dynasty
FINANCIAL PARTNERS

Inside the Deal M&A Newsletter

Q2 2024

A Brief Note from the Team

Welcome to the midpoint of 2024 and the fourteenth 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 fourteenth issue, we reflect on the first half of dealmaking in 2024. While 2021 and 2022 were typified by robust M&A growth, 2023 and 2024 (so far) are best characterized by M&A resilience. Even with the short-lived regional banking crisis and high(er) interest rates, many market participants are still taking the opportunity to recapitalize and double down on their acquisition strategy. A number have also decided to throw their hat in the ring, either for the first time or coming back after a hiatus for more. We do not foresee the M&A market changing anytime soon, despite the fear inducing headlines or concerns seen over the past year. By all accounts, capital continues to flow into the space and deal multiples remain competitive. This has created a sustained positive 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
Managing Director, Head of Investment Banking

Market Review

The primary theme so far this year has been the resilience of the wealth management M&A market. Interest rates have leveled off, albeit at a relatively high level, and major historic buyers CI Financial (now Corient Private Wealth) and Focus Financial Partners have only now begun to dip their toes back into the market. However, nothing has seemingly shaken RIA M&A buyer or seller sentiment.

This section ended 2021, 2022, and 2023 with the open question of whether the next year's M&A deal volume could surpass the all-time highs seen the prior year. The 2023 M&A market might not have sustained the multi-year acceleration, but the underlying fundamentals and drivers of the market provided sufficient resiliency. We see 2024 continuing this resilience and sustaining the historically strong deal flow.

Demand to acquire RIAs continues to be strong and valuation levels remain healthy, with a median of 9.9x EBITDA reported by some public sources.[1]

In Q2 2024, Dynasty tracked 70 total deals, representing 7.7% higher than Q1 2024 and 9.4% higher than 2Q 2023, and the 273 total transactions LTM represents an increase of 1.1% year over year. Despite some industry participants commenting on M&A deal volumes slowing down meaningfully, 2023's total deal count was the highest all-time per our records, and 2024 so far remains in line. Noticeable too was the continued recapitalization of aggregators and the higher median seller AUM deal size, both up notably from 2021 and 2022 and in line with 2023.

So, as we look to the second half of 2024, 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 recent spate of recapitalizations affect the legacy serial acquirers?

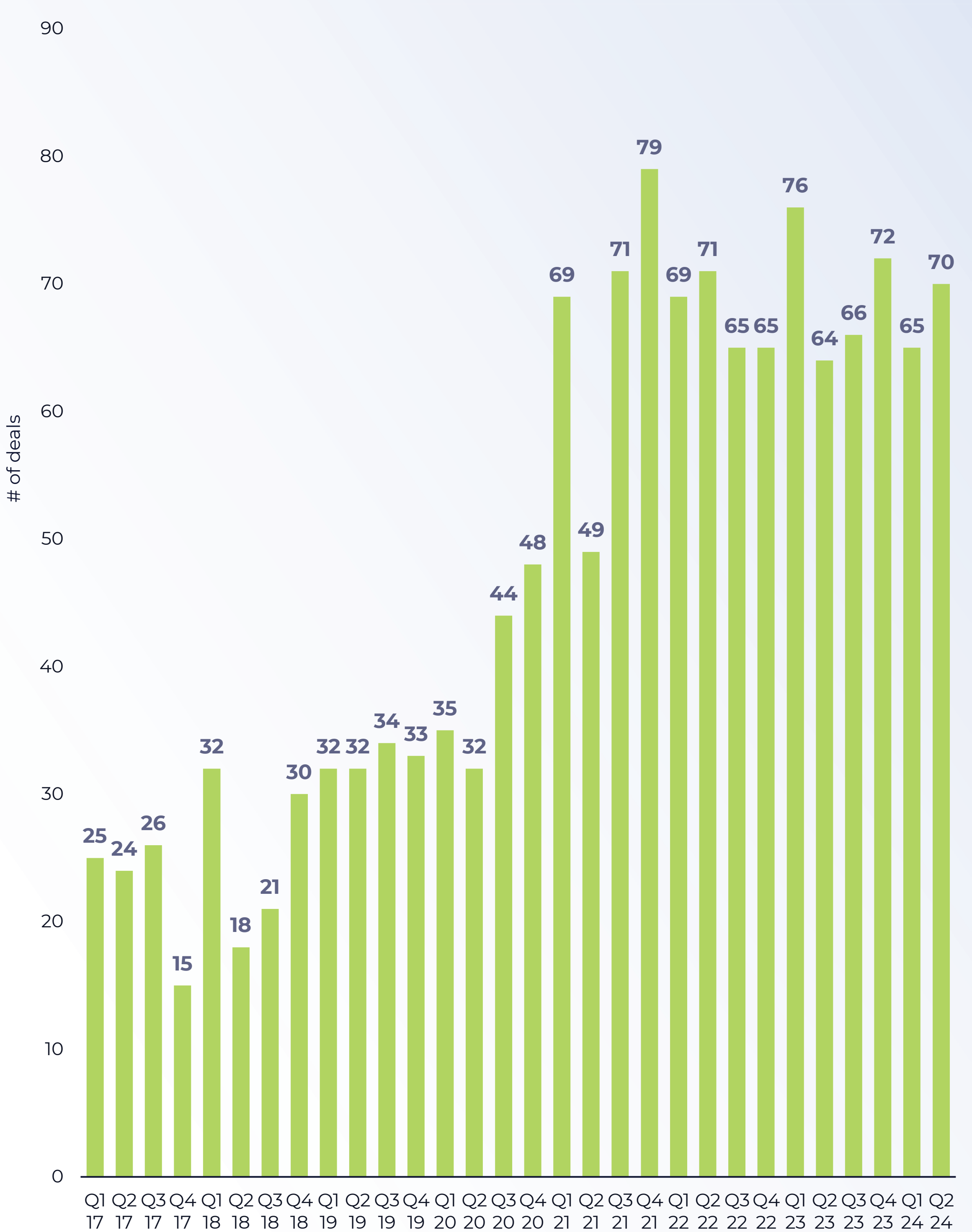
3. Will new buyers continue to enter the market, and at what pace?

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 now have a consistent and more mature class of RIA investors (with a number of new up and comers), with many firms who have recapitalized and set their sights on new inorganic growth initiatives.

[1] AGS - Inside the Deal Room (March, 2024)

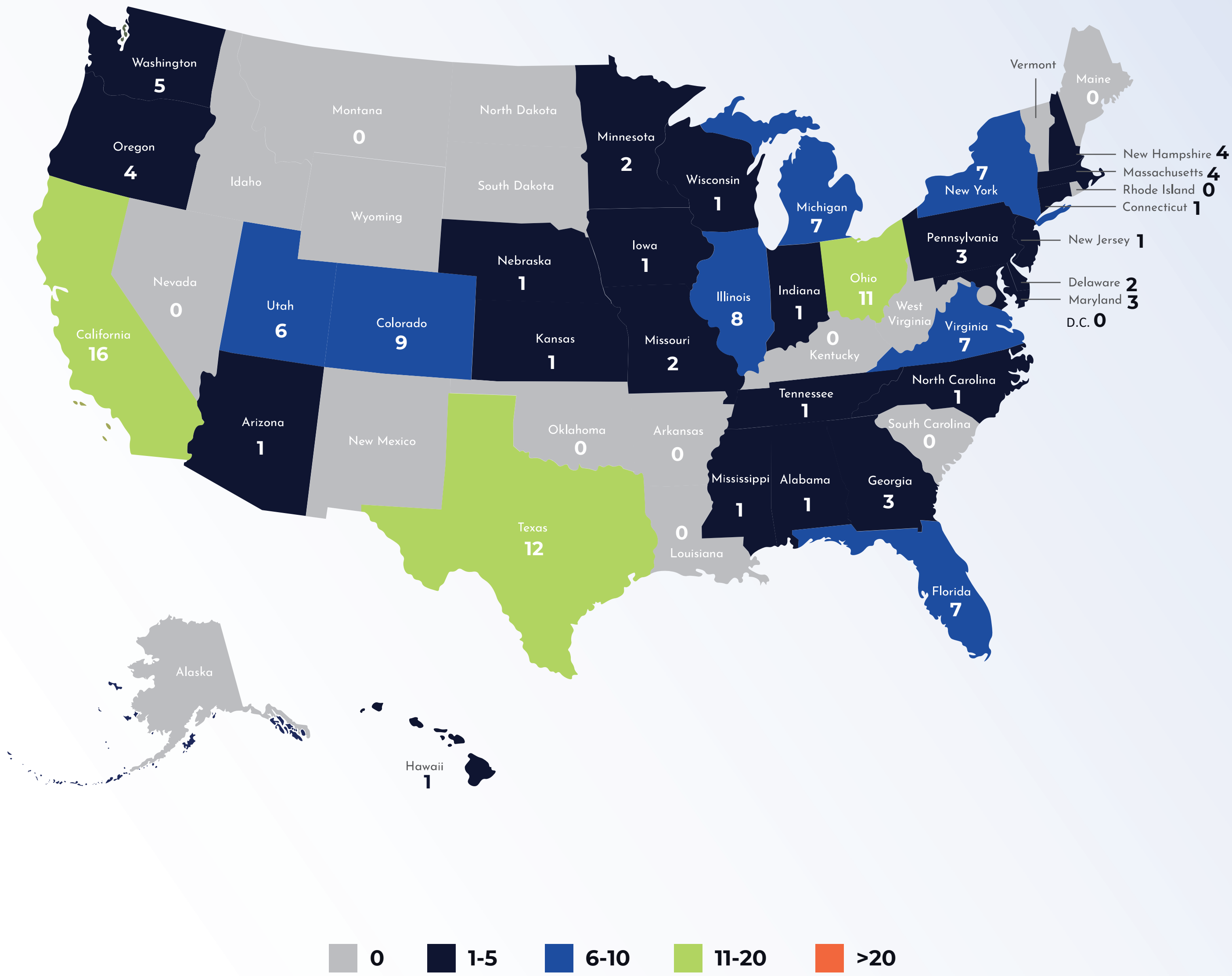
Sources: Dynasty Financial Partners, public information including press release, trade articles, and other secondary research. Specific sources can be produced upon request.

Q2 2024 RIA M&A Deal Volume



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

2024 National Deal Data Breakdown



dynasty

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

Q2 2024 Key Themes

1. Q2 M&A Spotlight
2. The Scorecard Approach in M&A Valuation
3. Building An Effective Buy-Side Pitchbook
4. Importance of Credit Ratings in Wealth Management
5. RIAs and Family Offices: The Next M&A Frontier
6. Impact of Economic Factors on RIA M&A Financing

Q2 M&A Spotlight

Summit Trail Advisors, a New York-based RIA with $18 billion in client assets, made a notable expansion in Q2 2024 by acquiring The Key Client Group from BMO Wealth Management (formerly BNP Paribas / Bank of the West), where it managed more than $3 billion.

The move includes new Summit Trail offices in Portland (OR), and Denver (CO), supplementing existing locations in New York City (NY), Harrisburg (PA), Boston (MA), Chicago (IL), San Francisco (CA), and Seattle (WA). Besides dramatically expanding the firm's geographic reach, the additions bring considerable expertise to Summit Trail, including 10 experienced professionals (5 total advisors).

Supported by Dynasty Financial Partners, Summit Trail plans to leverage the addition of The Key Client Group to further solidify its position as a major player in the wealth-management space. This expansion reflects the firm's commitment to growing its national footprint while offering wealth-management solutions tailored to the specific needs of its clients.

Since its founding in 2015 by an experienced team of ex-Barclays advisors, Summit Trail has focused on organic growth and selective acquisitions — including its 2019 hire of a $1.5 billion team from Wilmington Trust.

Advised

SUMMIT TRAIL ADVISORS

On its acquisition of

The Key Client Group

2024

Advised

DayMark WEALTH PARTNERS

On its acquisition of

THE HOFSTETTER BARON GROUP

2024

Ohio-based RIA DayMark Wealth Partners, with more than $2.5 billion under management, boosted its wealth-management bench with the addition of the Hofstetter Baron Group — led by veteran advisors Thomas Hofstetter and Daniel Baron. With this deal, DayMark plants its flag in the lucrative U.S. Northeast market, where the two Southport CT based former Wells Fargo Advisors managed nearly $600 million for high-net-worth clients.

Since its inception in 2022, Cincinnati-based DayMark has focused on attracting elite advisory teams. Recruiting the Hofstetter Baron Group aligns with this expansion strategy.

DayMark began with seven advisors from Wells Fargo’s Cincinnati office who collectively managed $1.4 billion in client assets. In May 2023, it added a six-person team from Wells Fargo's Pepper Pike, Ohio, office that managed approximately $1 billion. Together, these hires underscore DayMark's commitment to growth, facilitated by its partnership with Dynasty Financial Partners.

The Scorecard Approach in M&A Valuation

Valuing a firm accurately is crucial in an M&A deal, but especially in wealth management where there a limited number of pure play public comparables and most firms are closely held by advisors/founders. The RIA space is familiar with various ways to value one's business, including multiples of EBOC, EBITDA, revenue, AUM as well as the traditional DCF approach. The scorecard approach, however, employs a more nuanced method, considering various factors that, when taken together, contribute to a firm's overall value.

Comprehensive evaluation

The scorecard approach allows for a detailed evaluation of a firm's value. Instead of focusing solely on financial metrics, it incorporates various qualitative factors, such as operational efficiency, succession planning, and market position in addition to quantitative factors like revenue concentration and growth. By going beyond basic financials to include inputs that speak to a firm's long-term health (such as client demographics, service diversification, and technology), this assessment provides a more complete picture of a firm's true worth.

Select factors considered from an RIA valuation perspective

Management and Succession Planning

Market Position and Competitive Advantage

Compliance and Regulatory History

Annualized Revenue

Size and Scale

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

The Scorecard Approach in M&A Valuation

Management and Succession Planning

Experienced and stable management teams with clear succession plans can command a premium as it speaks to continuity of management and reduces risks associated with leadership or advisor change. It also enhances the firm's ability to attract and retain top talent, which is vital for sustaining growth.

Market Position and Comparative Advantage

A firm's standing in the marketplace and its standout selling points are essential. This section highlights the firm's brand, reputation, client loyalty over time, and its advisory team. Showing a strong market or niche position and a competitive edge can boost a firm's value.

Compliance and Regulatory History

A clean compliance record boosts an outside valuer's confidence in what they have been provided and reduces the downside risk in the firm's future. Hence a firm's adherence to legal and regulatory standards to the highest level is important.

Annualized Revenue

Recurring revenue, such as fee-based advisory services, is more predictable and valued higher than commission-based fees and/or trailers from insurance products. Firms with over 90% recurring revenue score the highest.

Size and Scale

Larger firms typically command higher valuations due to their diversified client base and stable revenue streams. For this reason, firms with AUM greater than $1 billion score higher on the scale, though lower than enterprise level scaled RIAs in the 10's of billions. The rationale behind this is that the larger a firm is, the more it can invest to scale itself up and operate with higher operational efficiency. More effective operational scale and cost management enhances a firm's profitability and stability, contributing positively to its valuation. This starts with evaluating the efficiency of a firm's technology systems, the effectiveness of its workflows, and its ability to scale operations to lessen further marginal expenses.

The Scorecard Approach in M&A Valuation

Conclusion

The scorecard approach offers a more nuanced and complete evaluation process for valuing firms. By standardizing the criteria and scoring mechanisms, it provides a clear basis for valuation as well as presenting areas for improvement when used in conjunction with other valuation methodologies. This method is beneficial for both buyers and sellers in M&A transactions, ensuring fair and transparent deals, and a counterpoint or an explanation for differences in EBITDA multiples between two similarly sized RIAs. It also helps in identifying the real drivers of value behind cash flow, thus making the valuation process more holistic and reliable.

Building an Effective Buy-Side Pitchbook

What makes your RIA unique? How do you approach recruiting, both advisors and other RIAs?

How you define the fundamental aspects of your business sets the tone for your M&A journey. A buy-side pitchbook enables potential prospects, recruits, and/or M&A targets to understand your business and what makes it special. It is an effective tool both to frame an in-person conversation, and as a leave-behind to resonate and make a lasting impression. As such, it is one of the most important pieces of marketing an RIA can create.

What makes a buy-side pitchbook a valuable tool?

1. **Setting your firm apart in an increasingly competitive industry**
   Creating and maintaining a buy-side pitchbook is (on the surface) a daunting exercise, but the reward is the ability to persuasively articulate the highlights of your business and succinctly define what makes you a well-positioned RIA someone should want to join. Now more than ever, this document is crucial for differentiating your firm and attracting top talent in the competitive RIA marketplace.

2. **Creating alignment among deal participants**
   A buy-side pitchbook can help set expectations for M&A targets by outlining the firm's vision and approach to partnership. It can serve as an initial filter to eliminate potential cultural mismatches and minimizes the risk of future conflicts by fostering trust and transparency from the onset. Ensuring that potential recruits have a clear understanding of what they are committing to is crucial for a smooth transition and long-term success for all parties involved.

Building an Effective Buy-Side Pitchbook

Key Aspects to Keep in Mind when Developing a Pitchbook:

Pitchbooks are living, breathing documents

Update your pitchbook anytime there is a meaningful change or event in the lifecycle of your business, such as AUM, key financial metrics, accolades/awards, management changes, M&A events, etc.

Pitchbooks are most effective when tailored to your target audience

Consider the audience and its specific needs and interests. For example, retiring advisors may be more interested in succession planning advice while younger advisors may prioritize growth opportunities, equitization, and M&A support.

Pitchbooks present your firm's value proposition

Leverage your pitchbook to showcase your firm's competitive edge, including specialized services, industry expertise and technology.

For advisors, articulate your culture and the benefits of joining your firm. What are the opportunities for growth? What kind of support and resources do you offer? How do you structure compensation and incentives?
For clients, define your firm's approach and how your services are structured to benefit them.

Pitchbooks tell your firm's story

A comprehensive company overview sets the foundation for your pitchbook and puts your offering into context. Articulate your firm's core values and long-term goals, include key milestones, executive biographies, statistics on market share, etc. to provide a clear and engaging introduction to your firm. Describe the main services you offer and highlight niche areas or unique competencies that differentiate your firm in the market.

Setting yourself apart in the fast-growing RIA space is more important than ever for the future of your business. Taking the time and effort to create a bespoke pitchbook that is concise and leverages engaging visuals throughout communicates your firm's journey in the most effective manner. Your ability to clearly and enthusiastically communicate your mission, vision, and values builds credibility, trust, and, most importantly, an identity in the increasingly crowded RIA space.

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

Importance of Credit Ratings in Wealth Management

Much of the RIA M&A surge of the past few years has been built on aggregators taking on leverage to do deals. Given the heated competition for M&A opportunities, it is no surprise that credit ratings have become an increasingly important indicator to monitor from an RIA industry health standpoint. Recent strategic moves by well-known RIAs have triggered negative credit rating adjustments, highlighting this trend.

Why do credit ratings matter?

- Indicates management effectiveness, strategic forethought, and overall fiscal stability, all of which influence corporate reputation in the marketplace
- Serves as key points of evaluation or differentiation by potential partners, clients, or service providers
- Affects the firm's ability to secure capital: if you are looking to fund your growth or pursue M&A, having a poor credit rating can affect your ability to raise capital and issue debt.
- Enhances investors confidence: capital providers are more likely to support firms with high credit ratings, suggesting strong financial health

Firm	Moody's	S&P	
CI Financial	Baa3	NR	Investment Grade
Creative Planning	Ba2	BB	Speculative Grade
Focus Financial Partners	B1	B+	Speculative Grade
Mariner Wealth Advisors	B1	B-	Speculative Grade
osaic	B2	B	Speculative Grade
Hightower	B3	B-	Speculative Grade
Edelman Financial Engines	Caa2	CCC+	Speculative Grade

Source: Bloomberg (7/1/24)

Importance of Credit Ratings in Wealth Management

Notable RIA Rating Updates

New Rating

Creative Planning ($300bn AUA)

In May, **Creative Planning** took out a $1.35 billion term loan to refinance debt, and along with that Moody's and S&P Global Ratings issued a stable outlook providing initial ratings of BB and Ba2. S&P reasoned that Creative Planning's "established market position and holistic wealth management strategy reflect strong organic flows in assets under management and strong EBITDA margins, as well as our expectation that the company will maintain its leverage ratios". [1]

Questions:

- How capable is Creative Planning to execute another sizable transaction or a series of smaller transactions?
- How will this new leverage potentially limit them?

Rating Affirmation

Osaic ($653bn AUA)

In February, **Osaic's** credit rating was affirmed by Moody's and S&P as it was in the process of acquiring Lincoln Wealth. The agencies cited Osaic's success in integrating previous acquisitions including American Portfolios, Infinex, and Ladenburg Thalmann, as proof of its sound strategic vision, profitability, cash flow and debt leverage.

Question:

- Given their current integration of the Lincoln Wealth deal, will Osaic remain as active in the M&A market or will they rely on the organic growth of their current advisors?

[1] Citywire, 'Creative Planning takes out new $1.35bn term loan to refinance debt' (May 2024)

Importance of Credit Ratings in Wealth Management

Notable RIA Rating Updates

Rating Downgrades

Focus Financial ($360bn AUA)

Focus Financial's May 2024 announcement that its two largest partner firms, Buckingham Strategic Wealth and The Colony Group, was followed by a downgrade by Moody's and S&P Global Ratings move to negative outlook. Both agencies cited the aggregator's strategy of consolidating its 90 partner firms into a few "hub" firms, a deviation from its core business model, as the reason in addition to increased leverage from the buyout by CD&R.[2]

Questions:

- Can Focus continue its consolidation and M&A strategy concurrently?
- How much more debt can/will Focus put on in its efforts?
- How low will Focus, and its new backer CD&R, allow its ratings to go before issues bubble up?

CI Financial ($118bn AUA)

Earlier this year, Moody's downgraded **CI Financial** after it spun out its U.S. wealth management business into a sister company, **Corient**. The company's mounting debt stemming from an acquisition spree of dozens of U.S. based RIAs firms since 2019 is the agency's chief concern, citing: "Elevated acquisition-related liabilities and share repurchase activities, resulting in a persistently high debt leverage no longer commensurate with its previous ratings level."[3]

Questions:

- Can Corient simultaneously continue its integration effort while pursuing an active M&A strategy?

The pace of consolidation within the RIA space today is bringing the credit ratings of many of the largest (and most acquisitive) firms to center stage. As agencies initiate coverage of more RIAs, the ratings are helpful in evaluating potential M&A scenarios in an industry ripe with opportunity. Serial acquirers and aggregators continue to hunt for RIA M&A opportunities, and the professionalization of the market and the entrance of sophisticated outside capital have driven demand and increased competition for deals. More than ever, it is crucial to use every tool in your kit to assess strategic growth initiatives; understanding the importance and implications of credit ratings is one of the most reliable.

[2] Citywire, 'Focus merger entity to take $500m incremental term loan' (May 2023)
[3] WealthManagement.com, 'Moody's Downgrades CI Financial's Debt Ratings' (May, 2024)

RIAs and Family Offices: The Next M&A Frontier

In the dynamic and ever evolving wealth management industry, RIAs are constantly exploring opportunities to enhance their offerings to gain a competitive advantage in an increasingly crowded marketplace.

With the number of ultra-high net worth families continuing to rise, a strategic consideration building momentum among RIAs with an UHNW focus is how to participate in the over $44 trillion UHNW sector. The key decision is whether to make the transition to become a true multi-family office by building that offering from scratch, or source a partner who can add (for a fee) MFO services to their existing offering. Each route has its pros and cons, and the industry has seen its fair share of hits and misses in execution.

Developing MFO capabilities organically, or bringing in third party providers of MFO services, is one option for an RIA seeking to deliver authentic family office capabilities. Third party providers design all-encompassing MFO offerings white-labeled for an RIA, freeing up time for the RIA to continue serving its clients and not worry about hiring, sourcing new tech, and blueprinting out what is needed.

Helium Advisors and Rise Family Office

Helium | Advisors

RISE FAMILY OFFICE

In 2023, **Helium Advisors**, an RIA based in Washington, integrated **Rise Family Office**, a California-based multi-family office that previously operated as an independent entity under Helium. Helium cited the opportunity to bring together expertise around wealth and taxes to enhance its service offerings for clients.[4]

Sequoia Financial Group and Sequoia Sentinel

SEQUOIA FINANCIAL GROUP

Ohio–based **Sequoia Financial Group** announced in 2023 that it had converted its family wealth division into a family office, **Sequoia Sentinel**, and was looking to acquire more RIAs to expand the business. In its press release, the firm explained that the move evolved organically as the needs of its first-generation business-owner clients shifted upon acquiring significant wealth.[5]

[4] FinancialAdvisorIQ - 'Edward Jones Husband-And-Wife FAs with $260M Leap to RayJay' (November, 2023)
[5] PR Newswire- 'Sequoia Financial Group Introduces Sequoia Sentinel, Family Office Dedicated to Serving Ultra High Net Worth Clients' (November 2023)

RIAs and Family Offices: The Next M&A Frontier

The expense of servicing the fulsome range of UHNW client needs can ultimately impact a RIA's profitability, especially for a firm inexperienced in delivering the level of service expected by UHNW families in a family office offering. Further, the range of service and needs vary by family, so RIAs cannot rely on one-size-fits-all work processes.

The second point of entry for RIAs into the MFO space is via merger with an existing MFO or family office-style RIA. The RIA industry has developed to the point that there are firms large enough to attract outside investors like family offices, and, as MFOs become more popular, their services often overlap with those of RIAs.

Many family offices are incorporating traditional RIA offerings into their suite of services, and many RIAs are expanding their offerings to include services traditionally reserved for UHNW clients. This has increased overlap and collaboration between family offices and RIAs to provide a more holistic approach to wealth management at the highest wealth and income levels. By combining investment management, financial planning, tax and estate planning, and family governance, family offices and RIAs can create a cohesive offering that meets the unique needs of UHNW families. Together, their deep understanding of a family's goals and values can inform their investment and planning strategies, centralizing the management and coordination, as well.

For those multifamily offices exploring a sale, it often comes at an inflection point such as the loss of a manager, team, or at a generational shift when the needs of a wealthy client family are changing, especially in the absence of a succession plan. In other cases, smaller Family Offices may be seeking to scale or access better technology from a more established partner-becoming multifamily offices (MFOs).

On the buy side, multifamily offices largely prioritize cultural fit and capabilities over AUM and other financial considerations. Buyers also focus on the opportunity to fill in gaps in their service offerings, as well as client tenure, generational reach, and revenue mix.

Acquisitive MFOs

Pathstone	Cresset Asset Management
With over $100bn under management, Pathstone, is one of the most M&A-active MFOs. The firm recently acquired Crestone Capital, a Colorado-based RIA with $3bn under management that specializes in advising the ultra-wealthy. With the addition of Crestone, Pathstone's ultra-high net worth business will increase to 600 clients with an average net worth of roughly $100m.	In June 2024, Cresset Asset Management acquired The Connable Office, one of the oldest multi-family offices in the U.S. With this acquisition, the combined firm will manage more than $52 billion in assets on behalf of high-net-worth.

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

Impact of Economic Factors on RIA M&A Financing

Even as the US economy is experiencing an unusual and enigmatic period as growth continues to come in above expectations and interest rates remain elevated, so too is the M&A volume for registered investment advisors (RIAs). While the RIA segment has been one of the fastest-growing areas in financial services, the sharp rise in capital costs has significantly impacted M&A activity for firms in the space – though as market participants have noticed it has not appreciably slowed the pace of consolidation. M&A today is happening; however, as the costs of doing so are (relatively) significantly elevated as borrowing (which fueled most recent M&A) costs resulting from high interest rates have changed the financing game.

Economic conditions play a pivotal role in determining the most suitable financing route. Given that the RIA space is private, firms can be far more levered than those in the public realm, and there is less volatility given that valuations occur less frequently. For evidence of this, note the leverage levels of the aggregators noted above, and compare that to the average public leverage levels (total debt to EBITDA) of Raymond James (1.28x), Silvercrest Asset Management (0.11x) and LPL (1.93x) (as of 7/3/2024).

In an **underperforming market**, RIA revenue decreases since it is based (primarily) on advisory fees charged as a percentage of AUM (unless the organic growth of the underlying advisor can beat out the impact from the market). Equity becomes less valuable and EBITDA shrinks, so valuation decreases, which benefits buyers to the extent that the firm they are acquiring will be undervalued (though, so too will their own firm). In this scenario, debt financing is potentially the more attractive option for buyers, depending on interest rates and cash flow. Though, a smart seller will request more equity in a blended transaction.

Conversely, in an **overperforming market**, RIA revenues increase, and equity becomes more valuable. This market benefits sellers, whose firms will receive higher valuations, as well as buyers, whose valuations will also be higher making their equity also more valuable. In this scenario, equity is the more attractive financing option given that a lower percentage of ownership is surrendered for the money required.

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

Impact of Economic Factors on RIA M&A Financing

In a high interest rate environment, like today, debt is more expensive and less attractive for buyers to utilize in financing transactions. In terms of deal structuring, the prevalence of considerations paid in cash will likely decrease, and valuations, on average, also decrease as overall cost of capital increases.

With low interest rates, debt is less expensive and more attractive for buyers to use in transactions, and in terms of deal structuring, the prevalence of considerations paid in cash is more likely to increase. A low interest rate environment can also make debt covenants more borrower friendly.

Driven by predictable, recurring revenues, loyal client bases and investors' increasing demand for fee-based financial advice**, the RIA M&A sector remains resilient** despite the challenges imposed by high interest rates.

Deal structure is crucial in today's market to mitigate the potential impact of economic changes. For example, structuring earnouts based on revenue milestones work well to hedge market volatility, as does carefully considering fixed versus variable rate debt.

Conclusion

Regardless of the economic environment, a rigorous and disciplined due diligence process is critical to an M&A strategy. Buyers delve deep into various aspects of a firm, including financial health, regulatory compliance, client retention, and growth prospects, to mitigate risks in an uncertain market. Given the challenges posed by today's uncertain economic environment, EBITDA adjustments have emerged as an important consideration in the process as they can significantly influence valuation and negotiations.

By adapting deal structures and intensifying the due diligence process, especially around EBITDA adjustments, RIAs on the buy- and sell-side can successfully close deals while simultaneously managing risks in an evolving market.

M&A Market Color
Q2 Top 10 Deals Announced

Buyer	Seller	Buyer Type	Seller AUM (billions)	Announcement Date	Transaction Rationale
Advent International & ADIA	Fisher Investments	PE	275.0	6/25/2024	Capital
GTCR	AssetMark	PE	117.0	4/25/2024	Capital
Colony Group	Buckingham Strategic Wealth	Aggregator	30.1	5/6/2024	Other
Cerity Partners	Agility (Perella Weinberg Partners)	Aggregator	15.0	4/8/2024	Capabiltiies
Sanctuary Wealth	Tru Independence	Platform	12.5	5/1/2024	Scale
Constellation Wealth Capital	CV Advisors	PE	9.7	5/15/2024	Capital
Estancia Capital Partners & LLR Partners	Soltis Advisors	PE	9.0	6/6/2024	Capital
Arax Investment Partners	U.S. Capital Wealth Advisors	Platform	9.0	4/11/2024	Scale, Capital
AlTi Global	East End Advisors	Aggregator	6.5	4/1/2024	Scale
The Colony Group	InterOcean Capital Group	Aggregator	5.8	4/12/2024	Other

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 April 1, 2024–June 30, 2024 and is ordered by AUM.

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

Q2 2024 M&A League Tables

RIA Investment Banking M&A Deal Count

1	**Dynasty Financial Partners**	**9**
2	Park Sutton Advisors (WHA)	8
3	Ardea Partners	5
4	Advisor Growth Strategies	4
5	William Blair	3
6	Colchester Partners	2
6	Houlihan Lokey	2
6	Republic Capital Group	2
6	Turkey Hill Management	2
6	UBS Investment Bank	2
6	Gladstone Associates	2

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, 2024–June 30, 2024 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 sources can be produced upon request.

Dynasty's Investment Banking Team

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

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
- 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
$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 sources can be produced 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.

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.

Dylan Dierig

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.

Important Disclosures

Dynasty Financial Partners is a U.S. registered trademark of Dynasty Financial Partners, LLC (“Dynasty”). Dynasty is a brand name, and functions through Dynasty’s wholly owned subsidiary, Dynasty Wealth Management, LLC, (“DWM”) a registered investment adviser with the Securities and Exchange Commission, when providing investment services. Any reference to the terms “registered investment adviser” or “registered” does not imply that Dynasty or any person associated with Dynasty has achieved a certain level of skill or training. A copy of DWM’s current written disclosure statement discussing our advisory services and fees is available for your review upon request.

Dynasty’s wholly owned subsidiary Dynasty Securities LLC (“Dynasty Securities”) is a U.S. registered broker-dealer and member FINRA/SIPC. The products or services referenced herein may be available through other broker-dealers, or bank and non-bank affiliates of major investment firms that Dynasty through its affiliate Dynasty Securities has entered into revenue sharing arrangements with. Dynasty Securities may receive fees in relation to Dynasty Select platform transactions, however, it does not hold customer securities or customer funds.

The information contained herein should not be construed as an attempt to sell or solicit any products or services of DWM or any investment strategy, nor should it be construed as legal, accounting, tax or other professional advice. This material is proprietary and may not be reproduced, transferred, modified or distributed in any form without prior written permission from Dynasty. Dynasty reserves the right, at any time and without notice, to amend, or cease publication of the information contained herein.

Certain of the information contained herein has been obtained from third-party sources and has not been independently verified. It is made available on an "as is" basis without warranty. Any strategies or investment programs described in this presentation are provided for educational purposes only and are not necessarily indicative of securities offered for sale or private placement offerings available to any investor. The views expressed in the referenced materials are subject to change based on market and other conditions. This document contains certain statements that may be deemed forward-looking statements. Please note that any such statements are not guarantees of any future performance; actual results or developments may differ materially from those projected. Any projections, market outlooks, or estimates are based upon certain assumptions and should not be construed as indicative of actual events that will occur.

Get In Touch

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

Email

DIB@dynastyfp.com