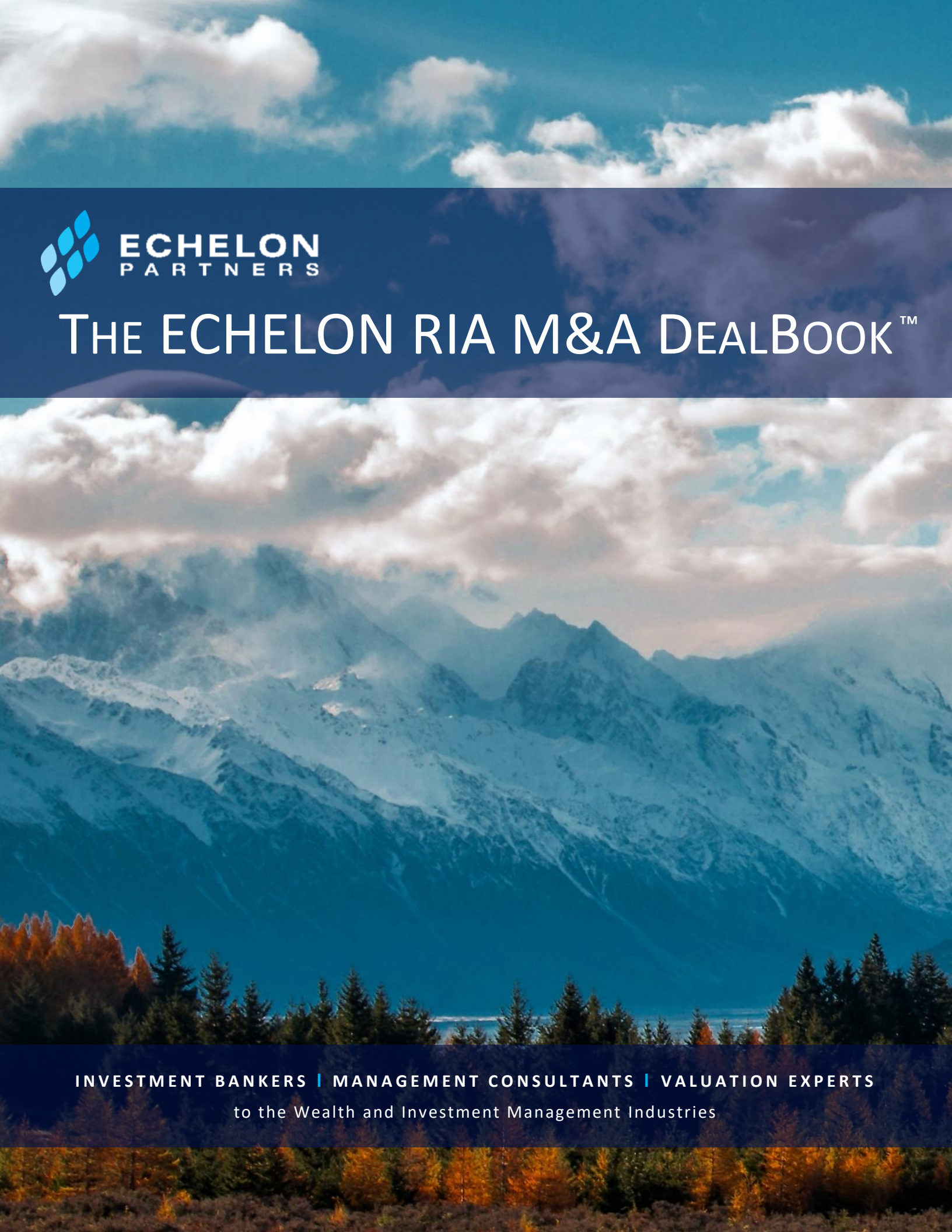


ECHELON PARTNERS

THE ECHELON RIA M&A DEALBOOK™

INVESTMENT BANKERS | MANAGEMENT CONSULTANTS | VALUATION EXPERTS

to the Wealth and Investment Management Industries

Table of Contents

Introduction

Dear DealMakers,

We know how much you love high-powered research and analysis on mergers, acquisitions, capital raising and valuation. With that in mind, we have been working diligently to assemble valuable deal intelligence and resources in this report just for you.

As part of this introduction we would like to ask and answer the following important questions on your behalf.

Q: Are we experiencing enough deal volume?

A: With nearly 300,000 advice providing professionals registered with the SEC, we estimate that each year close to 4%, or 12,000 advisors, should be involved in a deal of some sort. This is a conservative estimate given the percentage of advisors over 60 years of age. If we assume real transaction levels are four times reported volumes (4 x 138 = 552 transactions) we would have approximately 550 wealth management deals per year. To achieve a volume of 12,000 professionals, each firm involved in a deal would have to have roughly 24 registered advisors. Instead we believe that number is closer to five, which suggests not nearly enough deals are getting done. We believe this is because many would be sellers are frustrated with the buyer community, and that they have a long list of reasons why they should not sell and a short list of reasons why the should. Over time the latter often overcomes the former, however this may not coincide with the traditional retirement age of 65 for many advisors.

Q: What should you take from this report?

- **As a Buyer:** Deal volumes go up and down but your interest in doing transactions should not move in sync. Instead, your buying activity should mirror what you recommend to your clients…dollar cost averaging. Said another way, your deal terms and valuation should go up and down with the market, not your number of consummated deals.
- **As a Seller:** Buyers come in all shapes in sizes. As buyers gain more experience from doing more deals, you will face a proposition of asymmetric experience and information. Your best way to combat this is to hire a deal advisor that has advised on hundreds of transactions. Trying to take the do-it-yourself approach in deal making will almost certainly lead to leaving hundreds of thousands of dollars on the table, or not optimizing tax consideration, and often years of frustration in sub-optimal partnerships. Most advisors that have gone through a transaction will readily agree with this advice. As shown in this report, deal volumes are increasing in part because of the increased involvement by deal advisors of all types.

Introduction

- **As the founder of a wealthTECH company:** Some days you will be the hammer and some days you will be the nail. Enjoy your days as a nimble entrepreneur fueled by a combination of opportunity, coffee and risk! Eventually you may return to a larger, safer corporation, become one, or pursue other strategic objectives. The longer the wait, the larger the size of your financial success.

- **As a Breakaway:** The succession transactions most wirehouse professionals will be offered internally by their employers will be 50% below market valuations and very unattractive from a tax stand point. Make the change to alternative business models before you are age 60 and when there is more time and energy to complete a breakaway transaction.

- **As an RIA:** There has never been more interest in your business model and that only stands to increase in the coming years. If you haven't noticed, there is an emerging class of powerbrokers employing your business model. They are the ones over $1BN in AUM and/or those conducting one or more deals per year. If you are not one of these firms, you should be careful of the size gap that opens up between you and these firms, as they are your likely competitors of tomorrow. If you are one of these firms you would do best to stay current on equity sharing, governance, capital structure, succession planning, valuation, buy-sell agreements and protective covenants. These become the primary focus of fast growing firms looking to retain their employees with a great balance of responsibilities and rewards.

Once you have reviewed this report, please be sure to visit us at www.RIADealBook.com. Through this website we hope to help you answer complex questions and consummate the deals of your dreams!

Continued success,

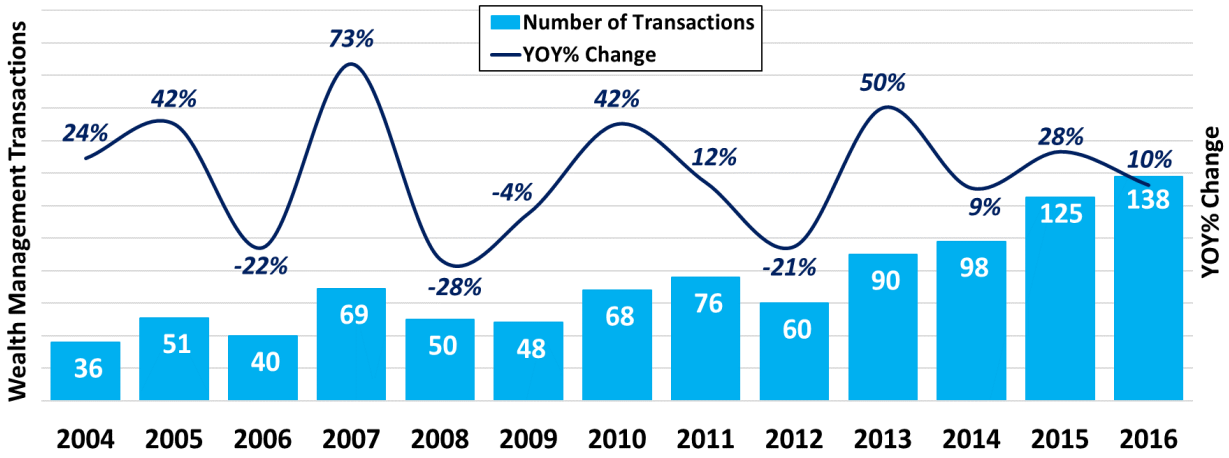
The ECHELON Partners Team

Section 1. Wealth Management Deal Activity

Reported M&A deal volume rises to record highs, more than doubling 2012 levels

In 2016, M&A activity in the wealth management industry hit an all-time record high of 138 transactions, or roughly 12 deals per month. This represents a 10% increase over last year's record level and a 16% compound annual growth rate since the business cycle trough in 2009. M&A activity has increased in six of the seven years leading up to 2016's record level. Trend-level growth would suggest M&A activity of approximately 160 deals in 2017, or more than 13 per month. As shown in **Exhibit 1**, large swings in growth were experienced from 2004 to 2013, but the past three years have exhibited more stable albeit lower levels of growth.

Exhibit 1: M&A Activity Reaches Record High for the Fourth Straight Year



Sources: Company Reports, SEC IARD, ECHELON Partners Analysis

A Note on Deal Reporting in the Wealth and Investment Management Industries

It should be noted that tracking deal activity in the wealth management industry is still largely an imprecise science for the following reasons:

1. **Smaller Deals:** Most deals involving firms with less than $50 MM in AUM go unreported and therefore are very difficult to find.
2. **Internal Deals:** Deals inside a firm between partners also often go unreported and would likely need to involve a material amount of equity changing hands to have a chance of being officially recognized.
3. **Hybrid Deals:** Deals that are part recruiting and part equity sharing fall into this category and present an issue as to whether they should be included or not. They too are often not reported.
4. **Breakaway Deals:** With the definition of "breakaway" broadening to include more than only those instances in which an advisor is leaving a wirehouse, there is a blurring of what constitutes a breakaway and what doesn't. Also at play is how much equity has to change hands for a breakaway to become more of an M&A transaction.
5. **Data Definition Rules:** The general lack of clear deal categorization and data category definitions creates an issue regarding what truly constitutes a deal.
6. **Data Consistency Over Time:** As data series contents change over time, it is difficult to go back to prior years and add or delete deals that don't fit enhanced data definitions.

As a result of the above, we believe reported deal activity is likely one-third to one-fifth of the true deal activity. Therefore we would encourage you to take the above information with a grain of salt.

The Drivers of Increased Wealth Management Deal Activity

Based on our investment banking and consulting advisory assignments, ECHELON Partners has identified the following five drivers for the recent increase in deal activity:

I. **Increased Availability of Financing**: A general lack of deal financing plagued the wealth management industry for decades as traditional lenders balked at the risk associated with this industry's lack of assets to foreclose on in the event of a default. In the process, they overlooked the attractive recurring revenue streams that alternative finance companies have felt comfortable with for many years. In the past four years, however, more savvy, cash-flow-appreciating lenders have entered our industry. While ECHELON has identified several sources of deal financing, most of the activity is conducted by a few key players, each looking to do $100 MM to $200 MM in loans per year, with an average loan size of approximately $1 MM.

II. **Increased Number of Peer-to-Peer Deals**: As the industry matures and more advisors join study groups and attend conferences, there is a simple result: more advisors know each other. That means when it comes time to do a deal, advisors can sometimes turn to someone with whom they already have a trusting relationship. In such cases, due diligence progresses faster and with fewer complications, resulting in a greater probability of the deal getting done and staying together. ECHELON is seeing more of these situations and helping friendly peers with the complicated issues of valuation, deal structuring, financing, and governance.

III. **Market Cycle Timing**: Given that we are currently in the third-longest expansion in over 100 years, the odds are high that a turn in the cycle is just quarters away. Contrarians argue that given the slow growth of this recent cycle, expansion will be able to continue a while longer, and that it is crazy to think one can "top tick" the market cycle with the sale of one's company, considering that it usually takes close to a year to consummate a deal. On net, we believe more older advisors are factoring market cycles into timing their exit strategies.

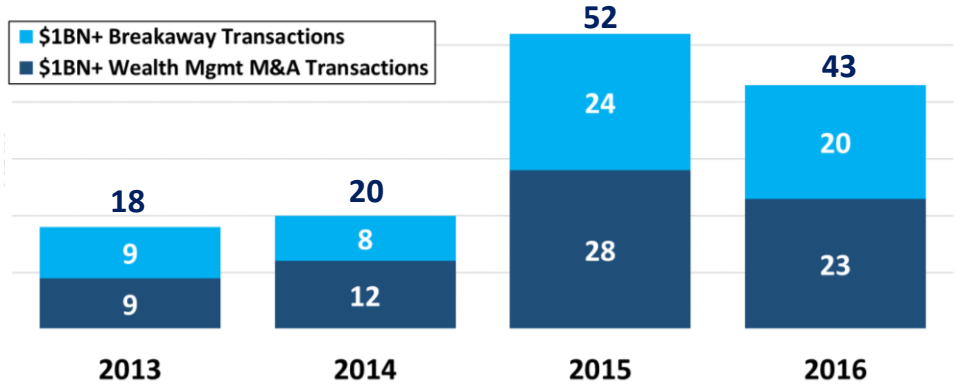
IV. **Increased Deal Assistance**: Sellers have never in the history of the industry had more assistance with deal activity. Investment bankers, lawyers, accountants, custodians, tech vendors, TAMPs, consultants, practice management advisors at IBDs, recruiters, financiers, and executive search firms are all offering assistance with succession planning and some part of the before, during and after phases of the deal process. All this help means more sellers are crossing the finish line and getting their deals done.

V. **Greater Seller Knowledge**: Given the increased attention to the subject of M&A activity by conference providers, white paper writers, webinar sponsors, and the media, there is a plethora of information available to help sellers understand the dynamics of deal making. While all this information has likely created more questions than it has answered for would-be sellers, most entrepreneurial wealth managers know much more than they did 10 years ago. However, just as their wealth management clients know more but still need help, managers still need and benefit from obtaining savvy counsel from seasoned deal experts.

2015 and 2016 represented a paradigm shift in the number of M&A deals and breakaways transactions involving $1 BN+ wealth managers. The volume of these deals in the past two years was up so significantly, it topped the volume in 2013 and 2014 by 2-2.5x.

Exhibit 2: $1 BN+ Transactions Continue to Surge

Deals for $1 BN+ wealth managers continued their surge in 2016



Source: Company Reports, SEC IARD, Investment News and ECHELON Partners Analysis

Given the eight-year expansion of equity markets and enterprise values since the market downturn in 2008, coupled with the increased number of advisors over age 60, more entrepreneurs have been motivated to solidify their succession solutions and secure their liquidity events.

With more than 500 wealth managers over the $1 BN in AUM threshold, the deal volumes of recent years would suggest that close to 10% of the firms have conducted a transaction, which we believe is a more accurate number than industry-wide deal volume, given the high frequency of reporting by those consummating larger deals. This 10% deal volume number is 3-5x the level observed in the broader market, which squares with ECHELON's estimate of the magnitude of unreported deals.

It should be noted that there is much more buyer interest in these $1 BN+ AUM targets than in smaller firms, for the following reasons:

1. **They Are Ideal Platforms**: Those seeking to make multiple acquisitions in the RIA space almost always need to start with a platform: a firm that has everything they need to get started. This includes the people, processes, and technology. Most firms with $1 BN in AUM or more are believed to possess the ideal mix of size and development.
2. **They Are Small Businesses:** Firms over $1 BN in AUM often have more infrastructure, systems, management, protective redundancy, and financial wherewithal. Together, that means these targets have lower risk and more durability across this business cycle. Said another way, if a key client or team member leaves the firm, it is likely to be more sustainable and to experience less disruption.
3. **Most Have Over $3 MM in EBITDA:** Most professional investors require that the firms they invest in have at least $3 MM in EBITDA. They seek this as a cushion above breakeven financial performance.

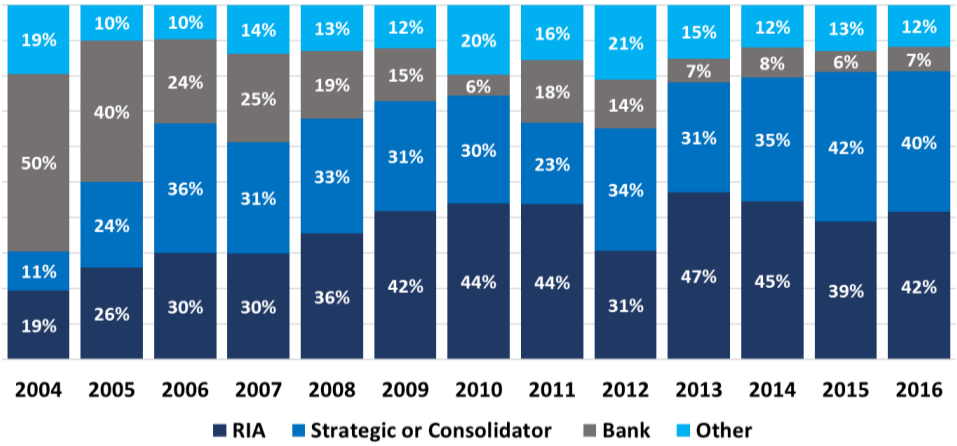
With transaction volume and acquisitions of larger firms at all-time highs, it is only natural to ask: "what types of firms are leading this buying activity?" We have outlined the answer in **Exhibit 3.**

RIAs: We use this label to describe those firms that have done fewer than three deals, are generally smaller in their strategic reach, and usually have more modest financial resources. This group was responsible for 42% of wealth management transactions in 2016. This was the largest single share, but down from 47% in 2013. Despite the falling share, transactions involving "RIA" acquirers have consistently grown in recent years, with 42 deals being consummated in 2013 and 58 in 2016.

Strategic Buyers or Consolidators: From 2006 to 2014, strategic buyers and/or consolidators accounted for an average of 33% of the industry's reported deal activity. In 2015 and 2016, however, market share of their buying activity pushed over 40%, which was a record level for this group. It is worth noting that this group is not all rollup firms. Instead it primarily represents firms that a) already have a platform, b) have considerable industry knowledge, and c) have done more than a couple of M&A transactions.

Exhibit 3: Strategic Acquirers and Consolidators Match RIAs in Transaction Volume

Strategic acquirers or consolidators continue to increase their share of deal activity



Sources: Company Reports, SEC IARD, ECHELON Partners Analysis

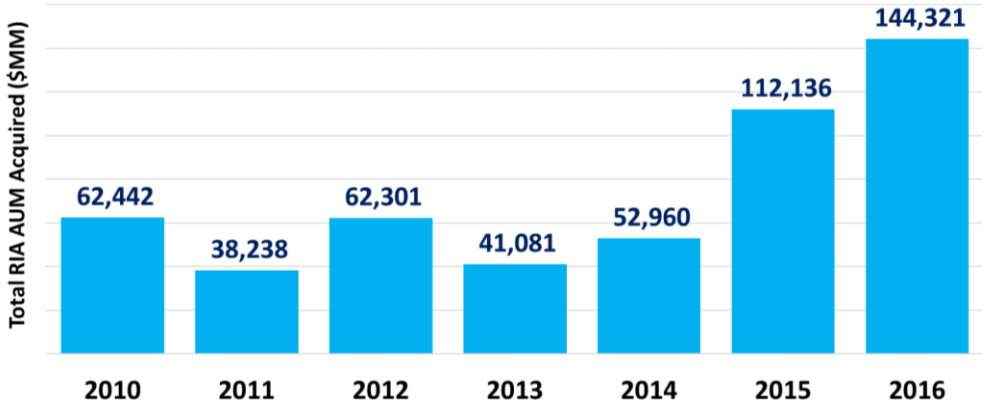
These buyers accounted for 40% of wealth management transactions in 2016 with a deal count of 55, up from 31% in 2013, when they were involved in only 28 transactions.

Banks: Once the largest buyers of wealth management businesses, banks are now the smallest buyer group, accounting for an average of 7% of deal activity over the past four years.

Exhibit 4 highlights that the aggregate AUM of acquired RIAs in 2016 was 2.8x the average rate experienced in the 2010-2014 time period. This coincides with a substantial increase in $1 BN+ deals, as outlined in **Exhibit 2**. 2016 represented a record high in the amount of AUM acquired and saw a 29% increase over the record levels experienced in 2015.

Exhibit 4: Deal AUM Hits Record High for Second Year in a Row

Cumulative AUM transacted intensified in 2015 and 2016

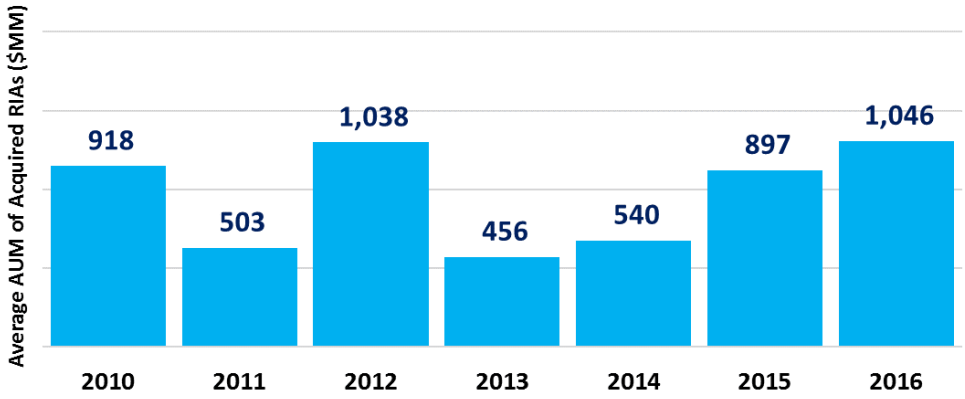


Sources: Company Reports, SEC IARD, ECHELON Partners Analysis

Exhibit 5 showcases average AUM per M&A transaction moving over $1 BN in 2016. This represents the second time in the past five years that the average deal size has exceeded $1 BN in AUM. If trend-level growth rates continue, deal volume would hit 160 in 2017 and average deal size would exceed $1.2 BN, translating to more than $190 BN in AUM changing hands.

Exhibit 5: Average AUM per M&A Transaction Surpasses $1 BN Again

Average AUM per "reported" deal nearing $1.5 BN



Sources: Company Reports, SEC IARD, ECHELON Partners Analysis

Exhibit 6 below outlines the $1 BN+ wealth managers that have been purchased in the past two years. During this time there were 10 deals of $10 BN or greater, including two deals of $50 BN or greater. The remaining 41 deals were for wealth managers with $1 to $10 BN in AUM. It should be noted that this list does not include breakaway deals, which constitute nearly one-half of these larger-scale transactions.

Exhibit 6: The 51 $1 BN+ in AUM Transactions from 2015 and 2016

Seller	Buyer	Buyer Type	Seller AUM	Date
AIG Advisor Group	Lightyear Capital, PSP Investments	Private Equity	160,000,000,000	1/29/2016
Deutsche Bank Wealth Management	Raymond James	Independent Broker Dealer	50,000,000,000	9/7/2016
H.D. Vest Financial Services Inc.	Blucora Inc.	FinTech	36,000,000,000	10/14/2015
City National Bank	Royal Bank of Canada	Bank	36,000,000,000	1/22/2015
Barclays Wealth Management	Stifel Financial	Wirehouse/Broker Dealer	20,000,000,000	7/27/2015
Sterne Agee Group	Stifel Financial	Wirehouse/Broker Dealer	20,000,000,000	2/23/2015
Edelman Financial Services	Hellman & Friedman LLC	Private Equity	14,500,000,000	10/12/2015
Kestra	Stone Point Capital	Private Equity	12,000,000,000	6/27/2016
Sterne Agee Group	INTL FCStone Inc.	Bank	11,000,000,000	6/27/2016
Pensionmark Retirement Group	capTRUST Financial Advisors	Wealth Manager/RIA	10,000,000,000	3/13/2015
The Mutual Fund Store	Financial Engines	FinTech	9,800,000,000	11/5/2015
WealthTrust	Lee Equity Partners/Wealth Trust	Private Equity	7,200,000,000	9/15/2015
myCIO Wealth Partners	AMG Wealth Partners	Investment Manager	7,000,000,000	7/13/2015
Constellation Wealth Advisors	First Republic Investment Management	Bank	6,180,000,000	6/17/2015
Legend Group	Lincoln Investment	Independent Broker Dealer	6,000,000,000	9/14/2016
Baker Street Advisors	AMG Wealth Partners	Investment Manager	6,000,000,000	1/27/2015
Foothill Securities	Securities America	Independent Broker Dealer	5,140,000,000	8/19/2016
Wealth Enhancement Group	Lightyear Capital	Private Equity	4,800,000,000	4/21/2015
Douglas C. Lane & Associates	Focus Financial	Consolidator	4,300,000,000	1/16/2016
Presidio Capital Advisors	Tiedemann Wealth Management	Wealth Manager/RIA	4,000,000,000	8/8/2016
Smith Hayes	D.A. Davidson	Wealth Manager/RIA	4,000,000,000	8/1/2016
Federal Street Advisors	Pathstone Family Office	Wealth Manager/RIA	4,000,000,000	1/6/2016
Kibble and Prentice Holding Company	Columbia Pacific Wealth Management	Wealth Manager/RIA	3,800,000,000	5/11/2015
Kovitz Investment Group	Focus Financial	Consolidator	3,100,000,000	1/11/2016
Convergent Wealth	Pathstone Federal Street	Wealth Manager/RIA	3,000,000,000	9/13/2016
Gerstein Fisher	People's United	Bank	3,000,000,000	7/21/2016
Trees Investment Council	Segall Bryant & Hamill	Wealth Manager/RIA	3,000,000,000	10/12/2015
Atherton Lane	BNY Mellon	Bank	2,700,000,000	4/4/2016
Keeley Asset Management Corp.	Teton Advisors	Investment Manager	2,500,000,000	11/23/2016
City National	Clifford Swan	Wealth Manager/RIA	2,500,000,000	11/17/2015
Highmount Capital	Brown Advisory	Wealth Manager/RIA	2,300,000,000	6/26/2015
Cleary Gull Advisors	Johnson Financial Group	Bank	2,100,000,000	5/28/2016
Kanaly Trust	Mercer Advisors	Wealth Manager/RIA	2,000,000,000	3/25/2016
Dominick and Dominick	Wunderlich Investment Company	Wealth Manager/RIA	2,000,000,000	1/23/2015
WEDCO	Minella Capital Management	Investment Manager	1,600,000,000	8/2/2016
The MDE Group	Beacon Trust Company	Bank	1,600,000,000	4/1/2015
Woodway Financial Advisors	Westwood Holdings Group	Bank	1,600,000,000	3/6/2015
CONCERT Wealth Management	Sowell Wealth Management	Wealth Manager/RIA	1,500,000,000	9/28/2016
Fort Pitt Capital Group	Focus Financial	Consolidator	1,500,000,000	10/1/2015
BlueCreek Investment Partners	Keel Point	Wealth Manager/RIA	1,450,000,000	1/12/2015
Highline Wealth Management	Bronfman E.L. Rothschild	Wealth Manager/RIA	1,400,000,000	8/11/2015
Courier Capital	Financial Institutions	Wealth Manager/RIA	1,200,000,000	11/30/2015
CapGroup Advisors	Colony Group	Wealth Manager/RIA	1,200,000,000	3/3/2015
Vantage Investments Advisors	Mariner Wealth Advisors	Wealth Manager/RIA	1,122,850,816	1/5/2015
Ozarks Trust and Investment Corporation	Simmons First National Corporation	Bank	1,100,000,000	4/29/2015
National Asset Management	Fortress Biotech	Other/Broker Dealer	1,005,000,000	4/28/2016
First Affirmative	Foliofn	FinTech	1,000,000,000	11/1/2016
HHG & Co.	Wealth Enhancement Group	Wealth Manager/RIA	1,000,000,000	3/2/2016
Navigator Planning Group	Nicolet National Bank	Bank	1,000,000,000	1/25/2016
Relative Value Partners	Focus Financial	Consolidator	1,000,000,000	7/1/2015
Jamison, Eaton & Wood	Silvercrest Asset Management Group	Wealth Manager/RIA	1,000,000,000	3/30/2015

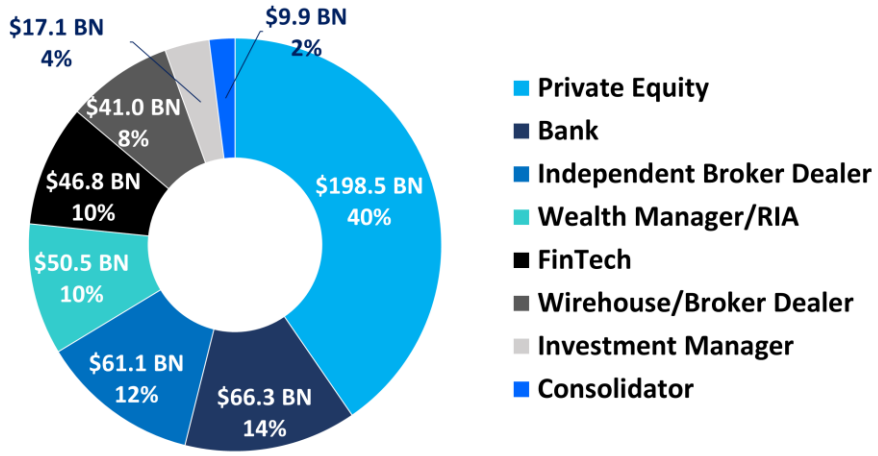
Source: Company Reports, SEC IARD Website, ECHELON Partners Analysis

Given the additional data available for $1 BN+ in AUM transactions in **Exhibit 7**, we were able to provide additional detail on the types of buyers beyond the categories outlined in **Exhibit 3**.

As shown in **Exhibit 7**, private equity firms led the pack for total AUM acquired from $1 BN+ AUM wealth management firms, with $198.5 BN in purchased AUM, accounting for 40% of the total AUM transitioned in 2015 and 2016. Meanwhile banks, IBDs, wealth managers/RIAs and FinTech firms each accounted for 10%-14% of AUM transitioned, equating to nearly $225 BN of acquired AUM. Wirehouse/broker dealers, investment managers and consolidators accounted for less than 10% of transaction volume during this period, with a total AUM acquired of $68 BN. While wealth managers/RIAs were the most frequent acquirers of $1 BN+ AUM wealth management firms in both 2015 and 2016, their share of these transactions dropped sharply during this period, from 43% in 2015 to 30% in 2016.

Exhibit 7: Private Equity Firms Lead $1 BN+ AUM Acquisitions in 2015 and 2016

$1 BN+ AUM acquisitions dominated by large strategic acquirers

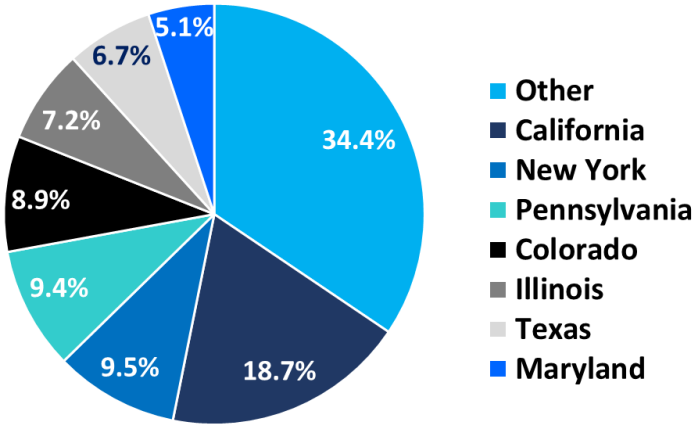


Source: Company Reports, SEC IARD Website, ECHELON Partners Analysis

Exhibit 8 shows that over the past two years, the State of California led the way in terms of deal activity, accounting for over 18% of deals. The states of Pennsylvania and New York were a distant second and third, with Colorado and Illinois rounding out the top five. Together, these five states were home to over half of the firms acquired in 2015 and 2016.

Exhibit 8: 2015 and 2016 State-Level M&A Activity Led by Sellers Domiciled in California

Five states account for over one-half of U.S. wealth management M&A activity



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

Section 2. Breakaway Deal Activity

As the definition of "breakaway deals" continues to broaden beyond advisors leaving wirehouses, and as RIAs have become an increasingly popular destination to migrate to, there has been a renewed interest in tracking the volume of this activity.

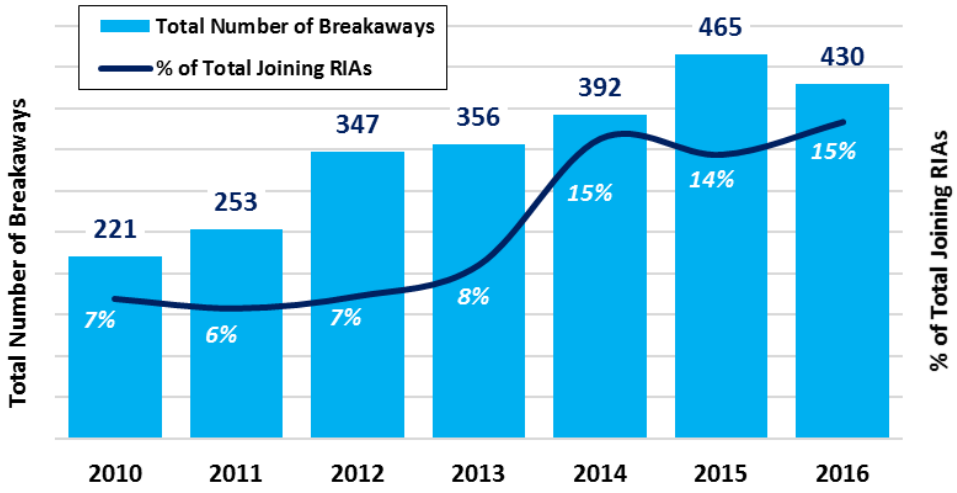
The "RIA breakaway" is a relatively underappreciated phenomenon that is gaining in prevalence. The paradox is that while RIAs are becoming a relatively more attractive destination for all types of advisors to migrate to, some RIAs are not doing a very good job of aligning the contributions of their most valuable employees with the rewards provided to them. This is causing an increasing number of partner-level professionals to leave the RIAs they helped grow, in order to join a "Newco" or other established RIA that shares more equity, profits, and governance with them than their former employer did. Given the "slow to change" profile of some RIA owners, we expect RIA breakaways to continue increasing and to become a larger part of overall breakaway activity in the foreseeable future.

Evidencing this point, **Exhibit 9** shows that now more than 15% of all breakaways are moving to RIAs, hitting an all-time high in 2016. The percentage of breakaways choosing RIAs has more than doubled in the past six years.

Exhibit 9 also showcases that reported breakaway activity topped 400 for the second year in a row. While the 430 deals in 2016 did not surpass the 465 deals in 2015, it was the second-highest year of recorded breakaway activity. The annual growth in the number of breakaways has averaged over 12% for the past six years, albeit declining in the most recent period. This decline is likely attributable to the relatively strong financial performance of the stock market in 2016 and the resulting strength in the financial performance and bonuses at wealth management firms of all types. While these increased bonuses helped a bit in the short term, they likely did very little to address the disequilibrium of ownership and contribution levels that exists at thousands of firms.

Exhibit 9: Reported Breakaway Activity Tops 400 Teams for Second Straight Year

Reported breakaways top 400 for the second straight year



Sources: SEC Database, Company Reports, Investment News, and ECHELON Partners Analysis

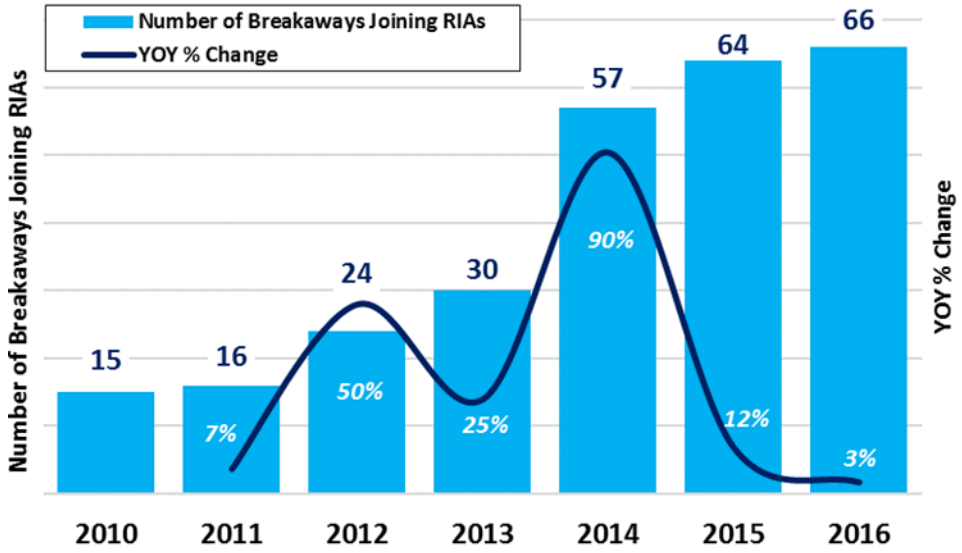
Breakaways increase their movement to RIAs

It is important to note that reported breakaway activity, as outlined in the graph, is an estimated one-third to one-fifth of true volume, with a majority of breakaways not being reported. Please see the note below Exhibit 1 for more details.

As shown in **Exhibit 10**, in each of the past two years, more breakaway teams chose the RIA channel as their preferred business model than in any prior year. This is more than 4x the annual level experienced in 2010.

The number has increased an average of 28% per year over the past six years but slowed in 2015 and 2016 in parallel with the slowing of broader breakaway activity.

Exhibit 10: Breakaways to RIAs Hit Record High in 2016



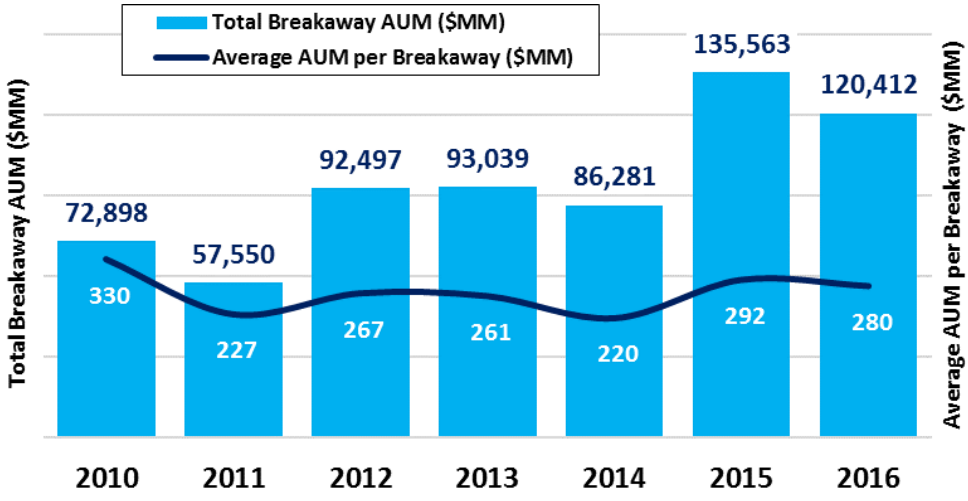
Sources: SEC Database, Company Reports, Investment News, and ECHELON Partners Analysis

Exhibit 11 shows that aggregate AUM associated with reported breakaway activity topped $120 BN in each of the past two years and has grown an average of 9% per year from 2010 to 2016.

The average AUM per breakaway has been $268 MM since 2010, and has remained relatively consistent throughout that time period, with a high of $330 MM in 2010 and a low of $220 MM in 2014.

Exhibit 11: Breakaway AUM Has Grown Steadily Since 2010

$250 BN+ AUM changed hands via breakaways in 2015 and 2016 combined



Sources: SEC Database, Company Reports, Investment News, and ECHELON Partners Analysis

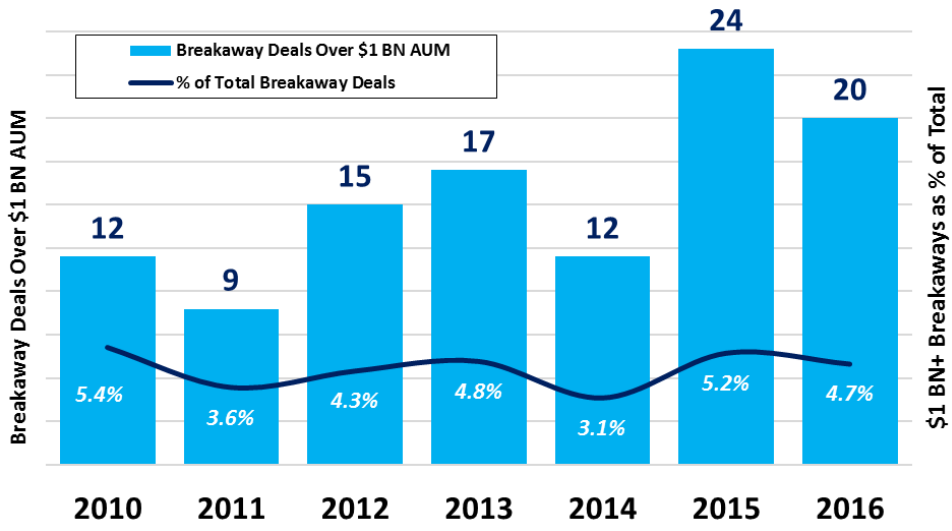
20 breakaways account for 34% of transitioned AUM in 2016

Exhibit 12 provides a time series analysis of the number of breakaways with $1 BN+ AUM over the past seven years. Total volume of these deals fell to 20 in 2016 from 24 the year prior. While these deals accounted for approximately 5% of total breakaway activity, given their size they accounted for roughly 34% of total breakaway AUM. These larger breakaways have averaged 4% of the total breakaway count since 2010.

These deals have typically been slower and more complicated. However, the growing supply of resources being devoted to the facilitation of breakaway deals portends that it will only get easier for these highly sought-after targets to find and move to new homes.

Exhibit 12: Volume of $1 BN+ AUM Breakaways Slows in 2016

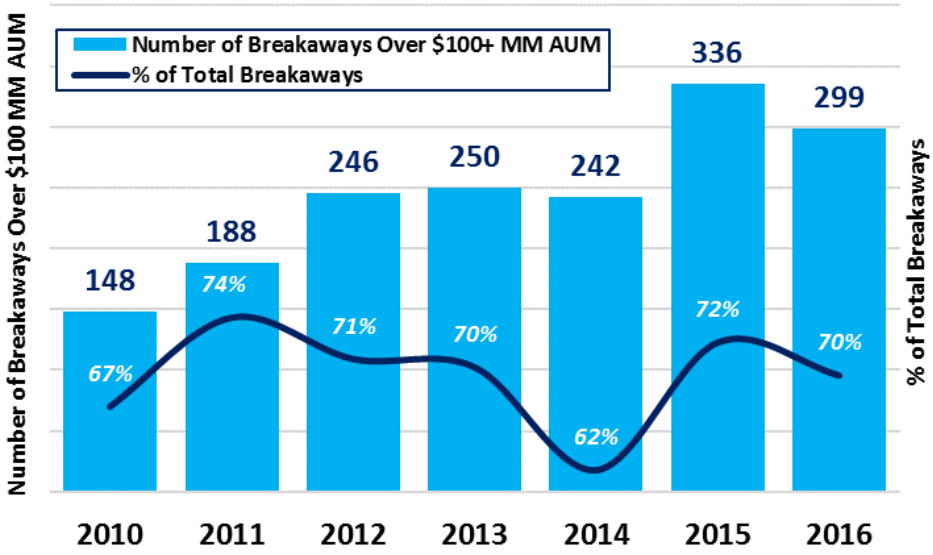
$100 MM+ breakaways continue strong growth



Sources: SEC Database, Company Reports, Investment News, and ECHELON Partners Analysis

As outlined in **Exhibit 13**, breakaways with more than $100 MM in AUM have averaged 69% of total breakaway activity over the past six years. Additionally, the average annual growth rate of this segment is just over 12%. With 299 breakaways in this size range in 2016, current levels are roughly double the 148 experienced 2010.

Exhibit 13: $100 MM+ AUM Breakaways Double Since 2010



Sources: SEC Database, Company Reports, Investment News, and ECHELON Partners Analysis

Independent BD platforms win big among larger breakaways

In 2015 and 2016, IBD platforms such as LPL and Raymond James attracted 12 1 BN+ breakaways, accounting for a gain of over $24 BN in total AUM. These gains came largely at the expense of wirehouses, which lost 16 breakaway teams, accounting for a total loss of over $34 BN in AUM.

Exhibit 14: Independent Platforms Earn $38 BN in New Assets via $1 BN+ Breakaways

Top Breakaways 2015 and 2016				
Team Leaving	Team Joining	Team Joined Firm Type	Breakaway AUM	Date
Wells Fargo Advisors	Raymond James	Independent Broker Dealer	7,000,000,000	7/25/2016
JPMorgan Chase & Co.	UBS Financial Services	Wirehouse/Broker Dealer	5,000,000,000	8/16/2015
Credit Suisse Wealth Services	Morgan Stanley Wealth Management	Wirehouse/Broker Dealer	5,000,000,000	11/23/2015
UBS Financial Services	Morgan Stanley Wealth Management	Wirehouse/Broker Dealer	4,300,000,000	3/16/2016
Lincoln Financial	LPL Financial	Independent Broker Dealer	4,000,000,000	11/17/2016
Credit Suisse Wealth Services	Bank of America Merrill Lynch	Wirehouse/Broker Dealer	3,500,000,000	8/10/2015
Bank of America Merrill Lynch	Dynasty Financial Partners	Consolidator	3,300,000,000	9/29/2015
Deutsche Bank	Dynasty Financial Partners	Consolidator	3,200,000,000	6/29/2015
Barclays	Dynasty Financial Partners	Consolidator	3,000,000,000	7/24/2015
Northwestern Mutual	LPL Financial	Independent Broker Dealer	3,000,000,000	2/25/2015
Bank of America Merrill Lynch	Raymond James	Independent Broker Dealer	2,900,000,000	11/12/2015
Kestra Financial	LPL Financial	Independent Broker Dealer	2,500,000,000	5/13/2016
LPL Financial	Cetera	Independent Broker Dealer	2,500,000,000	11/18/2016
Morgan Stanley Wealth Management	Raymond James	Independent Broker Dealer	2,400,000,000	5/29/2015
Morgan Stanley Wealth Management	Bank of America Merrill Lynch	Wirehouse/Broker Dealer	2,340,000,000	10/7/2016
Morgan Stanley Wealth Management	6 Meridian	Wealth Manager/RIA	2,200,000,000	9/12/2016
Compass Bank	United Capital	Consolidator	2,000,000,000	1/23/2015
Morgan Stanley Wealth Management	UBS Financial Services	Wirehouse/Broker Dealer	2,000,000,000	8/10/2015
JPMorgan Chase & Co.	Wells Fargo Advisors	Wirehouse/Broker Dealer	2,000,000,000	9/3/2015
Credit Suisse Wealth Services	Morgan Stanley Wealth Management	Wirehouse/Broker Dealer	2,000,000,000	3/18/2016
Wells Fargo Advisors	Noyes Financial Group	Independent Broker Dealer	1,700,000,000	11/21/2016
Bank of America Merrill Lynch	Dynasty Financial Partners	Consolidator	1,400,000,000	9/8/2015
J.P. Morgan Securities LLC	LPL Financial	Independent Broker Dealer	1,400,000,000	10/27/2016
RBC Wealth Management	Raymond James	Independent Broker Dealer	1,300,000,000	11/21/2016
Bank of America Merrill Lynch	Raymond James	Independent Broker Dealer	1,300,000,000	3/1/2016
UBS Financial Services	Morgan Stanley Wealth Management	Wirehouse/Broker Dealer	1,300,000,000	5/1/2015
UBS Financial Services	Bank of America Merrill Lynch	Wirehouse/Broker Dealer	1,300,000,000	7/2/2015
Bank of America Merrill Lynch	RBC Wealth Management	Bank	1,200,000,000	6/24/2015
Wells Fargo Advisors	Prospera Financial Services	Independent Broker Dealer	1,200,000,000	6/30/2016
Morgan Stanley Wealth Management	Bank of America Merrill Lynch	Wirehouse/Broker Dealer	1,200,000,000	2/6/2015
Morgan Stanley Wealth Management	Bank of America Merrill Lynch	Wirehouse/Broker Dealer	1,200,000,000	5/18/2016
Morgan Stanley Wealth Management	RBC Wealth Management	Bank	1,000,000,000	8/30/2016
Barclays	Dynasty Financial Partners	Consolidator	1,000,000,000	10/14/2015
Stifel Nicolaus & Co.	Raymond James	Independent Broker Dealer	1,000,000,000	2/25/2016
Transamerica Financial Advisors	Kestra Financial	Independent Broker Dealer	1,000,000,000	7/29/2016
Princor Financial Services	LPL Financial	Independent Broker Dealer	1,000,000,000	3/9/2015
Princor Financial Services	LPL Financial	Independent Broker Dealer	1,000,000,000	3/10/2015
Sterne Agee	Prospera Financial Services	Independent Broker Dealer	1,000,000,000	1/25/2016
Morgan Stanley Wealth Management	Raymond James	Independent Broker Dealer	1,000,000,000	11/10/2015
Amegy Bank	U.S. Capital Advisors	Wealth Manager/RIA	1,000,000,000	2/23/2016
Arnerich Massena	Allium Financial Advisors	Wealth Manager/RIA	1,000,000,000	10/5/2016
Barclays	Morgan Stanley Wealth Management	Wirehouse/Broker Dealer	1,000,000,000	7/13/2015
Morgan Stanley Wealth Management	Jefferies	Wirehouse/Broker Dealer	1,000,000,000	7/31/2015
Citigroup	Morgan Stanley Wealth Management	Wirehouse/Broker Dealer	1,000,000,000	8/14/2015

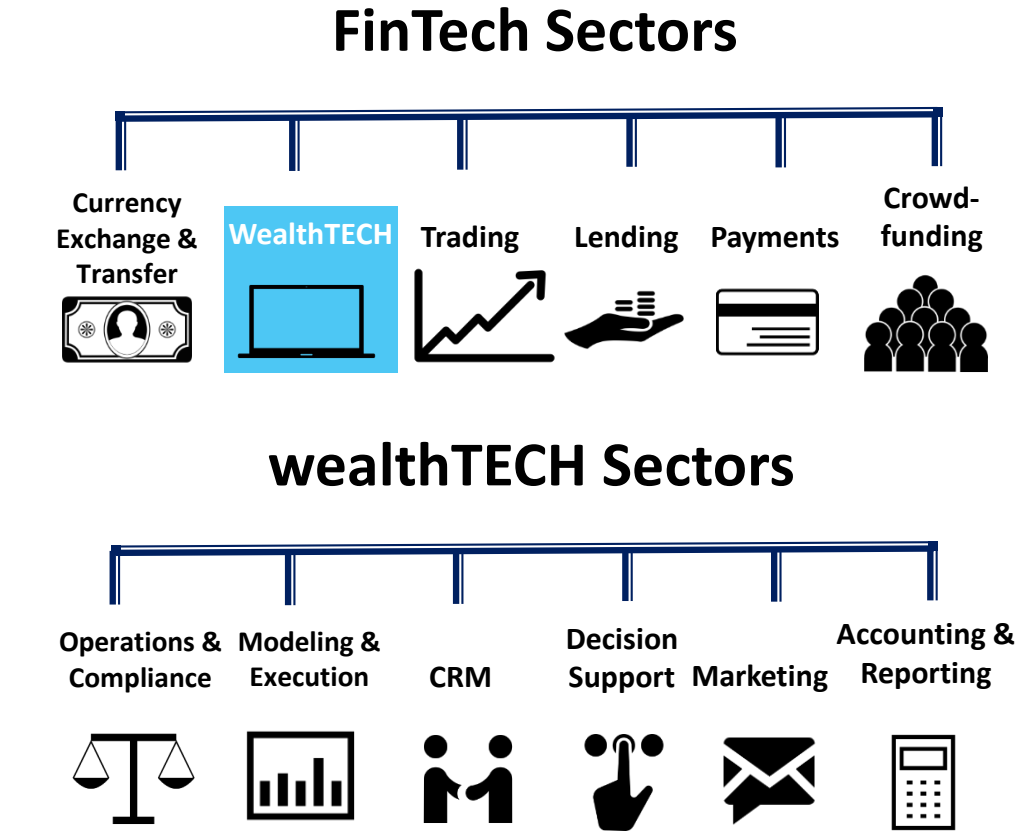
Sources: SEC Database, Company Reports, Investment News, and ECHELON Partners Analysis
Note: Please contact ECHELON Partners if interested in the name of each team.

Section 3. WealthTECH Deal Activity

Over the past decade, financial technology ("FinTech") has gone from an underappreciated niche barely represented in Silicon Valley to one of the fastest-growing and hottest sectors in the tech industry. The FinTech label is applied to almost any startup that is trying to use technology to solve a financial problem, which covers industries as diverse as insurance, brokerage, data analytics, budgeting, and tax planning. With all the interest and investment in this space, an ecosystem has developed, the main sectors of which are outlined in **Exhibit 15**.

Given ECHELON's focus on the subset of FinTech companies related to wealth management, in the spring of 2016 we coined the label "WealthTECH" to begin developing a sub-ecosystem for tracking the investment and development activity of these companies. Presently, we have mapped over 500 companies and their services to the six wealthTECH categories listed in **Exhibit 15**. There is a great deal of activity in this space as entrepreneurs rush in to address the fact that many people are inherently bad at managing their budgets and investing, which is spawning startups that offer lower-priced automated alternatives with the promise of delivering superior outcomes.

Exhibit 15: Dramatic Ascension of FinTech Fuels Evolution of WealthTECH



Source: ECHELON Partners

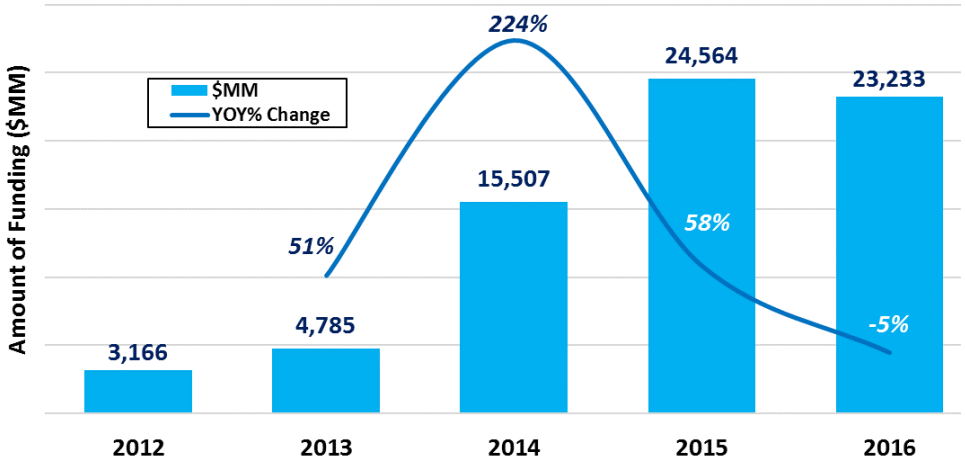
The top names in the wealthTECH sector that have taken in considerable capital include Wealthfront, Personal Capital, Credit Karma, Betterment, Yodlee, Motif, NerdWallet, and Addepar. While it was founded many years ago, PayPal remains the leading success story of the FinTech space, having grown to a market capitalization of $50 BN. In the wealthTECH space perhaps the leading name is Envestnet, which has grown to a market capitalization of over $1.6 BN using a combination of consistent deal activity and strong organic growth.

The promise of these companies is to fundamentally disrupt the biggest players in finance. If they succeed, Wall Street as we know it may become even more tied to Silicon Valley. According to a recent Citigroup report, FinTech may be on the cusp of an "Uber moment," or a disruption of similar magnitude as the one caused by Uber, a ride-hailing giant. The report predicts that over the next decade 800,000 people will have lost their jobs at financial services companies to some newly developed software. Others, such as banking investor Christopher Flowers, have declared that the FinTech frenzy is hype that defies common sense and will likely leave a trail of failed startup companies in its wake.

The rapid expansion of FinTech investing is clearly illustrated in **Exhibit 16**, which shows how total funding to the industry has increased dramatically over the past three years. The total investment contributed in 2016 was over seven times the amount invested in 2012. However, funding did slow in the most recent year, decreasing by 5% from 2015, which signals a slowing of these peak investment levels after years of explosive growth. To that point, investing in FinTech has grown at a compound annual growth rate of 65% since 2012. The massive inflows of capital reflect investor optimism and entrepreneurial creativity. Total investments into the sector reached a peak of $24.5 BN in 2015.

Exhibit 16: FinTech Funding Exceeds $23 BN for Second Year in a Row

FinTech funding grows rapidly to top $23 BN in 2015 and 2016



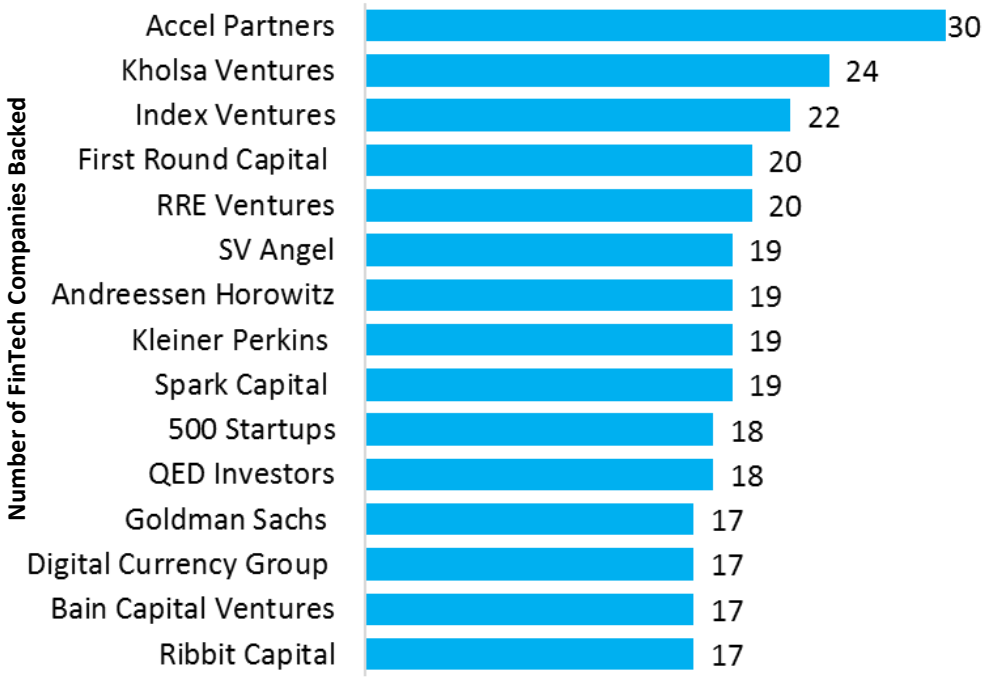
Sources: CB Insights and ECHELON Partners Analysis

Many venture capital firms have made an investment in some sort of FinTech startup. The investors listed in **Exhibit 17** have made the sector a key focus area, each making 17 or more investments in the space. Of these investors, Accel Partners led the pack with 30 investments made from 2012 to 2016. Together, the 15 most active FinTech VC and PE firms tallied a total of 296 investments.

Many of these investment firms have partners or board members that are former Wall Street stars of banking, insurance, specialty finance, credit cards, and/or brokerage. These executives say they are bringing their experience to startups to steer them on the right path. Today's generation of FinTech companies are different than those of past FinTech booms in that they are not necessarily developing technologies to be sold to brick and mortar financial services companies. Instead, many are taking their products, services and algorithms directly to consumers through easy-to-use mobile apps and websites.

Exhibit 17: Parity Strengthens Amongst Largest FinTech Investors

Nearly 300 investments have been made by the leading firms tracking the FinTech industry

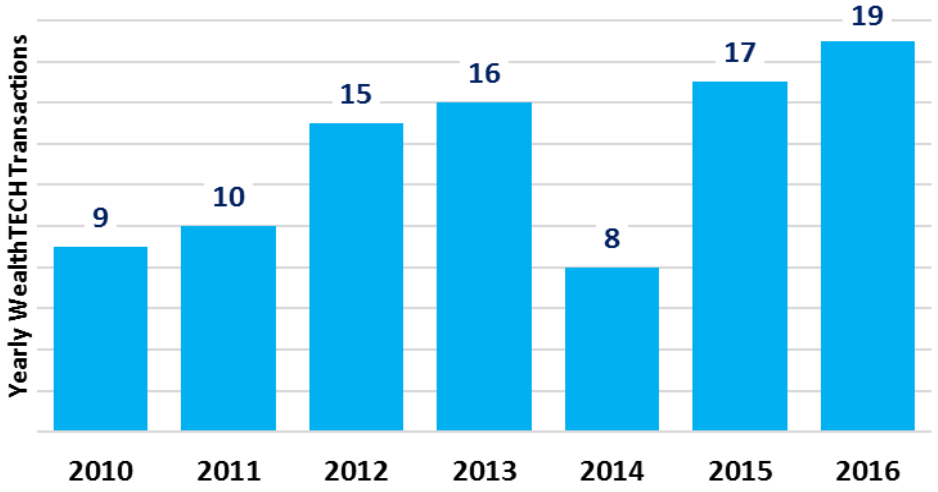


Sources: CB Insights and ECHELON Partners Analysis
Note: Data is taken from the 2012 – 2016 period

Turning our attention more specifically to wealthTECH M&A, **Exhibit 18** highlights the fact that 2016 saw a record number of transactions, as 19 deals were consummated in this niche. This was driven by larger firms looking to gain strategic assets, in combination with some tech entrepreneurs bowing down in the face of fierce competitive challenges. In the case of the latter, these firms often assuaged their never-ending need for capital and critical mass with deep-pocketed partners that also possess built-in customer bases.

Exhibit 18: M&A Transactions in WealthTECH Hit Record High in 2016

WealthTECH M&A resumes historical growth trend after decline in 2014



Sources: Company Reports and ECHELON Partners Analysis

WealthTECH deal activity has increased in all but one of the past seven years. The compound annual growth rate in deal activity was 13.3% from 2010 to 2016. Further, the 19 transactions in 2016 are considerably higher than the 2010-2013 average of 12.5 deals a year.

WealthTECH deal activity is likely to remain strong as entrepreneurs in the finance industry seek out ways to improve efficiency and maximize profits in an increasingly competitive environment.

As shown in **Exhibit 19**, many of these wealthTECH firms were sold to financial services companies with more traditional business models looking to hedge their bets and protect against the downside risk that these new entrants present. Perhaps the biggest theme was the acquisition of robo advisors by mutual fund companies.

The record level of financial services firm acquisitions and investments in robo advisors in 2015 and 2016 mirror the record M&A activity in the broader FinTech sector during the same period. This interest in robo advisors reflects the increased demand of large corporate players to find technologies that ensure they will not be severely outpaced in this increasingly competitive market environment.

From 2013 to 2016, half of the total robo advisor deals were corporate-backed investments and half were acquisitions. BlackRock, Goldman Sachs, Morningstar, and Northwestern Mutual all participated in two robo advisor deals during this period, together making up nearly half of the 20 deals listed in **Exhibit 19**. The total disclosed robo advisor deal value from 2013 to 2016 was $612.5 MM. Average investment size was $16 MM, while average acquisition size was just over $150 MM.

The 2016 disclosed investment value in robo advisors of $120 MM accounted for just over 0.5% of the total $23.2 BN invested in FinTech in 2016. While robo advisors tend to get the most FinTech media attention, they still make up only a small fraction of the sector, which sheds light on the sector's breadth.

Exhibit 19: Corporate Financial Services Companies Pursuing Robo Advisors

Buyer/Investor	Target	Deal Type	Deal Value ($MM)	Date
Investview	RoboVest	Acquisition	Not Disclosed	10/16/2016
Morningstar, Inc.	Ellevest	Investment	9.0*	9/15/2016
Legg Mason	Financial Guard	Acquisition	Not Disclosed	7/8/2016
TIAA	MyVest	Acquisition	Not Disclosed	6/30/2016
IGM	Personal Capital	Investment	50.0	5/19/2016
UBS	Sig Fig	Investment	40.0	5/16/2016
PayPal	Acorns	Investment	30.0	4/21/2016
Kinnevik	Betterment	Investment	100.0*	3/29/2016
Goldman Sachs	Honest Dollar	Acquisition	Not Disclosed	3/14/2016
Blackrock	Future Advisor	Acquisition	150.0	8/26/2015
John Hancock	Guide Financial	Acquisition	Not Disclosed	5/26/2015
NW Mutual Co.	Learnvest	Acquisition	250.0	3/25/2015
Envestnet	Upside Financial	Acquisition	Not Disclosed	2/26/2015
NW Mutual Co.	Betterment	Investment	32.0*	2/19/2015
Renren	Motif Investing	Investment	40.0	1/20/2015
Invesco	Jemstep	Acquisition	Not Disclosed	1/12/2015
Morningstar	Hello Wallet	Acquisition	52.5	5/31/2014
JP Morgan	Motif Investing	Investment	35.0*	5/8/2014
Blackrock	Personal Capital	Investment	25.0*	6/5/2013
Goldman Sachs	Motif Investing	Investment	25.0*	4/12/2013

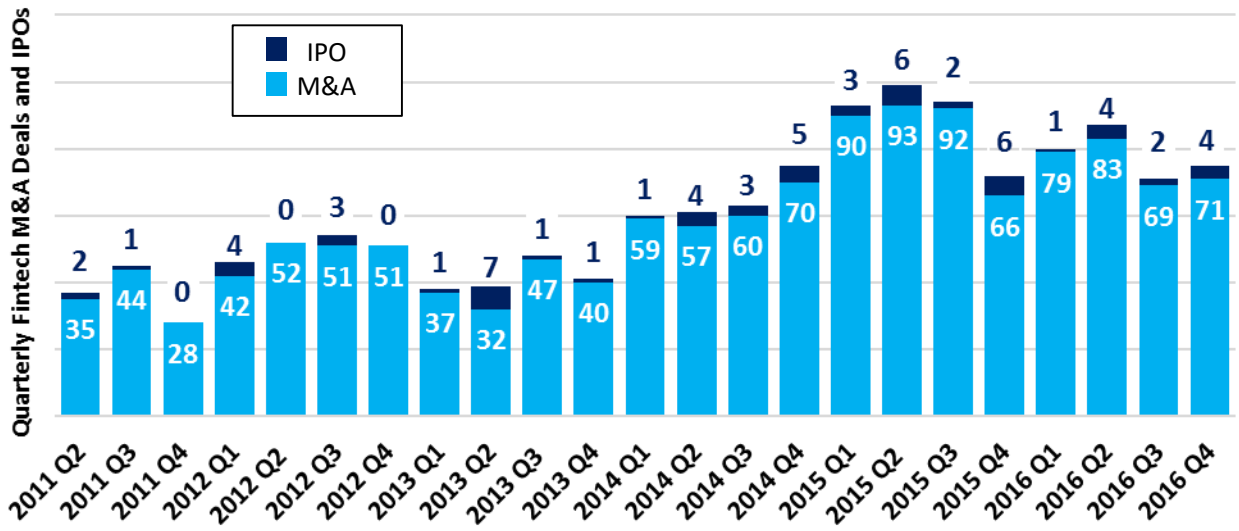
Sources: Company Reports and ECHELON Partners Analysis
**Size of round could be split among other investors.*

Amount of FinTech IPOs continues to rise, averaging 3.5 per quarter since 1Q15

Although FinTech deal activity has dropped since the first three quarters of 2015, 2016 levels are still substantially higher than pre-2015 activity, as shown in **Exhibit 20**. In 2016, there was an average of 75 transactions per quarter, which is greater than the 2014 average of 61 quarterly transactions and substantially greater than the 2013 average of 39 transactions per quarter.

From 2015 through 2016 there were 28 FinTech IPOs, with an average of 3.5 per quarter. This is substantially greater than the 2011-2014 average of 2.2 IPOs per quarter.

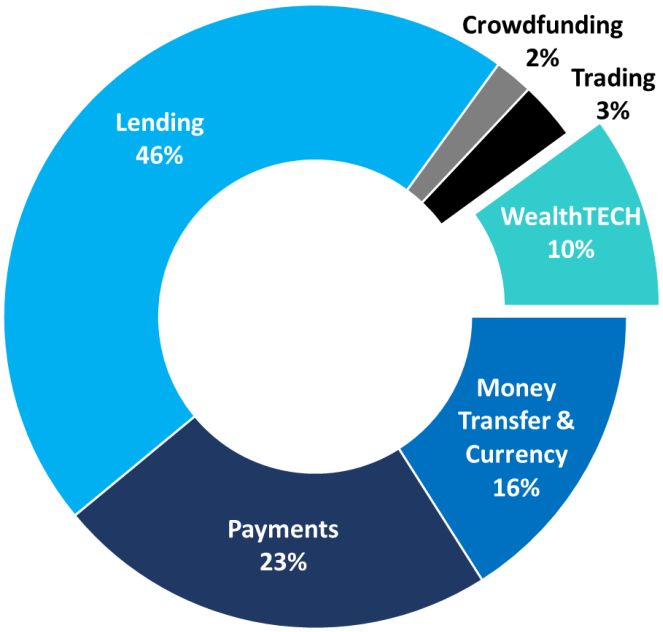
Exhibit 20: 2016 FinTech Deal Activity Exceeds Precedents Set During 2011-2014



Sources: CB Insights and ECHELON Partners Analysis

Exhibit 21: WealthTECH Attracts 10% of Capital Deployed to FinTech in 2016

Payment and lending services command the bulk of FinTech capital raising, with 69% share of total investments in 2016



Sources: CB Insights, KPMG, CrunchBase, Citi, and ECHELON Partners Analysis

In 2016, 10% of the capital invested in FinTech was directed to wealthTECH firms. In a $2 BN and growing market, that is a significant amount of capital working to commercialize new business models that often compete with incumbent wealth and investment management firms.

Payment and lending services have earned the most significant investment support in 2016, accounting for 69% of total FinTech funding. Payment and lending services lay at the core of the financial services industry, and therefore investors deem these companies as attractive investments with a high likelihood of generating outsized returns. The remaining four sectors depend on the demand of financial services companies to improve operating efficiencies to drive their products and services.

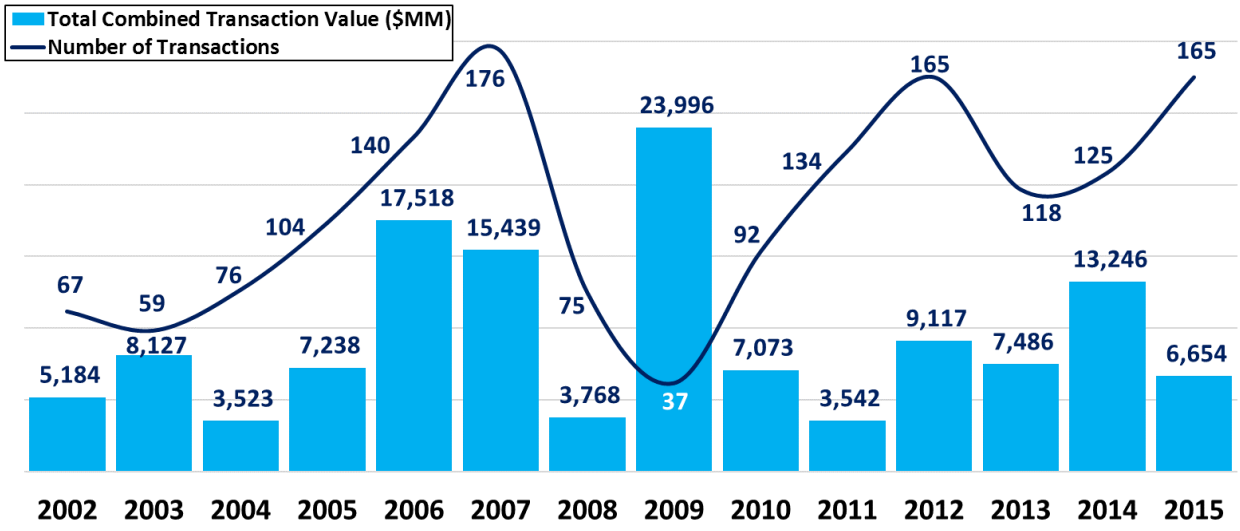
Section 4. Investment Management Deal Activity

Investment management M&A volume and magnitude declined in 2016

In 2016, investment management deal making receded slightly to 144 deals from the record levels experienced in the year prior. In addition, despite some larger deals such as the Janus/Henderson merger, the total combined value of U.S. investment management M&A transactions decreased by 35% to $4.4 BN in 2016. The 144 deals in 2016 was the third-highest annual total since the 2008 financial crisis.

From 2014 to 2016 the average transaction value of U.S. investment management firms decreased from $106 MM to $30.2 MM, a -47.7% compound annual growth rate, while transaction volume increased from 125 to 144, a 7% compound annual growth rate. These steeply declining total transaction values amid relatively higher total deals volumes of investment management transactions continue a divergent trend that began in 2014.

Exhibit 22: Transaction Value of U.S. Investment Managers Declines Amid Increasing Volume



Sources: SEC Database, Company Reports, William Blair, Cambridge Partners, and ECHELON Partners Analysis

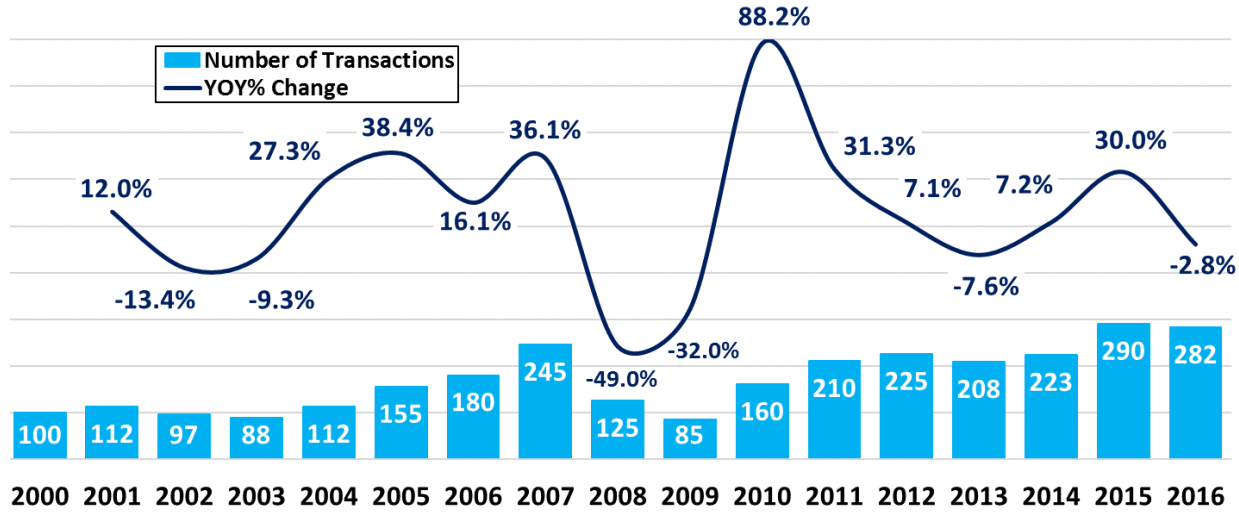
The total wealth and investment management transaction volume, at 282 deals, was the second highest since 2000, topped only by 2015, with 290 deals. We see 2017 maintaining, if not exceeding, the level of wealth and investment management transactions in 2015 and 2016.

Transaction volume for wealth managers and investment managers combined reached its second-highest level in 2016, notching 282 transactions. 2016 missed hitting a record high because the decline in investment management industry deal activity was greater than the increase in wealth management deal activity.

M&A activity has averaged 235 deals per year since 2011

Total M&A volume in the wealth and investment management industry declined slightly, caused by the decline in investment management deal volume. From 2009 to 2016, an average of 210 wealth and investment management M&A transactions occurred each year, substantially higher than the pre-financial crisis (2000-2007) average of 136 transactions annually. This trend is also evidenced in the growth rates. From 2010 to 2016, wealth and investment management transactions increased by an average of 21.9% annually, whereas during the 2000-2007 period they increased by an average of 15.3% annually. We anticipate that this higher level of transactions will continue, driven by a looming wave of retiring wealth managers and general industry consolidation.

Exhibit 23: Number of U.S. Wealth and Investment Management Transactions Remains Elevated



Sources: SEC Database, Company Reports, William Blair, and ECHELON Partners Analysis

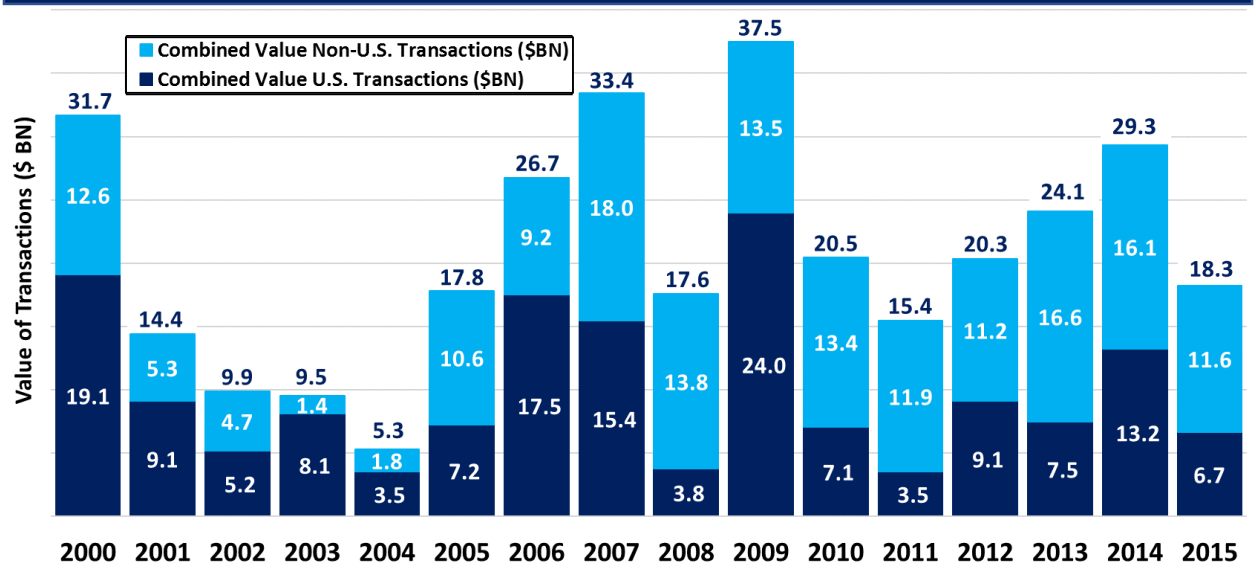
In a continuation of what has become the dominant trend since the financial crisis, the combined value of non-U.S. investment management M&A transactions was greater than the combined value of investment management transactions in the U.S. This signals continued interest in global investment management platforms and a stronger M&A environment abroad relative to the U.S.

Deals involving non-U.S. investment managers outpaced those involving managers based domestically

Despite the total non-U.S. investment management transaction value continuing to lead total U.S. transaction values, the growth trends indicate that this leadership may be transient. Since 2011, the annual combined value of U.S. investment management transactions has increased at a compound annual growth rate of 17.1%, whereas the annual combined value of non-U.S. transactions declined at a -0.6% rate during the same period.

Should total U.S. investment management transaction value exceed non-U.S. transaction value in 2017, it would be a return to the pre-financial crisis paradigm. From 2000 to 2007, total U.S. investment management transaction value led non-U.S. transaction values in six out of eight years. During this period, U.S. investment management transaction values were 60.0% of the global total on average. In contrast, during the 2009-2015 period, U.S. investment management transaction values were a mere 39.9% of the global total on average.

Exhibit 24: Non-U.S. Investment Management Transaction Values Increase Relative to U.S.



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

Frequently Used Terms

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

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

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

Independent Broker Dealer (IBD) – A broker dealer firm that offers its services to financial advisors operating as independent contractors. The Independent broker dealer business model focuses on comprehensive financial planning services and investment advice.

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

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

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

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

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

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

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

About ECHELON Partners:

ECHELON Partners is a Los Angeles-based investment bank and consulting firm focused exclusively on the Wealth and Investment Management industries.

ECHELON was formed to:

- Address the needs of an underserved subset of the financial services industry—investment product developers, distributors, and technology providers
- Provide objective, unbiased advice void of conflicts emblematic of larger institutions
- Help entrepreneurs working at companies of all sizes navigate the numerous complex decisions that come with attaining growth and liquidity

Our Expertise

ECHELON's service offerings fall into three categories:

- INVESTMENT BANKING
- MANAGEMENT CONSULTING
- VALUATIONS

ECHELON's comprehensive range of services help its clients make the tough decisions with respect to: acquisitions, sales/divestitures, investments, mergers, valuation, M&A strategy, new ventures, management buyouts, capital raising, equity sharing, and succession planning.

ECHELON's business is making companies more valuable through its visionary advice and execution excellence. Accordingly, ECHELON measures its success by the enterprise value it creates for its clients. With an unparalleled quantity and quality of investment banking experience in the wealth and investment management industries, no other investment bank can match the caliber of advice or financial results delivered by the professionals of ECHELON Partners.

Our History

ECHELON Partners was founded in 2001 by Dan Seivert, the firm's current CEO and Managing Partner.

Over the past 15 years, the firm's principals have completed more M&A advisory assignments, valuations, and strategic consulting engagements for its three target industries than any other investment bank. In that time, hundreds of executive teams and boards have chosen ECHELON Partners to help them envision, initiate, and execute a diversity of complex business strategies and transactions.

ECHELON PARTNERS

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How ECHELON Can Help

Conduct a Valuation: Managers need to know firm value and, more importantly, the key drivers of value. ECHELON has emerged as the leader in delivering high quality valuation reports that cut through irrelevant information and tell managers exactly what drives value and how their firm is performing.

Provide Transaction Assistance (Mergers, Sales, Acquisitions, Capital Raising): Valuation and transactions go hand-in-hand whether buying, selling, raising capital, divesting, investing and/or restructuring. The professionals at ECHELON have extensive experience with these transactions and matching the appropriate deal processes to meet the many objectives of the stakeholders involved.

Continuity & Succession Planning: With its industry-specific experience and focus, ECHELON Partners equips its clients with continuity plans and succession plans designed to mitigate risk and plan for the future. ECHELON develops continuity plans for equity owners who want to put in place a short-term plan for a previously selected successor to take over their firm in the event of a catastrophe, such as death or disability. ECHELON's more involved succession planning process helps equity owners develop a formal plan for their retirement or known departure from the firm, whether they want to pursue an internal sale to colleagues or family, or want to take steps to prepare the firm for an external sale.

Advise on Equity Compensation Structure: As firms grow and evolve, it is common for a wedge to develop between those that create value and those that reap the benefits (through equity ownership). This necessitates the development of equity sharing strategies that are fair, that can foster employee retention, and at the same time minimize tax consequences and complexity. ECHELON is experienced in developing these structures for a host of unique situations.

Equity Recycling & Management*:* Managers need a method of internal succession whereby a senior partner sells a portion of his or her equity to either one or more junior partners currently with the firm or incoming partners not yet with the firm.

Advise on the Buyout of an Equity Partner: A problem that arises for most firms that remain private occurs when one or more of the founders needs liquidity or needs to be bought out. These situations require thoughtful valuation and structuring that corresponds to the particular situation.

ECHELON by the Numbers

20+ Years of experience valuing financial service companies

300+ investment banking advisory assignments

2,000+ valuations conducted

400 Investment opportunities vetted and valued

#1 in conducting valuations for wealth managers with >$300MM in AUM

2000+ acquisition targets evaluated

15 Published reports focused on Wealth Manager M&A, Management Consulting and Valuation

Sample Transactions & Advisory Assignments Executed by the ECHELON Team

The Glowacki Group LLC

The Glowacki Group closed a transaction with:

ASPIRIANT

ECHELON provided the Management of The Glowacki Group with:

M&A and Sell-Side Advisory Services

ECHELON PARTNERS

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tRx

Total Rebalance Expert has been sold to:

MORNINGSTAR

ECHELON provided the Management of Total Rebalance Expert with:

Sell-Side and Financial Advisory Services

ECHELON PARTNERS

WMG Wealth Management Group

has agreed to be acquired by

FOCUS FINANCIAL PARTNERS

ECHELON provided the Management of Wealth Management Group, LLP with:

Sell-Side Advisory Services

ECHELON PARTNERS

Opis Companies

has completed the acquisition of:

Vellum FINANCIAL

ECHELON provided the Management of Opis Companies with:

M&A, Valuation, and Sell-Side Advisory Services

ECHELON PARTNERS

FJY FINANCIAL

has agreed to a merger with

LIFEPOINTE FINANCIAL PARTNERS

ECHELON provided the Management of FJY Financial with:

Valuation, M&A, and Financial Advisory Services

ECHELON PARTNERS

ONE CAPITAL MANAGEMENT, LLC

received an equity investment from

WELLINGTON WEST

ECHELON provided the Management, Board of Directors, and Shareholders of One Capital Management, LLC with:

Sell-Side Advisory, Valuation, and Financial Advisory Services

ECHELON PARTNERS

Leonard Wealth Management

Where prosperity finds peace of mind.

has agreed to a merger with:

CAPITAL FINANCIAL ADVISORS, L.L.C.

ECHELON provided the Management of Leonard Wealth Management with:

M&A and Valuation Advisory Services

ECHELON PARTNERS

OLD DOMINION CAPITAL MANAGEMENT, INC.

Old Dominion Capital Management has been sold to:

UNION®

ECHELON provided the Management of Old Dominion Capital Management with:

Valuation and M&A Advisory Services

ECHELON PARTNERS

CAPITAL DIRECTIONS

completed the sale of its division, **Advisors Access** to:

BAM Advisor Services

ECHELON provided the Management of Capital Directions, LLC with:

Valuation and M&A Advisory Services

ECHELON PARTNERS

OBS Financial Services, Inc.™

A subsidiary of Texans Credit Union has been sold to:

WESTBRIDGE INVESTMENTS

ECHELON provided the Management of Texans Credit Union and OBS Holdings with:

M&A Advisory Services

ECHELON PARTNERS

HARRIGAN & HOWARD FINANCIAL ADVISORS, LLC

has been sold to:

SPECTRUM ASSET MANAGEMENT, INC.

ECHELON provided the Management of Harrigan & Howard Financial Advisors with:

M&A Advisory and Valuation Advisory Services

ECHELON PARTNERS

APELLA CAPITAL

has completed the acquisition of

Summit Counsel, LLC

ECHELON provided the Management of Symmetry Partners, LLC with:

Buy-Side, M&A, and Financial Advisory Services

ECHELON PARTNERS

FINANCIAL SYNERGIES ADVISORY, INC.

has agreed to be acquired by

UNITED CAPITAL INDEPENDENT WEALTH COUNSELING

ECHELON Provided the Management and Board of Directors of Financial Synergies Advisors with:

M&A, Sell-Side Advisory, and Valuation Advisory Services

ECHELON PARTNERS

Tarpley & Underwood

has agreed to a merger with

WINDHAM BRANNON

ECHELON provided the Management of Tarpley & Underwood Financial Advisors and Windham Brannon Financial Group with:

Valuation and M&A Advisory Services

ECHELON PARTNERS

FOLIODYNAMIX Wealth Servicing Made Seamless®

received an equity investment from

Edison VENTURE FUND

ECHELON provided the Management of Foliodynamix with:

Valuation, Capital Raising, and Financial Advisory Services

ECHELON PARTNERS

PR

has agreed to a merger with

WILLOW RIDGE CAPITAL ADVISORS

ECHELON provided the Management of Petersen & Ramistella, Inc. and Willow Ridge Capital Advisors, Inc. with:

M&A Advisory Services

ECHELON PARTNERS

CONCORD EQUITY GROUP ADVISORS

received a private equity investment from

SPENCER TRASK

ECHELON Provided the Management, Board of Directors, and Shareholders of Concord Equity Group Advisors with:

Valuation, Capital Raising, and Financial Advisory Services

ECHELON PARTNERS

BridgePortfolio®

has completed a Private Placement with

Capital Concepts Holdings, LLC

ECHELON Provided the Management of BridgePortfolio with:

Valuation, Capital Raising, and Financial Advisory Services

ECHELON PARTNERS

EMERSON WEALTH MANAGEMENT

ECHELON provided the Management of Emerson Wealth Management, LLC with:

M&A Advisory Services

ECHELON PARTNERS

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dlk INVESTMENT MANAGEMENT LLC

ECHELON provided the Management of DLK Investment Management, LLC with:

Valuation, M&A, and Financial Advisory Services

ECHELON PARTNERS

Laserfiche®

ECHELON provided the Management of Laserfiche with:

Valuation, M&A, and Financial Advisory Services

ECHELON PARTNERS

CAPITAL INSIGHT PARTNERS

ECHELON provided the Management of Capital Insight Partners LLC with:

Valuation and Financial Advisory Services

ECHELON PARTNERS

Camelot Wealth Management

ECHELON provided the Management of Camelot Wealth Management with:

Valuation Advisory Services

ECHELON PARTNERS

FIA FIDUCIARY INVESTMENT ADVISORS

ECHELON provided the Management of Fiduciary Investment Advisors with:

Valuation Advisory Services

ECHELON PARTNERS

ALTAIR ADVISERS

ECHELON provided the Management of Altair Advisers, LLC with:

Valuation and Financial Advisory Services

ECHELON PARTNERS

WINDWARD CAPITAL MANAGEMENT CO. Risk Reverse Asset Management

ECHELON provided the Management of Windward Capital Management Co with:

Valuation and Financial Advisory Services

ECHELON PARTNERS

LF LAWING FINANCIAL® The power of the team approach

ECHELON provided the Management of Lawing Financial with:

Valuation Advisory Services

ECHELON PARTNERS

SAGE VIEW

ECHELON provided the Management of SageView Advisory Group, LLC with:

Valuation and Financial Advisory Services

ECHELON PARTNERS

SAN ANTONIO CAPITAL & TRUST COMPANY

ECHELON provided the Management of San Antonio Capital & Trust Company, LLC with:

Valuation and Financial Advisory Services

ECHELON PARTNERS

Monarch Bay Associates, LLC

ECHELON provided the Management of Monarch Bay Associates, LLC with:

Financial Advisory Services

ECHELON PARTNERS

ETF TRENDS

ECHELON provided the Management of ETF Trends with:

Financial Advisory Services

ECHELON PARTNERS

CARLSON CAPITAL MANAGEMENT

ECHELON provided the Management of Carlson Capital Management Inc with:

Valuation, M&A, and Financial Advisory Services

ECHELON PARTNERS

METIS GLOBAL PARTNERS

ECHELON provided the Management of Metis Global Partners, LLC with:

Valuation and Financial Advisory Services

ECHELON PARTNERS

London Life

ECHELON provided the Management of London Life Insurance Company with:

Financial Advisory Services

ECHELON PARTNERS

LIDO ADVISORS, Inc.

ECHELON provided the Management of Lido Advisors, Inc. with:

Valuation and M&A Advisory Services

ECHELON PARTNERS

McCUTCHEN GROUP

ECHELON provided the Management of McCutchen Group LLC with:

Valuation and Financial Advisory Services

ECHELON PARTNERS

Sample Transactions & Advisory Assignments Executed by the ECHELON Team

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

Shuster Financial, LLC
ECHELON provided the Management of Shuster Financial, LLC with:
Buy-Side, Valuation, and M&A Advisory Services
ECHELON PARTNERS

FCG Advisors LLC
ECHELON provided the Management of FCG Advisors LLC with:
M&A and Financial Advisory Services
ECHELON PARTNERS

tRx
ECHELON provided the Management of Total Rebalance Expert with:
Valuation and Financial Advisory Services
ECHELON PARTNERS

THE STERLING GROUP – Registered Investment Advisor
ECHELON provided the Management of The Sterling Group with:
M&A and Financial Advisory Services
ECHELON PARTNERS

Filbrandt & Company
ECHELON provided the Management of Filbrandt & Company, Inc. with:
Valuation and Financial Advisory Services
ECHELON PARTNERS

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

SEIA
ECHELON provided the Management of Signature Estate & Investment Advisors LLC with:
Valuation and Financial Advisory Services
ECHELON PARTNERS

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

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

TRUST COMPANY OF THE SOUTH
ECHELON provided the Management of Trust Company of the South with:
Valuation Advisory Services
ECHELON PARTNERS

S/P Strategic Partners – Investment Advisors, Inc.
ECHELON provided the Management of Strategic Partners Investment Advisors, Inc. with:
M&A and Financial Advisory Services
ECHELON PARTNERS

Phillips & Company – Wealth Strategies | Vested
ECHELON provided the Management of Phillips & Company Securities Inc. with:
Valuation and Buy-Side Advisory Services
ECHELON PARTNERS

PERIGON
ECHELON provided the Management of Perigon Wealth Management, LLC with:
Valuation and Financial Advisory Services
ECHELON PARTNERS

PARTNERVEST FINANCIAL GROUP
ECHELON provided the Management of Partnervest Financial Group, LLC with:
Valuation and Financial Advisory Services
ECHELON PARTNERS

PARTNERSINWEALTH – Your Partner for Financial Peace of Mind
ECHELON provided the Management of Partners In Wealth with:
Valuation and Financial Advisory Services
ECHELON PARTNERS

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

Independence ADVISORS, LLC
ECHELON provided the Management of Independence Advisors, LLC with:
Valuation and Financial Advisory Services
ECHELON PARTNERS

Research Methodology & Data Sources:

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

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

ECHELON PARTNERS

ECHELON PARTNERS

INVESTMENT BANKERS | MANAGEMENT CONSULTANTS | VALUATION EXPERTS

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