

InvestmentNews

**RPA**

CONVERGENCE

VALUATION WORKSHOP

# RPA Market Update



**WISE RHINO**  
GROUP

## RPA Market Overview

### Seen This Before

- Evolutionary Survival
- Historic Deal Volume
- Better to be the Steamroller

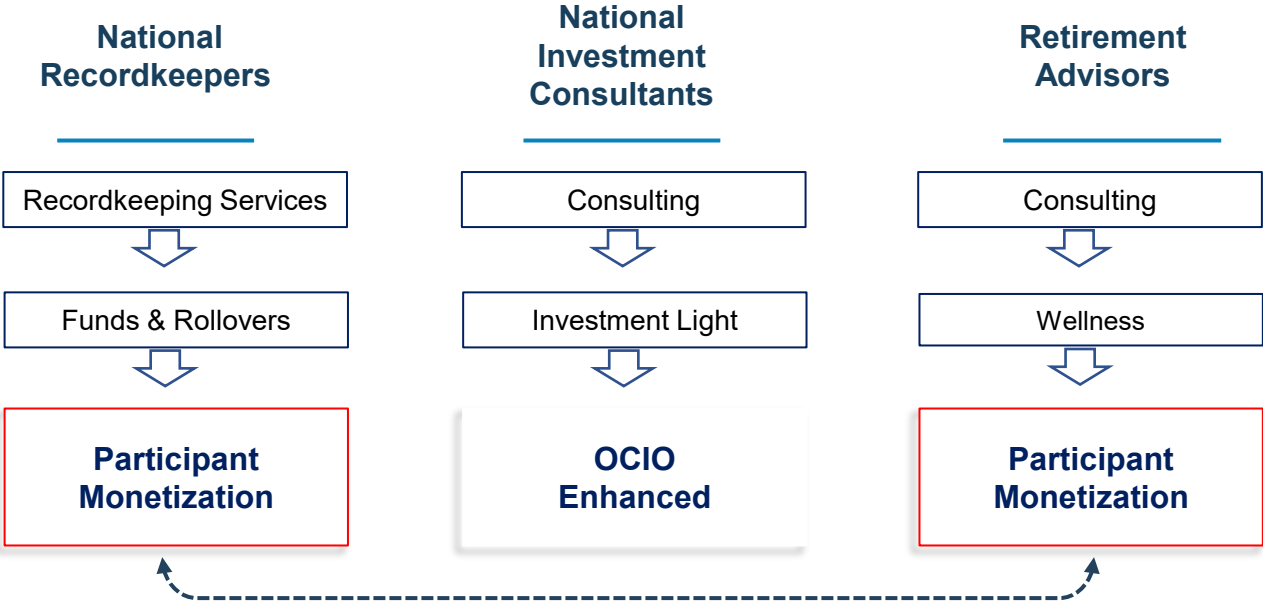
### Game Changer

- Bottom of 2<sup>nd</sup> Inning
- Separating from the Pack
- Game Changer

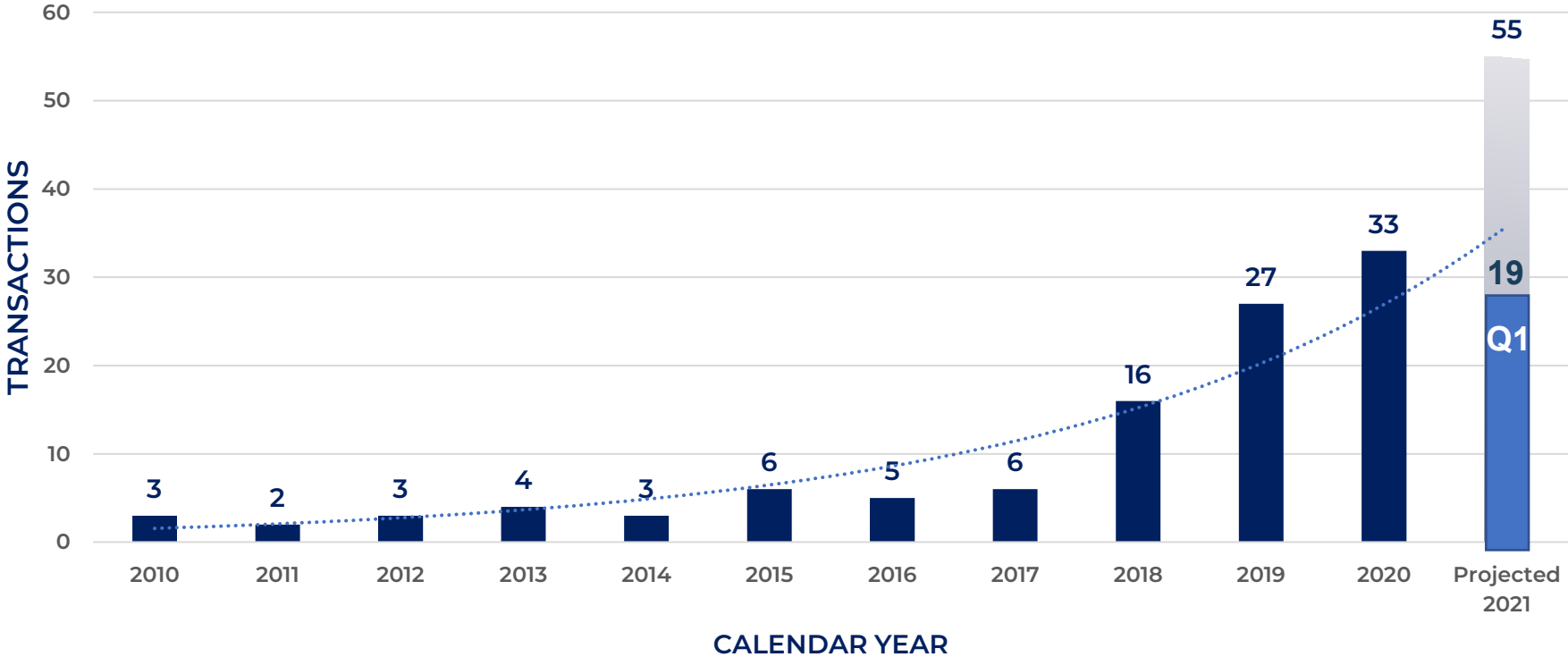
### Match and Money

- Table Stakes
- Historical Multiples...For Now
- Where is This Going?

# Evolutionary Survival Across Retirement



# Steadily Increasing Transaction Volume (\*Retirement Focused)



# Retirement & Wealth Advisory Firm Acquirers

| RIA AGGREGATORS   |               |            | INSURANCE BROKERAGE STRATEGIC                                   |               |            | INSURANCE BROK. OPPORTUNISTIC                                       |              |           | AFFILIATE PLATFORMS  |               |
|---|---------------|------------|---|---------------|------------|---|--------------|-----------|--|---------------|
| Branded Strategic Acquirers with core Retirement and Wealth |               |            | Branded Strategic Acquirers with P&C and Benefits Primary Focus |               |            | Branded Opportunistic Acquirers with P&C and Benefits Primary Focus |              |           | Affiliated tools, services and intellectual capital with some potential acquisitions |               |
| Firm  | AUA           | FAs        | Firm  | AUA           | FAs        | Firm  | AUA          | FAs       | Firm   | AUA           |
| CAPTRUST  | \$600b        | 177        | NFP   | \$210b        | 157        | USI   | \$23b        | 10        | RPAG   | \$300b        |
| Sageview  | \$115b        | 68         | Lockton   | \$95b         | 37         | Alliant   | \$12b        | 11        | GRPF   | \$52b         |
| Prime Capital   | \$60b         | 46         | Gallagher   | \$47b         | 65         | Alera Group   | \$5b         | 9         | Pensionmark  | \$41b         |
| Cerity Partners   | \$5b          | 23         | HUB   | \$43b         | 32         | Assured Partners  | \$4b         | 7         | Resources  | \$45b         |
|   |               |            | One Digital   | \$42b         | 34         | Baldwin Risk  | \$3b         | 4         | SRP  | \$19b         |
|   |               |            | CBIZ  | \$40b         | 25         | Broadstreet   | \$2b         | 3         | VisionPoint  | \$15b         |
|   |               |            | MMA   | \$37b         | 15         |   |              |           | Intelligents   | \$11b         |
| <b>Total</b>  | <b>\$780b</b> | <b>314</b> | <b>Total</b>  | <b>\$514b</b> | <b>365</b> | <b>Total</b>  | <b>\$49b</b> | <b>44</b> | <b>Total</b>   | <b>\$483b</b> |

| NATIONAL CONSULTANTS                                 |                | BOUTIQUE CONSULTANTS                       |               | WEALTH MANAGEMENT                        |               | OTHERS  |
|--|----------------|--|---------------|--|---------------|---|
| Seven firms with largest retirement practices by AUA |                | Largest of the next seven consulting firms |               | Strategic Wealth platforms and acquirers |               | Wire House and private equity firms who are acquiring |
| Firms  | AUA            | Firm                                       | AUA           | Firm                                     | AUA           | Firm  |
| Mercer   | \$1.70T        | Russell                                    | \$74b         | Focus Financial                          | \$95b         | Wire House  |
| Aon  | \$1.60T        | Pension Alliance                           | \$51b         | Hightower                                | \$55b         | Private Equity  |
| Callan   | \$396b         | PEI  | \$49b         | Blue Spring Partners                     | \$12b         | Edelman Financial Engines                             |
| Meketa   | \$215b         | Milliman                                   | \$34b         | Dynasty Financial Partners               | \$25b         | Banks   |
| RVK  | \$205b         | Buck                                       | \$31b         | Mariner                                  | \$22b         | Regional Benefit Firms                                |
| Cambridge  | \$195b         | Ellwood                                    | \$29b         | Cetera                                   | \$20b         |   |
| Wilshire   | \$175b         | Marco                                      | \$27b         |  |               |   |
| <b>Total</b>   | <b>\$4.49T</b> | <b>Total</b>                               | <b>\$295b</b> | <b>Total</b>                             | <b>\$229b</b> |   |

# Retirement Advisory Remains Fragmented

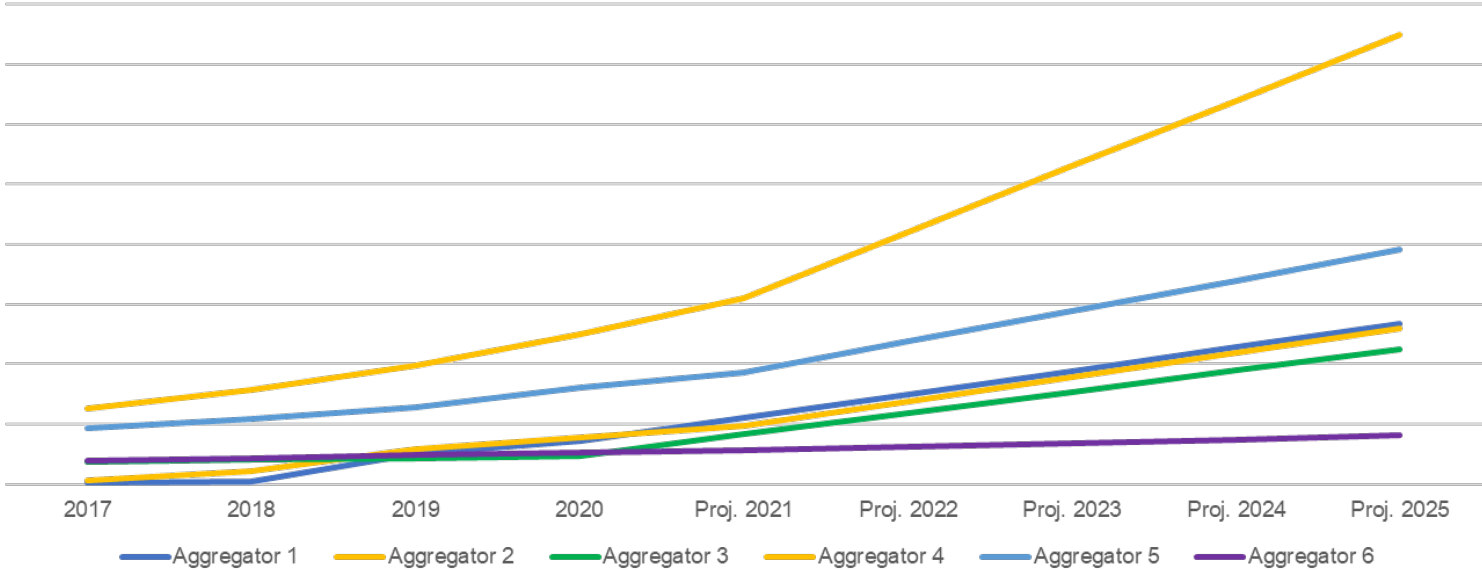
|   |                     | WIREHOUSE | NATIONAL AND REGIONAL BD | IBD    | HYBRID RIA | INDEPENDENT RIA | INSURANCE BD | RETAIL BANK BD | ALL ADVISORS |
|---|---------------------|-----------|--------------------------|--------|------------|-----------------|--------------|----------------|--------------|
|   | FIRM EXAMPLE        | UBS       | RAY JAY                  | LPL    | SCHWAB     | RESOURCES       | AXA          | WFA            |              |
| <b>SPECIALISTS</b><br><small>(≥50% IN RET)</small>          | NUMBER OF ADVISORS  | 2,341     | 1,820                    | 3,744  | 2,756      | 1,579           | 5,812        | 1,439          | 19,491       |
|   | NUMBER OF PRACTICES | 752       | 588                      | 1,189  | 916        | 140             | 2,523        | 78             | 6,186        |
| <b>OCCASIONALISTS</b><br><small>(15% TO 49% IN RET)</small> | NUMBER OF ADVISORS  | 10,464    | 6,807                    | 11,619 | 6,045      | 5,923           | 21,615       | 5,008          | 67,481       |
|   | NUMBER OF PRACTICES | 3,162     | 2,573                    | 3,508  | 2,956      | 505             | 5,262        | 1,323          | 19,289       |
| <b>NON-PRODUCERS</b><br><small>(&lt;15% IN RET)</small>     | NUMBER OF ADVISORS  | 34,224    | 31,762                   | 44,755 | 18,586     | 29,457          | 49,257       | 16,210         | 224,251      |
|   | NUMBER OF PRACTICES | 11,386    | 11,718                   | 16,446 | 10,821     | 2,887           | 16,669       | 5,165          | 75,092       |
|   | TOTAL ADVISORS      | 47,029    | 40,389                   | 60,118 | 27,387     | 36,959          | 76,684       | 24,454         | 311,223      |
|   | TOTAL PRACTICES     | 15,300    | 14,879                   | 21,143 | 14,693     | 3,532           | 24,459       | 6,566          | 100,567      |

- ▶ WRG tracks 750 elite retirement & wealth advisory firms who are the primary acquisition targets based on size and capability.
- ▶ There are an additional 5,400 firms/practices with 17,000 advisors whose business mix is at least 50% retirement revenue and an additional 19,289 firms/practices with 67,481 advisors have a business mix with retirement revenue of at least 15.% retirement revenue.

# Aggregators Projected Revenue Growth Rates

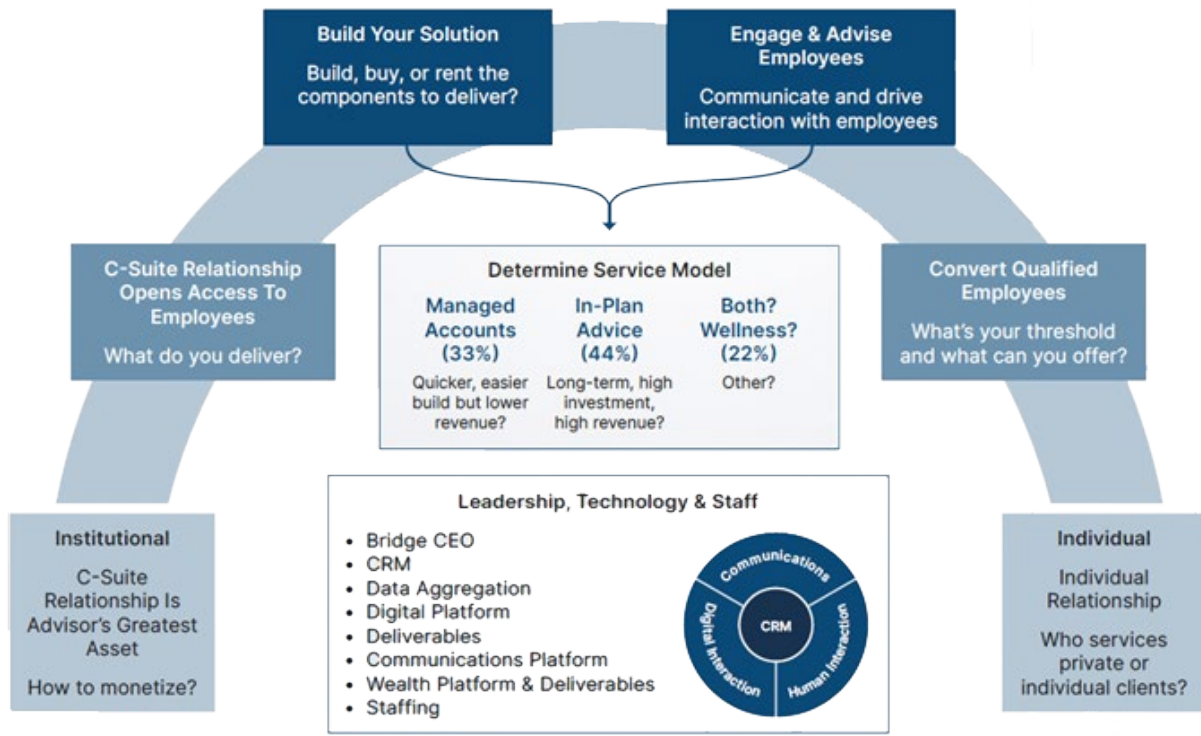
## Creating Separation and Scale Advantage

Retirement Revenue (millions)



# The Game Is Changing

## The Bridge From Retirement to Wealth





# Buy-Side Table Stakes

Educated Sellers are Beginning to Understand What They Need

|  |  |
|--|--|
|   | <p><b>Commitment, Leadership, and Vision</b></p> <ul style="list-style-type: none"> <li>• Clear roadmap to organic and inorganic growth</li> <li>• Ability to articulate a clear vision around navigating the changing landscape</li> </ul>          |
|   | <p><b>Cultural Fit</b></p> <ul style="list-style-type: none"> <li>• The alchemy of many important (but often small) things</li> <li>• I know it when I see it</li> </ul>   |
|   | <p><b>Growth Engine</b></p> <ul style="list-style-type: none"> <li>• Scale through retirement, wealth and tech acquisitions</li> <li>• Cross-sell other c-suite solutions and participant-based services and wealth advisory</li> </ul>              |
|   | <p><b>Scalable Tech Platform</b></p> <ul style="list-style-type: none"> <li>• Back-Office, Middle-Office, Retirement, Wealth, Participant Advice</li> <li>• Bridge between retirement advisory through the participant to wealth advisory</li> </ul> |
|   | <p><b>Financial Firepower</b></p> <ul style="list-style-type: none"> <li>• Capital and support to grow and scale towards being a strong operating company</li> <li>• Acquisitions and Technology</li> </ul>  |
|   | <p><b>Brand &amp; Expertise</b></p> <ul style="list-style-type: none"> <li>• Advisor recruiting brand, c-suite brand and employee level brand</li> <li>• Broad capabilities</li> </ul>   |
|  | <p><b>Role Expansion and Career Opportunities</b></p> <ul style="list-style-type: none"> <li>• Beyond the practice to Region and Nationally</li> <li>• Larger company opens more possibilities for staff</li> </ul>                                  |

# Retirement Advisory Firm Multiples 2021

| FIRM TYPE   | DESCRIPTION  | MULTIPLE       |
|---|--|----------------|
| Scaled Retirement & Wealth Firm -Validated Model High Growth                        | CAPTRUST PE Deal With GTCR In 2020 At 20x  | 18.00 – 20.00x |
| Insurance Brokerage - Mega  | Top 5 Largest Firms: AON, Willis, Marsh, Brown & Brown, Gallagher                                      | 16.00 – 18.00x |
| Insurance Brokerage – Mid/Large   | Top 6 – 20 Firms: OneDigital Recap (June 2020)   | 14.00 – 16.00x |
| Fully Integrated Retirement & Wealth Advisory Platform With Affiliates (\$15m+ Rev) | Independent Centralized Platform And Affiliate Firm Network Focused On Retirement And Wealth Advisory. | 12.00 - 14.00x |
| Retirement & Wealth Advisory Firm - Regional Elite (\$8m+ Rev)                      | Regionally Scaled Ensemble Business Typically With Multiple Offices.                                   | 10.00 – 12.00x |
| Retirement & Wealth Advisory Firm - Elite (\$2m - \$8m Rev)                         | Elite Single Office Business   | 8.50 – 10.00x  |
| Retirement Advisory Firm – (\$750k - \$2m Rev)                                      | Emerging Single Office Business  | 6.00 - 8.50x   |
| Retirement Advisory Practice/Book – (< \$ 750 Rev)                                  | Practice/Book Of Business  | 4.00 - 6.00x   |