ECHELON PARTNERS

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

The 2022 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,

The wealth management industry experienced another surge in M&A activity in 2022, marking the tenth consecutive year of record deal totals. This achievement is particularly noteworthy given the challenges presented by macroeconomic and geopolitical uncertainty. However, the total number of transactions only provides a partial picture of what's happening in the wealth management M&A ecosystem. There are a host of evolving dynamics across every part of the industry, and the **2022 ECHELON Partners RIA M&A Deal Report** offers a data-driven analysis of the key trends impacting and being featured in the mergers and acquisitions of the space.

Highlights from this year's report include:

I. **Wealth Management Deal Activity Review and Top Deals of 2022:** There were 341 transactions disclosed in 2022, representing an increase of 11.1% year-over-year. This is especially impressive when considering the 49.8% growth seen in 2021. Quarterly deal activity did decline throughout 2022, and the average assets per transaction fell to $1.6 BN coinciding with a decrease in the number of announced transactions involving a seller with $1 BN+ in assets. This was a byproduct of the pullback in capital markets that led to declining AUM across most firms and increased buyer competition in larger deals, which drove some buyers to pursue transactions with smaller targets.

II. **Wealth Management M&A vs. the Broader M&A Market:** Wealth management deal activity defied global M&A markets as buyer competition remained high and sponsor-backed consolidators continued to deploy capital, buoying transaction volume. The sector managed to avoid the broader M&A market slowdown, which was driven by rising interest rates, geopolitical uncertainty, and tightening monetary policy.

III. **Changes in Buyer Makeup:** Strategic Acquirers and Consolidators retained the majority of M&A market share in 2022. These transactions were primarily add-on acquisitions made by private equity-backed platforms. Private equity firms were directly or indirectly involved in 70.1% of all disclosed transactions across wealth management M&A this year, although direct investments and recapitalizations by private equity investors decreased noticeably. Recapitalization activity will likely see an uptick in 2023-2024 as many investors reach the end of their holding periods and seek liquidity.

IV. **Breaking Down WealthTECH M&A:** The demand for WealthTECH M&A persisted through the first half of the year at a record pace but saw material declines in the second half in concert with the broader FinTech sector. Deal activity in this subsector remained well above the historical totals: 2022's 96 transactions represent an 11.1% decline from 2021's record total but is double the number of deals announced in 2020.

V. **M&A Outlook:** The need for consolidation, driven by the implementation of advisors' succession plans and the benefits that come with increased scale, has made the wealth management M&A ecosystem more immune to capital market and interest rate fluctuations in the near term. We expect 2023 to be another strong year for M&A activity, as the market remains extremely fragmented has attractive growth dynamics and no shortage of motivated buyers and sellers.

ECHELON Partners is proud to work alongside the entrepreneurs who bring the aforementioned trends to life. 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 is glad to share continued progress in realizing successful outcomes for our clients.

SEIA

has received an investment from

RCP REVERENCE CAPITAL PARTNERS

ECHELON served as the exclusive financial advisor to SEIA and provided:

Sell-Side Investment Banking

Signature Estate & Investment Advisors has received a strategic investment from Reverence Capital Partners

SEIA is a hybrid RIA based in Los Angeles, California. The firm offers investment management and financial planning services as well as TAMP services for unaffiliated advisors throughout the RIA and broker/dealer community. The Reverence Capital partnership will provide support and capital to enable SEIA to invest in the business while continuing to enhance the level of service and product offerings the firm provides.

Deal Size:	**Date Announced:**
$16.0 BN in Assets	August 2022

HEBER FUGER WENDIN Investment Advisors Established 1934

has completed its sale to

Mariner WEALTH ADVISORS

ECHELON served as the exclusive financial advisor to HFW and provided:

Sell-Side Investment Banking

Heber Fuger Wendin completes sale to Mariner Wealth Advisors, a portfolio company of Leonard Green Partners

HFW is a Michigan-based RIA whose primary focus is providing investment advisory services to insurance companies, foundations, manufacturing companies, and individuals seeking a wealth advisory partner. The acquisition significantly expands and diversifies Mariner's portfolio of offerings to a previously untapped niche – advising community banks and credit unions.

Deal Size:	**Date Announced:**
$8.6 BN in Assets	August 2022

ASSETMARK.

has announced the acquisition of

Adhesion wealth

from

Vestmark

ECHELON served as the exclusive financial advisor to Adhesion and Vestmark and provided:

Sell-Side Investment Banking

Adhesion Wealth, a wholly owned subsidiary of Vestmark, completes sale to AssetMark

Adhesion Wealth is a leading provider of outsourced investment management solutions for RIAs. The company is the industry's second-largest model marketplace, with over 400 asset managers. AssetMark and Adhesion's combined suite of purpose-built solutions will allow them to serve advisors across a wider spectrum of practice profiles and growth enablement preferences.

Deal Size:	**Date Announced:**
$9.0 BN in Assets	June 2022

DAINTREE ADVISORS

has completed its sale to

CERITY PARTNERS®

ECHELON served as the exclusive financial advisor to Daintree and provided:

Sell-Side Investment Banking

Daintree Advisors completes sale to Cerity Partners, a portfolio company of Genstar Capital and Lightyear Capital

Daintree is a prominent investment and wealth management firm serving individuals and families throughout New England and across the country. Joining with Cerity Partners will accelerate Daintree's long-term vision, provide enhanced professional growth opportunities to their team, and allow the firm to offer a greater breadth and depth of services to its clients.

Deal Size:	**Date Announced:**
$1.3 BN in Assets	March 2022

ECHELON's Recent Experience

BOHMER KILCOYNE
WEALTH MANAGEMENT

has completed its sale to

Wealth Enhancement Group®

ECHELON served as the exclusive financial advisor to Bohmer and provided:

Sell-Side Investment Banking

Bohmer Kilcoyne completes sale to Wealth Enhancement Group, a portfolio company of TA Associates and Onex

Bohmer Kilcoyne is a hybrid RIA based in Cincinnati, Ohio, that offers comprehensive financial planning, wealth management, investment management, and retirement income and distribution planning. The transaction with Wealth Enhancement Group will expand Bohmer Kilcoyne's offerings and allow the management team to focus on its number one priority – spending more time with their clients.

Deal Size:	Date Announced:
$677 MM in Assets	September 2022

PARADIGM
FINANCIAL ADVISORS, LLC

has completed its sale to

CREATIVE PLANNING

ECHELON served as the exclusive financial advisor to Paradigm and provided:

Sell-Side Investment Banking

Paradigm Financial Advisors completes sale to Creative Planning, a portfolio company of General Atlantic

Paradigm Financial Advisors is a $600 MM AUM RIA based in St. Louis, Missouri. The firm 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 preexisting quality of services and enabling additional growth opportunities.

Deal Size:	Date Announced:
$600 MM in Assets	February 2022

HAYES FINANCIAL

has completed its sale to

Mariner
WEALTH ADVISORS

ECHELON served as the exclusive financial advisor to Hayes and provided:

Sell-Side Investment Banking

Hayes Financial completes sale to Mariner Wealth Advisors, a portfolio company of Leonard Green Partners

Hayes Financial is a San Jose-based RIA with a niche clientele consisting of employees and alumni of large tech companies. The firm offers a suite of tailored services including cash flow and tax planning, restricted stock and incentive stock advisory, and employer stock management. The acquisition allows Mariner to gain access to Hayes Financial's niche foothold in its local market in Northern California.

Deal Size:	Date Announced:
$325 MM in Assets	December 2022

Earth Equity®
ADVISORS

has completed its sale to

PRIME CAPITAL
INVESTMENT ADVISORS

ECHELON served as the exclusive financial advisor to Earth Equity and provided:

Sell-Side Investment Banking

Earth Equity Advisors completes sale to Prime Capital Investment Advisors

Earth Equity Advisors is a leading RIA based in Asheville, North Carolina, and founded by Peter Krull in 2004. The firm is a pioneer in the sustainable, responsible, and impact investing space. Earth Equity's mission is to empower SRI investing across generations and communities to amplify financial impact and nurture positive change. Earth Equity will establish Prime Capital's North Carolina presence and enhance the firm's SRI offering.

Deal Size:	Date Announced:
$151 MM in Assets	January 2023

Section 1: 2022 Wealth Management Deal Activity, Key Findings, and Top Deals

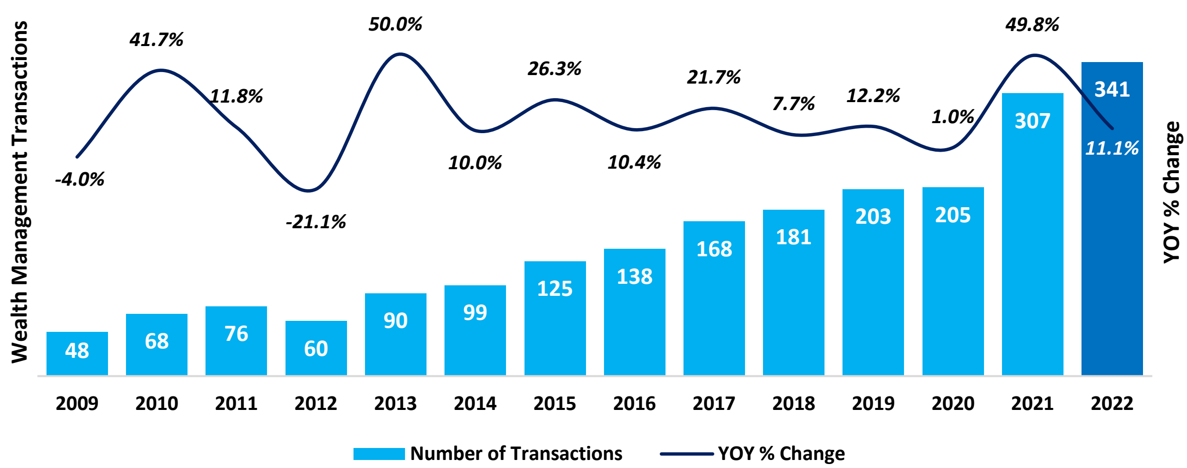
Key Findings and Top Deals

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

Wealth Management M&A Volume Hits an All-Time High: The wealth management industry experienced another year of robust M&A activity. The total number of deals announced exceeded the 2021 total, signaling the tenth consecutive record-setting year for wealth management M&A.

This year's total of 341 announced transactions indicates year-over-year growth of 11.1%, which is even more impressive considering that this followed a 2021 when deal volume increased by 49.8%. The continued growth exhibits the efforts of market participants to consolidate the industry at a rapid pace. Although the aggregate deal count was indeed high, it should be noted that transaction volume fell progressively each quarter in 2022, from 94 deals in Q1 to 71 transactions in Q4.

Exhibit 1: M&A Activity Reaches Record High for the Tenth 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:

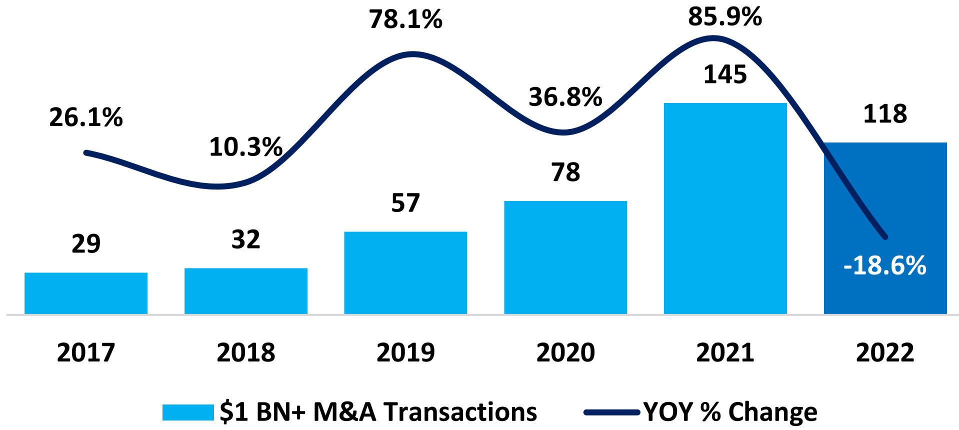
1. **Smaller Deals:** Most deals involving firms with less than $100 MM in AUM go unreported and therefore are very difficult to identify.
2. **Internal Deals:** Deals inside a firm between partners also often go unreported and would likely need to involve a material amount of equity changing hands to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

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

Key Findings: $1 BN+ Transaction Volume Declines, Remains High

Exhibit 2: $1 BN+ Transactions 2017-2022 | M&A Deals

Number of deals for $1 BN+ wealth managers drops, remains well above historic levels.



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

The number of mergers and acquisitions involving wealth managers with at least $1 BN in assets has grown each year as the industry's M&A market has matured. In 2021, the wealth management industry experienced an exponential increase in these large transactions, driven by competition from Strategic and Financial Acquirers and by overall growth in demand for the wealth management business model. In 2022, the number of these $1 BN+ transactions decreased significantly, though the number remains well above pre-2021 levels. This reversion to a more normalized growth rate is to be expected given capital market volatility and possible avoidance of larger transactions by some buyers due to increasing cost of capital. We foresee these types of transactions bouncing back as financial markets begin to normalize.

We see three key reasons for the decline in $1 BN+ transactions:

1. **Increased Buyer Competition Leading to Demand for Smaller Opportunities:** The number of interested buyers in the wealth management industry has continued to rise over the past few years. The increased competition has led to favorable valuations and deal structures, which have been key ingredients in enticing new sellers to enter the marketplace. The extreme competition has also caused some buyers, looking for returns in places that others might not, to seek out M&A opportunities with smaller sellers.
2. **High Number of Add-On Transactions Relative to Platform Investments:** Last year, direct private equity investments involved over $1.7 TN in assets. Private equity sponsors took stakes in large Strategics like Edelman Financial Engines, Sageview Advisory Group, Wealth Enhancement Group, and Mariner Wealth Advisors. This year the Strategics and Consolidators with financial sponsor backing accounted for 60.7% of all transactions made in the wealth management industry. Of the 207 transactions announced in 2022 featuring a PE-backed buyer, approximately 66.7% (138 deals) involved targets with less than $1 BN in assets. These add-on transactions are typically smaller and are a leading cause for this decline in $1 BN+ transactions.
3. **Decrease in Assets Attributable to Market Performance:** The average 60/40 portfolio returned roughly -17% in 2022, resulting in many firms reporting negative net new assets for the year. A large portion of the decline in $1 BN+ transactions was a consequence of the turbulence in the broader financial markets. A seller with just over $1 BN in assets in late 2021 would likely be below that threshold today, absent strong new sales. As the market begins to recover, many targets acquired in 2022 will return to being $1 BN+ AUM firms.

Key Findings: RIAs Gain Market Share in 2022

RIAs: RIAs took back some of the market share in 2022 as the group accounted for 28.2% of all transactions, or 96 total deals. This comes after a sharp 15% decline in 2021 when Strategics and Consolidators reclaimed the leading role in deal share. The smaller average deal size has given RIAs a chance to participate more aggressively, especially in transactions involving sellers in proximity to the buyer or in deals with the potential for substantial cost synergies.

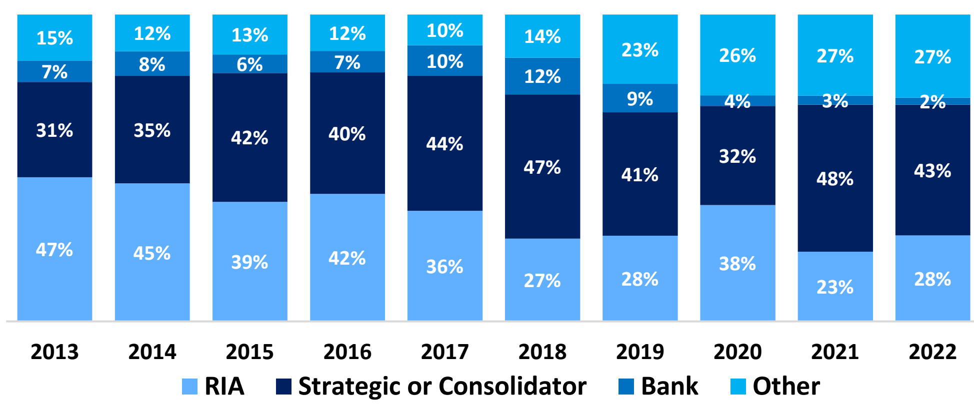
We use the "RIA" label to describe those firms that have completed fewer than four mergers or acquisitions, are generally smaller in their strategic reach, and usually have more modest financial resources. Therefore, transactions involving RIA acquirers tend to involve smaller deals than do transactions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

Strategic Acquirers or Consolidators: Strategic Acquirers remain the dominant force driving wealth management M&A activity, but their share of total activity declined slightly in 2022. The group announced 146 deals last year, accounting for 42.8% of the total deal count. Total assets transacted by Strategics declined by 39.7% compared with 2021 due to the convergence of buyers redirecting their attention toward smaller deals and a downturn in capital markets, which led to a decrease in asset values. The most active Strategic Acquirer was Mercer Advisors, which publicly announced 20 transactions in 2022. Following Mercer were Wealth Enhancement Group and Creative Planning, which announced 14 and 13 deals, respectively.

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 Remain Dominant Acquirer, RIAs' Deal Share Climbs

Strategic Acquirers are once again the dominant type of acquirer in the wealth management industry.



Sources: Company Reports, SEC IARD, ECHELON Partners Analysis

Banks: Banks remain the least active category in terms of total deal volume, announcing seven transactions in 2022, which marks a decrease relative to the category's nine announced deals in 2021. Despite the slight decline in deal activity, there was a 45.1% increase in total assets transacted, indicating a shift toward larger deals, with four transactions exceeding $10 BN in assets.

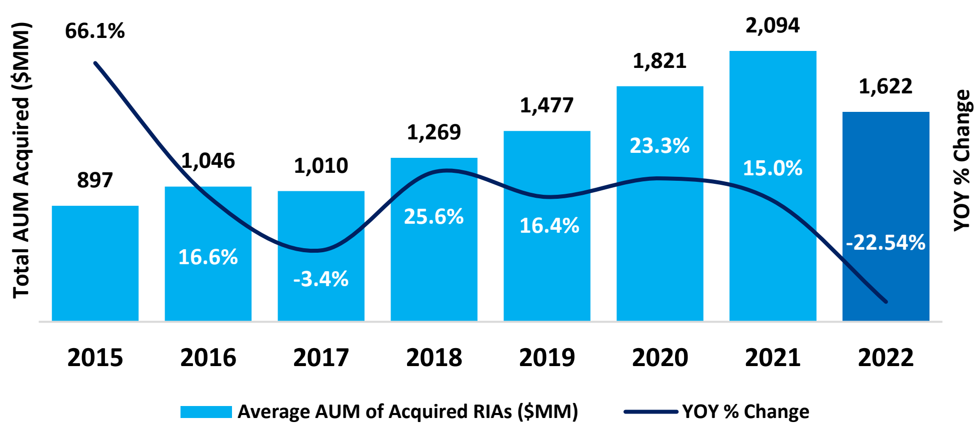
Other: The Other category's share of total transactions remained largely consistent compared with 2021. The wealth management industry continues to draw substantial interest from private equity investors, fueling the Other category's robust activity. This category has consistently gained a greater share of the market with each passing year since 2017.

Key Findings: Assets Acquired & Quarterly Deal Activity Normalize

Exhibit 4. For the first time in five years, the average assets under management (AUM) per deal decreased in tandem with the broader capital markets. On average, wealth managers have less AUM than they did a year ago, so deals are naturally smaller even though activity and valuations remain robust. Average AUM of acquired wealth management firms decreased by 22.5% in 2022, after a record-breaking previous year that pushed the average above $2 BN. Given the wealth management industry's direct ties to equity and fixed income markets, it is likely that this trend will continue until market turbulence subsides.

Exhibit 4: Average Assets Per Deal Shrinks, First Time in Five Years

Average AUM per announced deal decreases significantly.



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. After reaching a record quarterly volume in 4Q21, the number of transactions has declined each subsequent quarter. It's worth mentioning that the surge in 4Q21 was partly due to temporary factors such as the potential change in capital gains tax legislation, which helped lead to a 49.8% YOY increase in deal volume in 2021 compared with the average annual growth rate of 10.7% from 2017 to 2020. Thus, 2022 was simply a return to more normalized growth levels in our industry. Currently, buyer and seller interest in M&A remains high as sellers look to solidify succession plans and as buyers look to build economies of scale.

Exhibit 5: Wealth Management M&A Activity Declines Quarter Over Quarter

Deal volume has experienced a 26.3% decrease since its peak in 4Q21.

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

The 25 Largest Deals of 2022 by Assets

Exhibit 6: Top 25 Deals by Total Assets Transacted

Seller	Buyer	Buyer Type	Seller Assets ($MM)	Date
Wentworth Management Services	Kingswood Group	Other	285,000	7/8/2022
Wilmington Trust’s Collective Investment Trust	Madison Dearborn Partners	Other	115,000	12/19/2022
Portfolio Evaluations Inc.	CAPTRUST	Strategic or Consolidator	107,000	1/14/2022
Pensionmark Financial Group	World Insurance Associates	Other	80,000	3/17/2022
Cook Street Consulting	Morgan Stanley	Bank	72,000	2/10/2022
Brewin Dolphin	Royal Bank of Canada	Bank	65,390	9/27/2022
Kestra Financial	Oak Hill Capital	Other	51,000	9/30/2022
Cerity Partners	Genstar Capital	Other	45,000	6/8/2022
IIFL Wealth Management	Bain Capital	Other	44,000	4/1/2022
Advisors Asset Management	Sun Life Financial	Other	41,000	9/1/2022
Financial Resources Group Investment Advisors	LPL Financial	Strategic or Consolidator	40,000	11/3/2022
American Portfolios Financial Services	Advisor Group	Other	40,000	6/22/2022
Willow Street	Pathstone	RIA	35,000	12/1/2022
Infinex Financial Holdings, Inc.	Advisor Group	Other	30,000	5/19/2022
The Financial Services Network	Mariner Wealth Advisors	Strategic or Consolidator	26,000	7/19/2022
Sanctuary Wealth	Kennedy Lewis Investment Management	Other	20,000	6/2/2022
SMArtX	Morningstar	Other	19,000	5/3/2022
Hefren-Tillotson	Baird	Other	18,000	1/24/2022
Signature Estate & Investment Advisors	Reverence Capital Partners	Other	16,000	8/17/2022
Lion Street	Integrity Marketing Group	Strategic or Consolidator	15,000	1/25/2022
Gladstone Wealth Partners	Integrity Marketing Group	Strategic or Consolidator	13,000	8/3/2022
Insigneo Financial Group	Bain Capital Credit, J.C. Flowers & Co.	Other	13,000	6/13/2022
Homrich Berg	First Citizens Bank	Bank	13,000	6/8/2022
Taplin, Canida & Habacht	Loop Capital	Other	12,041	1/31/2022
RSM US Wealth Management	Parthenon Capital	Other	12,000	1/5/2022

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 2022. The year's deals signal the following trends: (1) demand for hybrid platforms that can support affiliated and unaffiliated advisors (see RCP's investment in SEIA, LPL's acquisition of FRG, and Mariner's acquisition of FSN), (2) international expansion by North American platforms and investors, and (3) private equity continued interest in the wealth management ecosystem.

January
CAPTRUST
Acquired
PEI
Assets - $107.0 BN

February
Morgan Stanley
Acquired
CS COOK STREET CONSULTING
Assets - $72.0 BN

March
WORLD
Acquired
Pensionmark
Assets - $80.0 BN

April
BainCapital
Acquired a minority interest in
IIFL WEALTH
Assets - $44.0 BN

May
Advisor Group
Acquired
Infinex FINANCIAL GROUP
Assets - $30.0 BN

June
GENSTAR CAPITAL
Led recapitalization of
CERITY PARTNERS
Assets - $45.0 BN

July
Mariner WEALTH ADVISORS
Acquired
THE FINANCIAL SERVICES NETWORK
Assets - $26.0 BN

August
RCP REVERENCE CAPITAL PARTNERS
Makes strategic Investment in
SEIA
Assets - $16.0 BN

September
RBC Royal Bank
Acquired
BREWIN DOLPHIN
Assets - $65.4 BN

October
VALEAS CAPITAL PARTNERS
Acquired a minority interest in
SEQUOIA FINANCIAL GROUP
Assets - $10.1 BN

November
LPL Financial
Acquired
FINANCIAL RESOURCES GROUP Investment Services
Assets - $40.0 BN

December
MADISON DEARBORN PARTNERS
Acquired
WILMINGTON TRUST
Assets - $115.0 BN

January 2022

CAPTRUST

Acquired

PEI

Who: CAPTRUST acquired Portfolio Evaluations, Inc.

What: $107.0 BN in assets

How: In its 54th acquisition and one of its largest to date, CAPTRUST acquired the New Jersey-based Portfolio Evaluations, Inc.

Why: The addition of Portfolio Evaluations, Inc., is a continuation of CAPTRUST's serial consolidation strategy as the firm also made nine total acquisitions in 2021. Portfolio Evaluations, Inc., has been a longtime competitor of CAPTRUST, and the two firms coming together serves as an opportunity to gain scale. PEI is the third significant institutional-focused firm that CAPTRUST has acquired in the past year, and it expands the firm's offerings in both alternatives and nonqualified benefits.

February 2022

Morgan Stanley

Acquired

CS COOK STREET CONSULTING

Who: Morgan Stanley Wealth Management acquired Cook Street Consulting

What: $72.0 BN in assets

How: Morgan Stanley acquired institutional retirement consulting firm Cook Street Consulting, adding roughly 975,000 retirement plan participant and beneficiaries.

Why: This transaction further bolsters Morgan Stanley's institutional consulting business. The company added E*TRADE Financial in a $13 BN all-stock deal in 2020, then acquired retirement consulting practice Hyas Group in August 2021, which provided an additional $43 BN in assets. This deal adds another large retirement business to the Morgan Stanley WM fold.

Top Deal Timeline & Summary

March 2022

Acquired

Who: World Insurance Associates LLC acquired Pensionmark Financial Group
What: $80.0 BN in assets
How: World entered into an agreement to acquire Pensionmark Financial Group, the large national network of retirement and financial planning RIAs.
Why: The trend of retirement firms being acquired continued into March with the Pensionmark Financial Group acquisition. Retirement firms played a major role in 2022 as these large firms took notice of the broader M&A environment and chose to get involved.

April 2022

Acquired a Minority Interest in

Who: Bain Capital acquired a minority interest in IIFL Wealth Management
What: $44.0 BN in assets
How: Minority interest
Why: Private equity firm Bain Capital purchased a 24.98% stake in India's largest non-bank wealth manager IIFL Wealth Management from the firm's former investor General Atlantic. This was not the only time we saw investors turn their focus outside the U.S. for new targets. The trend of international dealmaking continued throughout all of 2022.

May 2022

Acquired

Who: Advisor Group acquired Infinex Financial Group
What: $30.0 BN in assets
How: Advisor Group, one of the nation's largest networks of independent wealth management firms, acquired Infinex Financial Group.
Why: Advisor Group appeared twice on the list of largest transactions. The firm continues to expand its multi-channel leadership and define its growth strategy with selective but large acquisitions of companies it deems key to its success.

June 2022

Led recapitalization of

Who: Genstar Capital led a recapitalization of Cerity Partners
What: $45.0 BN in assets
How: Private equity firm Genstar Capital led a recapitalization of premier independent wealth management firm Cerity Partners.
Why: Lightyear Capital was the prior majority investor in Cerity, which made five acquisitions in 2022. While direct investment from private equity firms marginally declined year-over-year, the interest in the wealth management industry from private equity firms has far from subsided, proven by the fact that Lightyear elected to roll equity into the recap.

July 2022

Acquired

Who: Mariner Wealth Advisors acquired The Financial Services Network
What: $26.0 BN in assets
How: Mariner Wealth Advisors acquired The Financial Services Network, an OSJ, RIA, and supplier of back-office support.
Why: Of Mariner Wealth Advisors' 12 acquisitions, the FSN addition was by far its largest. The deal expands Mariner's suite of offerings and will allow the firm's advisors to continue to focus on spending more time advising clients and scaling their businesses.

Top Deal Timeline & Summary

August 2022

RCP REVERENCE CAPITAL PARTNERS

Made a strategic investment in

SEIA

Who: Reverence Capital Partners made a strategic investment in Signature Estate and Investment Advisors (represented by ECHELON Partners)
What: $16.0 BN in assets
How: Private equity firm Reverence Capital Partners made a majority investment in SEIA.
Why: Reverence's investment complemented its current holding, Advisor Group, with their first foothold in the independent space. We expect a more active inorganic strategy for the company post-investment.

September 2022

RBC Royal Bank

Acquired

BREWIN DOLPHIN

Who: RBC Wealth Management acquires Brewin Dolphin
What: $65.4 BN in assets
How: RBC acquired the one of the largest wealth managers in the U.K. and Ireland for $2.4 BN in total consideration.
Why: High buyer competition in the U.S. has driven activity in the international M&A market as firms looked for supplemental avenues for growth. RBC considers the U.K. a key market for the firm going forward, and this transaction solidifies its position as a leader in the area.

October 2022

VALEAS CAPITAL PARTNERS

Acquired a minority interest in

SEQUOIA FINANCIAL GROUP

Who: Valeas Capital Partners acquired a minority interest in Sequoia Financial Group
What: $10.1 BN in assets
How: Valeas committed more than $200 MM to support Sequoia Financial Group in exchange for a minority stake in the firm.
Why: The Valeas investment further validates Sequoia's talented team, significant growth potential, and strategic vision. The firm's prior financial partner was Kudu Investment Management.

November 2022

LPL Financial

Acquired

FINANCIAL RESOURCES GROUP Investment Services

Who: LPL Financial Holdings acquired Financial Resources Group Investment Services (FRGIS)
What: $40.0 BN in assets
How: LPL Financial acquired Financial Resources Group for a closing payment of $140 MM, along with additional earnout opportunities over the three years post-close.
Why: The acquisition of Financial Resources Group adds approximately 800 advisors and 85 financial institutions to the LPL platform from across the country. FRGIS will also retain its brand and leadership team.

December 2022

MADISON DEARBORN PARTNERS

Acquired

WILMINGTON TRUST

Who: Madison Dearborn Partners acquired Wilmington Trust's collective investment trust business
What: $115.0 BN in assets
How: Private equity firm Madison Dearborn Partners acquired Wilmington Trust's CIT business, and it will become an independent company.
Why: Madison Dearborn Partners has extensive experience in financial services and will be able to add significant value to the carve-out CIT business. Upon closing, the business will become a separate entity.

Exhibit 7: The Most Active Acquirers of 2022

Buyer	Buyer Type	AUM Acquired ($MM)[1]	Number of Deals[1]
Mercer Advisors	Strategic or Consolidator	13,260	20
Wealth Enhancement Group	Strategic or Consolidator	8,944	14
Creative Planning	Strategic or Consolidator	14,982	13
Mariner Wealth Advisors	Strategic or Consolidator	40,022	12
Merit Financial Advisors	RIA	4,956	11
CAPTRUST	Strategic or Consolidator	114,640	9
HUB International Limited	Other (Insurance)	15,042	9
Beacon Pointe Advisors	Strategic or Consolidator	3,873	9
Merchant Investment Management	Other (Private Equity)	13,370	8
MAI Capital Management	Strategic or Consolidator	3,701	8

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

Exhibit 7 displays 2022's most active acquirers in the wealth management industry. Serial acquirer Mercer Advisors, which announced 20 transactions, was first in deal volume. It was followed by Wealth Enhancement Group, Creative Planning, and Mariner Wealth Advisors announcing 14, 13, and 12 deals, respectively. Merit Financial Advisors went on a buying spree, announcing 11 deals in 2022, a remarkable feat given that it only announced a single acquisition in 2021. Merit added close to $5 BN in assets, and its largest deal was the purchase of Stone Creek Capital Management, a Florida-based RIA with $1.6 BN in assets. CAPTRUST boasted nine acquisitions comprising an impressive $115 BN in assets, much of which was attributable to its acquisition of the $107 BN AUM Portfolio Evaluations Inc. Merchant Investment Management is the first private equity buyer to make this list, having announced a total of eight deals in 2022, acquiring $13.4 BN in assets.

Mercer Advisors (Mercer), backed by Oak Hill Capital since 2019**,** has a strong history of M&A and has repeatedly been among the top acquirers of wealth managers in recent years. The company has an impressive history of growth, increasing its assets from $12 BN in AUM in 2017 to $46 BN in AUM as of January 2023. In December 2022, Mercer diverted from its historical focus on acquiring midsize RIAs with the acquisition of Regis Management Company, a California-based UHNW RIA with $5 BN in assets.

Wealth Enhancement Group (WEG), backed by TA Associates and Onex Capital, continued to expand its presence through strategic acquisitions. The company nearly matched its 2021 deal activity but acquired considerably fewer assets in 2022. WEG's average deal size in 2021 was $1.4 BN in assets, but this fell to only $616 MM in 2022, highlighting the company's shift in deal preference in acquiring smaller firms.

Creative Planning, backed by General Atlantic, emerged as a top buyer in 2022. The company's average deal size was $938 MM, with 69.2% of its transactions below $1 BN in assets. In August 2022, the firm acquired Wipfli Financial Advisors, adding $5 BN in assets to the Creative Planning platform and further enhancing its set of services.

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

Key Trends: The Evolution of Buyers and Sellers

The wealth management M&A landscape has continued to mature and evolve over the past few years as the industry reached its consolidation phase. Deal volumes have surged, new buyers have entered the marketplace at record pace, and deal activity has persisted even in the face of struggling global M&A markets. Much of this can be attributed to the vast supply of sophisticated buyers and motivated 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

Deal activity over the past two years has been driven primarily by Strategic Acquirers, which continue to use M&A as one of their primary growth generators. They took over the largest share of wealth management transactions in 2021, and 2022 followed suit. The key reason for this change in market share stems from the financial backing that almost all of these Strategic Acquirers now have. Private equity investors have created an influx of capital into the marketplace and have lent their dealmaking prowess to their platform firms. This has led to a consistent rise in deal activity, with PE firms contributing to 70.1% of all transactions in 2022. Their involvement comes both directly and indirectly, either through deals involving acquirers that they back or via direct investments.

This is an important trend that it appears will continue going forward as new buyers continually seek to enter the space. With this constant increase in interested parties, the industry can expect competitive sale processes and valuations to remain favorable. Buyers that are able to articulate a compelling value proposition to sellers while executing 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 2022 was again a record year for dealmaking, the seller/target profile appeared to transform throughout the year. In 2021, average assets per transaction broke the $2 BN benchmark for the first time, as 145 deals were disclosed involving firms with over $1 BN in assets. That number fell to 119 in 2022, and average assets per deal fell 23.2% to $1.6 BN. This trend is certainly a byproduct of market declines, considering firms with just over $1 BN in assets at the end of 2021 would likely have fallen below the threshold throughout 2022.

The increase in the number of platforms across the wealth management industry has created a dynamic where private equity-backed firms are seeking to expand their offerings by acquiring smaller firms that can be strategically integrated into their existing platform, in turn boosting demand for add-on acquisitions. As part of a larger, more established platform, sellers can tap into a wider range of resources, technology, expertise, and access to capital. This allows sellers to effectively bolster their competitive position in the wealth management marketplace and rapidly expand their business in ways that would be difficult to achieve independently. ECHELON estimates it is likely that this trend will continue to shape the M&A landscape for years to come.

2022 Industry Ecosystem of Private Equity Direct Investments

2022 PE Direct Investment Timeline

Firm		Investor	Firm		Investor
RSM	January AUM: $12,000	Parthenon Capital	Harbourfront Wealth Management	June AUM: $1,700	Audax Group
New Republic Partners	January AUM: $1,500	Skyknight	Gentrust	July AUM: $3,000	Kudu Investment Management
Southwestern Investment Group	January AUM: $5,800	Merchant	GCG Advisory Partners	August AUM: $1,500	LNC Partners
FNZ	February AUM: $1,400	CPP Investments; Motive Partners	One Seven	August AUM: $2,800	Merchant
IIFL Wealth	April AUM: $44,000	BainCapital	SEIA	August AUM: $16,000	Reverence Capital Partners
TMG The Mather Group	April AUM: $8,000	Vistria	Redwood Investment Management	August AUM: $2,442	Merchant
Koda	May AUM: $7,000	Emigrant Partners	Karp Capital Management; Miracle Mile Advisors	September AUM: $4,000	Corsair
Sanctuary Wealth	June AUM: $20,000	Kennedy Lewis Investment Management	Kestra Financial	September AUM: $51,000	Oak Hill Capital Partners
Cerity Partners	June AUM: $45,000	Genstar Capital	Sequoia Financial Group	October AUM: $10,091	
London & Capital	June AUM: $4,100	Lovell Minnick Partners	FLPutnam Investment Management Company	December AUM: $5,500	Emigrant Partners
insigneo	June AUM: $13,000	BainCapital; J.C. Flowers & Co.	Wilmington Trust	December AUM: $115,000	Madison Dearborn Partners

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
Cerity Partners	Genstar Capital	45,000	6/8/2022
Sanctuary Wealth Partners	Kennedy Lewis Investment Management	20,000	6/2/2022
Signature Estate & Investment Advisors	Reverence Capital Partners	16,000	8/17/2022
Insigneo Financial Group	Bain Capital Credit & J.C. Flowers	13,000	6/13/2022
RSM US Wealth Management	Parthenon Capital	12,000	1/5/2022
Sequoia Financial Group	Valeas Capital Partners	10,091	10/19/2022
The Mather Group	The Vistria Group	8,000	4/6/2022
Southwestern Investment Group	Merchant Investment Management	5,800	1/25/2022
F.L. Putnam	Emigrant Partners	5,500	12/19/2022
Miracle Mile Advisors & Karp Capital Management	Corsair Capital	4,000	9/16/2022
Gentrust LLC	Kudu Investment Management	3,000	7/18/2022

Exhibit 8 showcases that 2022's top private equity investments in wealth managers predominantly involved firms serving private clients rather than retirement plan aggregators and related firms. PE investment has proven to be a mainstay in the wealth management industry over the past few years due to businesses' inherent recurring revenue structure, high friction costs to switch providers, and ability to conduct an accretive M&A strategy.

Although PE direct investment remained prevalent in 2022, there was a notable decline in these transactions from last year's record levels. In 2021, deals involving direct investments from PE firms saw $1.7 TN in assets transacted, approximately $1.2 TN higher than the 2022 total. This decline is likely due to the fact that nearly all the largest platforms already have established financial sponsors, many of which invested in the target companies in the past 12-24 months.

Prominent RIAs still received first-time investments from private equity partners, as illustrated in key transactions like Reverence Capital Partners' strategic investment in Signature Estate & Investment Advisors and Parthenon Capital's acquisition of RSM US Wealth Management (which was renamed Choreo after closing). Each of these sponsors comes with a wealth of experience in the industry and a history of successful partnerships in the space.

Genstar Capital's recapitalization of Cerity Partners shows that sponsors continue to see growth opportunities and room for further expansion in wealth management platforms. Cerity's initial investor, Lightyear Capital, invested in the firm close to five years ago when the company had $9BN in assets. Cerity has seen immense growth in that time frame, and Lightyear will remain a minority shareholder in Cerity, illustrating its enduring conviction in the business.

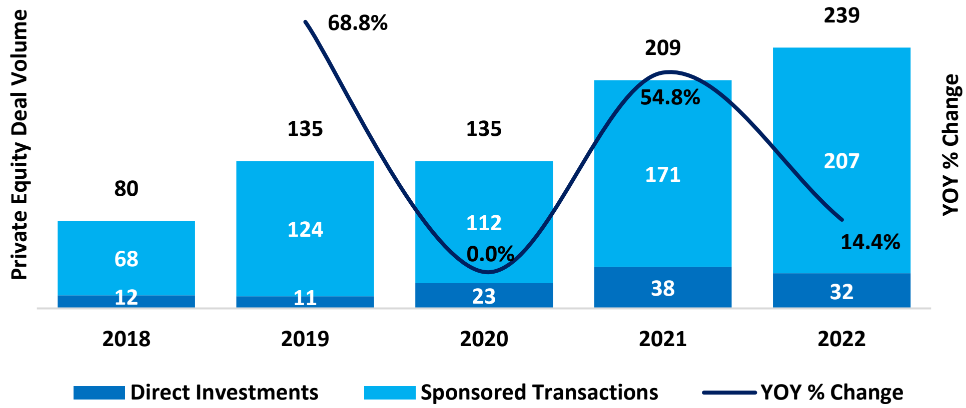
27 Total — **Direct Private Equity Deals in 2022**

$407 BN — **Total AUM Involving Direct Private Equity Investments in 2022[1]**

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

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

239 deals, or 70.1% of 2022's total, either were a direct investment by a PE firm or involved an acquirer with a PE sponsor.



While **Exhibit 8** shows that private equity direct investments continue to influence wealth management deal volume, the bulk of private equity's impact is felt through sponsored transactions where one of the private equity firm's portfolio companies acquires a firm with the financial support and guidance of the PE backer. This is commonly referred to as an add-on or tuck-in acquisition. **Exhibit 9** shows the breakdown between these two types of private equity acquisitions over the past five years and highlights the remarkable growth in these types of transactions in recent years.

There are very few prominent Strategic Acquirers remaining in the industry today that do not have a private equity backer, which has led to PE investors being directly or indirectly involved with 70.1% of all transactions announced this year. We expect this to remain the case as these PE-backed firms continue to compete to consolidate the industry.

The Search for New Targets: International Market Shows Promise

The U.S. wealth management M&A marketplace remains the largest and most competitive, but as buyer competition persists, we have continued to see North American Strategic and Financial Acquirers turn their attention internationally for new opportunities. There were numerous high-profile transactions in the international marketplace.

Although not all international deals are considered relevant for our deal tracker and metrics (we only count those that involve a domestic buyer or a buyer highly active in the domestic markets), we believe it prudent to analyze the activity we are seeing. **Exhibit 10** and **Exhibit 11** display the top five most important international transactions conducted by strategic and financial acquirers, respectively. The transactions exemplify the following trends:

- The markets in the United Kingdom share many similar characteristics to those of the U.S., and the region experienced the bulk of the international deal activity in 2022. Firms like Brewin Dolphin, Metis Wealth & Asset Management, London & Capital, and FNZ were all involved in deals that saw a total of approximately $79 BN in assets transacted. The region has become highly sought after, and M&A has been a key strategy for many large firms to break into the space or increase their preexisting market share.
- Large Canadian buyers were notably less active in 2022 after a busy year in 2021. This was particularly noticeable for Canadian buyer CI Financial, which reduced its deal activity from a total of 15 transactions in 2021 to five transactions in 2022. CI Financial accounted for the largest portion of deals involving a Canadian buyer in 2021, all of which included a U.S. target firm, which is a strategy the firm was vocal about. CI Financial is publicly traded and certainly felt the effect of the turbulent markets this year. The firm may also be preparing for the IPO of its U.S. Wealth Management business, which was formally filed in December 2022.

Exhibit 10: Top 5 International Transactions by Strategic Acquirers in 2022

Seller	Seller Headquarters	Buyer	Seller Assets ($MM)
Brewin Dolphin	United Kingdom	Royal Bank of Canada	65,390
Metis Wealth & Asset Management	United Kingdom	Hurst Point Group	8,000
Newport Private Wealth	Canada	NFP Corp.	4,300
NSC Asesores	Mexico	Stratos Wealth Network	4,000
Northwood Family Office Ltd.	Canada	CI Financial Corp.	2,200

- The largest acquisition made in the international market this year was Royal Bank of Canada's $1.9 BN purchase of Brewin Dolphin. The acquisition expands RBC's global footprint as Brewin Dolphin is one of the largest wealth managers in the U.K. and Ireland.
- U.S. private equity firms have continued to actively build platforms overseas, and the United Kingdom is still the key area of focus for these transactions. Two of the largest sponsor investments were made in firms in the United Kingdom.

These sponsors have considered the U.K. a key area of focus due to the region's significant supply of high-quality firms that are still seeking financial backing. Investors have experienced attractive returns from their U.S. wealth management investments and believe that areas like the United Kingdom can provide similar success.

- Bain Capital, financial sponsor of Carson Group, extended its reach into India by making a minority investment in India's largest non-bank wealth manager, IIFL Wealth Management. The firm's previous sponsor, General Atlantic, stands to make a 3x return on its initial investment, which shows the opportunity that exists for returns in the wealth management industry internationally.

Exhibit 11: Top 5 International Transactions by Financial Acquirers in 2022

Seller	Seller Headquarters	Buyer	Seller Assets ($MM)
IIFL Wealth Management	India	Bain Capital	44,000
Koda Capital	Australia	Emigrant Partners	7,000
Harbourfront Group	Canada	Audax Private Equity	5,700
London & Capital	United Kingdom	Lovell Minnick	4,100
FNZ	United Kingdom	CPPIB, Motive Partners	1,500

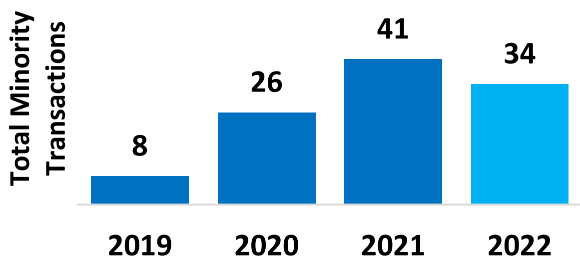
Minority Transactions Activity Remains Elevated

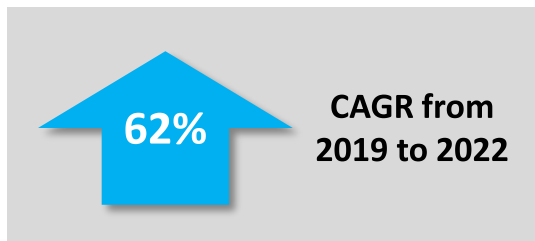
Continued Rise in Minority Transactions

Traditionally, M&A activity in the industry was dominated by succession-related deals with other wealth managers or Strategic Acquirers. As the buyer ecosystem evolves, there is more optionality for sellers seeking minority recaps or growth investments. In this transaction structure, the current owners and management team can retain control through a significant stake and continue to realize a greater share of enterprise value growth. The proceeds from the investment can be utilized for growth initiatives (and kept on the balance sheet) or recapping current investors by providing liquidity. There is usually significant structuring to minority deals, with some investors requiring liquidity preferences and paid-in-kind interest as they seek to protect their return in a situation where they have less control.

Exhibit 12 notes below, there were 34 minority transactions in 2022, which represents a 17.7% decrease in the number of announced deals in 2021 but over four times the number of deals announced in 2019.

Exhibit 12: Total Minority Transactions





While the number of minority investments remained elevated, the average size of these transactions has decreased significantly. In 2022, the average seller in a minority transaction (excluding sellers with over $20 BN in AUM) has assets under management of $2.5 BN – a 51.6% decrease over 2021's average level and a level slightly higher than 2019's average of $2.3 BN. The top ten largest minority transactions in 2022 averaged $14.7 BN in assets under management, a substantial decrease from the 2021 level, which averaged $66.5 BN, indicating some investors' preference for smaller-scale investments in 2022.

Minority Transactions – 7 Motivators: A number of factors motivated wealth management firms to consider and execute minority transactions, a strategy that ECHELON believes will continue well into 2023 and beyond:

1. **Taking Chips off the Table:** Given the current elevated valuations in wealth management, many founders are eager to gain liquidity by reducing the share of their personal net worth tied up in their firms. While some younger owners are not yet focused on retirement, they may still seek a partner that will enable them to sell a portion of their interest and gain some liquidity, while also keeping the possibility of future liquidity events open.
2. **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.

3. **Embracing Strategic Alliances:** Minority equity positions can be an effective way for wealth management firms to signal their commitment and confidence in their partners. Gaining access to new markets and increased technological capabilities allows both parties to share risks and benefits with their partners while maintaining flexibility and control.
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 for Buying 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 whether – they should sell the rest of the company.

Exhibit 13: The Top Ten Minority Investment Transactions in 2022

Seller	Buyer(s)	Seller AUM ($MM)	Date
Kestra Financial	Oak Hill Capital	51,000	9/30/2022
IIFL Wealth Management	Bain Capital	44,000	4/1/2022
Insigneo Financial Group	Bain Capital, J.C. Flowers & Co	13,000	6/13/2022
Sequoia Financial Group	Valeas Capital Partners	10,091	10/19/2022
Koda Capital	Emigrant Partners	7,000	5/11/2022
Southwestern Investment Group	Merchant Investment Management	5,800	1/25/2022
F.L. Putnam Investment Management	Emigrant Partners	5,500	12/19/2022
Gentrust LLC	Kudu Investment Management	3,000	7/28/2022
MGO One Seven	Merchant Investment Management	2,800	8/2/2022
Redwood Investment Management	Merchant Investment Management	2,442	8/19/2022

34 Total Minority Transaction Deals in 2022

$164 BN Total Minority Assets Transacted

Insurance Companies Continue to Consolidate

Big Insurers, Bigger Reach: Large insurance companies continued to grow their presence inorganically in the wealth management and retirement space in 2022. This was a trend that emerged in 2021, accelerated last year, and is expected to remain a major driving force for M&A activity in 2023. There are natural cross-selling synergies across private client wealth management and the insurance industry, and we believe it will continue to make strategic sense for this transaction type to occur.

In 2022, there were 13 transactions involving insurance companies and sellers with at least $1 BN in assets, marking a 160% increase over 2021's five deals involving the same type of seller. As shown in **Exhibit 14**, the largest transaction was World Insurance Associates' acquisition of Pensionmark Financial Group, a national network of retirement and financial planning registered investment advisor. The deal involved $80 BN in assets and included Pensionmark's Advisor Support Platform, the Pensionmark Financial Group registered investment advisor, and the Pensionmark Securities broker/dealer.

The three most prominent buyers in the retirement space are HUB International Limited, Alera Group, and Integrity Marketing Group. All are large providers of employee benefits and insurance products and related services and have been actively acquiring firms in the wealth management sector.

Exhibit 14: Top Insurance-Based Transactions of 2022

Seller	Buyer	Seller AUM ($MM)	Date
Pensionmark Financial Group	World Insurance Associates	80,000	3/17/2022
Lion Street	Integrity Marketing Group	15,000	1/25/2022
Gladstone Wealth Partners	Integrity Marketing Group	13,000	8/3/2022
Taylor Advisors	HUB International Limited	8,300	3/3/2022
AFS Advisors	NFP Corp.	4,628	2/24/2022
Newport Private Wealth	NFP Corp.	4,300	6/30/2022
Wharton Business Group	Alera Group	3,400	6/8/2022
Johnson Brunetti	Alera Group	3,000	8/1/2022
WealthPlan Advisors	Hub International Limited	2,300	8/4/2022
401(K) Advisors, Inc.	Hub International Limited	1,300	4/6/2022

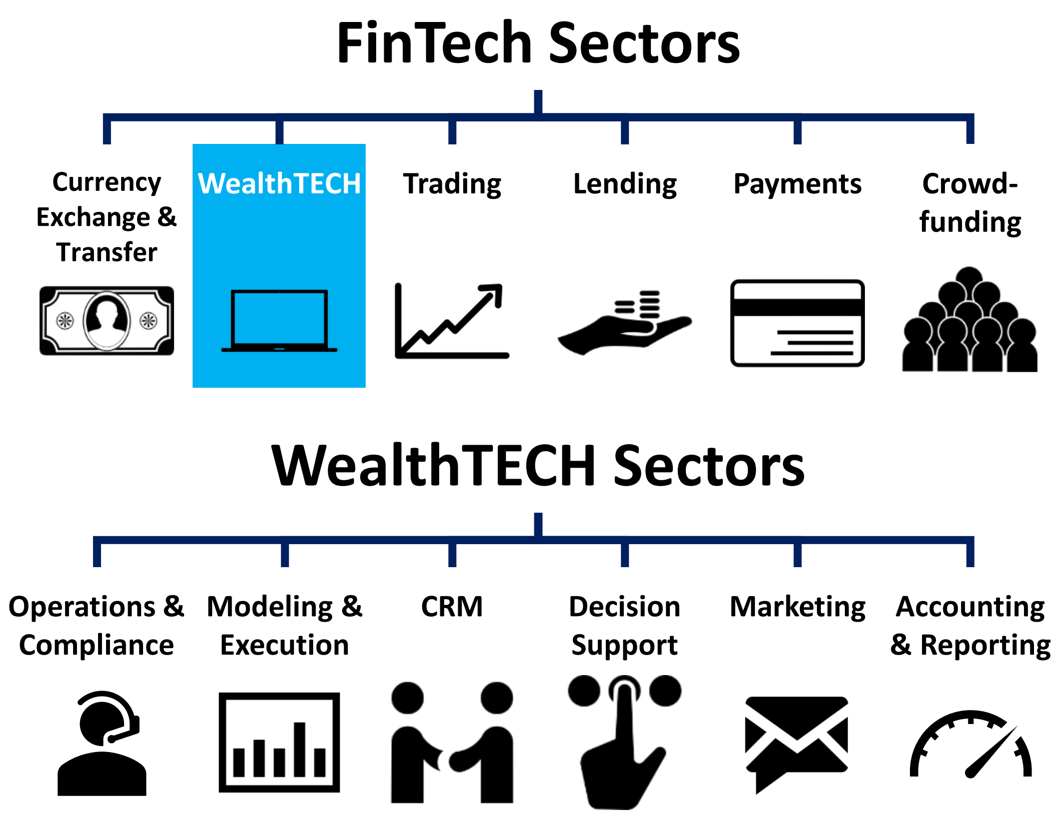
Section 3:
WealthTECH M&A:
Key Trends and Observations

WealthTECH M&A Deal Activity

Given ECHELON's focus on the subset of FinTech companies related to wealth management, in spring 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 15**.

In 2021, the overall FinTech sector faced an immense surge in demand and deal flow, and the WealthTECH subcategory observed record levels of deal activity. This resulted in a remarkable increase of 123.3% compared with the total deals disclosed in 2020. In 2022, the opposite was true: FinTech transactions fell approximately 8% globally year-over-year, ultimately causing WealthTECH transactions to fall from 108 to 96, representing an 11.1% decline from 2021.

Exhibit 15: WealthTECH Ecosystem Continues to Expand and Innovate



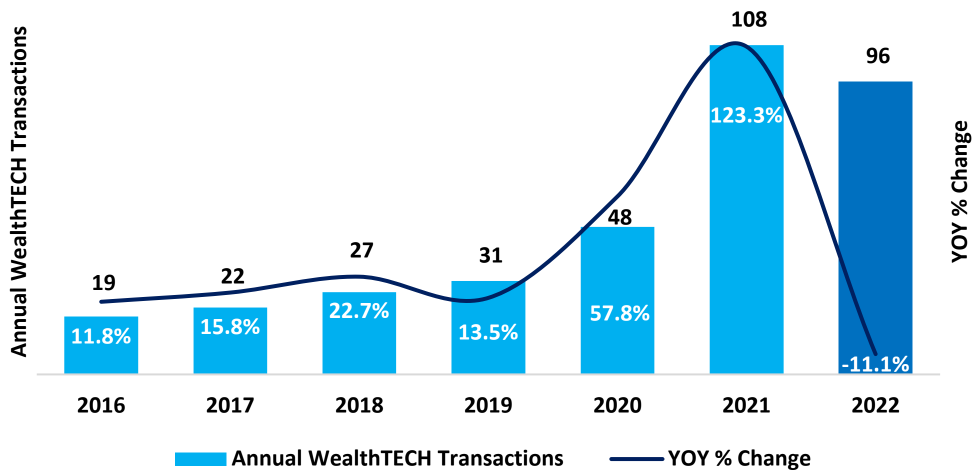
Source: ECHELON Partners

The wealth management industry has a need for improved technology, and there has been a consistently high level of technology adoption across the sector in the past decade. Financial advisors have sought solutions that allow for gains in operational efficiency. The next generation of clients have grown up with technology products that fit their every need, and they have come to expect that same level of personalization and customization from the tools they use to invest. This has created great incentives for companies to innovate and has led to supreme demand for WealthTECH solutions.

While the subsector remains a staple of the industry, as **Exhibit 16** shows, the volume of WealthTECH M&A fell due to many of the same trends that impacted the broader tech sector. 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 16: WealthTECH Deals Face Headwinds Amid Broader Tech Slowdown

WealthTECH M&A activity regresses, after slow second half.



Sources: Company Reports and ECHELON Partners Analysis

This year was a tale of two stories for the WealthTECH M&A marketplace. In the first two quarters of 2022 there were 64 disclosed transactions, on pace for another record-breaking year. However, throughout the remainder of the year there were only 32 additional deals announced.

Despite the year-over-year decline in deal activity, there is still a significant demand for technology-enabled platforms in the WealthTECH space, especially when compared with historic levels. In 2022, a total of 96 transactions were announced, which is twice the number of deals announced in 2020. The need to digitize the investment process and provide customized experiences for clients has been a driving force behind this surge in adoption. Effective WealthTECH tools have been successful in enhancing engagement between advisors and clients, benefiting all participants in the wealth management ecosystem.

Top WealthTECH Deals & Dealmakers of 2022

Exhibit 17 highlights the most significant WealthTECH deals of 2022. In addition to multiple fundraising rounds and acquisitions by Financial Acquirers such as venture capital firms, the list also includes several important deals announced by custodians, broker/dealers, asset managers, and other Strategic Acquirers. These companies are seeking to position their technology and service offerings for the future and develop an end-to-end platform that can simplify the lives of advisors and investors. By making these acquisitions, these large acquirers aim to move away from the historically fragmented WealthTECH space and create a more comprehensive platform.

2022 also saw a significant increase in retail investing applications and solutions, caused by a desire to simplify and personalize the investing process for all participants. This trend helped fuel transactions involving WealthTECH companies that catered to these new retail investors via online brokerage or robo-advisory offerings. There were also significant strategic transactions like Envestnet's acquisition of Redi2 Technologies and Morningstar's $30 MM investment in SMArtX's Series D funding round.

Exhibit 17: Top 2022 WealthTECH Deals

Seller	Seller Categorization	Buyer	Date
CAIS	TAMP/Private Markets	Apollo, Motive Partners	1/11/2022
Ellevest	Modeling & Execution	Envestnet, Bank of Montreal	1/25/2022
Wealthfront	Modeling & Execution	UBS	1/27/2022
Acorns	Saving & Investing	TPG, BlackRock, Greycroft, Owl Rock, Bain Capital Ventures, and Others	3/9/2022
NextCapital	Other	Goldman Sachs	3/29/2022
Redtail Technology	CRM & Marketing	Orion	4/19/2022
SMArtX	TAMP	Morningstar	5/3/2022
TIFIN	Other	Franklin Templeton, Motive Partners, J.P. Morgan, Hamilton Lane	5/12/2022
iCapital Network	TAMP/Private Markets	Bank of America	6/23/2022
Veriti Management	Modeling & Execution	First Trust Capital Partners	7/6/2022
Redi2 Technologies	Accounting & Reporting	Envestnet	7/6/2022
Eton Solutions	Accounting & Reporting	Navis Capital	7/13/2022
Ethic	Modeling & Execution	UBS	9/20/2022
Adhesion Wealth	TAMP	AssetMark	6/13/2022

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

2023 Outlook

This year, the wealth management industry rode the tailwinds of an incredibly strong 2021 to another year of record deal activity. The fundamental motivators that drove dealmaking in 2022 remain unchanged, and large PE-backed Strategic Acquirers will continue to compete to consolidate the industry.

We believe there are a few key trends in the Wealth Management M&A marketplace that will continue to take shape in 2023 and beyond:

I. **Private Equity's Continued Impact –** The impact that private equity buyers have had on the industry over the past few years has grown exponentially. In 2022, over 70% of all disclosed transactions involved private equity firms, either directly or indirectly. As many of the PE firms that made investments between 2017 and 2019 are approaching the end of their typical holding periods, there will likely be opportunities for recapitalizations and exit transactions. This trend was recently demonstrated by Genstar's majority recapitalization of Cerity Partners, which had initially received an investment from Lightyear Capital in 2018. There is also still plenty of opportunity remaining for platforms to make add-ons and grow inorganically.

II. **Deviation of Focus to Smaller Opportunities –** There was a notable decline in deal size in 2022 versus the year prior, as average assets transacted per deal decreased 23.2%. This trend was primarily a byproduct of the continued rise in PE-backed deals and a general increase in buyer competition. Buyers were forced to broaden their search and seek smaller opportunities in pursuit of growth and returns. There has also been an uptick in sellers coming to market looking to capitalize on the favorable valuations and deal structures that the competitive market has created. We see this trend continuing into 2023 as buyer demand remains high and industry consolidation endures.

III. **Deal Scope Will Broaden as Firms Seek to Differentiate Offerings –** As the wealth management industry consolidation process has matured, buyers have sought ways to differentiate their service offerings, and we have recognized that deal scopes have broadened in concert with this trend. Over the past few years, there has been a consistent rise in the demand for TAMPs, digital solutions, WealthTECH products, and other similar technological advances. Adding these dynamic teams and products through investment and M&A permits acquirers to greatly expand their suite of offerings to their clients. Firms have also attained capital capacities to integrate these solutions both vertically and horizontally, which has greatly increased the solutions' capabilities.

IV. **Historic Levels of Dry Powder that Needs to Be Deployed –** This past year, the wealth management industry reaching record deal activity was certainly an outlier with regard to the global trend. Many buyers across the broader market remained sidelined from acquiring and investing in companies given the turbulent public markets, geopolitical uncertainty, and tightening of debt markets. This created historic levels of dry powder, as S&P Global recently reported PE firms are sitting on roughly $1.96 TN of unallocated capital for acquisitions globally. A conservative allocation estimate of 0.5%-1.5% to dealmaking in the wealth management industry implies $9.8-29.4 BN to be deployed in the coming years by private equity firms looking to grow their platform investments.

Overall, opportunity in the wealth management industry persists as sidelined buyers return to the M&A market, and we expect dealmaking to remain steady in 2023 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.

ECHELON Partners: The Industry Leader in M&A

About Us

Founded in 2001, ECHELON Partners is a Los Angeles-based investment bank that provides a wide array of world-class investment banking, valuation, management consulting, and research presentation services to the wealth and investment management industries.

The Firm's principals have completed hundreds of advisory assignments, valuations, and strategic consulting engagements for its target industry.

Our work exemplifies our service-oriented nature, and we structure engagements to align ourselves with our client's success. We ensure a high level of excellence in all phases of an assignment and through project completion by emphasizing the simple motto of "**always doing what is best for the client**".

#1 In Advising RIAs with $1 BN+ in AUM

20+ Years of M&A-Related Analysis and Networking

25+ Detailed Research Reports Developed

400+ Investment Banking Deals Completed

2,000+ Acquisition Targets Evaluated for Buyers

2,000+ Valuations Conducted

100+ Years of Cumulative Industry Experience

What Makes ECHELON Unique

Investment Banking Expertise

ECHELON integrates transaction experience (on both the buy and sell side) and industry knowledge, allowing us to **execute transactions that consistently exceed our client's expectations**.

$700 BN+ Transacted Assets in M&A Engagements

400+ Investment Banking Agreements

Operator & Investor Background

ECHELON's **team has unparalleled experience** investing in and operating companies within our coverage universe.

Wealth & Asset Management Focus

ECHELON's **exclusive focus** on the wealth and investment management industries qualifies deep experience in finding solutions to the challenges unique to these sectors.

Our Total Platform Approach to Value Creation

Investment Banking Services	Management Consulting Services
Sell-Side Representation	Valuation Services
Select Buy-Side Representation	Equity Sharing Programs
Partner to Partner Transactions	Strategic Agreements
Mergers & Internal Sales	Buy/Sell Agreements
Capital Raising	Dispute Resolution
Succession Transitions	Litigation Support & Expert Opinions
M&A Strategy	Business Model Selection
Entity Selection & Migration	Market Education & Mapping
Financing Sources & Structuring	Product Roadmap Assessment

ECHELON's Leadership

DAN SEIVERT | CEO AND MANAGING PARTNER

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

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MIKE WUNDERLI | MANAGING DIRECTOR

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

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BARNABY AUDSLEY | VICE PRESIDENT

Barnaby Audsley is a Vice President at ECHELON 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 ECHELON 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.

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BRETT MULDER | VICE PRESIDENT

Brett Mulder is a Vice President at ECHELON Partners and spends time across all of the firm's core activities including M&A advisory, strategic consulting, and thought leadership. Prior to joining ECHELON, 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.

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Sample Transactions & Advisory Assignments Executed by the ECHELON Team

Prime Capital Investment Advisors
has announced the acquisition of
Earth Equity Advisors
ECHELON served as the exclusive financial advisor to Earth Equity and provided:
Sell-Side M&A Advisory

Edelman Financial Engines
has announced the acquisition of
ERMAN Retirement Advisory
ECHELON served as the exclusive financial advisor to ERA and provided:
Sell-Side M&A Advisory

Mariner Wealth Advisors
has announced the acquisition of
HAYES FINANCIAL
ECHELON served as the exclusive financial advisor to Hayes Financial and provided:
Sell-Side M&A Advisory

RCP Reverence Capital Partners
announced strategic investment in
SEIA
ECHELON served as the exclusive financial advisor to SEIA and provided:
Sell-Side M&A Advisory

Mariner Wealth Advisors
has announced the acquisition of
Heber Fuger Wendin Investment Advisors Established 1934
ECHELON served as the exclusive financial advisor to HFW and provided:
Sell-Side M&A Advisory

AssetMark
has announced the acquisition of
Adhesion Wealth
from
Vestmark
ECHELON served as the exclusive financial advisor to Adhesion and provided:
Sell-Side M&A Advisory

Bohmer Kilcoyne Wealth Management
has completed the acquisition of
Wealth Enhancement Group
ECHELON served as the exclusive financial advisor to BK and provided:
Sell-Side M&A Advisory

Pacific Portfolio
has announced the acquisition of
Conway Jarvis Investment Management
ECHELON served as the exclusive financial advisor to Pacific Portfolio and provided:
Buy-Side M&A Advisory

Simon Quick Advisors
has announced the acquisition of
Red Hook Management Investment Advisors
ECHELON served as the exclusive financial advisor to Simon Quick
Buy-Side M&A Advisory

Daintree Advisors
has announced the acquisition of
Cerity Partners
ECHELON served as the exclusive financial advisor to Daintree and provided:
Sell-Side M&A Advisory

Creative Planning
has completed the acquisition of
Paradigm Financial Advisors, LLC
ECHELON served as the exclusive financial advisor to Paradigm and provided:
Sell-Side M&A Advisory

Mariner Wealth Advisors
has completed the acquisition of
RTS Private Wealth Management
ECHELON served as the exclusive financial advisor to RTS and provided:
Sell-Side M&A Advisory

Simplicity Group a portfolio company of **Lee Equity**
has completed the acquisition of
Sawtooth
ECHELON served as the exclusive financial advisor to Sawtooth and provided:
Sell-Side M&A Advisory

Cerity Partners a portfolio company of **Lightyear Capital**
has completed the acquisition of
BAINCO International Investors
ECHELON served as the exclusive financial advisor to Bainco and provided:
Sell-Side M&A Advisory

Mariner Wealth Advisors
has completed the acquisition of
The Pinnacle Group
ECHELON served as the exclusive financial advisor to Pinnacle and provided:
Sell-Side M&A Advisory

Wealth Enhancement Group a portfolio company of **TA Associates**
has completed the acquisition of
Oakwood Capital Management
ECHELON served as the exclusive financial advisor to Oakwood and provided:
Sell-Side M&A Advisory

Modera Wealth Management
has completed the acquisition of
Independence Advisors, LLC
ECHELON served as the exclusive financial advisor to Independence Advisors and provided:
Sell-Side M&A Advisory

Mid-Atlantic Capital Group a portfolio company of **Parthenon Capital**
has completed the acquisition of
Goss Advisors
ECHELON served as the exclusive financial advisor to Goss and provided:
Sell-Side M&A Advisory

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

Cerity Partners
has completed the acquisition of
Sullivan & Serwitz Multi-Family Office
ECHELON provided the Management of Sullivan & Serwitz with:
Valuation and Sell-Side Advisory Services

AssetMark
has completed the acquisition of
OBS Financial Registered Investment Advisor
ECHELON provided the Management of OBS Financial with:
Valuation and Sell-Side Advisory Services

Concentric Wealth Management LLC
ECHELON provided the Management of Concentric Wealth Management, LLC with:
Buy-Side Advisory Services

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

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

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

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

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

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

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

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

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

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

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 and Financial Advisory Services

The Gensler Group Wealth Management Solutions
ECHELON provided the Management of The Gensler Group with:
Valuation and Financial Advisory Services

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

Massey Quick Simon Wealth Management Investment Consulting
ECHELON provided the Management of Massey Quick Simon & Co. with:
Valuation and Financial Advisory Services

Sample Transactions & Advisory Assignments Executed by the ECHELON Team

Private Ocean has completed the acquisition of: Lakeview Financial
ECHELON provided the Private Ocean with:
Buy-Side and Financial Advisory Services

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

tRx has been sold to Morningstar
ECHELON provided the Management of Total Rebalance Expert with:
Sell-Side and Financial Advisory Services

Retirement Protection Group — A Wealth Management Firm
ECHELON provided the Management of Retirement Protection Group with:
Valuation and M&A Advisory Services

Old Dominion Capital Management, Inc. has been sold to Union
ECHELON provided the Management of Old Dominion Capital Management with:
Valuation and M&A Advisory Services

BWA Bordeaux Wealth Advisors has been sold to Focus Financial Partners
ECHELON provided the Management of Bordeaux Wealth Advisors with:
Sell-Side and Financial Advisory Services

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

Roof Advisory Group, Inc.
ECHELON provided the Management of Roof Advisory Group, Inc. with:
Valuation and Financial Advisory Services

The Glowacki Group LLC has completed the acquisition Aspiriant
ECHELON provided the Management of The Glowacki Group with:
M&A and Sell-Side Advisory Services

Lawing Financial — The power of the team approach.
ECHELON provided the Management of Lawing Financial with:
Valuation Advisory Services

Private Ocean
ECHELON provided the Management of Private Ocean, LLC with:
Valuation and Financial Advisory Services

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

SEIA
ECHELON provided the Management of Signature Estate & Investment Advisors, LLC with:
M&A and Sell-Side Advisory Services

Vista Capital Partners
ECHELON provided the Management of Vista Capital Partners, Inc. with:
Valuation and Financial Advisory Services

Junxure
ECHELON provided the Management of Junxure with:
Valuation and Financial Advisory Services

Baldwin Brothers — The evolution of investment
ECHELON provided the Management of Baldwin Brothers, Inc. with:
Valuation and Financial Advisory Services

Live Oak Bank
ECHELON provided the Management of Live Oak Bank with:
Valuation and Buy-Side Advisory Services

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

Research Methodology & Data Sources:

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

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

ECHELON PARTNERS

ECHELON PARTNERS

INVESTMENT BANKERS | MANAGEMENT CONSULTANTS | VALUATION EXPERTS

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