



RPA Convergence Workshop

Market Update & Value Drivers Overview



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Retirement M&A Landscape

- ▶ Valuations are still increasing, until supply/demand balance changes.
- ▶ Early Stages of wealth advisory acquisition increase.
- ▶ Certain scaled players may not have the strategic will to continue.
- ▶ Increasing focus on participant monetization infrastructure.
- ▶ Trading your stock for their stock
- ▶ Client service expectations evolving – principals/staff reassessing life goals and work-life balance



Acquisition Activity Continues To Accelerate

Aggregators Aggressively Building Out Their Regional Teams



Retirement & Wealth Acquirers

Demand At Historical High From Multiple Segments

RIA AGGREGATORS		INSURANCE BROKERAGE STRATEGIC		INSURANCE BROK. OPPORTUNISTIC		INSURANCE BROKERAGE REGIONAL	
Branded Strategic Acquirers with Retirement and Wealth Focus		Branded Strategic Acquirers with P&C and Benefits Focus		Branded Opportunistic Acquirers with P&C and Benefits Focus		Regional P&C and Benefits Firm Acquirers	
Firm	AUA	Firm	AUA	Firm	AUA	Firm	
CAPTRUST	\$550b	NFP	\$282b	USI	\$23b	Heffernan	
SageView	\$128b	HUB	\$95b	Alliant	\$12b	MJ Insurance	
Prime Capital	\$60b	Lockton	\$92b	Alera Group	\$5b	Shepherd Insurance	
Cerity Partners	\$28b	MMA	\$65b	Assured Partners	\$4b	Woodruff Sawyer	
		OneDigital	\$62b	Baldwin Risk	\$3b	Oswald	
		Gallagher	\$47b	Broadstreet EPIC	\$2b		
		CBIZ	\$41b				
Total	\$766b	Total	\$684b	Total	\$49b		

AFFILIATE PLATFORMS		WEALTH AGGREGATORS		PRIVATE EQUITY		OTHER FIRMS	
Affiliated tools, services and intellectual capital with some potential acquisitions		Strategic Wealth platforms and acquirers		Private Equity with focus in retirement & wealth		Miscellaneous Other Acquirers	
Firm	AUA	Firm	AUA	Firm		Firm	
RPAG	\$425b	Focus Financial	\$95b	Aquiline Capital Partners		Edelman Financial Engines	
GRPF	\$96b	Hightower	\$55b	GTCR		PNC Bank	
Pensionmark	\$47b	Blue Spring Partners	\$12b	Parthenon		EdgeCo Holdings	
Resources	\$45b	Dynasty Financial Partners	\$25b	Lightyear Capital		Fiducient	
SRP	\$15b	Mariner	\$22b	TowerBrook		Morgan Stanley	
VisionPoint	\$15b	Cetera	\$20b	Abrey			
Intelliscents	\$12b			Warburg Pincus			
Total	\$655b	Total	\$295b	Total			

Retirement Advisory Acquisitions League Table

28 Different Buyers With At Least 1 Retirement Firm Acquisition

Acquirer	Total Acquisitions	Acquirer Type
CAPTRUST	52	RIA Aggregator
HUB	33	Insurance Brokerage
OneDigital	27	Insurance Brokerage
NFP	11	Insurance Brokerage
MMA	7	Insurance Brokerage
Gallagher	5	Insurance Brokerage
SageView	5	RIA Aggregator
CBIZ	3	Business Services
Assured Partners	3	Insurance Brokerage
Cerity Partners	2	RIA Aggregator
DB Root (Dynasty)	2	RIA Aggregator
Focus Financial	2	Wealth Aggregator
Prime Capital	2	RIA Aggregator

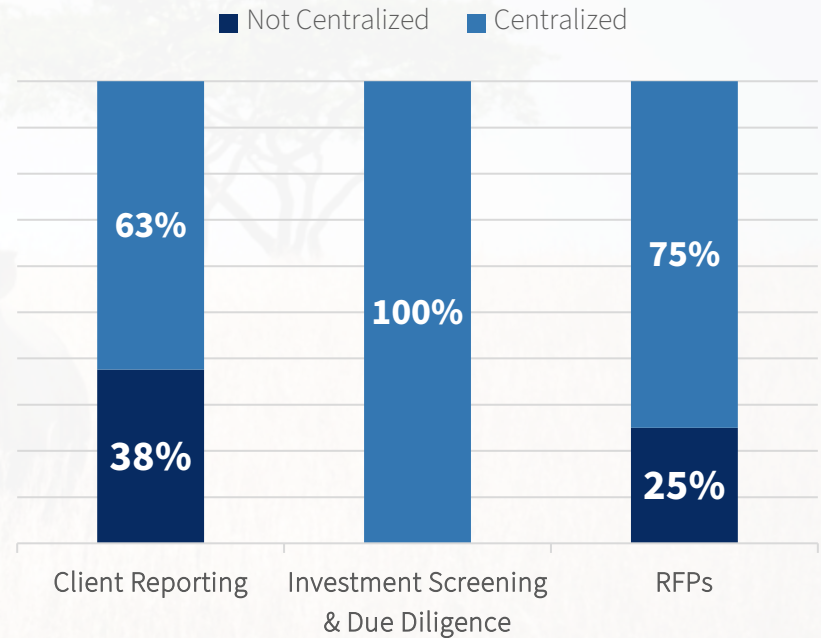


Retirement Aggregator Playbook

Retirement Advisory Becomes a Loss Leader

- ▶ Acquire Retirement Advisor Capabilities in Major Markets.
- ▶ Build Out Centralized Functions for Maximum Efficiency.
- ▶ Build Retirement/Wealth “Bridge” to Deliver Participant In-Plan Advice/Managed Accounts.
- ▶ Acquire Wealth Advisory Capabilities in Major Markets.
- ▶ Refer Segmented “Bridge Plan Leads” to local Wealth Offices.
- ▶ Direct Smaller Non-Core Wealth Leads to House Program.
- ▶ Adjust Retirement Advisory Pricing Down As Participant Based Services Draw Increased Significant Revenue.

Centralization of Select Processes (Top 8 Aggregators 2021)



Current Level of Priority to Centralize Processes and Remove Non-Client Facing Tasks From Advisors (Top 8 Aggregators 2021)



CAPTRUST – Case Study

- Built Leading National Retirement Advisory Firm
- Established Centralized Efficient Operating Platform
- Strategically Acquired Wealth Advisory Capabilities to Match/Partner with Retirement Advisory
- Now Focused on Building Out Wealth Bridge – Technology & People Hybrid
- Significant Uptake of In-Plan Advice Program from 3,600 Retirement Advisory Clients (6.5m Participants)
- >40% of wealth advisory focus segment leads originate in retirement plan business

	ASSETS UNDER ADVISEMENT	REVENUE	EBITDA
TOTAL	\$700b	\$300M	\$85M
RETIREMENT ADVISORY	\$550B (92%)	\$180M (60%)	\$45m (53%)
WEALTH ADVISORY	\$50B (8%)	\$120M (40%)	\$40M (47%)



Retirement Advisory Firm Table Stakes

What Retirement & Wealth Advisory Firms Value Most When Considering a New Partner



Commitment, Leadership, and Vision

- Clear roadmap to organic and inorganic growth
- Ability to articulate a clear vision around navigating the changing landscape



Culture and Community

- The alchemy of many important (but often small) things
- Retirement advisors know it when they see it



Growth Engine

- Scale through retirement, wealth and tech acquisitions
- Cross-sell other c-suite solutions and participant-based services and wealth advisory



Scalable Tech Platform/Operating Company

- Back-Office, Middle-Office, Retirement, Wealth, Monetize Participant
- Centralization of certain services to drive efficiency



Financial Firepower

- Capital and support to grow and scale towards being a strong operating company
- Acquisitions and Technology



Brand & Expertise

- Advisor recruiting brand, c-suite brand and employee level brand
- Broad capabilities



Role Expansion and Career Opportunities

- Beyond the practice to Region and Nationally
- Larger company opens more possibilities for staff



Proven Post Merger Integration Model

- Experienced with an effective transition blueprint
- Impacts partners, staff and clients

Drivers of Retirement Advisory Firm Enterprise Value

Think like a Buyer

Service Model Drivers

- Plan Investment Solutions/Managed Accounts
- Participant Advice
- Wealth Advisory
- Employee Benefits+

Fundamental Drivers

- Revenue Size
- Predictable and Recurring Revenue and Trend Line
- Margin/EBITDA and Trend Line
- Client Concentration Risk
- Leadership Capabilities and Brand
- Geography

Variable Drivers

- Client Demographics and Tenure
- Team Capabilities, G2, Recognition and Brand
- Breadth of Services
- Organic Growth Strategies and Results
- Cost Structure, Platform & Technology

Systematic Level Drivers

- Economy, Legislation, Technology, Pandemics



Consider Doing These Things Now

- ▶ **Become a Student of the Retirement Advisory Firm Industry.**
- ▶ **Prioritize Business Management. Develop a Plan. Benchmark Periodically.**
- ▶ **Identify, Understand and Improve Your Firms Key Value Drivers.**
- ▶ **Learn To Think Like A Buyer As You Build Your Business.**
- ▶ **Seek Assistance From An Experienced Business Advisor.**

