



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

The 2023 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 year of robust M&A activity in 2023, remaining well above historical levels but falling just shy of 2022's totals. This is particularly noteworthy given the challenges presented by macroeconomic and geopolitical uncertainty during the past year. However, the total number of transactions only provides a partial picture of what is happening in the wealth management M&A ecosystem. There are a host of evolving dynamics across every part of the industry, and the **2023 ECHELON RIA M&A Deal Report** offers a data-driven analysis of the key trends impacting the mergers and acquisitions marketplace.

Highlights from this year's report include:

- I. Wealth Management Deal Activity Review and Top Deals of 2023:** There were 321 transactions announced in 2023, representing a decrease of 5.6% year-over-year. This relatively small decline is impressive when considering the federal funds rate soared between January and July 2023 (an ~20x increase). The average assets per transaction rose to \$1.7 BN, coinciding with an increase in the number of announced transactions involving a seller with \$100.0 BN+ in assets. This was a byproduct of the consummation of several megadeals and overall AUM levels increasing throughout the year due to market performance, as the S&P 500 gained 24% and the Nasdaq 43%.
- II. Wealth Management M&A vs. the Broader M&A Market:** Against the backdrop of a global slowdown in M&A markets driven by rising interest rates, geopolitical uncertainty, and tightening monetary policies, wealth management deal activity remained high. Buyer competition was intense between sponsor-backed strategics for add-on acquisitions, and private equity continued to chase platform investments.
- III. Changes in Buyer Makeup:** In 2023, strategic acquirers dominated the M&A market, securing the lion's share of transactions. Most of these deals were add-on acquisitions by PE-backed platforms. Private equity firms played a role, either directly or indirectly, in 62.0% of all disclosed transactions in wealth management M&A. There was a slight increase in direct investments and recapitalizations by private equity investors. 2024 is poised to witness an increase in recapitalization activity, as a number of investors approach the end of their holding periods and pursue liquidity options.
- IV. Breaking Down WealthTECH M&A:** The demand for WealthTECH M&A persisted through the first half of the year at a slower pace but saw material increases in the second half of the year, in concert with the broader finTech and financial services sector. 2023's 104 announced transactions surpassed 2022's total of 96 deals, marking an 8.3% increase. Many strategic acquirers sought service offering expansion and raised growth capital, signaling an emphasis on executing growth plans in the near term.
- V. M&A Outlook:** The push for consolidation, fueled by advisors' succession plans and the advantages of increased scale, rendered the wealth management M&A landscape less susceptible to short-term fluctuations in capital markets and interest rates. We anticipate another robust year for M&A activity in 2024 given the highly fragmented market, promising growth prospects, and ample supply 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.

 <p>has completed its sale to</p>  <p>ECHELON served as the exclusive financial advisor to PRW and provided: Sell-Side Investment Banking</p>	<p>PRW Wealth Management completes sale to Edelman Financial Engines</p> <p><i>PRW Wealth Management is a comprehensive wealth management firm headquartered in Quincy, MA, that serves individuals, families, endowments, foundations, and business owners. This transaction with Edelman Financial Engines was made possible due to the firms' strong alignment and cultural fit, and it provides PRW with a depth of additional resources and the ability to maintain the services of a multifamily office.</i></p> <p>Deal Size: \$500 MM in Assets Date Announced: November 2023</p>
 <p>has completed its sale to</p>  <p>ECHELON served as the exclusive financial advisor to Align and provided: Sell-Side Investment Banking</p>	<p>Align Wealth Management completes sale to Edelman Financial Engines</p> <p><i>Align Wealth Management is a comprehensive wealth management firm headquartered in Oklahoma City, OK, that provides wealth management services including financial planning, tax planning, investment solutions, and retirement planning to its clients. The transaction will offer Align the opportunity to provide their clientele with an enhanced service offering, encompassing a full set of wealth management and insurance services.</i></p> <p>Deal Size: \$425 MM in Assets Date Announced: October 2023</p>
 <p>has completed its sale to</p>  <p>ECHELON served as the exclusive financial advisor to Private Asset Management and provided: Sell-Side Investment Banking</p>	<p>Private Asset Management completes sale to Mercer Advisors</p> <p><i>Private Asset Management is a comprehensive wealth management firm headquartered in San Diego, CA, and provides wealth management services including financial planning, investment management, and tax planning and preparation to its clients. This transaction will offer Private Asset Management the opportunity to provide their clientele with an enhanced service offering that includes financial planning and investment management plus a full set of family office services.</i></p> <p>Deal Size: \$720 MM in Assets Date Announced: August 2023</p>
 <p>has completed its sale to</p>  <p>ECHELON served as the exclusive financial advisor to Syntrinsic and provided: Sell-Side Investment Banking</p>	<p>Syntrinsic Investment Counsel completes sale to IMA Financial Group</p> <p><i>Syntrinsic is an independent RIA based in Denver, CO, and specializes in delivering investment advice and strategic consulting to foundations, endowments, private foundations, public charities, and private clients. The strategic acquisition will enhance IMA Financial Group's service offering by merging Syntrinsic's investment expertise with IMA's risk management skills and shared resources.</i></p> <p>Deal Size: \$2.4 BN in Assets Date Announced: July 2023</p>

ECHELON's Recent Experience

ECHELON Partners is glad to share continued progress in realizing successful outcomes for our clients.



Listening before we lead.

has completed its sale to



ECHELON served as the exclusive financial advisor to Integrated Wealth and provided:

Sell-Side Investment Banking

Integrated Wealth completes sale to Carson Wealth

Integrated Wealth is an independent RIA based in Overland Park, KS, that offers holistic wealth management solutions including financial planning, investment management, estate planning, insurance solutions, and tax preparation and planning services. The transaction will give Integrated Wealth further access to cutting-edge technology and investment offerings, allowing them to provide superior client experience, expand their team, and continue to grow.

Deal Size:
\$500 MM in Assets

Date Announced:
April 2023



has received an investment from



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, CA. 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:
\$16.0 BN in Assets

Date Announced:
August 2022



has announced the acquisition of



from



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:
\$9.0 BN in Assets

Date Announced:
June 2022



has completed its sale to



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 CA-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 in its local market in Northern California.

Deal Size:
\$325 MM in Assets

Date Announced:
December 2022



Section 1:
**2023 Wealth Management Deal Activity,
Key Findings, and Top Deals**

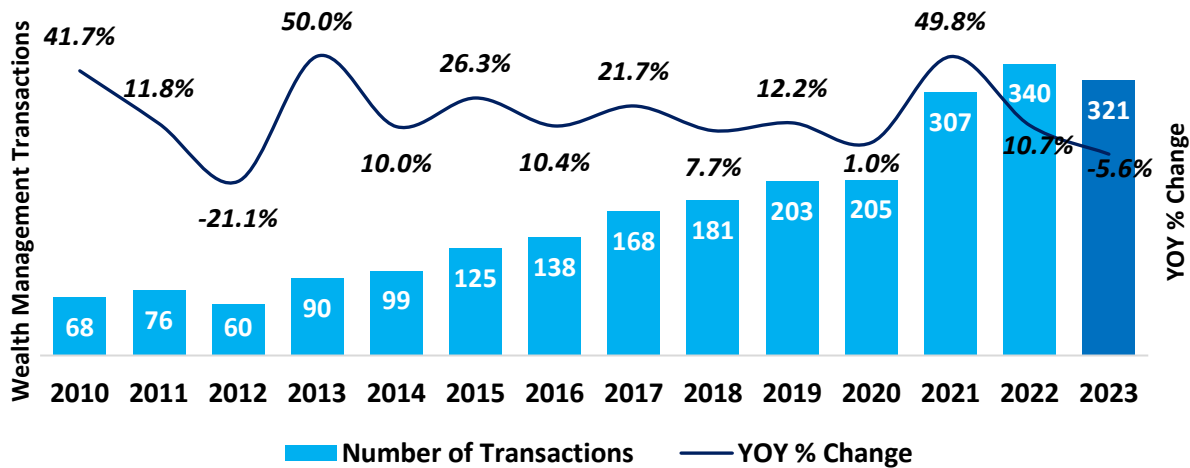
Key Findings & Top Deals

M&A deal volume confirms a new wealth management dealmaking era.

Wealth Management M&A Volume Nears the 2022 All-Time High: The wealth management industry experienced yet another year of robust M&A activity. The total number of deals announced rivaled the 2022 total, signaling that we are in a new era of wealth management dealmaking, where deal volume remains above 300 transactions per year.

This year’s total of 321 announced transactions indicates a year-over-year decline of 5.6%, but the sustained levels of elevated deal execution exhibit the efforts of market participants to consolidate the industry. The average assets per deal increased by 2.8% year-over-year in 2023. The 24.2% annual increase in the S&P 500 had a positive impact on deal size due to a corresponding increase in AUM levels, but given the market’s volatility, this had a varied impact throughout the year.

Exhibit 1: M&A Wealth Management Deal Volume Persists



Note: Total transaction count excludes deals with assets 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

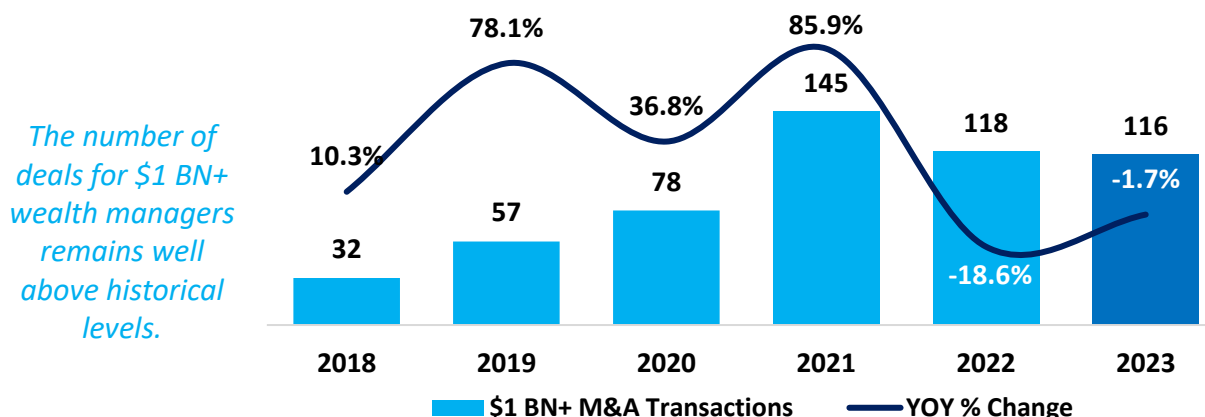
It should be noted that tracking deal activity in the wealth and investment management industries is still largely an imprecise science, for the following seven reasons:

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

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

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

Exhibit 2: \$1 BN+ Transactions 2018-2023 | M&A Deals



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 stabilized at above 100 deals in 2023, with a total of 116 deals. This represents a marginal decrease of 1.7% compared to 2022's level. This elevated number of larger transactions, in light of buyers facing a higher cost of capital and economic uncertainty, demonstrates buyer resilience and likely indicates that \$1 BN+ deal activity will increase to 2021 levels or higher once macroeconomic headwinds, namely higher interest rates subside. The resiliency in this activity may also be a sign of increased creativity in deal structures adopted by firms striving to complete investments. Structured minority investments, with features such as paid-in-kind or preferred distribution rights, have become more popular in the largest transactions, especially those involving sellers with more than \$10 BN in assets.

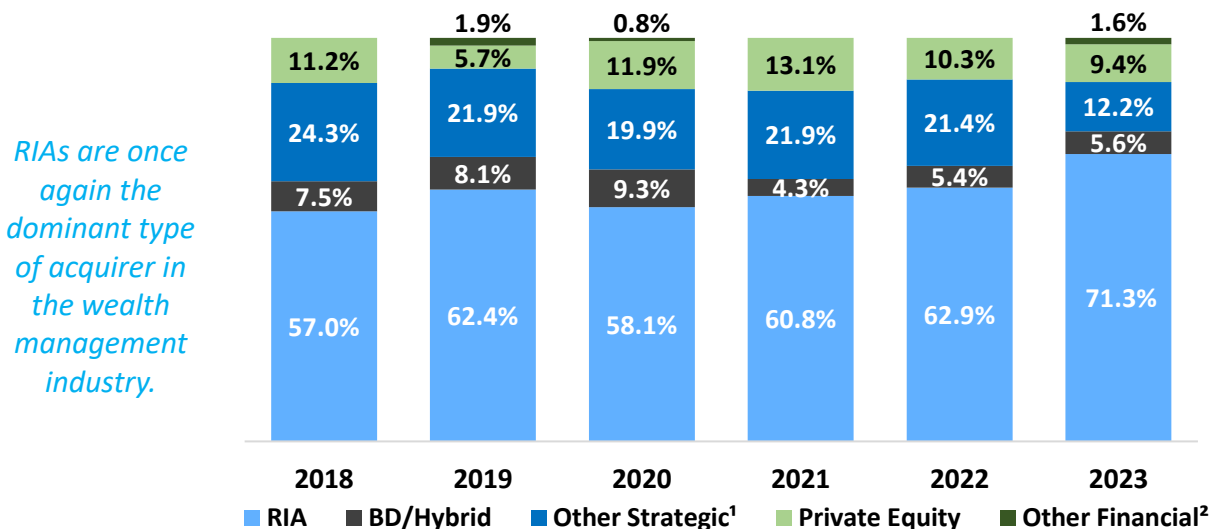
There are three key reasons for the stabilization of \$1 BN+ transactions:

- 1. Continued Competition from Large Consolidators for Premier Add-ons:** Six strategic acquirers completed 23.0% of the 116 transactions involving firms with \$1 BN+ in assets. Competition among industry consolidators remains a significant driver of deal activity, especially when prime opportunities arise to acquire established wealth management firms run by experienced operators. CAPTRUST and Creative Planning were the most active acquirers of \$1 BN+ firms, each announcing five acquisitions in this range, amounting to nearly \$75 BN in total transacted assets.
- 2. Signs of Financial Market Stabilization in the Second Half of the Year:** The optimistic "soft landing" became more plausible in late 2023, prompting buyers and sellers to move forward with acquisitions in their pipeline or those that may have been put on pause earlier in the year. The S&P 500 rallied over 24.2%, and inflation declined by 47.7% year-over-year. The growth in total assets caused some transactions initiated in early 2023 to surpass the \$1 BN in assets threshold by the deal's announcement date at the end of the year. Additionally, sellers are more inclined to pursue transactions during growth cycles due to expanding valuations, a factor that points to a potential rebound of \$1 BN+ activity in 2024.
- 3. Active Strategic Acquirers Receive New Private Equity Investments:** 28 active acquirers in the RIA landscape received investments from prominent financial buyers to further support inorganic growth efforts. Notable transactions include The Carlyle Group's investment in CAPTRUST, CD&R's investment in Focus Financial Partners, Kelso/TRIA's investment in Pathstone, and both Atlas' and Harvest Partner's separate investments in Mercer Advisors.

Key Findings: RIAs Gain Market Share in 2023

There are two main categories of buyers in the wealth management industry: Strategic and Financial acquirers. **Strategic acquirers** are firms such as RIAs and broker-dealers that acquire companies to realize synergistic efficiencies, enter new markets, or introduce new service offerings. **Financial acquirers** include private equity firms, family offices, holding companies, and similar investors that invest in strategics that focus on generating returns rather than on synergies. In the wealth management industry, strategic acquirers have historically accounted for most transactions, though the most active strategic acquirers typically have at least one financial partner to contribute incremental capital for M&A activity.

Exhibit 3: RIA's Remain at the Forefront of M&A Activity



Source: Company reports, SEC IARD, ECHELON partners analysis

¹Other Strategic: Banks, Asset Managers, Insurance Companies, etc.

²Other Financial: Family offices, Holding companies, etc.

RIAs continued to gain market share in 2023 as the group accounted for 71.3% of all transactions, or 228 total announced deals. Total assets transacted by RIAs amounted to \$466 BN which represents a 23.8% increase compared to the group's total assets transacted in 2022 and further emphasizes an increase in overall deal size.

The **BD/Hybrid** buyer category experienced a minimal increase in market share in 2023. It is important to note that transacted assets within the BD/Hybrid group decreased by 69.0% in 2023. Despite this, large deals persisted, like Cetera's acquisition of Avantax and its \$84 BN in assets and LPL Financials' acquisition of Independent Advisor Alliance and its \$17.1 BN in assets. The **Other Strategics** buyer category's share of announced transactions fell by nine percentage points in 2023 as they announced 39 transactions in 2023, a 35.0% decrease compared 2023.

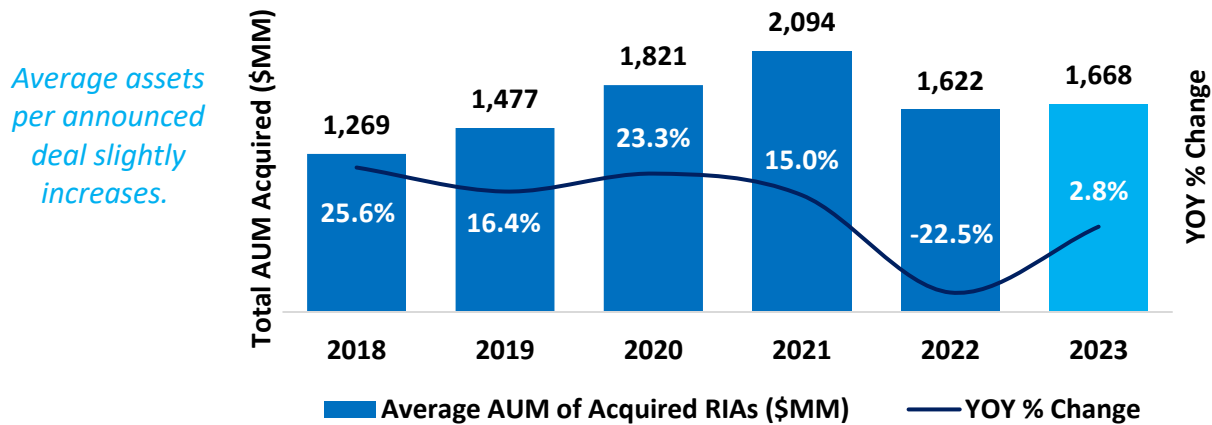
The **Private Equity** buyer category's market share remained largely consistent compared to 2022. This category announced 30 direct investments in 2023, three more than in the previous year. In parallel, the total transacted assets within this buyer category surged to an impressive \$2.4 TN, showcasing a remarkable increase compared to the \$407 BN transacted in 2022. This was fueled by industry-leading RIAs Prime Capital Investment Advisors, Pathstone, and Mercer Advisors, which received several rounds of private equity investments throughout 2023.

The **Other Financial** buyer category witnessed an uptick in activity compared to 2022, announcing five deals in 2023, which represents 1.6% of total deal activity.

Key Findings: Assets Acquired Normalizes & Volume Rebounds

Exhibit 4 outlines that the average assets per deal (a proxy for transaction value) increased by a marginal 2.8% in 2023. Based on ECHELON’s analysis, the lower average assets per deal in the past two years is due almost exclusively to the lower levels in capital markets that have only recently reached new record levels. As of 1/3/2023, the S&P 500 was 20.3% below its record level set on 1/4/2022. Assuming no organic growth and a heavy weighting toward equities, a firm that sold in early 2023 likely had closing assets that were 20.3% lower than that company’s assets in December 2021. Meanwhile, the percent change between average assets per deal in 2021 and 2023 was 20.3%, highlighting the correlation.

Exhibit 4: Average Assets per Deal Bounces Back, Shows Modest Growth

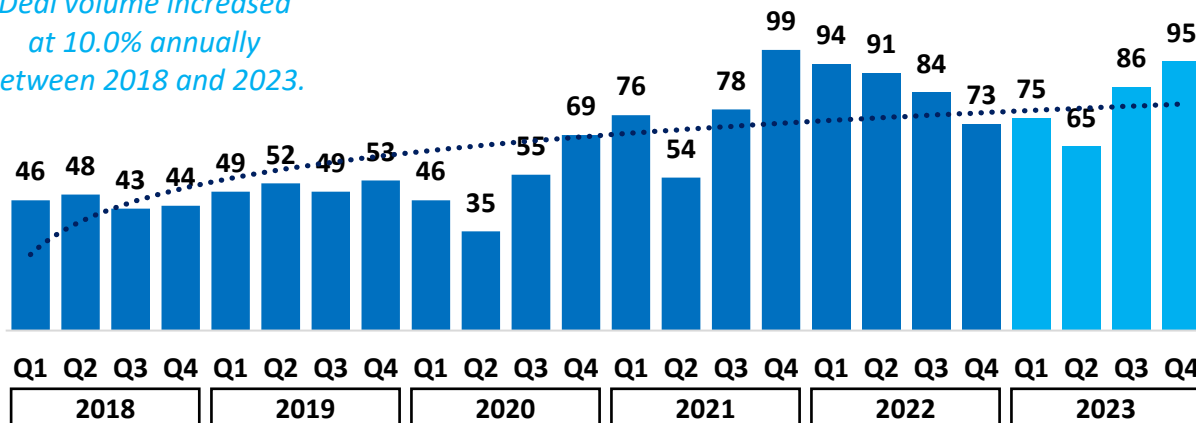


Note: Total AUM excludes deals with AUM of \$20 BN or higher and \$100 MM or lower
Sources: Company Reports, SEC IARD, ECHELON Partners Analysis

Exhibit 5. In 4Q23, we observed the second highest quarterly deal activity since ECHELON began tracking the data. Economic uncertainties such as rate hikes, regional banking crises, and a prevailing risk-off sentiment across markets dampened M&A activity in the first half of 2023, yet the steadfast determination of buyers to consolidate the fragmented industry and the strong fundamentals of the wealth management sector led to a revival in deal activity during the second half of the year. 4Q23 deal volume was 30.1% higher than volume in 4Q22.

Exhibit 5: Second Highest Quarterly Deal Activity in Wealth Management M&A

Deal volume increased at 10.0% annually between 2018 and 2023.



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

The 25 Largest Deals of 2023 by Assets

Exhibit 6: Top 25 Deals by Assets Transacted

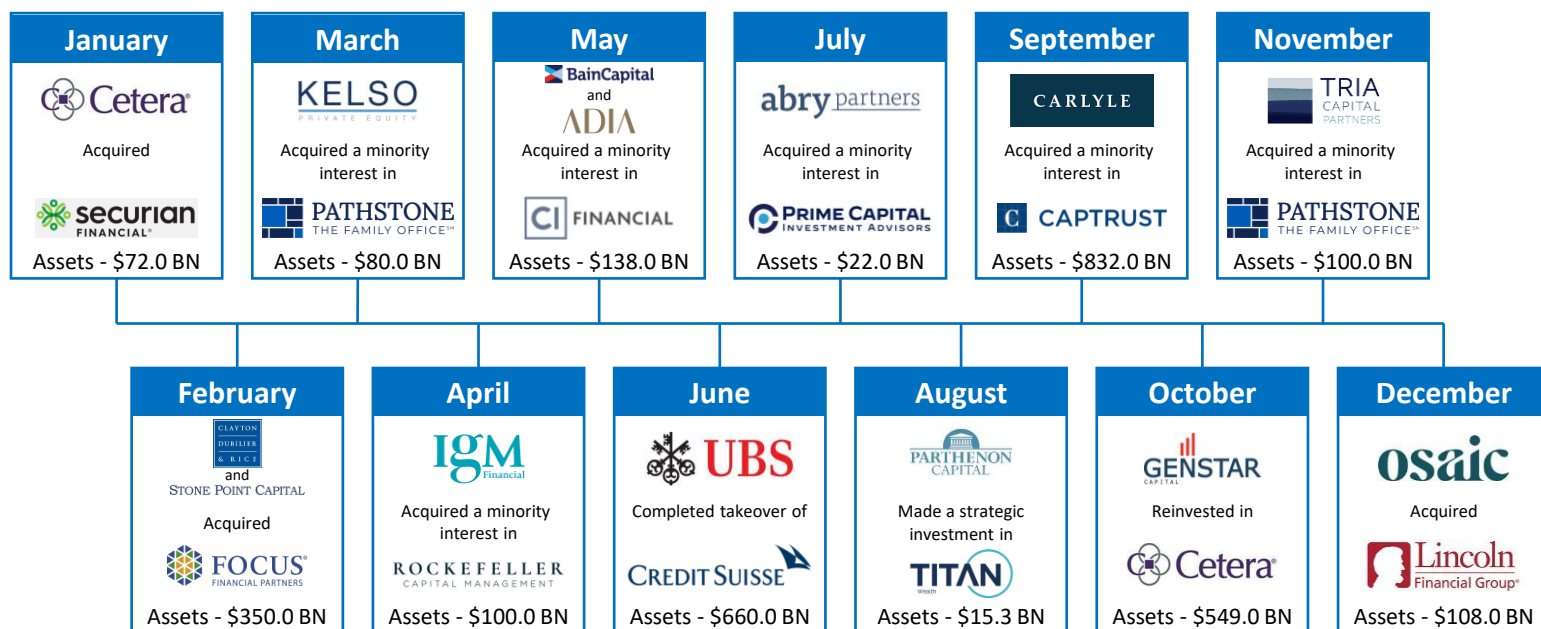
Seller	Buyer	Buyer Type	Seller Assets (\$MM)	Date
CAPTRUST	The Carlyle Group	Private Equity	832,000	9/19/2023
Credit Suisse	UBS	Bank	660,000	6/12/2023
Cetera Financial Group	Genstar Capital	Private Equity	549,000	10/4/2023
Focus Financial Partners	Clayton, Dublier, & Rice	Private Equity	350,000	2/27/2023
CI Private Wealth	Multiple Investors ¹	Private Equity	138,000	5/11/2023
First Republic Bank	JPMorgan Chase	Bank	289,000	5/2/2023
Lincoln Financial Group (Wealth Mgmt. Business)	Osaic	RIA	108,000	12/14/2023
Pathstone	TRIA Capital Partners	Private Equity	100,000	11/13/2023
Rockefeller Capital Management	IGM Financial	Asset Manager	100,000	4/4/2023
Hub International Limited	Leonard Green & Partners	Private Equity	85,000	4/28/2023
Investment Planning Counsel	The Canada Life Assurance Company	Insurance	85,000	4/13/2023
Avantax	Cetera Group	Hybrid	84,000	9/11/2023
Pathstone	Kelso	Private Equity	80,000	3/6/2023
NFP	AON	Insurance	75,000	12/20/2023
Securian Financial Group	Cetera Group	RIA	72,000	1/25/2023
Wealth Enhancement Group	Stone Point Capital	Private Equity	67,000	6/12/2023
Vanguard Institutional Advisory Services	Mercer	Other	60,000	12/5/2023
Mercer Advisors	Atlas Partners	Private Equity	48,000	6/6/2023
Mercer Advisors	Harvest Partners	Private Equity	46,000	2/28/2023
Silicon Valley Bank	First Citizens BancShares	Other	34,200	5/27/2023
Goldman Sachs Personal Financial Management	Creative Planning	RIA	29,400	8/28/2023
World Insurance Associates	Goldman Sachs Asset Management	Asset Manager	26,000	8/24/2023
Sage Advisory Services	Kudu Investment Management	Private Equity	23,000	12/13/2023
Prime Capital Investment Advisors	Abry Partners	Private Equity	22,000	7/12/2023
7IM	Ontario Teacher's Pension Plan Board	Other	21,000	9/5/2023

¹Buyers include Abu Dhabi Investment Authority, Bain Capital, Flexpoint Ford, Ares Management

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 2023. The year’s deals signal the following trends: (1) a demand for firms with a holistic wealth management offering (see Kelso’s investment in Pathstone, Bain’s investment in CI Private Wealth, and The Carlyle Group’s investment in CAPTRUST), (2) international expansion by North American platforms and investors, and (3) private equity’s continued interest in the wealth management ecosystem.



January 2023



Acquired



Who: Cetera acquired Securian Financial
What: \$72.0 BN in assets
How: In its largest deal to date, Cetera acquired the Minnesota-based firm’s retail wealth and trust business.
Why: As a result of the deal, it was estimated that 91% of Securian’s financial professionals transitioned their clients’ assets to Cetera. The acquisition brings 1,000+ new team members to Cetera’s fast-growing workforce. In addition, the transaction will allow Securian to distribute its individual life and annuity products through Cetera’s network of affiliated financial professionals.

February 2023



Acquired



Who: Clayton, Dubilier & Rice acquired Focus Financial Partners. Stone Point Capital rolled equity in the deal.
What: \$350.0 BN in assets
How: Clayton, Dubilier & Rice and Stone Point Capital acquired Focus Financial Partners in an all-cash transaction with an enterprise value of over \$7.0 BN.
Why: The transaction takes Focus private and looks to improve integration of their platform firms. It also brings enhanced resources, new opportunities, and increased value for Focus’ 90 partner firms. Focus’ network spans seven countries and generates over \$2.1 BN in revenue annually.

Top Deal Timeline & Summary

March 2023

KELSO
PRIVATE EQUITY

Acquired a minority interest in

PATHSTONE
THE FAMILY OFFICE™

Who: Kelso acquired a minority interest in Pathstone.
What: \$80.0 BN in assets
How: Minority interest
Why: Pathstone is currently experiencing a notable period of expansion, with assets on their platform reaching \$80 BN. The collaboration with Kelso will provide capital to expedite Pathstone's growth trajectory and enable additional investments, demonstrated by their acquisition of \$17.0 BN Veritable only 4 months after closing the Kelso investment.

April 2023

IGM
Financial

Acquired a minority Interest in

ROCKEFELLER
CAPITAL MANAGEMENT

Who: IGM acquired a minority interest in Rockefeller, making it the company's second largest investor after Viking Global Investors.
What: \$100.0 BN in assets
How: IGM purchased 20.5% of the company for \$622 MM, implying a \$3.03 BN valuation.
Why: This strategic investment signifies a significant stride in IGM's pursuit to broaden its footprint within the high-net-worth and ultra-high-net-worth client segments and establish a foothold in the U.S. market.

May 2023

BainCapital
and
ADIA

Acquired a minority interest in

CI FINANCIAL

Who: Bain Capital, the Abu Dhabi Investment Authority (ADIA), and several other investors invested in CI's U.S. wealth management business.
What: A spin-out of CI's \$138 BN AUM U.S. wealth management business, CI Private Wealth (now Corient)
How: The group invested \$1.34 BN for a 20% stake in CI Private Wealth.
Why: CI Financial will utilize the proceeds from the transaction to alleviate its debt burden, which has nearly tripled over the past three years due to the company's active and aggressive acquisition strategy.

June 2023

UBS

Completed takeover of

CREDIT SUISSE

Who: UBS completed takeover of Credit Suisse.
What: \$660.0 BN in assets
How: UBS completed the acquisition of Credit Suisse for \$3 BN, forming a consolidated banking group.
Why: This transaction followed Credit Suisse's collapse, precipitated by significant customer withdrawals and heightened uncertainty within the banking sector. The deal creates a stronger United States presence for the UBS wealth management division and increases coverage over HNW and UHNW individuals.

July 2023

abry partners

Acquired a minority interest in

PRIME CAPITAL
INVESTMENT ADVISORS

Who: Abry Partners acquired a minority interest in Prime Capital.
What: \$22.0 BN in assets
How: Private equity firm Abry Partners bought a minority stake in Prime Capital Investment Advisors for an undisclosed amount.
Why: In recent years, Prime Capital's assets have soared to \$22.0 BN in client assets through 15 acquisitions, vigorous advisor recruitment, and remarkable organic growth. The injection of additional capital from Abry underscores its confidence and sets the stage for another ambitious phase of growth for the company.

Top Deal Timeline & Summary

August 2023



Made a strategic investment in



Who: Parthenon Capital made a strategic investment in Titan Wealth Holdings.
What: \$15.3 BN in assets
How: Private equity firm Parthenon Capital became a majority shareholder in Titan Wealth Holdings through an undisclosed investment size.
Why: Parthenon aims to bolster Titan Wealth's expansion by investing in technology and client service enhancements, fostering Titan's capacity to deliver services via its client-to-custody strategy. Additionally, the investment injects capital to bolster future M&A endeavors.

September 2023



Acquired a minority interest in



Who: The Carlyle Group acquired a minority interest in CAPTRUST.
What: \$832.0 BN in assets
How: The Carlyle Group bought a minority stake in CAPTRUST, pushing the firm's valuation to over \$3.7 BN, more than three times the valuation it received in 2020 when GTCR purchased a 25% stake in the company.
Why: The capital provided through the investment will primarily fuel inorganic growth, solidifying CAPTRUST's position as one of the foremost RIA acquirers in the industry.

October 2023



Reinvested in



Who: Genstar Capital reinvested in Cetera.
What: \$549.0 BN in assets
How: Genstar Capital reinvests in Cetera after its original investment in 2018.
Why: Under Genstar's ownership, Cetera has expanded its advisor base by approximately 2,000 individuals and has grown its assets to \$140 BN. This reinvestment underscores the fruitful collaboration between the two firms and reflects Genstar's confidence in Cetera's management team to continue to execute on future growth.

November 2023



Acquired a minority interest in



Who: TRIA acquired a minority interest in Pathstone, making it Pathstone's third financial partner after Kelso & Co. and Lovell Minnick Partners.
What: \$100.0 BN in assets
How: TRIA purchased a "small" minority stake in Pathstone, though the exact investment amount was not announced publicly.
Why: TRIA is a minority investment firm specializing in investments in RIAs. According to Pathstone's management, it was their industry experience, rather than the requirement for additional investment capital, that primarily influenced the company's decision to partner with TRIA.

December 2023



Acquired



Who: Osaic acquired Lincoln Financial Group's wealth management business.
What: \$108.0 BN in assets
How: Osaic acquired the business for approximately \$700 MM.
Why: The deal strengthens Osaic's expansive network, which encompasses 10,500 brokers and financial advisors overseeing \$500 BN in client assets. This integration adds ~1,450 financial advisors and an additional \$108 BN in assets to Osaic's platform.

Exhibit 7: The Most Active Acquirers of 2023

Buyer	Buyer Type	Assets Acquired (\$MM)	Number of Deals ¹
Wealth Enhancement Group (WEG)	Strategic (RIA)	11,531	16
Mercer Advisors	Strategic (RIA)	4,185	11
CAPTRUST	Strategic (RIA)	16,268	9
Savant Capital Management	Strategic (RIA)	8,540	9
Beacon Pointe Advisors	Strategic (RIA)	2,895	8
Creative Planning	Strategic (RIA)	48,083	7
Allworth Financial	Strategic (RIA)	2,293	7
Carson Wealth	Strategic (RIA)	7,735	7
Hightower Advisors	Strategic (RIA)	9,025	7
Buckingham Strategic Wealth	Strategic (RIA)	1,340	6

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

Exhibit 7 outlines 2023's most active acquirers in the wealth management industry. Serial acquirer Wealth Enhancement Group announced sixteen transactions, making it the most active acquirer in terms of deal volume. Mercer Advisors, CAPTRUST, and Savant Capital Management followed WEG, announcing eleven, nine, and nine deals, respectively. Creative Planning also remained an active acquirer, announcing seven transactions with an average assets per deal of \$6.9 BN. Creative Planning's average deal size was elevated due to its acquisitions of Goldman Sachs' \$24.0 BN AUM Personal Financial Management unit (formerly United Capital) and Mesirow's Corporate Retirement Advisory Services Team that oversees \$13.0 BN in assets. Hightower appears on the list for the first time since 2021, adding over \$9.0 BN in assets through seven acquisitions.

Wealth Enhancement Group, backed by TA Associates and Onex Capital, continues to be one of the most active acquirers in the industry. It was the second most active acquirer in 2022 when it announced fourteen deals. The company's increase to sixteen transactions in 2023 matched its 2021 total and was enough to earn it the top position in 2023's list of most active acquirers.

Mercer Advisors, backed by Atlas Partners, Harvest Partners, Genstar Capital, and Oak Hill Capital, acquired eleven firms and successfully completed two capital raises with Atlas Partners and Harvest Partners in 2023. The company has a notable history of growth, increasing its assets from \$12.0 BN in 2017 to \$50.0 BN as of January 2024. Mercer's largest deal of the year was the acquisition of California-based Private Asset Management and its \$720 MM in assets. Mercer has 80 offices across the United States after its 2023 deal activity.

CAPTRUST, backed by GTCR and Carlyle Group (as of September 2023), emerged as a top buyer in 2023. The company's average deal size was \$7.6 BN in assets, with 66% of its transactions involving at least \$1.0 BN in assets. CAPTRUST notably made large acquisitions in Texas, acquiring Monroe Vos Consulting (\$5.8 BN in assets) and Southern Wealth Management (\$2.3 BN in assets). The firm also made two acquisitions in North Carolina, adding \$2.7 BN in assets by purchasing Column Capital and Normann Financial Group.



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

Key Trends: The Evolution of Buyers and Sellers

Recently, the wealth management M&A landscape has undergone significant maturation and evolution, marking the industry's consolidation phase. Deal volumes have generally increased, with an influx of new buyers entering the market at an unprecedented rate. Despite challenges in the global M&A markets, wealth management deal activity remained robust. This resilience is largely due to the abundance of sophisticated buyers and motivated sellers. In this section, we delve into the evolving composition of these stakeholders and anticipate future trends.

Spotlight on Buyers

Over the past three years, strategic acquirers have been the primary drivers of deal activity in the wealth management sector, leveraging M&A as a key avenue for growth. Their dominance in transactions persisted from 2021 through 2023, largely due to the substantial financial backing they now command. The influx of capital from private equity investors has bolstered their dealmaking capabilities, resulting in a consistent uptick in transaction volumes. In 2023, private equity firms were involved either directly or indirectly (as a financial partner to the acquirer) in 62.0% of all transactions, slightly down from their 2022 involvement of 70.1%.

We expect this trend to continue in 2024 as new buyers enter the market. With an expanding pool of interested parties, competitive sale processes and favorable valuations will remain prevalent. Successful buyers will continue to distinguish themselves by articulating compelling value propositions to sellers and executing well-developed M&A strategies. Moreover, buyers fostering direct relationships via self-origination will continue to gain a distinct advantage in widening their M&A funnel and potentially attaining more attractive deal economics relative to a banker-represented transaction. This ongoing trend underscores the importance of strategic positioning and relationship cultivation in navigating the dynamic wealth management M&A landscape. Moreover, the number of RIAs available for sale is rising, creating equilibrium between the surplus of buyers and sellers in the marketplace.

Spotlight on Sellers

In 2023, despite the increasing economic uncertainties, conventional expectations would suggest that sellers might proceed cautiously and exhibit reluctance to sell their businesses. However, the opposite trend emerged. Sellers in the marketplace demonstrated a long-term focus, driven by the need to execute succession-planning strategies efficiently. Many advisors recognized the importance of adhering to their long-term succession plans without being deterred by short-term turbulence in the market. Furthermore, not all sellers were actively seeking an immediate exit; rather, many opted to pursue a sale of their business while continuing to work for their new partner firm for the foreseeable future.

The proliferation of platforms across the wealth management sector has fostered an environment where private equity-backed firms actively seek expansion opportunities by acquiring smaller entities that can be strategically integrated into their existing platforms. This surge in demand for add-on acquisitions underscores the industry's dynamism. Joining a larger, more established platform enables sellers to access a broader array of resources, technology, expertise, and capital. Consequently, sellers can enhance their competitive stance in the wealth management arena and rapidly expand their business in ways that would prove challenging to accomplish independently.

ECHELON forecasts that this trend will continue to shape the M&A landscape for years to come, indicating a sustained evolution in the wealth management industry's structure and dynamics.

2023 Industry Ecosystem of Private Equity Direct Investments

2023 PE Direct Investment Timeline



*Assets values are in \$MM

Private Equity Remains Attractive Option for Large Strategics

Exhibit 8: The Top Direct Platform Investments by Private Equity

Seller	Buyer	Seller Assets (\$MM)	Date
CAPTRUST	The Carlyle Group	832,000	9/19/2023
Cetera Financial Group	Genstar Capital	549,000	10/4/2023
Focus Financial Partners	Clayton, Dubilier & Rice	350,000	2/27/2023
CI Private Wealth	Abu Dhabi Investment Authority, Bain Capital, and others	138,000	5/11/2023
Pathstone	TRIA Capital Partners	100,000	11/13/2023
Hub International Limited	Leonard Green & Partners	85,000	4/28/2023
Pathstone	Kelso	80,000	3/6/2023
Wealth Enhancement Group	Stone Point Capital	67,000	6/12/2023
Mercer Advisors	Atlas Partners	48,000	6/6/2023
Mercer Advisors	Harvest Partners	46,000	2/2/2023
Sage Advisory Services	Kudu Investment Management	23,000	12/13/2023

Exhibit 8 showcases that the top private equity investments in wealth managers for 2023 included targets serving private clients as well as retirement plan aggregators and related firms, a trend also observed in 2022. Private equity investments have strengthened their position in recent years due to the sector's enduring recurring revenue model, its capacity to add value, and its ability to realize synergistic efficiencies through active M&A campaigns.

In 2023, private equity direct investment surged, surpassing the transaction volumes of the previous year. There were 27 direct private equity investments recorded in 2022 compared to the 30 recorded in 2023. The total transacted assets involving direct private equity investments experienced a remarkable ascent from \$400 BN in 2022 to over \$2 TN, producing an average AUM per deal of over \$81 BN. The year's increase in the average AUM per private equity deal is due to a surge in the number of investments in platforms with \$20+ BN in assets. 2023 saw five transactions involving firms with over \$100 BN in assets, significantly increasing the average.

Clayton, Dubilier & Rice's acquisition of Focus Financial Partners and ADIA/Bain Capital's investment in CI Private Wealth are two standout transactions. Focus was taken private to better integrate their partner firms, while CI Financial sold a minority stake in its private partnership, CI Private Wealth (now Corient), to pay down debt associated with their aggressive acquisition strategy. Other noteworthy transactions included Genstar Capital's reinvestment in Cetera Financial Group, overseeing a vast network of over 9,000 advisors handling more than \$145 billion in assets. This strategic move enables Cetera to further solidify its position as a crucial ally for independent advisors and financial institutions. TRIA Capital Partners' minority investment in Pathstone is an example of a transaction that adds capital while also adding a partner that has experience adding significant strategic value to the ownership group.

30
Total

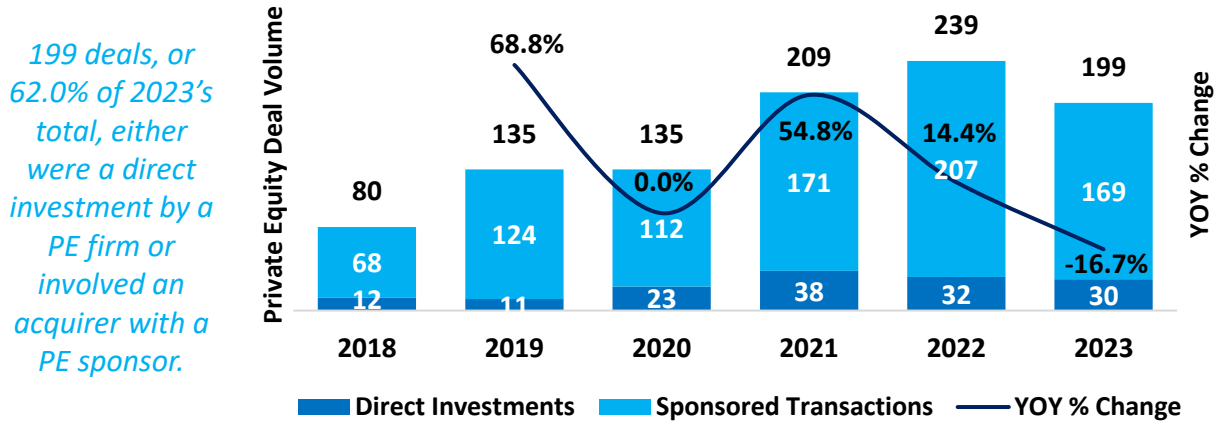
**Direct Private Equity
Deals in 2023**

\$2.4
TN

**Total Assets Involving
Direct Private Equity
Investments in 2023¹**

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

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



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 transactions completed by one of the private equity firm’s portfolio companies. These sponsored transactions include most deals completed by large strategic acquirers that are almost all backed by one or more private equity partners. **Exhibit 9** shows the breakdown between these two types of private equity acquisitions over the past six years, highlighting the remarkable growth in these types of transactions in recent years.

Today, most strategic acquirers, especially those announcing five or more deals per year, have private equity backing, as illustrated by the fact that 62.0% of all transactions announced in 2023 directly or indirectly involved a private equity investor. While this marks a decrease compared to 2022, when 70.1% of deals involved a private equity investor, it remains clear that private equity plays a substantial role in shaping industry dynamics. We expect private equity’s interest in the industry to continue, especially as major strategic acquirers compete on the M&A front as they work to consolidate the fragmented 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, North American strategic and financial acquirers are beginning to turn their attention internationally for new opportunities. In 2023, 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 with those of the United States, and the region experienced the bulk of the international deal activity in 2023. Amicus Wealth, 7IM, and Titan Wealth Holdings were all involved in deals that saw a total of approximately \$40 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.
- Canadian transaction activity persisted in 2023, with over \$110 BN in assets transacted throughout the year. Notable deals include The Canadian Life Assurance Company's acquisition of Investment Planning Counsel, Cynosure Group's investment in Wellington-Altus, and Focus Financial's acquisition of Padlock Investment Management. The average size of Canadian deals materially increased from 2022, when the largest deal recorded involved only \$1.9 BN in assets.

Exhibit 10: Top 5 International Transactions by Strategic Acquirers in 2023

Seller	Seller Headquarters	Buyer	Seller Assets (\$MM)
Credit Suisse	Switzerland	UBS	660,000
Investec Wealth	United Kingdom	Rathbones	125,000
Investment Planning Counsel	Canada	The Canada Life Assurance Company	85,000
Padlock Investment Management	Canada	Focus Financial Partners	11,000
Mercer Global Investments Canada Ltd.'s Private Wealth Business	Canada	Canaccord Genuity Wealth Management	1,500

The most significant international acquisition of the year was UBS' takeover of Credit Suisse, acquiring their \$660 billion in assets. While technically labeled a merger, UBS is set to be the surviving entity. The newly formed consolidated banking group, led by UBS, is now in operation. Despite the change, Credit Suisse continues its regular business operations and collaborates with UBS in implementing restructuring measures.

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. Other regions, such as Australia, Switzerland, and Latin America, will likely see more activity in 2024.

Exhibit 11: Top 5 International Transactions by Financial Acquirers in 2023

Seller	Seller Headquarters	Buyer	Seller Assets (\$MM)
7IM	United Kingdom	Ontario Teacher's Pension Plan Board	21,000
Wellington-Altus Financial	Canada	Cynosure Group	18,400
Titan Wealth Holdings	United Kingdom	Parthenon Capital Partners	15,330
Brainvest	Switzerland	KPC Consultoria	3,000
Akambo Financial Group and First Financial	Australia	Merchant Investment Management	2,200

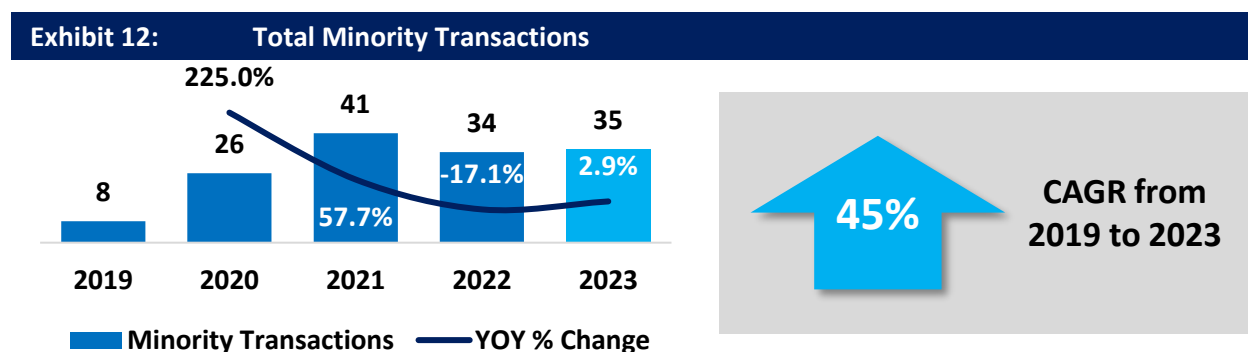
Merchant Investment Management expanded its reach internationally with the acquisition of two Australian-headquartered firms. In September it announced its investment in MBS Insurance, one of the largest portfolio managers of life insurance in Australia, and in November it made a minority investment in Akambo Financial Group and First Financial, a \$2.2 BN Melbourne-based wealth management firm.

Minority Transactions Activity Remains Elevated

Continued Rise in Minority Transactions

Traditionally, the industry's M&A landscape revolved around succession-related deals with other wealth managers or strategic acquirers. However, as the buyer ecosystem undergoes transformation, sellers now have more options, including minority recaps or growth investments. These transactions can provide liquidity for certain shareholders and/or new capital for inorganic growth efforts while still allowing the company's current owners and the management team to maintain control of the company and share in the majority of the new value created going forward. Minority deals often involve intricate structuring, with some investors implementing preferred return structures and governance protections given their lack of control in the company.

As **Exhibit 12** notes, there were 35 minority transactions in 2023, which represents a small uptick from 2022's total and a level well above historical norms, but it's a figure that is still 14.6% below the number of minority deals announced in 2021.



While the total number of minority transactions increased only slightly in 2023, the size of these deals increased substantially. In 2023, the average seller in a minority transaction (excluding sellers with over \$20 BN in assets) had total assets of \$4.8 BN – a 94.3% increase over 2022's average level and a level nearly equal to 2021's record level of \$5.1 BN. The top 10 largest minority transactions in 2022 averaged \$204.5 BN in assets under management, far outpacing both 2022 and 2021 when the figure equaled \$14.7 BN and \$66.5 BN, respectively. This increase was largely fueled by structured minority investments from private equity firms in large RIAs.

Minority Transactions – Seven Motivators: A number of factors motivated wealth management firms to execute minority transactions, a strategy that ECHELON believes will continue well into 2024 and beyond:

- 1. Retaining Command, Driving Fresh Expansion:** Companies aiming to propel their upcoming phase of expansion increasingly turn to major private equity firms and providers of long-term capital for growth investments. Sellers acknowledge the limited availability of firms sizable enough to attract these investors, leveraging this scarcity to retain more equity in return for growth assistance.
- 2. Chips off the Table:** With current elevated valuations in wealth management, many founders are keen to attain liquidity by reducing the portion of their personal net worth tied to their firms. While some younger owners may not be actively considering retirement, they still seek partners that enable them to sell a portion of their stake, gaining liquidity while also preserving the possibility of future liquidity events.

- 3. Obtaining M&A Expertise and Dealmaking Experience:** In the current competitive M&A market, smaller wealth management firms with limited M&A experience often face challenges in outbidding more seasoned dealmakers. To enhance their capabilities and success rates in future M&A activities, many of these smaller firms are opting to affiliate with platforms that provide assistance in sourcing, deal execution, and financing.
- 4. Cultivating Tactical Partnerships:** By embracing minority equity positions, wealth management firms effectively communicate their commitment and confidence in partners. This strategic maneuver enables access to new markets and heightened technological capabilities, creating a synergistic relationship where risks and benefits are shared and flexibility and control are maintained.
- 5. Addressing the Buyout of Retiring or Passive Partners:** In multi-partner firms, it's not unusual to have silent investors or partners nearing retirement. Securing an external investor to acquire these individuals can result in increased valuations, offering exiting partners more upfront deal considerations. This process minimizes the financial burden on the remaining partners who continue to invest in the business.
- 6. 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. Rights of first refusal for buyers are a common feature in this deal structure.
- 7. The Ability to Fly Low:** When the transaction does not involve a change in control for the company, which is more common (but not always the case) in minority transactions, the change in ownership does not require the approval of the firm's clients.

Exhibit 13: The Top 10 Minority Investment Transactions in 2023

Seller	Buyer(s)	Seller Assets (\$MM)	Date
CAPTRUST	The Carlyle Group	832,000	9/19/2023
Cetera Financial Group	Genstar Capital	549,000	10/4/2023
CI Private Wealth	Abu Dhabi Investment Authority, Bain Capital, Flexpoint Ford, Ares Management	138,000	5/11/2023
Pathstone	TRIA Capital Partners	100,000	11/13/2023
Rockefeller Capital Management	IGM Financial	100,000	4/4/2023
Hub International Limited	Leonard Green & Partners	85,000	4/28/2023
Pathstone	Kelso	80,000	3/6/2023
Wealth Enhancement Group	Stone Point Capital	67,000	6/12/2023
Mercer Advisors	Atlas Partners	48,000	6/6/2023
Mercer Advisors	Harvest Partners	46,000	2/28/2023



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 2023. This trend emerged in 2021, accelerated in 2022, and, while activity declined somewhat in 2023, it is expected to remain a major driving force for M&A activity in 2024. While there are natural cross-selling opportunities across the private wealth management and the insurance industries, most deals are more focused on revenue diversification and gaining exposure than on realizing synergies.

In 2023, there were six transactions involving insurance companies and sellers with at least \$1 BN in assets, marking a 54% decrease over 2022's 13 deals involving the same type of seller. As shown in **Exhibit 14**, the largest transaction was The Canadian Life Assurance Company's acquisition of Investment Planning Counsel and its \$85.0 BN in assets. The transaction accelerates Canada Life's vision of establishing a leading wealth management platform for independent advisors and their clients. Investment Planning Counsel and Canada Life's wealth platforms will continue to operate separately as the regulatory environment evolves.

The insurance sector's top three prominent buyers include Pensionmark Financial Group, Hub International Limited, and NFP. These companies are major providers of employee benefits, insurance products, and related services, and they have been actively acquiring firms in the wealth management sector. All three completed wealth management acquisitions last year, but Hub led the pack in deal volume, announcing five acquisitions. Pensionmark's deals involved higher AUM, with a total of \$6.5 BN in assets acquired.

Exhibit 14: Top Insurance-Based Transactions of 2023

Seller	Buyer	Seller Assets (\$MM)	Date
Investment Planning Counsel	The Canadian Life Assurance Company	85,000	4/13/2023
NFP	AON	75,000	12/20/2023
Tomorrow's Financial Services	Pensionmark Financial Group	5,500	8/23/2023
NorthRock	Sammons Financial Group	5,000	10/24/2023
The Ascent Group	Alera Group	2,800	1/5/2023
Syntrinsic Investment Counsel	IMA Financial Corp.	2,400	7/11/2023
Financial Solutions	Pensionmark Financial Group	950	8/30/2023
Divergent Wealth Partners	NFP	675	9/20/2023
AFS Financial Group	Hub International Limited	435	12/4/2023
Golden Corner Wealth Advisors	Hub International Limited	131	7/7/2023



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

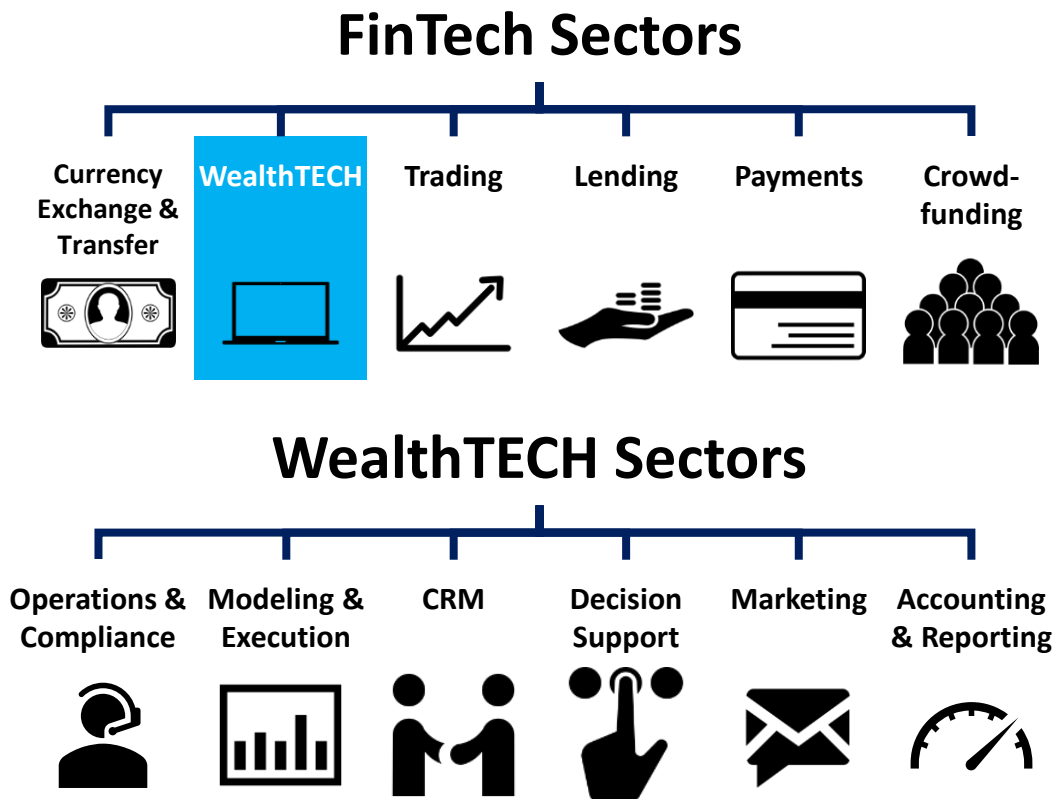
WealthTECH M&A Deal Activity

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 2023, buyers continued to prioritize WealthTECH deals, completing a total of 104 transactions over the course of the year. This marked an 8.4% increase from the 2022 total, although it fell slightly below the record set in 2021, when 108 deals were announced. Nevertheless, deal activity remained notably high, reflecting a remarkable more than 100% increase from the transaction volume in 2020.

During 2023, buyers demonstrated a keen interest in a diverse range of WealthTECH firms, ranging from simple consumer banking solutions to sophisticated financial software platforms. Additionally, several Insurance/InsurTech transactions were recorded, indicating a growing enthusiasm for advancing technology and software within the insurance marketplace.

Exhibit 15: WealthTECH Ecosystem Continues to Expand and Innovate

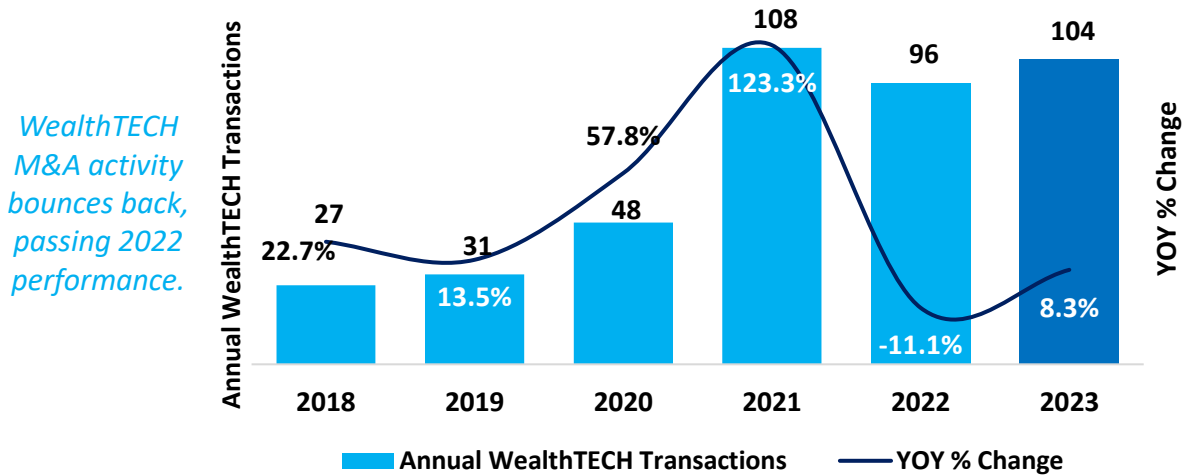


Source: ECHELON Partners

The wealth management industry has a significant need for improved technology, and there has been a consistently high level of technology adoption across the sector in the past decade. Due to a decreasing advisor population, an increased client demand for simple account access, and a high-level of personalization from the tools they use to invest, financial advisors have been continuously seeking solutions that enhance operational efficiency and meet the latest client demands. This has created great incentives for companies to innovate and has led to supreme demand for WealthTECH solutions.

While activity remains above long-term historical averages, **Exhibit 16** shows that the volume of WealthTECH M&A was able to recover from a lower-performing year in 2022. Mergers and acquisitions make up much 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 Rebound Amid Broader Tech Slowdown



Sources: Company Reports and ECHELON Partners Analysis

Demonstrated by the year-over-year increase in deal activity, there is still a significant demand for technology-enabled platforms in the WealthTECH space, especially when compared with historical levels. In 2023, a total of 104 transactions were announced, which is over double the number of deals announced in 2020.

The need to digitize the investment process, provide a customized client experience, and offer new and enhanced services such as access to alternative assets (especially for smaller clients) have all been driving forces 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.

Examples of acquirers making a shift toward building WealthTECH tools include Renovus Capital’s investment in F2 Strategy, SmartAsset’s investment in DeftSales, and Envestnet’s acquisition of Ategenos Capital.

Top WealthTECH Deals & Dealmakers of 2023

Exhibit 17 highlights the most significant WealthTECH deals of 2023. In addition to multiple fundraising rounds and acquisitions by financial acquirers such as venture capital firms, the list 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 end clients. Large acquirers are making these acquisitions to reduce their reliance on a fragmented WealthTECH industry.

2023 saw a significant increase in technology-focused transactions. Companies aimed to enhance their data/payment solutions, cybersecurity, and access to alternative investments through M&A activity. Notable WealthTECH deals include Securitize's investment in Onramp Invest, a digital wealth platform that streamlines RIAs' access to alternative asset classes (private credit, private equity, etc.). Additionally, back-office solutions were in high demand, demonstrated by the acquisitions of Altruist, Spring, and Vanguard's OCIO business. These transactions illustrate a growing need for firms to upgrade technology to maintain a competitive advantage through enhanced service offerings and improved digital client experience.

Exhibit 17: Top 2023 WealthTECH Deals

Seller	Seller Categorization	Buyer	Date
Vestwell	WealthTECH	Lightspeed Venture Partners, Fin Capital, Primary Venture Partners, FinTech Collective	12/21/2023
VettaFi	WealthTECH	TMX Group	12/15/2023
Vanguard Institutional Advisory Services	OCIO	Mercer	12/5/2023
Holistiplan	Fintech	Lead Edge Capital	9/15/2023
Onramp Invest	Crypto Manager	Securitize	8/17/2023
Tifin AI	WealthTECH	JP Morgan	7/28/2023
Ategenos Capital	WealthTECH	Envestnet	6/20/2023
F2 Strategy	Consultancy	Renovus Capital	6/13/2023
Adenza	Regulatory	Nasdaq	6/12/2023
Spring	Employee Benefits Tech	Mariner Wealth Advisors	6/5/2023
DeftSales	WealthTECH	SmartAsset	4/19/2023
Altruist	Accounting & Reporting	Insight Partners, Adams Street Partners, existing investors	4/12/2023
Lumiant	WealthTECH	Savant Wealth Management	3/27/2023
Cushion	WealthTECH	NatWest	2/14/2023

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

2024 Outlook

While annual deal volume did not surpass the 2022 record, it remains well above historical levels, and the fundamental forces driving higher levels of M&A remain in place. The following key forces will continue to shape industry deal activity in 2024 and beyond:

- I. **Heightened Focus by Strategic Acquirers on Breakaways:** Breakaway opportunities gained traction in 2023 as strategic acquirers sought alternative paths to acquire targets. This trend was exemplified by Beacon Pointe Advisors' recruitment of a six-person team from UBS, highlighting that breakaway teams are "like RIAs trapped in a wirehouse environment." We anticipate that buyers will continue to seek breakaway opportunities from the wirehouse channels. To be successful, we recommend buyers review their origination efforts in these channels as well as their deal structure, and integration capabilities to position themselves for success.
- II. **More Competition from Minority Investors:** 2023 saw the number of minority investments grow from 2022's levels. Looking forward, we expect even greater demand for this capital option as new entrants enter the marketplace. Notable examples of this include the launch of Constellation Wealth Capital, which plans to raise \$1 BN to invest solely in the RIA market, and Rise Growth Partners, which received \$250 MM from Charlesbank Capital Partners, specifically aimed at purchasing minority stakes in RIAs with \$1 BN - \$5 BN in assets. The growing appetite for minority capital is a sign of the industry maturing, with sellers demanding greater flexibility in their capital structure and how they engage with buyers. These transactions often provide sellers the ability to maintain control to some extent, however this type of transaction often comes at the cost of providing a preferred return to an external investor. We expect more traction in this space but caution sellers to navigate cautiously as it relates to negotiating terms with investors.
- III. **Continued Efforts to Vertically Integrate and Deepen Relationships with Clients via M&A:** Strategic acquirers will continue seeking opportunities for vertical integration through acquisitions that expand their service offerings and deepen client relationships. Savant Wealth Management's acquisition of CPA firm Peay & Associates, along with its associated RIA SwaimBrown Wealth Management, illustrates this trend. Such acquisitions differentiate RIAs from their competition and provide numerous strategic benefits.
- IV. **Debt Availability Increasing:** As debt markets stabilize, we should also see an uptick in the availability of financing options for buyers. For example, Creative Planning expanded its credit facility by an additional \$350 MM at the beginning of 2024. Similarly, Snowden Lane secured a new \$100 MM credit facility early in 2023. Increased access to capital will drive deal-making across the industry, enabling firms to compete more effectively in transaction processes. This also creates opportunity for outside investors, like private credit funds, to enter the industry, providing another source of investment capital to buyers.

The wealth management industry continues to offer significant opportunities for both buyers and sellers. With a large number of interested buyers and ongoing investment inflows, sellers can still expect to receive high multiples reflecting the strong demand for their businesses. ECHELON anticipates that the deal count in 2024 will surpass the levels seen in 2023 but is likely to remain within the established range of 300-350 total transactions, indicative of a stable and maturing market.

Frequently Used Terms

Bank – A financial institution licensed, and typically insured by the federal government, to receive deposits and make loans. A bank may also provide financial services, such as wealth management, currency exchange, and safe deposit boxes.

Consolidator – A firm that consolidates several business units of several different companies into a larger organization, with the intent of improving operational efficiency by reducing redundant personnel and processes.

FinTech – An emerging sector of technology-enabled financial services. The term has expanded to include any technological innovation in the financial sector, including innovations in financial literacy and education, retail banking, investment, and cryptocurrencies.

Independent Broker Dealer (IBD) – A broker dealer firm that offers its services to financial advisors operating as independent contractors. The IBD business model has a mix of commission-based products and fee-based advice with insurance services.

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

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

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

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

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

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

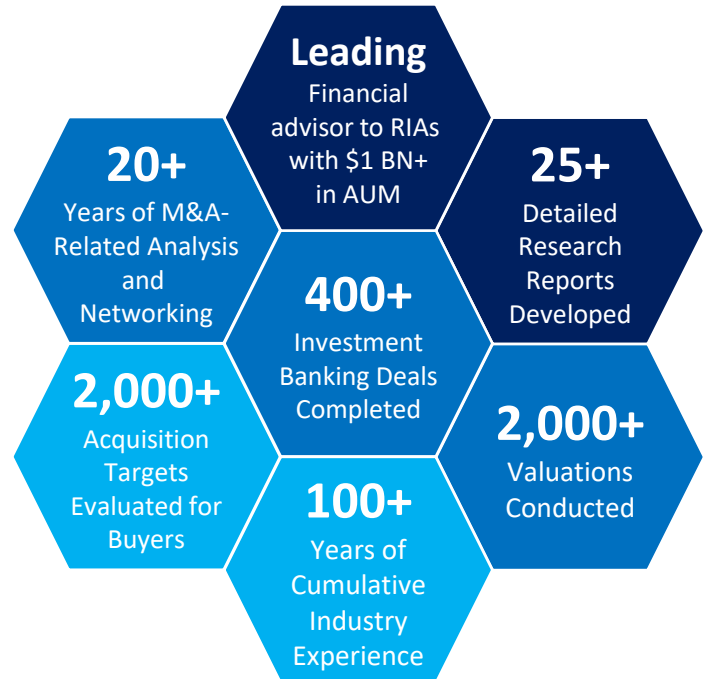
Wirehouse/Broker Dealer – A firm in the business of buying and selling securities, operating as both a broker and a dealer, depending on the transaction.

About 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"**.



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

- Sell-Side Representation
- Select Buy-Side Representation
- Partner to Partner Transactions
- Mergers & Internal Sales
- Capital Raising
- Succession Transitions
- M&A Strategy
- Entity Selection & Migration
- Financing Sources & Structuring

Management Consulting Services

- Valuation Services
- Equity Sharing Programs
- Strategic Agreements
- Buy/Sell Agreements
- Dispute Resolution
- Litigation Support & Expert Opinions
- Business Model Selection
- Market Education & Mapping
- Product Roadmap Assessment

ECHELON's Leadership

DAN SEIVERT | CEO AND MANAGING PARTNER



dseivert@echelon-partners.com

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

MIKE WUNDERLI | MANAGING DIRECTOR



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

BARNABY AUDSLEY | VICE PRESIDENT



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

BRETT MULDER | VICE PRESIDENT



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

Sample Transactions & Advisory Assignments Executed by the ECHELON Team

 <p>has announced the acquisition of</p>  <p>ECHELON served as the exclusive financial advisor to PRW and provided:</p> <p>Sell-Side M&A Advisory</p> 	 <p>has announced the acquisition of</p>  <p>ECHELON served as the exclusive financial advisor to Align and provided:</p> <p>Sell-Side M&A Advisory</p> 	 <p>has announced the acquisition of</p>  <p>ECHELON served as the exclusive financial advisor to PAM and provided:</p> <p>Sell-Side M&A Advisory</p> 	 <p>has announced the acquisition of</p>  <p>ECHELON served as the exclusive financial advisor to Syntinsic and provided:</p> <p>Sell-Side M&A Advisory</p> 	 <p>has announced the acquisition of</p>  <p>ECHELON served as the exclusive financial advisor to Integrated and provided:</p> <p>Sell-Side M&A Advisory</p> 	 <p>has announced the acquisition of</p>  <p>ECHELON served as the exclusive financial advisor to Earth Equity and provided:</p> <p>Sell-Side M&A Advisory</p> 
 <p>has announced the acquisition of</p>  <p>ECHELON served as the exclusive financial advisor to ERA and provided:</p> <p>Sell-Side M&A Advisory</p> 	 <p>has announced the acquisition of</p>  <p>ECHELON served as the exclusive financial advisor to Hayes Financial and provided:</p> <p>Sell-Side M&A Advisory</p> 	 <p>announced strategic investment in</p>  <p>ECHELON served as the exclusive financial advisor to SEIA and provided:</p> <p>Sell-Side M&A Advisory</p> 	 <p>has announced the acquisition of</p>  <p>ECHELON served as the exclusive financial advisor to HFW and provided:</p> <p>Sell-Side M&A Advisory</p> 	 <p>has announced the acquisition of</p>  <p>ECHELON served as the exclusive financial advisor to Adhesion and provided:</p> <p>Sell-Side M&A Advisory</p> 	 <p>has completed the acquisition of</p>  <p>ECHELON served as the exclusive financial advisor to BK and provided:</p> <p>Sell-Side M&A Advisory</p> 
 <p>has announced the acquisition of</p>  <p>ECHELON served as the exclusive financial advisor to Pacific Portfolio and provided:</p> <p>Buy-Side M&A Advisory</p> 	 <p>has announced the acquisition of</p>  <p>ECHELON served as the exclusive financial advisor to Simon Quick and provided:</p> <p>Buy-Side M&A Advisory</p> 	 <p>has announced the acquisition of</p>  <p>ECHELON served as the exclusive financial advisor to Daintree and provided:</p> <p>Sell-Side M&A Advisory</p> 	 <p>has completed the acquisition of</p>  <p>ECHELON served as the exclusive financial advisor to Paradigm and provided:</p> <p>Sell-Side M&A Advisory</p> 	 <p>has completed the acquisition of</p>  <p>ECHELON served as the exclusive financial advisor to RTS and provided:</p> <p>Sell-Side M&A Advisory</p> 	 <p>has completed the acquisition of</p>  <p>ECHELON served as the exclusive financial advisor to Sawtooth and provided:</p> <p>Sell-Side M&A Advisory</p> 
 <p>has completed the acquisition of</p>  <p>ECHELON served as the exclusive financial advisor to Bainco and provided:</p> <p>Sell-Side M&A Advisory</p> 	 <p>has completed the acquisition of</p>  <p>ECHELON served as the exclusive financial advisor to Pinnacle and provided:</p> <p>Sell-Side M&A Advisory</p> 	 <p>has completed the acquisition of</p>  <p>ECHELON served as the exclusive financial advisor to Oakwood and provided:</p> <p>Sell-Side M&A Advisory</p> 	 <p>has completed the acquisition of</p>  <p>ECHELON served as the exclusive financial advisor to Independence Advisors and provided:</p> <p>Sell-Side M&A Advisory</p> 	 <p>has completed the acquisition of</p>  <p>ECHELON served as the exclusive financial advisor to Goss and provided:</p> <p>Sell-Side M&A Advisory</p> 	 <p>has agreed to a merger with</p>  <p>to form</p>  <p>ECHELON provided the Management of the firms with:</p> <p>Merger and Financial Advisory Services</p> 
 <p>has completed the acquisition of</p>  <p>ECHELON provided the Management of Sullivan & Serwitz with:</p> <p>Valuation and Sell-Side Advisory Services</p> 	 <p>has observed the acquisition of</p>  <p>ECHELON provided the Management of OBS Financial with:</p> <p>Valuation and Sell-Side Advisory Services</p> 	 <p>ECHELON provided the Management of Concentric Wealth Management, LLC with:</p> <p>Buy-Side Advisory Services</p> 	 <p>ECHELON provided the Management of Blue Oak Capital, LLC with:</p> <p>Valuation and Financial Advisory Services</p> 	 <p>ECHELON provided the Management of Rowling & Associates with:</p> <p>Valuation Services and Succession Transaction</p> 	 <p>ECHELON provided the Management of Oakworth Capital Bank with:</p> <p>M&A Advisory Services</p> 
 <p>ECHELON provided the Management of Retirement Income Solutions with:</p> <p>Valuation and Financial Advisory Services</p> 	 <p>ECHELON provided the Management of SignatureFD with:</p> <p>Valuation and M&A Advisory Services</p> 	 <p>ECHELON provided the Management of Halite Partners with:</p> <p>M&A and Financial Advisory Services</p> 	 <p>has agreed to a transaction with</p>  <p>ECHELON provided the Management of Lexington Capital Management Inc. with:</p> <p>M&A and Financial Advisory Services</p> 	 <p>has agreed to a merger with</p>  <p>ECHELON provided the Management of FiComm Partners and Nexus Strategy, LLC with:</p> <p>M&A and Financial Advisory Services</p> 	 <p>ECHELON provided the Management of Centennial Securities with:</p> <p>Valuation and Financial Advisory Services</p> 

Sample Transactions & Advisory Assignments Executed by the ECHELON Team

 <p>BRIDGEWORTH FINANCIAL</p> <p>ECHELON provided the Management of Bridgeworth, LLC with:</p> <p>Valuation and Financial Advisory Services</p> 	 <p>has agreed to a merger with William E. Simon & Sons</p> <p>ECHELON provided the Management of Massey Quick with:</p> <p>Merger and Financial Advisory Services</p> 	 <p>ECHELON provided the Management of The Gensler Group with:</p> <p>Valuation and Financial Advisory Services</p> 	<p>has completed the acquisition of Horizon Planning, Inc.</p> <p>ECHELON provided the Management of Wealthstream Advisors, Inc. with:</p> <p>Valuation and Buy-Side Advisory Services</p> 	 <p>WEALTH MANAGEMENT INVESTMENT CONSULTING</p> <p>ECHELON provided the Management of Massey Quick Simon & Co. with:</p> <p>Valuation and Financial Advisory Services</p> 	 <p>has completed the acquisition of lakeview FINANCIAL</p> <p>ECHELON provided the Private Ocean with:</p> <p>Buy-Side and Financial Advisory Services</p> 
 <p>has been sold to AdvisorEngine</p> <p>ECHELON provided the Management of Junxure with:</p> <p>Sell-Side and Financial Advisory Services</p> 	 <p>has been sold to MORNINGSTAR</p> <p>ECHELON provided the Management of Total Rebalance Expert with:</p> <p>Sell-Side and Financial Advisory Services</p> 	 <p>ECHELON provided the Management of Retirement Protection Group with:</p> <p>Valuation and M&A Advisory Services</p> 	 <p>has been sold to UNION</p> <p>ECHELON provided the Management of Old Dominion Capital Management with:</p> <p>Valuation and M&A Advisory Services</p> 	 <p>has been sold to FOCUS FINANCIAL PARTNERS</p> <p>ECHELON provided the Management of Bordeaux Wealth Advisors with:</p> <p>Sell-Side and Financial Advisory Services</p> 	 <p>ECHELON provided the Management of Collins Investment Group with:</p> <p>Sell-Side and Financial Advisory Services</p> 
 <p>ECHELON provided the Management of Roof Advisory Group, Inc. with:</p> <p>Valuation and Financial Advisory Services</p> 	 <p>has completed the acquisition of ASPIRIANT</p> <p>ECHELON provided the Management of The Glowacki Group with:</p> <p>M&A and Sell-Side Advisory Services</p> 	 <p>ECHELON provided the Management of Lawling Financial with:</p> <p>Valuation Advisory Services</p> 	 <p>ECHELON provided the Management of Private Ocean, LLC with:</p> <p>Valuation and Financial Advisory Services</p> 	 <p>Advisors for Family and Wealth</p> <p>ECHELON provided the Management of Kinsight, LLC with:</p> <p>Valuation, M&A, and Financial Advisory Services</p> 	 <p>ECHELON provided the Management of Signature Estate & Investment Advisors, LLC with:</p> <p>M&A and Sell-Side Advisory Services</p> 

Research Methodology & Data Sources:

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

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

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