The 2019 ECHELON RIA M&A Deal Report

INVESTMENT BANKERS | MANAGEMENT CONSULTANTS | VALUATION EXPERTS

to the Wealth and Investment Management Industries

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Executive Summary

Dear Dealmakers,

We know how much you love high-powered research and analysis on mergers, acquisitions, capital raising, and valuation. With that in mind, we have been working diligently to assemble valuable deal intelligence and resources in this report just for you.

As part of this introduction, we would like to highlight several of the key takeaways and trends that we found most impactful in our analysis of dealmaking in 2019 as well as some notes for what to expect in the future.

I. **Wealth Management Deal Activity:** 2019 was the seventh straight record-setting year in terms of number of deals completed, with 203 transactions recorded in ECHELON's M&A Deal Tracker. This represents a 12.2% increase over 2018 and a 15.4% annual growth rate over the past five years. Activity was especially high in the second and fourth quarters. The year's record total demonstrates that, despite heightened valuations and market volatility, structural forces in the market continue to drive deals to the finish line. Firms increasingly view the benefits of consolidation versus a path of independence. Larger firms benefit from cost savings, have improved resources to invest in the latest technology, and have an easier time recruiting talent. While deal volume was dominated by strategic buyers such as Focus Financial and Mercer Advisors, the largest deals were carried out by private equity investors and large financial institutions as measured by AUM transacted.

II. **Breakaway Deal Activity:** Breakaway activity increased for the second straight year, setting a new record for the number of annual breakaway deals. There were 655 breakaways recorded in 2019, a 21.7% increase over 2018 and a 40% increase over 2015, the previous record year. The heightened breakaway activity has been attributed to several key industry factors, including the expiration of forgivable loans issued to advisors during the 2008 financial crisis and the dissipation of fears related to several wirehouses removing themselves from the longstanding broker protocol within the past two years. The biggest winners in terms of assets gains from breakaways included Wells Fargo Advisors Financial Network ($19.8 BN) and Raymond James Financial Services ($18.6 BN). Conversely, the teams that lost the most assets from breakaways included Wells Fargo Clearing Services ($70.3 BN) and Morgan Stanley ($24.5 BN).

III. **WealthTECH Deal Activity:** Deal and capital raising trends present the following key developments: a race to build the most complete WealthTECH product suite by the best-capitalized strategics; an increase in partnership and white-label rollouts versus a buy and/or build strategy; and a continuance in the advisor community's desire to improve client experience via technology. Deals and partnerships between traditional wealth management platforms (and other financial institutions) and pure play WealthTECH businesses continued to drive increased technological adoption rates across the industry, improving the end-consumers experience. There is also healthy capital raising activity for startups, who are generating interest from a variety of investors, including venture capital, growth equity funds, and strategic investors. The most prominent deals of the year involved strategic investors including BlackRock, Broadridge Financial Solutions, Invesco, and Envestnet, who boosted their WealthTECH service offerings via M&A.

Deals and Dealmakers of the Year

Here we outline the most prominent deals of the year. This year's deals signal the following trends: consolidation among the largest firms, heightened private equity interest in the independent broker dealer industry, a race to build a robust WealthTECH product suite, and the aggregation of retirement planning assets.

Who: Charles Schwab acquires TD Ameritrade
What: Business lines acquired include a brokerage platform and custodian business that services over $1.3 TRN in assets
When: November 2019
How: Estimated transaction value of $26 BN and 12-15x EBITDA multiple
Why: Schwab's mantra for the upcoming year at their annual IMPACT conference was "All in," and the announcement of a potential merger with TD Ameritrade is a testament to the slogan (as well as a reaction to increased fee pressure in the brokerage business). Some industry observers are worried that the consolidation of two of the biggest players could flag antitrust issues. The new entity will hold over a third of the RIA custody market but only 11% of total client assets in the retail financial services market. There is expected to be over $2 BN in cost savings, and Schwab's stock has reacted positively to the announcement.

Who: Warburg Pincus acquires Kestra Financial
What: Business lines acquired include an independent broker dealer platform that serves over 2,000 advisors and $92 BN AUA
When: February 2019
How: Estimated transaction value of $600-$800 MM and 9-12x EBITDA multiple
Why: Warburg's investments in the sector include The Mutual Fund Store (exited), Financial Engines (exited), and Facet Wealth (current). The private equity behemoth is a well-versed buyer and has the capital and resources for Kestra to conduct M&A in the IBD and RIA market (via its new venture Bluespring), improve its technology platform, and further develop its investment management division.

Who: Reverence Capital Partners acquires Advisor Group
What: Business lines acquired include an independent broker dealer platform that serves over 7,000 advisors and $268 BN AUA
When: August 2019
How: Estimated transaction value of $2.3 BN and 12-15x EBITDA multiple
Why: The transaction is part of a growing theme in private equity consolidating the broker dealer landscape. Although Advisor Group has signaled that M&A is not its primary strategy, we expect the company and its subsidiaries (FSC Securities, Royal Alliance, SagePoint Financial, and Woodbury Financial) to be more acquisitive with the fresh infusion of capital. In fact, Advisor Group announced a prospective merger with Ladenburg Thalmann only months later, which would create a mega platform serving approximately 11,500 advisors and boost assets to more than $450 BN.

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Who: Goldman Sachs acquires United Capital
What: Business lines acquired include a $25 BN AUM RIA focused on the mass affluent market as well as the TAMP FinLife, which boasts ~$23 BN in contracted assets
When: May 2019
How: Estimated transaction value of $750 MM and 18-22x EBITDA multiple
Why: The United Capital platform is one of the industry's most successful and renowned platforms for providing financial advice to the mass affluent market (net worth $1 MM to $15 MM), an area of the market that Goldman had not historically focused its wealth management services on. The deal signifies a change in strategy for the bank and provides a platform for cross-selling other products such as personal lending and its growing mortgage presence.

Retirement & Trust Assets

Who: Principal Financial acquires assets from Wells Fargo
What: Business lines acquired include Wells Fargo's defined contribution, defined benefit, executive deferred compensation, employee stock ownership plans, institutional trust and custody, and institutional asset advisory businesses
When: April 2019
How: Estimated transaction value of $1.2 BN and 8-12x EBITDA multiple
Why: Through this acquisition, Principal will double the size of its U.S. retirement business by the number of total recordkeeping assets. In addition to increased scale, Principal will gain a strong foothold with midsized employers as more than two-thirds of Wells Fargo's institutional retirement assets are in plans ranging from $10 MM to $1 BN. Fee compression and increased regulatory insight to how retirement assets are managed were likely drivers of the deal.

Who: Envestnet acquires TXN and MoneyGuidePro
What: Business lines acquired include a web application for consumer spending analytics, competitive intelligence and surveys (TXN), and a financial planning software company (MoneyGuidePro)
When: TXN August 2019, MoneyGuidePro March 2019
How: Estimated transaction value of $90 MM for TXN and $500 MN for MoneyGuidePro
Why: The race to complete the most diversified and complete WealthTECH product suite is heating up. Envestnet is among the largest WealthTECH providers in the industry and has built a roster of technology solutions spanning modeling and execution, CRM, accounting and reporting, operations and compliance, and decision support. Via its acquisition of TXN, the Envestnet platform improves its understanding of client spending patterns, while the MoneyGuidePro deal adds asset allocation, goal performance, and financial statement analysis to its existing software-based financial planning capabilities.

The Drivers of Increased Industry Deal Activity

Based on our investment banking and consulting advisory assignments, ECHELON Partners has identified the following drivers for the recent increase in deal activity:

I. **Increased Interest from Well-Capitalized Buyers:** Aggregators, consolidators, emerging independent RIA leaders, large financial services firms, and private equity capital have fueled the increase in deal volume and AUM transacted. Specifically, within private equity there is a new appreciation for the recurring revenue associated with the wealth management industry. ECHELON has observed an increase in both direct and indirect private equity deals, with deal volume increasing from 34 in 2017 to over 80 in 2019 (~235% increase). For reference, private equity capital backs some of the most aggressive consolidators and strategics (Mercer Capital, Wealth Enhancement Group, and Allworth). Furthermore, there has been an increase in PE-to-PE deals, a sign of improved liquidity for the sector.

II. **Increased Availability of Financing:** For decades, a general lack of deal financing plagued the wealth management industry as traditional lenders overlooked the industry's attractive recurring revenue streams and balked at the risk associated with the industry's lack of assets to foreclose on in the event of a default. Recently, more savvy, cash flow-appreciating lenders have entered the market and helped fuel the ability of smaller, less experienced buyers to execute transactions, allowing them to grow, recognize operational efficiencies, attract talent, and realize other benefits from increased scale. The table below presents the evolution of debt financing for RIAs. Participants range from local regional banks to, more recently, platforms dedicated to helping RIAs grow via debt capital and other sources.

Debt Financing Source	2011	2012	2013	2014	2015	2016	2017	2018	2019
Local/regional banks									
Specialty lenders									
IBDs									
Wirehouses									
Rollups									
Platforms									

III. **Increased Number of Peer-to-Peer Deals:** Sellers can sometimes turn to someone with whom they already have a trusting relationship (either internally or externally). In such cases, due diligence progresses faster and with fewer complications, resulting in a greater probability of the deal getting done and staying together.

IV. **Market Cycle Timing:** Given that it usually takes at least a year to consummate a deal, trying to time the market with the sale of your company can prove extremely difficult. Still, advisors are attempting to factor in market cycles when timing their exit strategies. With the U.S. economy in its 11th year of an expansion, the longest on record, we expect to see continued interest in the M&A process and upward pressure on deal activity.

The Drivers of Increased Industry Deal Activity

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V. The Tipping Point for Demographics: The demographics of wealth management business owners are reaching a tipping point and forcing M&A-related succession planning.

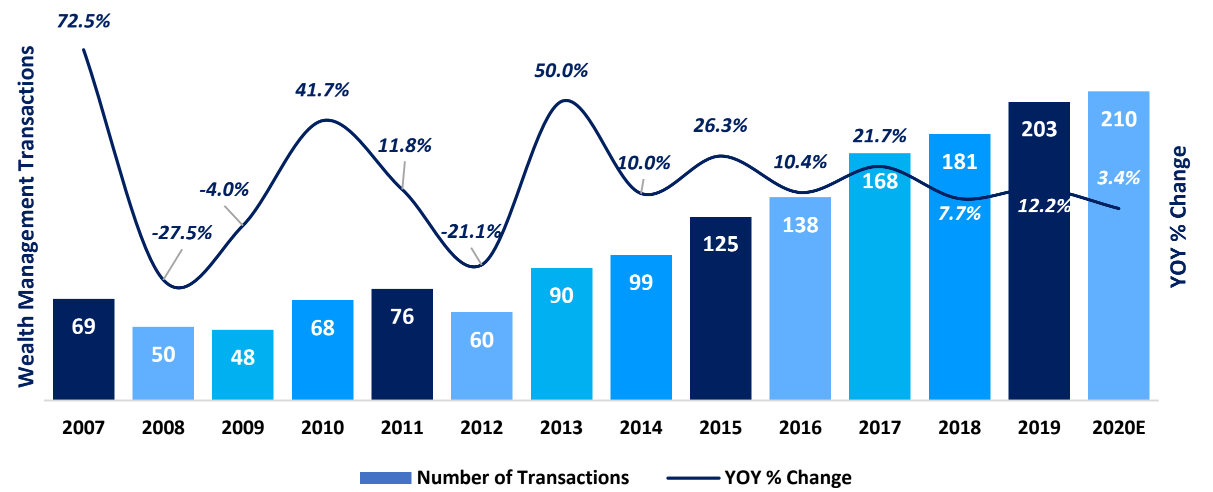
VI. Greater Motivation to Break Away: An aging advisor demographic, the desire for liquidity, a possible market downturn, and the wide availability of financing programs are all factors that helped drive this year’s record breakaway activity. Additionally, the ongoing expiration of forgivable loans has continued to spur breakaways.

Section 1. Wealth Management Deal Activity

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

In 2019, M&A activity in the wealth management industry reached a new record high – the seventh straight record-setting year. The year's 203 transactions, or roughly 17 per month, represent a 12.2% increase over last year's record level and a 15.5% compound annual growth rate (CAGR) since the business cycle trough in 2009. The year's 12.2% YOY growth rate also indicates an acceleration in dealmaking that took place in 2018, which saw only a 7.7% annual increase. Still, as **Exhibit 1** shows, growth in the past six years has been relatively steady, and years of expansion have seen lower annual growth than years prior to 2013. This current trend would suggest approximately 210 deals to close in 2020, or approximately 18 per month.

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



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

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

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

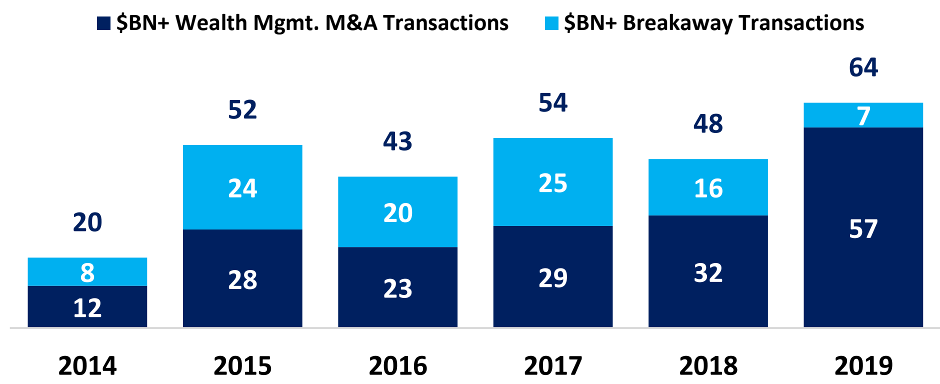
1. **Smaller Deals:** Most deals involving firms with less than $100 MM in AUM go unreported and therefore are very difficult to identify.
2. **Internal Deals:** Deals inside a firm between partners also often go unreported and would likely need to involve a material amount of equity changing hands to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

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

2019 saw a 33% increase in the number of M&A deals and breakaway transactions involving $1 BN+ wealth managers, breaking a trend of relatively little growth that the industry had experienced since 2015's massive increase in deals this size.

Exhibit 2: $1 BN+ Transactions Surge Again

Deals for $1 BN+ wealth managers surge in 2019, fueled by a 78% increase in $1 BN+ M&A transactions.



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

Given the 11-year expansion of equity markets and enterprise values since the market downturn in 2008 and the increased number of advisors over age 60, more entrepreneurs have been motivated to solidify their succession solutions and secure their liquidity events.

With more than 500 wealth managers over the $1 BN in AUM threshold, the deal volumes of recent years would suggest that over 10% of the firms have conducted a transaction. We believe this 10% rate is a more accurate representation of industry-wide deal volume, considering the high frequency of reporting of larger deals involving over $1 BN AUM. This 10% deal volume number is 3-4x the level observed in the broader market, which squares with ECHELON's estimate of the magnitude of unreported deals.

There is more buyer interest in these $1 BN+ AUM targets than in smaller firms, for the following reasons:

1. **They Are Ideal Platforms:** Those seeking to make multiple acquisitions in the RIA space almost always need to start with a platform: a firm that has everything it needs to get started. This includes the people, processes, and technology. Most firms with $1 BN in AUM or more are believed to possess the ideal mix of size and development.
2. **They Are Established Businesses:** Firms over $1 BN in AUM often have more infrastructure, systems, management, protective redundancy, and financial wherewithal. Together, that means these targets have lower risk and more durability across this business cycle. Said another way, if a key client or team member leaves the firm, the firm is likely to be more sustainable and to experience less disruption than would occur in a smaller firm.
3. **Most Have Over $3 MM in EBITDA:** Most professional investors require that the firms they invest in have at least $3 MM in EBITDA. They seek this as a cushion above breakeven financial performance.

With transaction volume and acquisitions of larger firms at new all-time highs, it is only natural to ask: "What types of firms are leading this buying activity?" We have illustrated the answer in **Exhibit 3**.

RIAs: This group has increased only slightly from its all-time low in 2018, closing 57 deals, or approximately 28% of wealth management transactions in 2019. This level is still well below what the category was responsible for in most years between 2009 and 2017. This decline is likely due to well-capitalized and sophisticated private equity firms that have been attracted to the industry in recent years.

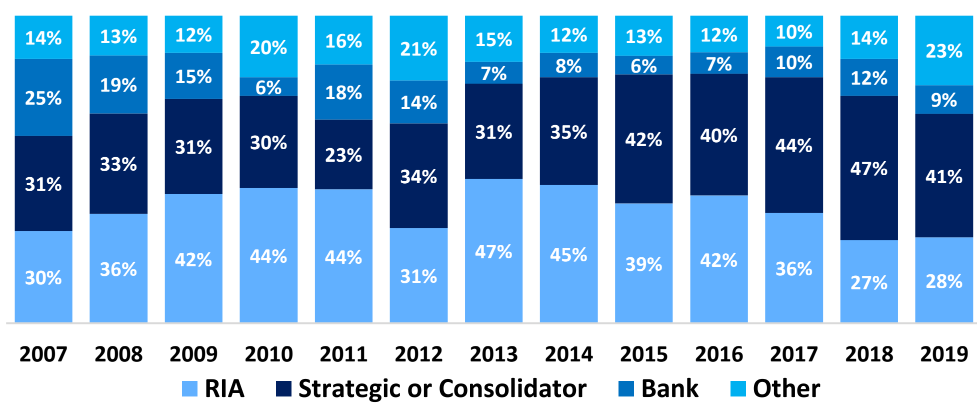
We use the "RIA" label to describe those firms that have completed fewer than three deals, are generally smaller in their strategic reach, and usually have more modest financial resources. Therefore, transactions involving RIA acquirers tend to be smaller deals completed in the other categories.

Strategic Buyers or Consolidators: In 2019, these buyers accounted for 41% of transactions with a deal count of 83, the most of any category, and an amount in line with the category's levels since 2015.

In the past five years, strategic buyers and/or consolidators accounted for an average of 43% of the industry's reported deal activity, which is a large increase from the 31% of reported deals that the category was responsible for in the five years preceding that period. It is worth noting that this group is not all rollup firms. Instead, it represents primarily firms that a) already have a platform, b) have considerable industry knowledge, and c) have done more than a couple of M&A transactions.

Exhibit 3: Strategics Lose Ground, Maintain Title of Most Active Dealmaking Category

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



Sources: Company Reports, SEC IARD, ECHELON Partners Analysis

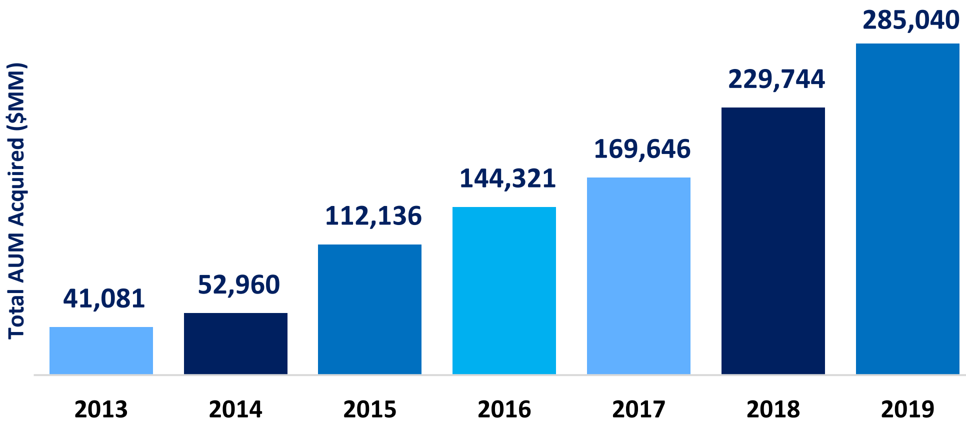
Banks: In 2018, bank acquirers saw their market share decline, leaving them as the smallest category in this acquisition chart. There is still life in the segment, though. Charles Schwab's purchase of TD Ameritrade's $1.3 TRN in AUM in November was the largest deal since ECHELON began tracking this data.

Other: The Other category experienced a record year, fueled by private equity firms that were attracted to the industry's larger platforms with recurring revenue, high margins, and leverageable EBITDA.

Exhibit 4 highlights the large increase in the aggregate AUM transacted since 2013. Total AUM transacted grew at 38% annually during this period, while the total deal count increased by only 14%, indicating that large transactions are becoming increasingly common. This figure does not include mega transactions ($20 BN+ in AUM). 2019 was a record high in the amount of AUM acquired and was 24% higher than 2018, the previous record year.

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

Cumulative AUM transacted has increased at over 38% annually since 2013.

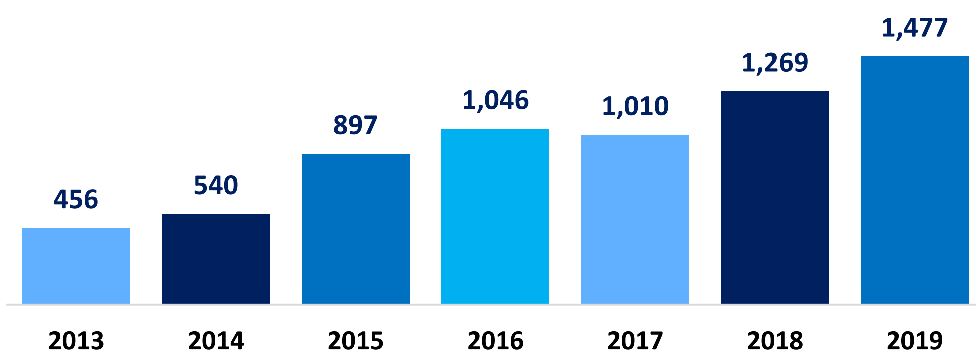


**Total AUM excludes deals with AUM of $20 BN or higher and $100 MM or lower*
Sources: Company Reports, SEC IARD, ECHELON Partners Analysis

Exhibit 5 showcases average AUM per M&A transaction increasing 16% over 2018 and reaching new record levels. This represents the fourth year in a row that average deal size has exceeded $1 BN in AUM. If trend-level growth rates continue, deal volume could reach 210 in 2020 and average deal size could approach $2 BN, translating to over $400 BN in AUM changing hands.

Exhibit 5: Average AUM per Deal Surpasses $1 BN Again, Reaching Record High

Average AUM per reported deal reaches record highs.



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

As seen in **Exhibit 6**, M&A activity is expected to increase across the board and despite the increase in $BN deal activity, transactions involving practices with under $100 MM in AUM will continue to dominate the M&A market by number of transactions. Most deals of this size go unreported, so it's very difficult to develop a precise picture of what is happening in that sector of the market.

Exhibit 6: Deals Under $100 MM Expected to Dominate Deal Volume

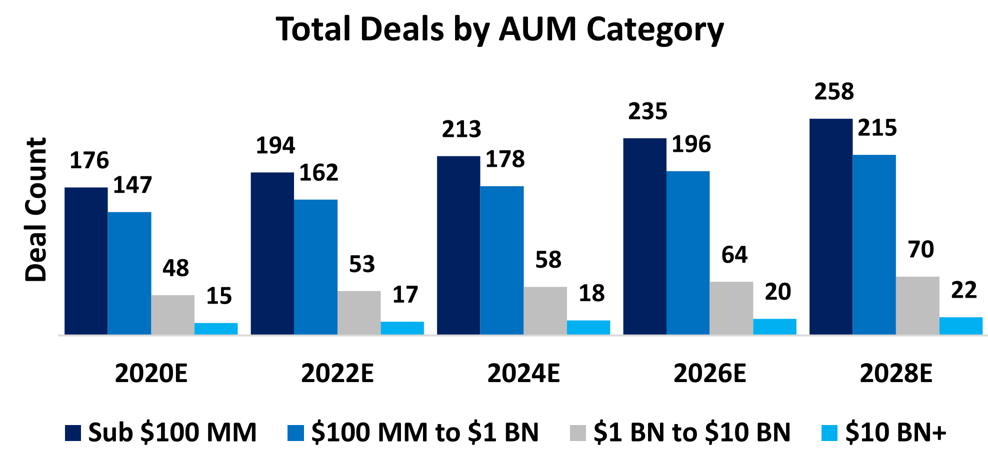


Exhibit 7 shows that despite making up only a tiny fraction of total deals, the largest companies will continue to involve the vast majority of AUM transacted. In 2020, deals for over $10 BN in AUM are projected to account for 61% of AUM transacted, and all deals involving at least $1 BN in AUM are expected to sum to 90% of total AUM transacted for the year.

Exhibit 7: $BN Deals Dominate Assets Transacted

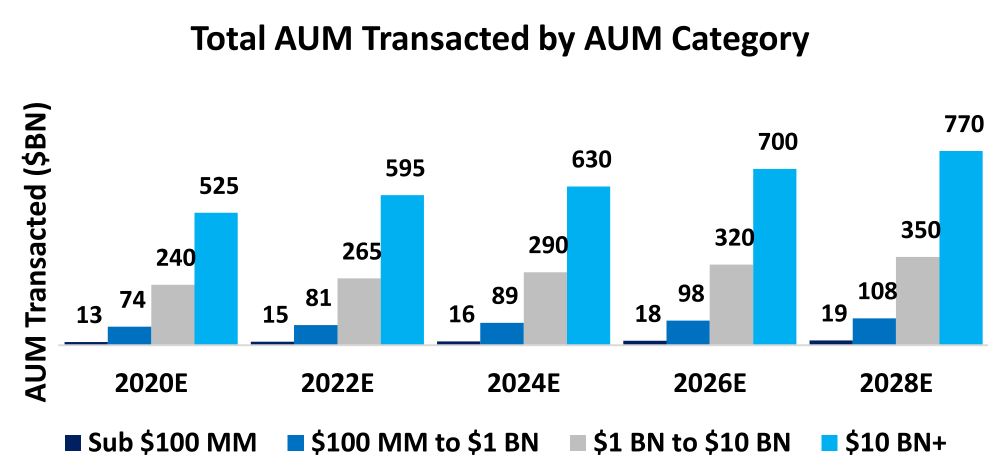


Exhibit 8: The 25 Top $1 BN+ in AUM Transactions from 2018 and 2019

Seller	Buyer	Buyer Type	Seller AUM ($MM)	Date
TD Ameritrade	Charles Schwab	Bank	1,300,000	11/21/2019
Wells Fargo & Company Retirement & Trust	Principal Financial Group	Other (Asset Manager)	827,000	4/9/2019
RedBlack	Invesco	Other (Asset Manager)	350,000	12/12/2019
Advisor Group	Reverence Capital	Other (Private Equity)	268,000	5/9/2019
Cetera Financial Group	Genstar Capital	Other (Private Equity)	224,500	7/17/2018
Financial Engines	Hellman & Friedman/Edelman Financial Services	Other (Private Equity)	169,400	4/30/2018
USAA	Charles Schwab	Bank	90,000	7/29/2019
Mid Atlantic Capital Group	Parthenon Capital Partners	Other (Private Equity)	90,000	3/14/2018
Kestra Financial	Warburg Pincus	Other (Private Equity)	75,800	2/25/2019
Landenburg Thalmann Financial Services	Advisor Group	Other (IBD)	72,800	11/11/2019
Hilliard Lyons	Baird	Other (Regional Wirehouse)	50,000	11/27/2018
Signator Investors	Advisor Group	Other (IBD)	50,000	6/21/2018
MD Financial Management	Scotiabank/Canadian Medical Association	Bank	49,000	5/31/2018
Global Retirement Partners	Hub International Limited	Other (Insurance Broker)	40,000	9/12/2019
Fiduciary Network	Emigrant Bank	Bank	40,000	11/8/2018
TD Ameritrade Trust Company	Broadridge	Other (FinTech)	35,000	4/17/2019
United Capital	Goldman Sachs	Bank	25,000	5/16/2019
Cadaret Grant & Co.	Atria Wealth Solutions	Strategic or Consolidator	23,000	4/29/2018
Atlantic Trust Private Wealth Management	Canadian Imperial Bank of Commerce	Bank	20,000	9/6/2019
1st Global	Blucora	Other (Private Equity)	18,000	3/19/2019
Loring Ward	Focus Financial/Buckingham Family	Strategic or Consolidator	17,000	9/28/2018
Mercer Advisors	Oak Hill Capital	Other (Private Equity)	16,500	9/17/2019
Marsh & McClennan Agency	Centurion Group	RIA	16,000	4/3/2019
Pathstone	Lovell Minnick	Other (Private Equity)	15,000	11/5/2019
Sheridan Road Financial	Hub International Limited	Other (Insurance Broker)	14,000	1/9/2019

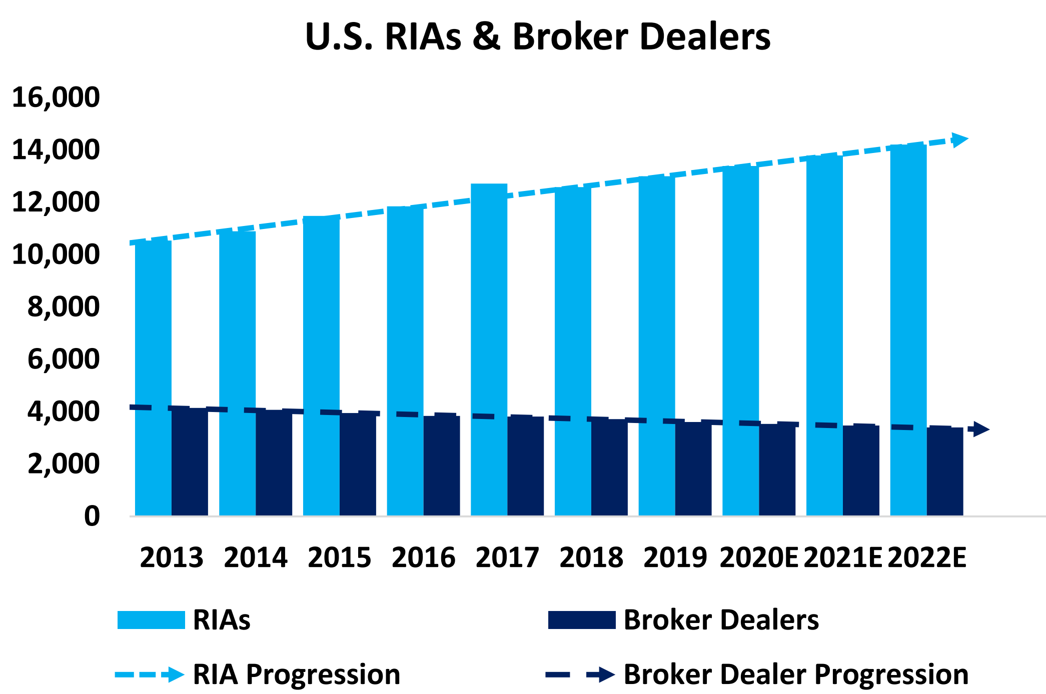
Sources: Company Reports, SEC IARD Website, ECHELON Partners Analysis

Exhibit 9 shows the breakdown of assets between RIAs and broker dealers from 2013 to 2022E. RIAs are expected to continue to expand their footprint, taking assets from broker dealers and large wirehouses. Assets under RIAs' management have grown at a CAGR of 3.6% since 2013 and are expected to continue growing at approximately 3% through 2022. Meanwhile, broker dealers' AUM has declined at a CAGR of -2.2% from 2013 to 2022E.

The shift is driven by advisors looking for more independence. Many also believe that the fee-only structure will help build better, longer-term relationships with clients.

Exhibit 9: **Distribution of Industry Assets ($BN)**

Advisors' shift from broker dealers and wirehouses to RIAs is expected to continue well into the future.

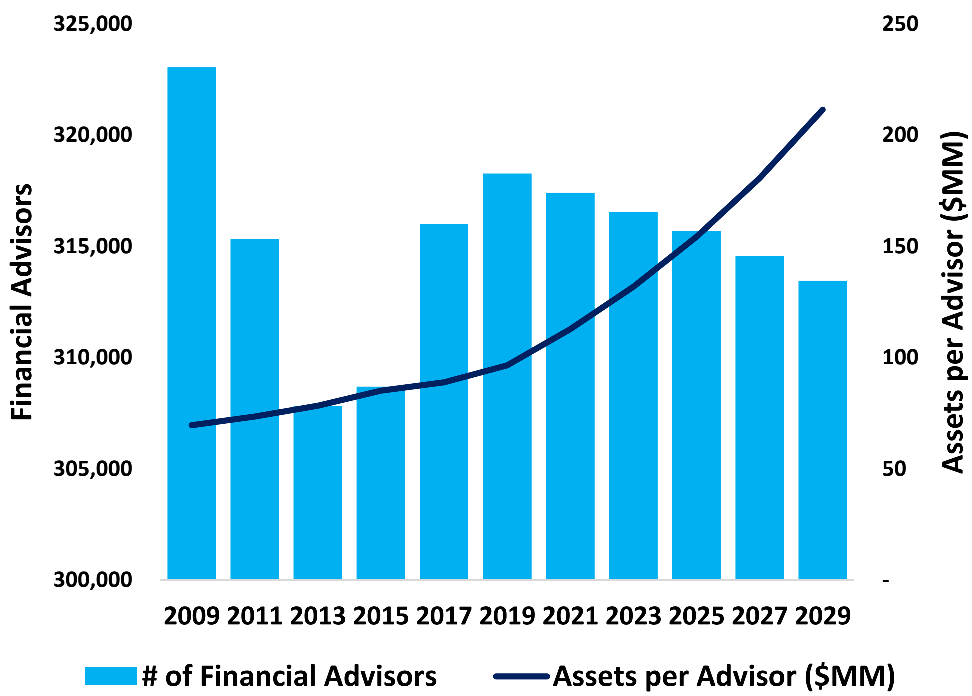


Sources: Company Reports, Investment Adviser Association, SEC Website, ECHELON Partners Analysis
Note: This data includes both wealth and investment managers that are registered as RIAs.

Exhibit 10 shows a continuing trend of increased assets per advisor, which is a result of an aging advisor population. Baby boomer advisors have started retiring at a rapid rate, and at the same time, demand for financial advice has increased, creating demand for advisory services that outpaces supply, causing many to worry that the aging advisors will be stretched beyond their capacity. Most advisors have given little thought regarding succession planning, so identifying, hiring, and developing the proper candidates for these roles will be of crucial importance for financial advisors throughout the next decade.

Exhibit 10: Advisor Population and Assets per Advisor ($MM)

As the advisor population decreases, assets per advisor have increased. Heightened consolidation has also contributed to this trend.



Source: ECHELON Partners Analysis

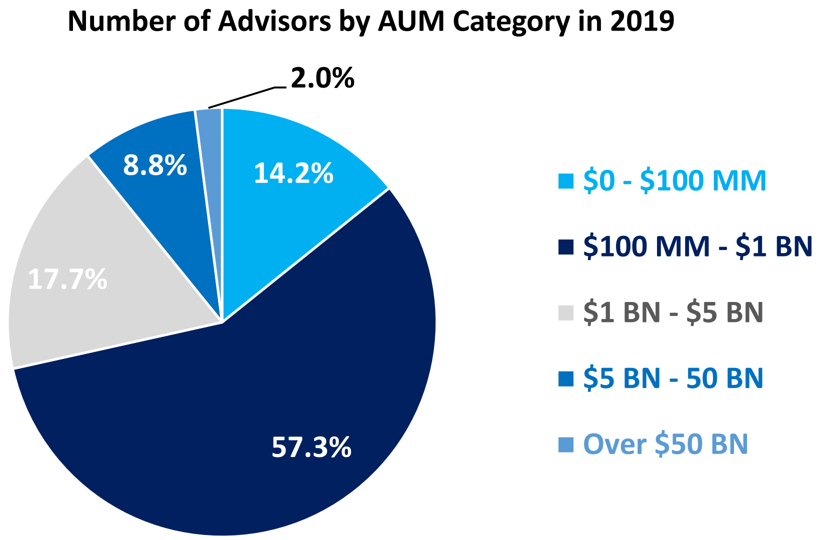
As the advisory population thins and assets grow on an expected average annual basis, fewer advisors could be responsible for more assets. This means that unless firms actively address these trends via recruitment and/or technology adoption, advisors will be overseeing approximately double the assets they presently oversee.

As deal activity remains at all-time highs, consolidation throughout the industry has created a more competitive environment than ever. By increasing their scale, firms can invest in cutting-edge technology and service, which is becoming more critical in today's market, and hire top-tier management executives.

Exhibit 11 shows that despite the many benefits of scale, most advisors today work for firms managing less than $1 BN, a fact suggesting that we will continue to see a push toward consolidation, boosting M&A activity for this sector. Still, these smaller RIAs continue to grow at the highest rates, measured both by assets and number of advisors, as seen in **Exhibit 12**.

Exhibit 11: Advisors Are Concentrated at Small to Midsized Firms

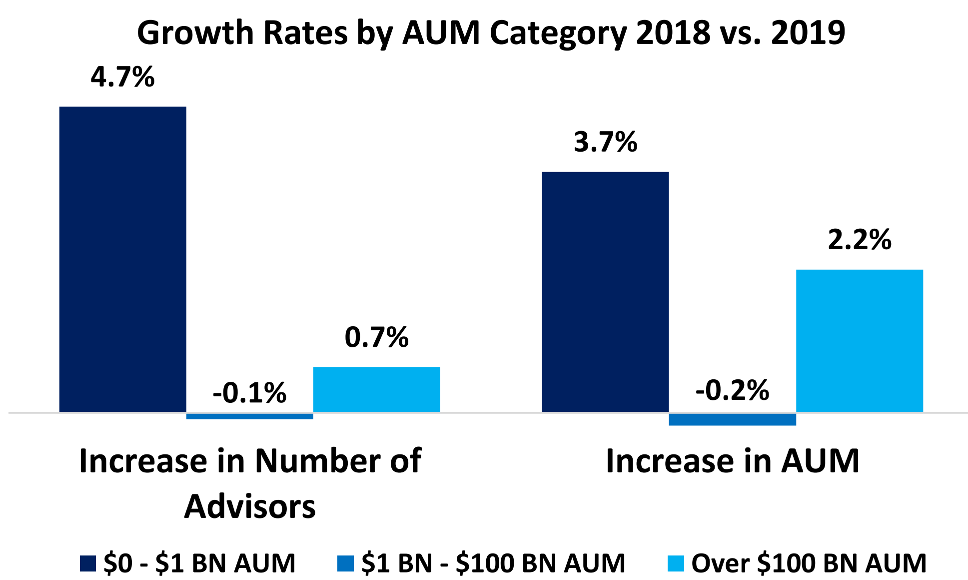
Nearly 72% of all registered advisors are associated with firms with less than $1 BN in AUM.



Sources: Company Reports, Investment Adviser Association, and ECHELON Partners Analysis
Note: This data includes both wealth and investment managers that are registered as RIAs.

Exhibit 12: Smaller RIAs Continue to Grow at the Highest Rates

The smallest and largest advisor categories saw the highest growth in both AUM and number of advisors.



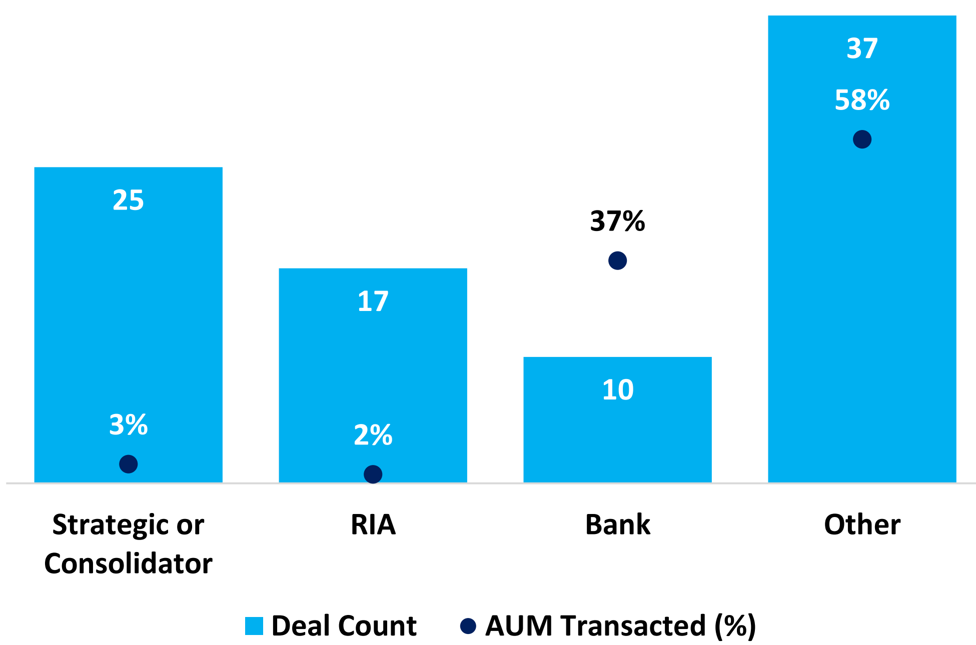
Sources: Company Reports, Investment Adviser Association, and ECHELON Partners Analysis
Note: This data includes both wealth and investment managers that are registered as RIAs.

As shown in **Exhibit 13**, private equity, independent broker dealers, and diversified financial services firms (the Other category) continued to drive M&A activity for $1 BN+ AUM wealth management firms, accounting for 37 deals and 58% of AUM transacted in 2018 and 2019. Banks closed only ten $BN+ deals in the past two years, but since six of these involved assets of $20 BN or more, they were responsible for 37% of AUM transacted.

The Strategic or Consolidator category was the second most active with 25 transactions, but since many of these were smaller, bolt-on acquisitions to existing platforms, the category accounted for only 3% of AUM transacted. RIAs were responsible for only 17 $1BN+ AUM transactions and a tiny 3% of AUM transacted, demonstrating that even the category's largest deals were quite small overall.

Exhibit 13: **89 $1 BN+ AUM Transactions in 2018 and 2019**

private equity and independent broker dealers led the Other category to dominate AUM transacted.



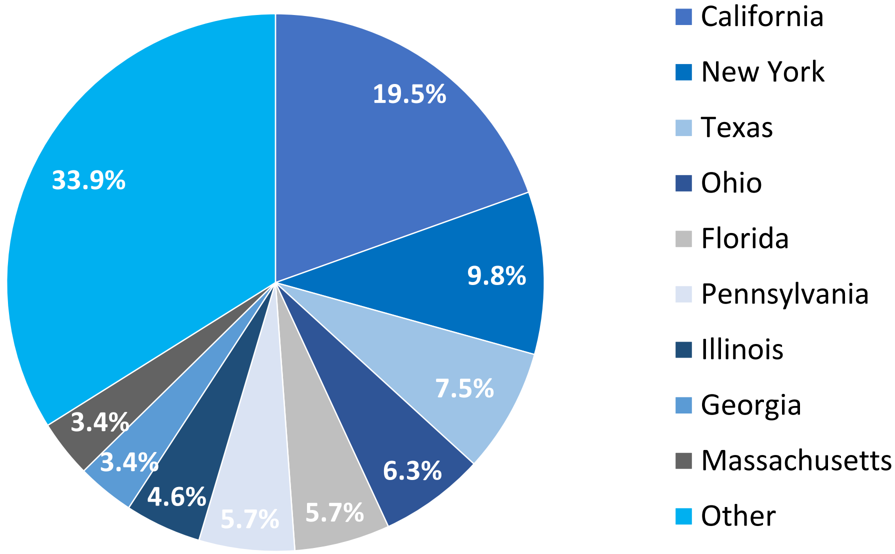
Sources: Company Reports, SEC IARD Website, ECHELON Partners Analysis

Exhibit 14 shows that during 2019, the state of California once again led the way in terms of deal activity, accounting for almost 20% of deals. New York was second in deal count and Texas was third, with Ohio and Florida rounding out the top. Together, these five states accounted for nearly half of the firms acquired in 2019. **Exhibit 15** shows that the number of advisors is growing significantly higher in the Western region, which may be a result of California's deal activity and the inorganic growth method leading to improved location of sellers.

Exhibit 14: 2019 State-Level M&A Activity and Growth

Five states account for nearly one-half of U.S. wealth management M&A activity.

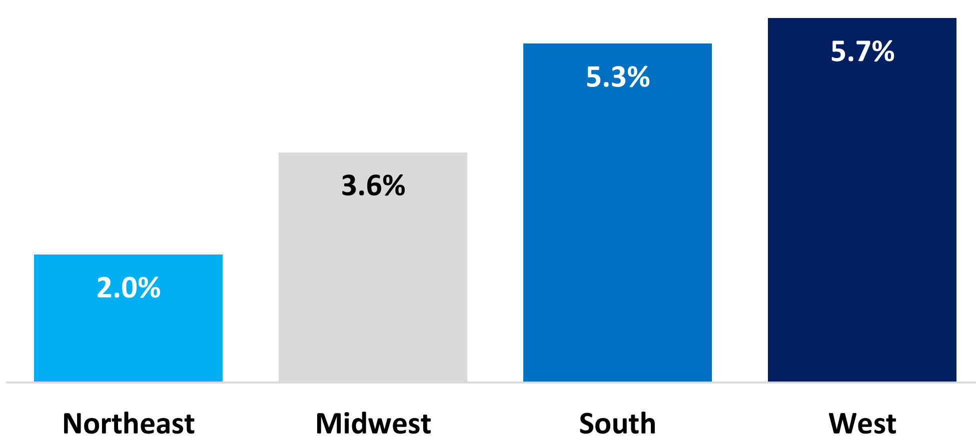
Percentage of U.S. Wealth Management M&A Activity



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

Exhibit 15: U.S. Regional Growth in Number of Advisors

Advisor Growth Rate by Region 2018 vs. 2019



Northeast: CT, DE, MA, MD, ME, NH, NJ, NY, PA, RI, VT
Midwest: AR, IA, IL, IN, KS, MI, MN, MO, ND, NE, OH, OK, SD, WI
South: AL, FL, GA, KT, LA, MS, NC, SC, TN, TX, VA
West: AZ, CA, CO, ID, MT, NM, NV, OR, UT, WA, WY
Sources: Company Reports, Investment Adviser Association, ECHELON Partners Analysis
Note: This data includes both wealth and investment managers that are registered as RIAs.

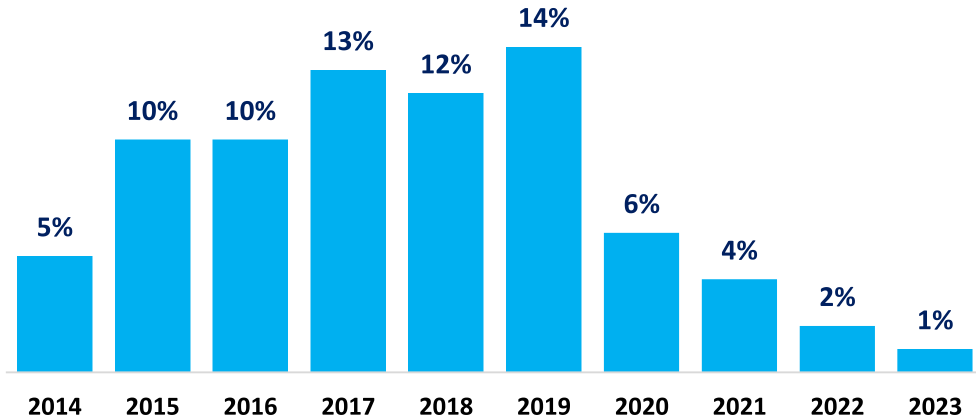
Section 2. Breakaway Deal Activity

As the definition of "breakaway deals" continues to broaden beyond advisors leaving wirehouses, and as RIAs have become an increasingly popular destination to migrate to, there has been a renewed interest in tracking the volume of this activity.

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

Breakaway activity has increased substantially in 2019, in part due to an aging advisor population preparing for liquidity events, and the continued expiration of a relatively large portion of forgivable loans issued by wirehouses during the height of the 2008-2009 financial crisis to recruit and retain advisors. As **Exhibit 16** shows, 14% of these expired within the past year, the highest annual total to date. Advisors are increasingly seeking independent platforms after the expiration of their loans.

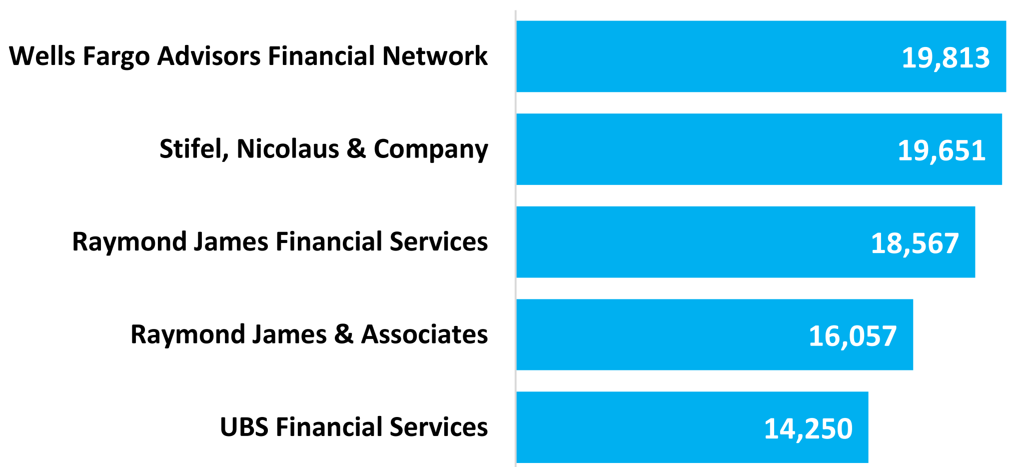
Exhibit 16: Expiration of Forgivable Loan Contracts Continues to Drive Breakaway Activity



Sources: OnWallStreet.com and ECHELON Partners

In previous reports, we've discussed the correlation between the forgivable loans issued by wirehouses prior to and during the 2008 financial crisis that are currently reaching maturity and the acceleration of the breakaway rate. **Exhibit 16** above shows that 14% of these loans expired in 2019, the highest annual portion to date. The expiration rate is expected to slow in 2020, so this may exert downward pressure on the breakaways total from the wirehouses. However, the ongoing economic uncertainty may still drive breakaway increases as more advisors seek independence sooner rather than later.

Exhibit 17: Largest AUM Gained by the Firm Team Joins ($MM)

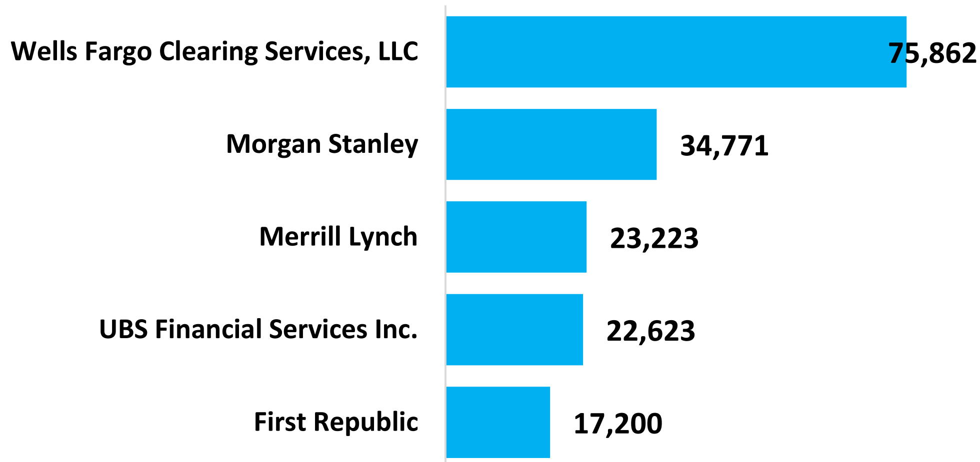


Sources: InvestmentNews, OnWallStreet.com, and ECHELON Partners

Litigation fears regarding wirehouses leaving the broker protocol largely dissipated in 2018, and 2019 followed with several successful large breakaways that set a powerful precedent for advisors considering a move. Many advisors are also leaving large wirehouses for independent RIAs and hybrid firms. **Exhibit 17** showcases the most popular landing spots for advisors breaking away in 2019. The biggest winner was Wells Fargo Advisors Financial Network, with $19.8 BN in AUM gained.

Conversely, **Exhibit 18** displays the firms that saw the largest drawdown in assets from departing advisor teams. Wells Fargo Clearing Services led the way in this regard, losing $75.9 BN in AUM in 2019, more than double the next largest loser, Morgan Stanley, which saw $34.7 BN in assets leave its platform in the past year.

Exhibit 18: Largest AUM Lost to the Firm Team Departs ($MM)



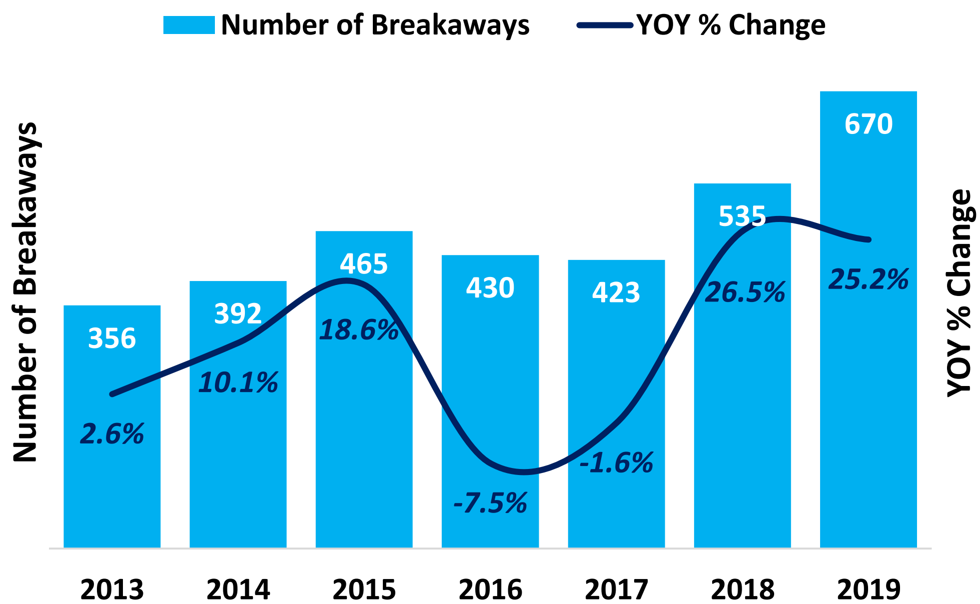
Sources: InvestmentNews, OnWallStreet.com, and ECHELON Partners

Exhibit 19 showcases the record breakaway activity that 2019 saw. The year's 655 breakaways represented a 22.4% increase in the previous year's record of 535 breakaway deals.

The CAGR in the number of breakaways is equal to 10.8% for the past five years. 2019's record comes despite a slow start to the year as the first quarter recorded only 94 breakaways. This turned around in the second quarter when breakaways hit 192, a quarterly record, which would quickly be surpassed in the fourth quarter, with its 231 breakaway deals. The increase is likely attributable to 2019's excellent stock market performance. Even the increased bonuses at wealth management firms from this performance likely did very little to address the disequilibrium of ownership and contribution levels that exists at thousands of firms, prompting the increased breakaway activity.

Exhibit 19: Reported Breakaway Activity Hits Record Levels

2019 saw the most breakaways of any year since ECHELON began tracking this data.



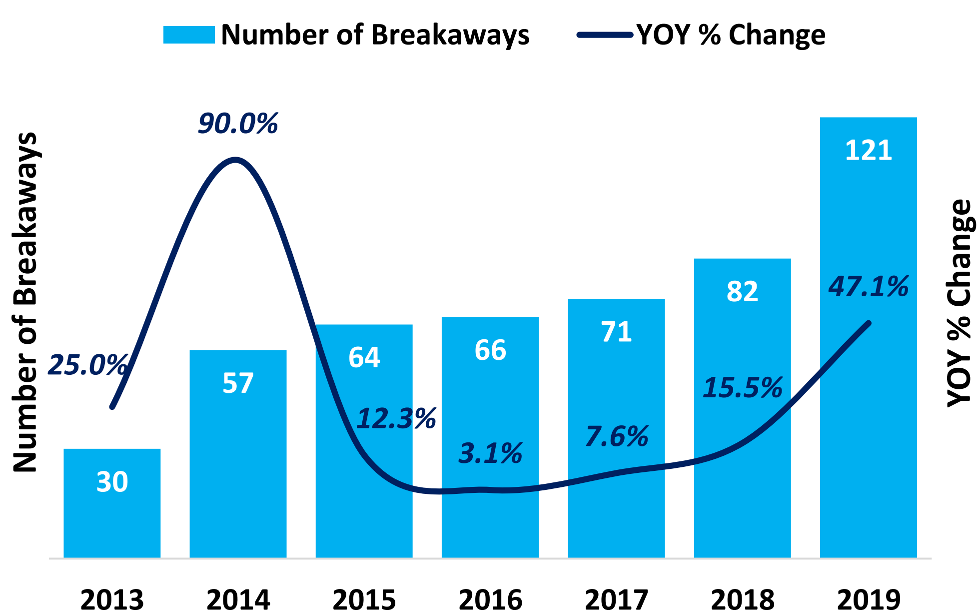
Sources: SEC Database, Company Reports, Investment News, and ECHELON Partners Analysis

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

As shown in **Exhibit 20**, an increasing number of teams are choosing to shift to the RIA model each year. 2019 saw 121 teams leave for RIAs, accounting for just over 18% of all breakaways. This is also a record, beating out 2017, when 16.8% of teams left for RIAs.

Exhibit 20: Breakaways to RIAs Also Hit Record in 2019

Approximately 18% of all breakaways are to RIAs, bringing the total to an all-time high 23% higher than the previous record.



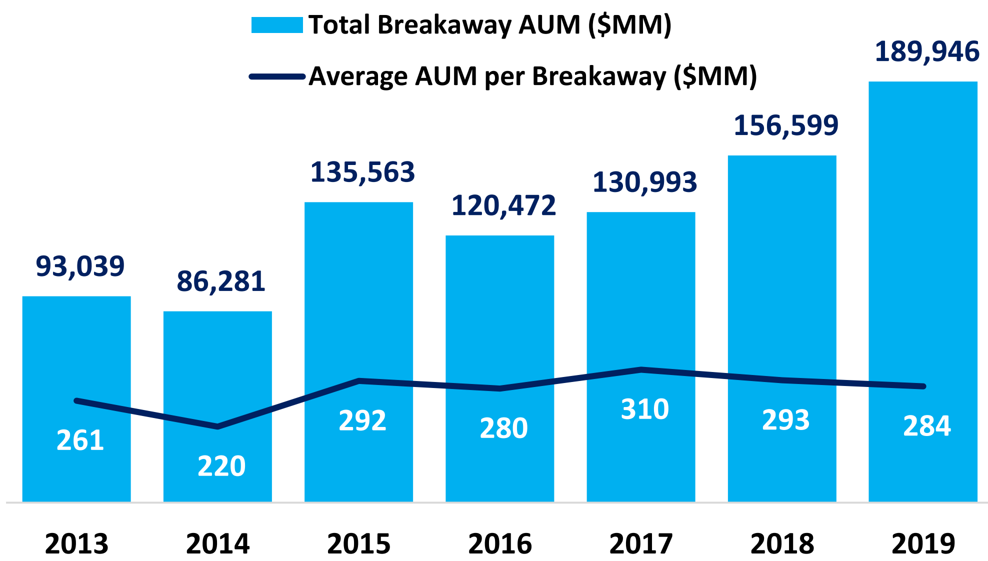
Sources: SEC Database, Company Reports, Investment News, and ECHELON Partners Analysis

Breakaway AUM increased in 2019 but average AUM per deal declined.

Exhibit 21 shows that aggregate AUM associated with reported breakaway activity surged to new highs in 2019, reaching approximately $190 BN. Total breakaway AUM has increased for three straight years and has grown at a CAGR of 5.2% over the past five years.

Average AUM per breakaway declined to $284 MM in 2019, keeping with a trend of relatively little change that has been observed since 2015. Even the year's seven deals over $1 BN weren't enough to outweigh the increased breakaway activity among smaller advisors and drive up average AUM per transaction.

Exhibit 21: Breakaway AUM Has Grown Steadily Since 2013



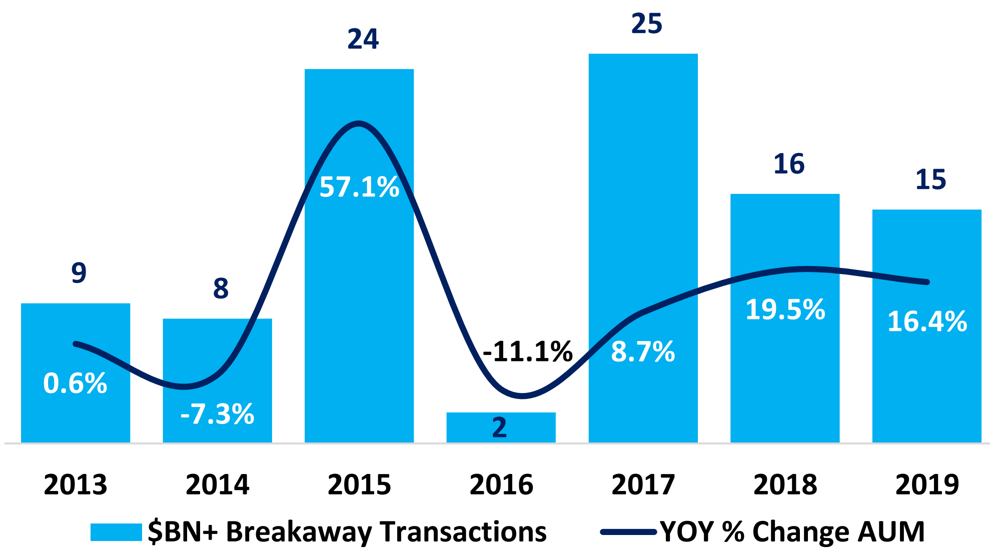
Sources: SEC Database, Company Reports, Investment News, and ECHELON Partners Analysis

Exhibit 22 provides a time series analysis of the number of breakaways with $1 BN+ AUM over the past seven years. Total volume of these deals dropped slightly and remains well below the recent high of 25 $BN+ breakaways that 2017 saw. Despite the drop in volume, AUM transacted continued to increase, demonstrating that overall both the size and volume of breakaway deals are increasing sharply.

These $BN+ deals have historically been slower and more complicated. However, the growing supply of resources being devoted to the facilitation of breakaway deals portends that it will only get easier for these highly sought-after targets to find and move to new homes if advisors of this size wish to do so.

Exhibit 22: Volume of $1 BN+ AUM Breakaways Remains Steady

Advisors initiated 15 $1 BN+ AUM breakaways in 2019.



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

Independent BD platforms win big among larger breakaways.

In 2019, independent platforms like Raymond James continued to attract many $BN breakaways, with Raymond James Financial Services and Raymond James & Associates accounting for 21 deals. Wells Fargo Clearing Services saw the most departures, with 66 advisors leaving its platform.

Exhibit 23 lists the largest reported breakaways from 2018 and 2019.

Exhibit 23: Breakaways with AUM Over $1 BN in 2018 and 2019

Top Breakaways 2018 and 2019				
Team Leaving	**Team Joining**	**Firm Type**	**Breakaway AUM ($MM)**	**Date**
JPMorgan Chase & Co.	UBS Financial Services Inc.	Wirehouse	30,000	3/23/2018
First Republic	Evoke Wealth	RIA	9,200	6/3/2019
JPMorgan Chase & Co.	Bank of America Merrill Lynch	Wirehouse	9,000	2/26/2018
First Republic	IEQ Capital	Asset Manager	8,000	6/3/2019
UBS Financial Services Inc.	RBC Wealth Management	Regional Wirehouse	7,500	12/4/2019
RBC Wealth Management	UBS Financial Services Inc.	Wirehouse	7,500	12/4/2019
Goldman Sachs	UBS Financial Services Inc.	Wirehouse	6,600	4/3/2019
Morgan Stanley	Dynasty Financial Partners	Other	6,000	4/26/2019
Bank of America Merrill Lynch	First Republic Bank	Bank	4,500	4/21/2018
Bank of America Merrill Lynch	Kore Private Wealth	RIA	4,100	6/1/2018
Brown Advisory Securities, LLC	William Blair	Bank	3,000	2/28/2019
UBS Financial Services Inc.	Morgan Stanley	Wirehouse	2,860	5/24/2019
UBS Financial Services Inc.	First Republic Bank	Bank	2,500	9/24/2018
UBS Financial Services Inc.	Stifel, Nicolaus & Company, Incorporated	Regional Wirehouse	2,300	4/23/2019
UBS Financial Services Inc.	Rockefeller Capital Management	RIA	2,200	12/7/2018
Bank of America Merrill Lynch	First Republic Bank	Bank	2,000	1/5/2018
Bank of America Merrill Lynch	JPMorgan Chase & Co.	Wirehouse	2,000	1/12/2018
UBS Financial Services Inc.	Purshe Kaplan Sterling	Independent Broker Dealer	2,000	4/6/2018
Avondale Partners	Janney Montgomery Scott	Regional Wirehouse	1,800	5/11/2018

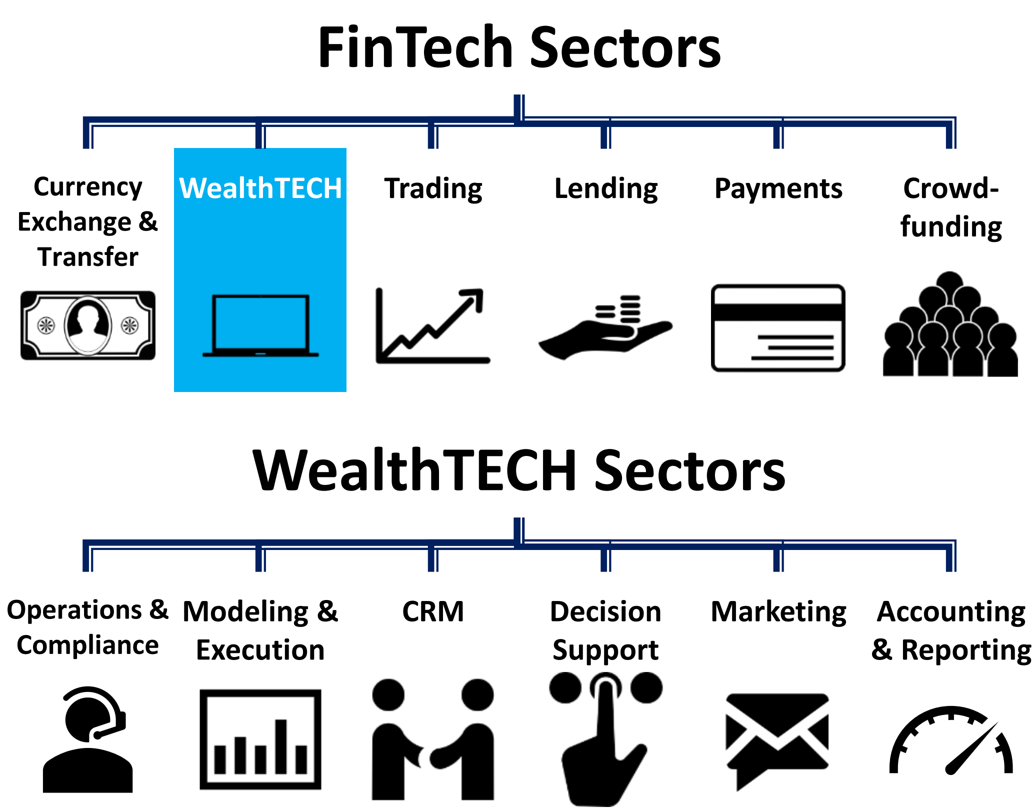
Sources: SEC Database, Company Reports, Investment News, and ECHELON Partners Analysis

Section 3. WealthTECH Deal Activity

Over the past decade, financial technology ("FinTech") has gone from an underappreciated niche barely represented in Silicon Valley to 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, budgeting, 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 24**.

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 24**. There is a great deal of activity in this space as entrepreneurs rush in to address the fact that many people are inherently bad at managing their budgets and investing, which is spawning startups that offer lower-priced automated alternatives with the promise of delivering superior outcomes.

Exhibit 24: **Dramatic Ascension of FinTech Fuels Evolution of WealthTECH**



Source: ECHELON Partners

Exhibit 25: WealthTECH Market Map

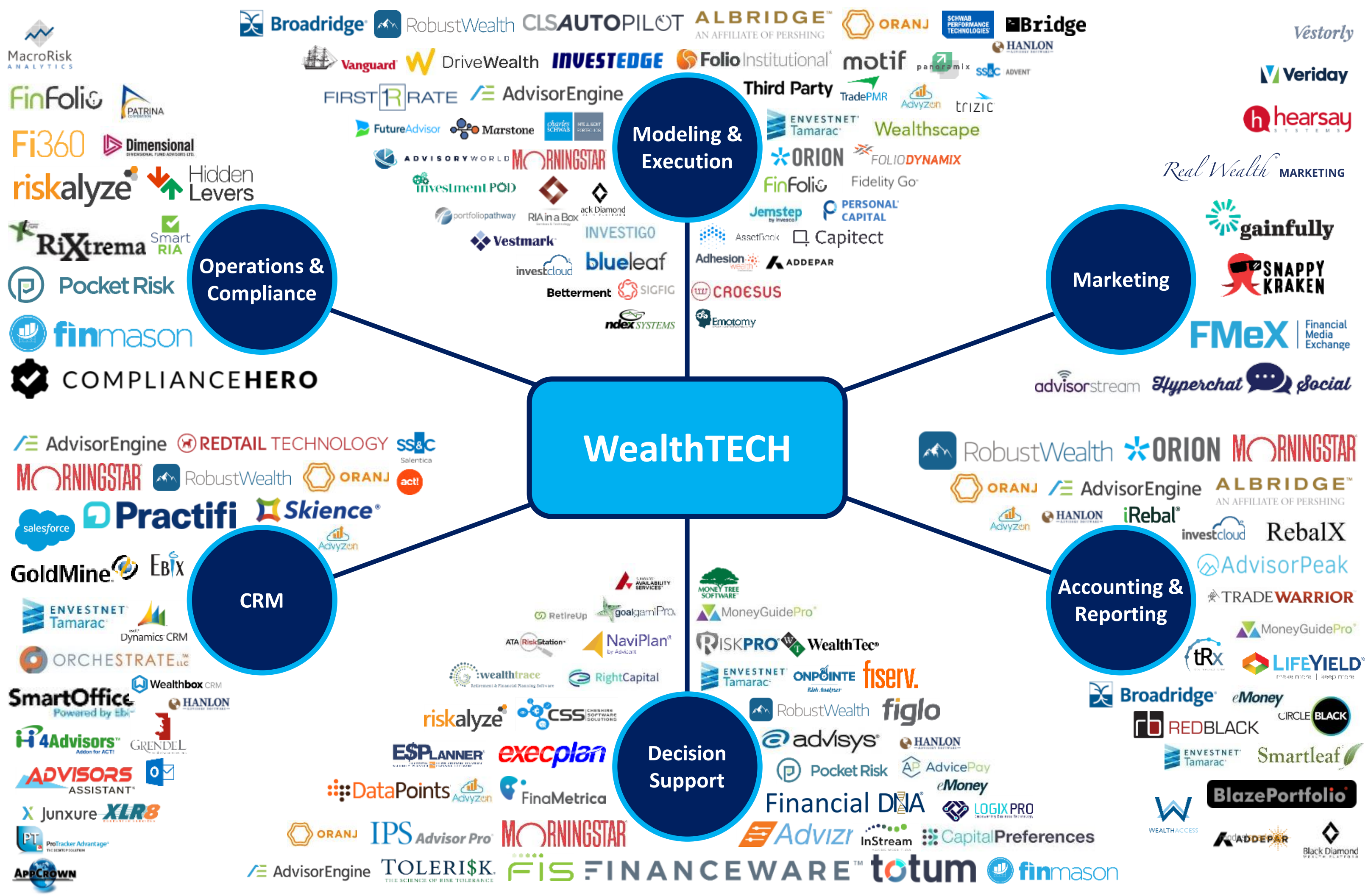


Exhibit 25 outlines some of the most well-known firms that fit into the six WealthTECH categories outlined in Exhibit 24. Notice that the largest players have offerings in nearly every category. These firms are able to use data from the combined channels to enhance offerings across their platforms and help customers gain the optimal level of service.

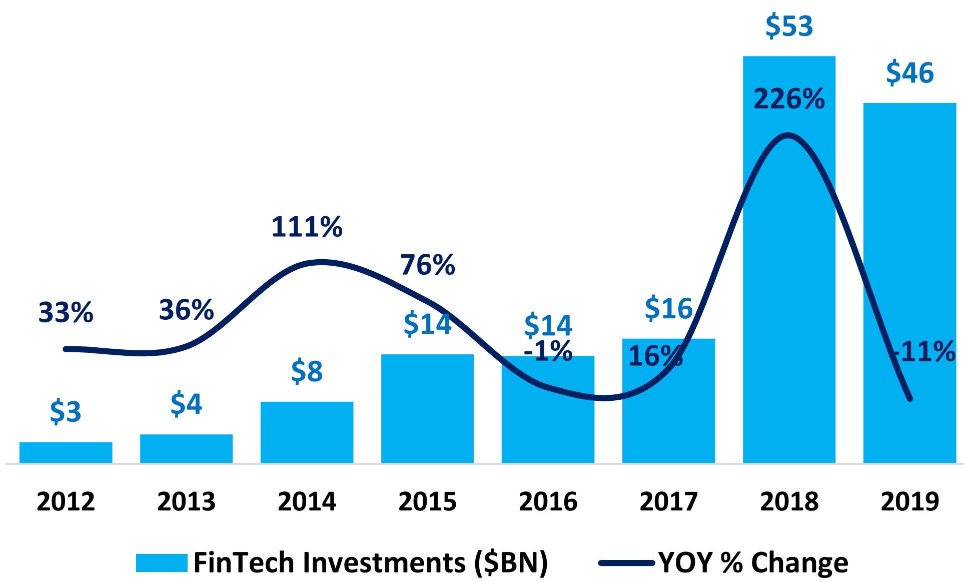
Prior to delving into the details of WealthTECH dealmaking, we thought it prudent to provide an update on the FinTech M&A ecosystem. 2019 FinTech investment remained strong despite a dip from the record-breaking 2018, which was especially high because of Ant Financial's $14 BN offering. Total U.S. FinTech investment declined 11% from the previous year, but is still nearly triple the next highest year, as displayed in **Exhibit 26**.

The largest deals of the year included Fidelity National Information Services' $33.5 BN acquisition of Worldpay, Global Payments' purchase of Total System Services Inc. for $22.1 BN, and Fiserv's acquisition of the KKR-backed First Data Corp. for $21.8 BN.

Exhibit 26: U.S. FinTech Investment Declines From 2018 Record

FinTech funding declined from 2018's record but remains very high by historical standards.

Note: this data includes VC, PE, and M&A activity.

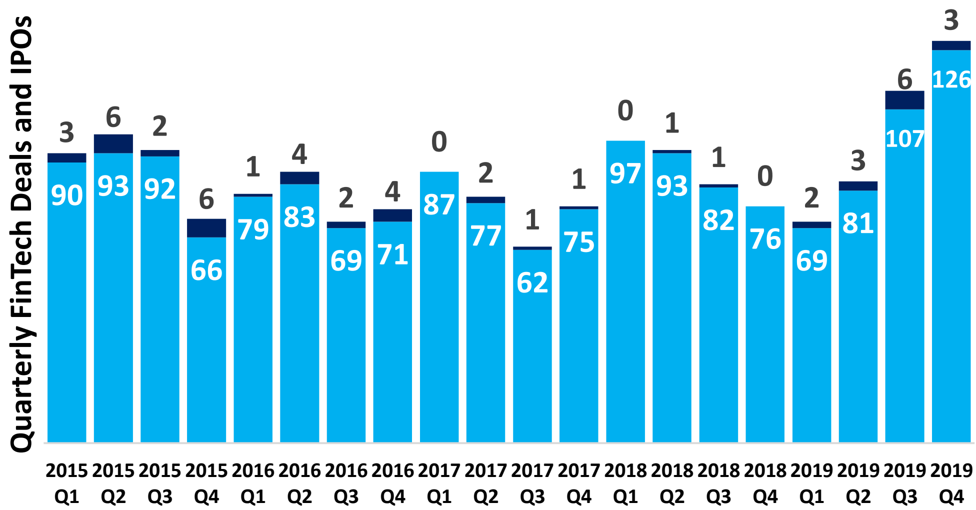


Sources: CB Insights, KPMG, and ECHELON Partners Analysis

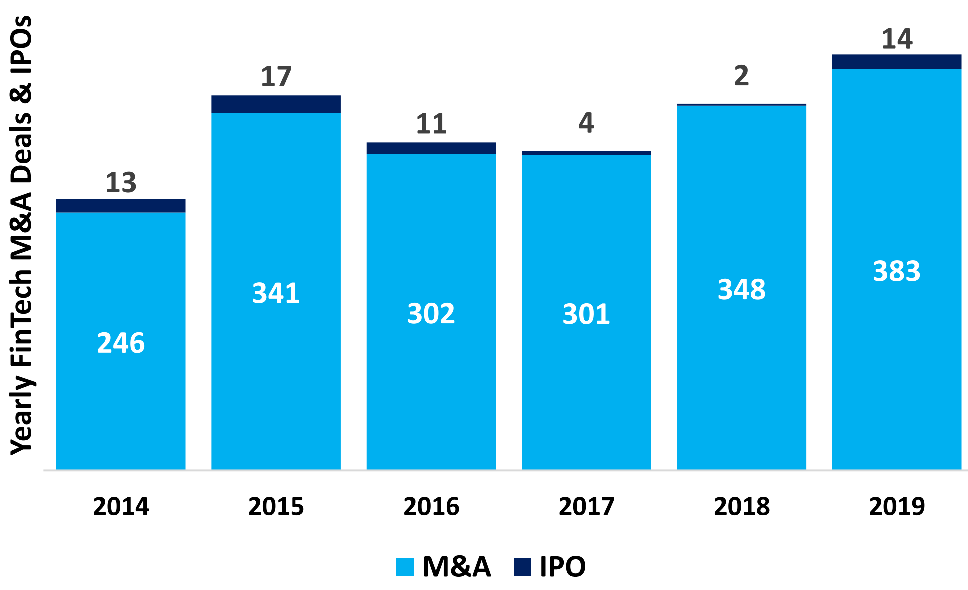
FinTech deal volume once again reached record levels in 2019, with 383 M&A transactions announced; activity has increased by 10.1% in the past 12 months. The IPO market saw more activity than in recent years with 14 taking place in U.S. markets, the highest total since 2015, as seen in **Exhibit 27**.

Exhibit 27: **2018 FinTech Deal Activity Hits an All-time High**

Number of FinTech IPOs rises to its highest level since 2015.



FinTech deal activity increased for the third straight year even over 2018's remarkable record year for M&A, as shown below. In 2019, there were 397 FinTech deals, the highest recorded annual total to date and 13.4% higher than the industry saw in 2018. The total number of M&A deals and IPOs has increased at 8.9% annually for the past five years. There was also more life in the FinTech IPO market as firms tried to take advantage of record-high capital markets levels.

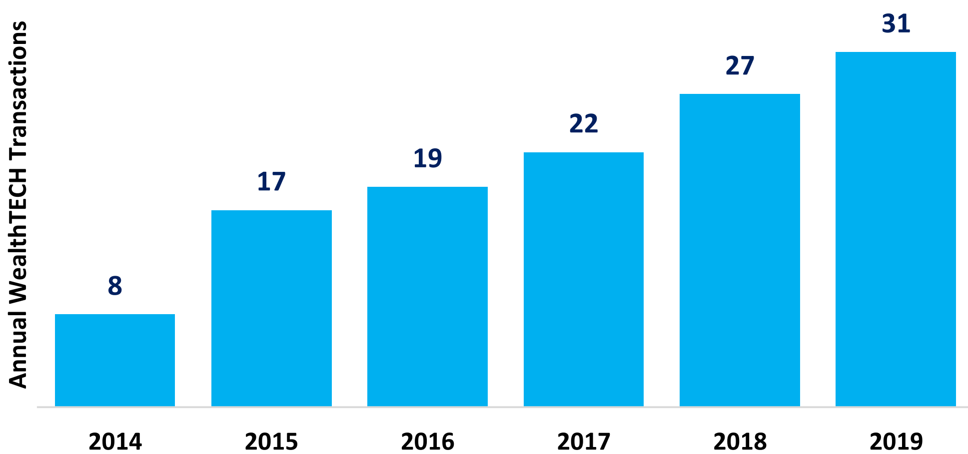


Sources: Company Reports, CB Insights, KPMG, and ECHELON Partners Analysis

Focusing our attention more specifically on WealthTECH M&A, **Exhibit 28** highlights the fact that 2019 once again broke records, as WealthTECH companies closed 31 deals. The increased activity comes as wealth managers are increasingly looking to technology to create new solutions or enhance those they already have in place. New investors are also entering the market, lured by the success of artificial intelligence-driven robo-advisory services, micro-investing solutions, and new digital banks preparing to challenge the traditional banking sector.

Exhibit 28: M&A Transactions in WealthTECH Hits Record High in 2018

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

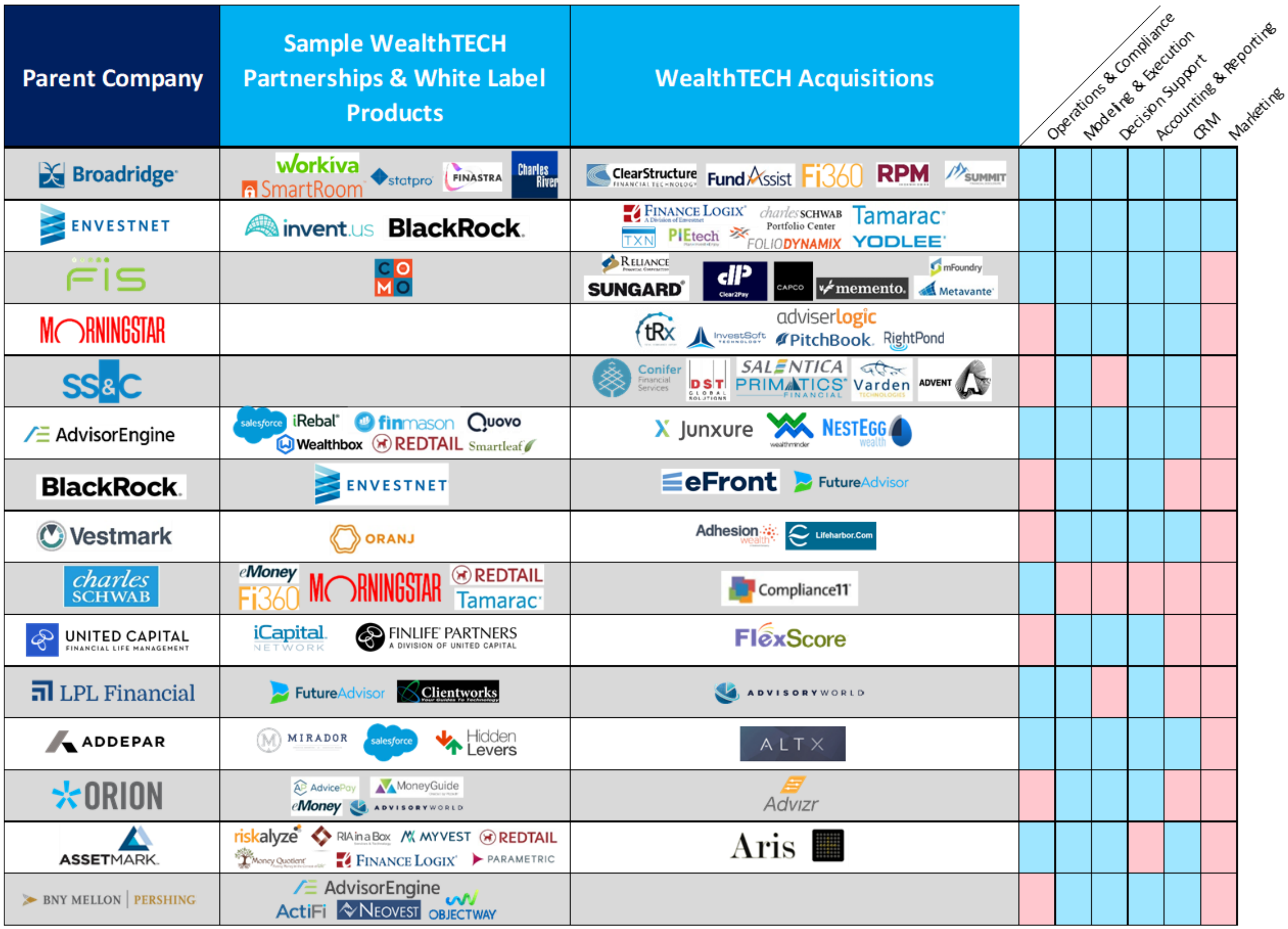


Sources: Company Reports and ECHELON Partners Analysis

The number of WealthTECH transactions grew at a compound annual rate of 31% between 2014 and 2019. The 31 transactions seen in 2019 is triple the average level of 10 deals per year observed between 2013 and 2015.

Deal activity is expected to remain strong as the economy grows as businesses continue to look for ways to improve efficiency and adjust to an increasingly competitive environment. Traditional financial services companies have also continued to invest in these WealthTECH firms to adapt to the changes in the market that these new entrants are driving. Customers are becoming increasingly accepting of their advisors using technology including artificial intelligence-based investing tools or robo-advisors and many expect it. Despite this increase, most investors still prefer to have a trusted advisor to speak with if they have any questions or concerns.

Exhibit 29: The Race to a WealthTECH Product Suite

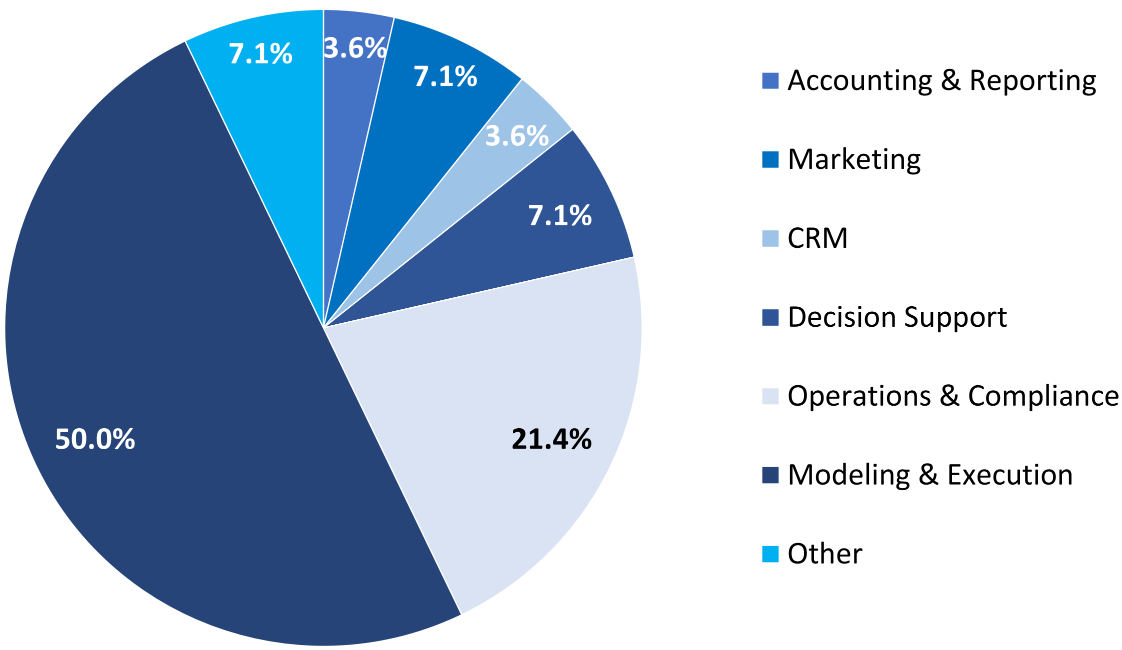


Sources: Company Reports and ECHELON Partners Analysis

Exhibit 29 displays the race to build a WealthTECH product suite that operations and compliance, modeling and execution, decision support, accounting and reporting, CRM, and marketing via traditional M&A, Partnerships, and White Label Products. The list incorporates large strategics ranging from investment manager goliaths (BlackRock, Morningstar) and diversified financial service companies (Broadridge, FIS) to custodians & brokerages (BNY Mellon | Pershing, Charles Schwab, LPL Financial), software companies (SS&C, Orion), and TAMPs (Envestnet, Vestmark, AssetMark); the race to build the most robust product suite is open to almost any well-capitalized financial services company.

Exhibit 30 looks at M&A deal activity over the past year in the WealthTECH sector. Firms providing financial modeling and execution services continue to be the most common acquisition targets, accounting for 50% of targets for all deals closed in the past 12 months.

Exhibit 30: WealthTECH Transaction Breakdown 2019



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

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 crypto-currencies.

Independent Broker Dealer (IBD) – A broker dealer firm that offers its services to financial advisors operating as independent contractors. The Independent broker dealer business model focuses on comprehensive financial planning services and investment advice.

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

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

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

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

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

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

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

About ECHELON Partners:

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

ECHELON was formed to:

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

Our Expertise

ECHELON's service offerings fall into three categories:

- INVESTMENT BANKING
- MANAGEMENT CONSULTING
- VALUATIONS

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

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

Our History

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

Over the past 18 years, the firm's principals have completed more M&A advisory assignments, valuations, and strategic consulting engagements for its three target industries than any other investment bank. In that time, hundreds of executive teams and boards have chosen ECHELON Partners to help them envision, initiate, and execute a diversity of complex business strategies and transactions.

ECHELON PARTNERS

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How ECHELON Can Help

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

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

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

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

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

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

ECHELON by the Numbers

20+ years of experience valuing financial services companies

400+ investment banking advisory assignments

2,000+ valuations conducted

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

400 investment opportunities vetted and valued

2,000+ acquisition targets evaluated

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

ECHELON's Leadership

DAN SEIVERT | CEO AND MANAGING PARTNER

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Dan Seivert is the CEO and founder of ECHELON Partners. Prior to starting ECHELON Partners, Mr. Seivert was one of the initial principals of Lovell Minnick Partners, where he helped invest over $100 MM in venture capital across 15 companies. Before his involvement in private equity, Mr. Seivert was a buy-side analyst at The Capital Group (American Funds), where he valued firms in the asset management and securities brokerage industries. He has helped ECHELON's clients make the tough decisions with respect to acquisitions, sales/divestitures, investments, mergers, valuation, M&A strategy, new ventures, management buyouts, capital raising, equity sharing, and succession planning. In his various roles, Mr. Seivert has conducted detailed valuations on over <u>500</u> companies, evaluated more than <u>2,000</u> 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.

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Carolyn Armitage is a Managing Director at ECHELON Partners and has more than 30 years of experience being a change management catalyst. She improves market share, profitability, people, processes, and team dynamics for RIAs, broker dealers, and hybrid RIAs. Over her financial services career, Ms. Armitage has been an OSJ branch manager, a sales and marketing manager for HD Vest Financial Services, a managing director for Western International Securities, the head of advisory services for ING Advisors Network (Cetera & Voya), and the head of large enterprise business management consulting for LPL Financial. Ms. Armitage is devoted to continuous learning and improvement. She is LEAN Certified, a Six Sigma Green Belt, a CA Life and Variable Contracts Agent, and holds numerous FINRA licenses. She is a CFP®, CIMA®, and ChFC. She has a Bachelor of Science in Business Administration from the University of Minnesota and a Masters degree in Management from The American College.

MIKE WUNDERLI | MANAGING DIRECTOR

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Mike Wunderli is a Managing Director at ECHELON Partners and is integrally involved in all aspects of the firm's activities. Prior to joining ECHELON, Mr. Wunderli founded Connect Capital Group (CCG), where he advised private middle-market companies on pre-transaction planning, growth financing options, and the development and execution of exit strategies. Before founding CCG, Mr. Wunderli spent 12 years at Lehman Brothers and UBS as a Senior Vice President in the Private Wealth Management 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. Over his career, Mr. Wunderli has worked with hundreds of private companies, helping their owners navigate the critical stages of growth and engineer the most appropriate and lucrative exit strategies. He has also worked with many top investment managers, hedge funds, private-equity funds, family offices, trading desks, and a variety of capital providers. Mr. Wunderli received a Bachelor of Arts from Brigham Young University and a Master of Business Administration from The Wharton School of the University of Pennsylvania.

Sample Transactions & Advisory Assignments Executed by the ECHELON Team

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

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

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

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

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

Lexington
Capital Management
has agreed to a transaction with
MISSION CREEK
CAPITAL PARTNERS
ECHELON provided the Management of Lexington Capital Management Inc. with:
M&A and Financial Advisory Services
ECHELON PARTNERS

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

FOLIODYNAMIX
Wealth Servicing Made Seamless
received an equity investment from
Edison
VENTURE FUND
ECHELON provided the Management of Foliodynamix with:
Valuation, Capital Raising, and Financial Advisory Services
ECHELON PARTNERS

Leonard Wealth Management
Where prosperity finds peace of mind.
has agreed to a merger with:
CAPITAL FINANCIAL
ADVISORS, L.L.C.
ECHELON provided the Management of Leonard Wealth Management with:
M&A and Valuation Advisory Services
ECHELON PARTNERS

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

Sample Transactions & Advisory Assignments Executed by the ECHELON Team

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

PR
has agreed to a merger with
WR WILLOW RIDGE CAPITAL ADVISORS
ECHELON provided the Management of Petersen & Ramistella, Inc. and Willow Ridge Capital Advisors, Inc. with:
M&A Advisory Services
ECHELON PARTNERS

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

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

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

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

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

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

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

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

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

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

LF LAWING FINANCIAL
The power of the team approach
ECHELON provided the Management of Lawing Financial with:
Valuation Advisory Services
ECHELON PARTNERS

SAGE VIEW
ECHELON provided the Management of SageView Advisory Group, LLC with:
Valuation and Financial Advisory Services
ECHELON PARTNERS

SAN ANTONIO CAPITAL & TRUST COMPANY
ECHELON provided the Management of San Antonio Capital & Trust Company, LLC with:
Valuation and Financial Advisory Services
ECHELON PARTNERS

Monarch Bay Associates, LLC
ECHELON provided the Management of Monarch Bay Associates, LLC with:
Financial Advisory Services
ECHELON PARTNERS

CARLSON CAPITAL MANAGEMENT
ECHELON provided the Management of Carlson Capital Management Inc with:
Valuation, M&A, and Financial Advisory Services
ECHELON PARTNERS

BROWNSON, REHMUS & FOXWORTH, INC.
Investment and Financial Advisors
ECHELON provided the Management of Brownson, Rehmus & Foxworth, Inc. with:
Financial Advisory Services
ECHELON PARTNERS

Research Methodology & Data Sources:

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

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

ECHELON PARTNERS

THE DEALS & DEALMAKERS SUMMIT 2020

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