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Industry Trends & Dynasty Guidance

Q2 2026

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Insights from Q2 2026

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Long/Short SMAs: Strategy & Why It Matters

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In Dynasty's view, long/short SMAs are among the most significant tax-optimization approaches we've evaluated since direct indexing emerged.

What Are Long/Short SMAs?

Long Side

Own securities expected to appreciate. Gains create portfolio growth and embedded gains for future loss harvesting.

Short Side

Borrow and sell securities expected to decline. Buying back at lower prices realizes losses on both the upside and downside.

Beta Management

Most strategies target beta ~1, full market exposure. Beta is adjustable, but the core engine is loss harvesting, not hedging.

Utilize as a Lever

Adding leverage increases tracking-error volatility while expanding loss-harvesting capacity. Increased leverage magnifies potential outcomes, both positive and negative.

Key Distinction:

Long/short SMAs maintain full market exposure. They are NOT hedging tools; the advantage is continuous tax-loss harvesting on both the upside and downside.

Why This Matters

The Next Direct Indexing

Poised to be the most important tax-optimization trend in wealth management since direct indexing. It is changing how advisors approach single-stock concentration and business-owner liquidations.

Both Sides of the Market

Unlike traditional tax-loss harvesting, long/short SMAs can harvest losses continuously, whether markets rise or fall, dramatically expanding after-tax alpha potential for clients.

A Changing Playbook

The playbook for handling concentrated positions and business-owner liquidity events is evolving. Advisors who understand long/short SMAs will lead those conversations and differentiate themselves.

How the Dynasty Investments Team Supports Our Network

Deep-Dive Provider Reviews:

The Dynasty Investments Team evaluates every long/short SMA provider that comes on the Dynasty platform: track record, strategy construction, risk profile, and manager quality.

Ongoing Alpha Tracking:

Dynasty continuously monitors pricing, pre-tax alpha, and after-tax alpha, as new products enter the market, giving advisors accurate, current comparisons.

Custodian Navigation:

As the custodian landscape shifts, Dynasty helps advisors understand which platforms are open, capped, or restricted, and what that means for client implementation.

Access & Implementation:

The Dynasty Relationship Management can connect you directly with the Investments Team to identify long/short SMA strategies that fit your clients and platform capabilities.

Gearing for Growth Conference Insights: From Rainmakers to Rain Systems

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The 2026 DIAL Gearing for Growth Conference was built around a key reality: **organic growth expectations are rising**. With private equity and strategic acquirers looking for 8–12% in organic growth, which is well above industry benchmarks near ~5%, firms can no longer rely on individual performers to drive results.[1] Sustainable organic growth requires institutional discipline and consistency, developed through intentional sales development and reinforced by structured meeting rhythms that create accountability, alignment, and repeatable outcomes.

Sales Development

As firms grow, feedback is often the first discipline to disappear, not because it doesn't matter, but because a system wasn't implemented for it. The conference introduced **two tools** to make feedback simple, fast, and consistent: the **2×2 Framework** to structure how you coach, and the **G.I.F.T.S. standard** to ensure how you deliver coaching lands.

TOOL 1: THE 2×2 FEEDBACK FRAMEWORK

The 2×2 is not an annual review tool, **it's a 2-minute discipline** you use after every meaningful client meeting, team interaction, or sales pitch. The sequence matters: always ask before you tell. This builds self-awareness and helps the feedback land.

1 ASK FIRST

Did Well?

Asking first builds self-awareness and often surfaces the same thing you were going to say.

2 THEN TELL

Did Well.

Reinforce the specific behavior you want repeated, not just the outcome.

3 ASK FIRST

Do Differently?

Self-identified development areas are more likely to be acted on than those handed down.

4 THEN TELL

Do Differently.

Keep it behavioral and forward-looking. One thing only; more than one dilutes the message.

TOOL 2: FEEDBACK BRINGS G.I.F.T.S.

The 2×2 tells you what to say. **G.I.F.T.S. tells you how to say it**. Use this as a self-check before every feedback conversation. Feedback that doesn't meet this standard often does more harm than good.

G	**Generous** *Lead with a positive, supportive intent. Feedback from a place of care lands, feedback from a place of frustration does not.*
I	**Immediate** *Deliver feedback within 24 hours of the event. The longer you wait, the less relevant and actionable it becomes.*
F	**Factual** *Anchor to a specific, observable behavior; something a third party in the room could have seen or heard. Avoid interpretations or assumptions.*
T	**Truthful** *Say what they need to hear. Sugarcoating is not kindness; it robs people of the chance to grow. Stay focused on behavior, not character.*
S	**Specific** *Name the exact moment, action, or word. Example: "When you paused after asking the question, it gave the client space to open up".*

1: Charles Schwab, "2025 RIA Benchmarking Report", October 2025.

Gearing for Growth Conference Insights: From Rainmakers to Rain Systems

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How to Get An Opportunity Unstuck

Growth that lasts isn't driven by a great quarter or a hot referral; **it is built through disciplines that become second nature across your entire firm.** The advisors who grow consistently aren't necessarily the most talented, they are the ones who have turned prospecting and client conversion into repeatable disciplines that compound over time. The two tools below are not tips to try once; they are the foundation of a long-term practice. The more consistently your firm builds and refines these disciplines, the more predictable and sustainable your organic growth becomes.

TOOL 1: PROACTIVE PURSUIT CHECKLIST

Use this checklist every time you proactively reach out to a prospect. It ensures you show up **prepared**, **energized**, and **disciplined**, the three things that separate advisors who fill their pipeline from those who don't.

PREPARATION

Build your target list before you sit down. Do less than 5 minutes of homework per prospect; one LinkedIn insight is enough. Practice your opening statement and voicemail out loud until it sounds natural, not scripted.

MINDSET

Remind yourself: you are only asking for a meeting. Approach every outreach with humility and curiosity. Your energy is contagious, channel it positively before you initiate contact.

GRIT

Block two prospecting sessions per week (Wednesday and Thursday mornings work best). Stand up when you reach out. Track your touches; research shows 6+ contacts per prospect is the sweet spot.

RESILIENCE

Rejection is data, not failure. After every session, capture what worked, fix what didn't, and reset. The advisors who build pipelines are the ones who keep reaching out after a tough hour.

TOOL 2: MEETINGS: THE POWER OF 10

Getting the meeting is only half the battle. The Power 10 is a meeting discipline framework: 10 specific behaviors that, when executed consistently, make you more memorable, more credible, and more likely to earn a second conversation.

1. **Put. Phone. Away.** Full presence signals full respect.
2. **Connect up Front.** Find common ground before business.
3. **Openly Crisply.** Purpose, benefit, check.
4. **Ask for Feedback.** Early buy-in keeps the meeting on track.
5. **Endorsements, not Introductions.** Let others vouch; don't just name drop.
6. **Pivot.** Read the room and redirect if needed.
7. **Close Strongly.** Summarize, confirm next steps, thank them.
8. **End Early.** Respect their time. ALWAYS.
9. **Thank You.** In the meeting and again afterward.
10. **Go Above & Beyond.** One unexpected value-add per meeting.

Information sourced came from the 2026 DIAL Gearing for Growth Conference specifically from Craig Wortmann, Sales Engine.

Structuring a Proper Equity Program

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Offering employees the opportunity to become equity owners strengthens alignment while enabling participation in the firm's economic success.

Benefits of Implementing Employee Equitization

- ✓ **Align interests** of key employees with the long-term success of the firm by tying compensation to performance.
- ✓ **Retain top talent** by offering ownership opportunities, with the intention of making the firm more competitive and reducing turnover.
- ✓ **Facilitate succession planning** by gradually transitioning ownership to the next generation of leaders and ensuring continuity.
- ✓ **Enhance firm value** by cultivating a culture of ownership, driving growth, profitability, and fostering strong client relationships.

Sample Equitization Pathways:

Not mutually exclusive — optimal outcomes often combine approaches.

Equity Buy-In

Participant purchases equity directly through cash investment or by contributing a book of business.

Compensation Trade-In

Participant receives equity in exchange for a reduction in payout.

Equity Incentives Program

Participant shares in firm profits and capital appreciation without any upfront capital requirement.

Four Pillars of a Well-Structured Program:

Attract & Retain Talent	Maintain Control & Flexibility	Succession & Continuity	Capital Growth & M&A Readiness
A path to ownership turns employees into long-term partners. In a competitive RIA market, this ownership mentality can drive accountability, loyalty, and shared purpose.	Define share classes, voting rights, vesting schedules, and buyback provisions before conflicts arise, safeguarding founders while enabling growth.	Clear equity frameworks lay the groundwork for seamless G2 transitions. Document transfer rights and valuation methods to protect client confidence as leadership evolves.	A transparent capital structure positions the firm for sustainable scaling, investment, and M&A, rewarding employees without compromising control or long-term enterprise value.

* Key tradeoffs: Possible dilution, minority-owner rights, tax and liquidity impacts.

Implementing a Proper Equity Program

Designing an Equity Incentive Plan:

A well-structured equity incentive plan balances two objectives: rewarding participants for the value they create, while protecting the firm's interests in how that value is granted and retained. The elements below outline the key decisions that strike that balance:

- ✓ ***What is granted?*** The instrument (options/RSUs/profits interest/phantom units), the size and funding of the pool (# of units or % of fully-diluted equity; new issuance vs. carve-out) and the valuation or strike basis fixed at inception.
- ✓ ***Who is eligible?*** The criteria a participant must meet to enter the pool for a given performance period.
- ✓ ***How much can be earned?*** The performance metrics and measurement basis, the floor below which nothing is earned and the cap that releases the full pool, as well as the allocation basis between them (relative vs. absolute), subject to any per-participant cap.
- ✓ ***When does it become theirs?*** The vesting schedule (time/performance/hybrid; cliff vs. graded), the grant cadence, the performance period and any distributions or liquidity available while units are held.
- ✓ ***What happens on exit?*** Treatment on departure (good vs. bad leaver), repurchase or call rights, restrictive covenants, and change-of-control provision.

Illustrative Eligibility Framework by Role

Partner Advisor	Organic Revenue Growth (e.g., 15-30% net of market)
Management	Annual Earnings Per Share Growth (e.g., 10-20%)
Junior Advisors	Specific Revenue Milestones (e.g., $1mm)
Non-Advisor and Operational Employees	Allocated Profits Interest per Management's Discretion

For firms considering how equity can drive alignment, incentivize next-generation leadership, and support long-term enterprise value, success depends on both design and execution.

Dynasty Investment Bank provides the guidance to structure, implement, and scale equity programs within your existing framework.

Metrics shown are illustrative examples only, not projections or guarantees of future performance.

Contact US

Sam Anderson

Chief Capital Officer,
Co-Head of Investment Banking

sanderson@dynastyfp.com

(347) 886-6229

Scan Here

To Learn More

https://dynastyinvestmentbank.com/

Harris Baltch

Managing Director,
Co-Head of Investment Banking

hbaltch@dynastyfp.com

(516) 987-9397

dynasty Investment Bank

Resource Partner Spotlight: GRANTD

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Equity compensation, done right, is an AUM engine.

Equity compensation creates billions in client wealth every year, and most of it never reaches an advisor's purview. Captured correctly, every grant, every vesting event, and every liquidity moment becomes a touchpoint that grows managed assets. Done right, equity compensation isn't a one-time event; it's a recurring, multi-year AUM growth engine that compounds with every client.

Where The Wealth Capture Happens

Grant 01

Capture wallet before the wealth event

Clients model concentration risk, AMT exposure, and exercise timing at the grant, long before liquidity. Trust forms early, with the advisor in the seat.

Vest 02

Convert at the highest-trust touchpoint

Vesting and tender events drive the largest conversion lift. Alerts surface what needs to happen and when, turning time-sensitive moments into action.

Liquidity 03

Retain assets past the event

Tax-smart sequencing keeps clients on plan through IPO, secondary, tender, and public-market events, the moments most assets drift out of strategy.

Grantd gives advisors four AI-powered capabilities, purpose-built for equity compensation, so sophisticated strategy scales across their entire book.

1. **AI Document Reader**
Drop in any equity-comp statement. AI extracts every grant, vesting schedule, and award detail in seconds; no manual entry, no missed grants.

2. **Live Scenario Modeling**
Model price moves, timing, and strategy choices in real time. Show clients the potential impact on the Strategy tab before they act.

3. **Tax-Aware Sequencing**
AI projects AMT exposure, withholding gaps, and optimal exercise paths, protecting clients from surprise tax bills and unlocking smarter timing.

4. **Reporting & Analysis**
Concentration, price sensitivity, and stock-grant withholding analysis, clear snapshots that open the conversation and surface portfolio risk early.

Grantd helps advisors bring clarity to complex equity compensation decisions while uncovering new opportunities to deepen client relationships and grow assets under management. Contact the Dynasty Relationship Management Team to learn how Grantd can help your firm turn equity complexity into a competitive advantage.

Wealth.com × Ester® AI: Estate Reviews in Minutes

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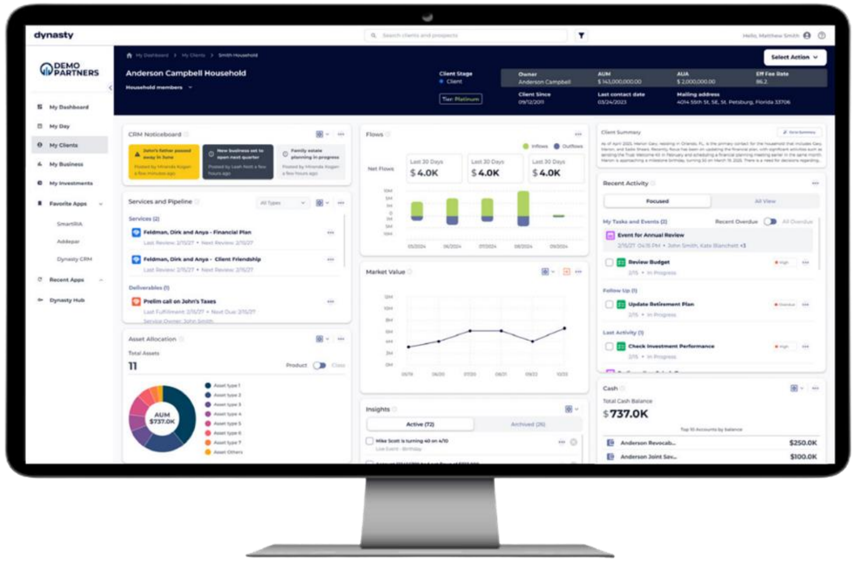
Estate plans are static. Client lives aren’t.

Estate planning has traditionally been a point-in-time exercise. By combining AI-powered document analysis with the full Client 360 view, advisors can proactively identify when a client's life, assets, or goals have evolved beyond what their estate documents contemplate—creating more timely, relevant planning conversations. Wealth.com is one of the industry's leading estate and tax planning platforms, and it is now embedded directly within Dynasty Desktop as a Client 360 widget.



Dynasty Desktop

To learn more about the Wealth.com integration on Dynasty Desktop contact your Dynasty Technology Partner Success Manager. If you have questions about the changing technology landscape in the independent space, contact a Dynasty Business Development Officer to learn more.

Ongoing Monitoring

Life Events Happen

Marriage, new business, family change, or shifting goals.

Dynasty AI and Ester® AI Monitors

Every CRM activity, account update, and other client data automatically pulls and is monitored.

A Risk or Opportunities Gets Flagged

Gaps between the plan and the client’s real-life surface instantly.

Advisor Protects the Client’s Legacy

The Advisor steps in before it becomes a problem.

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