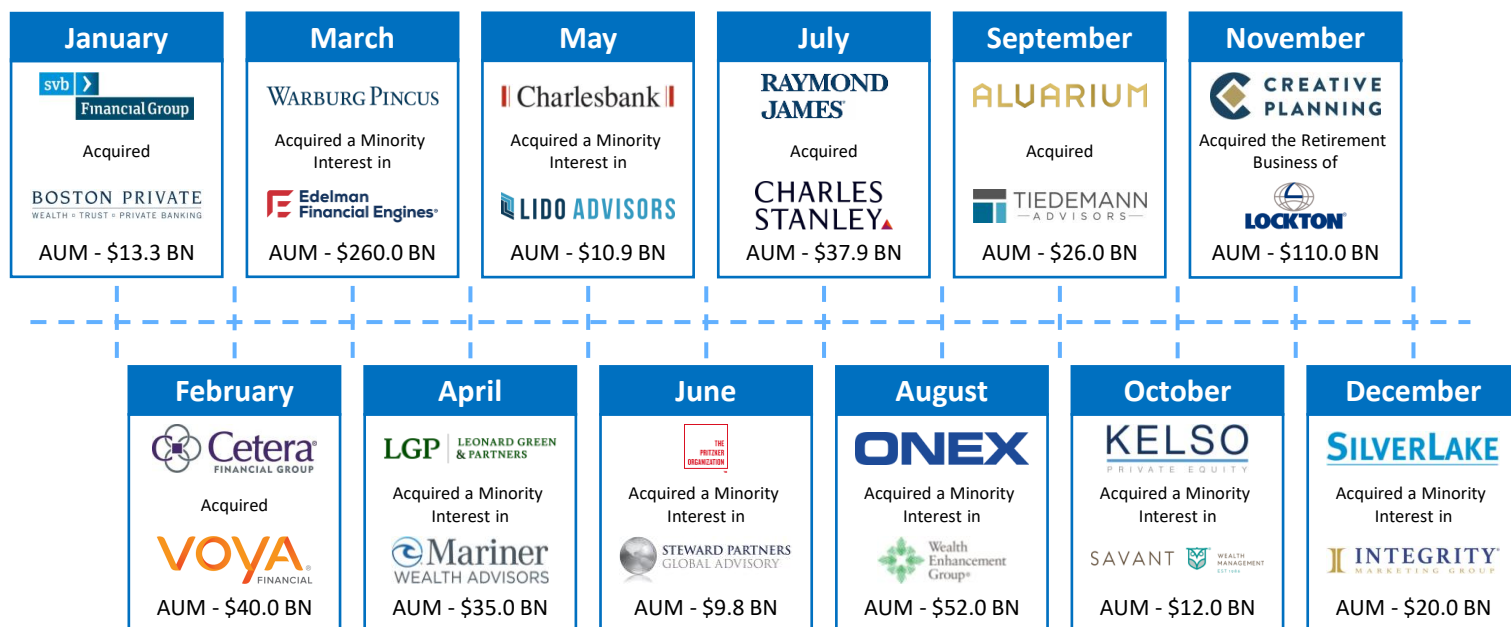
The 25 Largest Deals of 2022 by AUM/AUA

Exhibit 6: Top 25 Deals by AUM Transacted				
Seller	Buyer	Buyer Type	Seller AUM (\$MM)	Date
Wells Fargo Asset Management	Reverence Capital, GTCR	Other	603,000	2/23/2021
The Newport Group	Ascensus	Other	500,000	11/3/2021
Prudential Retirement	Empower Retirement	Other	314,000	7/21/2021
Russell Investments	Hamilton Lane	Other	300,000	10/19/2021
Edelman Financial Services	Warburg Pincus	Other	260,000	3/15/2021
Cammack Retirement	CAPTRUST	Strategic or Consolidator	154,000	2/20/2021
SageView Advisory Group	Aquiline Capital	Other	119,000	1/5/2021
Lockton	Creative Planning	Strategic or Consolidator	110,000	11/11/2021
Bank of the West	BMO Financial	Bank	105,000	12/20/2021
AIG Life and Retirement	Blackstone	Other	100,000	7/14/2021
Waddell & Reed Financial	Macquarie Asset Management	RIA	76,000	4/30/2021
Lexington Partners	Franklin Templeton	Other	55,000	11/1/2021
Wealth Enhancement Group	Onex	Other	52,000	8/25/2021
Voya Financial	Cetera Group	Other	40,000	2/8/2021
Charles Stanley	Raymond James	Strategic or Consolidator	37,900	7/29/2021
Mariner Wealth Advisors	Leonard Green & Partners	Other	35,000	4/23/2021
Private Advisor Group	Merchant Investment Management	Other	30,000	12/17/2021
Tiedemann Group	Alvarium Investments	RIA	26,000	9/25/2021
Integrity Marketing Group	Silver Lake (and others)	Other	20,000	12/9/2021
Griffin Capital	Apollo	Other	20,000	12/2/2021
Beacon Pointe Advisors	KKR	Other	20,000	11/15/2021
Segall Bryant & Hamill (Thoma Bravo)	CI Financial Corp.	Strategic or Consolidator	19,600	1/25/2021
National Holdings Corporation	B. Riley Financial	Other	18,900	1/11/2021
MJM401K	SageView Advisory Group	RIA	17,000	7/2/2021
Carson Group Holdings	Bain Capital	Other	17,000	7/14/2021

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 2021. The year's deals signal the following trends: 1) private equity minority investments in the industry's largest strategic acquirers, 2) SPAC' activity in the sector, 3) American investors' completion of acquisitions overseas, and 4) wealth management firms' continued push into the retirement planning sector.



January 2021



Acquired



Who: SVB Financial Group acquired Boston Private
What: \$13.3 BN AUM
How: Majority interest with deal consideration of approximately \$900 MM. Boston Private shareholders received 0.0228 shares of SVB common stock and \$2.10 in cash for each Boston Private share they owned.
Why: Boston Private was one of the earliest roll-ups in the wealth management industry in the early 2000s, but it has not been an active acquirer in recent years and its stock had decreased in value by 45% in the three years leading up to the deal. The transaction is expected to help Silicon Valley Bank expand its geographic footprint and accelerate its growth in private banking and wealth management.

February 2021



Acquired



Who: Cetera acquired certain assets of Voya Financial Advisors
What: \$40.0 BN AUM
How: The deal involves Voya's independent financial planning channel. Voya will become a new Cetera business line called Cetera Wealth Partners.
Why: The acquisition adds approximately 385,000 retail clients and 900 independent financial professionals to Cetera. It is another example of Cetera's strategy of acquiring insurance-owned broker dealers: in 2013 Cetera acquired MetLife broker dealers Walnut Street Securities and Tower Square Securities, and in 2012 it acquired Genworth Financial Services, now known as Cetera Financial Specialists.

Top Deal Timeline & Summary

March 2021

WARBURG PINCUS

Acquired a Minority Interest in



Who: Warburg Pincus acquired a minority interest in Edelman Financial Engines
What: \$260.0 BN AUM
How: Minority interest that values the company at \$7.3 BN
Why: In 2021 Edelman only announced one acquisition, and Warburg Pincus' investment will allow Edelman to accelerate its M&A efforts in today's competitive markets. Edelman's primary financial partner, Hellman & Friedman, which acquired an interest in the firm in 2015, will remain the company's lead investor.

April 2021

LGP | LEONARD GREEN & PARTNERS

Acquired a Minority Interest in



Who: Leonard Green & Partners acquired a minority interest in Mariner Wealth Advisors
What: \$35.0 BN AUM
How: Minority interest
Why: Mariner CEO Marty Bicknell will remain the firm's majority owner. Leonard Green's investment will provide critical growth investment, as Bicknell acknowledged that the firm didn't "have enough capital to take advantage of all the opportunity" in the market.

May 2021

Charlesbank

Acquired a Minority Interest in



Who: Charlesbank Capital Partners acquired a minority interest in Lido Advisors
What: \$10.9 BN AUM
How: Minority interest
Why: The deal is another example of a private equity firm providing fresh capital that will be deployed to fuel a more robust M&A strategy. Echoing Mariner's viewpoint, Lido's CEO Jason Ozur acknowledges that there are "a lot of M&A opportunities out there" and emphasizes that Lido plans to actively seek out new partners to accelerate the firm's growth.

June 2021



Acquired a Minority Interest in



Who: The Pritzker Organization acquired a minority interest in Steward Partners Global Advisory
What: \$9.8 BN AUM
How: Minority interest via a \$100 MM investment
Why: Pritzker's investment marks the second time Steward Partners has received outside capital, with the first being Cynosure Group's \$50 MM investment in March 2019. Pritzker emphasizes its long-term focused "buy-to-build" strategy, making the deal another example of long-term capital providers' interest in the wealth management industry.

July 2021

RAYMOND JAMES

Acquired

CHARLES STANLEY

Who: Raymond James Financial acquired Charles Stanley Group
What: \$37.9 BN AUM
How: Majority interest
Why: This transaction is an example of U.S. wealth management firms looking to Europe to find attractive acquisition targets in a less competitive environment relative to the current North American M&A market. The acquisition will also help Raymond James expand its newly launched U.K. employee affiliation model.

Top Deal Timeline & Summary

August 2021

ONEX

Acquired a Minority Interest in



Who: Onex acquired a minority stake in Wealth Enhancement Group (WEG)
What: \$52.0 BN AUM
How: 11% minority interest that values WEG at \$2.05 BN
Why: WEG was the second most active acquirer in the industry in 2021, and this investment from Onex will help ensure it has the capital to remain a top-ranking buyer. TA Associates, WEG's first financial backer, is maintaining its full investment, making WEG another example of a prominent acquirer with multiple financial backers.

September 2021

ALVARIUM

Merges with



Who: Tiedemann Group and Alvarium Investments announce a merger
What: The combined entity will manage approximately \$54.0 BN AUM
How: The firms will merge with special purpose acquisition company Cartesian Growth Corp. in a transaction that values the combined entity at \$1.4 BN.
Why: Although other wealth management-focused SPACs have fizzled and burned (Apex, Acorns, etc), the Alvarium-Tiedemann merger is a sign that these vehicles may have a role to play in future liquidity events.

October 2021

KELSO
PRIVATE EQUITY

Acquired a Minority Interest in



Who: Kelso acquired a minority interest in Savant Wealth Management
What: \$12.0 BN AUM
How: Minority interest
Why: In June and August 2021, Savant announced its first two acquisitions in nearly 18 months. The fresh investment from Kelso Private Equity is no doubt a sign that Savant wishes to deploy additional capital to accelerate its M&A strategy. Savant has now received minority investments from Kelso, The Cynosure Group, and several other external parties but confirmed that it remains majority employee controlled.

November 2021

CREATIVE PLANNING

Acquired the Retirement Business of



Who: Creative Planning acquired Lockton's retirement plan business
What: \$110.0 BN AUM
How: Acquisition of Lockton's retirement plan business line
Why: In the latest example of advisory firms entering the retirement planning space, Creative Planning and Lockton combined forces to create a market-leading offering to serve corporate retirement plans and plan participants. This is Creative's second retirement plan acquisition following its February acquisition of IRON Financial's retirement division.

December 2021

SILVERLAKE

Acquired a Minority Interest in



Who: Silver Lake acquired a minority interest in Integrity Marketing Group
What: \$20.0 BN AUM
How: Minority interest
Why: Integrity has a successful history of acquiring life, health, and annuity agencies and distributors, and it is starting to leverage that experience to enter the wealth management M&A realm, having announced its first acquisition in the sector in September 2021. The investment from Silver Lake will provide some of the capital for this expected M&A campaign.

Exhibit 7: The Most Active Acquirers of 2021

Buyer	Buyer Type	AUM Acquired (\$MM) ¹	Number of Deals ¹
Focus Financial Partners	Strategic or Consolidator	31,505	17
Wealth Enhancement Group	Strategic or Consolidator	23,475	16
Mercer Advisors	Strategic or Consolidator	9,757	16
CI Financial Corp.	Strategic or Consolidator	85,715	15
Mariner Wealth Advisors	Strategic or Consolidator	13,104	12
CAPTRUST	Strategic or Consolidator	170,048	10
Beacon Pointe Advisors	Strategic or Consolidator	5,598	10
Hightower Advisors	Strategic or Consolidator	17,330	9
HUB International Limited	Other	12,500	9
MAI Capital Management	Strategic or Consolidator	2,540	7

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

Exhibit 7 displays 2021's most active acquirers in the wealth management industry. Focus Financial Partners, which announced 17 transactions, was the first in deal volume. It was followed by Wealth Enhancement Group and Mercer Advisors, each announcing 16 deals, and CI Financial, which announced 15. These leaders also ranked among the 10 most active acquirers in 2020, but each firm's deal volume was significantly lower. For example, CI Financial, 2020's leading acquirer, announced nine transactions that year, a mere 53% of Focus Financial's leading total in 2021 and a value that would have caused CI Financial to be tied for seventh place in 2021's list.

Focus Financial Partners (Focus) has a strong history of M&A and has repeatedly been among the top acquirers of wealth managers in recent years. Its effect on industry M&A trends goes beyond its direct acquisitions that are reflected in the table above. The company also helps facilitate smaller sub-acquisitions made by its partner firms, including Connecticut Wealth Advisors and The Colony Group. Many other strategic acquirers have similar practices, but Focus' platform companies are often the most active. They announced 17 transactions in 2021, demonstrating the parent company's broad industry influence.

In August 2021, **Wealth Enhancement Group** (WEG) announced that Onex Corporation would be joining TA Associates as an equal capital partner in the company. WEG said that it plans to use the new infusion of capital to drive continued organic growth and active M&A expansion. In September, the company made headlines again, announcing that it would acquire QCI Asset Management, a \$5.2 BN AUM RIA, in its largest acquisition to date.

Mercer Advisors, backed by Oak Hill Capital since 2019, was as active as WEG in terms of total deal volume, but its total AUM acquired was notably lower than that of WEG or Focus. Half of Mercer's 2021 acquisitions involved firms with under \$500 MM in AUM, and all but two of them involved under \$1 BN in AUM. This mirrors Mercer's previous deal preferences. Since the company became an active acquirer in 2016, only four of its total acquisitions involved \$1 BN or more and most were well under the \$500 MM threshold.



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

Key Trends: The Evolution of Buyers and Sellers

The M&A landscape has evolved significantly in wealth management over the past few years, to say the least. Deal volumes have surged and interest in the industry has shown no signs of abating. Much of this surge in activity can be attributed to the parties most directly involved, the buyers and sellers. In this section, we look at how the composition of these parties has changed over recent periods and what to expect going forward.

Spotlight on Buyers

One of the largest contributing factors to higher M&A activity has been an influx of capital from financial sponsors and private equity investors looking to establish a presence in the wealth management ecosystem and consolidate a somewhat fragmented space. Comparing buyer composition to five years prior, financial acquirers have become much more active in deal volumes, which were previously dominated by strategics. In 2021, there were 209 deals that were either direct investments from financial sponsors or deals involving acquirers with backing from private equity firms. This represented 69.7% of 2021's total deal volume.

Going forward, it appears interest from financial buyers will remain high and potentially continue to strengthen. With more outside capital looking to get involved, sale processes will likely become even more competitive and supportive of current valuations. Buyers that are able to articulate a compelling value proposition to sellers while executing on a carefully developed M&A strategy will likely have the greatest success. Buyers that are also able to cultivate direct relationships with firms looking to sell will have an inside track to consummating acquisitions.

Spotlight on Sellers

While dealmaking once again reached record highs in 2021, the size and sophistication of sellers notably also achieved new levels. Average AUM per seller topped \$2 BN for the first time since ECHELON began tracking this metric. Of the 301 total deals recorded in 2021, 145 featured sellers with AUM north of \$1 BN. This data further points to an increasing sophistication of sellers with established business models and execution track records. We suspect that rising valuations and a desire for outside capital to fuel activities such as M&A are pushing larger firms to explore majority or minority sales of their businesses. Conditions certainly were favorable to sellers in 2021, and trends appear to point to continuation of that in 2022.

Other factors driving firms to sell include an aging advisor demographic, with many business owners seeking a succession solution via outside sale. With valuations at record highs and interest from potential buyers only increasing, we expect more and more firms to explore the possibility of a sale, on either a control or non-control basis.

2021 Financial Acquirer Direct Investments in the Wealth Ecosystem (\$MM)

U.S. \$10 BN or Less AUM/AUA

	January AUM: \$4,840	
	January AUM: \$4,400	
	January AUM: N/A	
	February AUM: \$850	
	March AUM: \$450	
	June AUM: N/A	
	June AUM: \$5,000	
	June AUM: \$9,800	
	July AUM: \$3,001	
	July AUM: \$6,300	
	July AUM: \$3,001	
	September AUM: \$3,600	
	September AUM: \$4,800	
	September AUM: \$5,000	
	September AUM: \$7,500	
	October AUM: \$5,600	
	November AUM: \$1,600	
	December AUM: \$1,300	

Canada

	November AUM: \$20,000	
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U.S. \$10+ BN AUM/AUA

	January AUM: \$119,000	
	February AUM: \$603,000	
	March AUM: \$260,000	
	April AUM: \$35,000	
	May AUM: \$10,964	
	July AUM: \$100,000	
	July AUM: \$17,000	
	July AUM: \$12,200	
	July AUM: \$10,000	
	July AUM: \$52,000	
	October AUM: \$12,000	
	October AUM: \$300,000	
	November AUM: \$20,000	
	December AUM: \$20,000	
	December AUM: \$20,000	
	December AUM: \$30,000	

United Kingdom

	February AUM: \$10,600	
	July AUM: \$6,325	
	November AUM: \$1,000	

Private Equity Remains Attractive Option for Large Strategics

Exhibit 8: The Top Direct Platform Investments by Private Equity (U.S. Only)

Seller	Buyer	Seller AUM (\$MM)	Date
Edelman Financial Services	Warburg Pincus	260,000	3/15/2021
SageView Advisory Group	Aquiline Capital	119,000	1/5/2021
Wealth Enhancement Group	Onex	52,000	8/25/2021
Mariner Wealth Advisors	Leonard Green & Partners	35,000	4/23/2021
Private Advisor Group	Merchant Investment Management	30,000	12/17/2021
Beacon Pointe Advisors	KKR	20,000	11/15/2021
Carson Group Holdings	Bain Capital	20,000	7/14/2021
Savant Wealth Management	Kelso	12,000	10/7/2021
Lido Advisors	Charlesbank Capital Partners	10,964	5/24/2021
Homrich Berg	New Mountain Capital	10,000	7/30/2021
Caprock	TA Associates	7,500	9/28/2021

Exhibit 8 showcases the top private equity investments in wealth managers (rather than including retirement plan aggregators and other related firms) announced in 2021. Private equity investment in the industry is not an especially new phenomenon, but interest has increased substantially in the past two to three years due to financial investors' desire for business models with a high degree of recurring revenue, high friction costs to switch providers, and the ability to conduct an accretive M&A strategy.

Nearly all the most active strategic acquirers in today's market are backed by prominent private equity firms. Some are backed by more than one sponsor. This has been a driving factor for the industry's record-breaking M&A activity in the past few years. Many of these large strategic acquirers rely on financing and deal support from their M&A-savvy private equity partners. For example, since it received a minority investment from Abry Partners in March 2020, Beacon Pointe has announced 11 acquisitions, 10 of which were announced in 2021. Prior to the Abry Partners' investment, Beacon Pointe had announced only five total transactions.

Private equity interest in the U.S. wealth management industry is so high that some American private equity firms have turned their attention to wealth managers in the U.K. in search of a less competitive M&A environment. Lightyear Capital's July investment in Wren Sterling Financial Planning, TA Associates and Synova Capital's February investment in Fairstone Financial Management, and Further Global Capital Management's partnership with the Progeny Group this November are some of the top examples of this trend.

38
Total

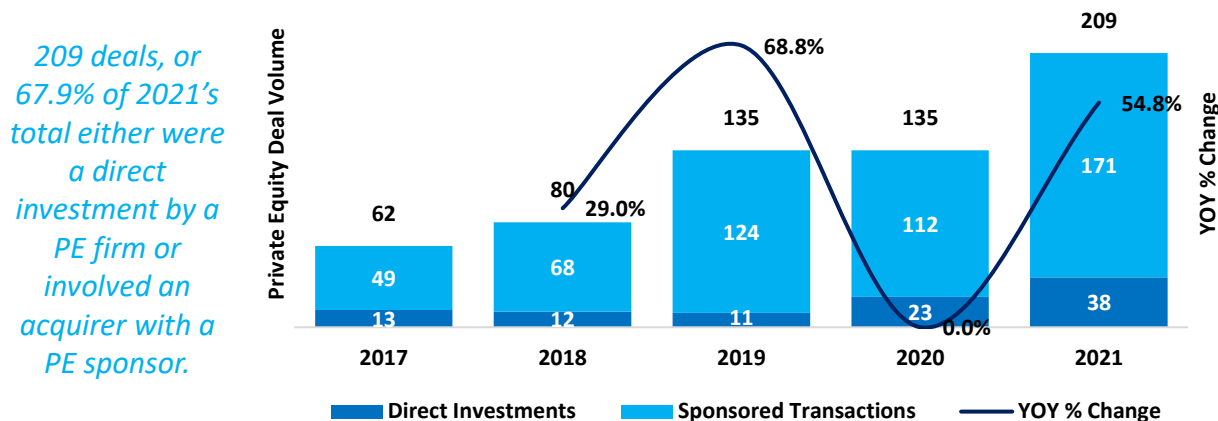
**Direct Private Equity
Deals in 2021**

\$1.7
TN

**Total AUM Involving
Direct Private Equity
Investments in 2021¹**

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

Exhibit 9: Private Equity Deal Volume: Direct Investments vs. Sponsored Transactions



Private equity firms impact wealth management deal volume in two primary ways: through direct investments in large, established wealth managers that they likely plan to use as a platform for future M&A activity, and via sponsored transactions where one of the private equity firm’s portfolio companies acquires a firm with the financial support and dealmaking advice of the private equity backer. **Exhibit 9** shows the breakdown between these two types of private equity acquisitions over the past five years and highlights the massive 54.8% increase in private equity-backed transactions in 2021 relative to 2020.

Today, nearly every prominent strategic acquirer in the industry has at least one private equity partner. That fact, combined with strategic acquirers’ increased share of announced deals in 2021, led private equity investors to be directly or indirectly responsible for 209 total transactions in 2021, or 67.9% of the year’s total.

Exhibit 10: Private Equity-to-Private Equity Transactions & Secondary PE Investments

Portfolio Company	Private Equity Seller or Current Backer	Private Equity Buyer or New Investor	Seller AUM (\$MM)	Date
Edelman Financial Engines	Hellman & Friedman	Warburg Pincus	260,000	3/15/21
Wealth Enhancement Group	TA Associates	Onex Corporation	52,000	8/25/21
Beacon Pointe Advisors	Abry Partners	KKR	20,000	11/15/21
Carson Group Holdings	Long Ridge Equity	Bain Capital	17,000	7/14/21
Savant Wealth Management	Cynosure Group	Kelso & Company	12,000	10/7/21
Fairstone Financial Management	TA Associates	Synova Capital	10,600	2/25/21
Steward Partners	Cynosure Group	Pritzker Organization	9,800	6/9/21
Pure Financial Advisors	Emigrant Partners	Lee Equity	3,600	9/1/21

As private equity ownership becomes more common in the industry, we’re likely to continue seeing a rising number of private equity-to-private equity deals and instances where one private equity firm invests in a business that is already part-owned by another private equity firm.

Exhibit 10 lists all the transactions of this nature that were announced in 2021. The largest was Warburg Pincus’ minority investment in Edelman Financial Engines that valued the firm at \$7.3 BN and will likely help cement Edelman’s role as a leading strategic acquirer for the next several years. All the deals listed in the table above except for the two involving Beacon Pointe Advisors and Carson Group Holdings involve the portfolio company taking on a new investor without the current private equity partner exiting its investment.

Strengths and Weaknesses of Working with Private Equity Buyers

Financial sponsor and private equity buyers have had a growing impact on M&A in wealth management and the industry in aggregate. As these buyers continue to enter and participate in the space, it has become apparent how they are best able to leverage their capabilities to add value and where in some instances they do so to a lesser degree. Below we explore the strengths and weaknesses wealth managers are experiencing when working with financial sponsor and private equity firms.

Strengths

- **Excellent Source of Liquidity** – One of the most apparent benefits of partnering with a financial buyer is the liquidity they often provide access to for growing firms. This liquidity is made available via the initial sale of equity and also via the ongoing relationship with the sponsor and its network of affiliates. This liquidity can be used by firms to fuel inorganic growth strategies in an increasingly competitive M&A market or to support other business development initiatives focused on organic growth. There are many recent case studies within the industry of prominent RIAs leveraging growth capital from sponsors to greatly increase AUM, revenues, and EBITDA in relatively short periods of time.
- **Managerial Support and a Network of Strategic Affiliates** – Private equity firms partner with businesses they believe they can help grow and often do that with management support. Established sponsors typically have a track record of successfully propelling growth at portfolio companies and can do so via a number of techniques. While most businesses do not want to see decision making taken away, leveraging the support of a professional investor can have many benefits under the right circumstances. It is also worth noting the rising popularity of minority transactions within the industry, which allows wealth managers to raise capital while still maintaining overall control. Private equity firms often also have other portfolio companies or affiliations with strategic firms that can offer synergistic relationships with wealth managers.

Weaknesses

- **Strategic Benefits to a Lesser Extent** – While financial buyers do bring some fundamental capabilities to the table, they often lack those offered by strategic acquirers that are actually in the business of wealth management. Sellers that are looking for or require significant operational support may favor the platforms strategic buyers are able to provide. Buyers that are proficient operationally and are seeking growth capital may favor the independence and flexibility financial buyers present.
- **Structured Investment Horizons** – Most private equity firms have defined time horizons with respect to entering into and exiting investments. This can relate to dynamics of the specific fund an investment is made from or the overarching strategy employed by the financial firm. Many sellers would prefer not to have their business managed or influenced by a party that is most concerned with short-to-medium-term growth. This element of a partnership with a financial sponsor would likely be most exacerbated during a time of sustained contraction of the company or macro conditions. Given recent strength in the economy and financial markets, wealth managers have avoided much of the hazard presented by this dynamic.

The Next M&A Frontier: Dynamics in International Markets

The U.S. wealth management M&A marketplace is by far the largest and most competitive. We estimate there are ~200 private equity firms and ~800 strategics actively tracking and competing in deal processes within the domestic market. While there is no shortage of opportunity in the U.S. market, we are seeing historically domestic-focused investors and buyers turn their attention overseas.

Although not all international deals are considered relevant for our deal tracker and metrics (we only count those that involve a domestic buyer), we believe it prudent to analyze the activity we are seeing. **Exhibit 11** and **Exhibit 12** display the top five most meaningful transactions conducted by strategic and financial acquirers, respectively. The transactions exemplify the following trends:

- Markets with similar characteristics to the U.S., such as the United Kingdom and Australia, are the most popular for U.S.-based acquirers. These markets have witnessed the emergence of independent advice channels away from the traditional channels, such as banks and wirehouses, resulting in a more active M&A environment. There is also the added benefit of a common language, which can improve the likelihood of deal success (from initiation to integration).
- Emerging market transactions, such as the Edelweiss Group's sale to private equity firm PAG, are driven by the thesis of growing demand for wealth management services in developing economies. Other relevant deals in this category include joint ventures of U.S. wirehouses with Chinese financial services companies (such as J.P. Morgan's investment in China Merchants Bank).

Exhibit 11: Top 5 International Transactions by Strategic Acquirers in 2021

Seller	Seller Headquarters	Buyer	Seller AUM (\$MM)
Charles Stanley	United Kingdom	Raymond James	37,900
Punter Southall Wealth	United Kingdom	Canaccord Genuity Wealth Management	8,500
UBS Swiss Financial Advisors	Switzerland	Vontobel	7,200
Saunderson House	United Kingdom	Rathbone Brothers	6,500
Multiple Acquisitions	Australia, United Kingdom, Canada	Connectus Wealth Advisers (Focus Financial)	5,000+

- The most active U.S. buyer in overseas markets is Connectus Wealth Advisers, which was formed by Focus Financial in 2020 as a new M&A strategy focused on both domestic and international markets (United Kingdom, Canada, and Australia). The platform announced over five transactions in 2021, and we expect continued strategic focus on this endeavor as Focus is forced to compete with more and more well-capitalized buyers in the U.S.
- U.S. private equity firms are actively building platforms overseas, with a specific focus

on the United Kingdom. The sponsors that have been active to date are all firms with a long history of investing in the wealth management industry, such as TA Associates (currently invested in Wealth Enhancement Group, Orion, Russell Investments, and Caprock), Lightyear Capital (a previous investor in Wealth Enhancement Group and currently invested in Allworth and Cerity Partners), and Flexpoint Ford (a previous investor in Wisdomtree and currently invested in Clearstead and the Alera Group). These investor groups likely all experienced attractive returns in their U.S. wealth investments and have a heightened confidence in investing overseas within a sector in which they have domain expertise and success.

Exhibit 12: Top 5 International Transactions by Financial Acquirers in 2021

Seller	Seller Headquarters	Buyer	Seller AUM (\$MM)
Edelweiss Group	India	PAG	40,000
Wellington-Altus	Canada	Cynosure	20,000
Fairstone Financial Mgmt.	United Kingdom	TA Associates, Synova	10,600
AFH Financial Group	United Kingdom	Flexpoint Ford	6,500
Wren Sterling	United Kingdom	Lightyear Capital	6,325

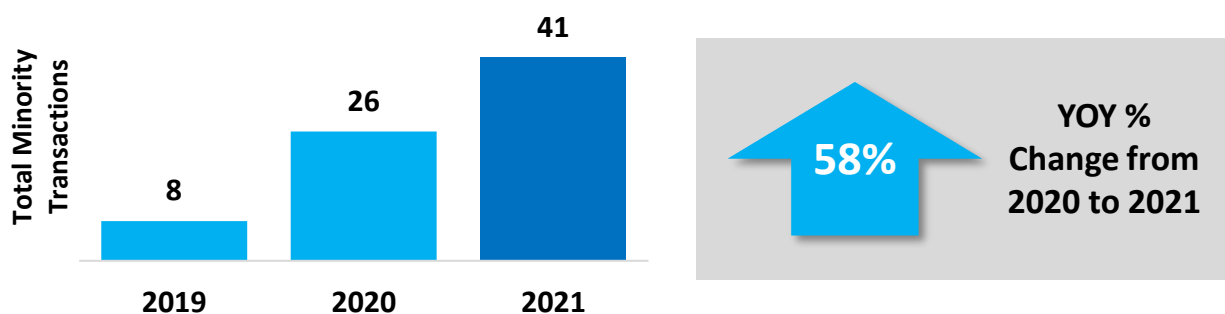
Minority Transactions Jump in Sign of Maturing Market

Continued Rise in Minority Transactions

An increasing prevalence of minority transactions is yet another effect of private equity's increased role in wealth management M&A. Traditionally, most M&A activity in the industry involved succession-related deals with other wealth managers or strategic acquirers. Today, many wealth managers that have adopted aggressive inorganic growth strategies in an attempt to gain the benefits of additional scale will sell a minority interest in their business, often to a private equity investor or a long-term capital provider. This strategy helps provide the capital and dealmaking experience for a successful M&A campaign while allowing the current owners and management team to retain control with a significant interest in the firm that will allow them to realize the benefits of the firm's ongoing long-term growth.

Specifically, as **Exhibit 13** notes below, there were 41 minority transactions in 2021, which is approximately 58% higher than the number that were announced in 2020 and over five times as many as were announced in 2019.

Exhibit 13: Total Minority Transactions



While the number of minority investments has climbed significantly, the average size of these transactions has also increased. In 2021, the average seller in a minority transaction (excluding sellers with over \$20 BN in AUM) boasted assets under management of \$5.0 BN – a 48% increase over 2020's average level and more than twice the 2019 average of \$2.3 BN. Given the ongoing trend toward consolidation and the expansion of private equity's interest in the industry, ECHELON expects the number of minority investments and the average deal size for minority transactions to continue to increase rapidly in the coming years.

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 2022 and beyond:

- 1. Taking Chips off the Table:** With wealth management valuations at all-time highs, founders have embraced the opportunity to gain liquidity in the yearslong investments they have made in their firms. Some younger owners, for whom retirement is not an immediate focus, seek a partner that will allow them to sell a portion of their interest, providing some liquidity, but with the potential for another valuable liquidity event in the future.
- 2. Taking Advantage of Markets:** The ongoing impacts of the COVID pandemic, the meme stock craze, rising inflation, and the prospect of higher interest rates meant that 2021 was a wild ride for the U.S. stock market. Despite all this, major indexes closed the year at near record levels, providing a compelling opportunity to “sell high” as owners confront the uncertainty the economy will face in the coming year.

3. **Retaining Control, Fueling New Growth:** For companies looking to fuel their next phase of growth, it's becoming increasingly common to seek growth investments from prominent private equity firms and long-term capital providers. Sellers recognize that there is a relatively low supply of firms large enough to attract the attention of these investors, and they use that as an advantage to keep more equity in exchange for assistance with growth.
4. **Acquiring M&A Expertise and Dealmaking Experience:** Today's M&A market is competitive, and many smaller wealth managers that have only moderate M&A experience are often outbid by larger, more seasoned dealmakers. Many of these smaller firms are 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. **A Solution to Buy Out Retiring or Silent Partners:** It's not uncommon for a multi-partner firm to have a silent investor or a set of partners who are approaching retirement. Finding an external investor to buy out these individuals can provide higher valuations with more upfront deal consideration to the exiting partners and with minimal financial burden to the partners remaining invested in the business.
6. **The Ability to Fly Low:** When the acquired stake is below 20%, the change in ownership does not require the approval of the firm's clients.
7. **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 14: The Top 10 Minority Investment Transactions in 2021

Seller	Buyer	Seller AUM (\$MM)	Date
Edelman Financial Services	Warburg Pincus	260,000	3/15/2021
SageView Advisory Group	Aquiline Capital	119,000	1/5/2021
AIG Life and Retirement	Blackstone	100,000	7/14/2021
Wealth Enhancement Group	Onex	52,000	8/25/2021
Mariner Wealth Advisors	Leonard Green & Partners	35,000	4/23/2021
Private Advisor Group	Merchant Investment Management	30,000	12/17/2021
Integrity Marketing Group	Silver Lake (and others)	20,000	12/9/2021
Beacon Pointe Advisors	KKR	20,000	11/15/2021
Carson Group Holdings	Bain Capital	17,000	7/14/2021
Concurrent Advisors	Merchant Investment Management	12,200	7/26/2021

41
Total

**Minority
Transaction Deals
in 2021**

\$793
BN

**Total Minority
Transaction AUM**

Pure Play Wealth Attracted to Retirement Plan Consolidation

Retirement Plan Asset Consolidation: The key theme of 2021 was large pure play wealth managers growing their presence in the retirement planning space, a trend that emerged in 2020, accelerated in 2021, and is expected to continue being a major driving force for M&A activity in 2022. There are natural cross-selling synergies across private client wealth management and retirement plan advice, and we believe it will continue to make strategic sense for this transaction type to occur.

In 2021, there were 17 transactions involving retirement plan advisors with at least \$1 BN in assets and/or retirement platforms, marking a 143% increase over 2020's seven deals involving the same type of seller. As shown in **Exhibit 15**, the largest transaction was Empower Retirement's acquisition of Prudential Financial's retirement plan business for a reported \$3.55 BN. The deal involved \$314 BN in assets and included Prudential's defined contribution, defined benefit, non-qualified and rollover IRA, stable value, and separate account business lines.

The two most prominent buyers in the retirement space are HUB International Limited and OneDigital Health and Benefits. Both are large providers of employee benefits and insurance products and related services and have been actively acquiring firms in the wealth management sector.

Exhibit 15: Top Retirement-based Transactions of 2021

Seller	Buyer	Buyer Type	Seller AUM (\$MM)	Date
Prudential Retirement	Empower Retirement	Other	314,000	7/21/2021
Cammack Retirement	CAPTRUST	Strategic or Consolidator	154,000	2/20/2021
Lockton	Creative Planning	Strategic or Consolidator	110,000	11/11/2021
AIG Life and Retirement	Blackstone	Other	100,000	7/14/2021
MJM401K	SageView Advisory Group	RIA	17,000	7/2/2021
IRON Financial	Creative Planning	Strategic or Consolidator	6,000	2/4/2021
Westminster Consulting	OneDigital	Other	6,000	4/22/2021
Fiduciary Plan Advisors	OneDigital	Other	6,000	6/4/2021
Alpha Pension Group	HUB International Limited	Other	2,900	1/13/2021
Clearview Advisory	OneDigital	Other	2,679	5/6/2021



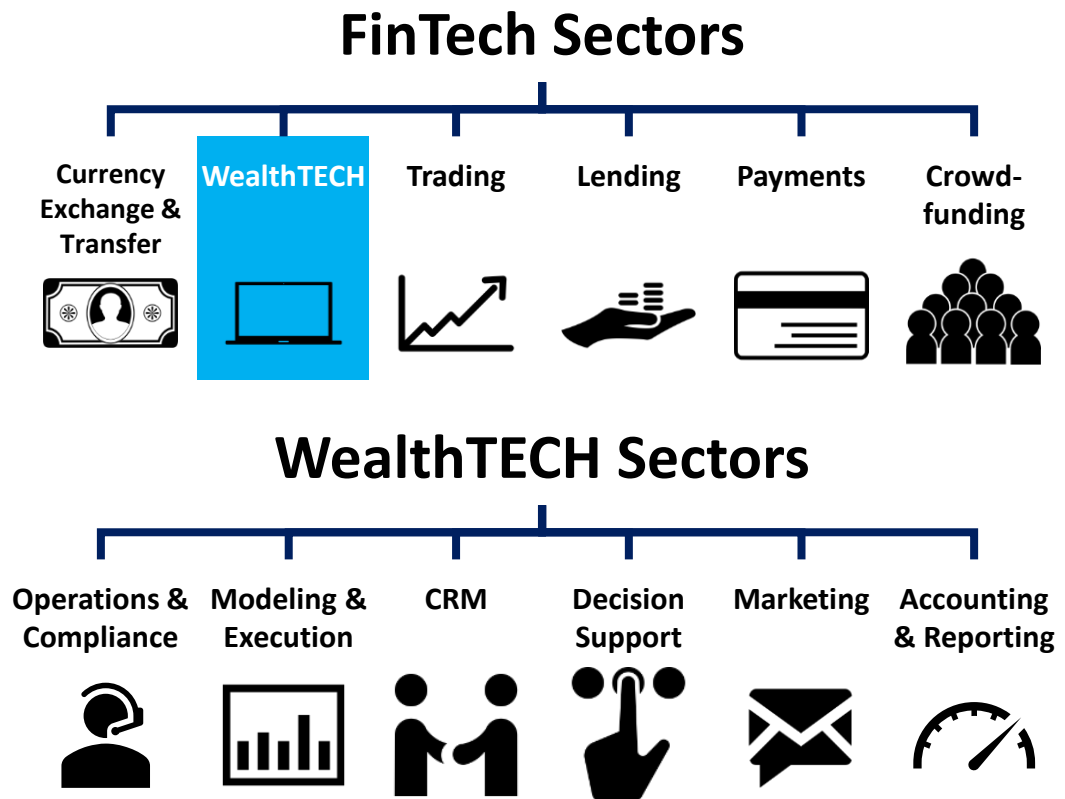
**Section 3:
WealthTECH M&A:
Key Trends and Observations**

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 startup 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 16**.

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 16. 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 instead of being tied to the infrastructure of one institution.

Exhibit 16: Dramatic Ascension of FinTech Fuels Evolution of WealthTECH



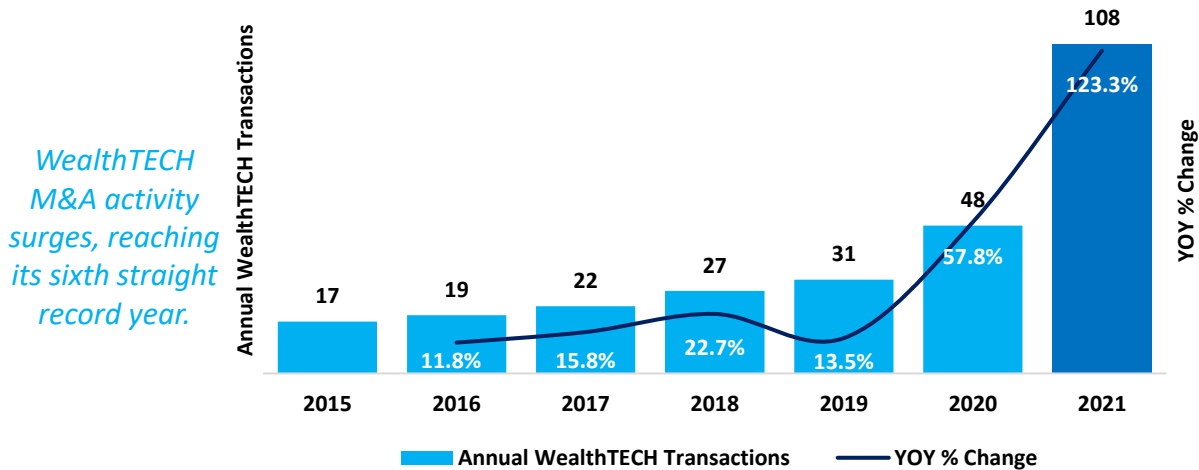
Source: ECHELON Partners

There is a need for improved technology and its adoption in the wealth management industry, and this has spurred significant demand in the WealthTECH industry. Financial advisors and investors seek platforms that allow them to gain operational efficiencies and provide improved customer service via increased technology utilization.

As **Exhibit 17** shows, 2022 shattered the previous record for WealthTECH M&A volume, reaching 108 announced M&A transactions and fundraising rounds, a massive 123.3% increase over 2020's previous record total. The significant acceleration over the 23.3% annual growth rate that was observed from 2015 to 2020 mirrors the general trend in the broader wealth management and FinTech industries, which both saw explosive growth in 2021.

Mergers and acquisitions make up most of the WealthTECH deal activity outlined in the exhibit below, but the analysis also includes smaller fundraising rounds that have been completed by early stage, high-growth WealthTECH startups that require an infusion of capital, typically from venture capital and private equity firms, to support their ongoing operations or drive their next phase of growth.

Exhibit 17: North American WealthTECH Deals Hit Record High in 2021



Sources: Company Reports and ECHELON Partners Analysis

Demand for technology-enabled platforms is only going to increase, and therefore ECHELON expects WealthTECH M&A to continue its rapid growth 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 end clients. Effective WealthTECH tools drive advisor and client engagement, benefiting all members of the wealth management ecosystem.

Top WealthTECH Deals & Dealmakers of 2021

Exhibit 18 displays the top WealthTECH deals of 2021. As the list shows, in addition to numerous fundraising rounds and acquisitions by financial acquirers like venture capital firms, many of 2021's top WealthTECH deals were announced by custodians, brokerages, asset managers, and other strategic acquirers looking to position their firm's technology and service offerings for the future. Many of these large acquirers are seeking to transition away from the historically fragmented WealthTECH space and develop an end-to-end platform that can make advisors' and investors' lives easier.

2021 also saw a significant increase in retail investing, caused by increased time at home due to the ongoing pandemic and the rise of viral online investing forums, among other factors. This trend helped fuel transactions involving WealthTECH companies that catered to these new retail investors via online brokerage or roboadvisory offerings. Chief among these transactions was Robinhood's January capital infusion (noted in the table below). The capital was required to service high-volume meme traders.

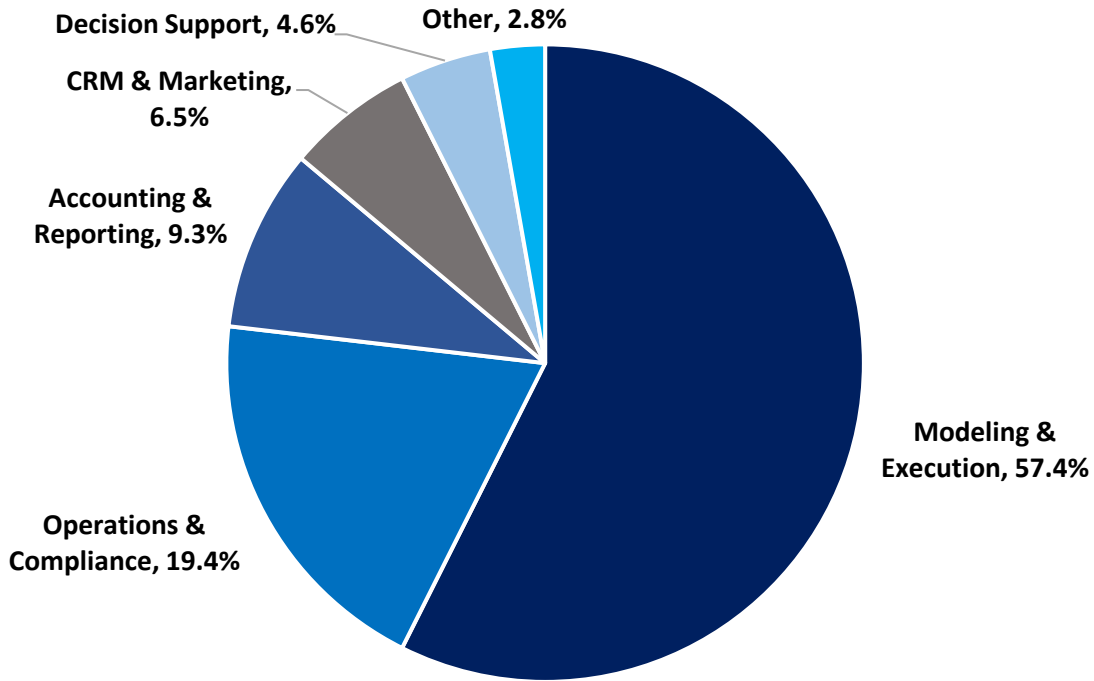
Exhibit 18: Top 2021 WealthTECH Deals

Seller	Seller Categorization	Buyer	Date
Robinhood	Modeling & Execution	Ribbit Capital and Other Investors	1/29/2021
Investcloud, Finantix, Tegra118	Modeling & Execution	Clearlake Capital, Motive Partners	2/1/2021
Voyant	Modeling & Execution	AssetMark	3/1/2021
Wealthsimple	Modeling & Execution	Betterment	3/4/2021
HiddenLevers	Modeling & Execution	Orion	3/9/2021
E*TRADE Advisor Services	Operations & Compliance	Axos Financial	4/20/2021
Advicent	Modeling & Execution	Investcloud	5/5/2021
Archer	Operations & Compliance	LLR Partners	6/8/2021
AdvisorStream	CRM & Marketing	Broadridge Solutions	6/9/2021
JustInvest	Modeling & Execution	Vanguard	7/13/2021
Riskalyze	Diversified	Hg	8/25/2021
Sawtooth Solutions	Diversified	Simplicity Group	10/12/2021
Halo Investing	Modeling & Execution	Owl Capital, Allianz, Abu Dhabi Investment Fund	10/12/2021
TIFIN Group	Diversified	Hamilton Lane, J.P. Morgan, Morningstar, Broadridge	10/28/2021
iCapital Network	Modeling & Execution	WestCap Group, Apollo, Temasek	12/27/2021

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

Exhibit 19 reviews 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 57.4% of targets for all deals announced in 2021, including companies that help financial advisors build portfolios for clients and service them in a more efficient manner as well as platforms that allow a growing population of retail investors to build portfolios on their own, with the assistance of an advisor.

Exhibit 19: WealthTECH Transaction Breakdown 2021



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

Direct indexing platforms continue to be a prominent subsector within the Modeling & Execution category. 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).

Key Themes & Relevant Transactions

Exhibit 20: Key Deals by Theme

Democratization of Private Markets			
Seller	Buyer	Consideration (\$MM)	Valuation (\$MM)
iCapital Network	WestCap Group, Apollo, Temasek	\$50	\$6,000
InvestX	Jefferies, Virtly, Canaccord Genuity	Confidential	Confidential
Moonfare	Insight Partners, Fidelity	\$125	Confidential
Forge	Motive Capital Corp.	\$632.5	\$2,000
Qualis Capital	Tifin Group	Confidential	Confidential
Nasdaq Private Markets	SVB, Citi, Goldman Sachs, Morgan Stanley	Confidential (Spin-Out)	Confidential

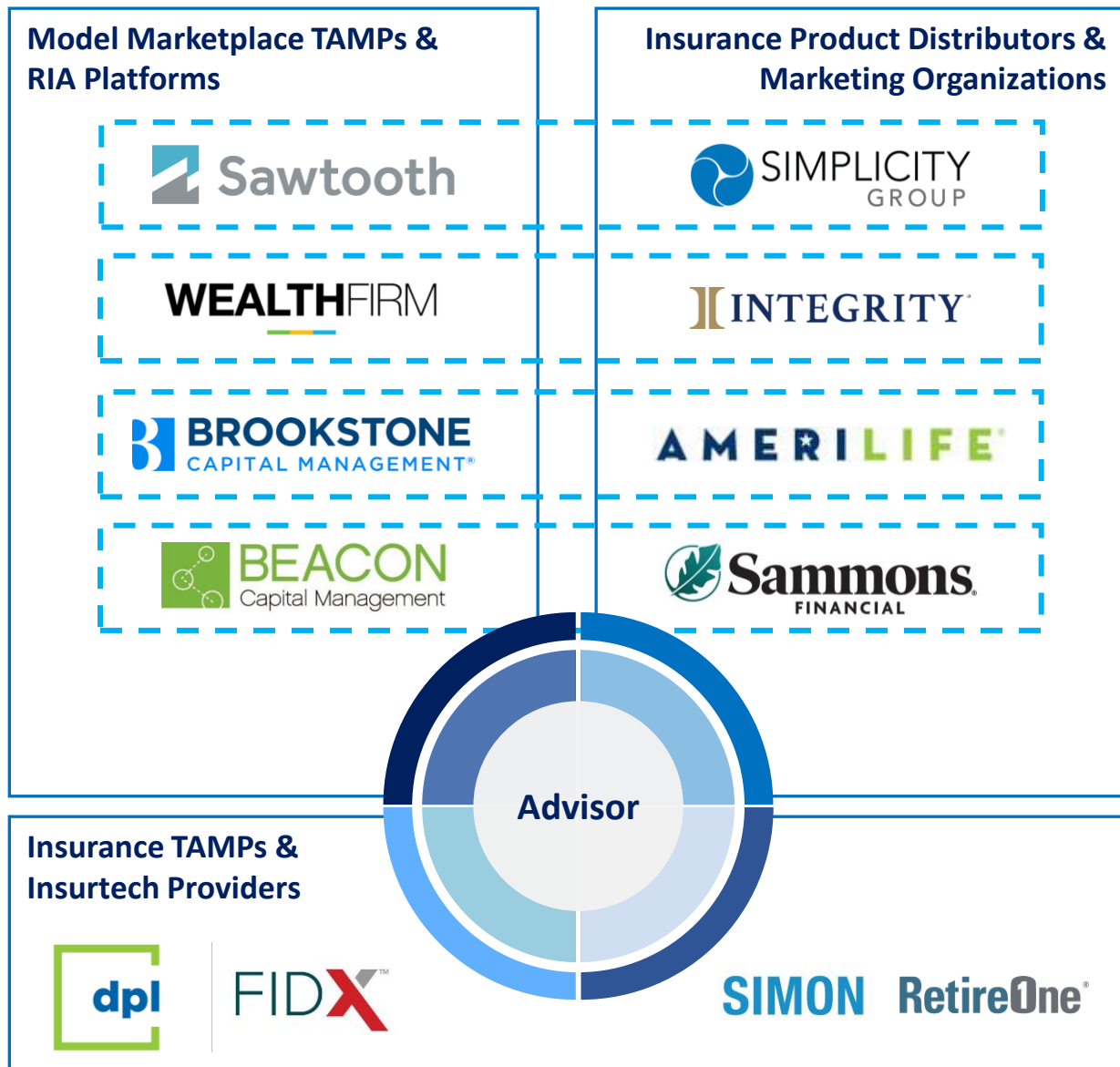
Rise of the Super TAMP and the All-in-One Solution for Outsourcing			
Seller	Buyer	Consideration (\$MM)	Valuation (\$MM)
HiddenLevers	Orion	Confidential	Confidential
Voyant	AssetMark	\$145	\$145
Investcloud, Finantix, Tegra 118	Clearlake Capital, Motive Partners	Confidential (80% interest in Investcloud)	Confidential
GeoWealth	Kayne Capital, J.P. Morgan	\$19	Confidential
Altruist	Insight Partners, Vanguard	\$50	Confidential

Insurtech Meets WealthTECH			
Seller	Buyer	Consideration (\$MM)	Valuation (\$MM)
Sawtooth Solutions	Simplicity Group (Lee Equity)	Confidential	Confidential
WealthFirm	Integrity Marketing Group (HGCG)	Confidential	Confidential
Halo Investing	Owl Capital, Allianz, Abu Dhabi Investment Fund	\$100	\$400
DPL Partners	Atlas Merchant Capital	\$26	Confidential

Demand for Holistic Financial Planning Is Driving Partnerships and M&A Between the Insurance and Wealth Management Industries

Exhibit 21 displays the continuing trend of integration between the wealth and insurance industries via partnerships and acquisitions. The demand for fee-based annuities and technology that is able to integrate annuities into portfolios has increased the viability of pairing wealth services with an insurance offering, and the M&A market has produced transactions that have followed suit. The largest transaction of the year in this space was **Simplicity Group's acquisition of Sawtooth**, a leading provider of TAMP services including UMA solutions for advisors and a turnkey insurance distribution tool. Looking into 2022, we expect more transactions in this category as the demand for holistic financial planning, incorporating insurance and annuities, grows within the investor community.

Exhibit 21: Wealth Management & Insurance Marketplace Interplay







Transaction

Exhibit 22: Key Deals by Theme Continued

Personalization of Portfolios			
Seller	Buyer	Consideration (\$MM)	Valuation (\$MM)
Green Harvest	PGIM	Confidential	Confidential
Optimal Asset Management	Pershing	Confidential	Confidential
JustInvest	Vanguard	Confidential	Confidential
Canvas (O'Shaughnessy Asset Management)	Franklin Templeton	Confidential	Confidential
OpenInvest	J.P. Morgan	Confidential	Confidential
Gamma Investing	Baird, Riverfront Holdings	Confidential	Confidential

Direct Indexing Acquisitions Thrive

 Acquired  May 2020	 Acquired  May 2020	 Acquired  May 2020	Morgan Stanley Acquired  November 2020	 Acquired  November 2020
J.P.Morgan Acquired  December 2020	J.P.Morgan Acquired  June 2021	 Acquired  September 2021	 Acquired  October 2021	 Acquired  October 2021
 Acquired  December 2021	 Acquired a minority stake in  January 2022			

2022 Outlook

Given the continued momentum and fundamental motivators that supported dealmaking throughout 2021, we strongly believe that 2022 has the potential to be another robust year for M&A activity in the wealth management industry.

We believe there are five primary drivers of M&A that will lead to strong activity in 2022 and beyond:

- I. **Debt Markets to Remain Accommodative** – despite a hawkish Fed, we expect financing costs to remain relatively attractive and transactions to be supported by capital markets. CI Financial and Focus Financial announced debt financings that in total exceeded \$1 BN in 2021, and we expect continued support by the leveraged finance community in 2022. Both CEOs mentioned the attractive opportunity set for M&A as a catalyst, which is a bullish sign for wealth management M&A.
- II. **Private Equity Dry Powder Is at Record Levels** – Private equity dry powder is expected to surge above \$714 BN in 2022. A conservative allocation estimate of 0.5%-1.5% to dealmaking in the wealth management industry implies \$3.5-11 BN of capital to be deployed in the coming years by private equity firms looking to grow their platform investments via acquisitions and other methods.
- III. **U.S. Buyers Ramp Up Consolidation Efforts Overseas** – The deployment of capital by U.S. wealth management investors overseas to build M&A platforms will result in increased sub-acquisitions and consolidation efforts. We expect firms such as Wren Sterling (acquired by Lightyear Capital), AFH Financial (acquired by Flexpoint Ford), and Connectus Wealth Advisors (subsidiary of Focus Financial), to drive increased consolidation in international markets.
- IV. **Cross-Selling Opportunities Between Wealth Management & Retirement Plan Services** – the ability to cross-sell wealth and retirement plan services (especially within the defined contribution market) has resulted in heightened interest from the largest buyers in each respective marketplace. Prior to this year, CAPTRUST (which manages ~\$80 BN of wealth assets and ~\$640 BN of retirement assets) was the only at-scale (\$20 BN+ AUM) retirement plan consolidator that had a significant wealth practice. However, with Creative Planning acquiring Lockton's \$100 BN AUM retirement practice and other large players signaling or announcing comparable transactions, we expect increased deal volume related to this burgeoning trend.
- V. **Incumbents Invest Heavily in WealthTECH via Acquisition** – Corporate cash balances for large financial institutions continue to be at record levels, and we expect heightened interest and volume within the WealthTECH marketplace as these dollars chase opportunities that can improve the technology and overall efficiency of their operations. Jamie Dimon, CEO of J.P. Morgan, recently announced the bank's intention to invest over \$12 BN in technology in 2022, and we believe this bullish sentiment toward technology investment to be shared across the wealth industry (as we put the finishing touches on this report, UBS announced its \$1.4 BN acquisition of the robo advisor and diversified WealthTECH company Wealthfront).

Overall, the opportunity set for buyers and sellers within M&A in wealth management has never been better, and we expect dealmaking to remain at relatively strong levels in 2022 and the years to come.

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. Investment 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 with either 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 specializes in supporting several influential client groups:



How ECHELON Can Help



Provide Transaction Assistance (M&A, Sales, Capital Raising)



Conduct a Valuation



Continuity & Succession Planning



Design Equity and Compensation Structure



Equity Recycling & Management



Advise on the Buyout of a Partner

INVESTMENT BANKING



#1 FINRA-registered investment bank serving wealth managers over the past 20 years

MANAGEMENT CONSULTING



Strategy consultants who have advised on over 500 wealth and asset management deals

VALUATIONS



#1 in valuations for wealth managers with more than \$2 MM in revenue or \$200 MM in AUM

TRACK RECORD



A three-time winner of WealthManagement.com's Most Innovative Industry Investment Bank Award



ECHELON's Leadership

DAN SEIVERT | CEO AND MANAGING PARTNER



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Dan Seivert is the CEO and founder of ECHOLON Partners. Prior to starting ECHOLON 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.

MIKE WUNDERLI | MANAGING DIRECTOR



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Mike Wunderli is a Managing Director at ECHOLON Partners and is integrally involved in all aspects of the firm's activities. Prior to joining ECHOLON, 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.

BARNABY AUDSLEY | VICE PRESIDENT



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Barnaby Audsley is a Vice President at ECHOLON Partners and focuses on a diversity of M&A advisory, investment banking, strategic consulting, and research assignments across the wealth and investment management industries. Prior to joining ECHOLON Partners, Mr. Audsley worked as an Associate for Bel Air Investment Advisors, a \$9 BN multifamily office based in Los Angeles. During his time with Bel Air, Mr. Audsley focused on Private Equity and assisted in the sourcing and underwriting of fund, co-investment opportunities, and direct transactions, resulting in over \$300 MM of capital deployment on behalf of the partners and clients. He also conducted market research to identify attractive asset classes, industry trends, and investment opportunities. At Occidental College, Barnaby was a Director on the student-run investment portfolio. He is a mentor for Play Rugby USA, a non-profit focused on developing youth through rugby.

BRETT MULDER | VICE PRESIDENT



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Brett Mulder is a Vice President at ECHOLON Partners and spends time across all of the firm's core activities including M&A advisory, strategic consulting, and thought leadership. Prior to joining ECHOLON, Brett was a Senior Associate with Deutsche Bank Securities, working in their US investment bank and within the Financial Institutions Group. With Deutsche, Brett advised wealth managers, asset managers, FinTech companies, and financial sponsors on a variety of strategic endeavors including M&A, capital raising, IPOs, SPACs, and leveraged finance. Through that experience, Brett spent significant time cultivating relationships with the Private Equity firms and platform buyers involved and interested in the wealth management ecosystem. While at San Diego State University, Brett served as Vice President of the student investment council.

Sample Transactions & Advisory Assignments Executed by the ECHELON Team

 <p>has completed the acquisition of</p>  <p>ECHELON served as the exclusive M&A advisor to Paradigm</p> <p>Sell-Side M&A Advisory</p> 	 <p>has completed the acquisition of</p>  <p>ECHELON served as the exclusive M&A advisor to RTS</p> <p>Sell-Side M&A Advisory</p> 	 <p>has completed the acquisition of</p>  <p>ECHELON served as the exclusive financial advisor to Sawtooth</p> <p>Sell-Side M&A Advisory</p> 	 <p>has completed the acquisition of</p>  <p>ECHELON served as the exclusive financial advisor to Bainco</p> <p>Sell-Side M&A Advisory</p> 	 <p>has completed the acquisition of</p>  <p>ECHELON served as the exclusive financial advisor to Pinnacle</p> <p>Sell-Side M&A Advisory</p> 	 <p>has completed the acquisition of</p>  <p>ECHELON served as the exclusive financial advisor to Oakwood</p> <p>Sell-Side M&A Advisory</p> 
 <p>has completed the acquisition of</p>  <p>ECHELON provided the Management of Independence Advisors with:</p> <p>Sell-Side M&A Advisory</p> 	 <p>has completed the acquisition of</p>  <p>ECHELON served as the exclusive financial advisor to Goss and provided management with:</p> <p>Sell-Side M&A Advisory</p> 	 <p>ECHELON provided the Management of Rowling & Associates with:</p> <p>Valuation Services and Succession Transaction</p> 	 <p>has agreed to a merger with</p>  <p>ECHELON provided the Management of the firms with:</p> <p>Merger and Financial Advisory Services</p> 	 <p>has completed the acquisition of</p>  <p>ECHELON provided the Management of Sullivan & Serwitz with:</p> <p>Valuation and Sell-Side Advisory Services</p> 	 <p>has completed the acquisition of</p>  <p>ECHELON provided the Management of OBS Financial with:</p> <p>Valuation and Sell-Side Advisory Services</p> 
 <p>ECHELON provided the Management of Concentric Wealth Management, LLC with:</p> <p>Buy-Side Advisory Services</p> 	 <p>ECHELON provided the Management of Blue Oak Capital, LLC with:</p> <p>Valuation and Financial Advisory Services</p> 	 <p>has agreed to a merger with</p>  <p>ECHELON provided the Management of FiComm Partners and Nexus Strategy, LLC with:</p> <p>M&A and Financial Advisory Services</p> 	 <p>ECHELON provided the Management of Halite Partners with:</p> <p>M&A and Financial Advisory Services</p> 	 <p>has agreed to a transaction with</p>  <p>ECHELON provided the Management of Lexington Capital Management Inc. with:</p> <p>M&A and Financial Advisory Services</p> 	 <p>ECHELON provided the Management of Massey Quick Simon & Co. with:</p> <p>Valuation and Financial Advisory Services</p> 
 <p>ECHELON provided the Management of Oakworth Capital Bank with:</p> <p>M&A Advisory Services</p> 	 <p>ECHELON provided the Management of Retirement Income Solutions with:</p> <p>Valuation and Financial Advisory Services</p> 	 <p>ECHELON provided the Management of SignatureFD with:</p> <p>Valuation and M&A Advisory Services</p> 	 <p>ECHELON provided the Management of The Gensler Group with:</p> <p>Valuation and Financial Advisory Services</p> 	 <p>has completed the acquisition of</p>  <p>ECHELON provided the Management of Wealthstream Advisors, Inc. with:</p> <p>Valuation and Buy-Side Advisory Services</p> 	 <p>has completed the acquisition of</p>  <p>ECHELON provided the Management of Merit Financial Group with:</p> <p>Valuation and Buy-Side Advisory Services</p> 
 <p>ECHELON provided the Management of Centennial Securities with:</p> <p>Valuation and Financial Advisory Services</p> 	 <p>ECHELON provided the Management of Bridgeworth, LLC with:</p> <p>Valuation and Financial Advisory Services</p> 	 <p>has agreed to a merger with</p>  <p>ECHELON provided the Management of Massey Quick with:</p> <p>Merger and Financial Advisory Services</p> 	 <p>has completed the acquisition of</p>  <p>ECHELON provided the Management of Private Ocean with:</p> <p>Buy-Side and Financial Advisory Services</p> 	 <p>has been sold to</p>  <p>ECHELON provided the Management of Junxure with:</p> <p>Sell-Side and Financial Advisory Services</p> 	 <p>has been sold to</p>  <p>ECHELON provided the Management of Total Rebalance Expert with:</p> <p>Sell-Side and Financial Advisory Services</p> 
 <p>ECHELON provided the Management of Collins Investment Group with:</p> <p>Sell-Side and Financial Advisory Services</p> 	 <p>ECHELON provided the Management of Roof Advisory Group, Inc. with:</p> <p>Valuation and Financial Advisory Services</p> 	 <p>has completed the acquisition</p>  <p>ECHELON provided the Management of The Glowacki Group with:</p> <p>M&A and Sell-Side Advisory Services</p> 	 <p>ECHELON provided the Management of Baldwin Brothers, Inc. with:</p> <p>Valuation and Financial Advisory Services</p> 	 <p>ECHELON provided the Management of Live Oak Bank with:</p> <p>Valuation and Buy-Side Advisory Services</p> 	 <p>ECHELON provided the Management of Chamberlain Group with:</p> <p>Buy-Side, M&A, and Financial Advisory Services</p> 

Sample Transactions & Advisory Assignments Executed by the ECHELON Team

 <p>ECHELON provided the Management of Retirement Protection Group with: Valuation and M&A Advisory Services</p> 	 <p>has been sold to UNION ECHELON provided the Management of Old Dominion Capital Management with: Valuation and M&A Advisory Services</p> 	 <p>has been sold to FOCUS ECHELON provided the Management of Bordeaux Wealth Advisors with: Sell-Side and Financial Advisory Services</p> 	 <p>ECHELON provided the Management of Lawing Financial with: Valuation Advisory Services</p> 	 <p>ECHELON provided the Management of Private Ocean, LLC with: Valuation and Financial Advisory Services</p> 	 <p>ECHELON provided the Management of Kinsight, LLC with: Valuation, M&A, and Financial Advisory Services</p> 
 <p>ECHELON provided the Management of Shuster Financial, LLC with: Buy-Side, Valuation, and M&A Advisory Services</p> 	 <p>ECHELON provided the Management of FCG Advisors LLC with: M&A and Financial Advisory Services</p> 	 <p>ECHELON provided the Management of Palo Capital with: Valuation and Financial Advisory Services</p> 	 <p>ECHELON provided the Management of The Sterling Group with: M&A and Financial Advisory Services</p> 	 <p>ECHELON provided the Management of Filbrandt & Company, Inc. with: Valuation and Financial Advisory Services</p> 	 <p>has completed the acquisition of Summit Counsel, LLC ECHELON provided the Management of Symmetry Partners, LLC with: Valuation and Financial Advisory Services</p> 
 <p>ECHELON provided the Management of Signature Estate & Investment Advisors, LLC with: M&A and Sell-Side Advisory Services</p> 	 <p>ECHELON provided the Management of Vista Capital Partners, Inc. with: Valuation and Financial Advisory Services</p> 	 <p>ECHELON provided the Management of Junxure with: Valuation and Financial Advisory Services</p> 	 <p>ECHELON provided the Management of Trust Company of the South with: Valuation Advisory Services</p> 	 <p>ECHELON provided the Management of Strategic Partners Investment Advisors, LLC with: M&A and Financial Advisory Services</p> 	 <p>ECHELON provided the Management of Phillips & Company Securities, Inc. with: Valuation and Buy-Side Advisory Services</p> 

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.

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