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FINANCIAL PARTNERS

Inside the Deal M&A Newsletter

Q3 2023

A Brief Note from the Team

We are pleased to share with you the eleventh edition of our quarterly newsletter, Inside the Deal!

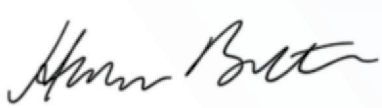
Dynasty Financial Partners aims to educate our clients and our readers on the key trends we are seeing in Wealth Management M&A. We hope to provide you with specific insights into key trends, deals and deal structures, answer important questions raised from our readers, and most importantly, empower our network to have the confidence to be successful in their chosen M&A strategy.

For our eleventh issue, we reflect on the first three quarters of dealmaking in 2023. While 2021 and 2022 were typified by robust M&A growth, 2023 would best be characterized so far by M&A resilience. Even with the short-lived regional banking crisis and rising interest rates, many market participants are taking the opportunity to recapitalize and double down on their acquisition strategy. We do not foresee the M&A market changing anytime soon, despite the fear inducing headlines seen over the past year. By all accounts, capital continues to flow into the space and deal multiples remain competitive. This has created sustained buyer sentiment (many of whom continue to have access to a significant amount of capital) and will continue to create attractive opportunities on both the buy-side and sell-side.

We would like to hear from you! Please email us at DIB@dynastyfp.com. Let us know what you would like us to explore in upcoming issues and how we can better serve our network so you can pursue and close more M&A deals with confidence!

As always, everything you share with us will be held in the highest degree of confidentiality and discretion.

Kind regards,



Harris Baltch
Head of Investment Banking

Market Review

Since our last newsletter, so much has changed in the world, while also remaining very much the same. Interest rates have incremented higher, continuing a rise to levels not seen since 2007. The wealth management sector is still feeling the aftereffects of the regional banking crisis, particularly for the two major players, Silicon Valley Bank and First Republic, who were strong players in the wealth management M&A market. In addition, Goldman Sachs recently announced its exit from serving the mass affluent (to some degree) with its announced sale of its PFM business (formerly known as United Capital) to Creative Planning. However, neither has seemingly shaken RIA M&A buyer or seller sentiment.

Demand to acquire RIAs continues to be strong and valuation levels remain healthy, reportedly hitting a median of 10.0x EBITDA[1]. Q3 2023 continued the consistent streak seen thus far this year, despite a few months of low volume in a few months of 2023.

This section ended both 2021 and 2022 with the open question of whether the next year's M&A deal volume could surpass the all-time highs seen the prior year, much less if it could sustain the multi-year acceleration. When taking a step back to assess the 2023 M&A market thus far, the primary takeaway is…less of a WOW now, but a continued confident vote from us that it can maintain the new normal of elevated transaction levels.

In Q3 2023, Dynasty tracked 66 total deals, representing 3% higher than Q2 2023 and 1.5% over 3Q 2022, and 271 total transactions over the last twelve months. Despite some industry participants commenting on M&A deal volumes slowing down meaningfully, Q3 2023's total deal count was the 7th all-time quarterly high. Noticeable too was the continued recapitalization of aggregators and the higher median seller AUM deal size, both up notably from 2022, which led the total AUM transacted to continue to be far higher than prior quarters. Illustrative of this trend, no top 10 deal this quarter was under $2bn AUM.

To summarize the first three quarters of 2023, we believe it is safe to say from a pure volume standpoint, any concerns regarding volumes slipping or valuations declining in the RIA M&A market is not happening.

[1] AGS Inside the Deal Room 2023

Market Review *Continued*

So, as we look at the final months of 2023, we believe the primary considerations regarding the general health of the M&A market are threefold:

1. Will the leverage levels of serial buyers challenge their ability to continue making acquisitions at the current pace?

2. How will the Fed's sustained rate increases affect the buyers who have turbocharged the RIA M&A market?

3. Will new buyers continue to enter the market, and at what pace?

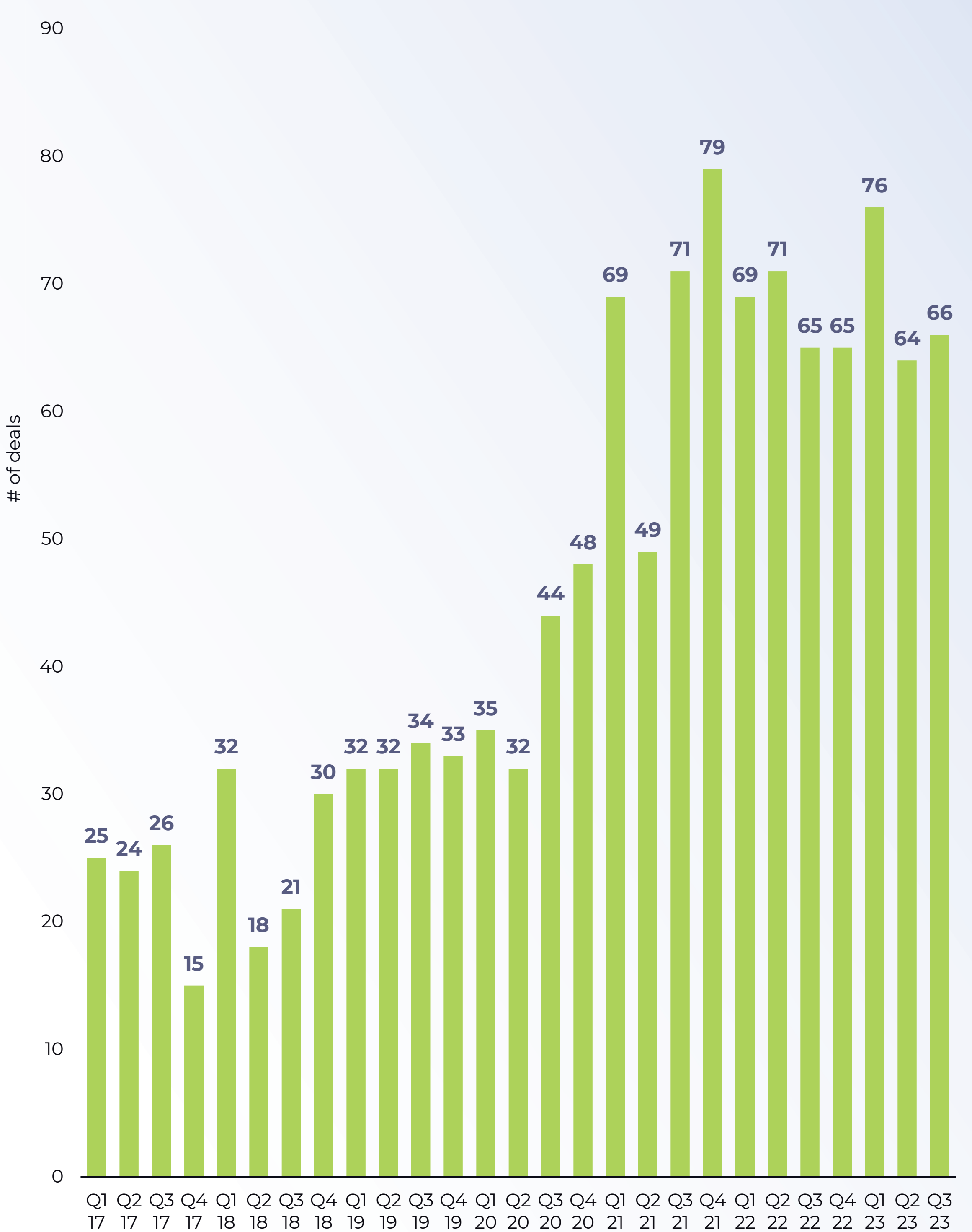
The answer to these three questions will not be fully known for a few more months, but our hypothesis is the overall health of the market will remain strong given the amount of dry powder available in the market to consolidate what continues to be a highly fragmented industry.

We project that 2023 will be more like 2022 and less like 2021 in that we now have a consistent and more mature class of RIA investors (with several new up and comers), with many firms who have recapitalized and set their sights on new inorganic growth initiatives.

The resilience of the M&A deal volume continues to be driven by several factors, including advisor succession needs over the long-term, the increasing desire for RIAs to professionalize and achieve scale, offering a breadth and depth of services required to compete effectively, and new capital entrants entering the market to drive growth through acquisition and consolidation.

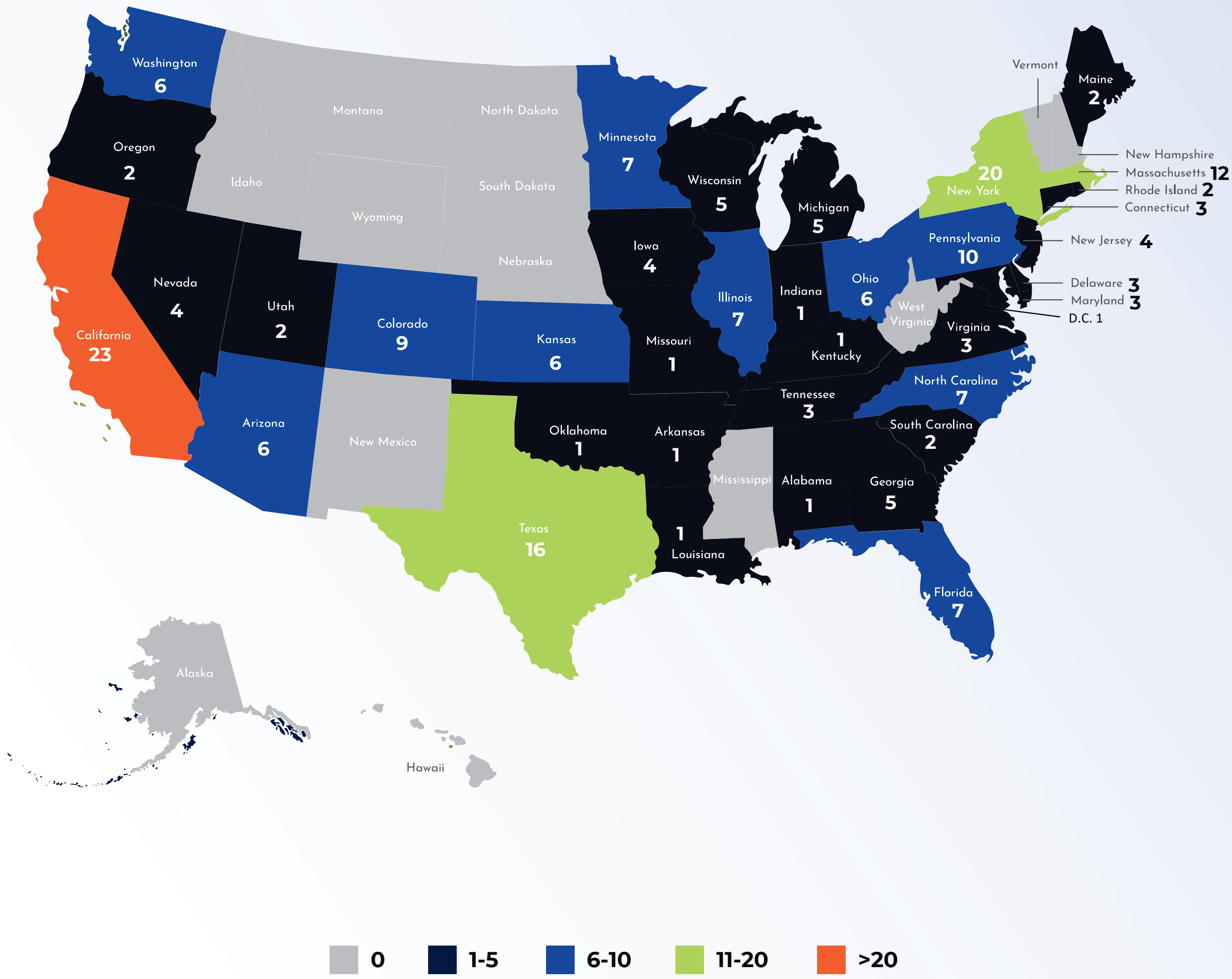
Sources: Dynasty Financial Partners, public information including press release, trade articles, and other secondary research. Specific resources can be provided upon request.

RIA M&A Deal Volume Q3 2023



Sources: Dynasty Financial Partners, public information including press release, trade articles, and other secondary research. Specific resources can be provided upon request.

2023 National Deal Data Breakdown



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Sources: Dynasty Financial Partners, public information including press release, trade articles, and other secondary research. Specific resources can be provided upon request.

Q3 2023 Key Themes

1. M&A Spotlight
2. History Repeating Itself in M&A
3. Back At It Again! M&A Entrants and Re-Entrants in Q3
4. Class of 2023 (New Buyer Vintage)
5. Recent GS Investment & Divestment Timeline
6. Need For Differentiated Capabilities Drives M&A

Sources: Dynasty Financial Partners, public information including press release, trade articles, and other secondary research. Specific resources can be provided upon request.

Q3 M&A Spotlight

On June 27th, 2023, Procyon Partners ('Procyon') announced the addition of Frank J. McKiernan and Jerry R. Sneed from Baker Tilly Wealth Management. The two partners will be joined by financial advisor Christopher Sneed and Client Service Associates Amanda DiGuiseppe and Emily Demers. The team brings approximately $600mm in AUM and will be based out of New York and Massachusetts.[1]

This tuck-in represents Procyon's first acquisition of 2023 and brings the firm's total AUM to approximately $5.0bn. Frank McKieran stated that the move to independence will allow them to "provide clients a powerful boutique advisory experience." Procyon was recently listed as one of Think Advisor's Top 12 Fastest Growing RIAs for 2023 with an over 500% increase in AUM over the last three years.[2]

Advised

PROCYON PARTNERS

On its acquisition of

McKiernan and Sneed

2023

[1] Businesswire – 'Already a Juggernaut of RIA M&A and Top-Tier Advisor Recruiting, Procyon Partners Increases Momentum by Adding Senior Financial Advisors Jerry Sneed and Frank McKiernan, Who Previously Managed $600 Million in Client Assets' (2023)
[2] Think Advisor – '12 Fastest-Growing RIAs: 2023' (2023)

History Repeating Itself in M&A

In what is now considered ancient history within the dynamic and rapidly evolving realm of RIA M&A, a Harvard Business School case study titled 'Focus Financial Partners and the U.S. RIA Industry in 2014' spotlighted seven prominent firms. These firms, namely Focus Financial, HighTower Holding, United Capital Financial, Fiduciary Network, AMG Wealth Partners, National Financial Partners, and Dynasty Financial Partners, have undergone substantial transformations over the past nine years. These transformations encompass IPOs (and go-privates), shifts in business strategies, acquisitions, and even complete rebranding endeavors. Among these firms, none have experienced a more profound series of changes than United Capital. Beginning in 2019, the company initiated a significant metamorphosis in its business model and currently stands at the threshold of two distinct name alterations, coinciding with yet another shift in ownership.

A brief history

United Capital Financial Advisors was one of the largest aggregators in the RIA industry throughout the 2010s. From the launch of the business in 2005, United Capital found its niche serving mass affluent clients through a standardized, nationally consistent 'Starbucks' style service model. United Capital married this standardized corporate structure and offering with a steady stream of acquisitions of firms in the same niche, primarily smaller RIAs and IBDs with $200 – 500mm AUM.[1]

UNITED CAPITAL
FINANCIAL LIFE MANAGEMENT

- **United Capital Financial** Newport Beach, CA (2005)
- **CEO**: Joe Duran
- **Funding**: Sageview Capital, Bessemer Venture Partners, Grail Partners
- **Targets**: Smaller independent advisers, IBDs with $200 – 500MM AUM, serving mass affluent investors
- **Deal Structure**: Advisor join United Capital, and exchange their firm equity for United Capital stock
- **Operating model**: National brand, consistent "Starbucks" model client experience based on Duran's book *The Money Code: Improve Your Entire Financial Life Right Now* and *Honest Conversations* client experience. Centralized operations, back office, IT, access to centralized Investment Solutions team of CFPs, CFAs etc.
- **Mission**: *"Helping people make financial decisions about their entire lives not just their investments"*

[1] HBS Case study: "Focus Financial Partners and the U.S. RIA Industry in 2014'

History Repeating Itself in M&A

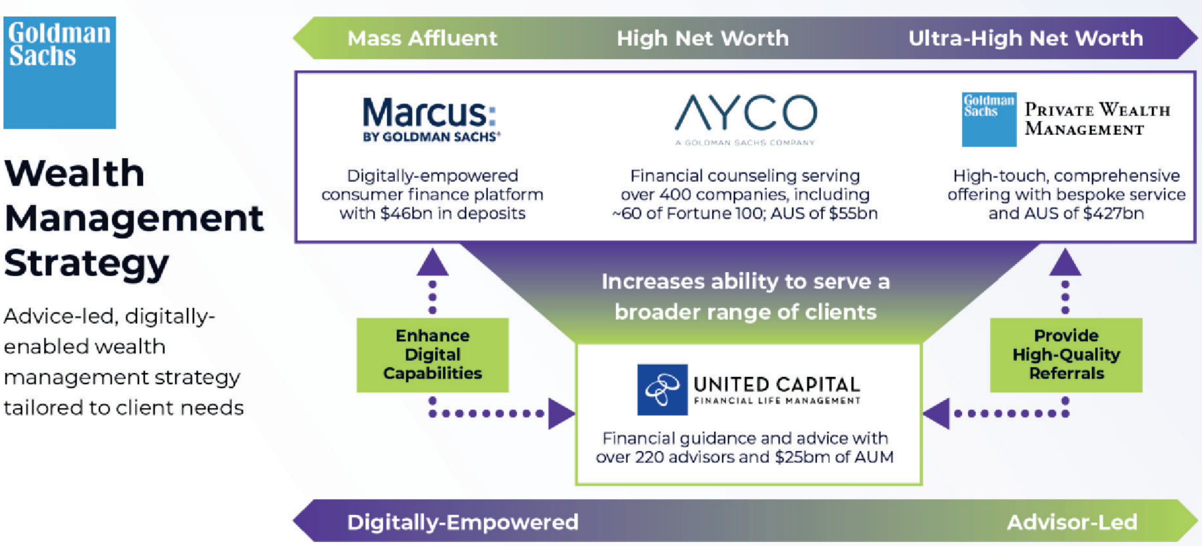
Continued

The First Deal

The remarkable growth and achievements of United Capital did not go unnoticed by Goldman Sachs, which, on May 16th, 2019, unveiled its acquisition of United Capital for a substantial sum of $750 million. At the time of this acquisition, United Capital had amassed an impressive $25 billion AUM, solidifying its presence through strategic acquisitions that extended its footprint to encompass ninety offices and 220 financial advisors.

This strategic move by Goldman Sachs, in addition to the launch of Marcus which was introduced just three years earlier in 2016, marked a departure from their previous endeavors. Goldman Sachs envisioned United Capital as a key player in their broader mass affluent strategy, aiming to expand their market reach and effectively service this client segment—a segment they had not historically ventured into extensively.

As part of Goldman's overarching plan, as depicted in the accompanying infographic, United Capital was slated to complement Marcus and seamlessly integrate into Goldman Sachs' vast $500 billion AUA wealth management portfolio, encompassing AYCO and PWM. As David Solomon deftly put it at the time, this move aimed to "broaden our reach, allowing more clients to access the intellectual capital and investment capabilities of Goldman Sachs." In essence, the objective was to leverage Goldman Sachs' array of financial products and services within the newly acquired United Capital.[2]



[2] Goldman Sachs – 'Goldman Sachs Announces Acquisition of United Capital' (2019)

History Repeating Itself in M&A

Continued

How'd it go?

In short, not good (or as planned). Just 4 years after the deal, Goldman Sachs made an unusual but material shift in business strategy on their emphasis in being the all-encompassing solution to the mass affluent segment, which ultimately culminated in their recently announced sale to Creative Planning. At the time of sale, the former United Capital segment totaled $29bn AUM, a difference of only ~$4bn AUM in four years (as context the total return of the S&P 500 during this time was 56.4%). The reason for the sale goes hand in hand with the reasoning for lack of growth…United Capital was not a good fit within Goldman.

Certain deal factors that contributed to the United Capital demise included:

1. Cultural dissonance
2. Independent vs institutional
3. Differing service models

In summary, advisors who left wirehouses were forced to return to a wirehouse feel but had the cache of a Goldman Sachs business card. The same reason many of the advisors left remain the same, including lack of ability to market themselves, challenging 'big firm' compliance barriers, limited incentives to grow, and a loss of brand equity. Furthermore, a significant factor driving advisors away from wirehouses stemmed from feeling the challenge of serving their client's best interests when their home office is promoting their employers' proprietary products, which was notably evident in David Solomon's stated rationale of the transaction in the first place.[3]

The transition from a state of feeling unconflicted and unrestrained, in one case being able to author a book about yourself and your business, to reentering an environment laden with red tape, restrictions on self-promotion, and marketing limitations proved to be an unviable fit within the structured framework of Goldman Sachs. This incongruity was exacerbated by the realization that the strategies, systems, and blueprints designed for servicing Ultra High Net Worth (UHNW) clients did not seamlessly translate to an entirely distinct client segment, a very foreseeable problem that the Goldman clearly did not envision at the deal's commencement.

[3] Wealthmanagement.com – 'United Capital Never Found a Home at Goldman Sachs' (2023)

History Repeating Itself in M&A

Continued

When United Capital's founder and leader, Joe Duran, announced his departure from Goldman Sachs in February 2023, the writing was on the wall for the remaining advisors. This was further enforced with Joe Duran recently announcing Rise Growth Partners, on top of his former acolytes starting Modern Wealth earlier this year with the backing of Crestview.[4]

New Deal

After a whirlwind courtship, characterized by a competitive deal process involving prominent RIA acquirers such as Beacon Pointe Advisors, Hightower, Mercer Advisors, Wealth Enhancement Group, Wealth Partners Capital Group, and Osaic, Creative Planning emerged victorious in the fight for what remained of United Capital. So, will this new deal result in a happy ending and home for its advisors, or is this another example of a deal announcement that forces advisors to scatter in droves to other destinations?

As already discussed in past newsletters, any sale of one wealth management platform to another suiter runs the risk of advisor attrition. To mitigate the potential for adverse outcomes, key lessons learned from the past should create a roadmap for retention, including the following factors:

Size
(e.g., AUM and staff)

Service model
(UHNW clients, targeted niches, how many client meetings a month, multi-family office services, etc.)

Scope
(what services are expected by clients with their fee vs what are paid for by clients)

Cultural Compatibility

Viewed through these lenses, the merger seems promising on the surface. The alignment of United Capital and Creative Planning in terms of size, service model, and scope is evident. The cultural fit suggests that an independent RIA like Creative Planning may align well with the private wealth management division of a major investment bank like Goldman Sachs. Additionally, Creative Planning brings to the table a strong, national brand recognition and an array of services, which are crucial in adequately supporting advisors and their clients, particularly when focusing on similar niches.

[4] Wealthmanagement.com – 'United Capital Never Found a Home at Goldman Sachs' (2023)

History Repeating Itself in M&A

Continued

Nevertheless, similar to other recent deals, some advisors may perceive the trade to be a potential downgrade in terms of branding when transitioning from a premier financial services institution like Goldman Sachs to Creative Planning. Additionally, there is a sentiment among many advisors that moving from a large, international investment bank with a strong reputation and pedigree to a national US-centric and private equity backed RIA does not truly embody independence, as advisors may still feel subject to directives from upper management.

Here are three final takeaways as we continue monitoring how this deal plays out:

Three final takeaways:

1. An investment bank can help would-be acquirers think through such risks and help negotiate protections like breakup fees and retention bonuses to mitigate departures and align incentives.

2. Several teams have already notably left, creating a reduction in value for Creative Planning, especially if there was a material down payment made and held in escrow and where there are limited clawbacks in consideration due to advisor and AUM attrition.

3. How far we have come.

Sources: Dynasty Financial Partners, public information including press release, trade articles, and other secondary research. Specific resources can be provided upon request.

History Repeating Itself in M&A

Continued

The larger narrative of the United Capital saga underscores the remarkable evolution of the RIA wealth management sector. Buried in the details of this sale and re-sale are the headline numbers of the original deal by Goldman. To put things into perspective, it's worth noting that just four years prior, United Capital stood as one of the premier aggregators in the industry. At the time of the acquisition, Goldman Sachs committed to a cash payment of $750 million with several analysts reported a valuation range of 17 to 18 times EBITDA. However, some industry consultants at the time assessed the firm's value at nearly $800 million, with an EBITDA multiple of 14.6. These numbers serve as a testament to the dynamic landscape and the evolving perceptions of value within the RIA wealth management space.[5]

[5] Wealthmanagement.com – 'Goldman Buys United Capital for $750 Million in Cash. What Does It Want?' (2019)

Back At It Again! M&A Entrants and Re-Entrants in Q3

Despite occasional dramatic 'click-bait' pessimism prevalent in certain trade publications regarding the RIA M&A market, the persistently rising rate environment, and heightened investment risks, those deeply entrenched in the market are taking a different stance. They are either recapitalizing to expand their acquisitions or rekindling their interest to re-enter the market. These buyers, who possess an intimate understanding of the industry, seem to either dismiss or fundamentally differ in their outlook compared to external observers when it comes to investing in the current wealth management market. The third quarter saw many announcements of either existing buyers doubling down, or longtime participants reemerging.

Affiliated Managers Group (AMG) $49bn AUM

Re-Entrant

In July, one of the leading buyers of the last decade finally made a resurgence. AMG historically acquired equity stakes in a number of partner-owned traditional investment managers, hedge funds, and specialized private equity firms, but had been relatively quiet in the realm of RIA investments since effectively spinning off and investing into WPCG. However, this changed on July 17th when they garnered attention by announcing the sale of $17bn AUM Veritable, based in Newtown, PA, after owning it for 11 years, to Pathstone Family Office. Merely weeks later, AMG revealed its intentions to re-enter the game with a fresh strategy, signaling a renewed commitment to the RIA investment space.[6]

AMG, citing what has been widely acknowledged that private equity buyers have bid up multiples, noted that "while that universe of potential partners has become smaller, given consolidation trends in the industry, specifically within the RIA channel," they were focused on returning to the RIA channel and "investing in some cases 20%, in other cases up to 50%, maybe just over 50%."[7]

Armed with check sizes of "on the low side, $100mm and maybe on the high side it could be up to $500mm" we look forward to seeing what AMG will do with the reported $294mm cash from the sale, and what other firms might join Baker Street Advisors ($13bn), Welch & Forbes ($6.8bn) and myCIO ($12bn) in the AMG portfolio.[8]

[6] RIABiz – 'A year after John Copeland came to AMG with blue-ocean RIA growth plan, the publicly owned asset management giant spins him into new venture' (2017)

[7, 8] RIABiz – 'Affiliated Managers Group, with an estimated $49 billion of RIA AUM, will buy RIAs again but typically a 20% to 50% stake to sidestep PE-backed buyers that have 'driven up prices'' (2023)

Back At It Again! M&A Entrants and Re-Entrants in Q3

Continued

Re-Entrant

Karl Heckenburg and Constellation Wealth Capital Fund, raising approximately $1bn in funding

While Constellation is a new name to watch in the buyer landscape, the man heading it up is not. Karl Heckenberg, former CEO of Emigrant Partners, announced his return to the RIA landscape as the head of a reported $1bn fund targeting minority investments in the wealth management space. While there have been no recent updates since the announcement in August, and specific details regarding investment size or the identities of his backers remain undisclosed, we will closely monitor developments as yet another known and well-funded investor re-enters the market, potentially bringing significant resources to bear.[9]

Re-Entrant

Joe Duran and Rise Growth Partners, raising approximately $200mm in funding

Another noteworthy figure reentering the buyers' arena is Joe Duran, CEO and Founder of United Capital. Duran, through Rise Growth Partners, is embarking on his third endeavor in this domain, with a focus similar to Constellation—targeting minority investments. However, Duran's goal of allegedly securing $200 million in funding from just a single sponsor is slightly more modest in comparison.

This will be Duran's third swing, and his track record includes the immensely successful sale of United Capital to Goldman, as well as the sale of Centurian Capital to General Electric in 2001. As he executes his strategy that was unveiled in September, which involves acquiring 30% stakes in RIAs managing between $750 million and $5 billion in AUM while providing them with executive leadership and technology support, we will be on the lookout for his first investment in this latest venture.[10]

[9] RIABiz – 'Karl Heckenberg files with SEC to raise a staggering $1 billion, (presumably) to buy, buy, buy RIA stakes in a 'crowded' market' (2023)
[10] CityWire – 'Joe Duran eyeing $200m from one sponsor for new RIA investing business' (2023)

Back At It Again! M&A Entrants and Re-Entrants in Q3

Continued

Bluespring Wealth Partners

Re-Entrant

Bluespring returned to the market after over 9 months of silence with a $700mm acquisition. This was especially notable for a firm who welcomed a much-celebrated new President, David Cantor, formerly of Fidelity. Following a 9 month gap and the return of prior leader Stu Silverman (Cantor stepped down to 'Senior Advisor') the firm appears back on its prior track if their post deal commentary is anything to go on.

Whether the acquisition of Christopher Street Financial signals a return to a dealmaking strategy which saw the Kestra sister company take down roughly 30 RIA acquisitions in three and a half years since its launch in July 2019, remains to be seen.[11]

Carlyle invests in $832bn AUA Captrust

Recapitalization

The most noteworthy recapitalization of the third quarter was the announcement on September 19th of Captrust selling a minority equity stake to Carlyle. Captrust, established in 1997, has executed a highly successful and aggressive acquisition strategy, culminating in approximately 70 completed deals. In 2020, the firm revealed the sale of a 25% stake to the private equity firm GTCR, valuing the company at roughly $1.25 billion at that time. Now, three years later and following twenty-nine additional transactions, CAPTRUST's valuation has surged to over $3.7 billion. Worth noting, as part of the transaction, neither the largest shareholder, CEO Fielding Miller, nor GTCR, sold any shares.[12]

Carlyle is an interesting investor as it had made an unsuccessful bid on Cerity in 2022 and had last invested directly in RIAs in 2008 through an investment into Boston Private (before its sale to Silicon Valley Bank). While Carlyle's recent investment in Captrust marks a return to the RIA sector, it's worth noting that Carlyle does have an existing presence in the RIA space through its investment in Galway, which is also the primary backer of MAI. This connection underscores Carlyle's continued interest and involvement in the wealth management industry. How this new financial backer influences Captrust's acquisition strategy (6 deals YTD in 2023) remains to be seen, though something market participants will be monitoring.[13]

[11] CityWire – 'Bluespring buys $700m practice in first deal of 2023' (2023)

[12] CityWire – 'Carlyle to take minority stake in $832bn Captrust' (2023)

[13] wealthmanagement.com – 'PE Firm Carlyle Takes Minority Investment in Captrust' (2023)

Back At It Again! M&A Entrants and Re-Entrants in Q3

Continued

Recapitalization

Abry Partners stakes Prime Capital Investment Advisors ($22bn AUM)

PCIA announced a small minority stake ('well under 25%') by Abry Partners in July. Abry is well versed in the wealth management space, having recently exited a stake in serial acquirer Beacon Pointe, and having just invested in Dynasty Financial Partners.

PCIA, in a remarkably brief span of less than six years, has embarked on a swift series of acquisitions, accumulating over fifteen in total, with an impressive six completed in 2022 alone. CEO Glenn Spencer, when questioned about the company's future plans, expressed, "Over the last four years, we've been growing by recruiting advisors and teams, and doing acquisitions. We're going to continue on that path." With this infusion of fresh equity capital and access to a new credit line, PCIA's rapid acquisition strategy should persist without interruption.[14]

Recapitalization

Clayton, Dubilier and Rice, and Focus Financial Partners

As has already been discussed in detail in Q2's newsletter, Clayton, Dubilier & Rice successfully concluded its acquisition of Focus Financial Partners on August 31st, valuing the enterprise at $7 billion. This transaction represents not just a recapitalization but a fundamental change in the company's ownership structure.

Of significant note is the impending departure of all three co-founders, including CEO Rudy Adolf. This transition will place a spotlight on the future direction and leadership of Focus Financial Partners, a firm known for its prominent role as an acquirer in the wealth management industry. The industry will closely observe the developments and strategic choices made under the new ownership.

[14] CityWire – '$22bn Prime Capital sells stake to PE firm Abry Partners' (2023)

Back At It Again! M&A Entrants and Re-Entrants in Q3

Continued

M&A and Capability

Long Ridge Equity Partners enable M&A at $4bn AUM Hybrid RIA RFG Advisory

On the surface, Long Ridge Equity, known for its prior backing of firms like Carson Group, has acquired a majority stake in RFG (previously without any backer) to infuse capital and support further development within the company. The primary objectives of this investment include enhancing investment management capabilities, refining marketing and branding efforts, optimizing advisor coaching functions, upgrading the tech stack, and attracting new advisors to the firm. Notably, mergers and acquisitions (M&A) are not the immediate focus, but the investment underscores a different form of "hidden" M&A within the industry.

The "hidden M&A" in this instance refers to an 'equity ownership program,' essentially an equity-swap. RFG, with the injection of capital from Long Ridge, will be able to transition from its existing OSJ (Office of Supervisory Jurisdiction) model to taking ownership stakes in the economics of the advisors it supports through the facilitation of an exchange for RFG stock and a cash payment.[15]

No industry total M&A figures will include these small transactions, but this is another case of recapitalization boosting M&A numbers.

[15] wealthmanagement.com – 'Hybrid RIA RFG Advisory Takes First Outside Capital With Long Ridge Investment' (2023)

Back At It Again! M&A Entrants and Re-Entrants in Q3

Continued

Upcoming

Additionally, the third quarter features the following prominent M&A forward firms who are semi-openly looking for investment:

Perigon Wealth Management

$5.6bn Perigon Wealth Management pursuing new investor-sources. With three acquisitions over the last two years, although backed by Merchant currently, Perigon is looking for another capital source.[16]

Merchant Investment Management

RIA investor Merchant Investment Management pursuing $250m capital raise-sources. Serial minority investor, over 12 announced deals over the last two years.[17]

Snowden Lane Partners

Snowden Lane Partners is considering taking on a new round of financing as it looks to iron out a plan for the future of the firm's advisor recruitment strategy without its current majority equity investor. Earlier this year, Snowden Lane announced that it had received a $100m credit facility from equity firms Apogem Capital and Monroe Capital as part of a wider strategy focused on fueling growth.[18]

Main takeaways

The past quarter has been remarkably active in terms of recapitalizations and new buyer announcements in the wealth management industry. This surge in activity doesn't even include notable recent instances such as Atlas recapitalizing Mercer at a valuation of $3 billion and Stone Point extending a new $250 million credit line to Wealth Enhancement Group (WEG).

While it's true that not every firm that secures capital will necessarily continue to pursue M&A activities, it is our thesis that most firms with a history of engaging in M&A or have explicitly stated it as a strategic goal for their capital infusion, will likely leverage that capital to sustain the current pace of deal volume and maintain attractive multiples.

[16] CityWire - $5.6bn Perigon Wealth Management pursuing new investor –sources' (2023)
[17] CityWire – 'RIA investor Merchant Investment Management pursuing $250m capital raise –sources' (2023)
[18] CityWire – '$10bn Snowden Lane mulls capital raise' (2023)

Class of 2023 (New Buyer Vintage)

The landscape of buyers in the RIA M&A market is ever evolving. It's not uncommon for buyers to quietly exit the scene, driven by factors such as a reduction in capital support from sponsors, heightened sensitivity to debt obligations in a rising interest rate environment, or internal management changes. As a case in point, several names notably less present in this year's M&A buyers lists including affiliates of Focus Financial Partners, TMG, Corient (formerly CI Financial), EP Wealth Advisors, Mariner and Bluespring.

While the precise reasons for these shifts will likely remain undisclosed, the industry has witnessed the emergence of new first-time buyers in 2023, stepping in to fill the void left by those who have exited the market. This fluidity in the buyer landscape reflects the dynamic nature of the wealth management industry and its ever-changing ecosystem of participants. Below is a look at the 2023 vintage of first-time RIA investors:

Capability and scale hungry

Ampersand

Launched this year under the leadership of David Kowach, former head of Wells Fargo Advisors, along with a team of other former executives, Ampersand Partners entered the scene with ambitious plans. They promised enticing hiring bonuses rich in equity and high-end payouts to attract advisors and has set an ambitious target to recruit three hundred advisors within the next two years. This initiative seemed to be a response from Wells Fargo alumni who aim to rival other wirehouse alumni ventures like Rockefeller Capital Management, which has a strong presence of Morgan Stanley alumni.

While Ampersand primarily focuses on what we colloquially term as 'hidden M&A'—wirehouse advisor team recruiting—they are also keen on capabilities-focused M&A. Their first venture into the latter realm materialized in September with the acquisition of Wiley Bros. Aintree Capital, a well-established broker-dealer and registered investment advisory firm. While their main objective was to acquire the capabilities and scale of the rebranded firm, now known as '&Partners', this acquisition also brought with it an RIA boasting $660mm AUM.[19, 20]

We expect further smaller acquisitions from both Ampersand and firms like this in the market as increased capability need continues to rise in importance.

[19] AdvisorHub – 'Ex-Wells Execs' New Firm Punctuates Launch With Equity-Rich Recruiting Offer' (2023)

[20] Financial Advisor IQ – 'Ex–Wells Fargo Execs and Their Startup Acquire Majority Stake in 78-Year-Old Firm' (2023)

Sources: Dynasty Financial Partners, public information including press release, trade articles, and other secondary research. Specific resources can be provided upon request.

Class of 2023 (New Buyer Vintage)

Continued

New Aggregators

MODERN WEALTH MANAGEMENT

Modern Wealth Management launched in Q1 this year by Jason Gordo, Mike Capelle, and Gary Roth, who all worked together at RIA United Capital. Since its inception, Modern has been active in the acquisition space, with notable purchases including Barber Financial, a consortium of three firms collectively managing $1.5 billion in AUM, and Midwest Financial with $205 million in AUM. Jason Gordo, President of Modern, outlined his goal of establishing anchor locations in specific regions characterized by asset levels ranging from $200 million to $1 billion. These anchor locations will be intended to serve as hubs to drive organic growth for the firm, reflecting Modern's strategic vision for expansion and growth in the wealth management industry. [21]

Combine the existing success executing this vision with the hiring of three new M&A staff in August with $200mm in backing from Crestview Partners, and Modern appears here to stay as a burgeoning force in the M&A market.[22]

New Aggregators

ARAX INVESTMENT PARTNERS

Arax Investment Partners, which launched in 2022 with former Raymond James and Deutsche Bank executive Haig Ariyan at the helm, and the backing of RedBird Capital Partners, announced in September its first acquisition, $2bn AUM Ashton Thomas Private Wealth, located in Scottsdale, AZ.

While the first announced acquisition may have taken longer than anticipated, given its strong backing and strategic direction, Arax Investment Partners is expected to become a more frequent presence in M&A announcements in the future. Haig Ariyan recently hinted at this in a podcast, disclosing that "Arax has signed three deals and has another four to six in the works." This suggests that the firm is actively pursuing an aggressive acquisition strategy to bolster its position in the wealth management industry.[23]

[21] CityWire – 'Modern Wealth hires three to build out M&A team' (2023)
[22] Bussinesswire – 'United Capital Co-founders Launch Modern Wealth Management With $200 Million Equity Financing from Crestview Partners' (2023)
[23] AdvisorHub – 'Former Alex. Brown Exec's Firm Unveils First Deal With $3 Bln-Asset RIA' (2023)

Class of 2023 (New Buyer Vintage)

Continued

New Aggregators

ROTHSCHILD INVESTMENT LLC

In 2023, Rothschild Investment Corp., an established Chicago-based firm with over a century of history, entered the realm of wealth management acquisitions. Backed by private equity firm Tin Goose Holdings, Rothschild initiated its acquisition in August with the merger of Sentinus, an RIA based just outside of Chicago with $605mm AUM. This merger resulted in the formation of a combined firm boasting assets under administration (AUA) exceeding $5 billion. Rothschild Investment Corp. has expressed its intent to continue pursuing acquisitions, with plans to add as much as $1 billion in assets to its portfolio annually. The Southeast, especially Florida, with its Sarasota office, is identified as a particular target for expansion. This strategic focus underscores the firm's commitment to growth in the wealth management sector.[24, 25]

With private equity backing, a defined acquisition criteria, and a clear direct focus, this is another firm who should be in the news more moving forward.

Sub-platforms

STEELPEAK WEALTH MANAGEMENT

Backed by Emigrant Partners since February, the L.A. based RIA has made good in quick order on Reza Zamani's (CEO) surprisingly direct quote when it took the investment:

"The one area that we have not tapped into has been in the world of acquisitions, mergers and looking to bring on other types of advisory firms under our umbrella,' Zamani said. 'When we started to explore this as an opportunity, what we determined was there was one way to do it, which was our way of trying to reach out, and there was a better way to do it, which was to partner up with a firm that has the experience, has the history of transactions, has the know-about and speaks our language."[26]

Just seven months in and they have completed two smaller transactions and expanded into Las Vegas. We expect to see further activity from this new buyer in the space.

[24] CityWire – 'How a PE-owned Chicago wealth firm plans to make a splash in RIA M&A' (2023)

[25] wealthmanagement.com – '115-year-old Chicago-based Rothschild Makes First Acquisition' (2023)

[26] CityWire – 'Emigrant stakes $2.1bn Los Angeles RIA' (2023)

Class of 2023 (New Buyer Vintage)

Continued

Repeat PE

GOLDEN GATE CAPITAL

Golden Gate entered the RIA market in January, when it bought out Emigrant Parter's minority stake in $4.8bn Parallel Advisors and Autus Asset Management, to take a majority stake in the newly combined entity.[27]

This was Golden Gate's first RIA investment, but with its $19bn in committed capital, did not close the door on making another. At the very least, given Parallel's desire to find a private equity partner who was onboard with their decision to pursue 'an aggressive M&A growth strategy", Golden Gate will continue to be involved in the RIA space if only as a sponsor.

RIA Involvement

MISSION WEALTH

While there are many RIAs that make a single acquisition and then fade from the M&A landscape, it's worth noting the active approach taken by Mission Wealth, an independent RIA with $4 billion in AUM. Although the firm hadn't previously made any M&A transactions according to our internal database, they have been known for pursuing 'aqui-hires'—essentially, acquiring one or two advisors at a time.

In breaking from their historical approach, Mission Wealth made two acquisitions so far this year, totaling approximately $240 million in combined AUM. This activity still aligns with their focus on steady growth through incremental acquisitions, rather than pursuing large-scale deals. It demonstrates their commitment to expanding their wealth management footprint in a measured and strategic manner.

[27] CityWire – 'PE shop Golden Gate buys $5.7bn duo of Emigrant RIAs' (2023)

Class of 2023 (New Buyer Vintage)

Continued

The above list is emblematic of our thesis surrounding the RIA M&A market. Never has the diversity and breadth of buyers been deeper or more sophisticated. Perhaps multiple expansion and deal count will not continue to expand unabated as it has the last few years, but by no means does the current landscape look set for the doom and gloom predictions which drew headlines a few months ago.

With these new buyers entering the market in force, in addition to the likes of GYL Financial Synergies, Adviser Investments, Moneta, AlphaCore Wealth Advisory reentering the market after a year away, we project that the M&A market should remain stronger than ever.

Recent GS Investment & Divestment Timeline

Marcus: by Goldman Sachs™

Goldman Sachs ("Goldman" or "GS") first entered into the retail banking and personal finance space in 2016 with their launch of Marcus by Goldman Sachs, an online platform aimed at providing personal loans and high-yield savings accounts to consumers. This was followed three years later by Goldman's acquisition of United Capital for $750mm in May of 2019,[1] later known as Goldman Sachs Personal Financial Management (PFM). The launch of Marcus and acquisition of United Capital, amongst other efforts, both served the overarching goal to increase Goldman's reach to a new type of client, the mass affluent. This was a sharp departure from their traditional ultra-high net worth bread and butter.

GreenSky™

Between 2016 and 2023, Goldman continued to invest in and grow their offerings and wealth management strategies to support this new client base and become a larger player within mass affluent banking and wealth management. During this period, in 2021 Goldman Sachs acquired GreenSky, the largest fintech platform at the time for home improvement consumer loan originations. Greensky's differentiated lending capabilities were targeted to help accelerate the development of Goldman Sachs consumer banking platform of the future.[2]

The beginning of the end of this experiment with competing in the mass affluent space was first seen in February, when Joe Duran, the former head of United Capital, said farewell to Goldman Sachs. Goldman Sachs began quietly unloading their personal loans side of the business in April with the announcement of exploring a sale for Greensky followed by the announcement of a sale of over $1bn in Marcus provided personal loans to Varde Partners.[3] Also in July, Creative Planning (the eventual buyer of the mass affluent wealth management business) announced a strategic custody relationship with Goldman Sachs. This latter development was part of Goldman's slow rollout of custody agreements with RIAs across the United States which continues as of this writing.

[1] Goldman Sachs – 'Goldman Sachs Announces Acquisition of United Capital' (2019)
[2] Reuters – 'Goldman Sachs considers sale of fintech unit GreenSky, pulling back from retail business' (2023)
[3] Reuters – 'Goldman Sachs offloads $1 billion of Marcus loans to Varde' (2023)

Recent GS Investment & Divestment Timeline

Continued

CREATIVE PLANNING

In August 2023, news broke that Goldman was exploring strategic alternatives for their PFM division, and Osaic was the leader to acquire it.[4] Just one week later, it was announced that Creative Planning would be the ones to acquire the business after Osaic's preferred a deal structure was rumored to be too back-end or retention dependent. Other firms rumored to have signed a restrictive NDA and pitched the deal included Hightower, Mercer Advisors, Wealth Enhancement Group, Wealth Partners Capital Group, and Creative Planning.[5] According to Citywire, companies that signed the NDA had to agree that they would not solicit or employ any Goldman Sachs PFM employee for a period of 12 months effective as of the date of signing.

Following the news came a flurry of activity from the advisor teams which formerly made up what was PFM, including, amongst others, the announcement of a $2.5bn team leaving PFM before the close of the sale, now named Quotient Wealth Partners. Goldman soon after filed an arbitration claim against the three advisors that left, as did several former PFM advisors in California to void their agreements.[6]

In mid-September Goldman announced what we already knew, they were shifting their focus away from mainstream and mass affluent wealth management and would be refocusing on the ultra-high net worth space.[7] This was further emphasized by the announcement of Adam Siegler begin named the new Head of RIA strategy with a focus on servicing existing RIAs instead of becoming one.[8]

[4] Reuters – 'Goldman Sachs weighs selling part of wealth business in broad strategy revamp' (2023)
[5] CityWire – 'Goldman Sachs solicits bids from serial RIA acquirers for PFM unit –sources' (2023)
[6] CityWire – 'Goldman files arbitration claim to enforce restrictive covenants against three ex-PFM advisors' (2023)
[7] AdvisorHub – 'Goldman to Refocus Wealth Biz on Ultra-Rich, Selling Products Through RIAs: CEO' (2023)
[8] Wealtmanagement.com – 'Goldman Sachs' Adam Siegler to Lead Firmwide RIA Strategy' (2023)

Recent GS Investment & Divestment Timeline

Continued

Timeline of Goldman Sachs Mass Affluent Efforts

October 2016	Goldman Launches Marcus, its first consumer retail banking and personal finance effort
May 2019	GS acquires United Capital Partners for $750mm cash
January 2020	United Capital Partners rebranded to GS Personal Financial Management
March 2022	GS PFM unit consolidated and moved into the firm's asset & wealth management division
February 2023	Joe Duran, former Head of United Capital, to leave Goldman Sachs
April 2023	GS announced exploring the sale of Greensky (recently acquired fintech lending business)
July 2023	GS sells over $1bn in Marcus personal loans to Varde Partners
July 2023	Creative Planning announces strategic custody relationship with GS
August 2023	Rumors that GS considers selling PFM business, rumored bidders:
August 2023	Creative planning announces acquisition of Goldman Sachs PFM
September 2023	$2.5bn team leaves GS PFM (Quotient Wealth Partners)
September 2023	GS files arbitration claims against three ex-GS PFM advisors (Quotient Wealth Partners)
September 2023	GS announces refocus on UHNW individuals away from mass affluent
September 2023	Adam Siegler named head of GS RIA strategy
September 2023	$450mm Los Angeles team leaves GS PFM, amongst many others
November 2023	Expected close of sale of GS PFM to Creative Planning

Rumored bidders:

- osaic
- HIGHTOWER
- MERCER ADVISORS
- Wealth Enhancement Group
- CREATIVE PLANNING

Need For Differentiated Capabilities Drives M&A

As the RIA landscape grows increasingly competitive, many firms are leveraging M&A to broaden their service offerings and transform into a one-stop shop for their clients. This strategic approach allows them to integrate new capabilities such as trust services, accounting expertise, TAMPs, and much more, to fulfill client expectations and the increasing complexity of client relationships.

In the third quarter alone, a number of prominent RIAs announced transactions that enabled them to either enhance existing capabilities, gain access to a new capability, or expand their presence in the wealth management space.

Announcement Date	Buyer	Seller	Capability
05-Jul-23	Cerity Partners	AJ Wealth	Family Service Offering
11-Jul-23	Hightower	GMS Surgent	Accounting and Tax Planning
12-Jul-23	Cerity Partners	Lumina Financial Consultants	Divorce Financial Planning
12-Jul-23	CAPTRUST	Southern Wealth Management	Tax Planning
12-Jul-23	IMA Financial Group	Syntrinsic	Institution-Focused RIA
21-Jul-23	Savant Wealth Management	Raymond F. Book & Associates	Tax & Accounting
04-Aug-23	Bison Advisors	Truadvice	TAMP
22-Aug-23	Creative Planning	CTB Financial Services	Tax Planning
30-Aug-23	Argent Financial Group	TMI Holdings	Trust
05-Sep-23	Pensionmark	Financial Solutions	Wealth Management
07-Sep-23	GLASfunds	Fund Formation Group	Funds Platform
11-Sep-23	Cetera	Avantax	Tax Planning

Sources: Dynasty Financial Partners, public information including press release, trade articles, and other secondary research. Specific resources can be provided upon request.

Need For Differentiated Capabilities Drives M&A

Continued

M&A to Enhance Existing Services

Through strategic acquisitions of complementary firms, RIAs can significantly enhance and strengthen their existing capabilities. This approach leverages synergies to amplify the firms' competitive edge in the market.

An illustrative example is Savant Wealth Management, based in Rockford, Ill., who announced the acquisition of tax and accounting firm Raymond F. Book & Associates along with its $376mm RIA affiliate in July 2023. Raymond F. Book & Associates, headquartered in Dover, Del., offers a range of tax and accounting services for start-ups as well as markets advisory, estate, and trust services. The acquisition brings Savant's tax and accounting professional headcount to nearly 100 and pushes its AUM to approximately $21bn. This marks the firm's fifth and largest acquisition of a tax and accounting business and is part of their strategy to enhance tax services for wealthy clients and businesses.[1]

Capability enhancement was a key factor in one of the largest deals in the wealth management sector this year. In September 2023, Cetera Holdings, based in Los Angeles, agreed to acquire Avantax, headquartered in Dallas, in a $1.2bn deal. Cetera is set to pay $26 per share for Avantax, representing a 30% premium over Avantax's stock price prior to the announcement. Avantax operates an independent broker-dealer, Avantax Wealth Management, in addition to an RIA, Avantax Planning Partners. CEO of Cetera Holdings, Mike Durbin, commented that "as [they] explored expanding Cetera's capabilities into wealth management and tax expertise as a core component of [their] growth strategy, it quickly became clear that Avantax was an ideal target and a powerful fit".[2]

[1] Citywire – 'Savant Wealth acquires $376m Delaware RIA and tax shop in double-buy' (2023)
[2] Citywire – 'Cetera to buy Avantax in $1.2bn deal' (2023)

Sources: Dynasty Financial Partners, public information including press release, trade articles, and other secondary research. Specific resources can be provided upon request.

Need For Differentiated Capabilities Drives M&A

Continued

M&A to Access New Capabilities

M&A can also serve as a gateway for RIAs to acquire specialized capabilities, further enriching their comprehensive service portfolio. By integrating these distinct capabilities, firms can improve their value proposition, catering to a broader clientele with diverse financial needs.

In July 2023, New-York City-based Cerity Partners announced the acquisition of Lumina Financial Consultants along with its affiliate divorce financial planning business, New Leaf Financial Advisory. Lumina, managing roughly $154mm AUM, had developed a strong client niche: women going through major life transitions, including divorce. According to the CEO of Cerity Partners, Kurt Miscinski, this transaction is part of the firm's strategy to find talent that can bring a new deep expertise in a niche with meaningful growth potential.[1]

Bison Advisors, a family office-backed wealth management network under Bison Holdings, acquired Truadvice, a TAMP based in Sarasota, Fla., managing approximately $939mm assets.[2] Truadvice offers technology support, back-office assistance, financial planning, and training to financial advisors across the nation. As of the transaction Truadvice served 24 advisors and over 1,350 clients.[3] This transaction stands as another testament of RIAs' ongoing efforts to invest in new tools that empower advisors and elevate the client experience.

[1] Citywire – 'Exclusive: Cerity Partners merges in women-focused RIA' (2023)
[2] Citywire - 'Bison buys $939m Florida Tamp' (2023)
[3] Financial Advisor IQ – 'Bison Advisors Acquires $840M Florida TAMP' (2023)

Need For Differentiated Capabilities Drives M&A

Continued

M&A to Expand Wealth Management Presence

In an effort to expands its wealth management division, IMA Financial Group, a North American insurance brokerage firm, announced the acquisition of institution-focused RIA, Syntrinsic, in July 2023. Syntrinsic manages roughly $2.4bn AUA and provides comprehensive services, including impact investing, stakeholder education, operational support, business strategy, and client-stakeholder relations.[1,2]

Pensionmark, the retirement specialist arm of World Insurance Associates, announced the acquisition of a Midwest RIA, Financial Solutions, in September 2023. Financial Solutions oversees over $950mm in AUA and specializes in financial, retirement, tax, and estate planning. This transaction is part of a broader strategy to strengthen the firm's wealth management presence as expressed by Troy Hammond, CEO of Pensionmark.[3]

In the ever more competitive RIA industry, we project this trend to continue and capability acquisition, augmentation, and market entrance to increasingly be cited as a primary reason for completing transactions moving forward. As an alternative to M&A, firms have turned to vendor partnerships to integrate new capabilities into their operations. While this option may be more cost-effective upfront, it entails leaving some control in the hands of an external party, a loss of a fully comprehensive client experience.

[1] Citywire – 'Denver insurance broker buys $2.4bn institutional RIA' (2023)
[2] WealthManagement.com – 'RIA Roundup: Hightower Adds CPA Firm in Latest Deal' (2023)
[3] Financial Advisor IQ – 'Pensionmark to Acquire $950M RIA' (2023)

Sources: Dynasty Financial Partners, public information including press release, trade articles, and other secondary research. Specific resources can be provided upon request.

M&A Market Color
Q3 Top 10 Deals Announced

Buyer	Seller	Buyer Type	Seller AUM (billions)	Announcement Date	Transaction Rationale
Carlyle	CAPTRUST	PE	832.0	9/19/2023	Capital
Clayton, Dubilier & Rice	Focus Financial Partners	PE	350.0	8/31/2023	Capital
Cetera	Avantax	Broker	83.8	9/11/2023	Capabilities, Scale
Creative Planning	Goldman Sachs/Personal Financial Management	Aggregator	29.4	8/28/2023	Capital, Scale
Abry Partners	Prime Capital Investment Advisors	PE	20.0	7/24/2023	Capital
Pathstone	Veritable	Aggregator	17.0	7/17/2023	Scale, Capital
LPL	Crown Capital Securities	Broker	6.5	7/26/2023	Scale
Long Ridge Equity Partners	RFG Advisory	PE	4.0	8/1/2023	Capital
Wealthspire	GM Advisory Group	Aggregator	3.0	9/26/2023	Scale
Cerity Partners	AJ Wealth	Aggregator	2.5	7/5/2023	Scale, Capabilities

Several sources are used to create this report. M&A data is gathered from press releases, trade articles, and other secondary research sources. All publicly announced transactions involving the acquisition of an independent advisory firm are reviewed for inclusion. This data covers the period from July 1, 2023–September 30, 2023 and is ordered by AUM.

Sources: Dynasty Financial Partners, public information including press release, trade articles, and other secondary research. Specific resources can be provided upon request.

2023 M&A League Tables

RIA Investment Banking M&A Deal Count

Through Q3 of 2023

1	Park Sutton Advisors (WHA)	16
2	**Dynasty Financial Partners**	**10**
3	Republic Capital Group	9
4	Advice Dynamics Partners	8
5	DeVoe & Company	5
5	Ardea Partners	5
5	ECHELON Partners	5
8	Advisor Growth Strategies	4
8	Berkshire Global Advisors	4
10	Colchester Partners	3
10	William Blair	3
10	Cambridge International Partners	3
10	Gladstone Associates	3

Several sources are used to create this report. M&A data is gathered from press releases, trade articles, and other secondary research sources. All publicly announced transactions involving the acquisition of an independent advisory firm are reviewed for inclusion. This data covers the period from January 1, 2023–September 30, 2023 and is ordered by number of M&A transactions announced.

Sources: Dynasty Financial Partners, public information including press release, trade articles, and other secondary research. Specific resources can be provided upon request.

Re-Introducing Dynasty's Investment Banking Client Referral Program

- Do you have a client that is getting ready to sell their business in the near term?
- Do they have a trusted relationship with an investment banker that knows their industry to help them?

Help your client's business prepare for and execute a sale by leveraging our deep investment banking referral network

Benefits of Program Include

✓ Multiple partnerships to choose from regardless of transaction size

✓ Evaluation of different investment banking alternatives in partnership with Dynasty's investment banking team

✓ Run an effective 'bake off' for your client to help identify the best investment banking team to support your client and their business

✓ Potential for advisor to receive compensation upon transaction close with applicable brokerage licenses

Select Investment Banking Partners

Transaction Size Minimum

Transaction Size Minimum	Partners
> $75mm	Goldman Sachs
$75mm	Houlihan Lokey
$50mm	Capstone Partners; Duff & Phelps
$25mm	TM Capital; True North Capital Partners LLC
$5mm	Mariner Capital Advisors

If you are interested in learning more, please reach out to us at DIB@dynastyfp.com

Sources: Dynasty Financial Partners, public information including press release, trade articles, and other secondary research. Specific resources can be provided upon request.

Dynasty's Investment Banking Team

Sources: Dynasty Financial Partners, public information including press release, trade articles, and other secondary research. Specific resources can be provided upon request.

Dynasty's Investment Banking Team

How we help RIAs grow

The Dynasty Investment Banking team offers three primary service offerings to RIAs to help them reach their next level of growth.

The first offering is transaction support. Our team offers objective sell-side and buy-side M&A support to help an RIA find a succession partner. With a deep bench of Wall Street professionals who have collectively over 50 years of M&A experience, our team can provide expert help with any number of transaction support related tasks including sell-side M&A, deal sourcing, transaction structuring and negotiations, due diligence support, and finalizing and closing deals.

The second service offering is valuations, which provides an objective view for an RIA owner's enterprise by leveraging Dynasty's experience and insight. These valuations have a variety of uses including: M&A level-setting, internal succession, performance benchmarking for founders, and ongoing governance.

The third way we can help is by providing liquidity to founders to achieve a certain business objective without giving up control of their business through three primary capital solutions, including our Traditional Credit, Revenue Participation Interest (RPI), and Minority Investment programs.

Dynasty's Investment Banking Team *Continued*

As a financial technology and value-add wealth management platform, Dynasty Financial Partners began its capital program nearly 9 years ago with our traditional debt program based on the needs of our clients.

Today, Dynasty's Investment Banking team has the premier diversified capital offering in the industry that is exclusively for its clients.

01 Traditional Credit

- Primarily term loan structure with revolving credit facility and guidance facility also available
- Covenant lite
- Interest only feature available
- Minimum term
- Amortization payments required
- Origination fees apply
- No use case restrictions

02 Revenue Participation Interest (RPI)

- Preferred equity structure that monetizes a percentage of revenue
- Innovative "true up" feature offers incremental capital to support growth
- Principals may repurchase revenue interest after a fixed period of time
- Minimum payment thresholds
- No use case restrictions

03 Minority Investment

- Noncontrolling, passive equity structure with minimum 6-year investment period
- Favorable liquidity options – ability for RIA to sell additional equity upon Dynasty exit
- Limited governance terms
- Minimum dividend
- No use case restrictions

All of our capital programs are designed exclusively for RIAs to support a firm's strategic growth objectives. Please reach out to us and let us know how we can be helpful in tailoring a capital solution that is right for you and your firm.

Sources: Dynasty Financial Partners, public information including press release, trade articles, and other secondary research. Specific resources can be provided upon request.

Harris Baltch

Managing Director, Head of Investment Banking

Harris Baltch is responsible for leading Dynasty's Investment Banking division. Prior to joining Dynasty, Harris spent nearly a decade at UBS Investment Bank where he was an Executive Director in the firm's Financial Institutions Group. While at UBS, Harris originated, led and executed over $10 billion of strategic M&A and capital market transactions for companies in the asset and wealth management industry.

Earlier in his career, Mr. Baltch worked at PricewaterhouseCoopers LLP in the Banking and Capital Markets Group. He has over 15 years of financial services experience and earned his M.B.A. from the Johnson Graduate School of Management at Cornell University. He also received a B.S. in Accounting at Binghamton University and is a certified public accountant, registered in the State of New York.

Dylan Dierig

Assistant Vice President

Dylan spent 4 years as a M&A investment banker between Raymond James Financial and Falls River Group focusing on financial technology and healthcare industries. Executing on over $2 billion in sell-side M&A transactions for both private and public companies.

Dylan received a Masters of Science in Finance from Villanova University and a B.A. in Finance from the University of Kentucky.

William Ross, CFA

Assistant Vice President

William worked as an Associate for Emigrant Partners, focusing on sourcing and executing new investments.

William was previously a Fixed Income Portfolio Management Associate at U.S. Trust, managing over $1.0 bn of fixed income assets. Prior to U.S. Trust, he worked as an intern at Wolfe Research on the consumer staples team. William received his MA in Management from the University of St Andrews.

Victoria Cangero

Senior Associate

Victoria worked as an Associate for Dynasty, focusing on supporting client inquiries and quality assurance.

Victoria held internships with UBS' Investment Banking group in New York and JP Morgan's Corporate Banking group in Miami. Victoria graduated from Florida Southern College, majoring in economics and finance and minoring in accounting. She was also a starter on their women's golf team.

Amelie Russo, CFA

Senior Associate

Amelie worked as a Treasury Analyst for Intertape Polymer Group. She was previously a Corporate Banking Analyst at International Finance Bank, monitoring a portfolio of syndicated leveraged loans and sourcing investment opportunities. Amelie swam for the NCAA Division I team at West Virginia University where she received a M.S. and B.S. in Finance.

Sam Anderson

Managing Director, Head of Corporate Development

Sam Anderson is Head of Corporate Development at Dynasty Financial Partners LLC. Prior to joining Dynasty, Sam was Senior Managing Director and a member of the Management Committee at Medley Management Inc. Prior to joining Medley, Sam was Head of Commercial Finance M&A within the Financial Institutions Investment Banking Group at Goldman Sachs. Prior to joining Goldman Sachs, Sam was a member of the Investment Banking Financial Services Group at Bank of America. Prior to his time at Bank of America, Sam held various positions at Citi Smith Barney.

Jamie Gardiner

Director, Business Development

James is a member of Dynasty's Network Development team, focusing on existing RIAs and M&A/Capital. He consults with existing RIAs looking to leverage Dynasty's scale to identify synergies that lead to more profitable businesses.

Prior to joining Dynasty, James was Co-Founder and COO of TPW Investment Management. James helped lead JFG from a startup to one of the industry's leading ETF Strategists, which was acquired in late 2017.

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Get In Touch

We look forward to hearing from you, any questions may be subsequently featured in upcoming issues!

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