

WEALTHTECH

The Digitization of Wealth Management



FINANCIAL
TECHNOLOGY
PARTNERS

AUGUST 2017
FT PARTNERS FINTECH INDUSTRY RESEARCH

San Francisco • New York • London

Wealth Tech – The Digitization of Wealth Management

Table of Contents

I.	Introducing FT Partners	4
II.	Executive Summary	9
III.	Industry Overview and Market Trends	13
IV.	Industry Landscape	70
V.	CEO Interviews	74
VI.	Selected Transactions	95
VII.	Company Profiles	108
VIII.	WealthTech Public Company Comparables	149
IX.	Transaction Profiles	157
X.	Upcoming Industry Conferences	159
XI.	Overview of FT Partners	163

Click on section to jump ahead

Financial Technology Partners

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Wealth Tech – The Digitization of Wealth Management

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Table of Contents (cont.)

CEO Interviews

[Click to view](#)



Eric Poirier



James Waldinger



Clint Coghill



Olivier Dellenbach



John Wise



Basil Qunibi



Rob Foregger



Joe Duran



Company Profiles – Selected Disruptors



Company Profiles – Selected Established Players



The background features a light gray hexagonal grid. Overlaid on this grid are several white line-art icons: a document, a shopping cart, a smartphone, two speech bubbles, two people silhouettes, a pie chart, a magnifying glass over a bar chart, a globe with a magnifying glass, a laptop, and an envelope. On the right side, there is a faint, grayscale image of a hand pointing towards the center of the grid.

I. Introducing FT Partners



Introducing FT Partners – Focused Exclusively on FinTech

FINANCIAL
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Overview of FT Partners

- Financial Technology Partners ("FT Partners") was founded in 2001 and is the only investment banking firm focused exclusively on FinTech
- FT Partners regularly publishes research highlighting the most important transactions, trends and insights impacting the global Financial Technology landscape. Our unique insight into FinTech is a direct result of executing hundreds of transactions in the sector combined with over 15 years of exclusive focus on Financial Technology

FT Partners' Advisory Capabilities



FT Partners' FinTech Industry Research

FINTECH RESEARCH & INSIGHTS

- In-Depth Industry Research Reports
- Proprietary FinTech Infographics
- Monthly FinTech Market Analysis
- FinTech M&A / Financing Transaction Profiles



The Information

Named Silicon Valley's #1 FinTech Banker (2016) and ranked #2 Overall by *The Information*



Ranked #4 Most Influential Person in all of FinTech in *Institutional Investor's* "FinTech Finance 35"



Numerous Awards for Transaction Excellence including "Deal of the Decade"



Cover Photo: NicoElNino

FT PARTNERS RESEARCH

Introducing FT Partners – Focused Exclusively on FinTech

Leading Advisor in the WealthTech Sector

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M&A Transactions

Financial Technology Partners LP
FTP Securities LLC

is pleased to announce its exclusive role as advisor to

BLACKROCK

in its 100% acquisition of

FutureAdvisor

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The Only Investment Bank
Focused Exclusively on Financial Technology

Financial Technology Partners LP
FTP Securities LLC

is pleased to announce its exclusive role as sole strategic and financial advisor to

PENSIO
TRUST COMPANY

in its sale to

OpusBank
BUILD YOUR MASTERPIECE

for total consideration of

\$ 104,000,000

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is pleased to announce its exclusive role as sole strategic and financial advisor to

Alpha

in its acquisition by

CHIX EUROPE

TMX **Maple Group**

valued at approximately

\$ 175,000,000

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is pleased to announce its exclusive role as sole strategic and financial advisor to

ShareholderInSite

in its sale to

IPREO

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EISI

in its sale to

ZYWAVE

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is pleased to announce its exclusive role as sole strategic and financial advisor to

Zephyr
ASSOCIATES, INC.

in its sale to

informa

for total cash consideration of

\$ 62,000,000

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FTP Securities LLC

is pleased to announce its exclusive role as sole strategic and financial advisor to

ATD

in its sale to

citi

for cash and stock consideration of approximately

\$ 680,000,000

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FTP Securities LLC

is pleased to announce its exclusive role as sole strategic and financial advisor to

INSTINET

in the sale of its stake in

CHIX EUROPE

to

BATS

for total consideration of approximately

\$ 305,000,000

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THE MARKETS.COM

in its sale to

Capital IQ

A Division of Standard & Poor's

for total consideration of approximately

\$ 300,000,000

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Financing Transactions

Financial Technology Partners LP
FTP Securities LLC

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ADDEPAR

in its Series D financing co-led by

VALOR 8VC

Harald McPike

for total consideration of

\$ 140,000,000

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is pleased to announce its exclusive role as exclusive strategic and financial advisor to

riskalyze

in its growth equity investment led by

FTV CAPITAL

for total consideration of

\$ 20,000,000

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Financial Technology Partners LP
FTP Securities LLC

is pleased to announce its exclusive role as Capital Markets & IPO Advisor to

ENVESTNET

in its

\$69,000,000
Initial Public Offering

valuing the equity at approximately

\$ 300,000,000

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is pleased to announce its exclusive role as sole strategic and financial advisor to

alphasense

in its growth financing from

Quantum Strategic Partners

in private investment vehicle management to

Triangle Peak **TVP**

for total consideration of

\$ 33,000,000+

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INVESTEDGE

on its debt financing from

VISTARA CAPITAL PARTNERS

for total consideration of

\$ 5,000,000

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AXIAL

in its financing led by

Edison PARTNERS

for total consideration of approximately

\$ 14,000,000

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Financial Technology Partners LP
FTP Securities LLC

is pleased to announce its exclusive role as sole strategic and financial advisor to

liquidnet

in its financing for approximately

\$ 250,000,000

valued at approximately

\$ 1,800,000,000

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ITC

in its debt financing

Senior Revolving Credit Facility
Senior Term Loan

of approximately

\$ 205,000,000

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Financial Technology Partners LP
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MarketAxess

in its minority capital raise with

TCV

for approximately

\$ 35,000,000

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FT Partners has advised on some of the most prominent and groundbreaking transactions in the WealthTech sector

Introducing FT Partners – Focused Exclusively on FinTech

Selected FT Partners' WealthTech Transaction Highlights

Financial Technology Partners LP
FTP Securities LLC

is pleased to announce its
exclusive role as advisor to

ADDEPAR

in its Series D financing co-led by
VALOR 8VC
EQUITY PARTNERS

Harald McPike

for total consideration of

\$ 140,000,000

**FINANCIAL
TECHNOLOGY
PARTNERS**

The Only Investment Bank
Focused Exclusively on Financial Technology

- Addepar is a leading provider of portfolio management and reporting software and services
- The financing capitalizes on Addepar's unprecedented growth
- Addepar will use the capital to further invest in R&D, expand its platform and unlock more value for clients

Financial Technology Partners LP
FTP Securities LLC

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exclusive role as advisor to

BLACKROCK

in its 100% acquisition of

FutureAdvisor

**FINANCIAL
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PARTNERS**

The Only Investment Bank
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- BlackRock is the world's largest asset manager by assets under management ("AUM")
- FutureAdvisor is a leading digital wealth management platform (robo-advisor)
- The transaction enables BlackRock to provide a B2B digital advice platform, improving client experiences and growing advisory assets

Financial Technology Partners LP
FTP Securities LLC

is pleased to announce its exclusive role as
sole strategic and financial advisor to

PENSCO
TRUST COMPANY

in its sale to

OpusBank
BUILD YOUR MASTERPIECE®

for total consideration of

\$ 104,000,000

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PARTNERS**

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- PENSCO is a leading custodian of self-directed IRA and alternative investments
- The acquisition of Opus at the forefront of the alternative asset wealth services business

Financial Technology Partners LP
FTP Securities LLC

is pleased to announce its role as exclusive
strategic and financial advisor to

riskalyze

in its growth equity investment led by

FTV CAPITAL

for total consideration of

\$ 20,000,000

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PARTNERS**

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- Riskalyze invented the Risk Number®, an engine behind the world's first Risk Alignment Platform that enables advisors to execute a digital advice business model
- The financing emphasizes Riskalyze's strong growth and traction, reflecting advisors' need for quantified risk alignment

Introducing FT Partners – Focused Exclusively on FinTech

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PARTNERS

Selected FT Partners' WealthTech Transaction Highlights

Financial Technology Partners LP
FTP Securities LLC

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INVESTEDGE

on its debt financing from

VISTARA
CAPITAL PARTNERS

for total consideration of

\$ 5,000,000



*The Only Investment Bank
Focused Exclusively on Financial Technology*

Financial Technology Partners LP
FTP Securities LLC

*is pleased to announce its exclusive role as
Capital Markets & IPO Advisor to*

ENVESTNET

in its

\$69,000,000

Initial Public Offering

valuing the equity at approximately

\$ 300,000,000



*The Only Investment Bank
Focused Exclusively on Financial Technology*

Financial Technology Partners LP
FTP Securities LLC

*is pleased to announce its exclusive role as
sole strategic and financial advisor to*

AXIAL

in its financing led by

Edison

PARTNERS

for total consideration of approximately

\$ 14,000,000



*The Only Investment Bank
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Financial Technology Partners LP
FTP Securities LLC

*is pleased to announce its role as exclusive
strategic and financial advisor to*

EISI

in its sale to

ZYWAVE



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- InvestEdge is a leading provider of wealth management solutions to banks, trust companies, RIAs, brokerages and financial advisors
- The financing will support InvestEdge's rapid growth and enhance its core offerings to financial advisors
- Envestnet offers a comprehensive suite of wealth management solutions
- The IPO enhances Envestnet's growth and ability to serve financial advisors
- The transaction represents one of several successful public offerings in the wealth management space
- Axial operates the largest online private capital marketplace, enabling private companies to grow and succeed
- The transaction positioned Axial to capitalize on its strong traction within the private capital market space and bring the much-needed efficiency to the industry
- EISI (now known as Advicent) provides needs-assessment and financial planning tools under its NaviPlan and Profiles software
- The transaction combined Zywave's leading SaaS solutions with EISI's market leadership
- The Company has since been divested from Zywave and has rebranded as Advicent

The background features a light gray hexagonal grid. Overlaid on this grid are several white icons: a document, a shopping cart, a smartphone, two speech bubbles, two people silhouettes, a pie chart, a magnifying glass over a bar chart, a globe with a magnifying glass, a laptop, and an envelope. On the right side, there is a faint, grayscale image of a hand pointing towards the center of the grid.

II. Executive Summary



Overview of the Report

The traditional investment management and registered investment advisor (“RIA”) industries are under threat from numerous pressures including:

- ➡ The rise of robo-advisors and other online investment management alternatives
- ➡ The shift from active to passive investment strategies
- ➡ The search for greater returns via alternative investments
- ➡ The potential impact either directly or indirectly from the new Department of Labor (“DOL”) fiduciary standard rules
- ➡ An aging advisor and customer base against the backdrop of tech-savvy millennials

Though firms across the industry recognize the need to respond, technology-driven innovation is not a core expertise of most RIAs and investment managers. Consequently, we see a groundswell of FinTech companies targeting these traditional industries, bringing greater digital capabilities and helping firms enhance their distribution capabilities and underlying operations on an outsourced basis. Collectively, we label this segment of FinTech as **WealthTech**.

As the investment management and RIA industries evolve, we expect to see increasing partnerships between WealthTech companies and traditional firms, along with heightened capital raising and M&A activity in and among FinTech players in the space.

Overview of the Report

This report includes...

- A high-level overview of the traditional RIA / investment management industry
- An examination of the trends and tailwinds driving the increased importance of WealthTech
- A broad landscape of the WealthTech industry and discussion of various trends and topics including:



- Interviews with key WealthTech executives who are driving innovation across the industry
- A comprehensive list of transactions and market activity happening in the space along with in-depth summaries of key transactions
- Profiles of disruptive and established companies within the WealthTech landscape
- Comparable public company valuation metrics

Defining WealthTech

WealthTech is a segment within FinTech that focuses on **improving wealth management and investing**. By targeting inefficiencies in the wealth management value chain, WealthTech companies are seeking to transform the industry. Benefits include more efficient workflows, more optimal portfolio management, increased access to assets, improved client experiences and greater transparency. Essentially, any technology that supports financial advisors – whether it's technology developed in-house or technology that is outsourced – falls within the broad definition of WealthTech.





III. Industry Overview & Market Trends





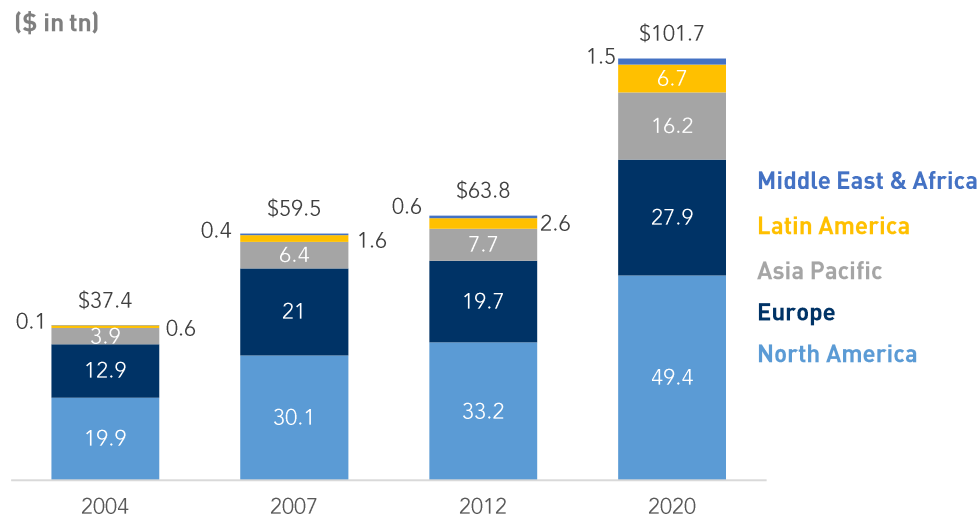
III. Industry Overview & Market Trends

i. Industry Background

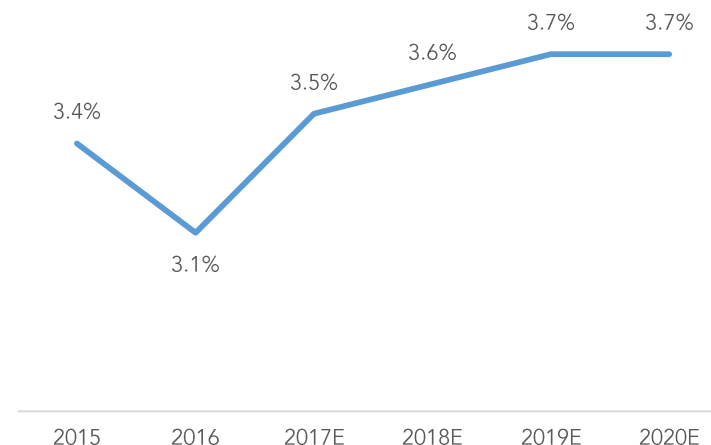
Global Asset Management Statistics

After suffering through the global recession of 2008-2009, the asset management industry has recovered and is growing. **By 2020, global AUM is expected to reach \$101.7 trillion**, growing at a compound annual growth rate (CAGR) of almost 6%. ⁽¹⁾ This **gigantic market** presents numerous opportunities for both incumbents and disruptors to grow and capture market share.

Global AUM by Region ⁽¹⁾



Global Real GDP Growth ⁽²⁾



Global Economic Outlook

The global economy appears to be strengthening in 2017 – under the new administration, the U.S. may see accelerated economic growth; Europe and China are experiencing steady, albeit slowing, growth; Japan's economy and fiscal policies are finally stabilizing...

but...

Global economies face several risks, such as the rise of political **populism, anti-free-trade sentiments**, political **uncertainty** and increasing **global debt**.

(1) PwC, Asset Management 2020 A Brave New World

(2) International Monetary Fund

WealthTech – Industry Overview & Market Trends

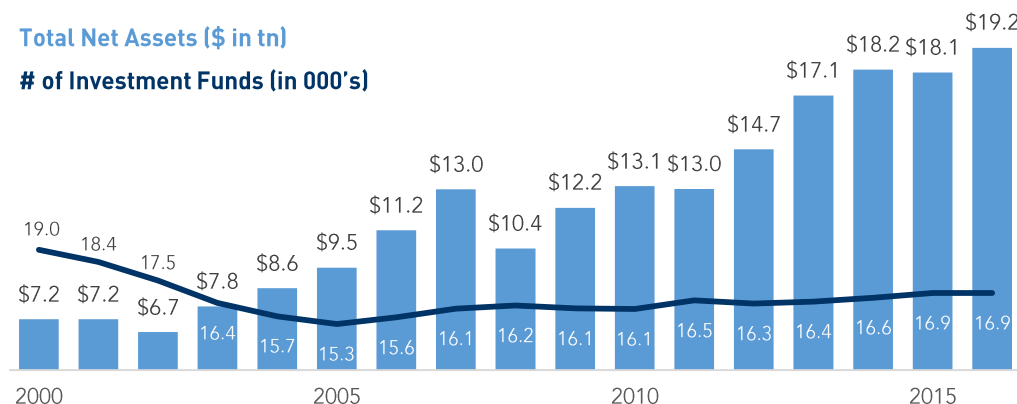
U.S. Investment Management Statistics

Registered investment companies – which include open-end mutual funds, closed-end funds, exchange-traded funds and unit investment trusts* – represent the **largest segment within the U.S. asset management industry**. Through their funds, registered investment companies manage assets for over 90 million American retail investors. This industry has broadly experienced strong growth due to various factors including **rising household wealth**, an **aging American population** and the evolution of **employer-based retirement options**.⁽¹⁾

U.S. Investment Funds and Total Net Assets⁽¹⁾

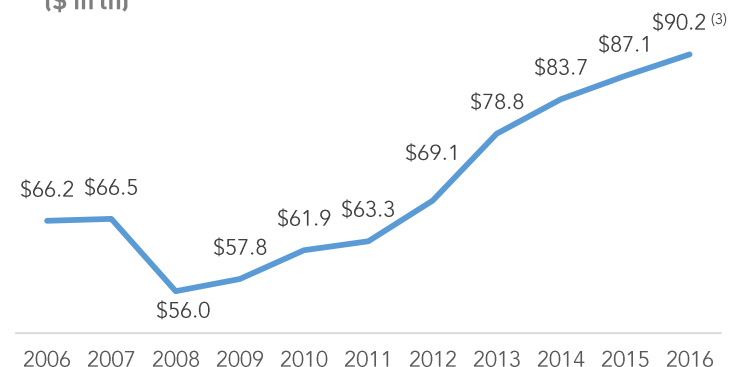
Total Net Assets (\$ in tn)

of Investment Funds (in 000's)



U.S. Household Net Worth⁽²⁾

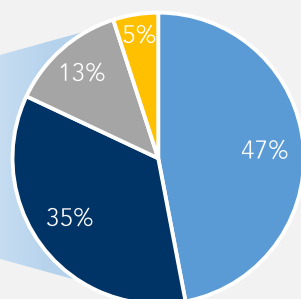
(\$ in tn)



Distribution of Global Assets in Open-End Funds^{(1) *}

\$40.4 tn

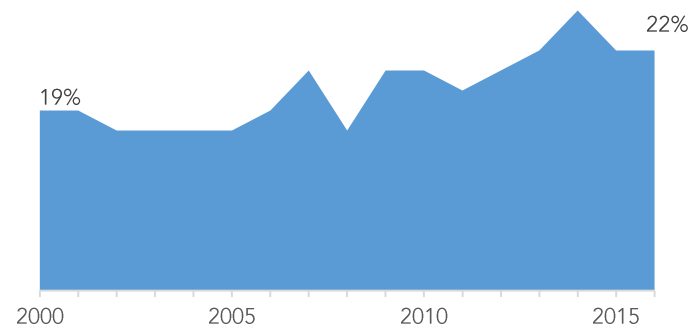
Total global assets in open-end funds



United States
Europe
Asia Pacific & Africa
Other Americas

\$18.9 tn in assets are in the United States, comprising **almost half of the global market** for open-end funds

Share of U.S. Household Financial Assets in Investment Funds⁽¹⁾



(1) ICI Investment Fact Book 2017

(2) Federal Reserve Statistical Release, Third Quarter 2016

(3) 2016 numbers as of Q3

* Open-end funds, unlike closed-end funds, do not restrict the number of shares issued and these shares are redeemable. Unit investment trusts issue a fixed number of redeemable shares, with a preset investment termination date.

Wirehouse Statistics

Wirehouses, originally named because of the communication systems they utilized, now typically refer to **full-service brokerages** that offer investment advice, trading services and research all under one roof. While still holding a substantial share of the market, wirehouses are facing **increased competition from registered investment advisors**.

Selected Large Wirehouses

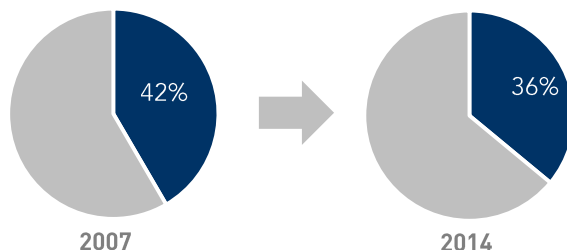


*"There's a consistent stream every month of **advisors leaving the wirehouses** and going to several different models. How many independent advisors do you ever see going back into the wirehouses? The confidence level inside the community that's looking to make a change is significantly higher today than it's ever been. Breaking away and setting up your own RIA is no big deal."* ⁽¹⁾

Elliot Weissbluth
CEO



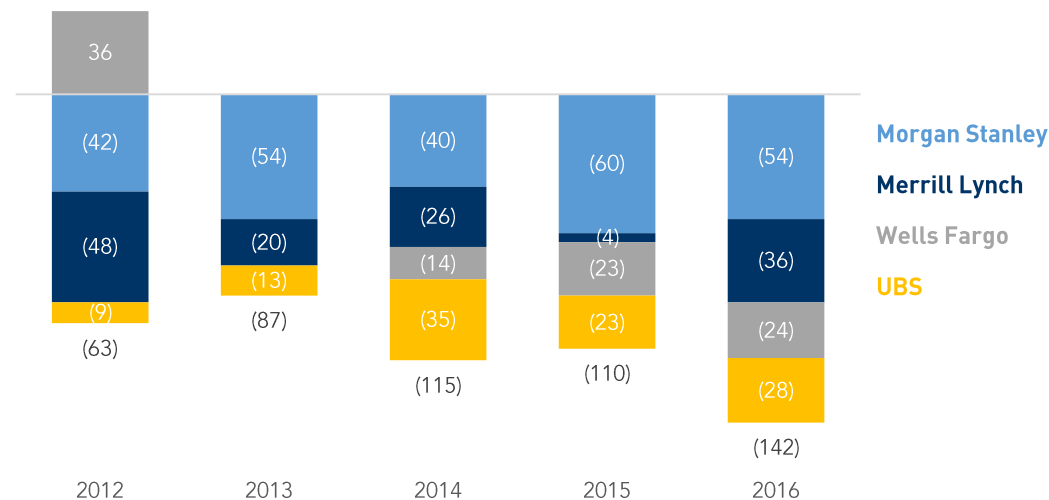
Wirehouse Market Share of AUM ⁽¹⁾



RIA vs Wirehouse Growth ⁽³⁾

40% RIA asset growth since 2005 **vs.** **5%** Wirehouse asset growth since 2005

Net Number of Advisors Joining or (Leaving) Selected Wirehouses ⁽²⁾



(1) WealthManagement.com, "No slowing RIA growth"

(2) InvestmentNews.com, Advisors on the Move

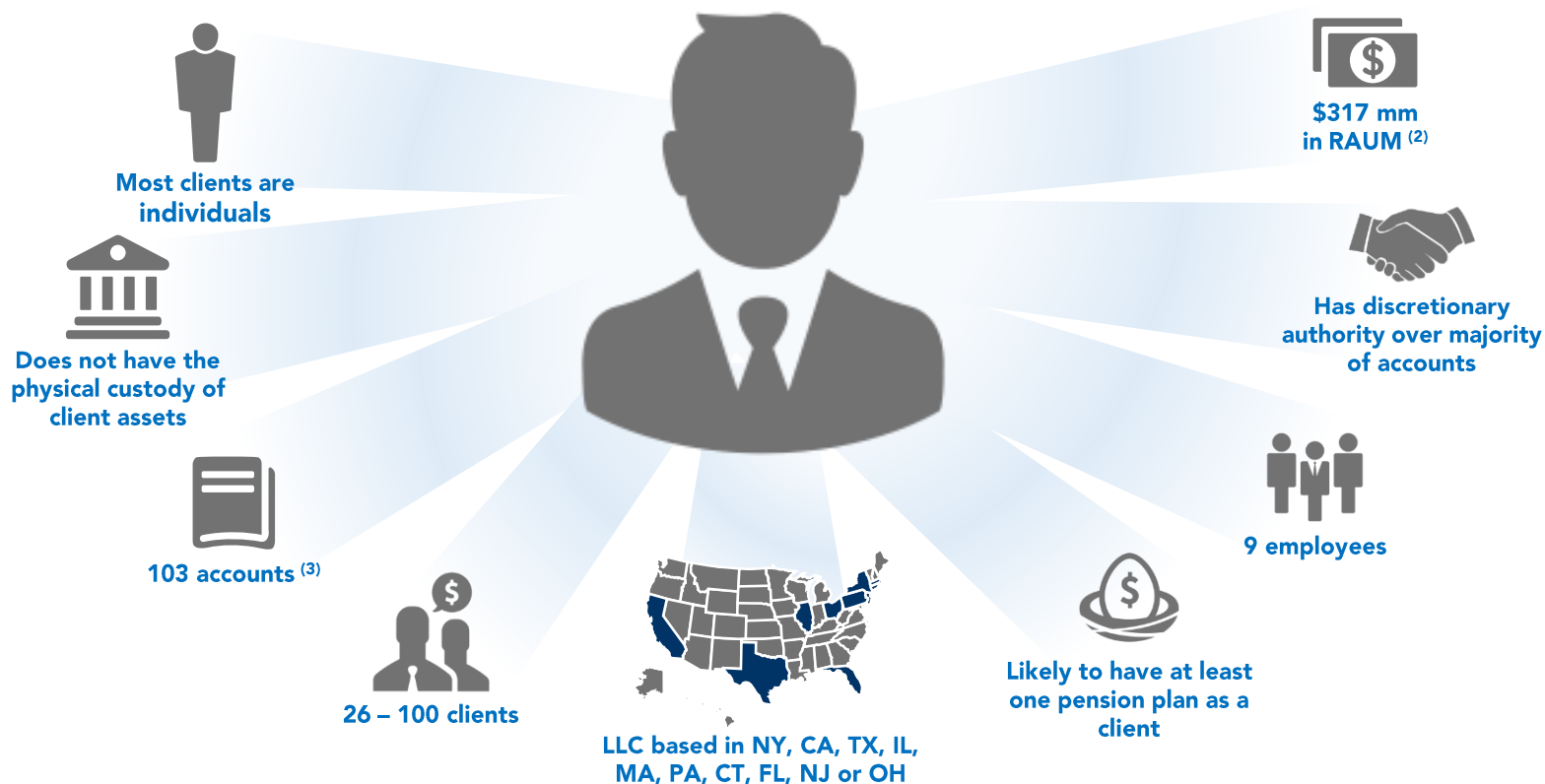
(3) TD Ameritrade, "There's a reason why the RIA model is the fastest growing channel."

Registered Investment Advisors

A **registered investment advisor** ("RIA"), defined by the Investment Advisors Act of 1940, is "any person who, for compensation, engages in the business of advising others, either directly or through publications or writings, as to the value of securities or as to the advisability of investing in, purchasing or selling securities."

RIAs are either registered with the SEC or state securities regulators, and have **fiduciary duties to their clients** – they must always act in the clients' best interest and provide suitable investment advice.

The "Typical" Profile of an SEC-Registered Investment Advisor ⁽¹⁾



(1) IAA, 2016 Evolution Revolution (numbers reflect median values)

(2) RAUM (Regulatory Assets Under Management) represents a manager's gross assets under management without deducting offsetting liabilities, rather than net assets under management (AUM)

(3) A client can have more than one account

WealthTech – Industry Overview & Market Trends

Registered Investment Advisors (cont.)

Registered investment advisors continue to experience **strong growth**, seeing an increase in the number of advisors, clients and assets under management.

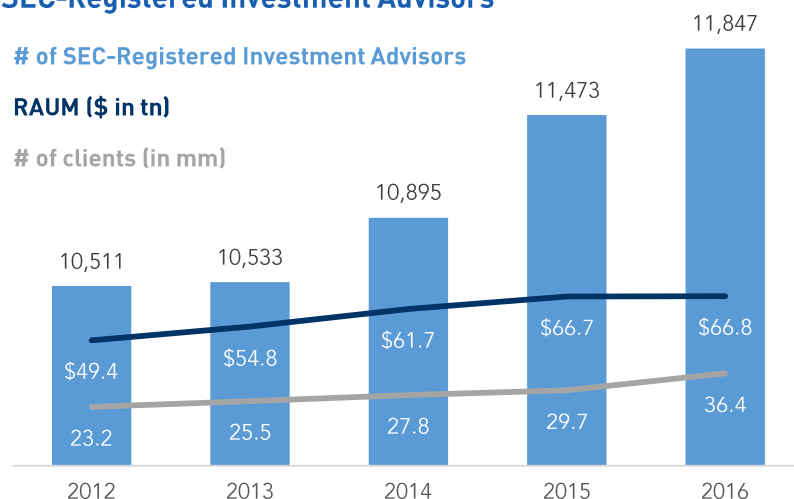
Independent RIAs alone had 13.7% market share in 2013, and in 2015, along with **dually registered firms** (firms registered both as an investment advisor and a broker-dealer), had a combined market share of 23%. **Cerulli Associates estimates this combined market share will rise to 28% by 2018.** ⁽²⁾

SEC-Registered Investment Advisors ⁽¹⁾

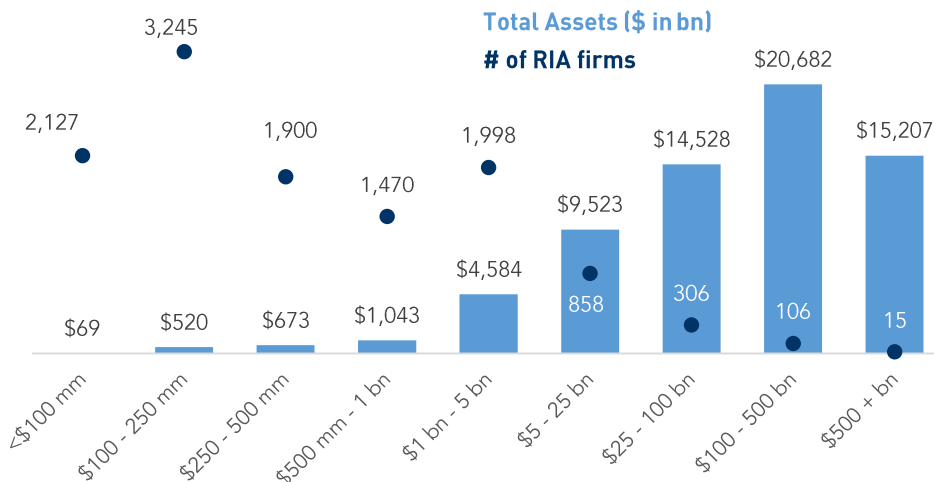
of SEC-Registered Investment Advisors

RAUM (\$ in tn)

of clients (in mm)



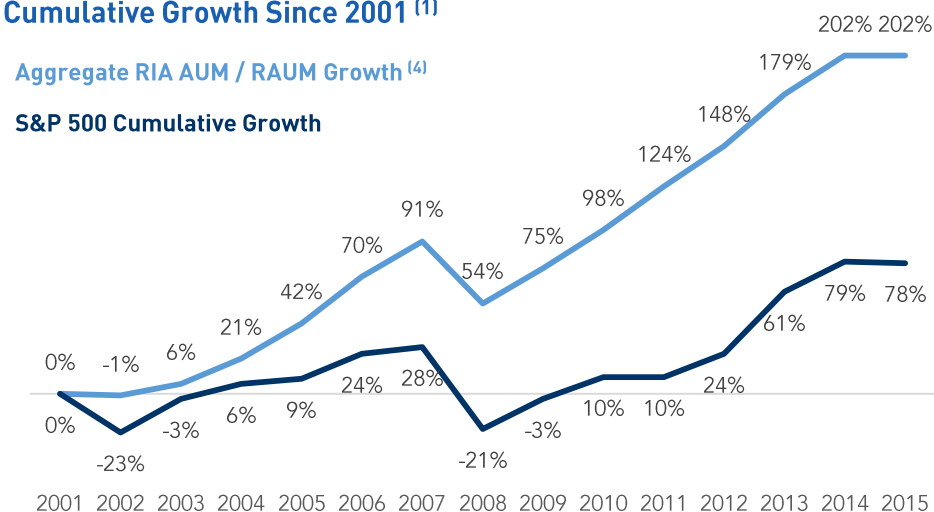
RIA Firms by AUM Range ⁽³⁾



Cumulative Growth Since 2001 ⁽¹⁾

Aggregate RIA AUM / RAUM Growth ⁽⁴⁾

S&P 500 Cumulative Growth



(1) IAA, 2016 Evolution Revolution

(2) WealthManagement.com, "No slowing RIA growth"

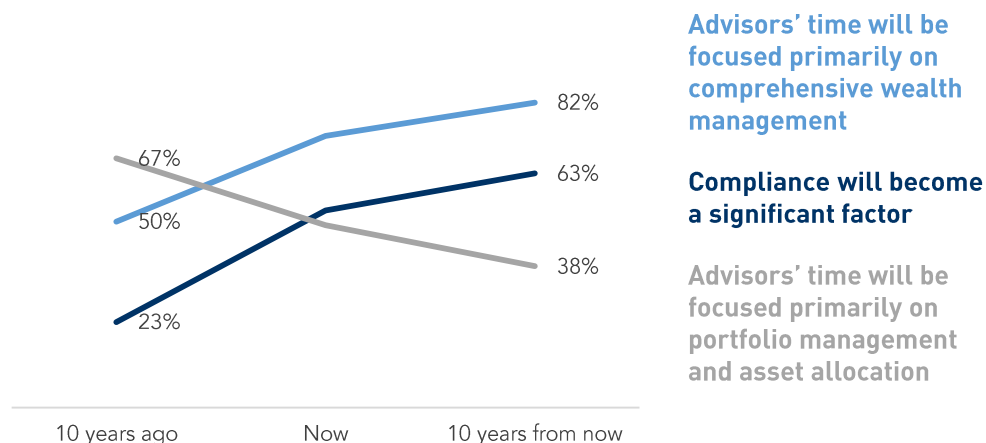
(3) RIA in a Box, "Overview of SEC RIA Examination Statistics and Findings"

(4) In March 2012, the SEC introduced RAUM, a new metric on Form ADV

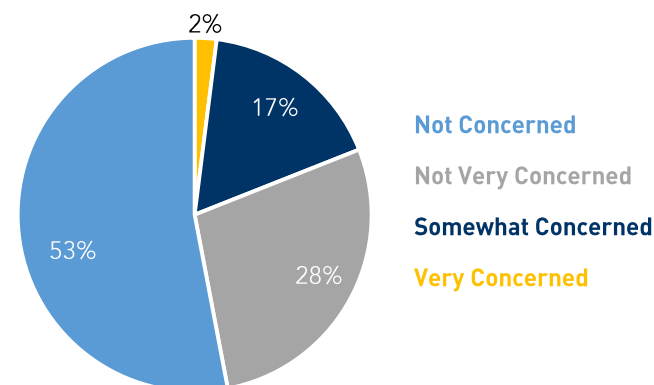
Registered Investment Advisors (cont.)

Financial advisors are redirecting their time and energy to provide more **holistic services** in a more **fiduciary capacity**, as opposed to trying to generate alpha (a.k.a. outperformance) and conducting asset allocation. Advisors are **less concerned about selling products** and **more concerned about building relationships with clients**. ⁽¹⁾

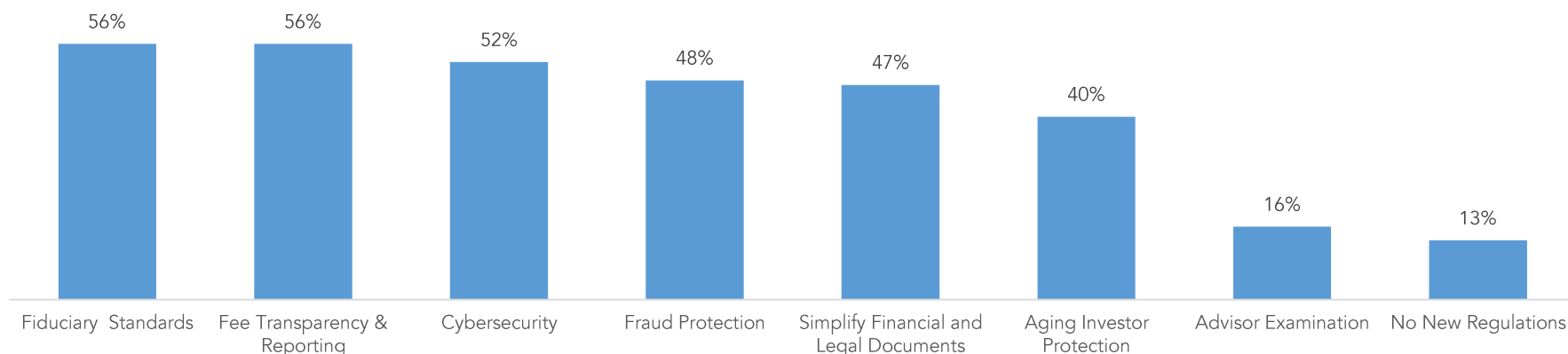
Expectations of RIA Business Practices ⁽²⁾



Advisors Concerned with Robo-Advisors ⁽³⁾



% of Advisors that believe new regulation will improve the industry ⁽²⁾



(1) SEI, *The Why and How of Switching to a Fee-based practice*, May 2016

(2) Charles Schwab, *Independent Advisor Outlook study wave 20*, October 2016

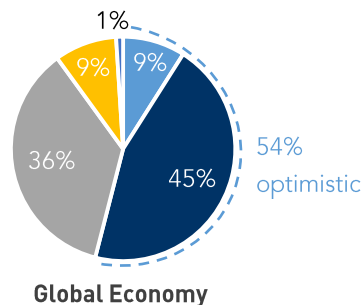
(3) TD Ameritrade Institutional RIA Sentiment Survey, January 2017, note that advisors could choose more than one answer

WealthTech – Industry Overview & Market Trends

Registered Investment Advisors (cont.)

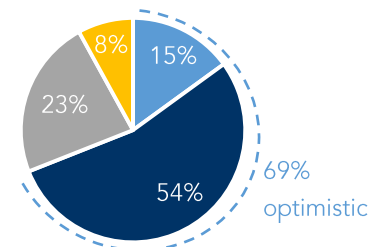
According to TD Ameritrade's Institutional RIA Sentiment Survey, while the **economic outlook among RIAs is optimistic for 2017**, there are several factors advisors are concerned with.

Economic Outlook for 2017



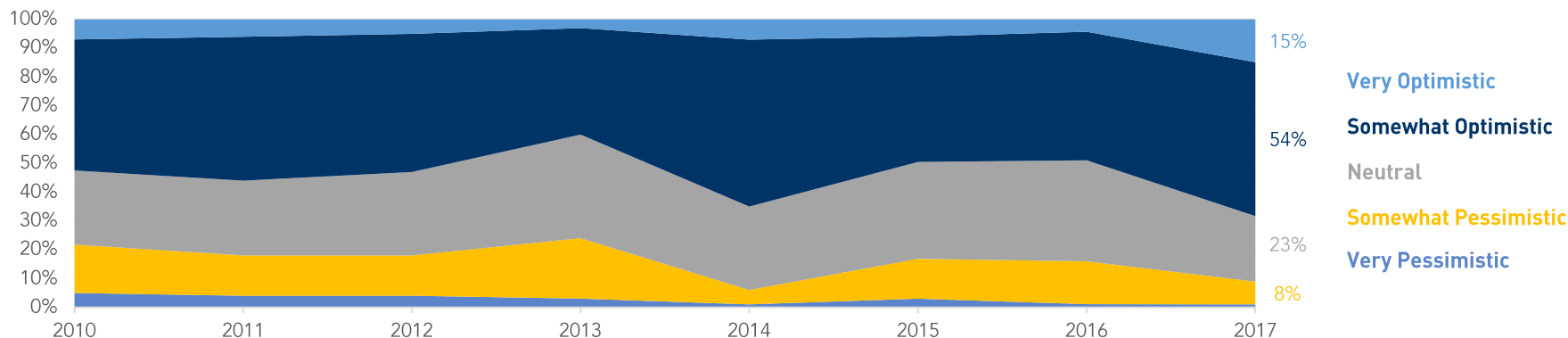
Global Economy

Very Optimistic
Somewhat Optimistic
Neutral
Somewhat Pessimistic
Very Pessimistic

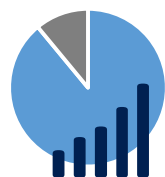


U.S. Economy

Historical U.S. Economic Outlook Among RIAs



Factors Advisors Are Concerned With In 2017



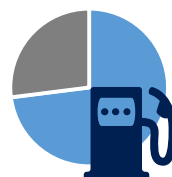
Rate Increase
89%



Corporate Earnings
88%



New Administration
83%



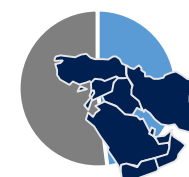
Oil / Gas Prices
73%



Unemployment
60%



China Slowdown
60%



Middle East Conflict
48%

WealthTech – Industry Overview & Market Trends

Registered Investment Advisors (cont.)

\$13.3 bn

AUM with top advisors who went independent in 2016 ⁽¹⁾

The industry is seeing an exodus of advisors leave the traditional wirehouses to go to the independent RIA channel. Incentives behind the move include more regulatory freedom, better payouts and more autonomy. The **shift to independence**, however, is not without its challenges, as the advisors are now responsible for their technology, compliance, rent, payroll and other associated costs. ⁽²⁾

"Wirehouses used to have a lock on the platforms, the technology and the systems, but all those things have become commodities. Most RIAs are not capital intensive to set up, and it's so much easier than it used to be." ⁽¹⁾



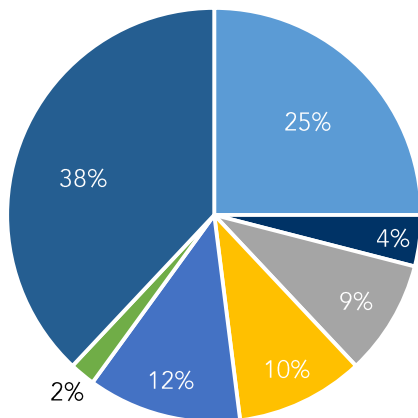
Jim Gold
President

"The opportunity to grow our own business, to have more control over our own resources, both our financial resources, our human capital, our focus to truly own [the business] is very exciting to [our team]." ⁽²⁾

Margaret Dechant
CEO, Partner, Wealth Advisor



Firm-Type that Wirehouse Advisors Want to Switch To ⁽⁴⁾



Another wirehouse

Regional

IBD

RIA

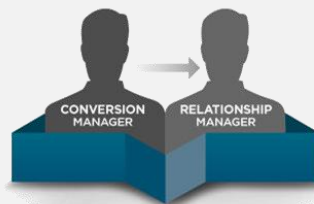
Dually registered

Bank

Not switching / quitting

Case Study: Trust Company of America ⁽³⁾

Trust Company of America is the only independent RIA custodian offering fully integrated real-time technology, consultative services and back office support built exclusively for RIAs.



- Dedicated Conversion Manager to ensure a smooth transition
- Once converted, a personal Relationship Manager takes over, acting as an advocate for RIAs

"We specialize in helping breakaway brokers and advisors wanting to make a change. With Trust Company of America, it's never been easier to go independent, join an existing firm or sell your practice. Let us help you determine which path is right for you and give you all the support tools you need to take the next step."

(1) FinancialPlanning.com, "Mega breakaways: largest teams to go indie in 2016"

(2) FinancialPlanning.com, "Is the transition to independence worth it?"

(3) Company website

(4) FinancialPlanning.com, "Why more advisors are choosing the RIA route"

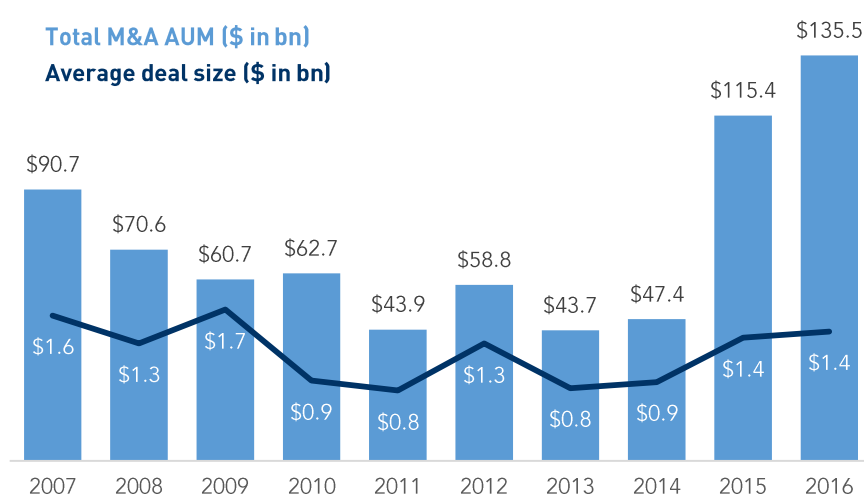
Registered Investment Advisors (cont.)

Along with the move towards independence, the RIA space is seeing increased levels of **consolidation** and **M&A activity**. Key reasons cited as drivers for consolidation include an aging advisor community, technological challenges and regulatory actions - including the controversial DOL fiduciary rule (discussed in detail [here](#)). ⁽¹⁾

RIA M&A Transactions ⁽²⁾



RIA M&A AUM ⁽²⁾

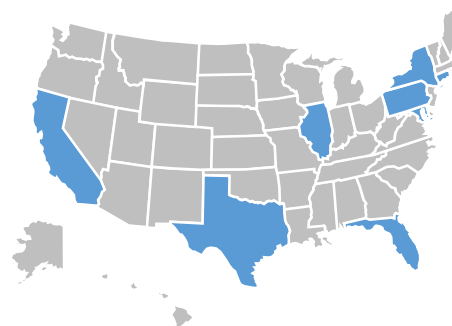


"There's been an evolution in how [RIAs] are approaching mergers and acquisitions, and they've become more selective in the kind of firms they want to buy...It's not about just assembling disparate parts, but how you thread together acquisitions for maximum scale and efficiency." ⁽³⁾



David Canter
Executive Vice President, Head of RIA Segment

M&A Geographic Distribution ⁽⁴⁾



Over half of the M&A transactions were located in the highlighted states:
CA, TX, FL, IL, PA, NY, MD, CT.

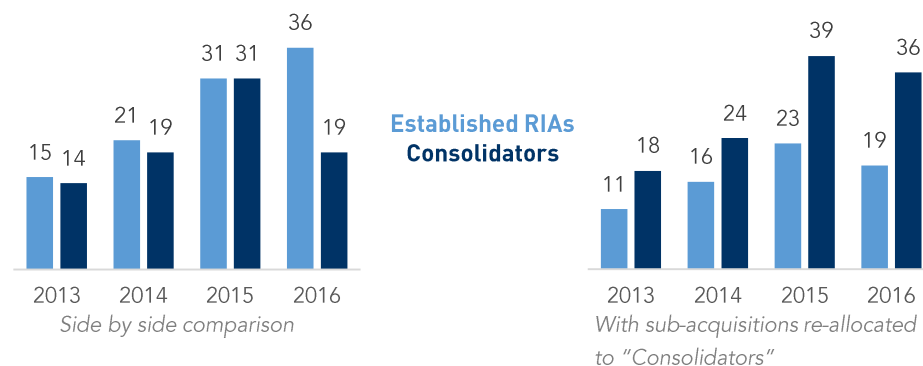
(1) InvestmentNews.com, "RIAs merging at a record clip"
(2) Charles Schwab, 2016 Independent Advisor Industry Transactions
(3) FinancialPlanning.com, "How the big time M&A game is changing"

(4) Fidelity, Wealth Management M&A Transaction Report 2016

Registered Investment Advisors (cont.)

Within the industry consolidation, **sub-acquisitions**, defined as an affiliate making an acquisition, **drove a significant portion of deals**. These affiliate RIAs (the acquirers) utilized their parent company's resources and expertise to pursue inorganic growth opportunities that they were not able to do when they were independent. This strategy has allowed parent companies to "accelerate growth while engaging a segment of the market that otherwise would not have been an efficient use of time." ⁽¹⁾

Acquisitions By Established RIAs vs. Consolidators⁽¹⁾

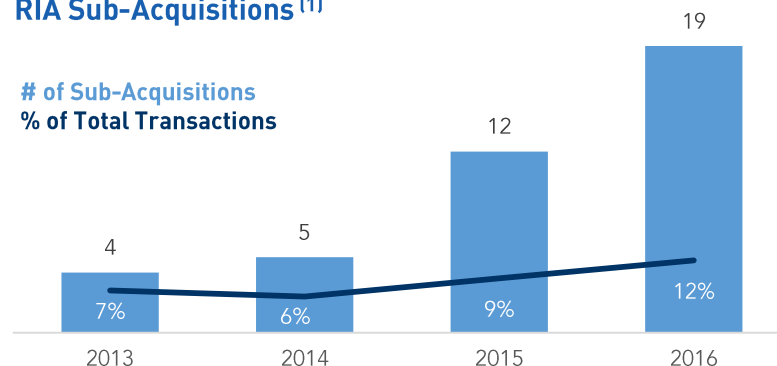


RIA acquirers are now focused on using M&A to achieve various strategies such as **talent attraction, scale, advisor productivity** and **growth**, rather than AUM "roll-up," which was a primary M&A objective in the past. ⁽³⁾



RIA Sub-Acquisitions ⁽¹⁾

of Sub-Acquisitions
% of Total Transactions



"Strategic transactions have been an important part of our growth. Each has been a means to add substantial talent to complement our team. We see these deals as an efficient means to hire people with new expertise, new skills and new ideas. They also have enabled us to penetrate new geographic areas, as well as new client segments, including institutions, professional athletes and family-office clients." ⁽²⁾

Michael Nathanson
Chairman, CEO, President



When identifying potential targets, RIA acquirers often focus on three main goals: **geographic expansion, next-generation talent** and **increased density** within existing markets. ⁽³⁾

(1) DeVoe & Co, 4th Quarter 2016 RIA Deal Book
(2) FinancialPlanning.com, "A new driving force in RIA M&A"
(3) Fidelity, Wealth Management M&A Transaction Report 2016

Registered Investment Advisors (cont.)

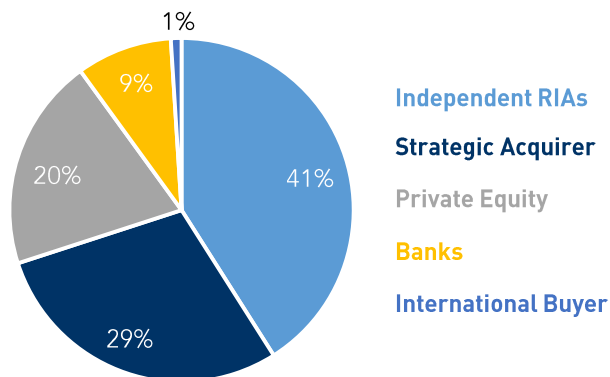
RIAs and independent advisory firms have not only been attracting attention from other larger RIA “sub-acquirers,” but also the attention of other financial institutions such as banks, credit unions and also private equity firms. These other types of buyers are looking to **enhance their wealth management offerings** as well as **diversify their revenue streams.** ⁽¹⁾

“[The acquisitions allow banks to] buy a book of business that really does exist outside of the bank’s current assets.” ⁽¹⁾



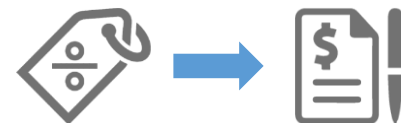
Tim Kehrer
Senior Research Analyst

Buyer Type ⁽²⁾



“The level of M&A activity is the reflection of the success the overall industry is having. It’s another proof point on the health and success of its business model.” ⁽³⁾

Jonathan Beatty
SVP



As banks and other financial institutions are typically skewed towards commission-based compensation structures, acquiring RIAs, who are usually more fee-based, can “help [these institutions] jumpstart that **transition away from transaction to advisory,**” in anticipation of the fiduciary rule. ⁽¹⁾

Case Study: Northstar Financial ⁽⁴⁾

In February 2015, TA Associates acquired a majority stake in NorthStar



This acquisition was intended to allow NorthStar to leverage TA Associates’ experience and resources to...

- Accelerate their organic growth
- Expand their support for financial advisors
- Explore strategic acquisitions to build long-term value

“NorthStar’s compelling business model adds value for its clients, resulting in an excellent record of growth.”

M. Roy Burns
Managing Director



⁽¹⁾ FinancialPlanning.com, “Banks, credit unions queue up for acquisitions of advisory practices, RIAs”

⁽²⁾ Schwab Advisor Services, 2016 Independent Advisor Industry Transactions

⁽³⁾ InvestmentNews.com, “Private-Equity firms ramp up M&A in RIA industry”

⁽⁴⁾ Business Wire, “TA Associates to Acquire Majority Interest in NorthStar”

WealthTech – Industry Overview & Market Trends

Registered Investment Advisors (cont.)

Various RIA platform providers – firms that seek to partner with and empower advisors – are taking different routes to grow their business and differentiate themselves from the competition.



Dynasty Financial Partners announced it will **purchase anywhere from 5% - 10% of an RIAs' revenue**, giving advisors a way to monetize equity and access liquidity.

5 – 6x

Revenue multiple that
Dynasty will pay

3 Years

Before RIAs can buy back
the revenue share

"We're not getting in the business of buying RIAs. There's no management oversight. We want to give firms a first bite of the apple of monetization."

Shirl Penney
Chief Executive Officer



Focus Financial Partners announced it is being **acquired** by **STONE POINT CAPITAL** and **KKR**, valuing the company at approximately **\$2 bn**. This recapitalization and liquidity event positions the company to leverage the private equity firms' global networks and resources.

"Stone Point and KKR are highly regarded investors who support entrepreneurs in the financial services industry. A key reason for our partnership is the vision we share for continued growth."

Rudy Adolf
Founder, Chief Executive Officer



45

Partner firms

\$400 mm

Estimated revenue

~30%

CAGR since Focus'
last liquidity event
4 years ago



HighTower announced it's **acquiring** **WEALTHTRUST**, an aggregation of twelve wealth management firms across the country.

\$6.4 bn

Additional client assets
from WealthTrust



\$46 bn

HighTower's total
client assets

"This is a transformational transaction for HighTower. Ten years ago we founded this company upon our core belief that the fiduciary approach is the best for clients – and the best for business."

Elliot Weissbluth
Chief Executive Officer



(1) FinancialPlanning.com, "Dynasty ups the ante in fierce competition to partner with RIAs"

(2) FinancialPlanning.com, "Focus Financial's home run: Aggregator PE deal worth \$2B"

(3) PR Newswire, "HighTower to acquire WealthTrust from Lee Equity Partners, adding \$6.4 bn in client assets"

Registered Investment Advisors (cont.)

Several factors are putting **downward pressure on advisors' fees** including the generational wealth transfer, the increased adoption rates of technology, the rise of robo-advisors and the DOL rule (discussed in detail [here](#)). These pressures are driving many advisors to rethink their fees with the goal of achieving a lower, simpler and more transparent pricing structure.



While **53%** of advisors say their clients fully understand the fees and commissions they are paying...



Only **33%** of investors would agree ⁽¹⁾

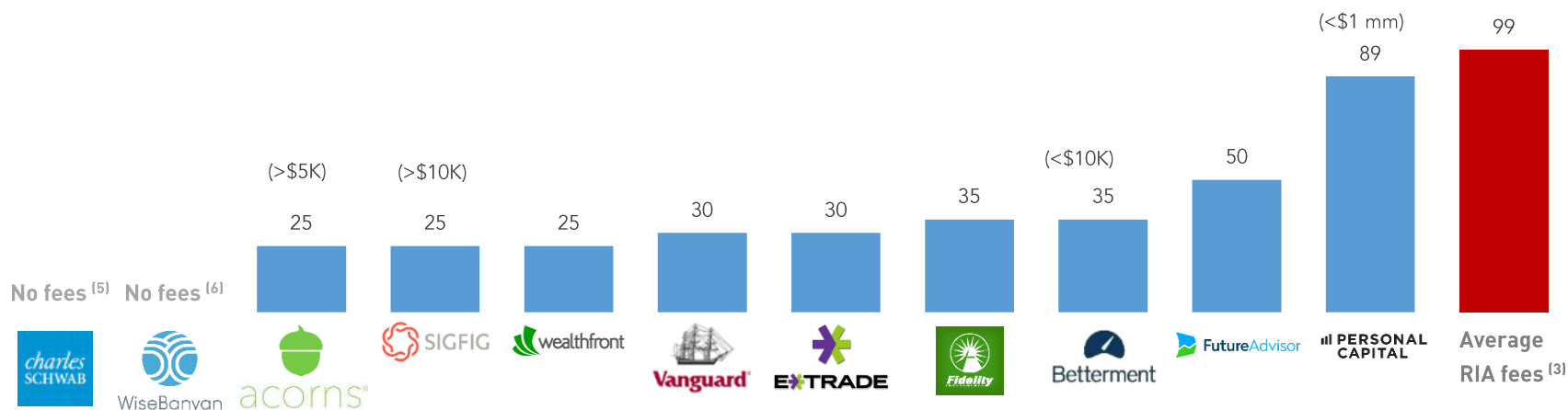
"Many firms do not appear to be changing their approach to pricing, potentially hindering their ability to grow in the years to come. We're seeing a collision of changing investor preferences, technologies and regulations in the wealth management industry that will require advisors to consider fresh pricing formulas to remain competitive. By adopting technology and deploying the science of segmentation, advisors may be able to adjust their pricing while also increasing their ability to serve a broader group of clients." ⁽⁴⁾

David Canter

Executive Vice President, Head of RIA Segment



Robo-advisor Fees (in bps) ⁽²⁾



(1) Fidelity RIA Pricing Study

(2) Company websites

(3) RIA in a Box, 2016 RIA Industry Study

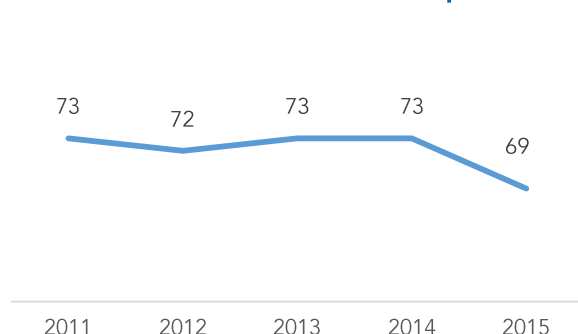
(4) RIABiz.com, "Fidelity warns on the fees RIAs charge"

(5) Schwab earns revenue through managing Schwab ETFs and providing services to 3rd party ETFs available for selection for portfolios

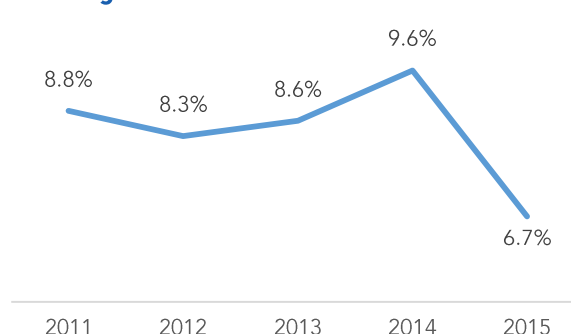
(6) WiseBanyan charges fees and commissions for "a la carte" additional products and services

Registered Investment Advisors (cont.)

RIAs' Median Revenue Yield (in bps) ^{(1) (2)}



RIA Organic AUM Growth ⁽¹⁾



73%

of high earning millennials agree with the statement, "I would be more likely to work with a financial advisor **if fees were lower.**" ⁽¹⁾

Due to price compression and slowing organic AUM growth, advisors must find alternative revenue streams or other products to compensate for this price pressure. In response, **companies are empowering advisors to enhance their client relationships and serve them in more comprehensive ways.**

Case Study: Covr ⁽³⁾

Covr integrates insurance into financial planning to solve distribution challenges the insurance industry has historically faced. Through its online platform, Covr provides an efficient way for advisors and financial institutions to serve the mass market and diversify their product offerings.



(1) Fidelity RIA Pricing Study

(2) Revenue yield is fee-based revenue divided by average fee-based AUM

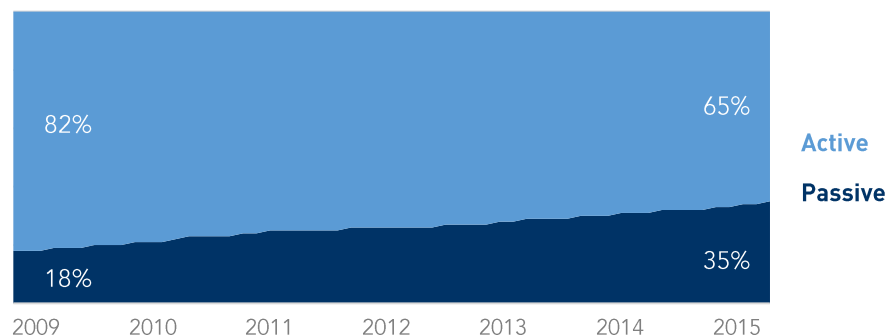
(3) Company website

WealthTech – Industry Overview & Market Trends

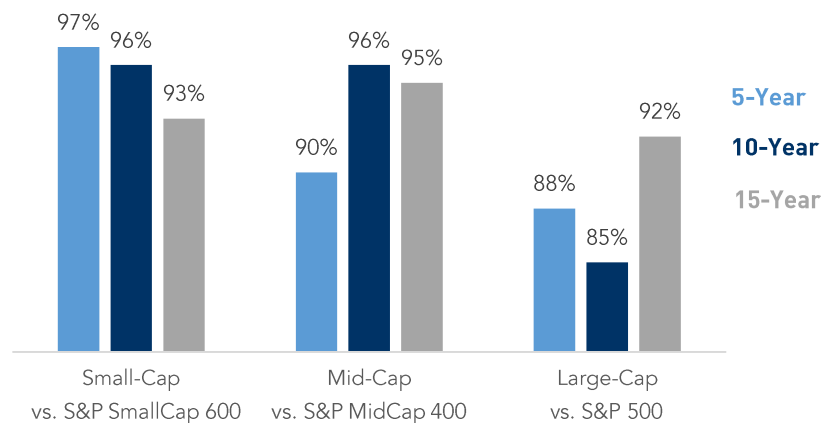
The Shift from Active to Passive Investments

There has been a **steady rise in passive investing** as fewer active managers are beating their benchmark indices and some investors can no longer justify paying active management premiums without being properly rewarded. ⁽¹⁾

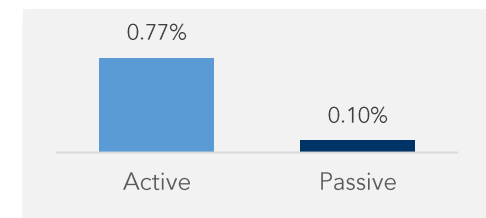
Active vs. Passive Funds Assets Breakdown ⁽²⁾



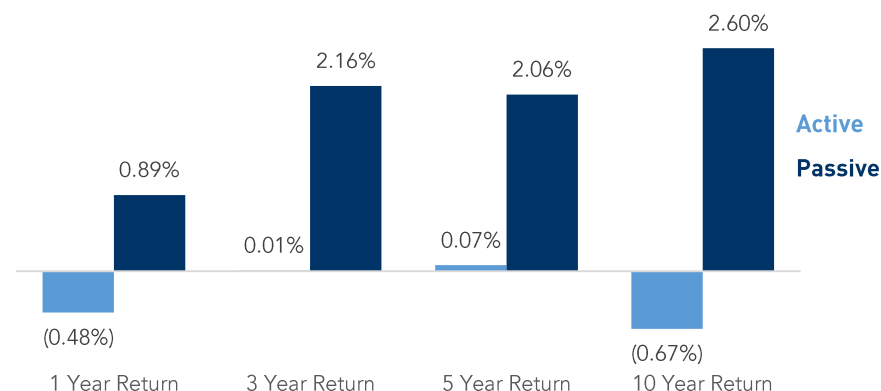
Percentage of U.S. Equity Funds Outperformed by Benchmark ⁽³⁾



Average Annual Fees for U.S. Stock Mutual Funds ⁽¹⁾



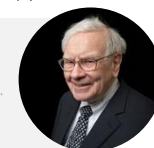
Return Gaps between Passive and Active Funds ⁽⁴⁾



"When trillions of dollars are managed by Wall Streeters charging high fees, it will usually be the managers who reap outsized profits, not the clients. Both large and small investors should stick with low-cost index funds." ⁽⁵⁾

Warren Buffet
Chairman

BERKSHIRE HATHAWAY INC.



(1) WSJ, "The dying business of picking stocks"
(2) Bloomberg, "These charts show the astounding rise in passive management"
(3) WSJ, "Indexes Beat Stock Pickers Even Over 15 Years"

(4) Morningstar, "Mind the Gap: Active vs. Passive Edition 2017"
(5) Berkshire Hathaway, Annual Letter to Shareholders 2016

The Shift from Active to Passive Investments (cont.)

Champions of passive investing have cited **superior long-term performance**, **lower fees** and **simplicity** as benefits of index investing. These benefits have widely been acknowledged by investors, as there has been a significant migration of assets into passively managed funds. ⁽¹⁾

*"It seems to me – particularly for these retirement-plan investors, the vast majority of whom are not particularly financially sophisticated – by far **the best way is to invest in index funds**...it guarantees your fair share of the market returns at a very low cost. With actively managed funds, people have big behavior problems."* ⁽²⁾

2008

was the last year hedge funds, as a group, outperformed the U.S. stock market ⁽¹⁾

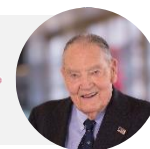
\$1.3 tn

invested in passively managed funds in the three years ended 8/31/16 ⁽¹⁾

John Bogle
Founder



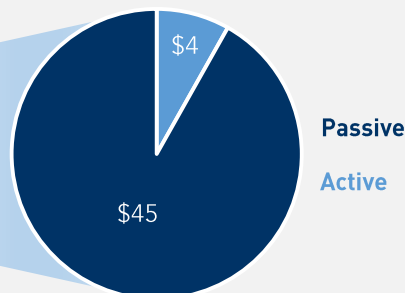
Vanguard



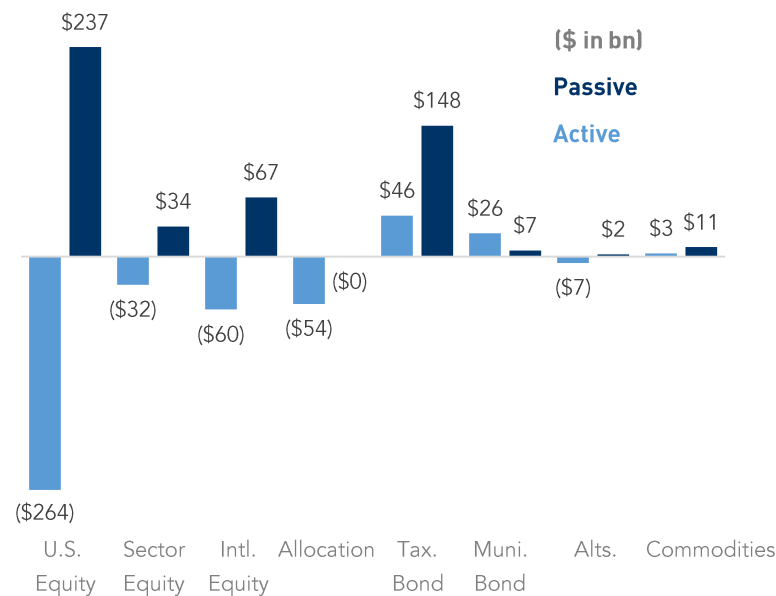
Distribution of Vanguard's Net New Money between Passive and Active Funds (\$ in bn) ⁽³⁾

\$49 bn

Vanguard's net new money in January 2017 ⁽³⁾



Active vs Passive Net Flows in 2016 ⁽⁴⁾



(1) WSJ, "The dying business of picking stocks"
 (2) Business Insider, "The man who transformed investing for Main Street sees a bleak future"
 (3) WSJ, "Vanguard reaches \$4 trillion for first time"

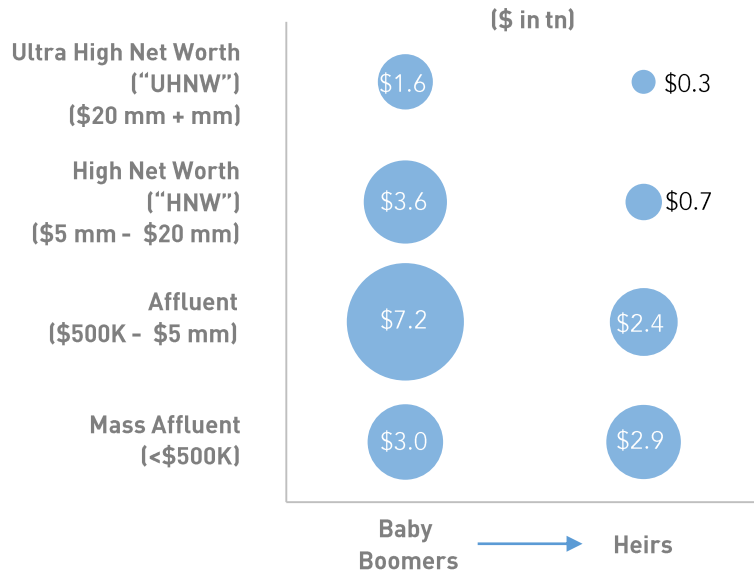
(4) Morningstar, Direct Asset Flows Commentary

WealthTech – Industry Overview & Market Trends

Generational Wealth Transfer

Over the next few decades, baby boomers will pass down an estimated **\$30 trillion** in assets to either their children or grandchildren. This represents an enormous opportunity (or challenge) for financial advisors.

U.S. Investable Asset Transfer between Generations ⁽¹⁾



"Bringing up wealth transfer with clients shows them you care about the future success of their children; it can be a huge differentiator. It's not just about advisers losing assets when the clients die, it's about taking the current relationships to a deeper level." ⁽³⁾

Diane Doolin
SVP, Wealth Management

Morgan Stanley



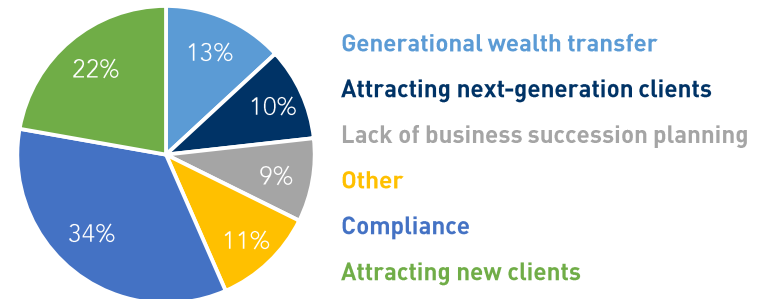
"Studies regularly show that when wealth passes to another generation, in the majority of cases, the heirs change financial advisors. The relationship between assets, asset owners and financial advisors is unraveling before our eyes." ⁽²⁾

Gauthier Vincent
Lead Wealth Management Consulting Partner

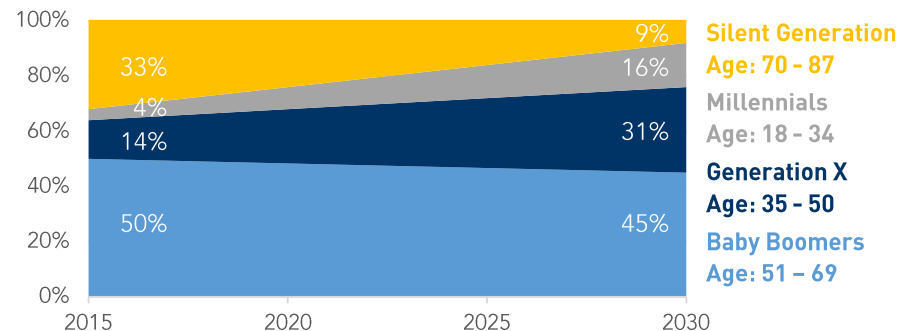
Deloitte



Advisors' Business Risks ⁽³⁾



Generational Distribution of Net Household Wealth ⁽⁴⁾



(1) Accenture, The "Greater" Wealth Transfer
(2) CNBC, "Advisors brace for the \$30 trillion 'great wealth transfer'"
(3) InvestmentNews.com, "The great wealth transfer is coming"

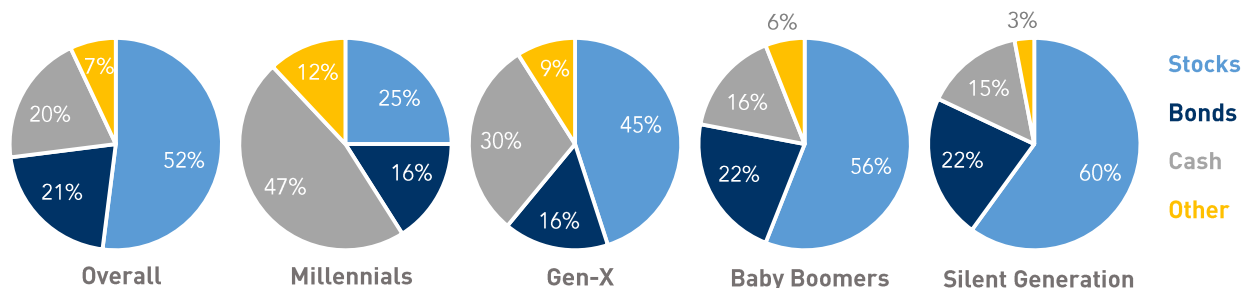
(4) Deloitte University Press, The future of wealth in the United States

Generational Wealth Transfer (cont.)

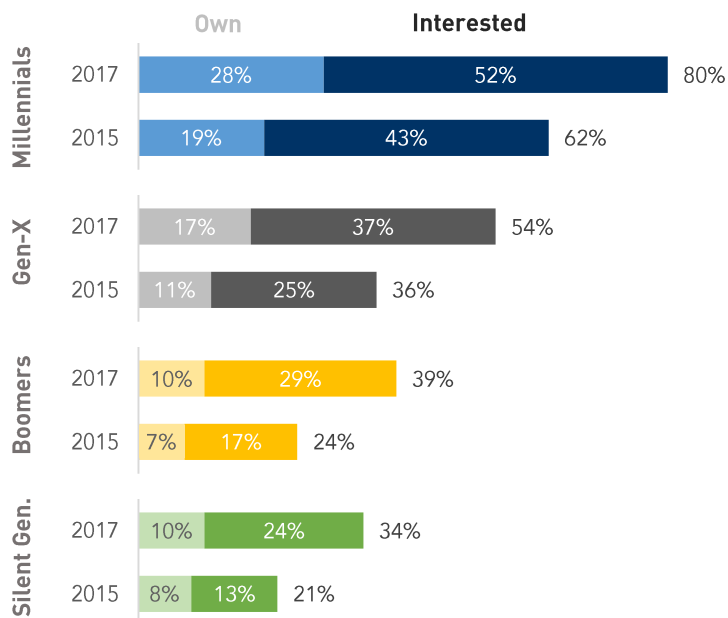
As expected, **millennials have different investing habits and attitudes than previous generations.** While baby boomers favor a more traditional allocation strategy with a focus on asset protection and capital appreciation, Generation X investors and millennials have shown **increased interest levels in alternatives along with impact investing.**

While baby boomers favor a more traditional allocation strategy with a focus on asset protection and capital appreciation, Generation X investors and millennials have shown **increased interest levels in alternatives along with impact investing.**

Asset Allocation by Generation

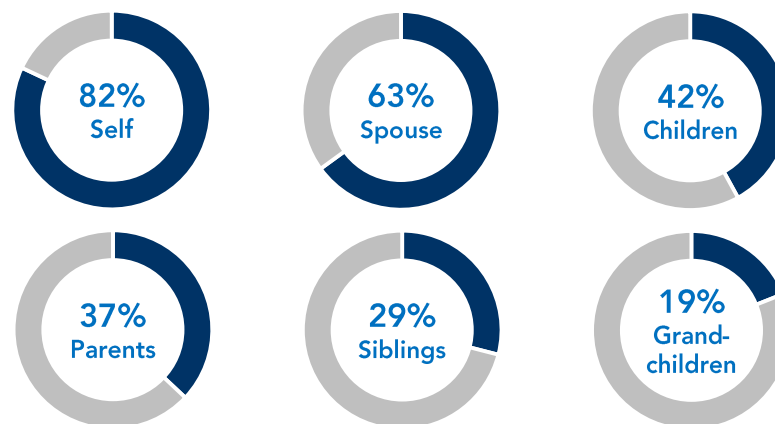


Percentage of Generations Interested in Impact Investments



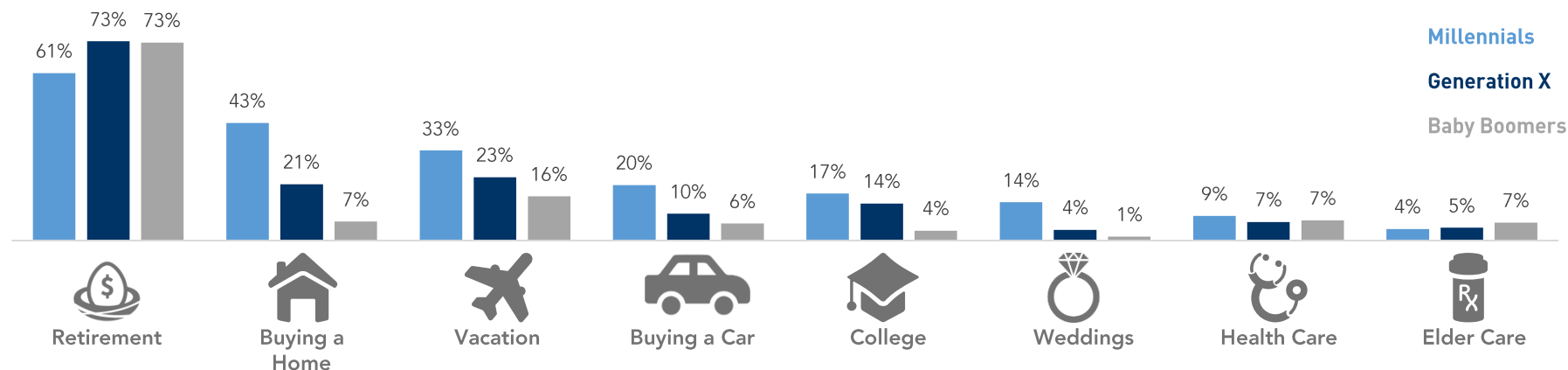
With the massive influx of wealth that baby boomers are expected to pass down to the younger generations, **the topic of multigenerational wealth management and transfer is becoming increasingly important.** Although a vast majority of families are confident in their own ability to successfully transfer their wealth between generations, **families who discuss with advisors seem to have clearer strategies.**

Percentage Confident in Family Members' Ability to Manage Wealth



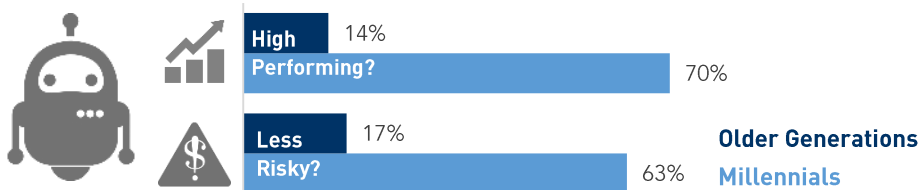
Generational Wealth Transfer (cont.)

Top Reasons for Investing by Generation ⁽¹⁾



With the massive wealth transfer, advisors must also prepare and work to **resolve generational misperceptions regarding financial behaviors**, which could lower their success rates in serving millennials. Even more than the previous generations, Millennials prioritize issues such as the ones in the graph above as reasons to invest. Unfortunately, these are not usually the topics discussed by most financial advisors...

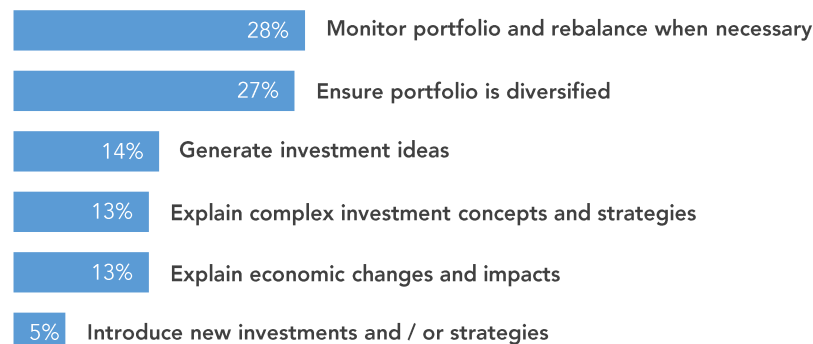
Robo-advisor portfolios are... ⁽²⁾



Millennials have very different attitudes towards computer-generated portfolios ⁽²⁾:

- 70% of Millennials think computer-generated portfolios are high performers (vs. 14% of older generations)
- 63% of Millennials think computer-generated portfolios are less risky (vs. 17% of older generations)

Roles of an Advisor to Millennials ⁽²⁾



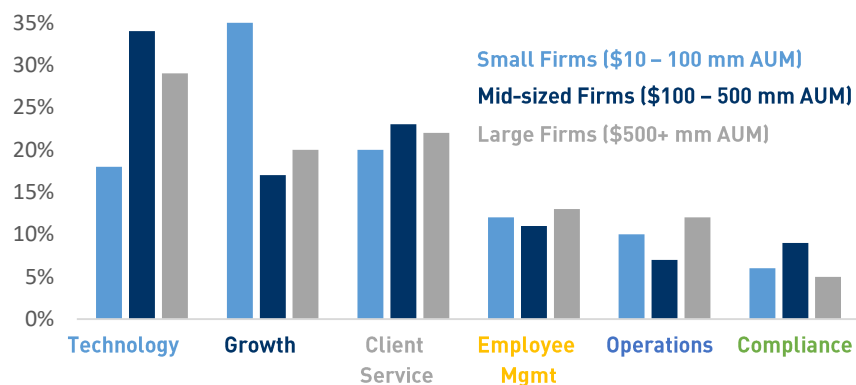
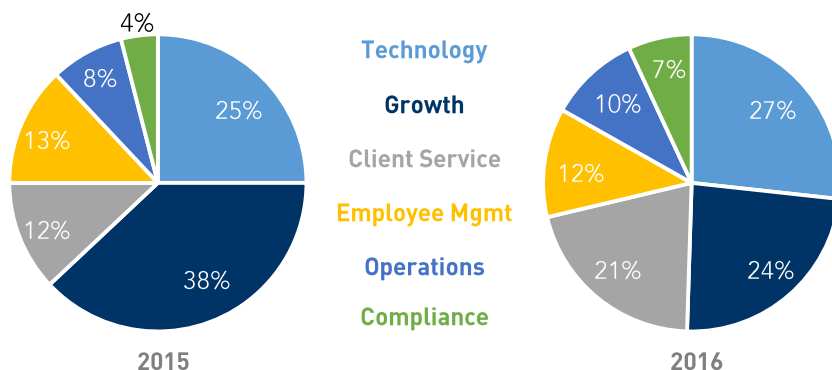
(1) Stash Invest

(2) AMG Funds, Wealth Management Trends in America

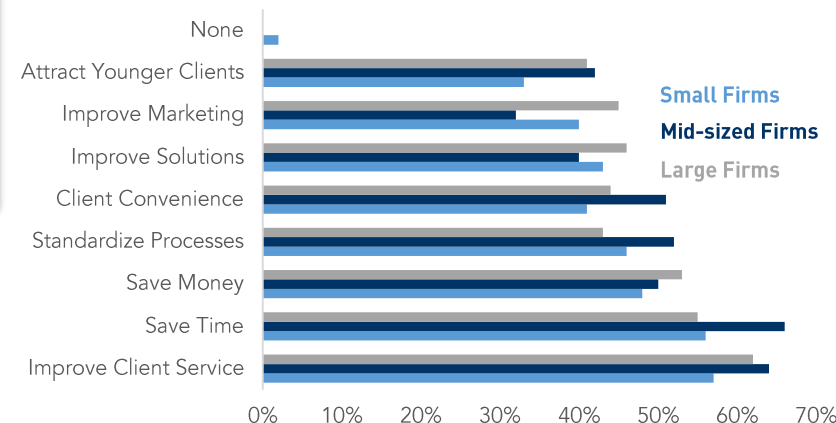
RIAs and Technology

RIA investment priorities significantly shifted in 2016 from 2015. In 2015, when asked where advisors would invest \$1, 38% stated they would invest that dollar towards growth, versus in 2016, when only 24% were focused on future growth investments. This shift resulted in **technology becoming the top priority for advisors in 2016**, although small firms are an exception, as growth is the more important factor.

Distribution of a \$1 Investment to Advisors' Business ⁽¹⁾

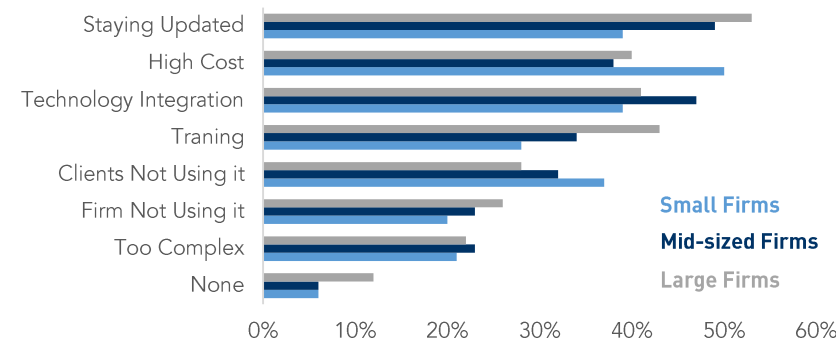


Expected Benefits from Technology to Advisors ⁽²⁾



With technology recognized as the top priority of many advisors, **firms are expecting various benefits from their investments in technology**. However, along with these benefits also come new concerns regarding technology. These expected benefits and challenges are illustrated above and below.

Expected Challenges from Technology to Advisors ⁽²⁾



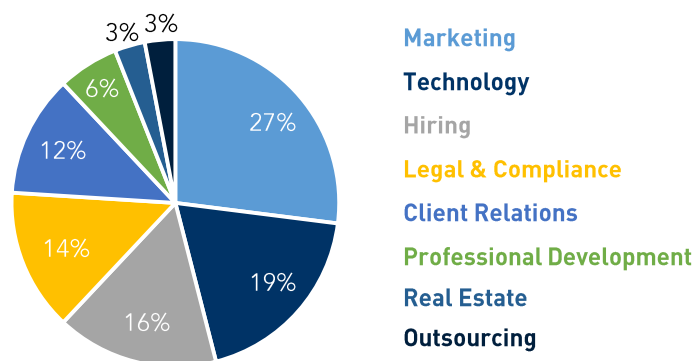
(1) Scottrade Advisor Services, 2016 RIA Study

(2) Firms were asked to select all benefits / challenges that apply

RIAs and Growth

With 2016 representing a year in which RIAs focused on technology investments, advisors are now looking ahead in 2017 with **a renewed focus on marketing and enhancing client experiences** to grow their business. To do so, advisors are still substantially investing in technology, though it may not be their top priority anymore.

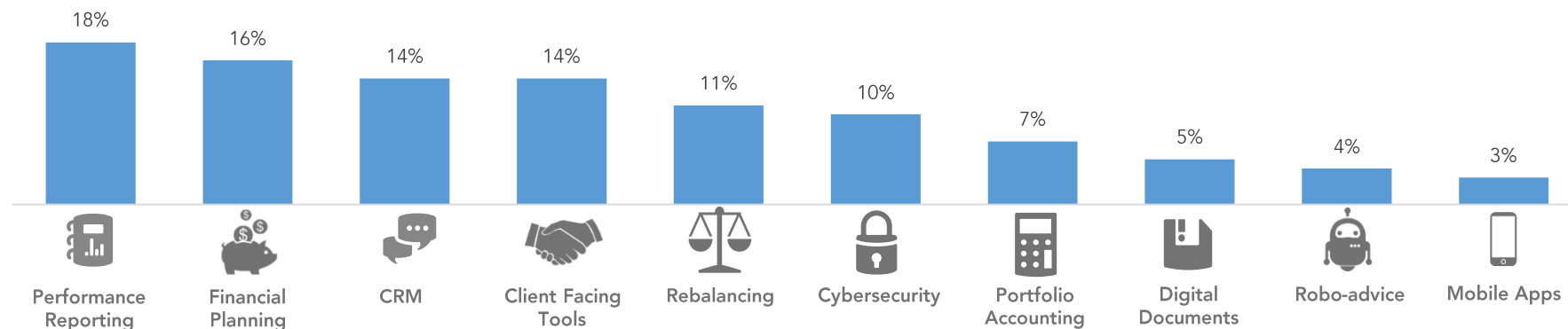
Areas RIAs Intend to Increase Spending In



Operational Initiatives for 2017



Technology Investments for 2017



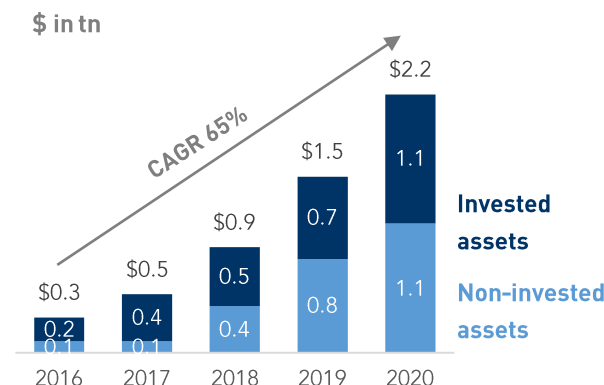
Source: TD Ameritrade Institutional RIA Sentiment Survey, January 2017, note that advisors could choose more than one answer

WealthTech – Industry Overview & Market Trends

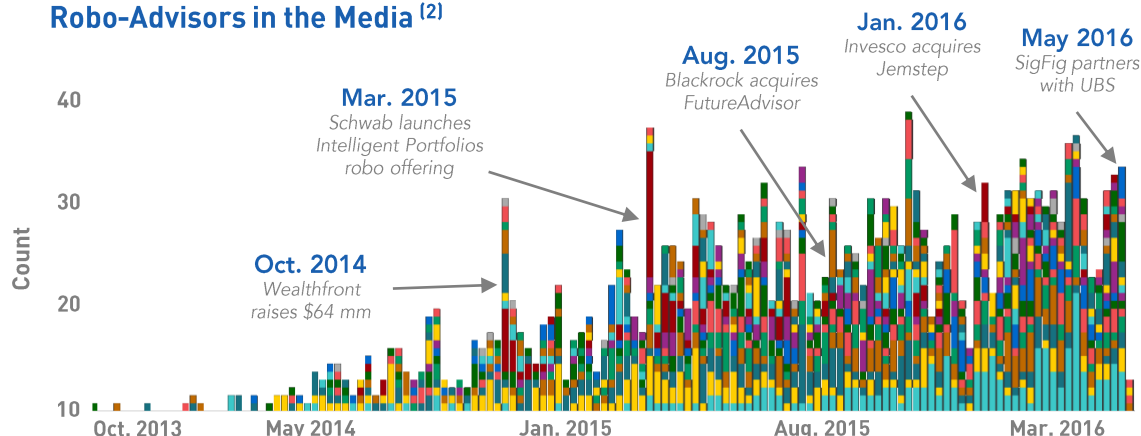
Rise of Robo-Advisors

The wealth management industry has experienced a **rapid proliferation of robo-advisors**, both for financial advisors and direct-to-consumer models. While many financial advisors were skeptical at first, robo-advisors are becoming more widely accepted throughout the industry. As advisors prepare for the generational wealth transfer, many are upgrading their technology and with it, are looking to utilize robots in order to enhance their clients' experience and improve their overall operations.

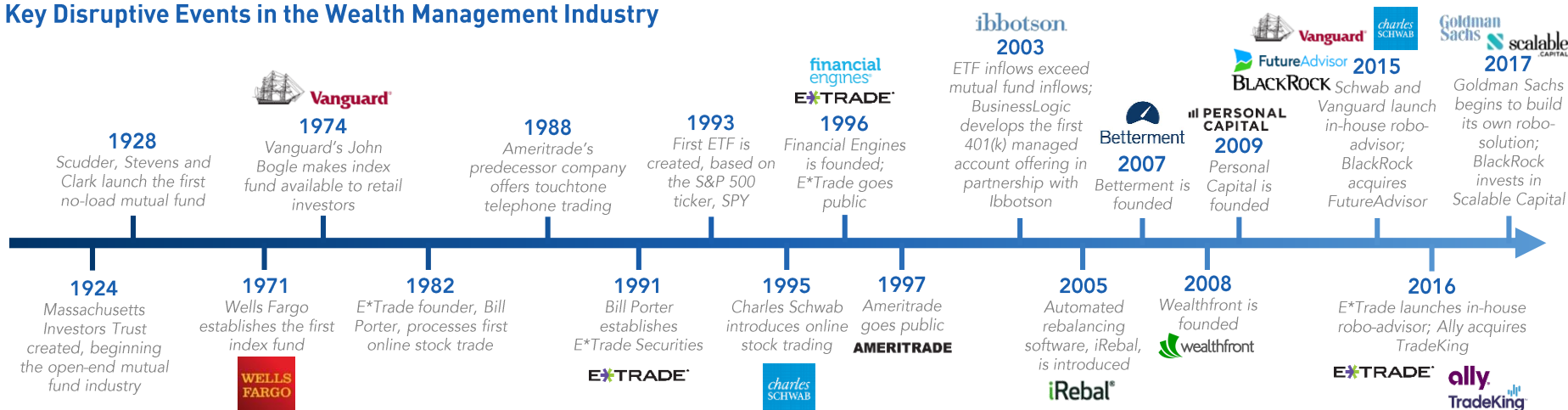
Projected U.S. Robo-Advisor AUM ⁽¹⁾



Robo-Advisors in the Media ⁽²⁾



Key Disruptive Events in the Wealth Management Industry



(1) KPMG, Robo-advisor report 2016

(2) Quid. Note: Each color represents a clustering of stories around similar topics

WealthTech – Industry Overview & Market Trends

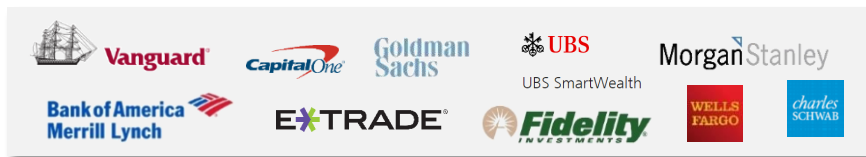
Rise of Robo-Advisors (cont.)

With the rise of robo-advisors, traditional firms are recognizing the benefits of going digital and are moving into the space through **acquisitions, partnerships, investments** or by **developing** their own robo-offerings.

Strategic Investments

Date	Robo-Advisor	Corporate Investor	Amount (\$ mm)
06/19/2017	scalable	BLACKROCK*	\$34
05/11/2017	Wealthsimple	POWER FINANCIAL CORPORATION	37
11/14/2016	nutmeg	CONVOY 康宏	38
09/15/2016	Ellevest	MORNINGSTAR	9
05/19/2016	PERSONAL CAPITAL	IGM Financial	75
05/16/2016	SIGFIG	UBS Comerica JP Morgan Chase	40
04/21/2016	acorns*	PayPal	30
12/17/2015	nextcapital.	John Hancock STATE STREET GLOBAL ADVISORS	16
04/09/2015	Wealthsimple	POWER FINANCIAL CORPORATION	30
02/19/2015	Betterment	Northwestern Mutual	60
01/20/2015	motif	renren	40
10/29/2014	PERSONAL CAPITAL	USAA	50
07/24/2014	nextcapital.	TRANSAMERICA Russell Investments	6
06/25/2014	nutmeg	Schroders	32
05/08/2014	motif	J.P.Morgan Goldman Sachs	35

Developed (or Developing) Own Robo-Advisor



Partnerships

Date	Robo-Advisor	Partner
02/06/2017	Marstone	fiserv.
11/21/2016	nextcapital.	RBC Wealth Management
11/15/2016	SIGFIG	JP Morgan Chase
10/15/2016	nextcapital.	John Hancock
09/25/2016	BLACKROCK FutureAdvisor	usbank.
09/03/2016	BLACKROCK FutureAdvisor	LPL Financial
05/16/2016	SIGFIG	UBS
05/05/2016	AdvisorEngine Jemstep	Pershing*
02/02/2016	BLACKROCK FutureAdvisor	RBC Wealth Management
01/15/2016	nextcapital.	TRANSAMERICA*
01/12/2016	BLACKROCK FutureAdvisor	BBVA Compass
06/04/2015	Marstone	Pershing*

Acquisitions

Date	Robo-Advisor	Acquirer	Amount (\$ mm)
07/07/2016	Financial Guard	LEGG MASON GLOBAL ASSET MANAGEMENT	na
06/30/2016	MYVEST	TIAA	na
04/05/2016	TradeKing	ally.	\$275
03/14/2016	Honest Dollar	Goldman Sachs	na
01/25/2016	VEST a CBOE company	CBOE Capital Markets Products Division	na
01/12/2016	Jemstep by Invesco	Invesco	na
08/26/2015	FutureAdvisor	BLACKROCK*	na
05/26/2015	guide	John Hancock	na
03/25/2015	LEARNVEST*	Northwestern Mutual	250
02/26/2015	UPSIDE	ENVESTNET	na

Rise of Robo-Advisors (cont.)

In response to incumbents entering the robo-advice space, some **robo-advisors are incorporating a human element** into their offerings, declaring they are now directly competing with the traditional wealth management firms. Many firms in fact, both traditional and robo, are **developing a “hybrid” solution** – one that utilizes the technology of digital advice while also retaining the human touch that can be critical in developing deep relationships with clients. ⁽¹⁾

“[It’s] emblematic of how much the digital advice market has matured over the years. Betterment recognizes that a purely digital relationship does not satisfy the needs of everyone, particularly investors with more complex financial needs and larger portfolios.”

Sean McDermott
Senior Analyst



“When we launched in 2010, we said that if we were successful that all of the incumbents would look to replicate our platform. We’ve long considered Schwab and Fidelity to be our primary competition and have anticipated over time that we would inevitably become even more competitive with them.” ⁽¹⁾

Jon Stein
CEO



Case Study: Betterment ⁽²⁾

	Plus	Premium	Betterment Advisor Network
Annual Fee	0.40%	0.50%	
Minimum Balance	\$100,000	\$200,000	
CFP Calls	Annual call	Unlimited calls	
Additional Services	Account monitoring	Account monitoring	Betterment will match clients to vetted advisors through their Advisor Network for a unique one-on-one financial planning experience

\$3.7 tn

“Hybrid” robo-advisor AUM by 2020 ⁽³⁾



\$16.3 tn

“Hybrid” Robo Advisor AUM by 2025 ⁽³⁾

“This is a modern approach to financial planning and wealth management that mirrors what today’s consumers have come to expect in other aspects of their lives. How they invest should be no exception.” ⁽⁴⁾

Neesha Hathi
EVP, Investor Services Strategy



Case Study: Charles Schwab ⁽²⁾



Schwab launched its own “hybrid” robo-advisor solution with the following features:

- \$5,000 minimum investment
- 24/7/365 customer service with a Schwab investment professional
- No advisory fees or commissions

charles
SCHWAB

(1) FinancialPlanning.com, “Betterment embraces hybrid robo advice”

(2) Company website

(3) Investopedia, “Growth of Hybrid robo-advisors to outpace pure robos”

(4) InvestmentNews.com, “Charles Schwab to combine robo-advice and financial advisers in new hybrid model”

Rise of Robo-Advisors (cont.)

The **SEC just released a guidance update on robo-advisors**, potentially signaling that they believe **robos are not just a fad**, but are here to stay. The guidance for investment advisors highlights topics such as the level of human interaction, the information used for a recommendation, investment approach and associated fees.



The guidance update focuses on the following three areas for consideration and offers suggestions to robo-advisors on how to address them and remain regulatory compliant:

- The substance and presentation of disclosures to clients on the robo-advisor and its services and products offered
- Obtaining client information to provide suitable advice
- Adoption and implementation of compliance programs regarding automated advice

"Robo-advisors, like all registered investment advisors, are subject to the substantive and fiduciary obligations of the Advisers Act."

SEC
Excerpt from the guidance update



Areas of Consideration and the SEC's Suggestions

Substance and Presentation of Disclosures

When designing disclosures, a robo-advisor should consider and explain...

- Its business model, algorithm and associated risks
- The scope of advisory services
- The presentation of disclosures, taking care they are not buried or incomprehensible



Provision of Suitable Advice

Following an investment adviser's obligation to act in the client's best interest, robos should consider...

- Its reliance on questionnaires to obtain client information, and the adequacy and clarity of these questionnaires
- Client-directed changes to the investment strategy, and providing explanations for suggestions



Effective Compliance Programs

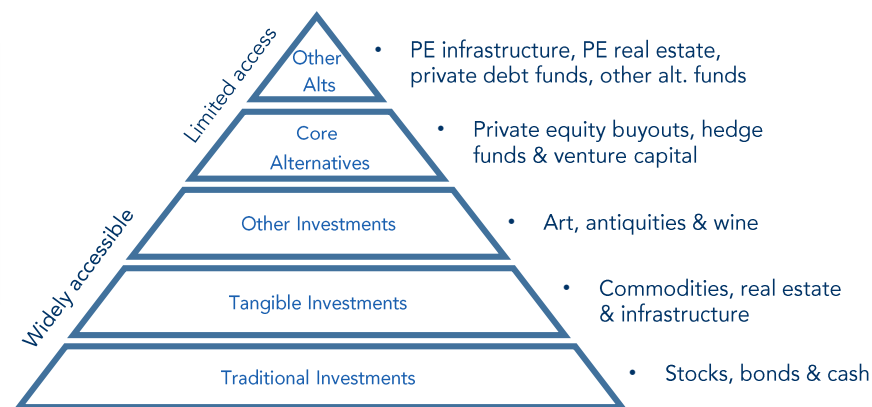
When designing a compliance program, under Rule 206(4)-7 in the Advisers Act, robos should consider...

- Backtesting, changing, and monitoring its algorithm
- Security of client information
- Marketing using electronic media

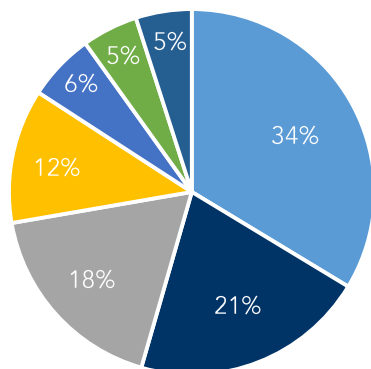


Increased Demand for Access to Alternative Investments

With active investment managers constantly challenged in trying to outperform the markets, investors are increasingly **searching for higher returns via alternative investments**. This newfound appetite for alternative investments has presented an opportunity for many FinTech companies. While some companies have taken the route to provide **greater access** to these historically exclusive investments, other firms have chosen to **directly service** these alternative investments.



Alternative Investments Asset Distribution ⁽²⁾



Real Estate Hedge Funds Private Equity
PE Funds of Funds Funds of Hedge Funds
Infrastructure Illiquid Credit

Comparison of Alternative and Traditional Investment Funds ⁽¹⁾

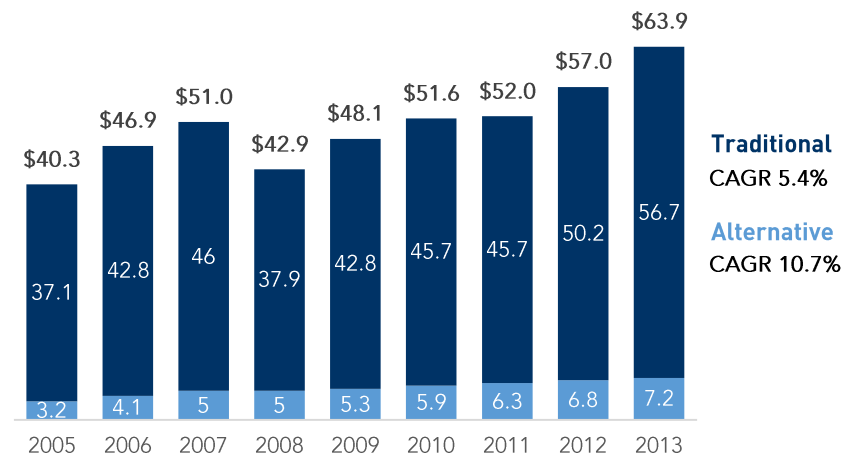
	Alternative Investments				Traditional Open-end Investments	
Investment Type	<ul style="list-style-type: none">• Private equity (PE)• Venture capital (VC)	<ul style="list-style-type: none">• Hedge funds	<ul style="list-style-type: none">• Public stocks• Bonds (government & corporate)• Cash			
Fee Structure	<ul style="list-style-type: none">• Management fees• Performance fees (and hurdle rate)	<ul style="list-style-type: none">• Management fees• Performance fees (and hurdle rate)	<ul style="list-style-type: none">• Management fees			
Lifespan	<ul style="list-style-type: none">• Typically 10-12 years	<ul style="list-style-type: none">• Short-term – 18 months	<ul style="list-style-type: none">• Short-term to long-term			
Investment Scope	<ul style="list-style-type: none">• Flexible investments• Usually illiquid	<ul style="list-style-type: none">• Flexible investments• Can be illiquid	<ul style="list-style-type: none">• Narrow scope• Only liquid and long• Limited debt			
Cash Flow	<ul style="list-style-type: none">• Unpredictable cash flows	<ul style="list-style-type: none">• Relatively predictable cash flows	<ul style="list-style-type: none">• Relatively predictable cash flows			
Liquidity	<ul style="list-style-type: none">• Illiquid; no withdrawals allowed• Secondary sales are permitted	<ul style="list-style-type: none">• Staggered withdrawals	<ul style="list-style-type: none">• Liquid			
Investor Type	<ul style="list-style-type: none">• Institutional investors• Wealthy individuals	<ul style="list-style-type: none">• Institutional investors• Wealthy individuals	<ul style="list-style-type: none">• Any individual• Institutional investors			

(1) Alternative Investments 2020, World Economic Forum

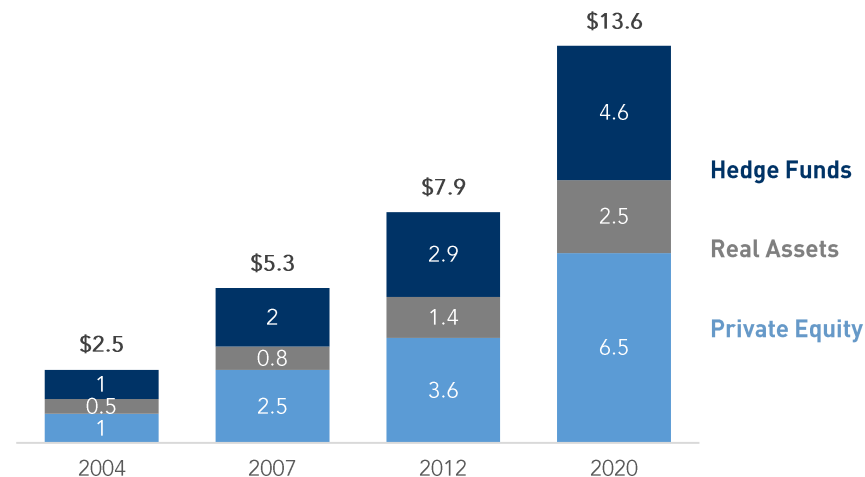
(2) Willis Tower Watson Global Alternatives Survey 2016

Increased Demand for Access to Alternative Investments (cont.)

Alternative vs. Traditional Investment Growth ⁽¹⁾



Global Alternative AUM Projection ⁽²⁾

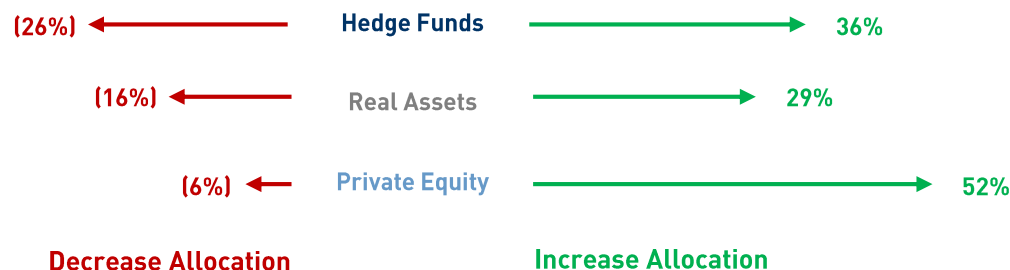


"The most broadly diversified investment portfolios performed best for the period ending June 30, 2016. Diversification levels rose, largely because of increasing usage of alternative strategies, which reached a three-year high in the second quarter." ⁽³⁾

73%

Of advisors think alternative investments should comprise at least 5% of a client's portfolio ⁽⁵⁾

Institutional Investors' Long-term Allocation Plans for Alternatives ⁽⁴⁾



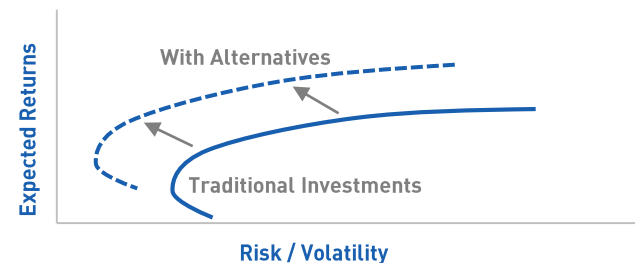
(1) McKinsey, \$64 trn question
(2) PwC, Alternative Asset Management
(3) "Use of Alternative Investments Peaks as Diversification Plays Pay Off"

(4) Preqin Investor Outlook: Alternative Assets H1 2016
(5) Financial Advisor, Alternative investments important to HNW investors

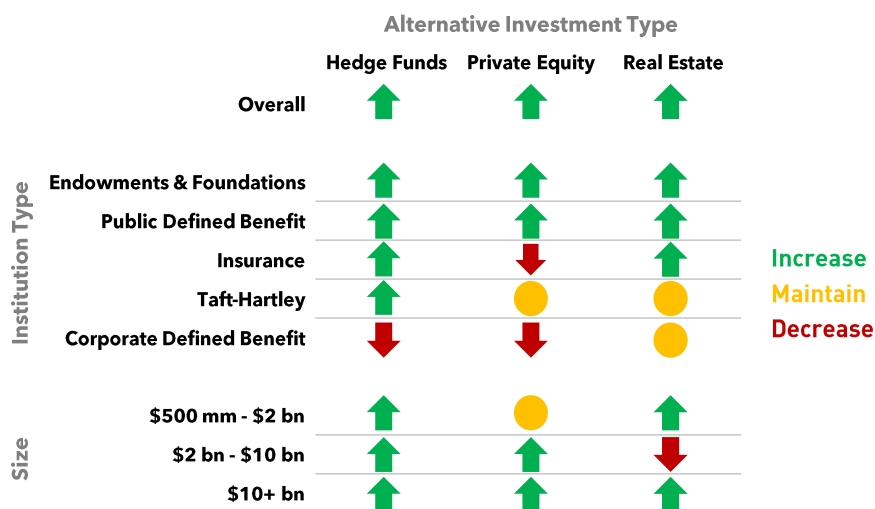
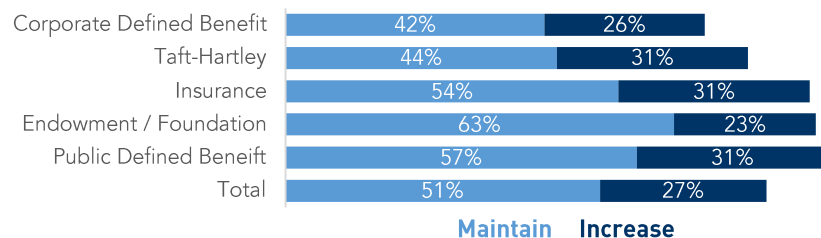
Increased Demand for Access to Alternative Investments (cont.)

Including **alternatives** in portfolios has the potential to enhance diversification and also **improve the risk/return profile**. This benefit, among others, has contributed to the rise in demand for alternative investments. There is even increased appetite for alternatives within alternatives – such as “alternative property” (hotels, student housing and data centers) within the overall alternative real estate investment space – as investors seek more alpha. ⁽¹⁾

Modern Portfolio Theory – Traditional vs. Alternatives



Institutions' Allocations to Alternatives Plan for the Next 3 Years ⁽²⁾



Alternative Investment Solutions Providers

Along with the surge in demand for alternative investments comes a rise in demand for alternative investment solutions providers. As alternative investments are usually complex and not as widely understood, financial advisors sometimes struggle in the alternatives space. As such, FinTech companies have stepped up to fill this void and provide alternative investment solutions to advisors.

Case Study: Backstop Solutions ⁽⁴⁾

“For alternative investment companies like hedge funds, private equity and real estate funds, operational excellence is about organizing the flow of information that attracts, manages and retains capital.”

Backstop Solutions
Company white paper



Backstop Solutions enables alternative investment firms to achieve operational excellence through...

- Centralized client relationship management (CRM) system
- Investor relation tools
- Portfolio management
- Research management, including document and data storage

(1) WSJ, “Property investors explore ‘alternatives’ in Europe”
 (2) McKinsey, The trillion-dollar convergence
 (3) Longitude Research, From Coal to Diamonds 2020 Vision

(4) Company website

WealthTech – Industry Trends

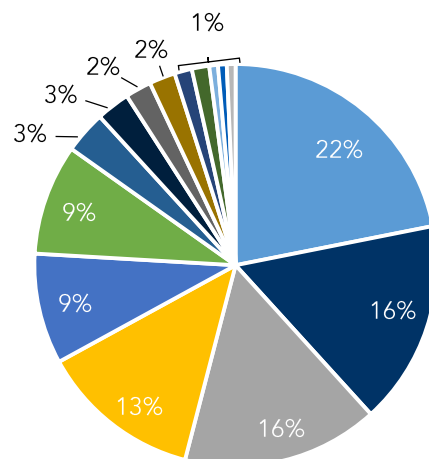
Customer Relationship Management

CRM is becoming increasingly important in the advisor channel. In fact, a recent study found that 43% of advisors recognized that **“client needs and demands” are priorities** in a post-DOL environment. Robo-advisors are also raising client expectations for the frequency and quality of advisors’ touch points. Advisors, to continue to add value, must proactively reach out to clients on their preferred channels. Reflecting this trend is a wave of CRM systems integrations, aimed at a wider range of technology players.

CRM Systems Integrations ⁽¹⁾



CRM Software Distribution ⁽²⁾



Redtail

Salesforce

Other

Microsoft Outlook

Wealthbox CRM

Junxure

Microsoft
Dynamics CRM

ACT

Tamarac
Advisor CRM

Zoho CRM

ACT4Advisors

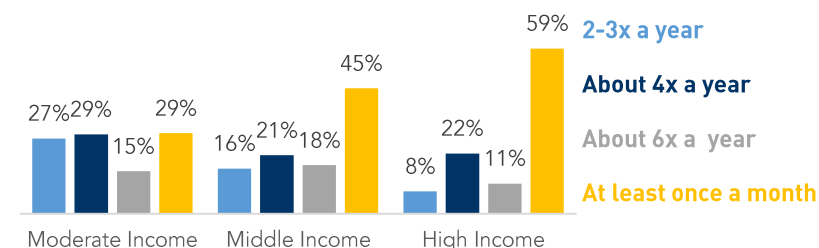
XLR8 for Salesforce

Advisors Assistant

IAS

Salentica

Advisor / Client Contact Frequency ⁽³⁾



Financial advisors recognize the importance of building and managing relationships with clients. 59% of financial advisors with high income levels (earning \$500,000 or more per year) contact their clients at least once a month, while only 29% of advisors with moderate income levels (less than \$100,000 per year) contact their clients with the same frequency.

(1) Company website

(2) FinancialPlanning.com, Tech Survey December 2016

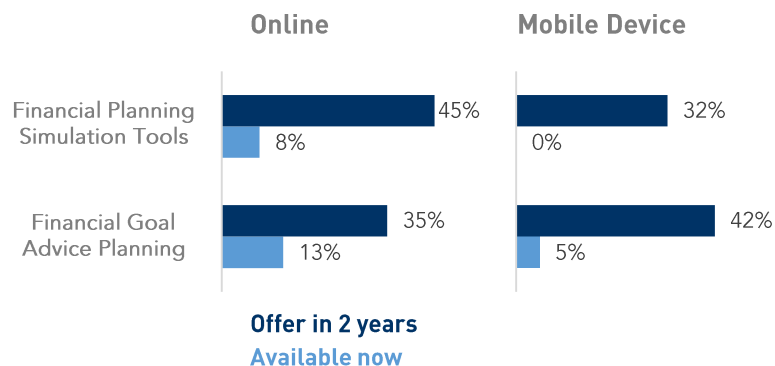
(3) CEG Worldwide, The Client-Centric Shift

Financial Planning

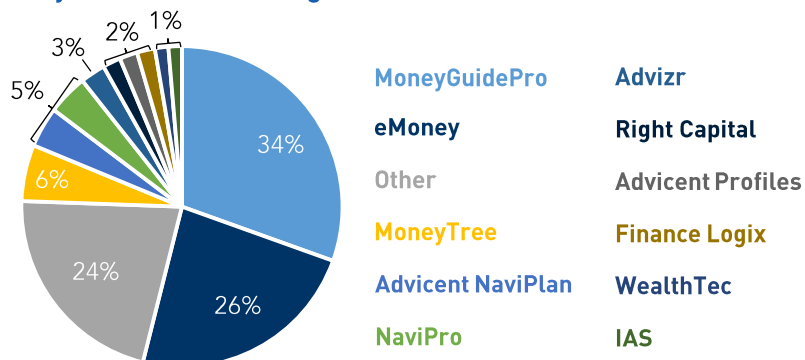
As many industry experts believe investment management and financial advice is becoming increasingly commoditized, the very nature of the financial planning industry is changing. With investment performance becoming more level (after taxes and expenses), less advisors are seeking alpha and more are turning towards a **goal-based approach** and focusing on the concept of **"the health of wealth"** – helping clients build wealth and achieve their personal and professional goals. ⁽¹⁾

With the expanded definition of fiduciary under the DOL rule, financial advisors will need to be more thorough in their understanding of clients in order to meet the required standard. This means more discovery, documentation and disclosure; in short, increased levels of financial planning. ⁽²⁾

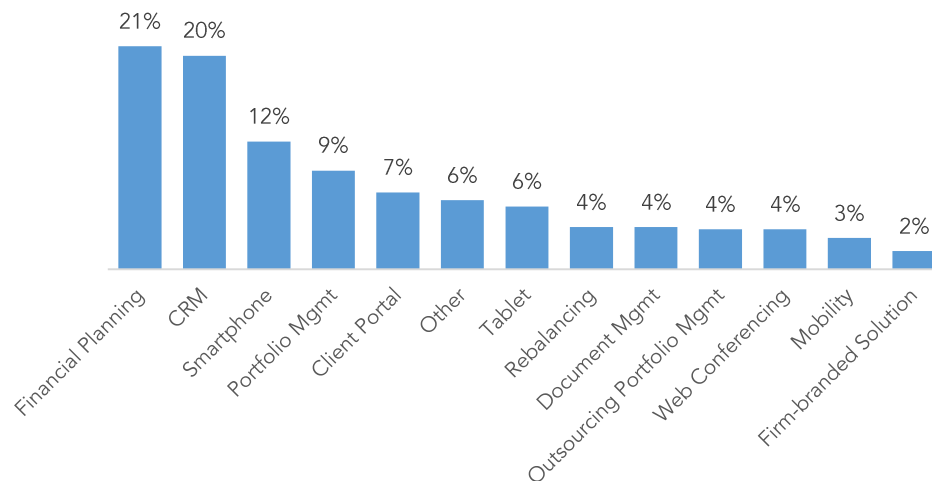
Services Offered ⁽¹⁾



Primary Financial Planning Tools ⁽³⁾



Technology ROI for Advisors ⁽³⁾



Millennials, who now comprise 24% of the U.S. population, are not the only generation to embrace technology. People ages 50 and above have also come to accept technology. Because of this, financial advisors must also evolve with the technology, which in turn, places a greater emphasis on FinTech, and more specifically financial planning software.

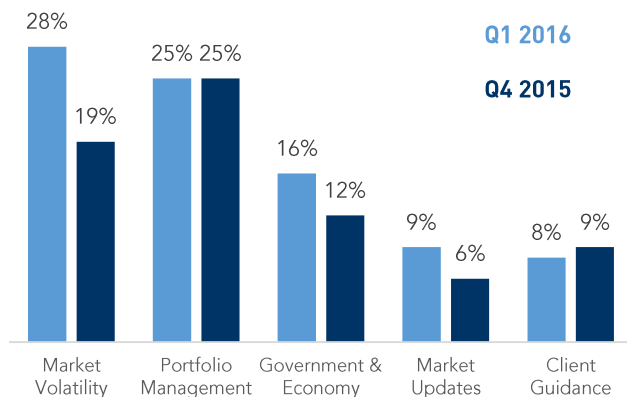
(1) PwC, Wealth Management Trends 2016

(2) FinancialPlanning.com, "Digital tech developments in wealth management"

(3) FinancialPlanning.com, Tech Survey December 2016 (some firms use more than one product)

Risk Management

Financial Advisor Concerns ⁽¹⁾



With market volatility cited as financial advisors' top concern going into 2016, **downside protection strategies** are becoming more and more important. This provides an opportunity for financial advisors to differentiate themselves through the **active management of risk**. This has led to an increased number of firms seeking to address the issue of managing risk. ⁽²⁾

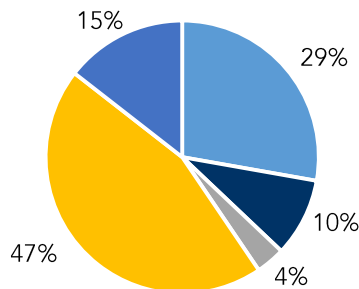
"We invented something a bit different called the Risk Number, which is the only quantitative and objective approach to aligning how much risk a client can handle, with how much risk they actually have in their portfolio." ⁽³⁾

Aaron Klein
CEO

riskalyze



Risk Management Software Distribution Among Advisors ⁽⁵⁾



Riskalyze

Firm-branded tool

FinaMetrica

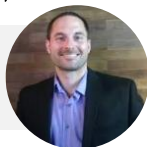
Other

Pocket Risk

"Good markets and bad, there's always a need for some risk management in every client's portfolio. You'll find every time the market has a correction, people talk about it, but you have to do it beforehand." ⁽²⁾

Michael Kane
CEO

HEDGEABLE



"The primary focus is to help advisors understand the risk in the client's life [and] have conversations about what capacity [clients] have to take risk." ⁽⁴⁾

Min Zhang
CEO

totum



Case Study: Riskalyze Integrations ⁽⁶⁾

Riskalyze enables investment advisors to quantify their clients' risk tolerance, using their patented Risk Number®. Using this data, advisors are able to win new clients, capture and exceed expectations and also quantify investment suitability.

Many other FinTech companies integrate with Riskalyze, reflecting the growing demand for risk management.

riskalyze

Integrates with

LASER APP

RIGHTCAPITAL

MoneyGuidePro™

JUNXURE

Advizr

TRUST
COMPANY
OF AMERICA
BE MORE YOU

AMERILIFE

iRebal®

SS&C ADVENT

eMoney
Advisor

RetireUp

(1) Fidelity, Q1 2016 Advisor Investment Pulse

(2) InvestmentNews.com, "Advisors can demonstrate value proposition with downside protection"

(3) SeekingAlpha.com, "Riskalyze CEO Aaron Klein on how advisors can build their businesses."

(4) WealthManagement.com, "Ten watch 2017 Min Zhang"

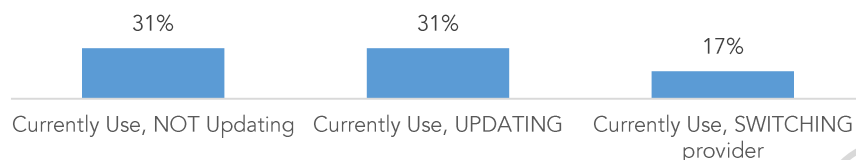
(5) FinancialPlanning.com, "Digital Tech Developments in Wealth Management"

(6) Company website

Portfolio Management & Reporting

Many in the industry believe that **investment advice is becoming commoditized** and that advisors aren't adding much alpha after expenses and taxes anymore. This commoditization of advice, combined with large RIA firms developing in-house portfolio management solutions (Fidelity and Schwab), is creating downward pressure on the prices portfolio management software firms can charge. This, in turn, is leading to portfolio management providers **expanding their suite of offerings to become more holistic platforms**, rather than pure portfolio management plays. ⁽¹⁾

Advisors' Future Plans for Portfolio Management Software ⁽¹⁾



Case Study: Addepar ⁽⁴⁾

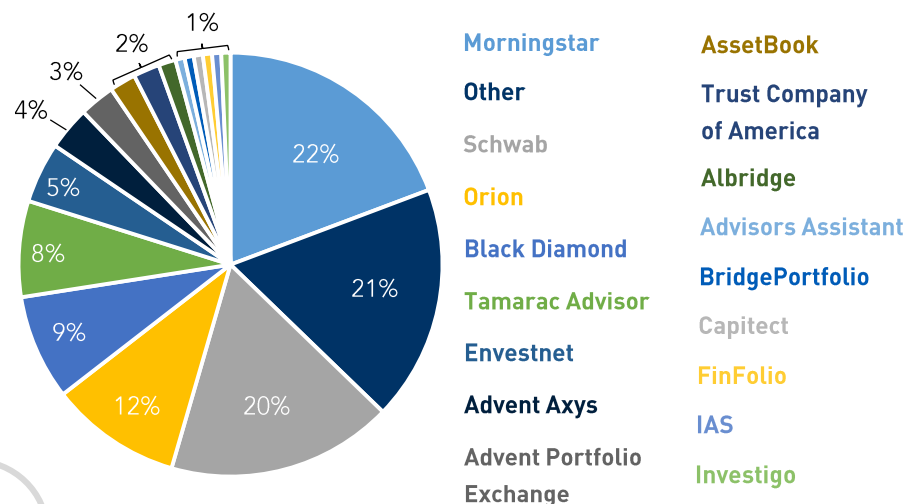
On June 8, 2017, **ADDEPAR** announced it had secured \$140 mm in Series D financing led by **VALOR**, **8VC** and Harald McPike from **QUANTRES**. This round, following Addepar's unprecedented growth, will allow the Company to further develop its platform and deliver more value for new and existing clients.

"The company's extraordinary growth speaks for itself. Addepar is now poised to become the universal operating system to power global finance. It has already connected much of the financial services ecosystem as the leading platform for the highest caliber of asset owners and advisors, capturing and aggregating data from numerous sources and helping to apply it in the most intuitive and impactful ways."

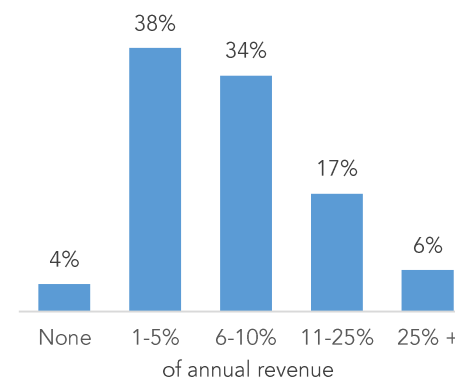
Joe Lonsdale
Co-Founder, Executive Chairman



Portfolio Management Software Distribution ⁽²⁾



Technology Expense as a % of Annual Revenue ⁽³⁾



Portfolio management software has been cited as the greatest percentage in advisors' technology budgets, placing an additional emphasis on the need of portfolio management providers to differentiate themselves from their competition. ⁽²⁾

(1) Scottrade Advisor Services, RIA Study 2016
(2) FinancialPlanning.com, Tech Survey December 2016 (Some firms use more than one product)
(3) FinancialPlanning.com, "Which advisor tech delivers the best ROI?"

(4) Addepar press release

RIA Custodians

While the largest RIA custodians – SEI, Charles Schwab, TD Ameritrade, Interactive Brokers and Fidelity – dwarf the smaller custodians by size, **smaller custodians are targeting new market opportunities** with specialized offerings such as alternative investments or targeting specific markets such as start-up RIAs. ⁽¹⁾

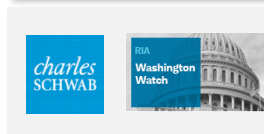
*“The big-box custodians have become hypercompetitive with the RIA marketplace... What we’re seeing is almost a violent reaction to the paradigm shift of custodians going after end clients. If an end client calls into us, we direct them back to the advisor, because **our wagon is hitched to the advisor** and there is no home here for the end client.” ⁽¹⁾*

Joshua Pace
CEO



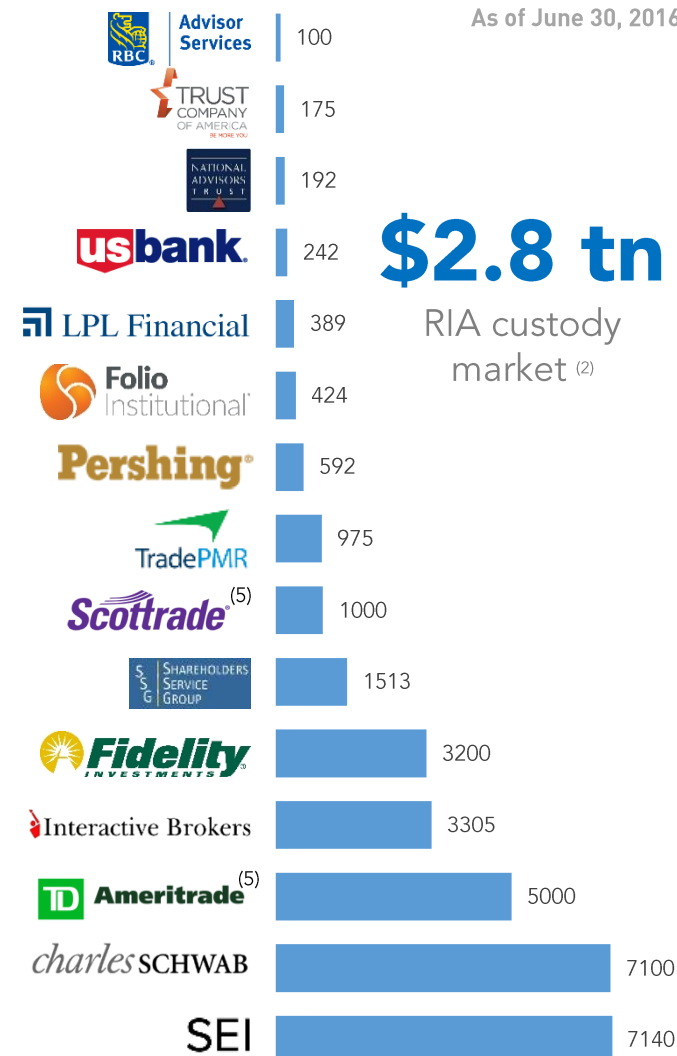
The big custodians, however, are fighting back by **offering additional services**, both straight-forward such as practice management consulting, to more “non-traditional” such as client leads, money for start-up costs, hosting client events and paying for Bloomberg terminals. ⁽²⁾

These bigger players have also established solutions to **help advisors navigate the new regulatory environment**, especially the pending DOL rule. ⁽³⁾



Custodians by # of RIA Clients ⁽⁴⁾

As of June 30, 2016



\$2.8 tn

RIA custody
market ⁽²⁾

(1) InvestmentNews.com, “Small custodians compete for advisers with niche needs”
(2) InvestmentNews.com, “Custodians try to entice breakaways with substantial perks”
(3) InvestmentNews.com, “Custodians help advisors navigate DOL fiduciary rule”

(4) InvestmentNews.com, 2016 Custodians and Clearing Firms Ranking
(5) TD Ameritrade has agreed to acquire Scottrade for \$4 bn, expected to close by 9/30/17

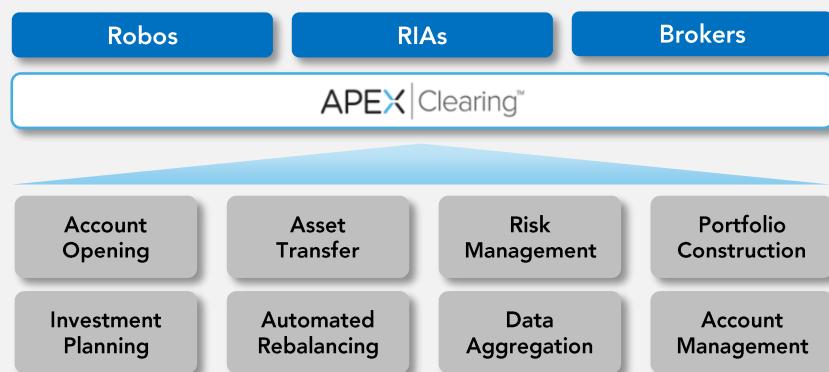
Clearing Firms

Many WealthTech firms – robo-advisors, RIA custodians, alternative funds, etc. – **need a clearing firm in order to process accounts and trades, among other outsourced solutions.** While not always visible in the front-office, **clearing firms provide critical brokerage processing solutions in the WealthTech value chain.**

Case Study: Apex Clearing ⁽¹⁾

APEX|Clearing™ has established itself as the go-to solution for many WealthTech firms. The Company leverages its sophisticated technology to provide not only digital wealth management solutions, but also institutional solutions and prime brokerage services.

APEX|Clearing™



"From our work providing digital-based wealth management solutions, we understand – and repeatedly hear from our customers – that the keyword is 'efficiency.' Shortening the time between retail investors receiving funds and / or reinvesting proceeds from a trade would be an improvement on multiple levels."

William Capuzzi
Chief Executive Officer

APEX|Clearing™



In the News:

On July 11, 2017, Apex Clearing announced a partnership with InvestCloud to offer a digital advice platform.



"Apex is the preeminent custodian and clearing firm in the digital wealth space, and we're excited to enhance their digital offerings. Unlike most custodians' platforms, this offering will be flexible and customizable as clients' needs grow. And while the focus of this offering is digital advice, we're pre-integrating our full library of over 200 financial apps to enable seamless future growth as the business scales."

John Wise
Founder, Chief Executive Officer

investcloud



(1) Company website
(2) Company press release



III. Industry Overview & Market Trends

ii. Department of Labor Rule

Setting the Scene

The **Department of Labor's fiduciary rule**, originally scheduled to be implemented on April 10, 2017, **expands the definition of "fiduciary investment advice"** to include all financial professionals who provide retirement financial advice. The 1,023 page legislation sparked controversy; advocates of the rule say it would significantly increase protection for the everyday investor, saving billions of dollars per year, while opponents of the rule say it will actually increase costs to investors and burden financial advisors with excessive regulations to the point of being counterproductive.

Background of the DOL Rule ⁽¹⁾

- In 1975, the DOL created a five-part test, which significantly narrowed the statutory definition of fiduciary investment advice
- The five-part test states a person will be held to fiduciary standards if they...
 - 1) Make recommendations on investing, buying or selling securities or other property, or give advice on their value
 - 2) on a regular basis
 - 3) with a mutual understanding the advice
 - 4) will serve as a primary basis for investment decisions and
 - 5) will be individualized to the participant's need of the plan
- The 1975 regulation was adopted before the existence of 401(K) and IRA plans
- Today, as a result of the five-part test, financial advisors have no obligation to act in a fiduciary manner
- This allows them to operate with conflicts of interest, not disclose those conflicts, and have limited liability for any damages done from their advice

Purpose of the DOL Final Rule ⁽¹⁾

- The final rule amends the definition of fiduciary investment advice and replaces the outdated five-part test with a new definition that fits better with the current language in ERISA (Employment Retirement Income Security Act of 1974)
- Protects plan participants by...
 - Imposing trust law standards of care and undivided loyalty on fiduciaries
 - Holding fiduciaries accountable when there is a breach of obligations

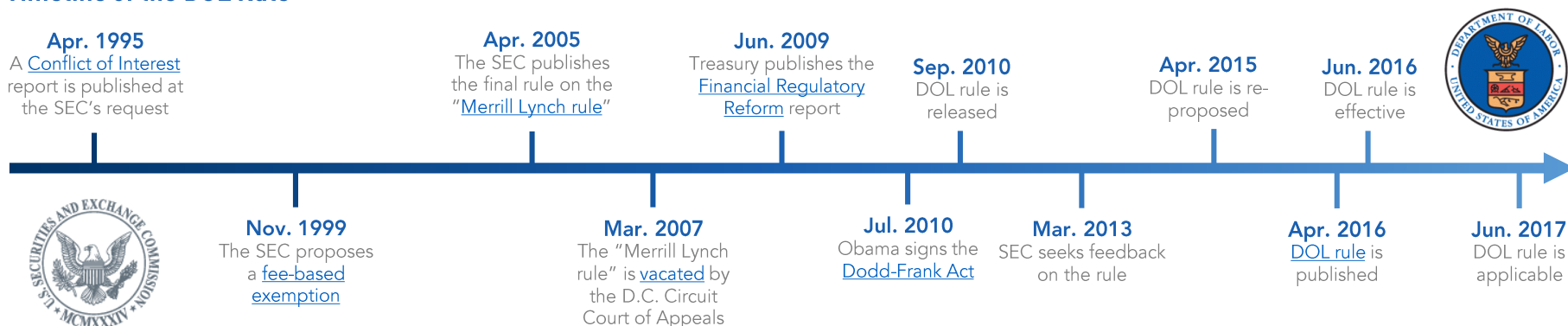
"A White House Council of Economic Advisers analysis found that these **conflicts of interest** result in annual losses of about 1 percentage point for affected investors – or about **\$17 billion per year** in total." ⁽²⁾

(1) Federal Register, Vol. 81, No. 68, April 8 2016

(2) DOL Fact Sheet

Key Points of the Fiduciary Rule

Timeline of the DOL Rule ⁽¹⁾



Major Provisions of the DOL Final Rule ⁽²⁾

- A person will be treated as a fiduciary if they provide investment advice for a fee or other compensation, received directly or indirectly
- Types of advice include...
 - A recommendation of buying, holding, selling or exchanging securities or other investment property
 - A suggestion to the management of securities, including investment policies or strategies, portfolio compensation, selection of advisors and account arrangements
- A "recommendation" is a communication that, based on its content, context and presentation, would be reasonably viewed as a suggestion to take a certain course of action
 - The more individualized the advice is, the more likely it will be considered as a recommendation

Non-Covered Investment Advice ⁽³⁾

- If investment advice / communications do not satisfy the definition of "recommendations" as stated in the DOL Final Rule, the communications will not be considered fiduciary
- Some specific examples of non-fiduciary investment advice that were cited in the DOL Final Rule include...
 - Education
 - General Communications
 - Platform providers
 - Transactions involving independent plan fiduciaries
 - Swap and security-based swap transactions
 - Employees of plan sponsors
 - Plan sponsors

"The final rule treats persons who provide investment advice or recommendations for a fee or other compensation with respect to assets of a plan or IRA as fiduciaries in a wider array of advice relationships." ⁽²⁾

(1) InvestmentNews.com, "Historical timeline of fiduciary duty for financial advice"

(2) Federal Register, Vol. 81, No. 68, April 8 2016

(3) DOL Fact Sheet

“Best Interest Contract” (BIC) Exemption

Purpose of the “Best Interest Contract” Exemption

- Designed to promote the provision of investment advice that is in the best interest of retail investors (plan participants, beneficiaries, IRA owners and specific plan fiduciaries)
- Allows “conflicted compensation” to be paid to fiduciaries if the requirements of the BIC exemption are met
- Allows the continuation of the broker dealer / registered representative model of providing investment advice

Level-Fee Fiduciaries

- Investment advisors who charge a level-fee will have a reduced set of requirements to comply with regarding the DOL rule (“BIC Light”)
- Intended to allow advisors to recommend rollover transactions and facilitate the transition of clients from commission-based relationships to fee-based relationships
- Advisors must document the reason why moving a client to a level-fee arrangement is in their best interest

Requirements of the “Best Interest Contract” Exemption

- Financial institutions must acknowledge a fiduciary status for itself and its advisors
- Financial institutions and its advisors must adhere to basic standards of impartial conduct
- Give prudent advice that’s in the client’s best interest
- Avoid giving misleading statements
- Receive no more than reasonable compensation
- Adopt policies and procedures reasonably designed to mitigate harmful impacts of conflicts of interest
- Disclose basic information of conflicts of interest and cost of advice
- Provide quarterly and annual updates (on a public website), detailing annual, 5-year and 10-year performance projections, fees, expenses and other relevant information
- Requires arbitration in individual cases, and also retains investors’ rights to a class action lawsuit

BIC Exemption (Light) ⁽³⁾	BIC Exemption (Full) ⁽³⁾
No contract required	Contract required (for IRAs and non-ERISA retirement plans)
Less disclosures	More disclosures
Narrow application (only applicable if it’s a level-fee, third-party payments are not allowed)	Wider application (applies to a wider range of compensation arrangements)

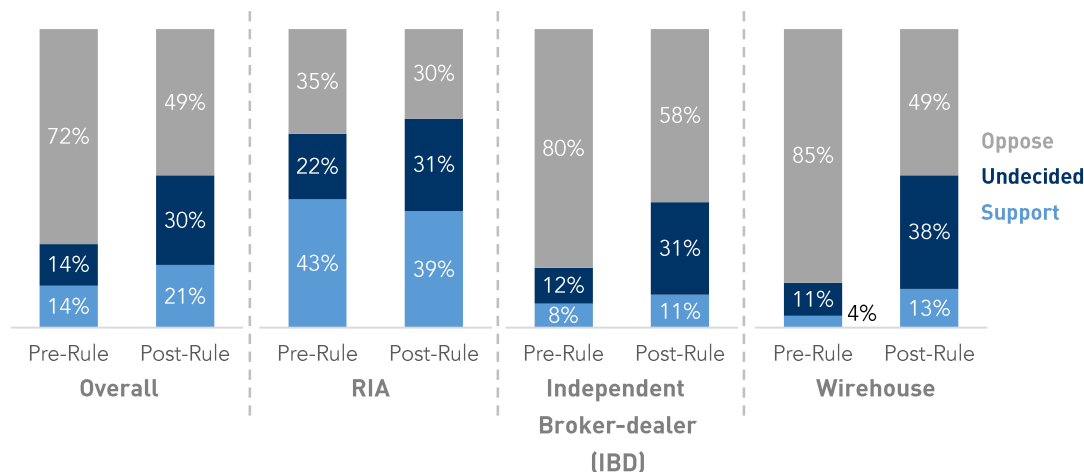
(1) NAIFA Fact Sheet: DOL Expands Fiduciary Definition

(2) NAIFA, The Best Interest Contract Exemption

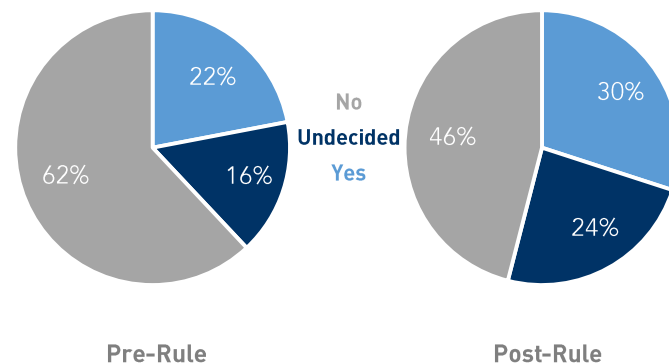
(3) InvestmentNews.com, “Two sides of the DOL fiduciary rule’s ‘Best Interest Contract Exemption’ advisers must understand”

Reactions to the Rule

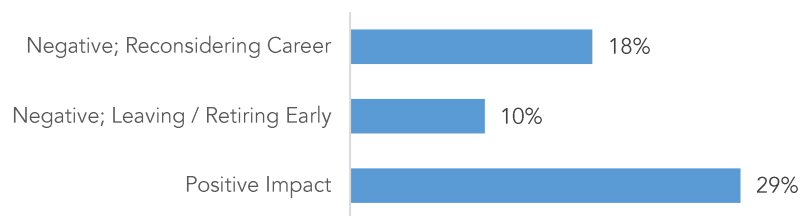
Distribution of Support / Opposition to the DOL Rule ⁽¹⁾



Will the DOL Rule Benefit Investors? ⁽¹⁾



Advisors' Reactions ⁽²⁾

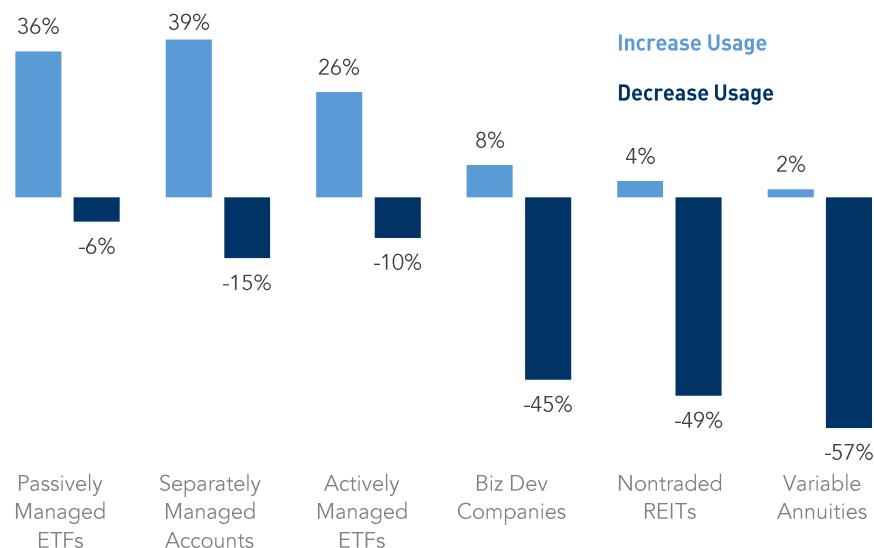


"[The DOL rule] should really be viewed as a step one...It takes a long time to make the cultural shifts...The consumer ultimately will benefit, it's just going to be first and foremost the responsible consumers who know to ask their advisers for that additional information." ⁽³⁾

Terry Siman
Managing Director



Changes in Investment Product Usage ⁽¹⁾



(1) InvestmentNews.com, Economics of Change.

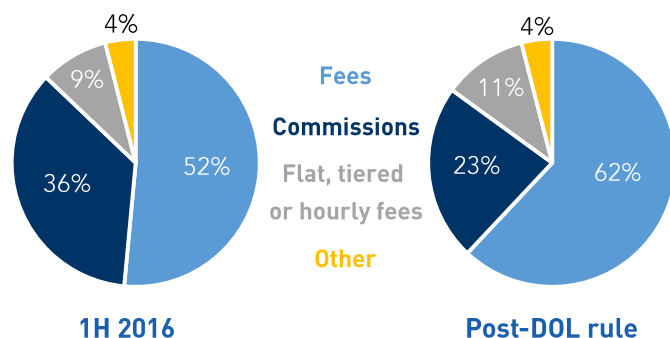
(2) Fidelity Survey, Financial Advisors See Opportunity

(3) WSJ, Reactions to the Labor Department's Fiduciary Rule

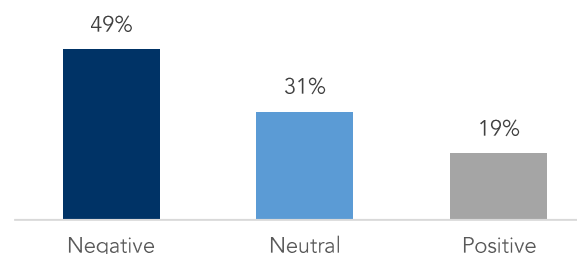
Implications

In response to the Labor Department's fiduciary rule, many advisors will have to **rethink and redefine business models and future growth strategies**. While a significant amount of firms and individuals expect the new regulation to negatively impact their business, the DOL rule can also represent an opportunity for new business growth.

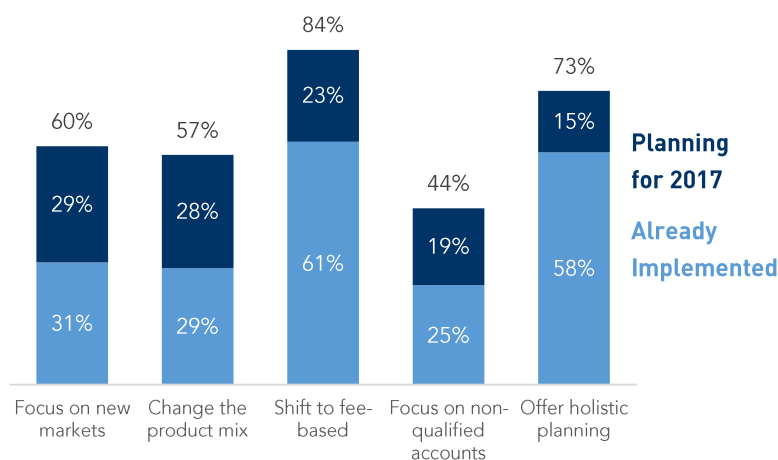
Revenue Breakdown in 1H 2016 vs. Post-DOL Rule ⁽¹⁾



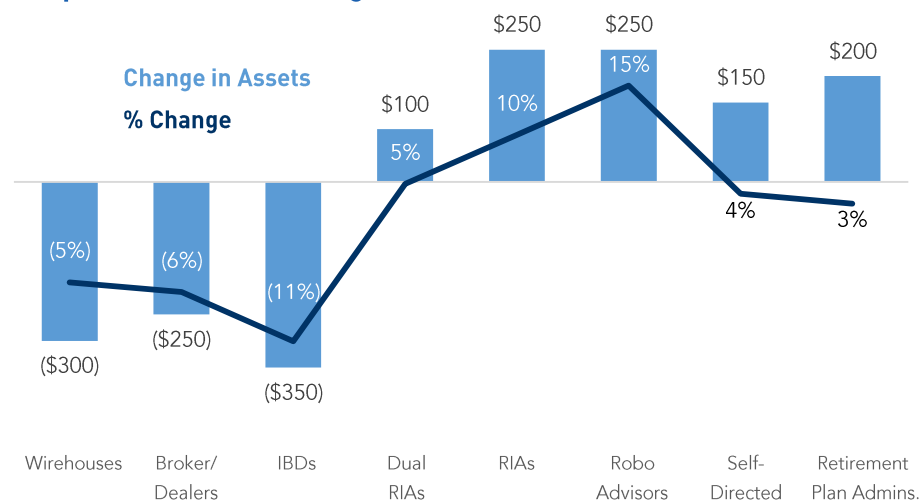
Expected Impact on Advisors' Personal Compensation ⁽¹⁾



Strategic Priorities ⁽¹⁾



Impacts on Assets through 2020 ⁽²⁾



(1) InvestmentNews.com, A new focus for your future

(2) AT Kearney, The \$20 billion impact of the new fiduciary rule

Fees vs. Commissions

While many firms are preparing to shift their business towards a more fee-based structure, the unexpected result of the presidential election has caused firms to pause and rethink their strategies. **While some firms have maintained their current compensation structure with commission, other firms have shifted to fee-based compensation**, signaling they think the DOL rule will remain in place, despite the President's rhetoric.

Firms Keeping Commissions

"We believe our advisors can most effectively uphold a fiduciary standard of care and work in clients' best interest by continuing to offer choice...Delivering a retirement account platform based on fiduciary principles that provides the widest possible capabilities and preserves client choice is our vote of confidence in our advisers' continuing commitment to placing client interest first." ⁽¹⁾

Shelley O'Connor
Co-Head of Wealth Management

Morgan Stanley



"While there is a great deal of speculation in the media on how the election results will affect the DoL rule, none of us can say with certainty what will actually happen. Many different types of scenarios are possible, and we are planning for all of them. In the meantime, we will continue preparing for an April 2017 implementation." ⁽⁴⁾

Company memo



"We fully expect to offer commission-based accounts under the BIC...I know others believe that they want to have them on their fee-based platform and they are pushing them in that direction. When you do that, you get some misallocations. But we're not looking to force anyone onto any platform." ⁽⁵⁾

Paul Reilly
Chief Executive Officer

RAYMOND JAMES®



Firms Shifting to Fees

"We believe the intention of the new rule is sound: always do what's in the best interest of the client. We understand implicitly what that means, as we've been a fiduciary for the last 175 years...This reflects how our clients are increasingly choosing to do business with us. Demand for professional advice from JP Morgan has never been stronger." ⁽²⁾

Mike Fusco
Head of External Communications

JPMORGAN
CHASE & CO.



"The decisions we've made regarding the Department of Labor's fiduciary rule are grounded in our strategy to provide best-interest, goals-based advice to our clients regarding their retirement accounts while preserving client choice. They also reflect our goal of ensuring that our advisors and our firm are best positioned to comply with the rule." ⁽³⁾

Frank McDonnell
Director, Head of Global Mutual Funds



"The thing everybody is concerned about is class and action. It's hard to come to any conclusion other than the future likelihood of liability [is high]...We started our fee-based journey more than 20 years ago. We feel very fortunate that we have the financial strength to make this slight pivot." ⁽⁶⁾

Wayne Bloom
Chief Executive Officer

COMMONWEALTH
financial network



(1) InvestmentNews.com, "Morgan Stanley to keep commission-based IRA"
(2) FinancialPlanning.com, "JP Morgan nixes commissions on retirement accounts"
(3) InvestmentNews.com, "Bank of America tells advisors to stop selling mutual funds"

(4) FinancialPlanning.com, Wells Fargo to keep commissions
(5) OnWallStreet.com, "Raymond James follows Morgan's lead in keeping commissions"
(6) FinancialPlanning.com, "More fiduciary fallout: Commonwealth to stop offering commission"

Impact on M&A Activity

The DOL rule is expected to have significant effects throughout the industry. One such effect that has been discussed is **the regulation's impact on M&A activity**. On one side of the spectrum, industry experts assert that due to increasing costs and decreasing profits, merger and acquisition activity will decline. On the other side of the spectrum, professionals are saying that the DOL rule will could prompt heightened M&A activity as certain business models become more attractive and large firms seek to round out their capabilities.



M&A Activity Will Decrease ⁽¹⁾



"The real question for acquisition targets is whether they can capitalize on the opportunity or are they depleted oil wells? Buyers are likely to pay less cash to sellers up front, insist on larger claw back provisions and command more favorable terms."

Mark Tiberghien
Chief Executive Officer

Pershing



- Real and perceived acquisition risks for buyers will be high, generating a decline in mergers and acquisitions
 - Expenses are expected to increase anywhere from 5% to 17% due to increasing compliance and monitoring costs
 - Companies also operate with an increased threat level of legal action, such as class action litigation
 - Industry profits are projected to see a decline of at least 27%
- The above risks may lead to lower valuations
 - From a buyer's perspective, lower valuations will make an acquisition more risky
 - From a seller's perspective, lower valuations may cause company executives to resist selling and decide to grow the firm instead



M&A Activity Will Increase ⁽²⁾



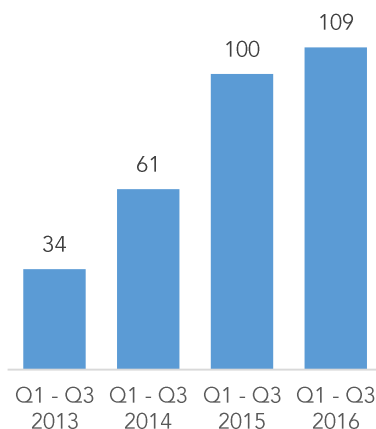
"We've heard from many wealth management firms that the DOL fiduciary rule has prompted them to evaluate their business models...Firms that have scale have an advantage because they have more resources to adapt to new regulations and they have become even more attractive as a business model. One effect of the rule is that I expect we'll see more firms merge and be acquired this year."

David Canter
Executive Vice President, Head of RIA Segment

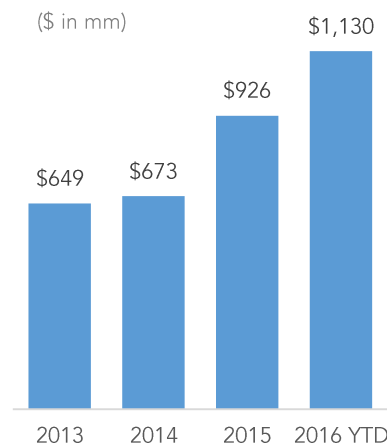
Fidelity INVESTMENTS



RIA M&A Deals



Average AUM of RIA Sellers



(1) Financial Planning, How will the Dol rule impact M&A?

(2) Wealth Management, DOL Fiduciary Rule to Drive Increased M&A Activity

Presidential Election Impacts

"We're going to repeal it. It could be the dumbest decision to come out of the U.S. government in the last 50 to 60 years...The left-leaning Department of Labor has made a decision to discriminate against a class of people who they deem to be adding no value. They are judging what should happen in a free market and attempting to put financial advisors out of work. When market forces cyclically adjust again, they will be having congressional hearings about how big the mistake was to do this." ⁽¹⁾



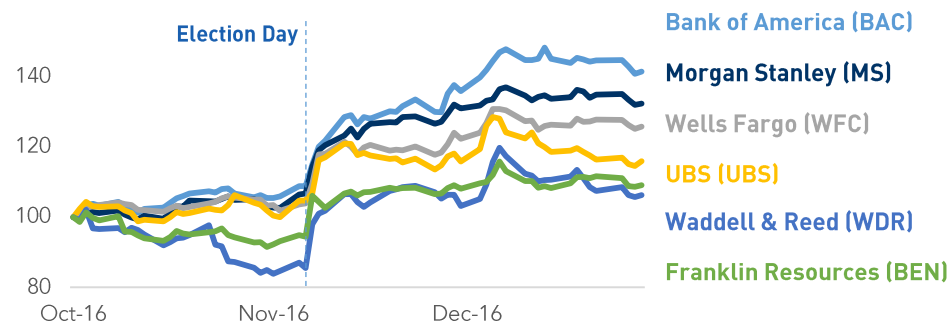
SKYBRIDGE
CAPITAL

Anthony Scaramucci

Managing Partner;
Member of President Elect Trump's
Transition Team Executive Committee

- In order to fully repeal the DOL Rule, the Trump Administration will have to overcome some legal obstacles. The President-Elect can...⁽³⁾
 - Ask Congress to pass a law overturning the DOL Rule
 - Hope that judges will overturn the regulation
 - Go through the regulatory process to reverse the DOL Rule
 - Issue an emergency rule to delay the implementation date, currently scheduled for April 10, 2017

Wall Street Reacts to the Election ⁽²⁾



The stock market's reaction to the election suggests that President Trump's deregulation rhetoric will be beneficial to Wall Street firms that are most affected by the DOL rule ⁽⁴⁾

"The rule could be in jeopardy. It's really hard to predict what a Trump administration would look like on these issues because there are so few specifics out there." ⁽⁵⁾

Barbara Roper

Director of Investor Protection



"I think [repealing the rule is] possible; it's not probable. The rule is final. I think the odds of [it] surviving are pretty good." ⁽⁶⁾



Ameritrade

Skip Schweiss

Managing Director,
Advisor Advocacy & Industry Affairs

(1) InvestmentNews.com, "Scaramucci promises to repeal DOL rule"

(2) WSJ, "Trump victory casts cloud over fiduciary rule"

(3) TheHill.com, "What new presidents can and can't do"

(4) Stock prices have been indexed

(5) Financial Planning, Fiduciary rule in jeopardy under Trump

(6) Investment News, Trump victory puts fiduciary rule in limbo

Presidential Election Impacts (cont.)

Although not much insight into policy was gained during President Trump's campaign, his pick to lead the SEC sheds some light on the future direction of his administration. **Jay Clayton**, a Partner at Sullivan & Cromwell, has been confirmed by the Senate (61 – 37) to head the SEC. Clayton, like many of Trump's other picks, has ties to Wall Street and is expected to pare back regulation and enforcement activity, which might include the DOL fiduciary rule. This has sparked some controversy; champions of Mr. Clayton point to his track record as a logical and obvious choice for the position, while critics bring up his potential conflicts of interest in prioritizing American families over the too-big-to-fail banks. ⁽¹⁾



SULLIVAN & CROMWELL LLP

Jay Clayton
Partner;
SEC Chairman

"Notwithstanding the overall growth, [the RIA market] still remains an industry comprised of mostly small businesses. It would be nice to see that segment have a voice on the commission, but it's not clear that it will be coming from Mr. Clayton, based on his resume." ⁽¹⁾

Duane Thompson
President

Potomac Strategies



Past SEC Chairmen ⁽³⁾

SEC Chairman	Served	Administration
Mary Jo White (I)	04/10/13 - Present	Obama
Elisse B. Walter (D)	12/15/12 – 04/09/13	Obama
Mary L. Schapiro (I)	01/27/09 – 12/14/12	Obama
Christopher Cox (R)	08/03/05 – 01/20/09	George W. Bush
William H. Donaldson (R)	02/18/03 – 06/30/05	George W. Bush

(1) FinancialPlanning.com, "Trump's SEC pick seen unlikely to advance fiduciary standard"

(2) WSJ, "SEC pick Jay Clayton is a 180 from Chairman Mary Jo White"

(3) SEC website

*"Jay Clayton is a highly talented expert on many aspects of financial and regulatory law, and he will ensure our financial institutions can thrive and create jobs while playing by the rules at the same time...We need to **undo many regulations** which have stifled investment in American businesses, and restore oversight of the financial industry in a way that does not harm American workers." ⁽¹⁾*

Donald Trump
President



*"It's hard to see how an attorney who's spent his career helping Wall Street beat the rap will keep President-elect Trump's promise to stop big banks and hedge funds from '**getting away with murder.**' I look forward to hearing how Mr. Clayton will protect retirees and savers from being exploited, demand real accountability from the financial institutions the SEC oversees, and work to prevent another financial crisis." ⁽²⁾*

Senator Sherrod Brown
(D) Ohio



The Future of Fiduciaries

Representative Joe Wilson (R) of South Carolina, on January 6th, 2017, **introduced a bill to congress that would delay the implementation date of the DOL fiduciary rule.** If passed, this bill would give the now majority-Republican Congress and President Trump breathing room to either change the rule or even kill it before it can become effective. Previous attempts to kill the rule have been foiled by Democrats, with President Obama even vetoing one attempt.

*"The Department of Labor's fiduciary rule is one of the most costly, burdensome regulations to come from the Obama Administration. Rather than making retirement advice and financial stability more accessible for American families, they have disrupted the client-fiduciary relationship, increased costs, and limited access. This legislation will **delay the implementation** of this job-destroying rule, giving Congress and President-elect Donald Trump adequate time to re-evaluate this harmful regulation."* ⁽¹⁾

Rep. Joe Wilson
(R) South Carolina



April 10, 2017
Original effective date ⁽¹⁾

2 year
Implementation date delay, if bill is passed ⁽¹⁾

"Democrats need to recognize the bill for what it is – an effort to kill the rule, not delay it." ⁽²⁾

Barbara Roper
Director of Investor Protection



"This rule is critical to protecting Americans' hard-earned savings and preserving their retirement security. The outdated regulations in place before this rulemaking did not ensure that financial advisers act in their clients' best interests when giving retirement investment advice." ⁽⁵⁾



Barack Obama
44th President of the U.S.

Appeals of the DOL Rule

Plaintiff	Location	Upheld	Repealed	Pending
U.S. Chamber of Commerce, et al. ^{(3) (6)}	Texas	✓		
American Council of Life Insurers, National Association of Insurance and Financial Advisors ^{(3) (6)}	Texas	✓		
Indexed Annuity Leadership Council ^{(3) (6)}	Texas	✓		
National Association of Fixed Annuities ⁽³⁾	Washington D.C.	✓		
Market Synergy Group ⁽³⁾	Kansas	✓		
Thrivent Financial for Lutherans ⁽⁴⁾	Minnesota			✓

(1) InvestmentNews.com, "Congressman introducing bill delaying DOL fiduciary rule"

(2) WSJ, "New House Bill would delay labor department's rules on retirement advice"

(3) InvestmentNews.com, "Dallas court schedules hearing for lawsuits against DOL fiduciary rule"

(4) InvestmentNews.com, "Thrivent Financial files sixth lawsuit against DOL fiduciary rule"

(5) InvestmentNews.com, "Obama vetoes resolution against DOL fiduciary rule"

(6) InvestmentNews.com, "Dallas court approval of DOL fiduciary rule thwarts Trump's attempt"

Trump Planning to Repeal

On February 3, 2017, President Trump **signed a directive** that will stall the implementation of the fiduciary rule and **prevent the rule from going into effect**. Although the presidential memorandum does not technically delay the effective date of the rule, it is expected to have a similar effect. While the Labor Department has the discretion on whether to revise or repeal the rule, President Trump is expecting significant change. ⁽¹⁾

"We think it is a bad rule. It is a bad rule for consumers. This is like putting only healthy food on the menu, because unhealthy food tastes good but you still shouldn't eat it because you might die younger." ⁽²⁾



Gary Cohn
National Economic Council Director

Critics of the rule claim it will...⁽³⁾

- *Excessively drive investors into passive index funds*, "accelerating the growth of the indexing bubble" and making them vulnerable in the next economic downturn
- *Increase costs for investors*, as studies show that "fee-based accounts often yield up to 60% more than commission-based accounts, which could translate into another \$13 billion in revenue for the financial industry"
- *Punish small and/or independent RIAs*, as these smaller advisors usually lack the resources to comply with the costly regulations, forcing them to either exit the industry or consolidate
- *Punish small savers*, since most advisors will switch over to fee-based structures and drop the smaller accounts that do not make economic sense

The signing of this order **marks the beginning** of President Trump's sweeping plan to **deregulate the financial industry**. Along with paring back the Dodd-Frank Act itself, President Trump will target the rules that were put in place because of Dodd-Frank. While the White House is not planning on letting Wall Street run rampant again, it is planning on **eliminating regulations that are stifling economic growth**. ⁽⁴⁾

"Today we are signing core principles for regulating the United States financial system...We expect to be cutting a lot out of Dodd-Frank because frankly, I have so many people, friends of mine, that had nice businesses. They can't borrow money. They just can't get any money because the banks just won't let them borrow it because of the rules and regulations in Dodd-Frank." ⁽⁴⁾

Donald Trump
President of the U.S.



Gary Cohn
National Economic
Council Director



(1) InvestmentNews.com, "Trump to order halt of fiduciary rule"
(2) WSJ, "Trump moves to kill of Obama's landmark retirement rule"
(3) WSJ, "Your 401(k) doesn't need a federal babysitter"

(4) WSJ, "Trump signs actions to begin scaling back Dodd-Frank"

Trump Planning to Repeal (cont.)

In his directive to the Secretary of Labor, **President Trump instructed the DOL to examine the Fiduciary Rule** and its effect on Americans and their access to quality retirement and financial advice, especially considering...(1)

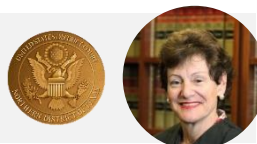
- “Whether the anticipated applicability of the Fiduciary Duty rule has harmed or is likely to harm investors due to a reduction of Americans’ access to certain retirement savings offerings, retirement product structures, retirement savings information or related financial advice”
- “Whether the anticipated applicability of the Fiduciary Duty Rule has resulted in dislocations or disruptions within the retirement services industry that may adversely affect investors or retirees”
- “Whether the Fiduciary Duty Rule is likely to cause an increase in litigation, and in increase in the prices that investors and retirees must pay to gain access to retirement services”

Should the DOL affirm any of the considerations, the Department will **“publish for notice and comment a proposed rule rescinding or revising the Rule.”**

In a recently published ruling from the District Court of Northern Texas on February 8, 2017, Chief Judge Barbara Lynn **upheld the Fiduciary Rule** and denied the plaintiffs’ (U.S. Chamber of Commerce, the Indexed Annuity Leadership Council and the American Council of Life Insurers) motions. (2) Despite the Court’s ruling, industry groups will continue to fight the fiduciary rule and “pursue all of [their] available options to see that this rule is rescinded.” (3)

“The Court finds the DOL adequately weighed the monetary and non-monetary costs on the industry of complying with the rules, against the benefits to consumers. In doing so, the DOL conducted a reasonable cost-benefit analysis.” (2)

Barbara Lynn
Chief Judge of the U.S. District Court
for Northern Texas



“The DOL would be hard pressed logically to conclude now that the rule should not be implemented. To see that a judge in Texas upheld the rule with a strong opinion is pretty powerful support for the rule.” (4)

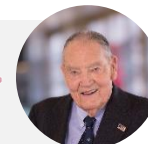


Sanford
Heisler
LLP

Charles Field
Partner

“I do not envision these responses to the fiduciary rule being reversed. With or without regulation by the federal government, the principle of “clients first” is here to stay.” (5)

John Bogle
Founder



(1) The White House, Presidential Memorandum on Fiduciary Duty Rule
(2) U.S. District Court for the Northern District of Texas, Case 3:16-cv-01476-M Document 137
(3) sifma, Co-plaintiff statement on court ruling to upload Labor Department’s Fiduciary Rule

(4) InvestmentNews.com, “Dallas court approval of DOL fiduciary rule thwarts Trump’s attempt”
(5) The New York Times, “Putting Clients Second”

Delaying the Rule & Associated Economic Impacts

The **DOL has approved an extension to the applicability date of the fiduciary rule**, delaying its implementation 60 days, to **June 9, 2017** ⁽¹⁾. In response to President Trump's memorandum to examine the DOL rule, the "proposed regulation is intended to reduce any unnecessary disruption that could occur in the marketplace if the applicability date of the final rule and exemptions occurs while the Department examines the final rule and exemptions as directed in the Presidential Memorandum." ⁽²⁾

In the DOL's regulatory impact analysis, it was "predicted that **resultant gains for retirement investors would justify compliance costs.**" ⁽²⁾

Conflicts from load sharing costs an average of **0.5% - 1%** annually in risk-adjusted returns

=

Underperforming front-end load mutual funds can cost investors **\$95 – 189 bn** over the next 10 years



The fiduciary rule can potentially reduce investor losses by **\$33 – 36 bn** over the next 10 years

>

Complying with the fiduciary rule could cost **\$16 bn** over the next 10 years

Illustration of a Delay to the Applicability Date ⁽²⁾

	60 Day Delay	180 Day Delay
Potential investor losses (1 st year)	\$147 mm	\$441 mm
Potential investor losses (Over 10 years)	\$890 mm (with a 3% discount rate)	\$2.7 bn (with a 3% discount rate)
Reduction in day-to-day compliance costs	\$42 mm	\$126 mm

Small businesses, defined by the Small Business Administration (SBA), have no more than \$38.5 mm in annual receipts

Over **90%** of broker-dealers, RIAs, insurance companies, agents and consultants fall within the "small business" category

Small Businesses Potentially Affected by a Delay



2,438

Broker-dealers



16,521

RIAs



496

Insurers



3,358

ERISA service providers

(1) Federal Register, 2017-06914

(2) Federal Register, 2017-04096

Delaying the Rule & Associated Economic Impacts (cont.)

When the Department of Labor announced the 60-day extension to the applicability date of the fiduciary rule, it also requested comments on issues raised by the extension and related questions. The DOL received around 193,000 comments, with the vast majority of those comments supporting the fiduciary rule; **for every person that wanted a delay to the rule, nearly 12 people supported the fiduciary rule's original implementation.** ⁽¹⁾



Opposing the delay

In response to the delay, advocates of the rule launched the "Retirement Ripoff Counter" – a running tally of how much investors stand to lose by the minute while the fiduciary rule is delayed.

"Altogether, families stand to lose nearly \$4 billion because of the two-month delay the Trump administration just finalized." ⁽²⁾

Senator Elizabeth Warren
(D) Massachusetts



Conflicted advice costs Americans...⁽²⁾

\$46 mm
per day

\$1.9 mm
per hour

\$532
per second



Supporting the delay

With the fiduciary rule, investors will have fewer choices in investment products and less access to financial advice. Smaller retirement savers (less profitable accounts) may be dropped by their advisors.



According to First American Bank, the increased documentation to remain compliant with the fiduciary rule would require a minimum annual revenue of **\$5,000**

"This minimum fee level will be a detriment to the creation of potential plans for many small businesses, and likely will result in the termination of plans by existing clients." ⁽¹⁾

William Ludwig
Executive Vice President

FIRST
AMERICAN
BANK



(1) WSJ, "Vocal Minority: Fiduciary Rule Opponents"

(2) Retirement Ripoff Counter

Delaying the Rule & Associated Economic Impacts (cont.)

Although the fiduciary rule was delayed once, it will not be delayed again – Alexander Acosta, the Secretary of Labor, announced that the **DOL rule will go into effect on June 9, 2017** as scheduled. In his [opinion piece](#), the Secretary of Labor appealed to both advocates and critics of the rule, saying that while the Labor Department is committed to rolling back harmful regulations, there is no legal principle to delay the rule yet again while the DOL seeks public input.⁽¹⁾



Advocates of the Fiduciary Rule

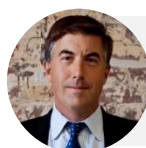


"[The Labor Department has] carefully considered the record in this case, and the requirements of the Administrative Procedure Act, and have found no principled legal basis to change the June 9 date while we seek public input. Respect for the rule of law leads us to the conclusion that this date cannot be postponed."⁽¹⁾

Alexander Acosta
Secretary of Labor



"From a consumer perspective, this is a huge win. Think of it like the Hippocratic Oath for retirement investing. When you go to the doctor, you expect to receive non-conflicted medical advice-- always in your best interest. When you seek retirement advice from a financial professional, you should also expect advice in your best interest. While the new Fiduciary Rule is not perfect, we have just taken a giant step in the right direction."



nextcapital

Rob Foregger
Co-Founder

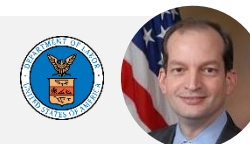


Opponents of the Fiduciary Rule



"President Trump has committed – and rightly so – to roll back unnecessary regulations that eliminate jobs, inhibit job creation, or impose costs that exceed their benefits...Certainly, it is important to ensure that savers and retirees receive prudent investment advice, but doing so in a way that limits choice and benefits lawyers is not what this administration envisions."⁽¹⁾

Alexander Acosta
Secretary of Labor



"While we are disappointed that the Department of Labor has chosen not to further delay the rule until the department has completed a review of the entire rule's impact on investors, we appreciate Secretary Acosta's recognition of the rule's negative impact and his desire to seek public input."⁽²⁾



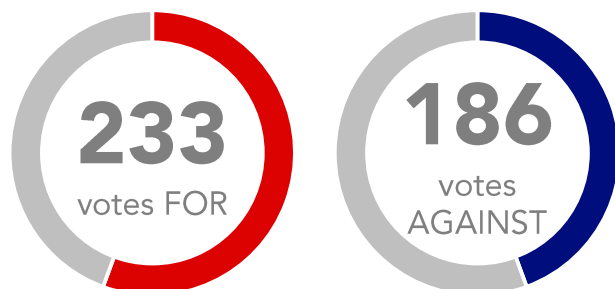
Company Statement

(1) WSJ, "Deregulators Must Follow the Law, So Regulators Will Too"

(2) FinancialPlanning.com "No longer delayed, so what's next for the fiduciary rule?"

The Financial CHOICE Act

On June 8, 2017, the House of Representatives passed the [Financial CHOICE Act](#) - a bill to overhaul the Dodd-Frank financial reform law. The **Financial CHOICE Act also contained language that would effectively kill the DOL Fiduciary Rule.** Although approved by the House, Senate Democrats (who have more than enough votes to filibuster this legislation) have pledged that the Financial CHOICE Act will not get through the Senate.⁽¹⁾



"[The Financial CHOICE Act] takes away all of our consumer protections...Before we had Dodd-Frank, a bank that is insured by the taxpayers could go in and use their customer's money, take their customers' money out to invest in risky bets and then when the bets go south, it's the taxpayers that have to pick up the freight...Wake up, America! I have talked with our Senators and they assured me that this bill is dead on arrival."⁽³⁾

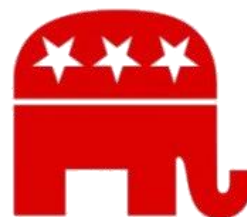
Rep. David Scott
(D) Georgia



The Financial CHOICE Act will repeal the Department of Labor's Fiduciary Rule

and will require the SEC to report to both the House Committee on Financial Services and the Senate Committee on Banking, Housing and Urban Affairs on whether...⁽²⁾

- "Retail customers are being harmed because broker-dealers are held to a different standard of conduct from that of investment advisors"
- "Alternative remedies will reduce any confusion and harm to retail investors due to the different standard of conduct"
- "Adoption of a uniform fiduciary standard would adversely impact the commissions of broker-dealers or the availability of certain financial products and transactions"
- "The adoption of a uniform fiduciary standard would adversely impact retail investors' access to personalized and cost-effective investment advice or recommendations about securities"



The Financial CHOICE Act
will roll back excessive
financial regulations



The "Wrong Choice Act"
will eliminate important
investor protections

(1) InvestmentNews.com, "House passes bill that would kill DOL fiduciary rule."

(2) The Financial CHOICE Act.

(3) Congressman David Scott's website.

Alternative Paths for the Fiduciary Rule



With President Trump's policy reversals in his first week in office and his promise to **reduce government regulations by at least 75%** ⁽¹⁾, many people are expecting the DOL rule to be delayed, if not replaced. In response to these new developments, there has been a wave of renewed efforts by advocates of the rule to see its survival and implementation.

One option is for **financial institutions** who have already taken steps to comply with the pending rule to **publicly support the policy**, as Sen. Elizabeth Warren inquired in her [letters](#). ⁽²⁾

Companies Senator Warren Addressed in Her Letters



"Given the work your company has already done to implement this important new role, I wanted to find out whether you will support the next administration's efforts to reverse the significant progress your company, and many companies industry-wide, have already made toward meeting this higher standard." ⁽²⁾

Senator Elizabeth Warren
(D) Massachusetts



"The election clearly reenergized those who are fighting to kill the rule. It energized us accordingly to defend the rule...there is an added sense of urgency now." ⁽³⁾

Barbara Roper
Director of Investor Protection



Another option for the DOL rule to survive is for the **SEC** and **FINRA** to implement a **new regulatory standard** for fiduciary duties. ⁽²⁾

"I think [the DOL rule] is a question that's best addressed on the federal level, which means by the SEC, if the DOL goes away. If the SEC chooses to address it, one of the things I'd like to see us do at FINRA is play a constructive role in that process...to engage with the SEC and share our experience and help to inform that rule-making." ⁽⁴⁾

Robert Cook
President, CEO



(1) WSJ, "Trump asked CEOs for a plan"

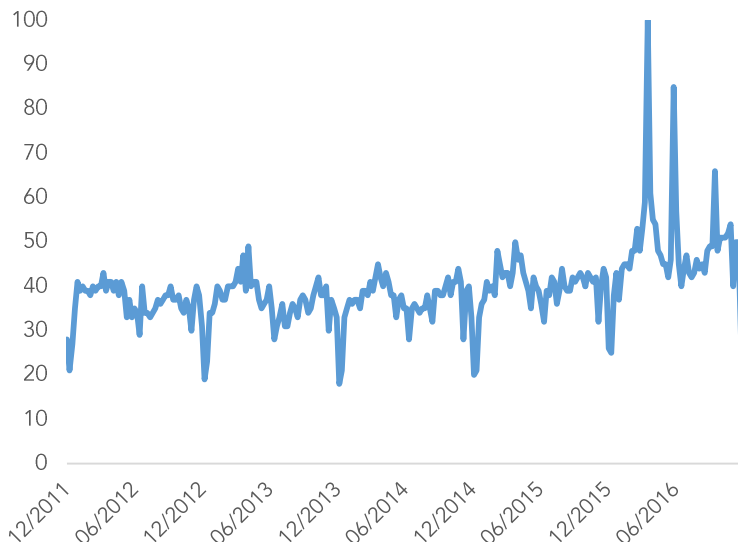
(2) Senator Warren's website

(3) FinancialPlanning.com, "As Trump takes power, fiduciary advocates renew defense of rule"

(4) FinancialPlanning.com, "SEC could step up if DOL fiduciary rule is overturned"

Fiduciary Duty

Google Searches of “Fiduciary”



“It’s not enough to just say you’re a fiduciary anymore. There has been raised awareness of fiduciary responsibility.” ⁽³⁾

Knut Rostad
President

INSTITUTE FOR
THE FIDUCIARY STANDARD



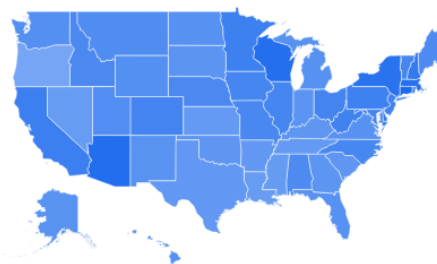
“Who you put your trust in matters. Independent Registered Investment Advisors are professionals held to a fiduciary standard. They exist to serve, not sell.” ⁽⁴⁾

Advertisement
February 2016

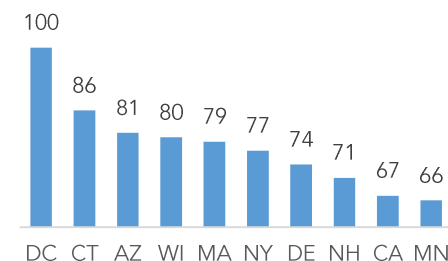
charles
SCHWAB

Despite the uncertainty of the DOL rule’s future, the regulation has elevated the standards that financial advisors operate by and has also **increased the public’s awareness of fiduciary duties**. These trends suggest that the desired effects of the DOL rule are here to stay, regardless of whether the actual ruling gets repealed or not. The concept of fiduciary duty has gained traction and attention; there was a spike in Google searches of the term “fiduciary” in the months after the DOL rule was approved, and the concept was even featured in an episode of [Last Week Tonight with John Oliver](#). Some firms have started marketing campaigns based around the fiduciary rule, while other firms, such as Bank of America’s Merrill Lynch, have even stated that they will comply with the DOL rule even if it goes away. ⁽²⁾

Geographic Distribution of Google Searches ⁽¹⁾



Top 10 States with the Most Google Searches of “Fiduciary” ⁽¹⁾



“This rule is worth your time and attention, and worth your support. We hope that you will stand on the side of America’s 75 million retirement savers, not the firms with deep pockets who are lobbying you to protect their bottom line.” ⁽⁵⁾

Advertisement
An open letter to President-elect Trump

Betterment

(1) Google Trends. Numbers represent relative search interest to the highest point for a period of time, 100 represents peak interest for the term while 50 reflects the term is half as popular
(2) WSJ, “The F-word never sounded so sweet”

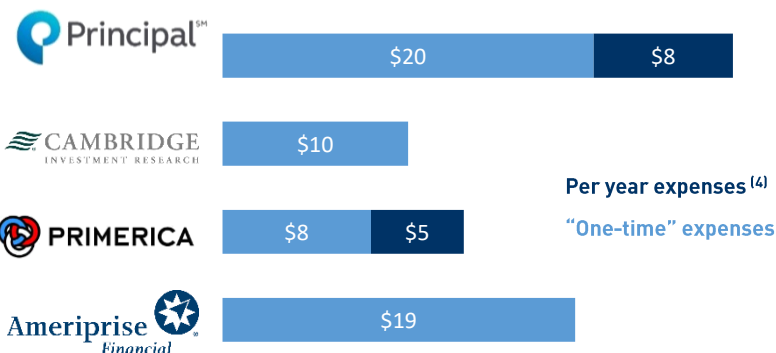
(3) InvestmentNews.com, “Rumors of DOL fiduciary rule’s demise”
(4) InvestmentNews.com, “Barrage of Schwab ads”
(5) Business Insider, “Hot investing startup wrote an open letter to Trump”

Fiduciary Duty (cont.)

Companies are preparing for the DOL rule...regardless of the regulations' future.

Firms across the industry, through various ways, are signaling that they believe the DOL rule is – for the most part – here to stay. While politicians are battling over the fiduciary rule's future, FinTech companies are rolling out new products and services that are designed to support advisors' compliance in anticipation of the rule, while some RIA firms are spending heavily in preparation of the Labor Department's rule, come June 2017.

Financial Outlay in Preparation of the DOL Rule (\$ in mm) ^{(1) (2) (3)}



Per year expenses ⁽⁴⁾

"One-time" expenses

DOL-Focused Products & Partnerships



MoneyGuidePro's Best Interest Scout provides a standardized process for client discovery to help advisors evaluate clients' comprehensive financial circumstances ⁽⁵⁾



Advicent has partnered with North Highland to provide clients with DOL compliant resources through North Highland's DOL Fiduciary Foundations Playbook ⁽⁶⁾



RiXtreme's IRA Fiduciary Optimizer quantifies and documents the savings of rolling over to an IRA account ⁽⁵⁾



RiXtreme's 401K Fiduciary Optimizer creates a unique proposal for plan sponsors, monitors fund investments and compares fees ⁽⁵⁾



Orion has launched the first fee analyzer, allowing advisors to create custom fee-benchmarks and analyze the reasonableness of their fees ⁽⁵⁾



Investnet has introduced its own fiduciary toolkit to enable its advisors to capitalize on the fiduciary opportunity ⁽⁷⁾

(1) InvestmentNews.com, "Ameriprise spends \$11 million"

(2) InvestmentNews.com, "Primerica expects to pay \$4m – 5m per year"

(3) InvestmentNews.com, "Ameriprise spends another \$7 mm in Q3"

(4) Per year expense estimates not available for Ameriprise and Cambridge

(5) Company website

(6) Business Wire, "Advicent Partners with North Highland"

(7) Investnet press release

Regulatory Concerns

With the shifts in compensation structures from commission-based to fee-based, both the SEC and FINRA have cited **higher fees** and **reverse churning** as regulatory concerns. Several independent brokers have already been fined \$7.5 mm with an additional \$2 mm in restitutions for investing “advisory clients in mutual fund share classes with 12b-1 fees instead of lower-fee share classes of the same funds that were available without 12b-1 fees.” ⁽¹⁾

“Any time we see a significant transfer of investors from one type of account to another, we’re going to be interested in how that’s happening, what the disclosures are and whether it’s in the best interest of the investor.” ⁽²⁾

Kevin Goodman
Associate Director, Broker Dealer



In the news: Advisor Group ⁽⁶⁾

Advisor Group recently announced a revamped platform strategy in anticipation of the DOL rule. Key points of their strategies include...

- Continuation of commission based business with **improved pricing**
- Enhancing the advisory platform through **reduced fees and charges**
- Launching a new advisory product
- Introducing a new mutual fund only, **no-transaction fee platform**
- Launching an education program focused on compliance with the DOL rule

“We are making a major investment in our advisors’ futures because we believe in their potential for growth when provided with the right platform, tools and pricing to serve the unique needs of all clients. We are squarely in their corner, standing behind them every step of the way.”

Jamie Price
CEO, President

Advisor Group



“The Securities and Exchange Commission today announced its Office of Compliance Inspections and Examinations’ (OCIE) 2016 priorities...The priorities reflect a continuing focus on protecting investors in ongoing risk areas such as cybersecurity, microcap fraud, fee selection and reverse churning.” ⁽³⁾

Reverse Churning (Fees)

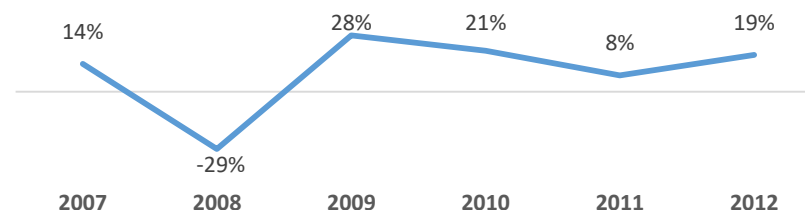
Reverse churning is defined as “the practice of a financial advisor placing an investor’s funds in a fee-based account for no reason other than to collect the fee. These accounts require the investor to pay a regular, fixed fee to the advisor, but it is often in exchange for very little actual advice, trading or account activity. Therefore, the advisory firm generates more revenue while the customer does not receive any recognizable benefit.” ⁽⁴⁾

vs

Churning (Commissions)

According to the SEC, “churning occurs when a broker engages in excessive buying and selling of securities in a customer’s account chiefly to generate commissions that benefit the broker...Churning is illegal and unethical.” ⁽⁵⁾

Fee-Based Account Growth ⁽²⁾



(1) InvestmentNews.com, “SEC smacks three former AIG advisor group B-Ds”

(2) WSJ, “SEC targets ‘reverse churning’ by advisors”

(3) SEC Press Release, Jan. 11, 2016

(4) Investopedia

(5) SEC.gov

(6) Company press release

Robo-Advisors

Along with the BIC exemption that does not apply to robo-advisors, the “level fee provisions are not available for commission or transaction-based compensation arrangements, or for compensation structures that are limited to the sale of proprietary products.”

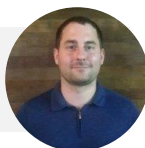
This means that firms who acquired or launched their own robo platforms – such as BlackRock or Schwab – in order to primarily sell proprietary funds, must be careful to comply with the DOL rule.

Selected Independent Robo-Advisors



“From our standpoint, we don’t need to change. We view it as if [the DOL rule] happens or doesn’t happen, our business shouldn’t change.” (3)

Matt Kane
Co-Founder



The BIC exemption **does not apply to robo-advisors** as “the Department [of Labor] is of the view that the marketplace for robo-advice is still evolving in ways that both appear to avoid conflicts of interest that would violate the prohibited transaction rules and minimize cost.” (1)

*“There is a **big difference between independent robos and robo-advisors attached to fund companies.** Are you independent and choosing the best and cheapest of otherwise interchangeable funds, or are you beholden to funds otherwise associated with your firm?” (2)*

Seth Rosenbloom
Legal Counsel



Investment Managers that have Acquired or Launched Robos



(1) Federal Register, BIC Exemption

(2) FinancialPlanning.com, “Fiduciary rule dictates asset manager robo-advisor plans”

(3) InvestmentNews.com, “Robo-advisors poised for DOL fiduciary rule”



IV. Industry Landscape



Industry Landscape – Selected Category Examples

Financial Planning

- Provide advisors with solutions to come up with tailored, comprehensive financial plans for clients
- Digital solutions are typically customizable for advisors to maintain and promote their brand

RIA Custodians

- Provide safekeeping of client assets and securities for RIAs
- Support RIAs through mid- and back-office functions
- Offer advisors products, technology and resources to help grow their businesses

Online Client Engagement

- Facilitate the client prospecting, data gathering and onboarding processes for advisors

CRM

- Better manage advisors' client base, which allows them to focus on more important tasks

B2B Robos

- Provide a number of digital wealth management tools (including full robo-advisory services) to individual financial advisors as well as wealth management firms
- Offerings are usually provided on a white label basis, which allows traditional investment managers to protect their brand identity

Alternative Investment Fund Platforms

- Provide a platform to facilitate investments in alternative assets
- Streamline the alternative investment process

Rebalancing

- Tax-efficient automated rebalancing solutions to simplify portfolio management for advisors

Portfolio Mgmt. & Reporting

- Streamline the investment management process
- Analyze portfolios to enable advisors to make informed investment decisions
- Provide customizable, user-friendly reports for client meetings and requests

Alternative Investment Solutions Providers

- Solutions that facilitate the integration and management of alternative investments into portfolios

Data Aggregation

- Aggregate data from multiple sources to provide advisors with holistic views of their business

Portfolio Risk Management

- Identify and quantify client risk tolerance, allowing advisors to make suitable investment recommendations and align client expectations with portfolios
- Generate a suitable risk profile for clients

B2B Digital Retirement Solutions

- Provide automated digital wealth management solutions to employers, RIAs and other service providers, specifically targeting retirement assets

Post-Retirement

- Focused retirement solutions for retirees

Compliance

- Specialize in third-party compliance solutions

WealthTech – Landscape

Industry Landscape – Selected Category Examples

FINANCIAL
TECHNOLOGY
PARTNERS

Financial Planning



RIA Custodians



Online Client Engagement



CRM



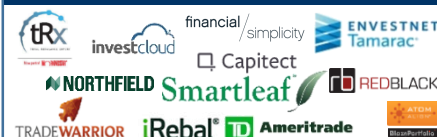
B2B Robos



Alternative Investment Fund Platforms



Rebalancing



Portfolio Mgmt. & Reporting



Alternative Investment Solutions Providers



Data Aggregation



Portfolio Risk Management



B2B Digital Retirement Solutions



Post-Retirement



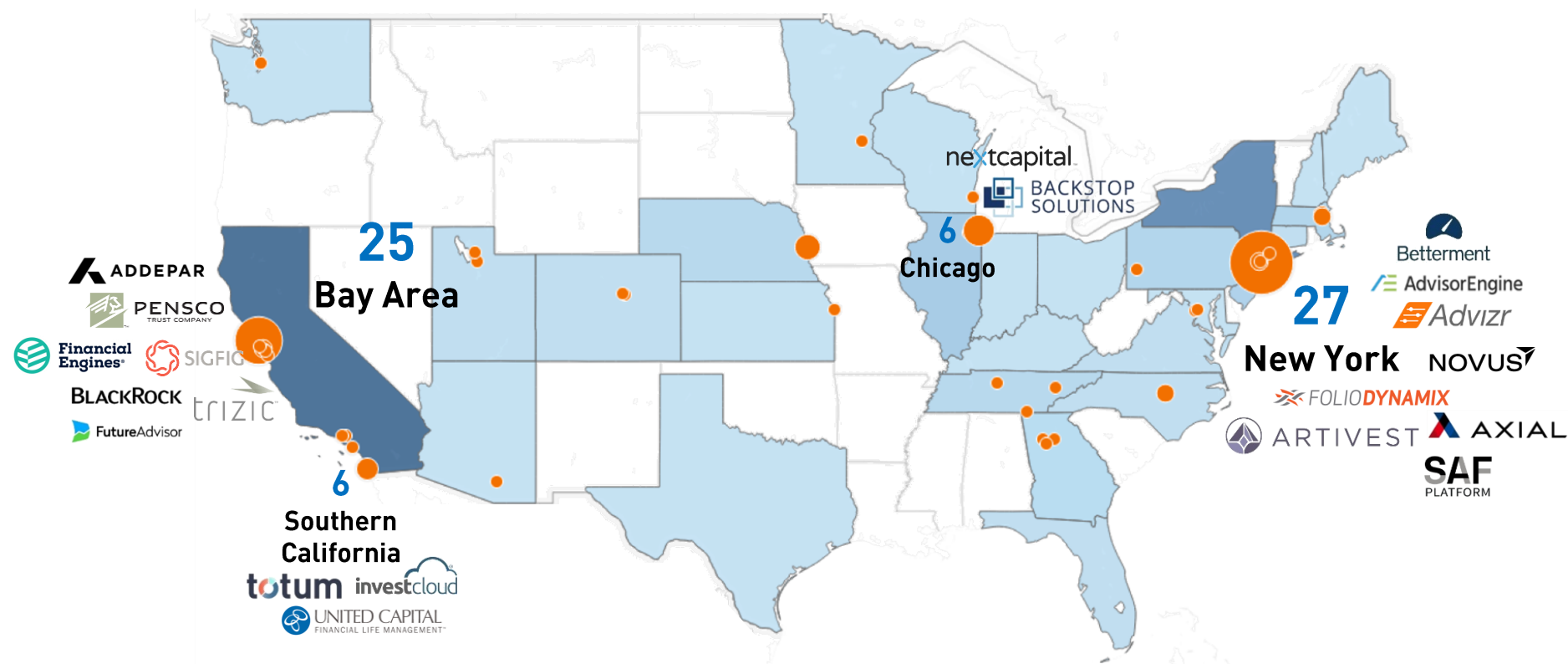
Compliance



WealthTech – Landscape

U.S. WealthTech Geographic Distribution

The U.S. is home to a wide variety of **WealthTech** companies, with the highest concentration located in **Silicon Valley** and **New York**.



Note: This map only reflects U.S. companies included in the previous landscape. Several companies do not provide address information and were excluded from this map.

V. CEO Interviews





Eric Poirier
CEO



Eric is the CEO of Addepar and leads the company on its mission to build the operating system for the financial world. Prior to Addepar, Eric spent almost seven years at Palantir Technologies as one of its first twenty employees. Before his time at Palantir, Eric worked in the Fixed Income Analytics group at Lehman Brothers, where he modeled, simulated and visualized data for a wide variety of debt and credit instruments. Eric graduated from Columbia University where he received a B.S. in Computer Science.

What was the vision behind starting Addepar?

- Joe Lonsdale and I have spent our careers at the intersection of financial services and innovative technology. Since meeting and working together at Palantir Technologies over a decade ago, we have been pushing the envelope to radically improve financial services, recognizing the need for data and logic-based software.
- Financial services have been largely unchanged by technology despite the fact that they are a foundational pillar of the global economy. It's true that there have been innovations—in lending, payments, bitcoin, and robo-advice—but the technology and processes that power the core of the financial system are woefully outdated. In many cases they were built before the Internet was a thing, and were built to solve a fundamentally different set of problems than we face today.
- Investment and wealth management have been especially neglected, where decisions are still based on subjective factors instead of data-driven insights. Why does one of the most important and impactful sectors in the world still rely on decades-old technology and conventions that are notoriously prone to human error?
- Addepar was founded in 2009 as an answer to this question, with a laser focus on empowering asset owners and their advisors to make more informed investment decisions and mitigate unintended risks. This meant rethinking basic processes and building them around modern technology, a platform where they can capture and aggregate data from multiple sources and then apply it in the most intuitive and impactful ways.

"Addepar was founded in 2009 as an answer to this question, with a laser focus on empowering asset owners and their advisors to make more informed investment decisions and mitigate unintended risks."

Addepar (cont.)

Please describe Addepar's services and how does the company fit into the broader wealth management industry?

- We weave ambitious technology and clean, complete data into intuitive products in order to empower advisors to serve their clients in a more tailored way by improving the relevance, fit and outcomes of the advice, products and services they offer. We want end clients to extract more meaning from their advisor relationships and feel greater loyalty and appreciation as their own goals and objectives are better defined and realized.
- Today, Addepar provides portfolio management & reporting software and services.
- Data aggregation and performance reporting are not new concepts. But we've reimaged the entire tech stack below - we got the data right and we built to scale, in a secure way.
 - 1. Comprehensive Data Aggregation and Reconciliation
 - 2. Robust Data Modeling and Powerful Analytics
 - 3. Customizable Reporting and Interactive Client Portal
 - 4. Extensible Platform with API & Suite of Integrations
- We also understand that adopting new technology can be a daunting process and are committed to partnering with our clients every step of the way. There are six main components to our services program:
 - 1. Implementation & Onboarding
 - 2. Client Advocacy
 - 3. Support
 - 4. Addepar Academy
 - 5. Practice Management
 - 6. Alternatives Data Management

"We want end clients to extract more meaning from their advisor relationships and feel greater loyalty and appreciation as their own goals and objectives are better defined and realized."

What is the strongest component of your value proposition? How are you winning such high profile clients as Morgan Stanley?

- We have proven that our unified data model can represent the details of the most complex investment portfolios -- across asset classes, alternatives and ownership structures using the most granular data for positions, transactions and tax lots denominated in any currency. We built the infrastructure that connects asset owners and their advisors to custody banks, fund administrators, market data providers and other technology providers. We have taken on the huge challenge and responsibility to harden the finance ecosystem with a scalable, secure technology foundation. And we have already amassed more high net worth assets than any other incumbent software platform.
- Every single Addepar client uses the same product, platform and infrastructure. This is a critical detail, and an important milestone for Silicon Valley innovation: it proves that bulge-bracket banks are willing to embrace cloud-based software with sensitive data in order to give their clients the best possible experience.

Addepar (cont.)

To serve a large client base, Addepar must integrate with a large number of disparate partners (custodians, fund admins, data providers, etc.) – how do you do this efficiently and in the most automated fashion?

- Let's use custodial data as one example. There is no universal format for custodial data: each custodian has its own way of representing holdings, transactions, and tax lots, to varying levels of quality and completeness. Aggregating and reconciling this disparate data is a major challenge for asset owners and advisors. Addepar has solved this problem by developing a standardized data format called Global Financial Format (GFF). The JSON-based GFF encapsulates transactions, holdings, securities, tax lots, and related metadata from raw custodial files and translates them into data that can be utilized by our application. By normalizing these data sets, Addepar can store and process financial information in a uniform manner, enabling scalable reconciliation and validation checks.

"By democratizing access to data (with security as a hard requirement), we make it easier for new companies to build and innovate, and those with the best ideas who execute well and price right simply win more market share."

What does digital wealth management mean to you?

- Addepar's initial business strategy was to focus on constituencies who were the most underserved by technology -- owners and advisors of complex, multi-asset class portfolios -- family offices, wealth advisors HNW and UHNW clients and private banks. We have already amassed more high net worth assets than any other incumbent software platform.
- We find that many of the challenges we have solved for exist across the spectrum of advisors and end clients spanning the retail, mass affluent, HNW or UHNW markets. Technology is the most strategic underpinning of that ultimate client experience. It's on us as innovators to dress up or tone down the core technology / products and tech-enabled services in various ways.
- By taking old manual processes and automating and streamlining them, we get to make data and relevant solutions more readily accessible, allowing clients and their advisors to make decisions in a consistently data-driven way. This builds trust and confidence, and yields more favorable outcomes. We need to be thoughtful in how we build these solutions.
- In my view, we need to enable faster, more fundamental innovation across financial services -- which must be rooted in serving the client's needs first. By democratizing access to data (with security as a hard requirement), we make it easier for new companies to build and innovate, and those with the best ideas who execute well and price right simply win more market share.

Addepar (cont.)

What has been your strategy regarding funding the business, including timing and investor types?

- We're building Addepar with a long-term mission as our driving force. Our investors share our vision and recognize the level of ambition required to shift the financial system to become truly data-driven. We're grateful to have backers who are pioneers and leaders in global finance and technology, and we're driven to achieve an extraordinary outcome together.

What's the long term vision for the Company?

- As Addepar grows, it's our ambition to turn our platform into infrastructure that will serve as a hub to connect all aspects of global finance, including asset owners, advisors, products, services, and all counterparties.
- We're limited only by our creativity in the ways that we serve the owners of \$120 trillion+ in assets and their advisors who have relied on people-driven systems for decades. Our clients and partners are eager to dream and deliver with us, and we're engaging with them in earnest. This is a big step towards our mission: to power the global financial system to efficiently allocate capital and mitigate risk.

As a disruptive force in the WealthTech space, what are the biggest challenges you face in growing the business?

- We firmly believe that wealth management is built on trust. The best human advisors who strategically use technology will outperform and will continue to do so for years to come. We're successful when we make these advisors smarter and more well equipped to serve their clients. As a Silicon Valley-founded company, we're often seen as contrarian in our quest to empower the advisor first with technology and services, rather than solve the entire problem with technology and automation. Our perennial challenge has been articulating what's truly different about the approach we've taken versus more consumer-oriented WealthTech companies. Fortunately, our current clients help us make that point to the market.

"As Addepar grows, it's our ambition to turn our platform into infrastructure that will serve as a hub to connect all aspects of global finance, including asset owners, advisors, products, services, and all counterparties."

Artivist



James Waldinger
CEO



James is the Founder and CEO of Artivist. Prior to founding Artivist, James served on the investment team and managed an emerging markets portfolio at Clarium Capital, a global macro hedge fund. James has also worked at various internet startups in operational, advisory and investment roles. With a diverse background, James grew up as an actor, interned at the White House and was a NYC Urban Fellow on Rikers Island. He graduated from Yale, has a JD and MBA from Stanford and is licensed to practice law in New York.

What is the fundamental problem that Artivist is trying to solve in the wealth management space?

- Artivist is a technology platform that digitizes private equity and hedge fund investing for the high net worth channel. Artivist applies the user-focused operations and technology of popular e-commerce platforms to the experience of investing in private alternatives. A single sign-on powers diligence, subscription and ongoing reporting for financial advisors and their qualified clients.

What sets Artivist's platform apart from other alternative investment platforms?

- A number of players are trying to solve for the question of how to efficiently and cost-effectively service smaller investors in private alternative funds. Before Artivist, there were three types: placement agents who offer traditional capital introduction for a fee but leave both investor and fund with cumbersome paperwork and reporting to navigate; tech-only providers that alleviate part of the paperwork burden, e.g. by hosting documents online; and social networking platforms that introduce issuers and investors but neither offer institutional-caliber managers nor deploy a research team to select funds. Artivist is the only independent solution combining technology, operations, compliance, manager research and product structuring to provide a seamless experience for both investors and sponsors of top private funds.

"Artivist is the only independent solution combining technology, operations, compliance, manager research and product structuring to provide a seamless experience for both investors and sponsors of top private funds."

How can alternative investments enhance portfolios and help financial advisors build their business?

- Private alternatives can offer two core benefits to portfolios: return enhancement and risk reduction. Wealthy investors already know this — if you look at Tiger 21 investors as a benchmark, as of first quarter last year they were committing 23% of their assets to private equity. That's more than they have allocated to stocks! Couple that with the fact that most wealthy individuals use more than one financial advisor and the question for the FA becomes, how do I make sure my clients put their next incremental dollar with me vs. my competition? The answer is by looking beyond ETFs and bond ladders, by offering a differentiator to improve portfolio outcomes—and by making the whole process easy.

Artivest (cont.)

In building an alternative investment ecosystem, who has been the most difficult to get on board: consumers, advisors, or product providers? What are your selling points to each of these constituents?

- We have been fortunate with our timing in that we haven't had to "create a market," so to speak. Funds are actively searching for a way to efficiently reach the HNW channel and appreciate that we offer a comprehensive solution combining expertise in distribution, technology, and operations. Meanwhile, individual investors are demanding that their advisors offer compelling investment opportunities and that they use technology to help them manage their wealth more effectively and more transparently. Advisors and advisory firms appreciate how we have removed the "pain" from all parts of the investment lifecycle — qualifying the client, sharing marketing materials, effecting subscriptions and integrating reporting results.

"Our vision is that Artivest becomes the universal nexus for all things alternative investments..."

What is the screening process to decide what products you make available on the platform?

- Our Research and Diligence team conducts rigorous investment and operational due diligence on each fund. Those that warrant a further look after initial screens are researched in depth, with areas of focus including consistency and repeatability of strategy, team strength and stability, and dynamics of prior investments. Quality is very important to us, since there is such a large performance gap between funds in the alternative space. We'd rather have just a few high-quality funds on the platform than take a supermarket approach.

What is the biggest challenge you face in digitizing what have historically been face-to-face and paper-based interactions / relationships?

- We have worked hard on creating a platform that digitizes only the tasks where the human touch does not add value. So far, no one at our fund partners has expressed any nostalgia for their long days of manipulating Excel spreadsheets and fax machines, for example. On the other hand, funds and advisors have expressed relief at having more time to talk to clients about actual wealth management, as opposed to correcting the third mistake on page 72 of a subscription document.

What's the long term vision for the Company? What new products and services will you be offering in the coming years?

- Our vision is that Artivest becomes the universal nexus for all things alternative investments, whether or not an intermediary is involved, whether that intermediary is part of a big bank or a small independent shop, and whether the product is a private placement or a registered investment contract.

Backstop Solutions



Clint Coghill
CEO



Clint co-founded Backstop Solutions in 2003 and has helped guide the company for the past 10 years as Chairman of the Board before pivoting into the CEO position to lead the company. Before Clint co-founded Backstop Solutions, he was the CIO of a Chicago-based hedge fund, Coghill Capital Management. Clint also leads several philanthropic efforts: the Coghill Family Foundation and the Environmental Impact Initiative. Clint attended the University of Arizona, where he received his Bachelor's Degree in Business Administration, and also the London Business School, where he received his M.B.A.

What was the vision behind founding Backstop Solutions? What are the fundamental problems you are trying to solve for your clients?

- 13 years ago, I was running a hedge fund and drowning in intensely manual business processes. There did not exist any platforms tailored to the alternative investments industry that would enable me to easily do things like track meetings with prospective investors and then manage them as accounts once they became investors. When I founded Backstop Solutions, it was with the vision of integrating all of the underlying business processes and workflows into a single platform, creating valuable time savings and productivity enhancements for the alternative investments industry.

What key technologies are you leveraging in order to deliver a differentiated solution?

- We built Backstop as an entirely cloud-based solution with a multi-tenant Software-as-a-Service architecture. We also have a library of REST APIs that enable easy integration with other applications heavily leveraged by the alternative investment industry.

How does technology continue to create competitive advantages in this market?

- Since our founding, we have evolved our technology organically and through acquisition to solve for many of the primary needs of the institutional investment industry including research management, portfolio management, accounting (for asset owners), customer relationship management (CRM), investor relations, and secure communication via email and portal. This provides Backstop two important competitive advantages: greater agility over horizontally-focused solutions that are not tailored to the specific process of the alternative investment industry and therefore require a great deal of customization; and greater breadth against standalone point solutions that are not as comprehensive and require the purchase of more solutions to accomplish the same goals.

"When I founded Backstop Solutions, it was with the vision of integrating all of the underlying business processes and workflows into a single platform, creating valuable time savings and productivity enhancements for the alternative investments industry. "

Backstop Solutions (cont.)

What is the strongest component of your value proposition? How are you winning clients?

- The strongest component of our value proposition is the breadth and depth of our solutions, coupled with robust, high-touch service and support that translate into daily client value. We win clients through the combination of our single-industry focus, our support, and our strong reputation in this space.

When you win clients, are you typically replacing homegrown solutions or existing competitive solutions?

- We are typically replacing homegrown solutions that involve multiple spreadsheets, manual processes, and time-intensive workflows.

What key processes in the industry are the most difficult to digitize?

- The alternative investments industry is unique in the interdependency of its business processes. For example, for asset managers, a standalone CRM is not enough because once prospects become investors, they need to be connected to accounts and then serviced properly. Therefore, digitizing and integrating prospect management with account management becomes of paramount importance. Similarly for asset owners, researching managers will eventually lead to decisions to invest in those managers, creating the need to closely integrate research management with portfolio management so that risks across the entire portfolio can be aggregated and understood. In summary, the individual processes are difficult to digitize, but even more difficult is the automation of the interconnections between those processes – this affects multiple downstream teams, which is why decisions about technology platforms cannot be made within a vacuum, or without cross-functional collaboration (i.e., sales and marketing with investor relations, research management with portfolio management and accounting, etc.).

What are the biggest challenges you face in running a dynamic, fast growing business?

- The biggest challenges stem from scaling up to meet the demands of a growing client base while simultaneously staying ahead of the innovation curve.

What's the long term vision for the Company? What new products and services will you be offering in the coming years?

- We strive to become the dominant cloud productivity suite for the alternative investment industry. To that end, we will continue to identify the biggest obstacles to agility faced by asset owners and asset managers and work with our client and industry partners to solve for them using our high touch, high technology engagement and service model. Integration is a current area of focused development, and we look forward to bringing a richer information set to our clients through a single unified suite.

"The biggest challenges stem from scaling up to meet the demands of a growing client base while simultaneously staying ahead of the innovation curve."



Olivier Dellenbach
CEO, Founder, President

eFront

Olivier has been the CEO of eFront since he first founded the company in 1999. Olivier already had extensive experience in the alternative investments and risk management space, giving him the knowledge required to guide the strategic direction of the company while also ensuring innovation remained a core company value. Before starting eFront, Olivier co-founded NAT Systèmes in 1987, which was then sold to Cognicase in 1998. Olivier graduated from École Polytechnique, a prestigious European engineering school.

What was the vision behind founding eFront? What are the fundamental problems you are trying to solve for your clients?

- The Company was created towards the end of the internet bubble at a time when VC managers started to turn to IT systems to help them track their investments more rigorously, make better-informed decisions and report more professionally to their investors. eFront chose to specialize in Alternative Investments management to ensure the highest possible sector-relevance and focus. We seek to bring the latest technology innovations together with sharp functional expertise to create high-performing and user-friendly softwares for the benefit of investors in Alternatives.

“eFront chose to specialize in Alternative Investments management to ensure the highest possible sector-relevance and focus.”

What key technologies are you leveraging in order to deliver your solutions?

- From the beginning we chose to develop 100% web-based applications to allow our clients to access our systems wherever they sit or travel. We leveraged standard Microsoft .NET technologies to develop largely self-sufficient applications. We have also continuously adapted our softwares to technology evolutions: we are now in the third generation of our underlying technology framework, we have developed numerous new sophisticated technologies such as advanced analytics and dashboarding, and can deploy our solutions in the cloud, on premise or host them.

What is the strongest component of your value proposition? How are you winning clients?

- We are uniquely positioned, serving both the Buy (LPs) & the Sell side (GPs) of the industry with a very different value proposition. We offer LPs solutions to track their positions in Alternatives, to measure their performance and to assess the risk of their portfolios. We offer GPs an end-to-end, front-to-back suite of solutions to manage all their investment activity from Fund Raising to Investors Reporting, with a center of gravity around fund accounting. Serving both sides is helping us better understand how to help GPs to provide better information to their Clients (LPs) – a unique Value proposition in our industry. Our clients appreciate both the relevance of each of our software individually and the fact that they can operate as a full solution suite covering all of their Alternative Investments management needs, and constantly innovating with new features and technologies. The fact that we are the established market leader with about 21 offices close to our over 850 clients around the world is also reassuring for prospective clients when it comes to choosing a credible and committed software partner.

eFront (cont.)

When you win clients, are you typically replacing homegrown solutions or existing competitive solutions?

- We estimate that only 50% of today's Alternative Investments software needs are currently covered by actual softwares like ours. Investors are still largely unequipped. As a result, in most cases we are replacing Excel or sub-optimal internal developments. In some cases, we also allow our clients to internalize a service rendered by fund administrators or advisors. However, we also see an emerging trend for software upgrades to replace old legacy systems, as investors start to realize the power and benefits of the most recent solutions. In those cases we migrate clients from legacy competing systems.

What key processes in the industry are the most difficult to digitize?

- There is a strong demand from LPs to have access to information through standard data templates. However many GPs are still very reluctant to provide information in this way, mostly because they believe that standard information deprecates the value that they provide.

What are the biggest challenges you face in running a fast growing, global business?

- Attracting talents with a strong business expertise and an appetite to work for a software vendor is by far our biggest challenge. Our market leadership, global presence, financial health and private-equity backing definitely helps, but the fight for talent is fierce in the FinTech space.

What's the long term vision for the Company? What new products and services will you be offering in the coming years?

- We believe there is a huge opportunity to facilitate the automated exchange of data and information in the Alternatives ecosystem. Obviously selling to GPs the tools to produce information and to LPs the tools to consume this information puts us in a very good position to build this infrastructure.

"We also see an emerging trend for software upgrades to replace old legacy systems, as investors start to realize the power and benefits of the most recent solutions"

InvestCloud



John Wise
CEO, Co-founder



John Wise is the co-founder and CEO of InvestCloud. He is a serial entrepreneur, having co-founded several companies before starting InvestCloud. John's latest endeavor prior to InvestCloud was Netik, an internet integration solution, where he served as CEO and co-founder. Netik was sold to Bank of New York in 2005. Before that, John founded (and co-founded) TCA Syntec and Synergo Technology. John attended Oxford Technical College and also received a double honors degree in cybernetics and computer science from Reading University in England.

What was the vision behind founding InvestCloud? Has that vision evolved over time?

- Our vision from the beginning in a Californian garage has been that any investment manager can have access to a first-class, integrated digital investment platform through the cloud with InvestCloud. We do this through digital empowerment. That is, InvestCloud's digital platform is designed to empower money owners and money managers to make better decisions using better information. Today our client base includes nearly 700 wealth managers, institutional investors, institutional asset managers, family offices, asset services companies, financial platforms & banks of varying sizes, with hundreds of thousands of end users.
- The reason this vision has been achievable is because our technology enables it. Data is flexibly aggregated, managed and used for informational purposes by InvestCloud's Digital Warehouse, which models both structured and unstructured data in an extended and extensible way to provide a single version of the integrated truth (SVOTIT). In addition, we use a product configuration platform called Programs Writing Programs (PWP), which is a code generator that enables a designer or business analyst to do the work of 50 programmers. Product designers have used PWP and our Digital Warehouse to create nearly 6,000 data views curated into several hundred apps in our app store.
- As a result of InvestCloud's Digital Warehouse and PWP, our platform was built from day one to support sustainable product customization. There is a huge advantage of that when it comes to traditional software delivery – i.e., greater flexibility, lower cost and faster time to market. However, the leverage has become even more apparent as we've begun putting the product development platform into the hands of professional services partners like PwC as well as of our clients.
- A part of our vision that has become especially important now is that every company can have a Robo or digital advice offering to accommodate the growing online mobile industry. Within weeks our clients can have competitive products in comparative styles to leading Robos. As we have not hard-coded, it allows this extreme flexibility.

"Our vision from the beginning in a Californian garage has been that any investment manager can have access to a first-class, integrated digital investment platform through the cloud..."

InvestCloud (cont.)

What are the key challenges you are trying to solve for your clients in the investment management industry?

- In a phrase, InvestCloud is on a mission to eradicate the evils of monolithic, ugly enterprise applications, in which data is everywhere, with archaic and fragmented access. This situation leads to unnecessary cost and time wastage, and ridiculous use of Excel to bridge gaps – not to mention, the user experience is horrid.
- But these are only the symptoms. The problem is more deeply rooted. It is an approach problem, in that software is traditionally hard coded, meaning it's inflexible, doesn't adapt and doesn't customize sustainably.
- In addition, monolithic technology used to mean that you had to choose between new solutions and maintaining historical investments. Instead, InvestCloud overlays and can coexist with heritage investments, which means clients can keep the investments they've made and they like but likewise harness the best that modern technology has to offer. This is evolution instead of revolution.

How is InvestCloud different from other technology providers to the industry?

- InvestCloud is the only company whose products are based on generated code – provided by our PWP technology. Without hard-coding to get in the way, InvestCloud's digital platform can be sustainably customized for quick, adaptable, frictionless deployment. This greatly enhances the possibilities of the digital experience.
- The form this takes is myriad – from client portals and advisor portals, to mobile apps, to trading and accounting portals, to advanced analytics portals.
- In addition, InvestCloud has taken technology empowerment to the far extreme – opening Innovation Centers that give clients the power in product development. The Innovation Centers by InvestCloud are fourth-generation incubators and accelerators, providing:
 1. Physical space in creative hubs for focused teams of collaborators to develop ideas and product;
 2. Access to InvestCloud mentors embedded in the Innovation Centers;
 3. Market distribution channels; and
 4. InvestCloud's full digital platform for product development.

"InvestCloud is on a mission to eradicate the evils of monolithic, ugly enterprise applications, in which data is everywhere, with archaic and fragmented access."

InvestCloud (cont.)

InvestCloud offers both front and back office solutions for a wide spectrum of players in the industry including wealth managers, robo-advisors, institutional investors and asset allocators --- how are you able to provide best-of-breed solutions for so many areas of the market?

- Our segment and use case coverage are really testaments to the power of the Digital Warehouse and PWP. On the one hand, we have a single, unified data model that is both extended and extensible. That means it covers a wide range of both structured (traditional) and unstructured data (e.g., Tweets, documents, images, etc.) as well as enabling clients to enhance it as the use case demands. Data is brought into the Digital Warehouse via a Common Interface – i.e., standardized and validated upon entry.
- On the other hand, PWP enables endless platform possibilities, because hard-coding is no longer an impediment. And finally, every one of the apps in our app store are pre-integrated into the digital warehouse and hyper-modular. This Lego™-like approach means clients can draw upon a range of existing applications and combine them in unique ways to support a range of use cases.
- In addition, we've made the R&D investment to curate our several hundred apps into standard products that are optimized for particular market segments, all of which are nonetheless customizable to ensure brand compliance and optimal digital user experience.

“The investment management industry is still waking up to the need to completely digitize...”

Has the investment management industry woken up to the need to completely digitize or is there still a wake-up call that needs to occur?

- The investment management industry is still waking up to the need to completely digitize. While “digital” is a prevalent buzz word in our industry, many firms still don't fully appreciate what it means to digitize – or don't know how. But the train is coming, with only increasing fee compression. And it's imperative that investment managers add more value to clients while cutting their costs, digitally. Getting there is really about two things: the digital experience and digital automation.
- The digital experience is all about making digital user experiences intuitive, involved and individual, so that both money owners and money managers derive more value from portals. Intuitive is about concentrating the essential aspects. Portals should also be involved, in the sense that they draw the user in (with news and curated content, relevant to the investment portfolio). For investment managers, this means providing digital experiences that boost investor value. Individual means your own employees and your investors can have personalized experiences. Clients are far from all being the same, so we shouldn't treat them that way. The right answer is defining client personas and enabling them to self-select digital experiences.
- To digitize a platform, though, you need to abstract data to a level above. This is part of the standardized data model that is inherent in the Digital Warehouse and the Common Interface. This abstraction of data allows us to control workflows in a digital way. The underlying systems remain unchanged. As a complement to the enhanced digital experience, digital automation means using a proper digital platform to simultaneously enhance the client digital experience while increasing the number of clients each advisor or portfolio manager can manage. This requires bringing automation to client engagement, account onboarding, client reporting and client management, among other functions.

InvestCloud (cont.)

How do you see the evolution of human advice and robo-advisors?

- The human-less Robo experience works for a certain contingent of the population. But that contingent generally does not include the HNW and UHNW demographics. At a certain wealth level, people demand access to people. And even among mass affluent millennials, people value episodic 'life' advice and goals-based planning in a different way than increasingly commoditized investment advice.
- In addition, while pure Robos focused primarily on millennials and the mass affluent have got traction, these investors will look to graduate to hybrid models over time. So in order to capture generational wealth transfer, pure Robos alone aren't sufficient for the marketplace.
- As a result, human-powered digital advice will continue to have a critical place in the tapestry of investment management. This is the hybrid model. You see the largest banks adopting precisely this model as the next evolution of digital wealth advice – some of which InvestCloud is powering.
- The next step for the digital advice model is to mature on-demand advice as part of the digital client portal experience (through video chat, co-browsing and the like). We're seeing increased interest in this space.

"The next step for the digital advice model is to mature on-demand advice..."

What is the long-term vision for the company? What new products and solutions are on the horizon?

- We're a full-stack provider. From the earliest of times, we believed that every component for the financial industry including wealth management would be provided through the cloud. That constitutes multiple technologies that the client ultimately doesn't see. Logistically, an iPhone has many processors and tech inside that the consumer doesn't need to see. In the cloud we can provide the flexibility without losing any of the functionality.
- Going forward, we are leveraging this approach and our unique digital platform to continue to broaden our app universe. These hyper-modular apps are both those that we're continuing to build ourselves as well as third-party apps built in our Innovation Centers for our platform. Some early innovators working in our Innovation Centers include teams focused on enhanced tax efficiency, better trading tools and support of specific and emergent CRM use cases.

As a disruptive force in the WealthTech space, what are the biggest challenges you face in growing the business?

- Although we are disruptive in the sense that we have a different approach, we're also providing everyone with an evolutionary roadmap from where they are technologically today to get to a better future state. Indeed, to handle many of the world's largest banks we've invested into the Innovation Center to train people to implement InvestCloud's digital platform themselves, which is a crucial enabler. So while our Professional Services team can be deployed, you can also do it yourself.
- It wasn't immediately obvious how to enable in this way, however. After several years spent building and delivering product to our clients ourselves, we realized that partners and clients wanted to get into the driver's seat of product development and deployment. Our challenge was how to do that in a structured manner. Hence the Innovation Center was born. We conquered the challenge by building Innovation Centers in 3 major global hubs and installing some of our best minds in those Innovation Centers. And we have more to come soon in additional cities around the world.
- More specifically, we limit each team to no more than 6 people for no more than 6 months to ensure rigorous focus on success. This is exactly how we've always delivered – going back to the garage. It's just that now we've cracked the nut on how to make that experience possible to partners and clients as well. This is the dream of empowerment, truly fulfilled.

NextCapital



Rob Foregger
Co-Founder

nextcapital

Rob Foregger is Co-Founder and Executive Vice President of NextCapital. Prior to co-founding NextCapital, he co-founded Personal Capital, served as the President of Fidelity Investments Personal Trust Company and SVP of Banking Services. Rob co-founded and served as COO of EverBank.com, one of the nation's leading online banks. Rob received a degree in business administration from the University of Vermont.

Where are you seeing the greatest demand for NextCapital's services?

- Whether or not the DoL Fiduciary Rule is repealed, scalable advice is the future-state model of the investment industry.
- Regulatory disruption, coupled with technology, consumer and industry change, is shifting the industry away from mutual fund "product manufacturing" and towards "advice manufacturing." The aforementioned changes are driving massive demand for what we do-- enterprise digital advice.
- Most institutions that work with NextCapital have a few things in common.
 - First, they seek to provide scalable retirement advice inside and outside the \$7 trillion defined contribution market.
 - Second, they want fully integrated planning, advice and managed accounts solutions, not a fragmented group of financial tools.
 - Third, they seek to deliver a truly differentiated digital advice offering, configured to their unique business and channel strategy, investment methodology, and user experience.

With the B2B robo model becoming more prevalent, how is NextCapital positioning itself to remain differentiated?

- While there are several great companies doing digital advice, in some form or another, NextCapital has several distinguishing factors:
 - Enterprise Approach: First and foremost, NextCapital is laser-focused on Enterprise Digital Advice, meaning we enable "Fortune 50" partners to deliver digital advice across multiple strategic channels. Examples of some of the world-class brands that do business with NextCapital include John Hancock, Russell Investments, State Street Global Advisors and Transamerica.
 - 401k + Retail: NextCapital is one of the only digital advice providers that can provide holistic planning, advice, and managed accounts inside and outside of the 401k.
 - Full Partner Configuration: NextCapital enables institutional partners to bring to market a full-stack digital advice solution that is specifically built to support the demanding configuration requirement of large institutions rapidly and cost-effectively. As aforementioned, configurability includes:
 - Customer user experience
 - Proprietary or third party investment methodology
 - Self-service and advisor-assisted service models
 - Multi-channel- supporting 401k, IRA and retail brokerage accounts
 - Integrations with 401k record keeping systems and retail custodians

"Scalable advice is the future-state model of the investment industry."

NextCapital (cont.)

“We see a very significant opportunity to grow our digital advice platform globally – with more than two-thirds of the digital advice growth over the next ten years coming outside of the U.S. we continue to prepare our platform for global readiness.”

With the wealth management industry becoming more digitized over time, will you be moving down market, targeting smaller institutions vs. the large financial institutions you have historically targeted?

- In a nutshell, NextCapital’s five-year strategy is to win the retirement market, penetrate the advisory/intermediary channel and prepare to go global.
- It would be more accurate to describe NextCapital as moving into new markets, rather than “down market.” Specifically, we see a large opportunity in the intermediary, or financial advisory market. While the large retirement providers we work with are seeking a full-stack digital advice platform, the financial advisory market is often in need of platform components-- not the full solution. By way of example, our partnership with State Street Global Advisors enables them to deliver and manage custom portfolio models for financial advisors. We think this is a very interesting opportunity as large assets managers seek new ways to deliver personalized investment management to the intermediary market.
- Eventually, we see a very significant opportunity to grow our digital advice platform globally – with more than two-thirds of the digital advice growth over the next ten years coming outside of the U.S. we continue to prepare our platform for global readiness.

How do you see the B2C robo market evolving vs B2B robo market?

- Over the past two decades, the retail financial services industry has gone through profound digital transformations; the shift from traditional to online banking, the shift from traditional to online brokerage, and now, the shift from traditional to digital advice.
- While a handful of B2C digital advice players can survive and thrive as stand-alone entities – such as Betterment and Personal Capital – we believe the large industry incumbents will win the lion’s share of the digital advice opportunity. My guess is that the funding window for new B2C robos will continue to close, and venture money will focus almost exclusively on B2B digital advice platforms.
- The real disruption opportunity is for NextCapital to empower leading financial institutions to bring to market a differentiated digital advice solution via their trusted brands – both inside and outside the 401k plan.

NextCapital (cont.)

What are you seeing as the key problems that “WealthTech” can solve in the industry?

- There are several large societal problems that “WealthTech” can solve in the industry today.
- From an institution perspective, WealthTech can help institutions cope with the i) aforementioned shift from investment product manufacturing to advice manufacturing, ii) regulatory change, such as the pending DoL Fiduciary Rule, iii) increased complexity in compliance management, to name a few.
- From a consumer perspective, WealthTech can provide numerous benefits as well, including but not limited to; i) gaining access to world-class investment advice, ii) improved retirement outcomes, iii) lower cost access to financial services, and iv) increased financial transparency, to name a few of the critical benefits of WealthTech.

“Irrespective of whether or not the pending DoL Fiduciary rule lives or dies, the industry is rapidly moving toward the fiduciary model.”

What are your thoughts around the DOL rule and how it all plays out? How is NextCapital responding?

- The pending, but at-risk, new DoL Fiduciary Standard is perhaps the biggest financial regulatory change since the repeal of Glass-Steagall. The new DoL Fiduciary Rule is laser-focused on delivering a best interest standard of care to all Americans saving for Retirement. This is a Rule specifically addressing the \$7 trillion in defined contribution plans and the \$7 trillion in IRAs – together this sensibly protects more than 40% of all financial assets of American investors.
- While not perfect, the new Fiduciary Rule wrings out conflicted advice and excessive cost out of the retirement investment industry. The Rule also focuses on aligning the consumer and the industry, much the way you would expect a doctor to provide you with non-conflicted medical advice. Think Hippocratic Oath for retirement savers.
- While the original lobbying efforts against the new Fiduciary Rule argued that the Rule would drive up cost and reduce access to investment advice for regular Americans – we are witnessing the exact opposite in the marketplace. The rule is already directionally operating as advertised. More specifically, the industry is witnessing unprecedented flows into low-cost index ETFs and funds, and many of the largest investment management firms are rapidly rolling out personalized digital retirement advice solutions to all client segments, including the very small investor.
- I believe the industry has responded incredibly well to the challenges of implementing the new Rule, and we as an industry, should come together and communicate to the incoming administration that this is a model for smart regulation.
- Irrespective of whether or not the pending DoL Fiduciary rule lives or dies, the industry is rapidly moving toward the fiduciary model – and I think we are likely to witness a unified fiduciary standard across retirement and non-retirement financial assets in the coming 3-5 years.

NextCapital (cont.)

What is the long-term vision for NextCapital? What new products or services are on the horizon?

- Our business was founded on the simple vision, that all people deserve access to personalized objective and world-class advice.
- To make this vision materialize, we realized early on that the most impactful way to effect this vision is to partner with the nation's leading investment management brands – and be the leading provider of enterprise digital advice.
- We continue to have an ambitious product roadmap. NextCapital continues to add functionality for our enterprise Digital Advice Platform aggressively. In 2016, we rolled-out our retail model delivery platform, allowing financial advisors to cost-efficiently deliver custom models to their clients. In 1H17, we are rolling out our rollover IRA digital advice offering – seamlessly integrated into our partners' 401(k) recordkeeping platforms. On a forward looking basis, we will continue to develop major platform configurability enhancements, expanded advice capabilities, expanded client-advisor collaboration tools, and expanded workflow capabilities to ensure our partners can operate in a hype cost-efficient manner.
- From a long-term platform perspective, perhaps we have the potential to become the “Salesforce of digital advice”, delivering advice across a broad-scope of client financial needs in a highly-configurable platform. We will be a global platform, delivering complex financial advice – hopefully to a large percentage of the largest global investment management firms in the world.
- We do not expect the demand for enterprise digital advice to let up anytime soon. According to a recent industry study, 70% of large financial institutions will have selected a digital advice solution over the next 24 months – large investment management firms understand that the future of the industry is digital.

“From a long-term platform perspective, perhaps we have the potential to become the ‘Salesforce of digital advice,’ delivering advice across a broad-scope of client financial needs in a highly-configurable platform.”

Novus



Basil Qunibi
Chairman,
CEO
NOVUS

Basil founded Novus in 2007 and serves as Novus' Chairman and CEO. Basil started his career at Merrill Lynch where he was responsible for over \$4 billion in allocated capital across the Chemicals, Energy, Metals & Mining and Tobacco Industries. In 2004, Basil joined Ivy Asset Management to help build out Ivy's credit focus and after two years joined the long/short equity team, responsible for over \$6 billion in capital. Basil was disappointed with the industry's over-reliance on historical return analysis and manager conversations as a foundation for research and decided to start Novus in 2007 to help investors make smarter, data-driven investment decisions. Basil graduated from the University of Virginia with a degree in Economics. While at UVA, he founded Callscribe, the first company to transcribe quarterly earnings calls and was part of the McIntire Investment Institute, a student-run long/short fund.

What was the vision behind starting Novus? Please describe Novus' services and how does the company fit into the broader wealth management industry?

- Our vision was to build a world-class platform to help investors make smarter investment decisions. Based on our experience investing in hedge funds, we felt that the allocator community, representing over \$100 trillion of AUM, was under-served from a data, analytics and technology basis and felt there was a significant opportunity to fill that gap. Over the last 10 years, we have become the leading provider of portfolio intelligence to the alternative investment industry with over \$4 trillion dollars of allocator capital using our platform. We have also expanded to serve hedge funds who use us as their comprehensive portfolio intelligence platform to measure performance, analyze attribution, manage risk and automate reporting. Today, we help our clients see more data, process it faster and gain insights to make smarter investment decisions.

What key technologies are you leveraging in order to deliver a differentiated solution?

- We believe technology is core to the Novus platform and one of our key differentiators. In a world where the financial industry relies heavily on excel, we have developed a distributed, in-memory system and have coupled it with a parallelized calculation engine to bring in complex data sets across hundreds of providers, process it quickly, layer on hundreds of thousands of calculations, and make it all available on an intuitive and customizable user interface that offers clients the ability to conduct complex calculations and analysis in seconds. The result is a system that empowers clients to do more analysis with more accuracy than their competitors.

"Today, we help our clients see more data, process it faster and gain insights to make smarter investment decisions."

Novus (cont.)

What is the strongest component of your value proposition? How are you winning clients?

- There are two distinct differentiators that set Novus apart from our competitors. The first is our maniacal focus on data. We don't just integrate data, we take ownership of the process and help clients make the most of it. Second is our inventiveness, which given our scale, allows us to invest in multi-year R&D projects that provide clients with new ways to slice and dice their portfolios, measure alpha and manage risk.

How do Novus' analytic capabilities help portfolio managers improve their performance and justify their value over passive investments?

- Our mission since the beginning has been to 'Give investors the power to measure and improve investment skill.' While we also focus on helping clients gain significant operational efficiencies, our DNA is in helping them improve returns. For over 10 years, we've studied and investigated the science behind alpha, and have developed numerous methodologies that over \$4 trillion of AUM now rely on to make their manager selection, portfolio construction and risk management decisions. Given the challenging environment for active management, we provide a foundation for both sides of the ecosystem- allocators and managers – to be active about how they improve their returns.

"Our mission since the beginning has been to 'Give investors the power to measure and improve investment skill.' While we also focus on helping clients gain significant operational efficiencies, our DNA is in helping them improve returns. "

How does Novus help its users manage "crowdedness"?

- We are the pioneer in overlap and crowdedness. Before Novus, no one measured it. To start, we have parsed, cleaned and normalized the largest database of public regulatory position-level filings across the world, created logical groupings across industry participants, and have benchmarked every single portfolio and security based on the quantity and quality of underlying shareholders. Crowdedness is a complex concept, and so we allow our clients to analyze it in dozens of ways that adapt to the changing investment landscape.

What has been your strategy regarding funding the business, including timing and investor types?

- Our philosophy is to run the business conservatively, make smart investments and grow to invest. To do this, we've had to be financially disciplined and say no more often than we say yes. This has allowed us to approach our business with a long-term orientation. We are also incredibly lucky to have great partners across our investor base, including Bain Capital Ventures and Index Ventures who share our long-term perspective and vision for the business

Novus (cont.)

What are the biggest challenges you face in running a dynamic, fast growing business?

- The biggest challenge for any software company is frankly doing what you think is best for your clients long-term, versus doing what results in daily active usage. The former requires not only a long-term orientation and conviction in helping clients, but quite a bit of patience. The latter though, is what drives your retention rates and client value perception. In addition, balancing what clients are asking for with new, innovative features and concepts that do not currently exist is always a challenge because the latter is more uncertain and takes longer to monetize, but offers the greatest opportunities for long-term growth.

What's the long-term vision for the Company? What new products and services will you be offering in the coming years?

- Our long-term vision is to help all investors do their jobs better, faster and more accurately. We're currently expanding our asset-class coverage which will allow us to serve more clients and get into new markets. We're also developing a new product that we are excited to share with the industry in 2018.

"The biggest challenge for any software company is frankly doing what you think is best for your clients long-term, versus doing what results in daily active usage."

United Capital



Joe Duran
Founder, CEO



Joe is the founder and CEO of United Capital. Before founding United Capital, Joe was the President at GE Private Asset Management, where he joined after he sold Centurion Capital to General Electric in December of 2001. He received MBAs from both U.C. Berkeley and Columbia University. Joe is a world traveler, a bull-runner, an avid yogi and also a best-selling author.

"We are the first firm to measure and track people's lives beyond investing."

How is United Capital differentiated from other wealth management firms?

- We are the first national financial life management company. We are the first firm to measure and track people's lives beyond investing. We do this by adding rigor, measurement, and technology into people's lives.

How are you leveraging technology to improve your advisers' capabilities and your client experience? How do you see technology helping (or hurting) the value proposition of your advisers over the long-term?

- First, we are using technology in the client experience by gamifying the way we interact with clients, which gives them a level of understanding about the choices they are making.
- Second, we use incredibly sophisticated diagnostic tools to help us understand and help the clients understand themselves and the consequences of the choices they make.
- Third, in the client experience area, we are using mobile applications to help ensure that we are always in our clients' pockets, right on their phone whenever they have a financial question. On demand and geographically agnostic, so we are always present and on their mind.
- We are using the technology to empower the middle office of the adviser to improve the productivity of the entire staff. Everything we do is very streamlined. An adviser can work with a client beginning-to-end without ever having to pick up a pen and never having to double import any client data. We are using technology to train everybody and enable on-demand advice at the clients' convenience, anywhere in the world.

United Capital (cont.)

Why is FinLife Partners a game changer?

- It powers the human adviser's role. It clearly articulates why the adviser is earning their fee, it scales the operations of the office and it makes them competitive in both the technological and client experience sense, anywhere within the financial services industry. It modernizes the entire client experience and makes the adviser more relevant with their clients by connecting them to their everyday lives. It improves the entire operational infrastructure necessary to operate, and it makes advisers bionic.

What are your key selling points in attracting advisers' attention?

- I think most advisers today are the walking dead. They don't realize that charging 1 percent to manage a portfolio is no longer a way to survive, nor is it sustainable in our industry. Yet, most good advisers still do not know how to become modern. This is a fully integrated, proven system that allows them to be relevant and important right now.

What key attributes do you look for when deciding to bring on an RIA for FinLife Partners?

- First, an obsession for the client's wellbeing. Second, a desire to be better today than you were yesterday. Third, a willingness to evolve and partner with people who can make you better.

How do you create a unified brand message and similar client experience across all of your advisers?

- First, you have to have a methodology that is consistent, scalable and trainable. That is what we've done for more than a decade, work to build a method that is all of those things. Second, you need advisers who believe in it. Third, you need to certify that it is being delivered. Every year we audit our offices. Our advisers are our partners, and we want to make sure we are giving them what they want.

"[FinLife Partners] modernizes the entire client experience and makes the adviser more relevant with their clients by connecting them to their everyday lives."

United Capital (cont.)

Do you expect significant consolidation among RIA firms going forward? What role will United Capital play in this process?

- Unquestionably, we will be accelerating consolidation because pricing is being challenged, investments and technology are going to have to surge and most independent advisers do not have the resources they need to be successful. This trend is absolutely going to continue, and United Capital will be a leader in unifying the best advisers in the country.

“All they want from their adviser is to know what they need to change to make sure they can live the life they want. This question is what advisers need to be able to answer.”

What are your thoughts around the DoL rule and how it all plays out? How is United Capital responding?

- We are looking into the implications. I think it will be a slower than expected launch, but ultimately, everyone may end up under the fiduciary standard. We’ve passed the tipping point, so there is no going back.

What are your clients’ biggest concerns about the changing market?

- There is only one question everyone asks when sitting with an adviser: “Am I okay? Can I live the life I want?” All they want from their adviser is to know what they need to change to make sure they can live the life they want. This question is what advisers need to be able to answer.

How will pure play robo-advising platforms impact your business?

- They will drive down pricing on investments, but ultimately, I view robo solutions no differently than I view ATMs at a bank; they are a utility.

What are your biggest day-to-day challenges in managing a fast growing business?

- People. Asking myself do they have the willingness, ability and the capacity to do what I am asking them to do? That is the biggest challenge.

What’s the long-term vision for the Company?

- We are going to change the industry. We are going to be the leader in evolving our industry, which will be something that everyone working here can be proud of. We are going to bring the “hot” back into the financial services industry, and we are going to go way beyond investing to truly improve the way people live their lives. United Capital will be on everyone’s radar.

VI. Selected Transactions





VI. Selected Transactions

i. Financings

WealthTech – Selected Landscape Transactions

Financings

Financings				
Announced Date	Transaction Overview	Company	Selected Buyers / Investors	Amount (\$mm)
06/26/17	RightCapital Secures \$1.6 mm in Seed Financing Led by Camellia Venture Capital	RightCapital	Camellia Venture Capital; Undisclosed Investors	\$2
06/26/17	Trizic Secures \$2.5 mm in Financing Led by PEAK6 Investments	Trizic	PEAK6 Investments; Freestyle Capital; Broadhaven Capital Partners; Commerce Ventures	3
06/19/17	Scalable Capital Secures Financing from BlackRock	Scalable Capital	BlackRock	34
06/08/17	Addepar Secures \$140 mm in Series D Financing Led by Valor Equity Partners and 8VC	Addepar	Valor Equity Partners; 8VC	140
05/09/17	Solovis Secures \$8 mm in Series A Financing from Edison Partners	Solovis	Edison Partners; MissionOG; OCA Ventures; Timberline Venture Partners; Northwestern University; Cultivation Capital; Undisclosed Investors	8
04/26/17	Quovo Secures \$10 mm in Series B Financing	Quovo	Napier Park Global Capital; F-Prime Capital; FinTech Collective; Long Light Capital	10
02/13/17	Trizic Secures \$3.3 mm in Financing Led by Freestyle Capital	Trizic	Freestyle Capital; Broadhaven Capital Partners; Commerce Ventures	3
02/06/17	Bloom Secures \$9.2 mm in Series B Financing Led by QED Investors and Commerce Ventures	Bloom	QED Investors; Commerce Ventures; Allianz Life Insurance Company of North America; Nationwide; TTV Capital; KCRise Fund; UMB Financial Corp.; Industry Ventures	9
01/19/17	InvestEdge Secures \$5 mm in Debt Financing from Vistara Capital	InvestEdge	Vistara Capital	5
12/15/16	iCapital Network Secures Financing from BlackRock	iCapital Network	BlackRock	na
12/07/16	Vestorly Secures \$8.5 mm in Financing Led by Richmond Management	Vestorly	Richmond Management; Sigma Prime Ventures	9
11/21/16	True Link Secures \$3.6 mm in Financing	True Link	Kapor Capital; Initialized Capital; Symmetrical Ventures; The Ziegler Link age Longevity Fund	4
11/18/16	AdvisorEngine (f.k.a. Vanare) Secures \$20 mm in Series A Financing from WisdomTree	AdvisorEngine	Wisdomtree Investments	20
10/31/16	Riskalyze Secures \$20 mm in Financing from FTV Capital	Riskalyze	FTV Capital	20
09/20/16	InvestCloud Secures \$25 mm in Financing from JP Morgan Chase & Co	InvestCloud	JP Morgan Chase & Co	25
09/20/16	Vestwell Secures \$4.5 mm in Seed Financing	Vestwell	FinTech Collective; Commerce Ventures; F-Prime Capital; Primary Venture Partners	5
08/03/16	Axial Secures \$14 mm in Series C Financing led by Edison Partners	AxialMarket	Edison Partners; Comcast Ventures; First Round Capital; Redwood Venture Partners	14
08/01/16	RightCapital Secures \$1 mm in Seed Financing Led by Camellia Venture Capital	RightCapital	Camellia Venture Capital; Undisclosed Investors	1
07/28/16	Smart Pension Secures Financing from LGIM	Smart Pension	Legal & General	na
07/19/16	Guideline Secures \$7 mm in Series A Financing by Propel Venture Partners	Guideline Technologies	Propel Venture Partners; Lerer Hippeau Ventures; New Enterprise Associates	7
06/29/16	ForUsAll Secures \$9.5 mm in Series A Financing Led by Foundation Capital	ForUsAll	Foundation Capital	10
06/04/16	Smart Pension Secures Approximately \$4.8 mm in Series A Financing	Smart Pension	Undisclosed Investors	5
05/16/16	Mesitis Secures \$2.4 mm in Financing	Mesitis Capital	Undisclosed Investors	2

Source: FT Partners' Proprietary Transaction Database. All transactions converted to U.S. dollars

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WealthTech – Selected Landscape Transactions

Financings

Financings				
Announced Date	Transaction Overview	Company	Selected Buyers / Investors	Amount (\$mm)
05/16/16	SigFig Secures \$40 mm in Financing	SigFig	UBS; Comerica, Inc.; Santander Innoventures; New York Life Insurance Co; Eaton Vance Corp.; DCM; Union Square Ventures; Bain Capital Ventures; NYCA Partners	\$40
05/10/16	Bridge Financial Technology Secures \$0.7 mm in Financing	Bridge Financial Technology	Undisclosed Investors	<1
04/12/16	Vestmark Secures \$30 mm in Financing	Vestmark	Undisclosed Investors	30
03/29/16	Betterment Secures \$100 mm in Series E Financing Led by Investment AB Kinnevik	Betterment	Investment AB Kinnevik; Bessemer Venture Partners; Anthemis Group; Menlo Ventures; Francisco Partners	100
02/22/16	Vanare Secures \$3.5 mm in Financing	AdvisorEngine	Undisclosed Investors	4
02/04/16	Alkanza Secures \$3 mm in Financing	Alkanza	Undisclosed Investors	3
01/27/16	Vestorly Secures \$4.1 mm in Series A Financing Led by Sigma Prime Ventures	Vestorly	Sigma Prime Ventures; Undisclosed Investors	4
01/19/16	Solovis Secures \$3.25 mm in Financing Led by Edison Partners	Solovis	Edison Partners; MissionOG; OCA Ventures; Timberline Venture Partners; Northwestern University	3
12/17/15	NextCapital Secures \$16 mm in Series B Financing Led by AllianceBernstein, Manulife and Route 66 Ventures	NextCapital	AllianceBernstein; Manulife Financial Corporation; Route 66 Ventures	16
12/11/15	Trizic Secures \$2 mm in Financing	Trizic	Undisclosed Investors	2
10/16/15	Bloom Announces \$4 mm Series A Round Led by QED Investors	Bloom	QED Investors; DST Systems; Commerce Ventures; Hyde Park Venture Partners; UMB Financial Corp.	4
10/08/15	InvestCloud Secures \$45 mm in Series B Financing from FTV Capital	InvestCloud	FTV Capital	45
09/23/15	Millennium Trust Secures Financing from Parthenon Capital Partners	Millennium Trust	Parthenon Capital Partners	na
09/17/15	Advizr Secures \$1.7 mm in Financing	Advizr	Undisclosed Investors	2
09/01/15	Quovo Secures \$4.8 mm in Financing Led by Fintech Collective	Quovo	FinTech Collective; Long Light Capital; Undisclosed Investors	5
08/17/15	Guideline Technologies Acquires Seed Funding	Guideline Technologies	Undisclosed Investors	2
07/31/15	CAIS Secures \$4 mm in Financing Led by Square Peg	CAIS	Square Peg Ventures	4
06/05/15	Mesitis Secures \$3 mm in Series A Financing	Mesitis Capital	Undisclosed Investors	3
05/06/15	Trizic Secures \$2 mm in Seed Financing From Operative Capital	Trizic	Operative Capital	2
05/04/15	Artivest Secures \$15 mm in Series A Financing Led by Kohlberg Kravis Roberts & Co.	Artivest	Kohlberg Kravis Roberts & Co.; FinTech Collective; RRE Ventures; NYCA Partners; Anthemis Group; Signatures Capital; Undisclosed Investors	15
04/23/15	SigFig Secures \$1 mm in Financing from NYCA Partners	SigFig	NYCA Partners	1
04/01/15	Vanare Secures \$3.64 mm in Seed Financing	AdvisorEngine	North Capital; Undisclosed Investors	4

Source: FT Partners' Proprietary Transaction Database. All transactions converted to U.S. dollars

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WealthTech – Selected Landscape Transactions

Financings

Financings				
Announced Date	Transaction Overview	Company	Selected Buyers / Investors	Amount (\$mm)
04/01/15	ClearServe Secures Series A Financing from Flatiron Investors and SenaHill Partners	ClearServe	Flatiron Investors; SenaHill Partners	na
02/19/15	Betterment Secures \$60 mm in Financing Led by Francisco Partners	Betterment	Francisco Partners; Northwestern Mutual Capital; Menlo Ventures; Bessemer Venture Partners; Undisclosed Investors	\$60
01/21/15	True Link Financial Secures \$3.4 mm in Financing Led by Cambia Health Solutions	True Link	Cambia Health Solutions; Kapor Capital; Collaborative Fund; Generator Ventures	3
01/15/15	Artivest Secures Seed Financing from FinTech Collective	Artivest	FinTech Collective	Na
01/14/15	Riskalyze Secures \$2.1 mm in Financing	Riskalyze	Undisclosed Investors	2
12/14/14	ForUsAll Secures \$3.34 mm in Financing	ForUsAll	Foundation Capital	3
12/04/14	North Capital Investment Technology Secures \$1 mm in Seed Financing	North Capital Investment Technology	Green Visor Capital; Jfo; Karlani Capital; Undisclosed Investors	1
12/03/14	iQuantifi Secures \$1 mm in Financing	iQuantifi	Undisclosed Investors	1
11/03/14	Trizic Secures \$1 mm in Financing	Trizic	Undisclosed Investors	1
10/22/14	iCapital Network Secures \$9.25 mm in Financing Led by Credit Suisse's Private Fund Group	iCapital Network	Eaton Partners; Capstone Partners; Credit Suisse; Evercore Partners; Park Hill; Pivot Investment Partners; Monument Group; Gen II Fund Services	9
10/02/14	Yodlee Raises Approximately \$75 mm in its IPO	Yodlee	Undisclosed Investors	75
09/03/14	NextCapital Secures \$6 mm in Financing Led by Transamerica Ventures and Russell Investments	NextCapital	Transamerica Ventures; Russell Investments; Kelvingrove Partners; Vermont Seed Capital Fund; FinTech Collective	6
09/01/14	Hedgeable Secures \$1.8 mm in Financing from Route 66 Ventures	Hedgeable	Route 66 Ventures	2
08/20/14	Madrone Secures Financing from Green Visor Capital	Madrone	Green Visor Capital	na
08/14/14	Wealth Access Secures Financing from Cultivation Capital	Wealth Access	Cultivation Capital	na
08/12/14	Axial Secures \$11 mm in Series B Led by Comcast Ventures	AxialMarket	Comcast Ventures; First Round Capital; Redpoint Ventures; SenaHill Partners	11
07/10/14	iCapital Network Secures \$5.56 mm in Financing	iCapital Network	Undisclosed Investors	6
06/23/14	Scivantage Secures \$5 mm in Equity Financing	Scivantage	Comerica, Inc.; ORIX Ventures; BBH Capital Partners; Edison Partners	5
05/21/14	FutureAdvisor Secures \$15.5 mm in Financing Led by Canvas Venture Fund	FutureAdvisor	Morgenthaler; Sequoia Capital	16
05/13/14	Addepar Secures \$50 mm in Series C Financing Led by Valor Equity Partners	Addepar	Valor Equity Partners; Formation 8	50
05/05/14	WealthEngine Secures \$7 mm in Series B Financing	WealthEngine	HKB Capital; Streamlined Ventures; Novak Biddle Venture Partners	7
05/01/14	Vanare Secures \$0.3 mm in Financing	AdvisorEngine	Undisclosed Investors	<1

Source: FT Partners' Proprietary Transaction Database. All transactions converted to U.S. dollars

Note: Bolded transactions are profiled on the previous pages

WealthTech – Selected Landscape Transactions

Financings

Financings				
Announced Date	Transaction Overview	Company	Selected Buyers / Investors	Amount (\$mm)
04/22/14	Wealth Access Secures \$3 mm in Financing SixThirty and Council & Enhanced Tennessee Fund	Wealth Access	SixThirty; Council & Enhanced TN Fund	\$3
04/15/14	Betterment Secures \$32 mm in Financing	Betterment	Citi Ventures; Bessemer Venture Partners; Menlo Ventures; Anthemis Group; Globespan Capital Partners; Northwestern Mutual Capital	32
04/08/14	Riskalyze Secures \$0.2 mm in Financing	Riskalyze	Undisclosed Investors	<1
03/07/14	FNEX Secures \$1.5 mm in Financing	FNEX	Undisclosed Investors	2
01/28/14	Riskalyze Secures \$0.6 mm in Angel Financing	Riskalyze	Undisclosed Investors	<1
01/01/14	Venovate Holdings Secures in Financing from 9+ Program	Venovate Holdings	9+ Program	na
12/12/13	Quovo Secures \$1.4 mm in Financing Led by Long Light Capital	Quovo	Long Light Capital; FinTech Collective	1
12/01/13	ClearServe Secures Seed Financing	ClearServe	Green Visor Capital; Scout Ventures; SenaHill Partners; Undisclosed Investors	na
10/11/13	InvestCloud Secures \$8 mm in Series A Financing	InvestCloud	Polar Capital; Altos Ventures; Kern Whelan Capital	8
10/03/13	Jemstep Secures \$4.5 mm in Financing	Jemstep	Caleo Capital; Undisclosed Investors	5
10/02/13	Hedgeable Secures \$0.1 mm in Financing from SixThirty	Hedgeable	SixThirty	<1
10/01/13	CAIS Secures \$4 mm in Financing Led by Square Peg	CAIS	Square Peg Ventures	4
07/15/13	Riskalyze Secures \$0.4 mm in Seed Financing	Riskalyze	Undisclosed Investors	<1
07/11/13	Mesitis Secures \$0.77 mm in Financing	Mesitis Capital	Undisclosed Investors	<1
07/02/13	SigFig Secures \$15 mm Financing led by Union Square Ventures and Bain Capital Ventures	SigFig	Bain Capital Ventures; Union Square Ventures	15
06/21/13	iCapital Network Secures \$4 mm in Series A Financing	iCapital Network	Undisclosed Investors	4
06/10/13	Novus Secures Financing from Bain Capital Ventures and Index Ventures	Novus	Bain Capital Ventures; Index Ventures	na
02/27/13	PrairieSmarts Secures \$0.22 mm in Financing	PrairieSmarts	Undisclosed Investors	<1
10/03/12	Betterment Secures \$10 mm in Financing Led by Menlo Ventures	Betterment	Menlo Ventures; Bessemer Venture Partners; Anthemis Group	10
08/22/12	FutureAdvisor Secures \$5 mm in Financing from Sequoia Capital	FutureAdvisor	Sequoia Capital	5

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WealthTech – Selected Landscape Transactions

Financings

Financings				
Announced Date	Transaction Overview	Company	Selected Buyers / Investors	Amount (\$mm)
06/15/12	Riskalyze Receives \$0.2 mm in Financing	Riskalyze	Undisclosed Investors	<\$1
05/17/12	AxialMarket Secures \$6.25 mm in Financing	AxialMarket	Gerson Lehrman Group; Redpoint Ventures; First Round Capital; Windcrest Partners	6
05/10/12	Yodlee Secures \$8.3 mm in Financing	Yodlee	Undisclosed Investors	8
04/27/12	WealthEngine Secures Financing	WealthEngine	CIT GAP Funds	na
02/09/12	General Atlantic has Agreed to Acquire Minority Stake in FNZ	FNZ	General Atlantic	na
02/02/12	Aria Retirement Solutions Secures \$4 mm in Financing from Polaris Venture Partners	Aria Retirement Solutions	Polaris Partners	4
02/01/12	Jemstep Secures \$6 mm in Financing	Jemstep	Undisclosed Investors	6
01/01/12	Artivest Secures \$2 mm in Seed Financing	Artivest	RRE Ventures; FinTech Collective; 500 Startups; Red Swan Ventures; Undisclosed Investors	2
01/01/12	ClearServe Secures Seed Financing	ClearServe	Thayer Street Partners	na
01/01/12	Addepar Secures \$16.9 mm in Financing	Addepar	Blumberg Capital; ff Venture Capital; Innovation Endeavors; SGVC	17
08/29/11	Tamarac Secures \$1.67 mm in Financing	Tamarac	Undisclosed Investors	2
02/16/11	CAIS Secures \$4 mm in Financing	CAIS	Undisclosed Investors	4
01/04/11	WealthEngine Secures \$2.5 mm in Financing from Comerica	WealthEngine	Comerica, Inc.	3
12/23/10	Blueleaf Secures Financing from Nauiokas Park	Blueleaf	Anthemis Group	na
12/21/10	FolioDynamix Secures \$16 mm in Financing Led by ABS Capital Partners	FolioDynamix	ABS Capital Partners	16
12/08/10	Scivantage Secures \$22 mm in Financing from BBH Capital Partners	Scivantage	Brown Brothers Harriman; Provident Financial Services	22
12/01/10	Betterment Secures \$3 mm in Financing Led by Bessemer Venture Partners	Betterment	Betterment's Angel Investors & Thomas Lehrman; Bessemer Venture Partners; NOAH Private Wealth Management; Anthemis Group; Betterment's Angel Investors & Thomas Lehrman	3
11/18/10	LPL Financial Raises Approximately \$470 mm in its IPO	LPL Financial	Undisclosed Investors	470
11/05/10	AxialMarket Secures \$2 mm in Financing from First Round Capital and Windcrest Partners	AxialMarket	First Round Capital; Windcrest Partners	2
11/01/10	Betterment Secures Seed Financing from Red Swan Ventures	Betterment	Red Swan Ventures; Undisclosed Investors	na
09/08/10	ByAllAccounts Secures \$5 mm in Financing Led by Castile Ventures	ByAllAccounts	Castile Ventures; Commonwealth Capital Ventures	5
08/27/10	InvestCloud Secures \$0.5 mm in Seed Financing	InvestCloud	Undisclosed Investors	<1

Source: FT Partners' Proprietary Transaction Database. All transactions converted to U.S. dollars

Note: Bolded transactions are profiled on the previous pages



VI. Selected Transactions

ii. Mergers & Acquisitions

WealthTech – Selected Landscape Transactions

M&A

MERGERS & ACQUISITIONS

Announced Date	Transaction Overview	Company	Selected Buyers / Investors	Amount (\$mm)
05/10/17	Two Sigma Securities has Agreed to Acquire Timber Hill	Timber Hill	Two Sigma Securities	na
04/27/17	Delta Capita Acquires Appendium	Appendium	Delta Capita	na
04/27/17	AdvisorEngine Acquires Kredible Technologies	Kredible Technologies	AdvisorEngine	na
04/19/17	Asset Vantage Acquires Financial Navigator	Financial Navigator	Asset Vantage	na
04/18/17	Oranj Acquires Majority Stake in TradeWarrior	TradeWarrior	Oranj	na
04/13/17	HighTower Advisors has Agreed to Acquire WealthTrust	WealthTrust	HighTower Advisors	na
04/04/17	Investview Acquires Wealth Generators	Wealth Generators	Investview	na
03/17/17	BinckBank Acquires Pritle for Approximately \$13.4 mm	Pritle	BinckBank	\$13
03/14/17	SwissComply and Evolute has Agreed to Merge to Form Evolute Group AG	Evolute Group AG	Evolute; SwissComply	na
03/01/17	SogoTrade Acquires MarketRiders	MarketRiders	Sogo Trade	na
02/07/17	Lovell Minnick Partners has Agreed to Acquire Foreside Financial Group	Foreside	Lovell Minnick Partners	na
01/18/17	StockTwits Acquires Spark Finances	Spark Finance	StockTwits	na
01/09/17	InvestCloud Acquires Babel Systems for \$20 mm	Babel Systems	InvestCloud	20
01/04/17	NewSpring Holdings Acquires Vertical Management Systems	Vertical Management Systems	NewSpring Holdings	na
12/20/16	FactSet has Acquired Vermilion for \$67 mm	Vermilion	FactSet	67
12/16/16	Drooms has Agreed to Acquire DealMarket	DealMarket	Drooms	na
12/15/16	ORIX Corporation Acquires RB Capital	RB Capital	ORIX Corporation	na
12/05/16	Community Bank System Acquires Northeast Retirement Services for \$140 mm	Northeast Retirement Services	Community Bank System	140
12/05/16	Industrial Alliance has Agreed to Acquire HollisWealth	HollisWealth	Industrial Alliance	na
12/01/16	Ascensus Acquires National Retirement Services	National Retirement Services	Ascensus	na
11/30/16	Rosario Futures Exchange Acquires Sistemas ESCO	Sistemas ESCO	Rosario Futures Exchange	na
11/01/16	Strategic Insight Acquires BrightScope	BrightScope	Strategic Insight	na
10/24/16	SS&C Acquires Salentica	Salentica	SS&C Technologies	na

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WealthTech – Selected Landscape Transactions

M&A

MERGERS & ACQUISITIONS

Announced Date	Transaction Overview	Company	Selected Buyers / Investors	Amount (\$mm)
10/12/16	Interactive Investor has Agreed to Acquire TDDI	TDDI	Interactive Investor	na
09/26/16	IRESS has Agreed to Acquire Financial Synergy for Approximately \$68.8 mm	Financial Synergy	IRESS	\$69
09/07/16	McKinsey & Company Acquires PriceMetrix	PriceMetrix	McKinsey & Company	na
08/11/16	AEGON has Agreed to Acquire Cofunds for Approximately \$180.9 mm	Cofunds	AEGON	181
07/07/16	Legg Mason Acquires 82% Stake in Financial Guard	Financial Guard	Legg Mason	na
06/30/16	TIAA Acquires MyVest	MyVest	TIAA	na
06/27/16	INTL FCStone has Agreed to Acquire Sterne Agee's Clearing and Independent Wealth Management Business	Sterne Agee's Clearing and Independent Wealth Management Business	INTL FCStone	na
06/06/16	Intertrust has Agreed to Acquire Elian for \$625.3 mm	Elian	Intertrust Group	625
06/03/16	MRI Software Acquires Integratec Services	Integratec Services	MRI Software	na
04/11/16	Huatai Securities has Agreed to Acquire AssetMark	AssetMark	Huatai Securities	780
04/05/16	Ally Financial Acquires TradeKing for \$275 mm	TradeKing	Ally Financial	275
04/04/16	Simply Wall St Acquires Cappio	Cappio	Simply Wall St	na
04/04/16	Stone Point Capital Acquires Majority Stake in Kestra Financial	Kestra Financial	Stone Point Capital	na
03/14/16	Goldman Sachs Investment Management has Agreed to Acquire Honest Dollar	Honest Dollar	Goldman Sachs Investment Management	na
03/01/16	BI-SAM Acquires FinAnalytica	FinAnalytica	BISAM	na
03/01/16	Intercontinental Exchange Acquires Standard & Poor's Securities Evaluations	Standard & Poor's Securities Evaluations	Intercontinental Exchange	na
02/19/16	United Capital Acquires FlexScore	FlexScore	United Capital	na
02/17/16	Aspiriant and Glowacki have Agreed to Merge	Glowacki	Aspiriant	na
01/26/16	Lightyear Capital and the Public Sector Pension Investment Board Acquires AIG Advisor Group	AIG Advisor Group	Lightyear Capital; Public Sector Pension Investment Board	na
01/25/16	Opus Bank Acquires PENSICO Trust for \$104.0 mm	Pensco Trust	Opus Bank	104
01/25/16	CBOE Acquires Majority Stake in Vest Financial	Vest Financial	Chicago Board Options Exchange	na
01/22/16	StatPro Acquires Investor Analytics	Investor Analytics	StatPro Group	na

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WealthTech – Selected Landscape Transactions

M&A

MERGERS & ACQUISITIONS

Announced Date	Transaction Overview	Company	Selected Buyers / Investors	Amount (\$mm)
01/14/16	Consileon Business Consultancy Acquires 80% Stake in Elaxy	Elaxy	Consileon Business Consultancy	na
01/12/16	Invesco Acquires Jemstep	Jemstep	Invesco	na
01/07/16	Fi-Tek has Agreed to Acquire Rockit Solution	Rockit Solution	Fi-Tek	na
12/02/15	Wealthsimple Acquires ShareOwner	ShareOwner	Wealthsimple	na
11/27/15	IG Group Acquires InvestYourWay	InvestYourWay	IG Group	na
11/10/15	Aspiriant and Hokanson Associates has Agreed to Merge	Hokanson Associates	Aspiriant	na
11/05/15	Financial Engines Acquires The Mutual Fund Store for \$560 mm in Cash and Stock	The Mutual Fund Store	Financial Engines	\$560
10/12/15	Focus Financial Partners Acquires Fort Pitt Capital Group	Fort Pitt Capital Group	Focus Financial Partners	na
10/08/15	Morningstar Acquires Total Rebalance Expert	Total Rebalance Expert	Morningstar	na
09/28/15	Genstar Capital and Aquiline Capital Partners Acquires Ascensus	Ascensus	Genstar Capital; Aquiline Capital Partners	na
09/15/15	Institutional Shareholder Services Acquires ISS-Ethix	ISS-Ethix	Institutional Shareholder Services	na
09/15/15	Iress Acquires Pulse Software Systems	Pulse Software Systems	IRESS	na
09/15/15	Aberdeen Asset Management has Agreed to Acquire Advance Emerging Capital	Advance Emerging Capital	Aberdeen Asset Management	na
09/08/15	Bambora Acquires dSAFE	dSAFE	Bambora	na
09/04/15	Aberdeen Asset Management Acquires Parmenion Capital Partners	Parmenion Capital Partners	Aberdeen Asset Management	na
08/26/15	Bestinvest Acquires Webb Holton & Associates	Webb Holton & Associates	Bestinvest	na
08/26/15	BlackRock Acquires FutureAdvisor	FutureAdvisor	BlackRock	na
08/12/15	FIS Acquires SunGard Data Systems for \$9.1 bn	SunGard Data Systems	FIS	9,100
08/10/15	Envestnet Acquires Yodlee for \$590 mm	Yodlee	Envestnet	590
07/20/15	KMD Acquires Banqsoft	Banqsoft	KMD	na
07/09/15	DST Systems Acquires Wealth Management Systems for \$64 mm	Wealth Management Systems	DST Systems	64
06/26/15	Link Market Services Acquires 50% Stake in Link Market Services NZ	Link Market Services NZ	Link Market Services	na

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WealthTech – Selected Landscape Transactions

M&A

MERGERS & ACQUISITIONS

Announced Date	Transaction Overview	Company	Selected Buyers / Investors	Amount (\$mm)
06/26/15	New Zealand Exchange has Agreed to Acquire Apteryx	Apteryx	New Zealand Exchange Limited	na
06/09/15	Microgen Acquires Finalsys for Approximately \$0.47 mm	Finalsys	Microgen plc	<\$1
06/04/15	IRESS Acquires Innergi	Innergi	IRESS	na
05/12/15	FolioMetrix and American Independence have Agreed to Merge	FolioMetrix	RiskX Investments; Grail Partners	na
05/06/15	Envestnet Acquires Finance Logix	Oltis Software	Envestnet	na
04/23/15	Interactive Brokers Acquires Covestor	Covestor	Interactive Brokers	na
04/09/15	Lend Academy Investments Merges with Nickel Steamroller to Form NSRP Invest	NSR Invest	Lend Academy Investments	na
03/25/15	Northwestern Mutual Acquires LearnVest	LearnVest	Northwestern Mutual Capital	250
03/25/15	Genstar Capital Acquires Majority Stake in Mercer Advisors	Mercer Advisors	Genstar Capital	na
03/04/15	Temenos Acquires Multifonds for \$330.6 mm	Multifonds	Temenos	331
02/26/15	Envestnet Acquires Upside	Upside Financial	Envestnet	na
02/20/15	Man Group has Agreed to Acquire NewSmith	NewSmith	Man Group	na
02/09/15	TA Associates Acquires Majority Stake in NorthStar Financial Services Group	NorthStar Financial Services Group	TA Associates	na
02/02/15	Fidelity Investments Acquires eMoney Advisor	eMoney Advisor	Fidelity Investments	na
02/02/15	SS&C Technologies Acquires Advent Software	Advent Software	SS&C Technologies	2,700
01/28/15	Bridgepoint Acquires eFront for Approximately \$338.8 mm	eFront	Bridgepoint	339
01/20/15	PE-backed Ipreo buys ClearMomentum	Clear Momentum	Ipreo	na
12/23/14	Objectway has Agreed to Acquire 3i Infotech Western Europe	3i Infotech Western Europe	ObjectWay	na
12/18/14	Vanare Acquires NestEgg	NestEgg Wealth	Vanare	na
12/15/14	MMI Holdings Acquires Imara SP Reid for \$11.2 mm	Imara S.P. Reid	MMI Holdings	11
12/01/14	Zaio Corporation Acquires Valuation Vision	Valuation Vision	Zaio Corporation	4
11/21/14	Archway Technology Partners has Agreed to Acquire WealthTouch	WealthTouch	Archway Technology Partners	na

Source: FT Partners' Proprietary Transaction Database. All transactions converted to U.S. dollars
Note: Bolded transactions are profiled on the previous pages

WealthTech – Selected Landscape Transactions

M&A

MERGERS & ACQUISITIONS

Announced Date	Transaction Overview	Company	Selected Buyers / Investors	Amount (\$mm)
11/21/14	Upland Software Acquires Solution Q	Solution Q	Upland Software	na
10/30/14	Seedrs Acquires Junction Investments	Junction Investments	Seedrs	na
10/23/14	AssetMark Acquires Aris	Aris	AssetMark	na
10/13/14	Janus Capital Acquires VelocityShares for \$30 mm	VelocityShares	Janus Capital	\$30
09/23/14	Equities First Acquires Meridian Equity Partners	Meridian Equity Partners	Equities First	na
09/15/14	Actua Acquires 97% Stake in FolioDynamix for \$199 mm	FolioDynamix	Actua	199
08/12/14	Investview Acquires Majority Stake in Vickrey Brown Investments	Vickrey Brown Investments	Investview	na
07/11/14	The Blackstone Group Acquires Lombard International Assurance for Approximately \$543.6 mm	Lombard International Assurance	The Blackstone Group	544
07/01/14	Envestnet Acquires Placemark Investments for \$66 mm	Placemark Investments	Envestnet	66
04/22/14	Proposal Software Acquires Manager Insights	Manager Insights	Proposal Software	na
04/01/14	Morningstar Acquires ByAllAccounts for \$28 mm	ByAllAccounts	Morningstar	28
01/22/14	NextCapital Acquires Business Logic	Business Logic	NextCapital	na
01/16/14	RCS Capital Acquires Cetera Financial Group for \$1.15 bn	Cetera Financial Group	RCS Capital	1,150
12/11/13	Wealth Enhancement Group Acquires Summit Wealth Advisors	Summit Wealth Advisors	Wealth Enhancement	na
11/14/13	NewSpring has Agreed to Acquire Wealthcare Capital Management	Wealthcare Capital Management	NewSpring Holdings	na
11/08/13	Total Rebalance Expert Acquires PowerAdvisor's Business Assets	PowerAdvisor's Business Assets	Total Rebalance Expert	na
11/06/13	Permira Funds has Agreed to Acquire Bestinvest	Bestinvest	Permira	na
11/04/13	Zywave Financial Solutions Spins-off Advicent Solutions	Advicent	Vista Equity Partners	na
10/29/13	Invested.In Acquires My New Financial Advisor	My New Financial Advisor	Invested.in	na
09/25/13	Ascensus has Agreed to Acquire Upromise Investments	Ascensus College Savings	Ascensus	na
06/12/13	RCAP Holdings Acquires First Allied	First Allied Securities	RCAP Holdings	na
03/21/13	FinanceScout24 Acquires Yavalu	Yavalu	FinanceScout24	na

Source: FT Partners' Proprietary Transaction Database. All transactions converted to U.S. dollars
Note: Bolded transactions are profiled on the previous pages



VII. Selected Company Profiles





VII. Selected Company Profiles

i. Disruptors

Active Allocator Overview

Company Overview



Founder:	Sameer Jain
Headquarters:	Jersey City, NJ
Founded:	2015

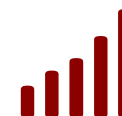
- [Active Allocator](#) is a digital asset allocation platform with technology-enabled customized advice capabilities. The Company operates the world's first portal that seamlessly integrates traditional, illiquid and alternative investments within portfolios
- Analyzes existing allocations, discovers inefficiencies, creates bespoke portfolios in less than ten minutes
- AUA, private investments advised circa + \$816 MM
- SSO Access to 110 Broker Dealers, 60,000 Financial Advisors; 4 MM Financial Instruments, + 50 Sub-Asset Class Exposure, 15,000 Financial Institutions Accounts Aggregated, +200,000 Portfolios Tested Simultaneous, +10 Brokerages Execution
- Wall Street / Ph.D's augmenting financial advisor and client interactions. Analytics driven, fact-based, product-agnostic, decision making. Simultaneous allocation across drivers of return - risk, return, illiquidity, downside risk

Financing History

Date	Size (\$ mm)	Investor(s)
NA	\$1.7	Founding Team
11/03/16	na	Undisclosed Investors

Active Allocator Product Overview

- Aggregates investment accounts and held away assets using external Morning Star BAA account aggregation
- Discovers economic and market risks. Maps + 4MM products to sub-asset classes – checks out Bloomberg, Open Figi, Reuters, popular data bases ; uses own algorithm
- Showcases, compares, permits edits to market views with Wall Street
- Expresses investing preferences across +10 choices dynamically
- Analyzes and optimizes each portfolio
- Implements portfolio execution



A Transparent,
Interactive Platform

Active Allocator Accounts for

- Stale Pricing
- Unique Risks
- Strategy Heterogeneity
- Reporting Bias
- Non-Normal Returns Distribution
- Illiquidity
- Inefficient Markets
- Reporting Bias
- Serial Correlation in Returns
- Style Drift

Addepar Overview

Company Overview



CEO: Eric Poirier

Headquarters: Mountain View, CA

Founded: 2009

- [Addepar](#) is building ambitious technology to power the global financial system
 - Addepar's portfolio management platform is secure, cloud-based, automated, fast and scalable
 - Network of custodians, fund administrators, financial market data providers and integration partners
- Currently the Company works with hundreds of family offices, wealth advisors, financial institutions, banks, endowments and funds / fund administrators
 - More than \$600+ bn in assets on the Addepar platform
- Addepar has 240+ employees, with 50% in engineering, product and design

Financing History

Date	Size (\$ mm)	Investor(s)
Summer 2017	\$140 (Series D)	Harald McPike; Valor Equity Partners; 8VC
Spring 2014	50 (Series C)	Valor Equity Partners; Formation 8
Spring 2012	17 (Series B)	Blumberg Capital; ff Venture Capital; Innovation Endeavors; SGVC
Summer 2010	1 (Series A)	SGVC; Signatures Capital

Source: Company website, LinkedIn, PitchBook

Product & Services Overview

The Addepar Platform & Services

Addepar Platform

- ✓ Comprehensive data aggregation and reconciliation
- ✓ Powerful analytics
- ✓ Customizable reporting and interactive client portal
- ✓ Extensible technology platform with API and suite of integrations

Services Include

1. Implementation & Onboarding
2. Client Advocacy
3. Support
4. Addepar Academy
5. Practice Management
6. Alternatives Data Management

Solutions for:



Family Offices



Wealth Advisors



Private Banks

Benefits

- Ability to tailor client services & make impact through customized reporting
- Streamline operations & drive cross-team efficiencies
- Make informed, data-driven investment decisions
- Promote business growth through modern technology

Company Overview



CEO: Rich Cancro

Headquarters: New York, NY

Founded: 2013

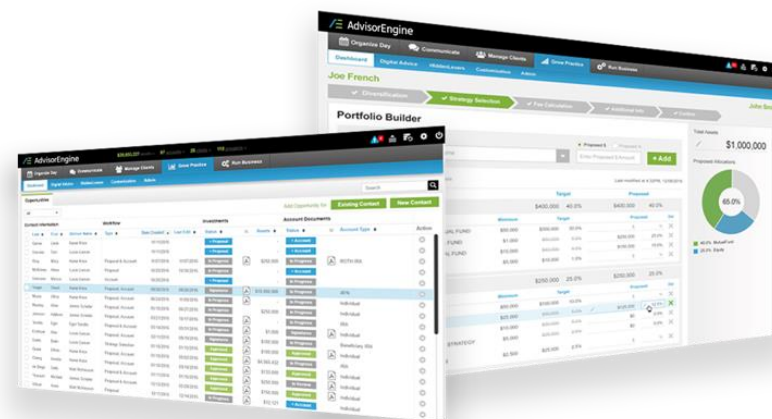
- [AdvisorEngine](#) is driven to help financial firms and advisors grow and better connect with their clients/prospects
- Provides an innovative and intuitive wealth management technology platform uniquely designed with a B2B White Label Robo-Advisor
- Received \$25mn investment from WisdomTree after an extensive due diligence process and conclusion that AdvisorEngine is well positioned to power the growth of Digital Solutions
- Added advanced capabilities through acquisitions of NestEgg in 2014 (RoboAdvice), WealthMinder in 2017 (Goals-based Financial Planning), and Kredible in 2017 (Advisor Online Profile Optimization)

Financing History

Date	Size (\$ mm)	Investor(s)
04/27/17	5.0	WisdomTree
11/18/16	21.2	WisdomTree and others
02/22/16	1.5	Undisclosed Investors
09/18/15	5.4	Undisclosed Investors

Source: Company website, LinkedIn, PitchBook

Advisor Engine Product Overview



- Integrates all the disparate pieces of a financial advisory practice – risk profiling, goals planning, asset allocation, investment selection, account opening, money movement, trading and rebalancing, performance reporting, fee billing, document storage, and compliance tools – into a single, optimized technology stack
- Enables Advisors to effortlessly serve all of their clients from mass affluent to high net worth and across the various generations
- Reliably, easily and securely serves a broad arrangement of users – Clients, Financial Advisors, Operations Personnel, and Business Managers – so that each can easily interact with relevant business information and key performance indicators while driving actions and helping clients
- The **ONLY** technology platform that seamlessly supports the three key business models: 1. Traditional Advisor Engagement 2. Low cost/low touch RoboAdvice and 3. Hybrid, Digital Advice supported by an Advisor

Advisor Software Overview

Company Overview



CEO: Andrew Rudd

Headquarters: Walnut Creek, CA

Founded: 1995

- **Advisor Software's** Wealth Management Cloud API platform enables companies to rapidly build their SaaS applications using sophisticated analytical building blocks to administer their end-to-end wealth management processes
 - The Company's SaaS wealth management product suite includes digital advice, goal-based financial & investment planning, portfolio construction & management, portfolio analysis and optimization and rebalancing

Management Team



Andrew Rudd
Chairman &
Chief Executive
Officer



Michelle Farmer
Chief
Administration
Officer &
General Counsel



Mark Ferrari
Chief Research
Scientist

Advisor Software Product Overview



Digital Advisor

Enhances advice
delivery across client base



Client Acquisition

Expands practice through
excellent customer
service



goalgamiPro

Quick Financial Planning
Application



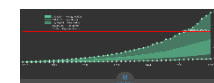
Behavioral IQ

Consistent, predictive,
documentable risk scoring
founded in human
behavioral science



Portfolio Rebalancer

The all-in-one Portfolio
Rebalancer application



Wealth Management APIS

Create tools for wealth
management with APIs

Advizr Overview

Company Overview



CEO: Hussain Zaidi

Headquarters: New York, NY

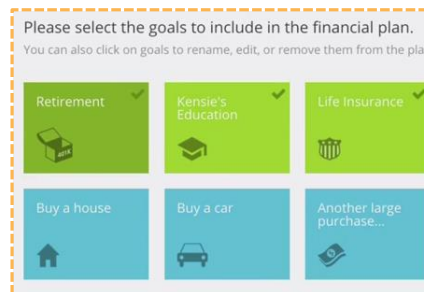
Founded: 2012

- [Advizr](#) offers financial planning software that can be integrated with financial advisors' systems
- Can be used by financial advisors or by their clients
- A feature, Advizr Express, allows financial advisors to quickly create an overview of a prospect's retirement progress in order to potentially gain them as a client
 - Advizr Express can be embedded on websites to generate more leads
- Handles social security, pensions, annuities, RMDs and more

Financing History

Date	Size (\$ mm)	Investor(s)
09/17/15	\$2	Fenway Summer Ventures
05/14/13	<1	Undisclosed Investors

Product & Services Overview



1. Financial advisors invite clients to connect to Advizr web app
2. Client or advisor completes smart data collection wizard
3. Preliminary financial plan is created to be reviewed by advisor
4. Advisor can use tools to customize the client's plan
5. Financial plan can be monitored in real-time

Advizr partners:



Apex Clearing

Company Overview



CEO: William Capuzzi

Headquarters: Dallas, TX

Founded: 2012

- Apex Clearing is an independent full-service clearing firm that is helping to power the digitization of the financial services industry
 - The Company offers digital wealth solutions to brokers and advisors and also institutional solutions
- Apex Clearing's leading technology provides a powerful and flexible suite of APIs
- Apex Clearing partners with several other WealthTech firms:



Apex Clearing's Parent Company



Product & Services Overview

Apex Clearing is the clearing firm and Custodian-of-Choice for many innovative and progressive FinTech firms



Digital Wealth Toolbox

- ✓ Paperless account opening and funding process
- ✓ Seamless asset transfers
- ✓ Real-time risk management
- ✓ Portfolio construction
- ✓ Investment planning with goal-based and cash flow-based tools
- ✓ Rebalancing with tax loss harvesting
- ✓ Data aggregation and reporting capabilities

Institutional Solutions

- ✓ Full reporting suite for transparency and visibility
- ✓ Proactive risk management solution
- ✓ Diverse asset capabilities
- ✓ Real-time execution
- ✓ Fully integrated trade management system with automated post-trade processing
- ✓ Stock loan and financing options



Management Team



William Capuzzi
Chief Executive Officer



William Brennan
Chief Financial Officer



Chris Fesler
Chief Technology Officer

Artivest Overview

Company Overview



CEO: James Waldinger

Headquarters: New York, NY

Founded: 2012

- **Artivest** connects a wider range of suitable investors with private investments that are usually only available at institutional minimum investment sizes
 - The Company provides a scalable point of access for individual investors, financial advisors and fund managers
 - Support funds with technology to streamline workflows, which allows for more meaningful interactions with investors
- **Artivest is digitizing private investment management**

Financing History

Date	Size (\$ mm)	Investor(s)
04/21/15	\$15	Cota Capital; RRE Ventures; NYCA Partners; Level Ventures; Anthemis Group; KKR; FinTech Collective; 7 Angel Investors
08/08/14	2	Deep Fork Capital; RRE Ventures; FinTech Collective; Signatures Capital; 6 Angel Investors
02/20/12	2	RRE Ventures; Red Swan Ventures; 500 Startups; Deep Creek Capital; 6 Angel Investors

Source: Company website, LinkedIn, PitchBook

Product & Services Overview

- Artivest provides services to...
 - Individual Investors
 - Financial Advisors
 - Fund Managers

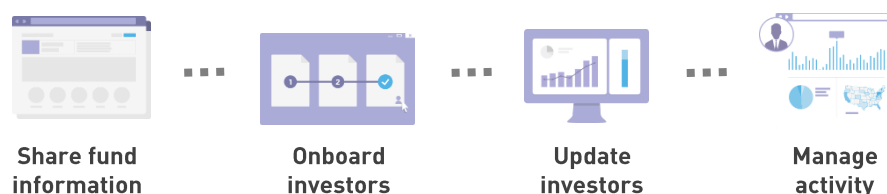
For Individual Investors



For Financial Advisors



For Fund Managers



Axial Overview

Company Overview



CEO: Peter Lehrman

Headquarters: New York, NY

Founded: 2010

- **Axial** is an online solution that seeks to connect buyers, sellers and advisors of private companies
 - Companies to find and access capital
 - Investors to source deals
 - Advisors to find and market clients
- Axial's platform hosts a variety of transaction types, including buyouts, capital raises and senior debt loans

Financing History

Date	Size (\$ mm)	Investor(s)
08/03/16	\$14	Comcast Ventures; DLA Piper; Edison Partners; First Round Capital; Redpoint Ventures; SF Roofdeck Capital; The Courtney Group
08/12/14	11	Comcast Ventures; First Round Capital; Redpoint Ventures; SenaHill Partners; Vidinovo
05/17/12	6	Cove Point Holdings; First Round Capital; Redpoint Ventures; Windcrest Partners
11/05/10	2	First Round Capital; Gerson Lehrman Group; Lerer Hippeau Ventures; Windcrest Partners

Product & Services Overview

- Axial operates an online marketplace that supports the business development of over 22,000 professionals
- An all-in-one solution with various applications that span across industries



Axial for CEOs



- Accelerate growth through acquisitions
- Find capital providers and buyers
- Maximize optionality to maximize valuation

Profile

Promote objectives to attract the right opportunity

Axial for Investors



- Overcome a fragmented private capital marketplace
- Leverage Axial's extensive network and connections
- Diversify a portfolio through a wide market coverage

Connect

Find professionals whose interests align with business needs

Axial for Advisors



- Access CEOs entering the network
- Connect to new capital
- Diversify client base through the various industries that Axial serves

Source

Access valuable resources through Axial's marketplace and pipeline tools

Backstop Solutions Overview

Company Overview



CEO: Clint Coghill

Headquarters: Chicago, IL

Founded: 2003

- [Backstop Solutions](#) provides the leading productivity suite to the alternative investment management industry
- Backstop Solutions serves...
 - Hedge funds, fund of funds, pensions, endowments, private equity firms, consultants and family offices
 - More than 740 firms representing \$2.5+ trillion in AUM throughout the US, Europe and Asia
- Product offerings include CRM, Investor Relations, Portfolio Management, Research Management, Backstop Mobile, InvestorBridge, Professional Services and Modules

Management Team



Clint Coghill
Co-Founder,
CEO



Jim Schuler
CFO



Jeffrey Axelrod
CTO



Marguerite Peters
VP, Client Services



Beth Hayden
SVP, People & Development

Product & Services Overview

CRM



- ✓ Relationship management
- ✓ Sales & marketing management
- ✓ Communication management

Investor Relations



- ✓ Investor account management
- ✓ Investor relationship management
- ✓ Investor reporting

Research Management



- ✓ Document and activity management
- ✓ Manager selection & due diligence
- ✓ Quantitative analysis
- ✓ Research distribution & reporting

Portal



- ✓ Customizable web-based portal
- ✓ Investor and portfolio reporting
- ✓ Secure document exchange

Portfolio Management



- ✓ Portfolio management
- ✓ Liquidity reporting
- ✓ Portfolio analysis

Backstop Mobile



- ✓ Instant access to important data
- ✓ Activity timeline
- ✓ Note & meeting dictation
- ✓ Mobile integration

Bloom Overview

Company Overview



CEO: Chris Costello

Headquarters: Leawood, KS

Founded: 2013

- [Bloom](#) is an online tool for retirement planning that provides free analysis for accounts of any size
- To have Bloom monitor and regularly rebalance a 401(k), fees are \$10 per month for accounts of any size. Clients also get unlimited digital access to an advisor for any money questions they may have
- 401(k) accounts stay at the current institution while Bloom takes over management of the account
- The Company employs bank level security with 256-bit encryption
- Currently manages more than \$750 million in assets and over 7,300 accounts

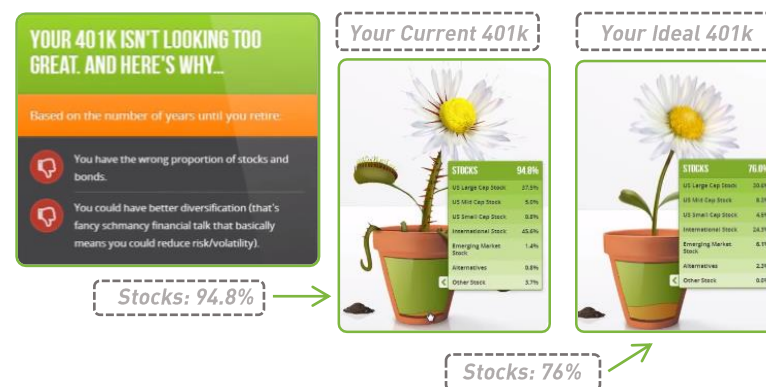
Financing History

Date	Size (\$ mm)	Investor(s)
01/27/17	\$9	QED Investors; Commerce Ventures; Allianz Ventures; TTV Capital; Nationwide Insurance; Industry Ventures; KCRise Fund
10/13/15	4	Commerce Ventures; DST Systems; Gibraltar Ventures; Hyde Park Venture Partners; QED Investors; UMB Bank
06/01/13	<1	Undisclosed Investors

Product & Services Overview



- Users answer a few key questions to get started
 - Gender?
 - Date of Birth?
 - 401k provider & login information
- Bloom analyzes users' 401ks across 25,000+ different investments
- Health of user's 401k is represented in bullet points and flower diagram comparisons



- Using an algorithm, Bloom will select the right funds and make the changes for the users
- Bloom monitors and rebalances the 401k for users quarterly



Sheila Bair, former FDIC Chair under two U.S. Presidents, serves as an advisor to Bloom

CAIS Overview

Company Overview

CAIS

CEO: Matthew Brown

Locations: New York, NY | Beverly Hills, CA

Founded: 2009

- **CAIS** is the leading open-architecture financial product platform offering independent wealth management firms access to a diversified menu of alternative investment funds and capital markets offerings
- The platform provides turnkey access to a growing selection of in-demand funds and products to deliver a competitive advantage to their user base through seamless technology
 - CAIS's user base consists of registered investment advisors, broker-dealers, single and multi-family offices within the independent wealth community
- In May 2017, the Company exceeded \$4.5B in total platform volume

Equity Financing History Since Inception

Date	Size (\$ mm)	Investor(s)
2015	\$15	Private Equity; High Net Worth Individuals
2012	13	Private Equity; High Net Worth Individuals
2010	4	Founder; High Net Worth Individuals

Product Overview

CAIS's centralized product platform provides access to:



Alternative Investments

Hedge funds, private equity and credit, real estate and '40 Act funds across a wide range of strategies



Equity & Debt Syndicate

New issues and follow-on offerings for equity, fixed income and preferred stock as well as a growing number of private placements



Structured Solutions

Create customized offerings, achieve credit diversification and obtain institutional-quality execution

FinTech Platform Overview

- Automated subscription documents
- Custodial reporting and wealth management platform integrations
- Performance and analytics tools
- Independent research and due diligence by Mercer
- Reduced investment minimums
- Product support, events and education

Strategic Partners



eFront Overview

Company Overview



CEO: Olivier Dellenbach

Headquarters: Paris, France

Founded: 1999

- [eFront](#) is a provider of software solutions for funds and investment managers that helps them manage alternative investment operations and corporate risk
- The Company's provides integrated software solutions for general partners, limited partners (family offices, pension funds and sovereign wealth funds), fund administrators and funds of funds that invest in alternative asset classes
- The Company also offers software solutions for private equity funds, real estate investors, firms with loan-based investments and firms with infrastructure and real asset investments
- The Company has a global footprint through its 21 offices worldwide, serving 850 clients in 48 countries
- In January 2015, the Company was acquired by Bridgepoint in a \$451 mm leveraged buyout
 - The Company had previously been owned by Francisco Partners, who acquired eFront in 2011

Product Overview

eFront's customizable software solutions include the following capabilities:



Customer Relationship Management:

Manage relationships with investors, prospective investors and other partners; combines contact management with activity, task and document management



Fundraising Management:

Manage the entire fundraising process by tracking prospective investors all the way from initial interest to commitment



Fund Management:

Streamline core fund management with fund and investor allocation management, financial statement generation and fund accounting capabilities



Deal Flow Management:

Help front and middle-office teams automate due diligence process and track the progress of each deal



Portfolio Monitoring:

Provide teams with insightful portfolio analytics and monitoring, management and tracking capabilities



Investor Relations:

Facilitate communication with investors through online portals

Company Overview



CEO: Jim Minnick

Headquarters: Atlanta, GA

Founded: 2000

- [eVestment](#) provides a comprehensive global database of both traditional and alternative investment strategies
- The Company delivers its flexible suite of solutions and services through a user-friendly and cloud-based platform
 - eVestment serves asset managers, institutional investors, investment consultants, investment banks and financial advisors
- eVestment supports the institutional investment community identify and capitalize on trends, select and monitor managers and enable asset managers market their funds more effectively

Financing History

Date	Size (\$ mm)	Investor(s)
06/15/08	\$55	Insight Venture Partners
06/14/05	1	Salmon River Capital; Undisclosed Investors

Product Overview



Analytics and intelligence powered by comprehensive institutional data



Analytics

- Comprehensive research
- Competitive analysis
- Due diligence



Insights

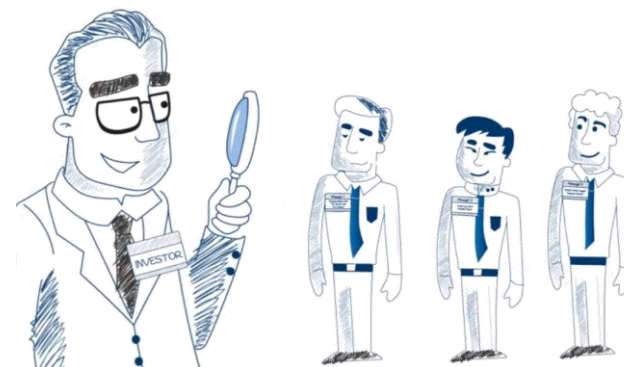
- Industry trends
- Performance drivers
- In-demand geographies and strategies



Data

- Unparalleled breadth and depth of institutional coverage
- Thousands of traditional and alternative investment strategies

eVestment helps make smart money smarter



Financial Simplicity Overview

Company Overview

financial / simplicity

CEO: Stuart Holdsworth

Headquarters: Sydney, Australia

Founded: 2003

- [Financial Simplicity](#) provides web based technologies and services that specialize in the application of intelligent agents to investment portfolios, in order to maintain portfolio compliance and enable client tailored portfolio rebalancing
- Financial Simplicity enables investment professionals to scale their business, enhance the value of their offering and reduce risks associated with portfolio non-compliance to either client, firm or regulatory policies
- Financial Simplicity is built upon proprietary techniques and technologies researched and proven over 10 years

Management Team



Stuart Holdsworth
Chief Executive
Officer



Richard Arnold
Executive Director
USA



Kevin Wyld
Strategic
Consultant

Product & Services Overview



Global



Multi-
Currency



Multi-
Asset



Multi-Tax
Wrapper

Taylor™

Intelligent Assistant for Wealth Managers

- Trainable intelligent agent technology to continuously monitor and calculate adjustments to client customized portfolios to ensure overall portfolio compliance
- Open architecture to work with custodians, platforms or other systems of record and trading systems
- Massively scalable to suit firms and portfolios of all sizes

Nudge™

Managed Service for Financial Advisors

- A managed service to financial advisors seeking supporting services to monitor, receive alerts on and make decisions on client portfolios
- Continuous and comprehensive investor portfolio monitoring
- Personalized portfolio reviews in format designed by advisory firm emailed directly to financial advisors when mandates are breached



Grow



Manage



Protect

FNEX Overview

Company Overview



CEO: Todd R. Ryden

Headquarters: Indianapolis, IN

Founded: 2014

- **FNEX** has emerged as a technology driven virtualized investment bank, with 50 Brokers.
- **FNEX Platform:** The Platform is a tech enabled transactional marketplace for alternative investments in late stage companies; funds; and real estate structures.
 - FNEX is for use by institutional investors, advisors, family offices and high-net worth individuals. The service is free for investors, and allows investors to confidentially search for unique investment opportunities.
- **FNEX SaaS:** FNEX licenses its technology platform to wealth management groups and investment product companies and is adding an Alts Based Robo Advisory function to its technology. The technology provides a value-add for the advisor-client relationship.

Financing History

Date	Size (\$ mm)	Investor(s)
03/07/14	\$2	Undisclosed Investors

Product & Services Overview



Registered Brokers: FNEX, through its wholly owned Broker Dealer, has 50 Brokers across the U.S. focused on different product verticals



Transactions: FNEX placed over \$1.1B in 2016 into 40 Act funds, hedge funds, private shares in late stage private companies, and other alternative strategies.



Managed Services: FNEX's Broker Dealer works with large advisors and product sponsors to clear private securities transactions.



CaaS: FNEX provides Compliance as a Service (CaaS) to brokers and boutique broker groups that focus on product verticals strategic to FNEX.

Unique Model

FNEX provides its customers with unique alternative investment opportunities, curated on a cloud-based ecosystem. FNEX analyzes the investment behavior on the platform for real-time visibility into emerging investment trends and product demand.

- Shares in Late Stage Companies
- Unique Hedge Funds
- Real Estate Structures
- Actively Managed 40 Acts
- Managed Futures

FNZ Overview

Company Overview



CEO: Adrian Durham

Headquarters: London, UK

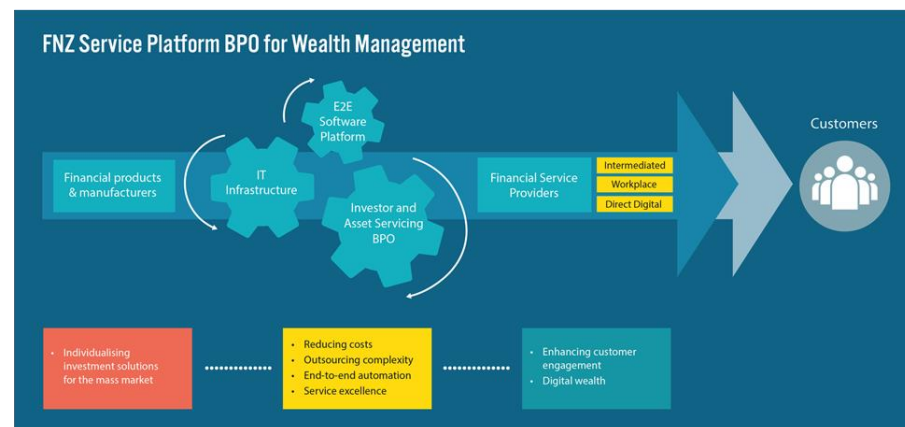
Founded: 2003

- **FNZ** provides multi-channel wealth management services to financial institutions, enabling them to better serve their clients by...
 - Reducing costs and complexity
 - Enhancing client engagement and relationships
 - Deploying scalable yet personalized investment solutions
- **FNZ** offers a comprehensive suite of outsourced services that spans the wealth management value chain
 - Digital user experience, account and portfolio management, trade execution, settlement and administration
- End clients range from high-net-worth to mass market

Financing History

Date	Size (\$ mm)	Investor(s)
02/09/12	na	General Atlantic
01/26/09	\$12	H.I.G. Europe; H.I.G. Capital

Product & Services Overview



FNZ ONE

FNZ One: Client, account and portfolio management solutions, covering a range of assets and liabilities



FNZ X-HUB

FNZ X-Hub: Discretionary investment management services



FNZ CLEAR

FNZ Clear: trade execution, settlement and custody services

FutureAdvisor (BlackRock) Overview

Company Overview



CEO: Bo Lu

Headquarters: San Francisco, CA

Founded: 2010

- **FutureAdvisor** provides digital wealth management services to help investors reach their long-term financial goals; both directly to consumers and through partnerships with financial institutions
 - Customers input current investments, taxes, time horizon and goals
 - The Company links to existing accounts to analyze customers' current financial position
 - FutureAdvisor provides investment recommendations with the rationale behind each suggestion
- **BlackRock acquired FutureAdvisor on 08/26/2015**
 - FutureAdvisor operates as a business within BlackRock Solutions (BRS)

Financing History

Date	Size (\$ mm)	Investor(s)
08/26/15*	NA	BlackRock
05/21/14	\$16	Canvas Venture Fund; F-Prime Capital Partners; Sequoia Capital
08/22/12	6	Sequoia Capital; Kapor Capital
08/03/10	NA	Y Combinator

Product & Services Overview



Link all investment accounts to FutureAdvisor to gain a comprehensive view of your financial position

Receive detailed and customized investment advice that considers your family, goals and accounts



FutureAdvisor manages your investment accounts in a fiduciary capacity and keeps them at a trusted custodian



- ✓ Holistic
- ✓ Tax-efficient
- ✓ 401(k) Advice
- ✓ Consistent Monitoring
- ✓ Tax-loss Harvesting
- ✓ Expert

Select Partners – Publicly Disclosed



Hearsay Overview

Company Overview



CEO: Clara Shih

Headquarters: San Francisco, CA

Founded: 2009

- **Hearsay** provides the complete client engagement platform for sales, marketing and compliance to enable financial advisors and insurance agents to build stronger relationships with their clients
 - The Company works with 150,000 advisors and agents in 22 countries with some of the world's largest firms including Morgan Stanley, UBS, JP Morgan & Chase, RBC, Allstate, Farmers, AXA, Zurich and New York Life
- Hearsay's Advisor Cloud solution delivers efficient and compliant communication across a range of digital channels
- Hearsay helps advisors scale frequency and quality of client contact
 - The Company efficiently addresses compliance with AI to prevent and recover risky behavior, then suggest predictive next best actions across social media
- Hearsay integrates with various enterprise systems to align advisor-driven and brand-driven customer experiences

Financing History

Date	Size (\$ mm)	Investor(s)
09/05/13	\$30	New Enterprise Associates; Sequoia Capital
08/01/11	18	New Enterprise Associates; Sequoia Capital
02/03/11	3	Sequoia Capital; Felicis Ventures; Undisclosed Investors

Product & Services Overview



Social Business

- Intuitive social media for advisors / agents
- Discover new prospects
- Distribute compliant content
- Monitor and measure content performance with actionable analytics

Advisor Websites

- Share relevant content to attract new business opportunities
- Integrate with corporate websites
- Simple publishing and management tools to save advisors time
- Marketing control over website designs and themes



Text Messaging

- Stay in contact with clients on-the-go
- Separate business and personal messaging
- Works seamlessly on either company or personal devices
- Lexicon monitoring prevents questionable messages from sending

Predictive Email

- Predictive content matching to deliver the correct message
- Scalable and personalized outreach
- Library of pre-approved content
- Integration with email archive systems



Compliance and Supervision

- Provides complete contextual supervision of activity
- Document all social, text and website activity
- Pre-approve content
- Alerts for content infractions

iCapital Network Overview

Company Overview



CEO: Lawrence Calcano

Headquarters: New York, NY

Founded: 2013

- **iCapital Network** provides a platform that gives qualified investors access to high-quality private investments, while simultaneously enabling managers to tap new sources of capital
- For iCapital's purposes, a qualified investor is
 - An individual who owns at least \$5 mm in investable assets or
 - An entity that oversees at least \$25 mm in discretionary assets

Financing History

Date	Size (\$ mm)	Investor(s)
12/15/16	na	BlackRock
06/18/15	\$10	Undisclosed Investors
10/22/14	9	Capstone Partners; Credit Suisse; Eaton Partners; Gen II Fund Services; Monument Group; Panorama Point Partners; Park Hill Group; Pivot Investment Partners
07/10/14	6	Undisclosed Investors
07/02/13	4	Burgiss Group; Gen II Fund Services; IntraLinks Holdings

Product & Services Overview



Access

- Access experienced managers that are in-demand
- Provides access to high-quality investments with lower minimum investments



Research

- Research investment offerings with robust research tools and due diligence materials
- Evaluate investment merits using powerful analytical tools



Invest

- Invest using iCapital's online portal for streamlined and simplified subscriptions and reporting
- Registration process takes only about 5 minutes

High Net Worth Investors & Advisors

- Access select managers with previous institutional experience
- Conduct due diligence on potential investments
- Invest with as little as \$100,000 per fund



Financial Intermediaries

- Leverage iCapital to outsource an alternative investment platform for advisors and portfolio managers
- Add value throughout the entire investment process with iCapital's research and technology



Alternative Investment Managers

- Connect with investors through iCapital's fast growing network
- Efficiently reach out to investors without being subjected to the monotonous due diligence and travel



InvestCloud Overview

Company Overview



CEO: John Wise

Headquarters: Los Angeles, CA

Founded: 2010

- [InvestCloud](#) develops first-class, financial digital solutions, pre-integrated into the cloud
- InvestCloud creates beautifully designed client experiences and intuitive operations solutions using an ever-expanding library of digital modular apps
- The Company's platform supports more than \$1.7 trillion of assets across 670 diverse clients
 - InvestCloud serves wealth managers, institutional investors and asset managers, family offices, asset services companies, financial platforms and banks
 - InvestCloud offers 227 apps, with more than 5,000 unique user experiences

Financing History

Date	Size (\$ mm)	Investor(s)
09/20/16	25	JP Morgan Chase
10/08/15	45	FTV Capital
10/11/13	8	Kern Whelan Capital
08/27/10	<1	Undisclosed Investors

Source: Company website, LinkedIn, PitchBook

Product & Services Overview

powerful products for individual investors and institutions alike

Assembled on-demand to meet your specific needs from a complete, differentiated ecosystem of cloud-based financial apps.



With a library of 227 apps that can function alone or be bundled, InvestCloud empowers investors and managers to make informed decisions

- Integrated digital warehouse
- Simple by design
- Built secure
- Programs Writing Programs ("PWP")
- Build your own with InvestCloud's Innovation Center



Representative Clients



InvestEdge Overview

Company Overview

INVESTEDGE

CEO: Bob Stewart

Headquarters: Bala Cynwyd, PA

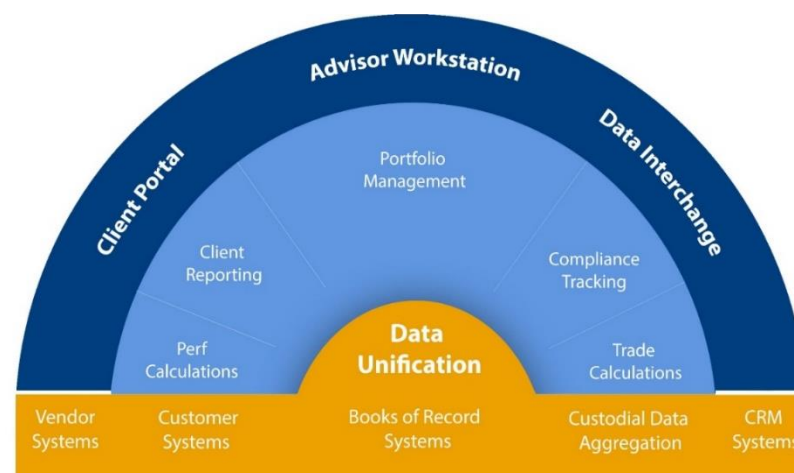
Founded: 2000

- Founded in 2000, [InvestEdge](#) has steadily grown into the premier provider of wealth management solutions by helping firms manage, measure and report on over 410,000 high net worth and ultra-high net worth portfolios, representing almost \$1 tn in assets
- InvestEdge's advisor-facing system enables a better, broader, more consistent view of accounting and performance data, and features integrated tools that simplify both common and complex tasks
- The Company's platform is built with open APIs, allowing for seamless integration with third-party technologies, partnering with Northfield Information Services, Morningstar, and Evare LLC among others for complementary service offerings
- InvestEdge has been selected by more than 110 of the most successful investment firms in the industry with a near perfect retention record

Financing History

Date	Size (\$ mm)	Investor(s)
01/19/17	\$5	Vistara Capital Partners

Product Overview



Single Platform for Front End Functions

- InvestEdge pioneered the model of an "overlay" system or Data Unification System working above a core accounting system to provide an integrated range of value-added functionality
- Partners with book of records systems to integrate and aggregate data to provide complete picture of each client's holdings, investment goals, account history, and reporting preference
- Streamlined access to account information simplifies daily tasks and allows wealth advisers to effectively manage, monitor and measure private client and institutional portfolios

NextCapital Overview

Company Overview



CEO: John Patterson

Headquarters: Chicago, IL

Founded: 2013

- Enterprise digital advice
- [NextCapital](#) partners with world class institutions to deliver personalized planning and managed accounts to individual investors across 401(k) and retail channels
- The Company was founded by FinTech pioneers responsible for building the first 401(k) managed accounts platform, one of the first online banks and the first digital wealth manager
- NextCapital's partners include...

STATE STREET
GLOBAL ADVISORS

John Hancock

Russell
Investments

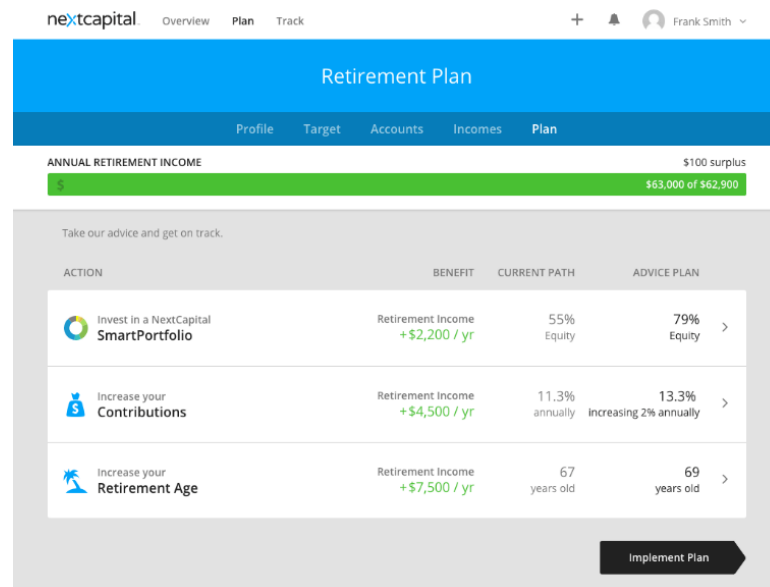
TRANSAMERICA

Financing History

Date	Size (\$ mm)	Investor(s)
12/17/15	\$18	AllianceBernstein; Manulife Financial; Route 66 Ventures; State Street Global Advisors
07/24/14	\$6	FinTech Collective; Kelvingrove Ventures; Russell Investments; Transamerica Ventures; Vermont Seed Capital Fund

Product & Services Overview

- **Partner Need** – NextCapital enables large institutions to cost-effectively bring to market a fully differentiated digital advice and managed account solution:
 - Custom user experience
 - Proprietary or third party investment methodology
 - Self-service and advisor-assisted service models
 - Multi-channel – supporting 401(k), IRA, and retail
 - Integrations to 401(k) record keepers and retail custodians
- **Consumer Need** – NextCapital provides investors with an integrated platform for automated personal financial advice across 401(k) and retail accounts:
 - Holistic portfolio tracking (account aggregation)
 - Comprehensive planning
 - Savings advice
 - Portfolio management



NorthStar Financial Services Group Overview

Company Overview



Executive Chairman: Jonathan Baum

Headquarters: Omaha, NE

Founded: 2003

- [NorthStar](#), through its subsidiaries, provides a range of solutions and tools in order to empower investment advisors
- NorthStar's solutions include...
 - Asset management
 - Pooled investment solutions
 - Portfolio accounting
 - Fund distribution and compliance
 - Printing and marketing solutions

Financing History

Date	Size (\$ mm)	Investor(s)
06/17/16	na	TA Associates
02/09/15	na	TA Associates

NorthStar's Subsidiaries



CLs Investments – provides third party portfolio and investment management services to financial advisors



Gemini Companies – provides access to multiple solutions for pooled investment products



Orion – Offers portfolio accounting services to advisors



Constellation Trust – provides back-office custody and administration solutions to RIAs, financial institutions and their clients



Northern Lights Distributors / Compliance – provides fund distribution and compliance solutions

Product & Services Overview



Asset Management

- Risk budgeting
- ETF strategist
- Asset allocation



Pooled Investment Solutions

- Mutual fund services
- Hedge fund services
- Managed account platform



Fund Distribution & Compliance

- Distribution support
- Marketing / advertising review
- CCOs



Portfolio Accounting

- Data aggregation
- Performance reporting
- Trade order management
- Advisory fee billing



Trust Service by Affiliate

- Best in-class
- Custody administration services



Printing & Marketing Services

- Premier industry printer
- Document production

Novus Overview

Company Overview



CEO: Basil Qunibi

Headquarters: New York, NY

Founded: 2007

- **Novus** is a portfolio analytics and intelligence platform for institutional investors
 - The Company's platform is used by top hedge funds, fund of funds, pensions, sovereign wealth funds and endowments
- Solutions for *investment managers* aim to help them understand their skill-sets and weaknesses to drive higher returns
- Solutions for the *investors* seek to drive more rigorous manager research, gain better transparency into their portfolio and automate reporting to other investors, boards and parties
 - The Novus Reporting Solution enables thousands of funds to report fund information to their investors who also use Novus more efficiently and effectively

Financing History

Date	Size (\$ mm)	Investor(s)
06/10/13	na	Bain Capital Ventures; Index Ventures

Product & Services Overview

Investment Manager

Performance Attribution:

Novus' attribution platform, managers have access to absolute and relative contributions, win / loss ratios, capital-allocation ratios, relative alpha generations, and more



Risk Management

The Novus Risk Equalizer simplifies risk into a clean and effective interface that will allow greater utilization of VaR, stress tests and scenario or factor analyses



Investor

Portfolio Attribution:

Novus' platform provides incredible detail beyond P / L and contributions, and helps you visual your portfolio attribution and understand what aspects drive it the most



Risk Aggregation

This cutting edge aggregation system gives investors full control of category position and risk views to help you breakdown your portfolio to a granular level

Public Ownership Research

Novus Holdings provides investors with an extensive and encompassing database of over 100 regulatory agency documents including:

- 13F, D, G, 3, 4, and 5 filings
- AMF (France), FSA (UK), and CVM (Brazil)
- European short position filings in 20+ countries

Quovo Overview

Company Overview



CEO: Lowell Putnam

Headquarters: New York, NY

Founded: 2010

- **Quovo** is a data platform providing insights and connectivity for millions of financial accounts across thousands of institutions. With industry-leading APIs, modular applications and enterprise solutions, Quovo helps deepen relationships by better connecting you to your clients' financial lives. Today, hundreds of institutions, thousands of advisors and millions of end-users rely on Quovo's technology for account aggregation, bank authentication and ongoing insights to build better financial futures
 - The company's account aggregation platform integrates with more than 13,000+ financial institutions, providing detailed balance and position records as well as deep transaction histories, typically reaching back several years to an account's inception
 - The company provides simple yet powerful APIs that allows their partners to connect accounts, verify key account data, facilitate payments, and more.
 - Additionally, Quovo provides several advisor solutions, including elegant dashboards and easily embedded modules that enable clients to visualize and interact with their data.

Financing History

Date	Size (\$ mm)	Investor(s)
Apr. 2017	\$10	F-Prime Capital; Napier Park Global Partners; FinTech Collective; Long Light Capital
Jul. 2015	5	FinTech Collective; Long Light Capital
Dec. 2013	1	FinTech Collective; Long Light Capital; Continuity Capital Partners

Source: Company website, LinkedIn, PitchBook

Product & Services Overview



Account Aggregation

Features:

- Provides wide coverage of a variety of account types, including bank accounts, brokerages, credit cards, retirement plans, 529 plans, student loans, and more
- Uses multiple redundant methods for data retrieval including direct feeds, data standards (e.g. OFX), in addition to credentials-based web crawling
- Intelligent transaction categorization engine to more accurately determine the types of expenses and charges in both investment and bank accounts
- Innovative "smart sync" technology, which minimizes the impact of institutional downtime and connection breakages



Bank Authentication

Features:

- Easily connect to bank accounts and verify account ownership, facilitating payments, transfers, and streamlining the process of opening and funding new accounts
- Instantly authenticate account ownership across more than 300 banks, and improve user experience by pre-populating text fields when initiating payments or transfers
- Capable of authenticating by micro-deposits, providing universal coverage of all banks along with extra peace of mind, by using widely accepted authentication processes



Quovo Connect

Features:

- An easy-to-use tool for embedding account aggregation and bank authentication into your web and mobile app with a few lines of code
- Offers an elegant front-end interface that's easily white labeled, helping to improve user experience by reducing friction during the account syncing process



Advisor Solutions

Features:

- Intuitive advisor dashboards for visualizing and interacting with client account data, optimized for the common workflows like adding and linking client accounts
- New "Prepare Accounts" feature enables advisors to pre-select the institutions where their clients need to enter credentials, reducing the chance for user error and minimizing friction
- Easily embedded Personal Finance Management ("PFM") modules that enable advisors to quickly incorporate a variety of PFM tools into their web or mobile applications
- PFM modules allow clients to see their net worth, manage expenses, prepare a budget, set financial goals, and visualize their cash flow & asset allocation

Redtail Technology Overview

Company Overview



CEO: Brian McLaughlin

Headquarters: Gold River, CA

Founded: 2003

- [Redtail Technology](#) offers web-based Client Relationship Management (CRM) solutions for the Financial Advisor
- The company's CRM platform is a full-featured management tool used by Financial Advisors to do everything from client categorization and segmentation to process automation, reporting and scheduling
- Redtail also offers an imaging service including a dashboard, visual contact indexing and important metrics display
- Redtail Email Archive and Retention provides clients with a convenient and compliant way to retain, retrieve, and report on email correspondence

Management Team



Brian McLaughlin
Chief Executive /
Technology Officer



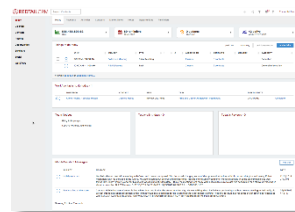
Andrew Hernandez
Chief Operating
Officer



David Mehlhorn
Director of Sales

Product & Services Overview

CRM Platform

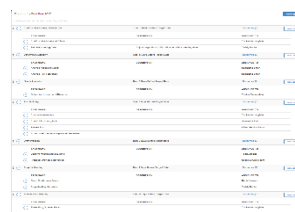


Dashboard

- Streamlined interface and a highly intuitive layout to foster a more efficient process

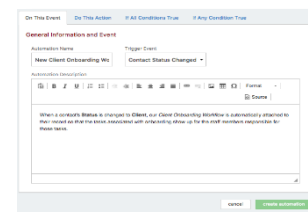
Automations

- Making data entry simple and easy, allowing more effective client data manipulation
- Replacing the monotony so clients can remain the at the focal point



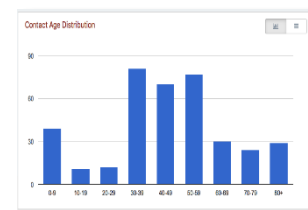
Workflows

- Codify processes to boost efficiencies, consistency and the client experience
- Assign workflow tasks to database users, to database user teams or to database roles



Reporting

- CRM Platform offers a wide array of client and account reporting in allowing the user to custom filter certain fields to drill down to the data they need



Riskalyze Overview

Company Overview



CEO: Aaron Klein

Headquarters: Auburn, CA

Founded: 2011

- [Riskalyze](#) invented the Risk Number® - the first quantitative system to identify a client's risk tolerance to help better align their portfolios with their expectations
- Riskalyze's software and technology serve RIAs, hybrid advisors, independent broker-dealers, RIA networks, custodians, clearing firms and asset managers
- The Company offers 3 different products:
 - Riskalyze for determining clients' risk
 - Autopilot for client portals and automated asset management
 - Compliance Cloud, a compliance-related solution

Financing History

Date	Size (\$ mm)	Investor(s)
10/31/16	\$20	FTV Capital

Product & Services Overview



Risk Alignment Platform



Quantitatively
Pinpoint Risk



Analyze
Portfolio Risk



Compare
Prospect Risk
preference w/
actual risk



Set portfolio
return
expectations
using risk



Stress testing
portfolios for
stock & bond
market
scenarios



Retirement
Mapping



End-to-End Solution for Automated Asset Management & Client Self-Service



Automated Asset
Management



Technology to keep up
with robo-advisors



Risk Number™ -
calculated risk
tolerance



Open New Accounts by
syncing new asset and
e-signing



Big Data Analytics for Compliance



Sift through data to
find mismatched
objectives



Automated workflow
for case
management



Find accounts with bad
investments /
compliance issues



Intelligent Prioritization -
mark accounts that need
attention

SAF Platform Overview

Company Overview



CEO: Rafay Farooqui

Headquarters: New York, NY

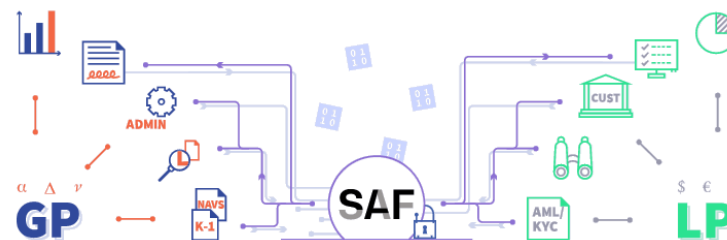
Founded: 2015

- **SAF Platform** is powering alternative investments for institutional investors and asset managers
 - The state-of-the-art secure technology platform offers investment consultants, endowments, foundations, family offices, private banks, registered investment advisors, and independent broker-dealers – an investor portal and a fully digitized investment process for alternative funds. SAF Platform has also partnered with many of the leading alternative fund managers across private capital and hedge funds to expand their investor base. The platform compliments its technology services with market leading independent fund due diligence and research offered by Rocaton Investment Advisors.
 - SAF Platform's technology solution seamlessly inter-operates with the alternative investment fund eco-system of administrators, custodians, and DTCC-AIP
- **SAF also streamlines the investment process and improves operational efficiencies with:**
 - Virtual data room, electronic subscriptions, digital signatures, email elimination and document backup and recovery
 - SAF is AML / KYC / FATCA compliant
- **The platform is built using enterprise-grade security and encryption**
 - Access and view fund materials and investor statements in a secure environment

Financing History

Date	Size (\$ mm)	Investor(s)
04/01/15	NA	Undisclosed Investors

Product & Services Overview



SAF Platform uses automation technology to empower and improve business processes across the alternative investments industry



Integrates with key industry players



Facilitates investment transactions digitally between LPs and GPs



Drives fund exposure for GPs



Reduces operational bottlenecks through digitization



Increases investment opportunities for LPs



Decreases reliance on paper-based processes and errors



Scales to satisfy the functionality requirements of both LPs and GPs



Enterprise-grade data security, encryption and controls

Strategic Partners

Rocaton

Sciventage Overview

Company Overview



CEO: Chris Calhoun

Headquarters: Jersey City, NJ

Founded: 2000

- **Sciventage** is a leading provider of digital wealth management and cost basis SaaS solutions
 - The Company serves broker-dealers, mutual funds, custodians, banks and prime brokers
- Sciventage's product suite includes Maxit and Wealthscope
 - **sciventage Maxit®** is a highly automated cost basis solutions that offers a powerful suite of tax management tools
 - **WEALTHSCOPE** is a digital client portal for investment and wealth management firms

Financing History

Date	Size (\$ mm)	Investor(s)
06/23/14	\$20	BBH Capital Partners; Edison Partners; ORIX Growth Capital
12/08/10	22	BBH Capital Partners
10/06/06	7	Edison Partners
11/03/03	na	Greenlight Capital

Product & Services Overview



Turn Tax Compliance into a Strategic Strength

Data Access Services

- Cost Basis Extracts
- Tax Reporting
- Maxit® RDS
- Web Services

Tax Management Tool Suite

- Tax Loss Harvesting
- MaxTax Liabilities
- MaxTax Drag
- Maxit Sell Suggestions
- Maxit Hold Suggestions
- Maxit Wash Avoidance
- Hold Impact

Maxit® Core Processing

- Equities, Mutual Funds, ETFs, Options, Fixed Income, Custom
- Corporate Actions, including Voluntaries
- Wash Sales
- Tax Rules
- Gain/Loss Reporting
- Short/Long-term
- Gift & Inheritance
- CBRS Import/Export
- Options Premiums & Assignments
- Back Office Mapping/Sync; multiple back office support

Reporting Services

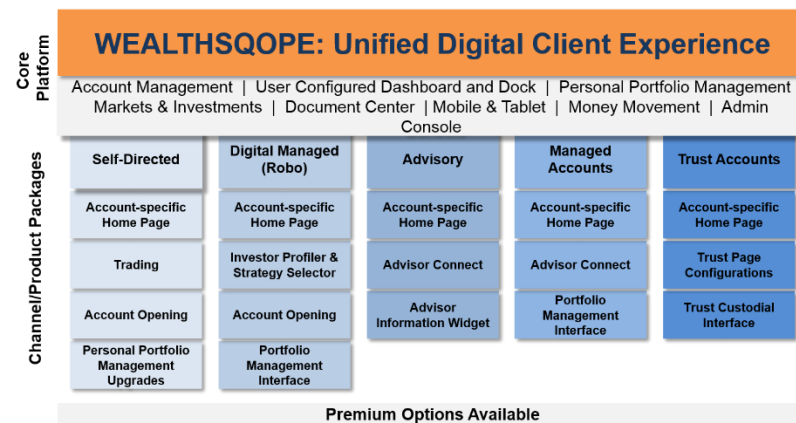
- On-Demand Reports Library:
 - Unrealized/Realized
 - Form 6781
 - Tax Lot Ledger
 - Audit Trail/ Report
- Custom Reports

Reconciliation Services

- Corporate Actions Review/Validation/Sync
- Detailed Reporting
- Premium Recon Services



An innovative digital wealth solution that enables financial firms to provide investors with an easy to understand, comprehensive picture of their investments through an intuitive, state of the art interface



SigFig Overview

Company Overview



CEO: Mike Sha

Headquarters: San Francisco, CA

Founded: 2011

- **SigFig's platform aggregates investments into a single dashboard and allows users to analyze their portfolios**
 - The automated platform detects portfolio inefficiencies, gives advice on investments and tailors portfolios keeping them balanced and diversified
- **SigFig will build custom portfolios, optimize existing portfolios and ensure tax efficiency**
 - The Company builds diversified portfolios from low cost funds with an average expense ratio (from the fund) of 0.07% to 0.15% depending on the brokerage
- The platform supports individual accounts, joint accounts, various IRAs, and 401ks
- Over 800,000 people are using SigFig to manage and track over \$350 billion in investments

Financing History

Date	Size (\$ mm)	Investor(s)
05/16/16	\$40	Eaton Vance; Comerica Bank; New York Life; Santander InnoVentures; UBS
04/22/15	1	NYCA Partners
07/02/13	15	Bain Capital Ventures; Union Square Ventures
10/01/07	3	DCM

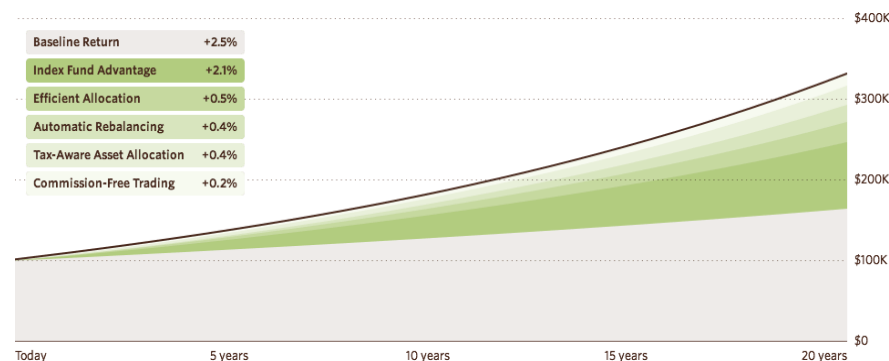
Source: Company website, LinkedIn, PitchBook

Product & Services Overview

The portfolio guidance tool provides a free portfolio analysis with personalized recommendations



SigFig attempts to increase long-term net returns by reducing fees and avoiding common investing mistakes with its automated asset management algorithm.



Trizic Overview

Company Overview



CEO: Drew Sievers

Headquarters: San Rafael, CA

Founded: 2011

- [Trizic](#) provides enterprise-class, digital investment technology to Registered Investment Advisors, broker dealers, asset managers, banks, credit unions, and wire houses.
- Trizic's hosted platform allows its clients to cost-effectively deliver digital wealth services across all account size levels, even sub-\$10,000 accounts.
- The Trizic platform leverages their clients' investment philosophies and models, automating the entire client lifecycle from onboarding to risk assessment, to model assignment, to trade execution and rebalancing, reporting, and even client billing.
- Trizic powers the digital wealth offerings for all size firms, including large players like John Hancock/Manulife, Creative Planning, Level Four Advisors, and FIS/Sungard.

Financing History

Date	Size (\$ mm)	Investor(s)
06/26/17	\$3	PEAK6 Investments; Freestyle Capital, Commerce Ventures, Broadhaven Capital Partners
02/13/17	3	Freestyle Capital, Commerce Ventures, Broadhaven Capital Partners
12/04/15	2	Operative Capital & others
05/06/15	3	Operative Capital & others
11/03/14	1	Undisclosed Investors

Source: Company website, LinkedIn, PitchBook

Product & Services Overview

For the Client

- Digital Onboarding
- Performance Reporting
- Portfolio Information
- Account Aggregation
- Risk Assessment
- Planning Calculators
- Money Transfer
- Statements & Tax Docs



For the Firm

- White Labeled UI w/ APIs
- Model Based Trading of ETFs, mutual funds, and equities
- Tax/Cost Aware Portfolio Management
- Automated Trading and Rebalancing
- Intelligent Cash Management
- Role Based Access Controls
- Client Billing
- Compliance Reporting
- Modular Feature Set
- Institutional Grade Scaling & Security
- Multi-Custodial Support



Trust Company of America Overview

Company Overview



CEO: Joshua Pace

Headquarters: Denver, CO

Founded: 1972

- [Trust Company of America](#) is the largest independent custodian for RIAs
- The Company provides holistic software solutions to RIAs, allowing them to scale operations, more effectively manage client relationships and focus on growing their practice
- Offers sophisticated modeling, trading, rebalancing and reporting solutions
- Built on web-based, multi-tenant software with an open architecture platform

Management Team



Joshua Pace
President, Chief
Executive Officer



James Capps
Chief Technology
Officer



Mark Massa
EVP, Client Services
& Operations

Product & Services Overview

Liberty, Trust Company of America's comprehensive platform is designed for RIAs and offers a suite of features



- ✓ Web-based
- ✓ Highly Scalable and Secure
- ✓ Mobile Capabilities
- ✓ Asset-based pricing
- ✓ APIs to 3rd party value-added CRM, Planning, Compliance, Aggregation and other tools



Growth Tools

- Prospecting
- Proposal
- Conversion
- Onboarding



Operational Tools

- Fee Billing
- Mobile Enabled
- Investor Portal



Reporting & Analytics

- Performance
- Statements
- Private-Labeling
- Custom Branding



Portfolio Management

- UMA
- Rebalancing
- Omnibus Trading
- Tax Harvesting



Managed Investment Solutions

- 3rd Party Investment Managers
- Diverse Strategies

Liberty also boasts a full mobile platform, as well as customizable features for RIAs to promote their own personal brands



United Capital Overview

Company Overview



CEO: Joe Duran

Headquarters: Newport Beach, CA

Founded: 2005

- **United Capital** is the first and biggest Financial Life Management firm
 - The Company has more than 80 offices across the U.S.
 - Manages approximately \$17.9 bn in assets ⁽¹⁾
- **United Capital goes beyond traditional financial planning to incorporate clients' ideal lives into investment management to give them complete control of their financial life**
- **The Company provides tailored advice, financial plans and investment strategies**

Financing History

Date	Size (\$ mm)	Investor(s)
10/21/13	\$38	Sageview Capital; Bessemer Venture Partners; Grail Partners
08/21/09	15	Bessemer Venture Partners
02/06/08	6	Grail Partners
07/31/06	10	Undisclosed Investors

Product & Services Overview

Financial Life Management

- **Money Mind®:** Reveals personal biases and the effects on financial decisions
- **Honest Conversations®:** Identifies and clarifies personal goals and financial decision trade-offs, establishes an action plan
- **Financial Control Scorecard®:** Monitors and tracks savings and spending and matches them against goals
- **GuideCenter:** Clients gain immediate understanding and access to their entire financial life



Financial Planning



- **High Net Worth Services:** Personalized services to manage everyday financial and non-financial decisions
- **Insurance Planning (UCRM):** Plan for tax advantages, liquidity for heirs and a reduced dependence on lenders

Investment Management

- **Investment Process:** Driven by three questions...
 - 1. "How much risk should I take?"
 - 2. "What's the right style for me?"
 - 3. "How do I stay on track?"



Vestmark Overview

Company Overview



CEO: John Lunny

Headquarters: Wakefield, MA

Founded: 2001

- **Vestmark works with leading wealth management firms to provide solutions for advice delivery, compliance with regulation and business growth**
 - The Company now serves over 40 institutions, 25,000 advisors, more than \$600 billion in assets and 2 million investor accounts
- **Vestmark serves two main segments: Financial Institutions and Advisors**
 - Financial Institutions include asset managers, bank trusts, broker dealers and wealth managers
 - Advisors include bank trust advisors, broker dealer representatives, dually registered advisors and independent RIAs

Financing History

Date	Size (\$ mm)	Investor(s)
10/31/16	\$7	Launch Angels
04/12/16	30	Undisclosed investors
06/23/09	1	Hub Angels Investment Group

Product & Services Overview

VestmarkONE

- Model client-centric portfolios
- Monitor accounts and households
- Efficiently trade across portfolios
- Report performance at various levels, including household, account and sleeve
- Reduce infrastructure, maintenance and error costs
- Improve time to market

Centrally Managed Programs

- Automate, consolidate and streamline sponsor communications
- Rebalance massive amounts of accounts while considering asset allocation, position tolerances, restrictions and compliance
- Maintain strict account oversight and governance 24/7
- Enforce account and firm mandates

VestmarkONE Robo Solution

- Manage the robo platform alongside other accounts and discretionary programs
- Customize and automatically generate a recommended portfolio for investors
- Improve advisor-client interaction with a private interface
- Leverage flexible integration options with custodians, trading partners and internal and external systems

Vestmark Outsourcing

- Maintain full transparency
- Lower operational risk
- Focus resources on core competencies
- Improve forecasting abilities



VII. Selected Company Profiles

ii. Established Players

Investnet Overview

Company Overview



CEO:	Judson Bergman
Headquarters:	Chicago, IL
Founded:	1999

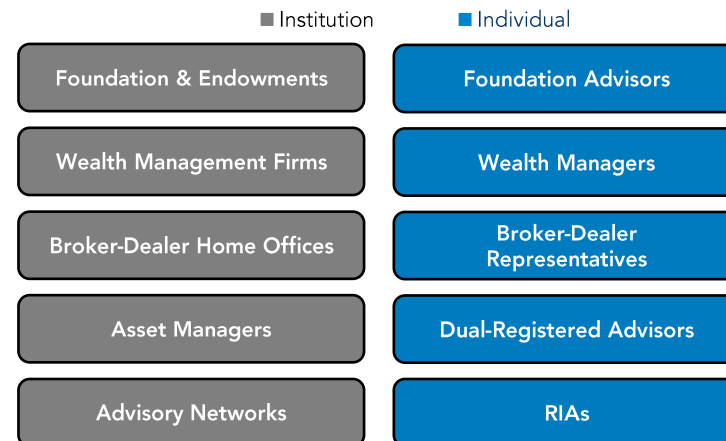
- **Investnet** provides cloud-based wealth management technology solutions to financial advisors and institutions
 - Its platform provides investment tools, portfolio management, accounting and reporting capabilities
- The Company has supports over 5.8 mm investor accounts and \$101 billion in assets under management according to its most recent SEC filings
 - More than 52,000 advisors and 2,500 companies are using Investnet products

Stock Performance



Investnet Client Landscape

Investnet provides its solutions to individual advisors and institutional clients in a white-label format



Growth Strategy

- Investnet has grown organically by increasing its advisor base and expanding its service offerings, but has recently also made several strategic acquisitions and partnerships
 - Investnet acquired four companies in 2015, most prominently Yodlee

2015 Revenues by Type



Source: Company website, CapIQ
 (1) As of September 30, 2016
 (2) As of February 3, 2017

Financial Engines Overview

Company Overview



CEO: Lawrence Raffone

Headquarters: Sunnyvale, CA

Founded: 1996

- [Financial Engines](#) provides portfolio management services including investment advice, retirement management / planning and employee-sponsored contribution plans to customers in the United States
- The Company's portfolio plans are customized to the customer's needs and retirement readiness, addressing all levels of preparedness or complexity of investment strategy
- Partnered with hundreds of Fortune 500 companies who provide Financial Engines' solution to employees

Stock Performance



Financial Planning



Selected Partners



Source: Company website, CapIQ
(1) As of September 30, 2016
(2) As of February 3, 2017

FIS Overview

Company Overview



CEO:	Gary Norcross
Headquarters:	Jacksonville, FL
Founded:	1968

- **FIS** is a leader in financial services technology, with a focus on retail and institutional banking, payments, asset and wealth management, risk & compliance, consulting and outsourcing solutions
- The Company has over 20,000 clients in over 130 companies
- FIS's payment solutions include card services, corporate payment solutions, digital payment solutions, merchant solutions, outsourced payment solutions and risk and compliance services
 - The Company's outsourced payments solutions include biller and output solutions to create a positive customer experience around invoices and communications

Stock Performance



FIS Wealth and Retirement Overview

- FIS Wealth and Retirement provides professionals with one of the broadest and richest solutions sets in the industry.
- Clients are able to select the deployment options and solution suites to best fit their business needs
- ✓ **Asset Allocation:** Develop investment strategies with AllocationMaster, an asset allocation software solution
- ✓ **Financial Planning:** WealthStation offers advisors a 360 degree financial view
- ✓ **Investment Management:** Select investment solutions from turnkey to fully outsourced through Reliance Trust
- ✓ **Portfolio Management:** Investor'sView portfolio management software digitally connects portfolio managers, financial planners and back office users
- ✓ **Trust Accounting:** Variety of comprehensive trust platforms to choose from (AddVantage, Charlotte, Global Plus or TrustDesk)
- ✓ **Wealth Outsourcing:** Hosted and in-house technology platforms to deliver outsourced solutions on a private-label basis

Financial Metrics ⁽¹⁾

Ticker: NYSE:FIS
Market Cap: \$26.0 bn ⁽²⁾
LTM Revenue: \$8.7 bn
LTM EBT: \$1.1 bn
LTM Adj. NI: \$466.5 mm

Source: Company website, CapIQ
(1) As of September 30, 2016
(2) As of February 3, 2017

Morningstar Overview

Company Overview



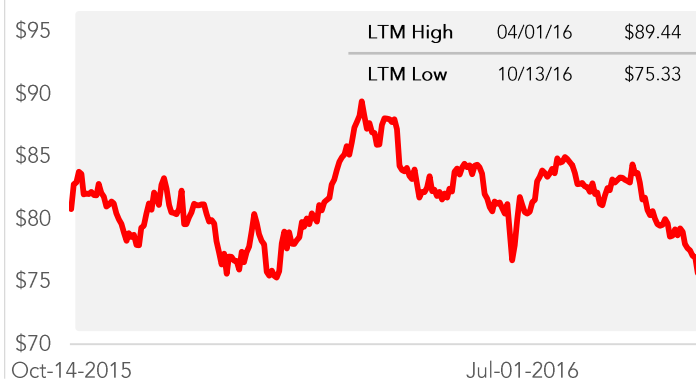
CEO:	Joe Mansueto
Headquarters:	Chicago, IL
Founded:	1984

Financial Metrics ⁽¹⁾

Ticker: NasdaqGS:MORN
Market Cap: \$3.3 bn ⁽³⁾
LTM Revenue: \$788.0 mm
LTM EBITDA: \$249.6 mm
LTM Adj. NI: \$128.0 mm

- [Morningstar](#) is a leading provider of independent investment research in various markets, including North America, Europe, Australia and Asia
- The Company provides coverage on over 500,00 investment offerings (stocks, mutual funds and other vehicles), along with real-time global market data on nearly 18 million equities, indexes, futures, options, commodities, FX and Treasuries
- Morningstar offers investment advisor services through its subsidiaries, with more than \$185 bn AUM as of June 30, 2016

Stock Performance



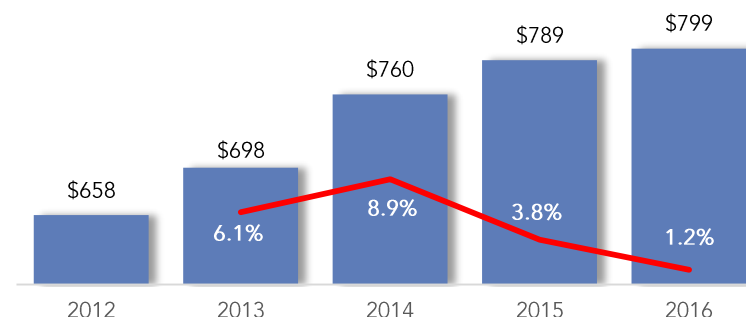
Source: Company website, CapIQ

(1) As of September 30, 2016

(2) Includes foreign currency translation effects

(3) As of January 31, 2017.

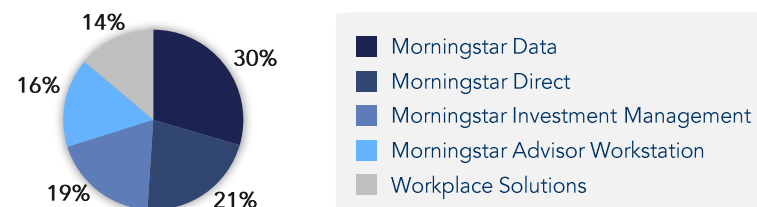
Revenue / % Revenue Growth



Strategy and Key Objectives

- Morningstar is focusing on three core areas to widen its economic moat
 - Produce the most effective investment data, research and ratings
 - Develop Morningstar Direct as their flagship platform
 - Use proprietary research to build world-class investment management solutions

2015 Revenues by Product ⁽²⁾



WealthTech – Selected Company Profiles

Investnet Overview

Company Overview



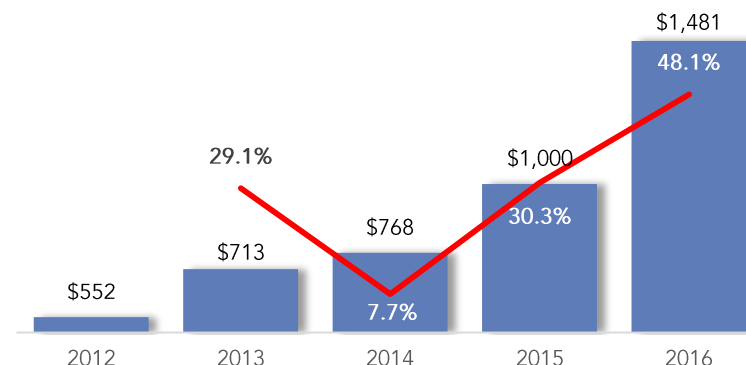
CEO: William C. Stone
Headquarters: Windsor, CT
Founded: 1986

- **SS&C Technologies** is a leading provider of cloud based services and software for global financial service companies around the world
- The Company serves various industries, including insurance, asset management, REITs, alternative investments and other financial services
 - SS&C provides solutions to approximately 10,000 financial services firms across the world
 - In total, these clients manage over \$44 tn in assets

Stock Performance



Revenue / % Revenue Growth



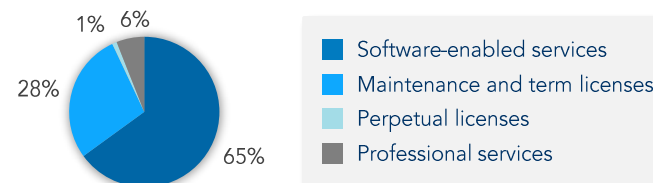
Financial Metrics ⁽¹⁾

Ticker: NasdaqGS:SSNC
Market Cap: \$7.1 bn ⁽²⁾
LTM Revenue: \$1,481 mm
LTM EBITDA: \$517 mm
LTM NI: \$401 mm

Acquisitions since January 1, 2014



2016 Revenues by Type



Source: Company website, CapIQ
(1) As of December 31, 2016
(2) As of March 2, 2017



VIII. Selected WealthTech Public Comparables



Selected WealthTech Public Company Comparables

E-Brokerages

Company Name	Price	% MTD	% LTM	Market Value (\$ mm)	Enterprise Value (\$ mm)	Price / Earnings		Multiples EV / EBITDA		EV / Revenue		Growth Rates			Margins		P / E / G
	07/10/17	Change	High			CY 17E	CY 18E	CY 17E	CY 18E	CY 17E	CY 18E	CY 17E	CY 18E	LT	CY 17E	CY 18E	
US EBROKERAGE / EFINANCE																	
Charles Schwab	\$ 43.63	2 %	99 %	\$ 59,135	\$ 56,562	27.2 x	22.5 x	na	na	6.5 x	5.8 x	16 %	12 %	20 %	na	na	1.4 x
TD Ameritrade ⁽¹⁾	44.84	4	95	23,720	23,254	27.3	23.4	14.4	13.0	6.3	6.1	10	3	18	43	47	1.5
E*TRADE Financial	38.68	2	99	10,632	13,001	19.5	16.9	12.8	11.1	5.8	5.3	16	8	12	45	48	1.6
MarketAxess	194.99	(3)	92	7,453	7,203	47.2	38.7	31.0	24.8	17.5	14.7	11	19	20	56	59	2.4
Gain Capital	6.45	4	74	308	256	9.0	9.2	5.1	3.1	0.8	0.7	(19)	10	na	15	23	na
Median		2 %	95 %			27.2 x	22.5 x	13.6 x	12.0 x	6.3 x	5.8 x	11 %	10 %	19 %	44 %	47 %	1.5 x
Mean		2	92			26.0	22.1	15.8	13.0	7.4	6.5	7	10	18	40	44	1.7
INTERNATIONAL EBROKERAGE / EFINANCE																	
Monex Group	\$ 2.73	4 %	88 %	\$ 757	\$ 6,840	nm	22.5 x	na	na	17.5 x	16.7 x	(19)%	5 %	12 %	na	na	na
Matsui Securities	8.32	2	90	2,137	3,449	19.7	18.2	na	na	13.2	12.4	(1)	6	na	na	na	na
India Infoline	9.28	(2)	95	2,973	2,579	27.2	18.0	7.0	6.1	4.3	3.7	(3)	15	30	61	61	0.9
Comdirect	11.60	5	100	1,688	1,701	26.6	25.1	na	na	4.3	4.0	(5)	6	(2)	na	na	nm
Casa de Bolsa Finamex	2.43	0	100	154	1,406	na	na	na	na	na	na	na	na	na	na	na	na
Swissquote Group	29.02	5	96	432	1,232	17.5	17.1	na	na	7.2	6.8	10	6	na	na	na	na
Compagnie Financiere Tradition	96.18	(1)	88	688	606	na	na	na	na	na	na	na	na	na	na	na	na
Plus500	5.92	8	75	680	543	7.0	9.1	3.7	4.9	2.0	2.3	(15)	(14)	na	53	47	na
VIEL et Cie	6.75	1	98	502	539	14.4	14.1	6.3	6.2	0.6	0.6	2	1	na	10	10	na
CMC Markets	1.91	3	50	554	498	11.7	12.9	8.1	7.9	2.5	2.4	(9)	5	na	31	31	na
Yintech	10.23	2	45	715	457	6.4	7.0	2.0	1.6	0.7	0.5	72	22	(5)	34	34	nm
Geojit Financial Services	1.68	11	99	400	368	na	na	na	na	na	na	na	na	na	na	na	na
Median		3 %	93 %			16.0 x	17.1 x	6.3 x	6.1 x	4.3 x	3.7 x	(3)%	6 %	5 %	34 %	34 %	0.9 x
Mean		3	85			16.3	16.0	5.4	5.4	5.8	5.5	4	6	9	38	36	0.9

Source: Wall Street Research, Reuters and Capital IQ

Note: nm signifies negative value or value of >50

(1) TD Ameritrade has agreed to acquire Scottrade for \$4 bn. Expected to close by September 30, 2017.

Selected WealthTech Public Company Comparables

Outsourced Financial Solutions Providers

Company Name	Price	% MTD	% LTM	Market Value (\$ mm)	Enterprise Value (\$ mm)	Price / Earnings		Multiples EV / EBITDA		EV / Revenue		Growth Rates			Margins		P / E / G
	07/10/17	Change	High			CY 17E	CY 18E	CY 17E	CY 18E	CY 17E	CY 18E	CY 17E	CY 18E	LT	CY 17E	CY 18E	
OUTSOURCED FINANCIAL SOLUTIONS PROVIDERS																	
MSCI	\$ 102.99	0 %	94 %	\$ 9,337	\$ 10,716	28.4 x	24.4 x	16.8 x	15.2 x	8.6 x	8.0 x	9 %	8 %	14 %	51 %	53 %	2.0 x
SS&C Technologies	38.77	1	99	8,335	10,670	20.0	17.8	15.5	14.1	6.4	6.0	10	5	16	41	43	1.3
Broadridge Financial	74.77	(1)	96	8,990	9,987	22.6	20.8	14.0	12.3	2.4	2.3	44	4	na	17	19	na
SEI Investments	54.46	1	100	9,038	7,912	24.1	20.8	13.6	11.7	5.3	4.9	7	9	14	39	42	1.8
Computershare	11.43	5	97	6,243	7,183	26.2	22.9	17.7	17.1	4.4	4.4	4	1	8	25	26	3.3
LPL Financial	42.66	0	97	3,922	5,397	17.3	14.6	8.7	8.0	1.3	1.3	4	3	15	15	16	1.2
DST Systems	60.70	(2)	94	3,772	4,242	18.5	16.2	9.7	9.0	2.0	1.9	33	9	11	21	21	1.7
Financial Engines	37.10	1	81	2,371	2,233	28.2	24.5	14.5	12.4	4.6	4.1	15	13	20	32	33	1.4
Envestnet	37.95	(4)	92	1,723	2,002	30.3	24.2	15.9	12.9	3.0	2.7	15	14	18	19	21	1.7
KAS BANK	10.98	(2)	84	162	1,795	10.6	8.4	na	na	15.1	15.0	(16)	1	na	na	na	na
Sanne Group	8.32	0	86	1,103	1,039	26.8	23.2	18.5	16.0	7.4	6.3	70	17	na	40	40	na
NOAH	4.50	7	100	261	386	14.2	11.5	22.4	19.4	5.8	4.8	24	21	na	26	25	na
Bravura Solutions	1.23	0	97	263	288	16.0	13.9	10.9	10.0	1.8	1.8	35	2	12	17	18	1.3
Class Limited	2.33	1	72	276	264	40.4	31.5	21.6	17.1	10.4	8.5	26	22	33	48	50	1.2
Median		0 %	95 %			23.4 x	20.8 x	15.5 x	12.9 x	4.9 x	4.6 x	15 %	8 %	15 %	26 %	26 %	1.6 x
Mean		1	92			23.1	19.6	15.4	13.5	5.6	5.1	20	9	16	30	31	1.7

Selected WealthTech Public Company Comparables

Information Providers

Company Name	Price	% MTD	% LTM	Market	Enterprise	Multiples				Growth Rates				Margins			
	07/10/17	Change	High	Value (\$ mm)	Value (\$ mm)	Price / Earnings		EV / EBITDA		EV / Revenue		Revenue		EPS	EBITDA		P / E / G
						CY 17E	CY 18E	CY 17E	CY 18E	CY 17E	CY 18E	CY 17E	CY 18E	LT	CY 17E	CY 18E	CY 17E
LARGE DIVERSIFIED FINANCIAL MEDIA / INFORMATION PROVIDERS																	
Thomson Reuters	\$ 58.81	(2)%	94 %	\$ 42,639	\$ 49,702	25.0 x	23.2 x	14.8 x	14.2 x	4.4 x	4.3 x	1 %	3 %	9 %	30 %	30 %	2.7 x
Reed Elsevier	21.23	(2)	95	25,306	31,402	20.2	18.8	9.2	8.4	3.2	3.1	11	4	9	35	37	2.2
Moody's	123.03	1	99	23,823	25,839	23.1	21.2	14.2	13.4	6.7	6.3	8	5	10	47	47	2.3
IHS Markit	43.72	(1)	91	18,063	21,959	21.2	18.4	15.8	14.6	6.2	5.9	30	5	na	nm	nm	1.5
Dun & Bradstreet	107.71	(0)	76	3,976	5,323	15.4	14.6	10.7	10.1	3.0	2.9	4	4	7	28	29	2.1
Fimalac	149.46	0	98	3,685	3,795	nm	na	nm	na	22.5	na	5	na	na	14	na	na
Morningstar	78.08	(0)	91	3,353	3,159	na	na	na	na	na	na	na	na	na	na	na	na
Median		(0)%	94 %			21.2 x	18.8 x	14.2 x	13.4 x	5.3 x	4.3 x	7 %	4 %	9 %	30 %	33 %	2.2 x
Mean		(1)	92			21.0	19.2	12.9	12.2	7.7	4.5	10	4	9	31	36	2.2
OTHER FINANCIAL MEDIA / INFORMATION PROVIDERS																	
Gartner	\$ 126.22	2 %	100 %	\$ 11,499	\$ 11,907	36.3 x	30.0 x	16.8 x	13.7 x	3.5 x	3.0 x	38 %	18 %	17 %	21 %	22 %	2.1 x
FactSet	161.63	(3)	88	6,460	6,632	21.6	19.8	15.4	14.3	5.3	4.9	10	8	11	34	34	2.0
Forrester	39.65	1	89	711	576	33.5	23.3	15.3	12.4	1.7	1.6	1	7	13	11	13	2.6
Value Line	18.20	(1)	72	177	155	na	na	na	na	na	na	na	na	na	na	na	na
Median		0 %	89 %			33.5 x	23.3 x	15.4 x	13.7 x	3.5 x	3.0 x	10 %	8 %	13 %	21 %	22 %	2.1 x
Mean		0	87			30.5	24.4	15.9	13.4	3.5	3.2	16	11	14	22	23	2.2

Selected WealthTech Public Company Comparables

Asset Managers

Company Name	Price	% MTD	% LTM	Market	Enterprise	Multiples				Growth Rates				Margins		P / E / G	
	07/10/17	Change	High	Value (\$ mm)	Value (\$ mm)	Price / Earnings		EV / EBITDA		EV / Revenue		Revenue		EPS	EBITDA		P / E / G
						CY 17E	CY 18E	CY 17E	CY 18E	CY 17E	CY 18E	CY 17E	CY 18E	LT	CY 17E	CY 18E	CY 17E
ASSET MANAGERS																	
BlackRock	\$ 436.24	3 %	101 %	\$ 71,050	\$ 67,914	20.0 x	17.7 x	12.9 x	11.5 x	5.6 x	5.2 x	7 %	8 %	13 %	44 %	45 %	1.6 x
T. Rowe Price	77.05	4	98	18,915	16,280	15.1	14.8	7.6	7.5	3.5	3.4	9	4	12	46	45	1.3
Franklin Templeton	45.54	2	100	25,562	15,771	16.4	15.2	6.8	6.8	2.5	2.6	(5)	(1)	6	37	38	2.8
Invesco	36.47	4	101	14,838	15,167	14.4	13.0	9.7	9.0	4.3	4.0	4	7	14	44	45	1.0
Janus Capital Group	43.61	1	96	4,899	4,269	17.5	14.1	6.8	6.1	2.2	2.0	154	11	5	33	33	3.5
Federated Investors	29.06	3	88	2,845	2,782	14.5	14.0	8.3	8.4	2.5	2.4	(2)	3	2	30	28	nm
AllianceBernstein	24.05	2	96	2,320	2,320	11.9	11.2	3.4	3.2	0.8	0.7	2	4	8	22	23	1.5
Cohen & Steers	41.64	3	95	1,928	1,757	21.0	19.0	11.3	10.1	4.7	4.3	6	10	11	42	42	1.9
Artisan Partners	30.85	0	96	1,518	1,497	13.5	12.8	5.2	4.9	1.9	1.8	7	6	10	37	37	1.3
WisdomTree	10.59	4	80	1,435	1,351	41.2	30.7	21.8	16.6	5.9	5.2	4	13	23	27	32	1.8
Waddell & Reed	19.74	5	88	1,651	974	12.3	13.2	4.1	4.3	0.9	0.9	(9)	(7)	0	21	21	nm
Virtus Investment Partners	111.60	1	87	791	950	14.4	10.8	na	na	2.1	1.8	41	17	38	na	na	0.4
Median		3 %	96 %			14.8 x	14.0 x	7.6 x	7.5 x	2.5 x	2.5 x	5 %	7 %	11 %	37 %	37 %	1.5 x
Mean		3	94			17.7	15.5	8.9	8.0	3.1	2.9	18	6	12	35	35	1.7

Selected WealthTech Public Company Comparables

Traditional Financial Institutions

Company Name	Price 07/10/17	% MTD Change	% LTM High	Market Value (\$ mm)	Multiples		Growth Rates			P / E / G CY 17E	Price Book
					Price / Earnings		Revenue		EPS LT		
					CY 17E	CY 18E	CY 17E	CY 18E			
TRUST SERVICE BANKS											
Bank of New York Mellon	\$ 51.88	2 %	99 %	\$ 54,359	14.8 x	13.3 x	3 %	4 %	10 %	1.5 x	1.4 x
State Street	91.52	2	99	34,446	15.4	13.8	6	4	12	1.3	1.6
M&T Bank	164.36	1	95	25,329	18.1	16.4	7	5	8	2.3	1.6
Northern Trust	98.55	1	99	22,830	20.3	18.0	9	6	12	1.7	2.3
UMB Financial	74.43	(1)	91	3,745	20.0	18.0	7	4	10	2.0	1.9
Median		1 %	99 %		18.1 x	16.4 x	7 %	4 %	10 %	1.7 x	1.6 x
Mean		1	97		17.7	15.9	6	4	10	1.8	1.7
LARGE US FOCUSED GLOBAL BANKS / INVESTMENT BANKS											
J.P. Morgan Chase	\$ 93.19	2 %	99 %	\$ 333,639	14.1 x	12.5 x	4 %	5 %	6 %	2.3 x	1.3 x
Bank of America	24.89	3	96	248,280	13.9	11.6	5	4	8	1.8	0.9
Citigroup	67.65	1	98	186,258	13.4	11.7	1	4	8	1.7	0.8
Goldman Sachs	225.84	2	89	93,252	12.5	11.2	3	5	14	0.9	1.1
Morgan Stanley	45.99	3	97	85,107	13.5	11.9	9	4	11	1.3	1.1
UBS	17.68	4	96	65,672	13.1	11.3	4	4	12	1.1	1.2
Barclays	2.70	2	78	46,205	11.0	9.3	5	3	18	0.6	0.5
Credit Suisse	15.27	6	90	31,818	15.4	10.9	5	5	43	0.4	0.7
Deutsche Bank	19.02	7	84	26,151	12.9	10.2	(3)	1	5	2.7	0.4
Median		3 %	96 %		13.4 x	11.3 x	4 %	4 %	11 %	1.3 x	0.9 x
Mean		3	92		13.3	11.2	4	4	14	1.4	0.9

Selected WealthTech Public Company Comparables

Traditional Financial Institutions (cont.)

Company Name	Price	% MTD	% LTM	Market Value (\$ mm)	Multiples		Growth Rates			P / E / G	Price Book
	07/10/17	Change	High		Price / Earnings		Revenue	EPS			
					CY 17E	CY 18E	CY 17E	CY 18E	LT	CY 17E	
LARGE EUROPEAN BANKS / BROKERAGE FIRMS											
HSBC	\$7.38	4 %	100 %	\$145,723	11.4 x	10.9 x	(7)%	7 %	6 %	1.8 x	0.8 x
Allianz SE	205.25	4	100	93,402	11.5	10.8	(5)	(0)	3	3.4	1.2
BNP Paribas	74.80	4	96	93,188	10.7	10.4	2	2	6	1.8	0.8
Lloyds TSB	0.86	1	90	68,768	8.9	9.4	3	2	2	4.4	1.1
Royal Bank of Scotland	3.33	4	95	39,348	11.7	10.8	4	2	13	0.9	0.6
Mediobanca	10.12	3	94	7,910	11.3	10.9	10	4	20	0.6	0.8
Median		4 %	95 %		11.4 x	10.8 x	2 %	2 %	6 %	1.8 x	0.8 x
Mean		3	96		10.9	10.5	1	3	9	2.1	0.9
LARGE ASIAN / PAC RIM BANKS / BROKERAGE FIRMS											
Commonwealth Bank of Australia	\$63.55	0 %	94 %	\$109,288	14.8 x	14.5 x	2 %	3 %	3 %	5.0 x	2.3 x
National Australia Bank	23.07	2	88	61,479	12.5	12.4	1	3	3	4.0	1.6
Hang Seng Bank	20.91	(0)	98	39,969	17.5	16.1	7	8	10	1.7	2.2
DBS Group	15.25	1	99	38,788	10.8	10.1	6	6	10	1.0	1.1
ICICI Bank	4.51	0	98	29,160	21.0	14.8	33	2	na	na	1.7
Macquarie Group	67.37	(1)	91	21,638	14.4	13.9	3	2	5	3.0	1.6
Nomura Holdings	5.91	(1)	85	21,082	9.6	10.1	(19)	(2)	18	0.5	0.8
Median		0 %	94 %		14.4 x	13.9 x	3 %	3 %	8 %	2.3 x	1.6 x
Mean		0	93		14.4	13.1	5	3	8	2.5	1.6

Selected WealthTech Public Company Comparables

Traditional Financial Institutions (cont.)

Company Name	Price 07/10/17	% MTD Change	% LTM High	Market Value (\$ mm)	Multiples		Growth Rates			P / E / G CY 17E	Price Book
					Price / Earnings		Revenue		EPS		
					CY 17E	CY 18E	CY 17E	CY 18E	LT		
UK REGIONAL BROKERAGE FIRMS											
Hargreaves Lansdown	\$ 16.69	(1)%	88 %	\$ 7,919	29.9 x	26.8 x	3 %	12 %	18 %	1.7 x	nm
Investec	7.47	0	91	7,252	11.2	10.1	29	8	13	0.9	1.2 x
Close Brothers Group	19.58	(0)	88	2,981	11.8	11.5	10	5	5	2.4	na
TP ICAP ⁽¹⁾	6.20	2	96	1,924	14.4	11.9	97	2	3	4.8	2.6
Numis	3.14	(1)	83	376	9.3	9.3	4	(2)	na	na	2.2
Median		(0)%	88 %		11.8 x	11.5 x	10 %	5 %	9 %	2.0 x	2.2 x
Mean		(0)	89		15.3	13.9	28	5	10	2.4	2.0
US BOUTIQUE BANKS											
Raymond James Financial	\$ 82.40	3 %	100 %	\$ 11,953	15.5 x	14.4 x	17 %	7 %	na	na	2.2 x
Stifel Financial	46.74	2	83	3,199	14.7	12.1	9	8	na	na	1.2
Piper Jaffray	63.25	6	77	952	na	na	na	na	na	na	1.2 x
Greenhill & Co.	20.15	0	62	596	14.7	14.0	(19)	11	(8)	nm	2.1
Ladenburg Thalmann	2.41	(1)	84	478	nm	nm	8	8	15	na	1.4 x
Cowen	16.25	0	96	442	15.9	9.0	33	14	na	na	0.4
JMP Group	5.30	(3)	69	115	15.4	na	4	na	na	na	0.9 x
Median		0 %	83 %		15.4 x	13.0 x	9 %	8 %	3 %	na	1.2 x
Mean		1	81		15.2	12.4	9	10	3	na	1.3

Source: Wall Street Research, Reuters and Capital IQ

Note: nm signifies negative value or value of >50

(1) On December 30, 2016, Tullett Prebon completed its deal with ICAP to become TP ICAP, while ICAP became NEX Group



IX. Selected Transaction Profiles



Selected WealthTech Transaction Profiles

WealthTech Transaction Profiles

Announced Date	Company	Transaction Overview	Research Profile
06/08/17	 ADDEPAR	Addepar secures \$140 mm in financing co-led by Valor Equity Partners, 8VC and Harald McPike	VIEW
11/18/16	 bravura	Bravura Solutions completes its IPO raising approximately A\$148 mm	VIEW
10/31/16	 riskalyze	Riskalyze secures \$20 mm in financing from FTV Capital	VIEW
08/12/16	 c-funds	Aegon acquires Cofunds for £140 mm	VIEW
08/03/16	 AXIAL	Axial secures \$14 mm in a Series C financing	VIEW
06/30/16	 MyVest	TIAA acquires MyVest	VIEW
05/19/16	 PERSONAL CAPITAL	Personal Capital secures \$75 mm in a Series E financing	VIEW
03/29/16	 Betterment	Betterment secures \$100 mm in a Series E financing	VIEW
01/25/16	 PENSCO	Opus Bank acquires PENSCO Trust for \$105 mm	VIEW
01/12/16	 jemstep	Invesco acquires Jemstep	VIEW
11/05/15	 THE MUTUAL FUND STORE	Financial Engines acquires The Mutual Fund Store for \$560 mm	VIEW
10/14/15	 HD VEST	Blucora acquires HD Vest for \$580 mm	VIEW
10/13/15	 investcloud	InvestCloud secures \$45 mm in a Series B financing	VIEW
09/28/15	 ascensus	Genstar Capital and Aquiline Partners acquire Ascensus	VIEW
08/26/16	 FutureAdvisor	BlackRock acquires FutureAdvisor	VIEW
08/18/15	 Alternative Investor Services Unit	SS&C acquires Citi's Alternative Investor Services Unit for \$425 mm	VIEW
08/12/15	 CoreOne	Markit acquires CoreOne for approximately \$200 mm	VIEW
08/10/15	 YODLEE	Envestnet acquires Yodlee for \$590 mm	VIEW
06/03/15	 SUNGARD	SunGard files for its IPO	VIEW
04/23/15	 covestor	Interactive Brokers acquires Covestor	VIEW
02/02/15	 Advent Software	SS&C acquires Advent Software for \$2.7 bn	VIEW

Source: FT Partners' Proprietary Transaction Database. All transactions converted to U.S. dollars



X. Upcoming Industry Conferences



Upcoming WealthTech-Related Industry Conferences

Key Conferences & Events



Aug. 28 – 31, 2017

Dallas, TX

XYPN is a leading organization of fee-only financial advisors with a focus on Generation X and Y clients. The Conference features specialized content tracks, a FinTech competition, key speakers and workshops for financial advisors who want to start, run and grow their own independent financial planning firms.

Money
20/20

Oct. 22 – 25, 2017

Las Vegas, NV

Money2020 is the world's largest payments and financial services innovation event, boasting over 11,000 attendees including top executives from 4,500 companies and 85 countries. The conference discusses how consumers and businesses manage, spend and borrow money.

IMPACT 2017

Nov. 14 – 17, 2017

Chicago, IL

IMPACT 2017 brings together thousands of financial professionals and forward-thinking advisors to celebrate the industry's best and recognize the top-performing RIA firms for their innovation and service.



Jun. 11 – 12, 2017

New York, NY

In|Vest brings together technology and strategy executives from the entire wealth management industry to examine market activity and discuss the digital disruption. The conference features an exhibit hall that showcases the wealth management technology being used by both established players and disruptors.



Sep. 11 – 14, 2017

New York, NY

Finovate showcases the most important new financial technology. More than 5,000 financial and technology professionals attend to stay up-to-date with the latest products and technology. Finovate features key speakers, discussion sessions and networking opportunities.

8th ANNUAL
INSIDE ALTERNATIVES

Oct. 23 – 24, 2017

Denver, CO

The Inside Alternatives Conference explores the "new breed" of alternatives, going beyond the traditional alternative investments and strategies, to examine how they are perceived by the investing public and how successful advisors use them. The conference features keynote speakers, discussion sessions and networking opportunities.

Click logos for more info

Source: Conference websites

WealthTech-Related Sector Events

Upcoming Industry Conferences & Events

	Date	Conference	Location	Website
JUL.	07/11 - 07/12/17	In Vest 2017	New York, NY, USA	Details
	07/18 - 07/20/17	Silicon Valley-China Future Forum 2017	Santa Clara, CA, USA	Details
AUG.	08/15 - 08/15/17	Private Wealth Midwest Forum 2017	Chicago, IL, USA	Details
	08/28 - 08/31/17	XYPN17	Dallas, TX, USA	Details
SEP.	09/06 - 09/08/17	International Trader Forum 2017	Barcelona, Spain	Details
	09/07 - 09/07/17	India FIX Conference 2017	India, India	Details
	09/07 - 09/07/17	ASIFMA Structured Finance Conference 2017	Hong Kong, China	Details
	09/07 - 09/08/17	Treasury Management Summit 2017	Boston, MA, USA	Details
	09/08 - 09/10/17	NAIFA Performance + Purpose 2017	Orlando, FL, USA	Details
	09/11 - 09/12/17	Annual Conference & Trade Show 2017	Oakland, CA, USA	Details
	09/11 - 09/14/17	Finovate Fall 2017	New York, NY, USA	Details
	09/12 - 09/13/17	22nd Annual Beneficial Owners' Securities Finance & Collateral Management	London, UK	Details
	09/13 - 09/13/17	European Financial Information Summit 2017	London, UK	Details
	09/17 - 09/19/17	ABS East 2017	Miami Beach, FL, USA	Details
	09/20 - 09/21/17	Clearing and Settlement World 2017	London, UK	Details
	09/26 - 09/26/17	Nordic Trading Briefing 2017	Stockholm, Sweden	Details
OCT.	10/01 - 10/01/17	Australia FIX Conference 2017	Sydney, Australia	Details
	10/01 - 10/05/17	Oracle Open World 2017	San Francisco, CA, USA	Details

Note: Bolded conferences are profiled on the previous pages

WealthTech-Related Sector Events

Upcoming Industry Conferences & Events (cont.)

	Date	Conference	Location	Website
OCT.	10/03 - 10/03/17	The Trading Show New York 2017	New York, NY, USA	Details
	10/10 - 10/11/17	PartnerConnect West 2017	Half Moon Bay, CA, USA	Details
	10/17 - 10/19/17	33rd Annual FIA Futures & Options Expo	Chicago, IL, USA	Details
	10/22 - 10/25/17	Money2020 2017	Las Vegas, NV, USA	Details
	10/23 - 10/24/17	Financial Advisor & Private Wealth 8th Annual Inside Alternatives Conference	Denver, CO, USA	Details
	10/25 - 10/26/17	TradeTech Asia 2017	Singapore, Singapore	Details
	10/25 - 10/27/17	Family Office & Private Wealth Management Forum West 2017	Napa, CA, USA	Details
	10/29 - 11/02/17	IBM Insight at World of Watson 2017	Las Vegas, NV, USA	Details
	10/30 - 11/01/17	T3 Enterprise Conference 2017	Las Vegas, NV, USA	Details
NOV.	11/01 - 11/01/17	Singapore FIX Conference 2017	Singapore, Singapore	Details
	11/02 - 11/03/17	Hedge Fund Investor Leadership Summit 2017	New York, NY, USA	Details
	11/02 - 11/02/17	Americas Trading Briefing, Boston 2017	Boston, MA, USA	Details
	11/07 - 11/07/17	Empire Startups FinTech Conference, San Francisco, 2017	San Francisco, CA, USA	Details
	11/08 - 11/09/17	FIMA Europe 2017	London, UK	Details
	11/14 - 11/17/17	Charles Schwab's IMPACT Conference 2017	Chicago, IL, USA	Details
	11/21 - 11/21/17	Private Wealth Switzerland Forum 2017	Zurich, Switzerland	Details
DEC.	12/03 - 12/05/17	Alternative Investing Summit 2017	Dana Point, CA, USA	Details

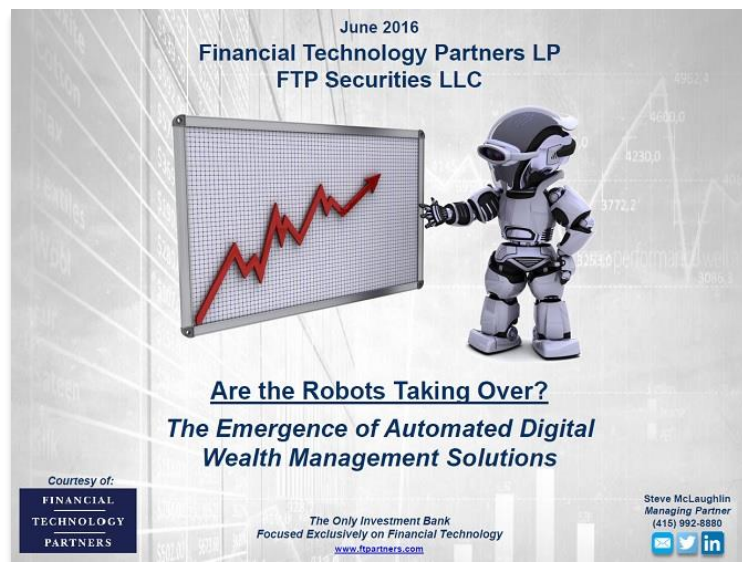
Note: Bolded conferences are profiled on the previous pages



XI. Overview of FT Partners



Are the Robots Taking Over? The Emergence of Automated Digital Wealth Management Solutions



[Click to View](#)

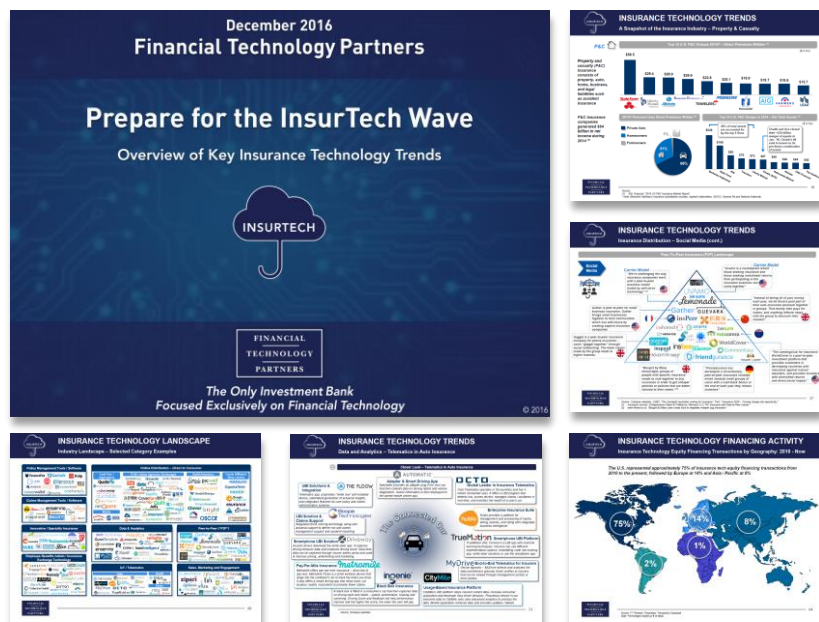
FT Partners' 145-page report provides a comprehensive overview of key industry trends driving innovation in the wealth management space and how the industry is reacting to the emergence of robo-advisors and other Digital Wealth Management disruptors.

Additional highlights of the report include:

- A discussion of the different Automated Digital Wealth Management platforms and business models
- The responses of incumbents in the wealth management space, including the innovations, partnerships and acquisitions being made to stay ahead of the game
- Interviews with eight CEOs of leading Digital Wealth pioneers including Betterment, Link Pacific Advisors, MyVest, NextCapital, Nutmeg, Riskalyze, SigFig and Vanare
- A detailed industry landscape of Digital Wealth Management providers as well as other innovative, tangential companies, profiles of 33 companies and a comprehensive list of private equity financing and M&A transactions in the space

Please visit our [website](#) for more proprietary FinTech Research &
Follow FT Partners on [Twitter](#) and [LinkedIn](#) for real time updates on our Research Publications

Prepare for the InsurTech Wave: Overview of Key Insurance Technology Trends



[FT Partners' 268-page report](#) provides an in-depth look at the major waves of innovation and disruption that are beginning to radically alter the insurance industry.

Additional highlights of the report include:

- An analysis of specific trends across: Insurance Distribution, Sales, Marketing and Engagement, Data and Analytics and Insurance Administration
- The responses of incumbents to date including the innovations, investments, partnerships and acquisitions being made to stay ahead of the game
- Proprietary InsurTech financing and M&A statistics and a comprehensive list of transactions in the space
- A detailed industry landscape of InsurTech providers as well as other innovative, tangential companies and profiles of 54 companies operating in the InsurTech ecosystem

Please visit our [website](#) for more proprietary FinTech Research & Follow FT Partners on [Twitter](#) and [LinkedIn](#) for real time updates on our Research Publications

WealthTech – Overview of FT Partners

Leading Advisor in the WealthTech Sector

FT Partners has advised on some of the most prominent and groundbreaking transactions in the WealthTech sector

<p>Financial Technology Partners LP FTP Securities LLC</p> <p>is pleased to announce its exclusive role as sole strategic and financial advisor to</p> <p>BLACKROCK</p> <p>in its 100% acquisition of</p> <p>FutureAdvisor</p> <p>FINANCIAL TECHNOLOGY PARTNERS</p> <p>The Only Investment Bank Focused Exclusively on Financial Technology</p>	<p>Financial Technology Partners LP FTP Securities LLC</p> <p>is pleased to announce its exclusive role as sole strategic and financial advisor to</p> <p>ADDEPAR</p> <p>in its Series D financing co-led by</p> <p>VALOR 8VC</p> <p>Harald McPike</p> <p>for total consideration of</p> <p>\$ 140,000,000</p> <p>FINANCIAL TECHNOLOGY PARTNERS</p> <p>The Only Investment Bank Focused Exclusively on Financial Technology</p>	<p>Financial Technology Partners LP FTP Securities LLC</p> <p>is pleased to announce its exclusive role as Capital Makers & IPO Advisor to</p> <p>ENVESTNET</p> <p>in its</p> <p>\$69,000,000 Initial Public Offering</p> <p>valuing the equity at approximately</p> <p>\$ 300,000,000</p> <p>FINANCIAL TECHNOLOGY PARTNERS</p> <p>The Only Investment Bank Focused Exclusively on Financial Technology</p>	<p>Financial Technology Partners LP FTP Securities LLC</p> <p>is pleased to announce its exclusive role as sole strategic and financial advisor to</p> <p>Alpha</p> <p>in its acquisition by</p> <p>CHIX EUROPE</p> <p>TMX Maple Group</p> <p>valued at approximately</p> <p>\$ 175,000,000</p> <p>FINANCIAL TECHNOLOGY PARTNERS</p> <p>The Only Investment Bank Focused Exclusively on Financial Technology</p>	<p>Financial Technology Partners LP FTP Securities LLC</p> <p>is pleased to announce its exclusive role as sole strategic and financial advisor to</p> <p>riskalyze</p> <p>in its growth equity investment led by</p> <p>FTV CAPITAL</p> <p>for total consideration of</p> <p>\$ 20,000,000</p> <p>FINANCIAL TECHNOLOGY PARTNERS</p> <p>The Only Investment Bank Focused Exclusively on Financial Technology</p>	<p>Financial Technology Partners LP FTP Securities LLC</p> <p>is pleased to announce its exclusive role as sole strategic and financial advisor to</p> <p>PENSCO TRUST COMPANY</p> <p>in its sale to</p> <p>OpusBank</p> <p>BUILD YOUR MASTERPIECE</p> <p>for total consideration of</p> <p>\$ 104,000,000</p> <p>FINANCIAL TECHNOLOGY PARTNERS</p> <p>The Only Investment Bank Focused Exclusively on Financial Technology</p>
<p>Financial Technology Partners LP FTP Securities LLC</p> <p>is pleased to announce its exclusive role as sole strategic and financial advisor to</p> <p>alphasense</p> <p>in its growth financing from</p> <p>Quantum Strategic Partners</p> <p>in private investment vehicle management by TRISTAR</p> <p>Triangle Peak TVP</p> <p>for total consideration of</p> <p>\$ 33,000,000+</p> <p>FINANCIAL TECHNOLOGY PARTNERS</p> <p>The Only Investment Bank Focused Exclusively on Financial Technology</p>	<p>Financial Technology Partners LP FTP Securities LLC</p> <p>is pleased to announce its exclusive role as sole strategic and financial advisor to</p> <p>INVESTEDGE</p> <p>on its debt financing from</p> <p>VISTARA CAPITAL PARTNERS</p> <p>for total consideration of</p> <p>\$ 5,000,000</p> <p>FINANCIAL TECHNOLOGY PARTNERS</p> <p>The Only Investment Bank Focused Exclusively on Financial Technology</p>	<p>Financial Technology Partners LP FTP Securities LLC</p> <p>is pleased to announce its exclusive role as sole strategic and financial advisor to</p> <p>Zephyr ASSOCIATES, INC.</p> <p>in its sale to</p> <p>informa</p> <p>for total cash consideration of</p> <p>\$ 62,000,000</p> <p>FINANCIAL TECHNOLOGY PARTNERS</p> <p>The Only Investment Bank Focused Exclusively on Financial Technology</p>	<p>Financial Technology Partners LP FTP Securities LLC</p> <p>is pleased to announce its exclusive role as sole strategic and financial advisor to</p> <p>AXIAL</p> <p>in its financing led by</p> <p>Edison PARTNERS</p> <p>for total consideration of approximately</p> <p>\$ 14,000,000</p> <p>FINANCIAL TECHNOLOGY PARTNERS</p> <p>The Only Investment Bank Focused Exclusively on Financial Technology</p>	<p>Financial Technology Partners LP FTP Securities LLC</p> <p>is pleased to announce its exclusive role as sole strategic and financial advisor to</p> <p>EISI</p> <p>in its sale to</p> <p>ZYWAVE</p> <p>FINANCIAL TECHNOLOGY PARTNERS</p> <p>The Only Investment Bank Focused Exclusively on Financial Technology</p>	<p>Financial Technology Partners LP FTP Securities LLC</p> <p>is pleased to announce its exclusive role as sole strategic and financial advisor to</p> <p>ShareholderInSite</p> <p>in its sale to</p> <p>IPREO</p> <p>FINANCIAL TECHNOLOGY PARTNERS</p> <p>The Only Investment Bank Focused Exclusively on Financial Technology</p>
<p>Financial Technology Partners LP FTP Securities LLC</p> <p>is pleased to announce its exclusive role as sole strategic and financial advisor to</p> <p>ATD</p> <p>Automated Trading Desk, LLC</p> <p>in its sale to</p> <p>citi</p> <p>for cash and stock consideration of approximately</p> <p>\$ 680,000,000</p> <p>FINANCIAL TECHNOLOGY PARTNERS</p> <p>The Only Investment Bank Focused Exclusively on Financial Technology</p>	<p>Financial Technology Partners LP FTP Securities LLC</p> <p>is pleased to announce its exclusive role as sole strategic and financial advisor to</p> <p>INSTINET</p> <p>in the sale of its stake in</p> <p>CHIX EUROPE</p> <p>BATS</p> <p>for total consideration of approximately</p> <p>\$ 305,000,000</p> <p>FINANCIAL TECHNOLOGY PARTNERS</p> <p>The Only Investment Bank Focused Exclusively on Financial Technology</p>	<p>Financial Technology Partners LP FTP Securities LLC</p> <p>is pleased to announce its exclusive role as sole strategic and financial advisor to</p> <p>THE MARKETS.com</p> <p>in its sale to</p> <p>Capital IQ</p> <p>A Division of Standard & Poor's</p> <p>for total consideration of approximately</p> <p>\$ 300,000,000</p> <p>FINANCIAL TECHNOLOGY PARTNERS</p> <p>The Only Investment Bank Focused Exclusively on Financial Technology</p>	<p>Financial Technology Partners LP FTP Securities LLC</p> <p>is pleased to announce its exclusive role as sole strategic and financial advisor to</p> <p>liquidnet</p> <p>in its financing for approximately</p> <p>\$ 250,000,000</p> <p>valued at approximately</p> <p>\$ 1,800,000,000</p> <p>FINANCIAL TECHNOLOGY PARTNERS</p> <p>The Only Investment Bank Focused Exclusively on Financial Technology</p>	<p>Financial Technology Partners LP FTP Securities LLC</p> <p>is pleased to announce its exclusive role as sole strategic and financial advisor to</p> <p>ITG INVESTMENT TECHNOLOGY GROUP</p> <p>in its debt financing</p> <p>Senior Revolving Credit Facility Senior Term Loan</p> <p>of approximately</p> <p>\$ 205,000,000</p> <p>FINANCIAL TECHNOLOGY PARTNERS</p> <p>The Only Investment Bank Focused Exclusively on Financial Technology</p>	<p>Financial Technology Partners LP FTP Securities LLC</p> <p>is pleased to announce its exclusive role as sole strategic and financial advisor to</p> <p>MarketAxess</p> <p>in its minority capital raise with</p> <p>TCV</p> <p>for approximately</p> <p>\$ 35,000,000</p> <p>FINANCIAL TECHNOLOGY PARTNERS</p> <p>The Only Investment Bank Focused Exclusively on Financial Technology</p>

BlackRock – Transaction Overview

Overview of Transaction

- On August 26, 2015, BlackRock (NYSE: BLK) announced a definitive agreement to acquire 100% of FutureAdvisor
- FutureAdvisor is a leading digital wealth management platform with technology-enabled investment advice capabilities
- BlackRock offers investment management, risk management and advisory services to institutional and retail clients worldwide and has over \$4.7tn in assets under management(1)
- Following the transaction, FutureAdvisor will operate as a business within BlackRock Solutions (“BRS”), BlackRock’s investment and risk management platform
- The transaction is expected to close in Q4 2015

Significance of Transaction

- Combines FutureAdvisor’s tech-enabled advice capabilities with BRS’ investment and risk management solutions
- Enables BlackRock to provide a B2B digital advice platform, which helps financial institution partners both improve their clients’ investment experiences and grow advisory assets
- Empowers partners to meet the growing demand among consumers to engage with technology to gain insights on their investment portfolios
- Demand is particularly strong among the mass-affluent, who account for ~30% of investable assets in the U.S.

FT Partners’ Role

- FT Partners served as exclusive advisor to BlackRock
- Highlights FT Partners’ continued success advising a broad range of top-tier strategic investors across the financial technology landscape

Financial Technology Partners LP FTP Securities LLC

*is pleased to announce its
exclusive role as advisor to*

BLACKROCK

in its 100% acquisition of



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Addepar – Transaction Overview

Overview of Transaction

- On June 8, 2017, Addepar announced it has raised \$140 million in Series D financing co-led by Harald McPike, the founder of QuantRes, along with Valor Equity Partners and 8VC
- Headquartered in Mountain View, CA, Addepar is a leading provider of portfolio management and reporting software and services that seeks to become the infrastructure that will connect all aspects of global finance
- Harald McPike is the founder of QuantRes, a quantitative trading firm, and a global private investor with a focus on the financial and technology sectors
- Valor Equity Partners is an operational growth investment firm that does both minority and majority investments in high growth companies at various stages of development
- 8VC is a venture capital firm that makes seed to later stage investments with a focus on the technology industry

Significance of Transaction

- The financing capitalizes on Addepar's unprecedented growth — from \$300 billion to over \$650 billion assets on platform in less than 18 months — as top wealth managers embraced Addepar's category-defining client reporting software
- With the new capital, Addepar will continue investing significantly in R&D, expanding its product, platform and tech-enabled services to unlock more value for its clients while also serving a wider range of wealth and asset management firms

FT Partners' Role

- FT Partners served as exclusive strategic and financial advisor to Addepar
- Transaction demonstrates FT Partners' continued leadership position as the "advisor of choice" to the highest quality FinTech companies as well as its deep domain expertise and experience in the WealthTech space

Financial Technology Partners LP FTP Securities LLC

*is pleased to announce its role as
exclusive strategic and financial advisor to*



in its Series D financing co-led by



Harald McPike

for total consideration of

\$ 140,000,000



*The Only Investment Bank
Focused Exclusively on Financial Technology*

PENSCO Trust Company – Transaction Overview

Overview of Transaction

- On January 25, 2016, PENSCO Trust Company (“PENSCO”) announced its sale to Opus Bank (“Opus”) (NASDAQ: OPB) for approximately \$105 million (as adjusted) in a mix of cash and stock
- Backed by Panorama Point Partners, PENSCO is a leading custodian of self-directed IRA and alternative investments
- Opus is an FDIC insured California-chartered commercial bank with \$6.2 billion of total assets, \$5.0 billion of total loans, and \$4.9 billion in total deposits(1)
- Following the transaction, PENSCO will operate as a subsidiary of Opus
- The transaction is expected to close in Q2 2016

Significance of Transaction

- The acquisition positions Opus at the forefront of the alternative asset wealth services business
- PENSCO provides Opus with strong, recurring non-interest income based on assets under custody
- The transaction also presents additional potential revenue opportunities through Opus’ Merchant Bank, Commercial Bank, Retail Bank and Opus Financial Partners, Opus’ broker-dealer subsidiary

FT Partners’ Role

- FT Partners served as exclusive strategic and financial advisor to PENSCO and its Board of Directors
- Highlights FT Partners’ continued success advising a broad range of top-tier strategic investors across the financial technology landscape

Financial Technology Partners LP FTP Securities LLC

*is pleased to announce its exclusive role
as sole strategic and financial advisor to*



PENSCO
TRUST COMPANY

in its sale to



for total consideration of approximately

\$ 104,000,000

FINANCIAL
TECHNOLOGY
PARTNERS

*The Only Investment Bank
Focused Exclusively on Financial Technology*

Riskalyze – Transaction Overview

Overview of Transaction

- On October 31, 2016, Riskalyze announced it closed a \$20 million minority growth equity investment led by FTV Capital
- Headquartered in Auburn, CA, Riskalyze invented the Risk Number®, which powers the world's first Risk Alignment Platform and empowers advisors to execute a digital advice business model with Autopilot; Riskalyze also enables compliance teams to spot issues, develop real-time visibility and navigate changing fiduciary rules with Compliance Cloud
- FTV Capital is a growth equity investment firm that has raised over \$2.7 billion to invest in high-growth companies within the enterprise technology & services, financial services and payments & transaction processing sectors

Significance of Transaction

- The transaction capitalizes on Riskalyze's strong growth and traction within the advisor market and demonstrates the need for quantified risk alignment
- With the investment, Riskalyze will look to bolster and expand its line of digital offerings

FT Partners' Role

- FT Partners served as exclusive strategic and financial advisor to Riskalyze and its Board of Directors
- Transaction demonstrates FT Partners' continued success advising on financings for top-tier FinTech companies

Financial Technology Partners LP FTP Securities LLC

*is pleased to announce its role as
exclusive strategic and financial advisor to*



in its growth equity investment led by



for total consideration of

\$ 20,000,000



*The Only Investment Bank
Focused Exclusively on Financial Technology*

Axial – Transaction Overview

Overview of Transaction

- On August 3, 2016 Axial Networks announced a minority \$14mm Series C financing round from Edison Partners
 - Existing shareholders include Redpoint Ventures and Comcast Ventures
- Axial is a leading online capital market for companies and is headquartered in New York City
- Axial is the all-in-one solution for business development: from finding capital, to sourcing deals, to marketing and analytics
- The network enables the three constituents (Investors and Lenders, Advisors and Companies) to operate seamlessly in the private capital markets and run key business development activities
- Edison Partners is a leading private equity firm with a focus across investing in Financial Technology, Healthcare IT, Marketing Technology and Enterprise 2.0

Significance of Transaction

- The transaction will further help Axial emerge as the leading online capital market for companies and help fund future growth initiatives
- Firmly positions the Company to capitalize on strong traction in the private capital markets space and to continue to bring much needed efficiency to the market

FT Partners' Role

- FT Partners served as exclusive strategic and financial advisor to Axial and its Board of Directors
- FT Partners leveraged its deep knowledge of the Company, extensive experience and broad industry relationships to help achieve a favorable outcome for the Company
- Transaction demonstrates FT Partners' continued success advising top-tier Financial Technology companies

Financial Technology Partners LP FTP Securities LLC

*is pleased to announce its exclusive role as
sole strategic and financial advisor to*



in its financing led by



for total consideration of approximately

\$ 14,000,000



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InvestEdge – Transaction Overview

Overview of Transaction

- On January 19, 2017, InvestEdge announced the completion of its \$5 million growth debt financing led by Vistara Capital Partners
- Headquartered in Bala Cynwyd, PA, InvestEdge is a leading provider of wealth management solutions to large banks, trust companies, RIAs, brokerage firms and financial advisors
- Vistara Capital Partners provides growth debt and equity solutions to mid-later stage technology and technology-enabled services companies across North America

Significance of Transaction

- The new capital will be used to support the Company's rapid growth
 - Specifically it will be used for building out a more scalable client acquisition and delivery organization, investment in its core service offering, and investment in digital products and solutions to support the changing advisor marketplace that will drive new client acquisition and expand the Company's current addressable market
- In addition, the financing provides a key partnership with Vistara Capital Partners to accelerate the pursuit of enormous growth opportunities

FT Partners' Role

- FT Partners served as exclusive strategic and financial advisor to InvestEdge and its Board of Directors
- This transaction demonstrates FT Partners' continued strength in the technology-enabled wealth management sector

Financial Technology Partners LP FTP Securities LLC

*is pleased to announce its exclusive role as
sole strategic and financial advisor to*

INVESTEDGE

on its debt financing from



for total consideration of

\$ 5,000,000

FINANCIAL
TECHNOLOGY
PARTNERS

*The Only Investment Bank
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FT Partners on “The Top” – Predicting the Future of FinTech

May 26, 2017:

The Top Podcast
with Nathan Latka

Episode #671

[LISTEN](#)

Predicting the Future of FinTech with Steve McLaughlin, CEO at FT Partners



Nathan Latka

671: Predicting The Future of FinTech with Steve McLaughlin

SOUNDCLOUD

[Share](#)



Highlights of the podcast include...

- ✓ FT Partners' highlights in the last year
- ✓ A discussion of the WealthTech industry, especially robo-advisors
 - Other key players in the space, aside from Betterment and Wealthfront
 - How to value WealthTech companies
- ✓ Passive vs. active investing
- ✓ The “Famous Five” facts on Steve McLaughlin
 - Favorite book?
 - What CEO do you follow?
 - Favorite online tool?
 - How many hours of sleep do you get?
 - If you could let your 20-year old self know one thing, what would it be?

➡ “[FT Partners probably] did \$10 – 15 bn in total transaction volume, large deals probably \$4.5 bn...”

➡ “What would I be willing to pay for [a company] today is a function of the return I would require for taking that risk. We’re always looking out 5, 10, 15, 20 years and seeing what can a company be worth and then saying how do we get value for that today...”

➡ “I think all the [robo-advisor business] models could succeed. We’re still in the first inning, there’s hundreds of mutual funds companies that did incredibly well. The key is sticking at it and having the funding to do it...”

➡ “Work life balance is critical and hopefully all of our employees are taking advantage of that as well...”

WealthTech – Overview of FT Partners

FT Partners' Awards and Recognition



[Click to view](#)

The Information's "Silicon Valley's Most Popular Dealmakers" (2016)

- Ranked as the #2 top Technology Investment Banker by The Information subscribers
- Only FinTech focused investment banking firm and banker on the list



[Click to view](#)

M&A Advisor Awards

- Investment Banking Dealmaker of the Year (2015) – Steve McLaughlin, CEO & Managing Partner of FT Partners
- Technology Deal of the Year \$1.5 Billion (2015) – TransFirst's \$1.5 Billion Sale to Vista Equity Partners



The 2015 FinTech Finance 35: #4 Steve McLaughlin, Financing Technology Partners

(excerpt from article published in Institutional Investor)

"Steve personifies the combination of talent, vision, energy and experience that add up to the unprecedented level of leadership and influence in FinTech."

– Jeff Kutler, Feature Editor



[Click to view](#)

WealthTech – Overview of FT Partners

Award-Winning Investment Banking Franchise

FT Partners has been recognized as Investment Banking Firm of the Year and regularly achieves Merger and Financing Deal of the Year recognition



M&A Advisor
Awards



2016	<ul style="list-style-type: none"> Investment Banking Firm of the Year Cross Border Deal of the Year
2015	<ul style="list-style-type: none"> Dealmaker of the Year Technology Deal of the Year
2014	<ul style="list-style-type: none"> Equity Financing Deal of the Year Professional Services Deal of the Year, Above \$100mm
2012	<ul style="list-style-type: none"> Dealmaker of the Year Professional Services Deal of the Year, Above \$100mm
2011	<ul style="list-style-type: none"> Boutique Investment Bank of the Year Deal of the Decade 10 Deal of the Year Nominations Across 9 Categories
2010	<ul style="list-style-type: none"> Upper Middle Market Deal of the Year, Above \$500 mm IT Services Deal of the Year, Below \$500mm Cross-Border Deal of the Year, Below \$500mm
2007	<ul style="list-style-type: none"> Dealmaker of the Year – Steve McLaughlin Business to Business Services Deal of the Year Computer and Information Technology Deal of the Year, Above \$100mm Financial Services Deal of the Year, Above \$100mm
2015	<ul style="list-style-type: none"> Steve McLaughlin ranked #4 in Institutional Investor's FinTech 35 List
2006 - 2008	<ul style="list-style-type: none"> Consecutively ranked (2006, 2007 and 2008) among the top Bankers in Financial Technology
2008	<ul style="list-style-type: none"> Equity Financing Dealmaker of the Year – Steve McLaughlin Information Technology Deal of the Year Financial Services Deal of the Year
2006	<ul style="list-style-type: none"> Financing Professional of the Year – Steve McLaughlin Financing Deal of the Year - Equity Financing Deal of the Year - Debt

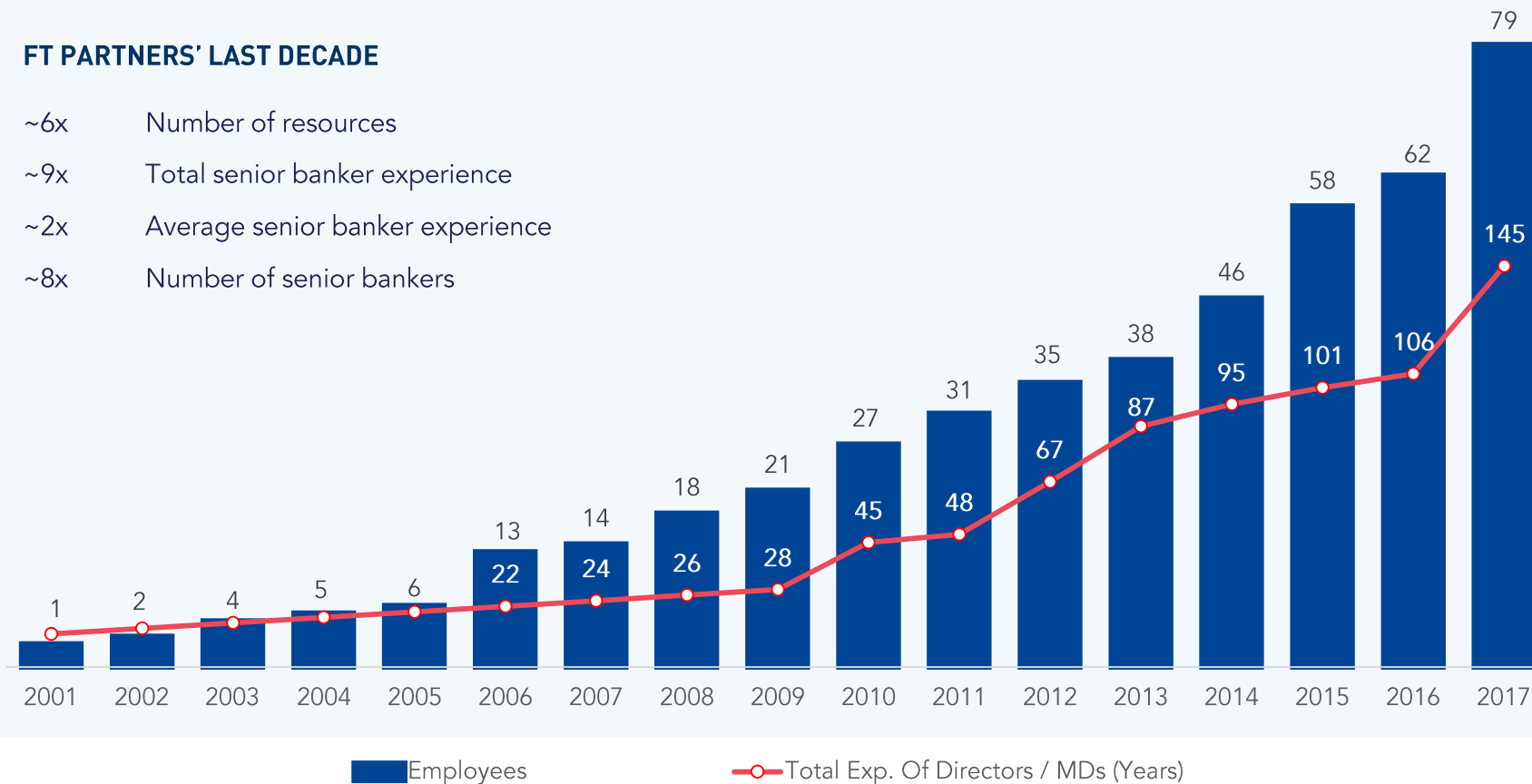
Note: **Bold** represents awards that FT Partners has won, *italics* represents nominations.

WealthTech – Overview of FT Partners

Platform of Choice for Clients and Bankers Alike

FT PARTNERS' LAST DECADE

- ~6x Number of resources
- ~9x Total senior banker experience
- ~2x Average senior banker experience
- ~8x Number of senior bankers











Avg Years of Director / MD Experience

6 7 8 9 10 11 12 13 14 15 16 13 15 16 17 19

WealthTech – Overview of FT Partners

The FT Partners Senior Banker Team

Name / Position	Prior Background	Experience / Education	Years of Experience
Steve McLaughlin <i>Founder, CEO and Managing Partner</i>		<ul style="list-style-type: none"> Formerly with Goldman, Sachs & Co. in New York and San Francisco from 1995-2002 Former Co-Head of Goldman Sachs' Financial Technology Group (#1 market share) Wharton M.B.A. 	22
Larry Furlong <i>Managing Director</i>		<ul style="list-style-type: none"> Formerly with Goldman, Sachs & Co. in New York, London and Los Angeles beginning in 1995 Wharton M.B.A. 	22
Greg Smith <i>Managing Director</i>		<ul style="list-style-type: none"> Formerly award winning Equity Research Analyst at Merrill Lynch / J.P. Morgan / Hambrecht & Quist 20+ years of experience covering FinTech as both an Analyst and Investment Banker 	21
Osman Khan <i>Managing Director</i>		<ul style="list-style-type: none"> Former Managing Director / Head of FIG M&A at Alvarez & Marsal 15+ years FIG deal, consulting and assurance experience at PwC 40 Under 40 M&A Advisor Award Winner in 2013 LSE (BSc w/Honors), MBS (MBA w/Distinction), ICAEW (FCA) 	20
Steve Stout <i>Managing Director</i>		<ul style="list-style-type: none"> Former Global Head of Strategy at First Data Formerly Led J.P. Morgan Payments Investment Banking Former Equity Research Analyst on #1 ranked team at UBS and Economist at the Federal Reserve Bank 	19
Tim Wolfe <i>Managing Director</i>		<ul style="list-style-type: none"> Formerly with Goldman, Sachs & Co. beginning in 2000 Started at FT Partners in 2002 40 Under 40 M&A Advisor Award Winner 2013 Harvard M.B.A. 	15
Timm Schipporeit <i>Managing Director</i>		<ul style="list-style-type: none"> 11+ years with Morgan Stanley, Senior Executive Director of European Technology Investment Banking Team in London Formerly a Venture and Growth Investor focused on FinTech at Index Ventures 	14
Andrew McLaughlin <i>Managing Director, Research & Business Development</i>		<ul style="list-style-type: none"> Leads FT Partners' Research and Business Development Team Formerly with Deloitte Consulting 	11