

# Quarterly Industry Update

As of March 31, 2017

Industry: Investment Advisory



## Industry Summary

Cogent Valuation identified Investment Advisory publicly traded companies, IPOs, and recent M&A transactions within the Investment Advisory industry, which provides a basis for market and transaction pricing that can be used by your firm in estimating market sentiment and its impact on your firm's value. Over the last year since March 31, 2016, the median 52-week share price return of the Investment Advisory industry was 3.4%. Between March 31, 2015 and March 31, 2017, the median EV/EBITDA multiple increased from 9.3 to 9.7. However, the median price-to-earnings multiple decreased from 17.6 to 17.1 over the same period.

## Comparable Public Company Key Statistics

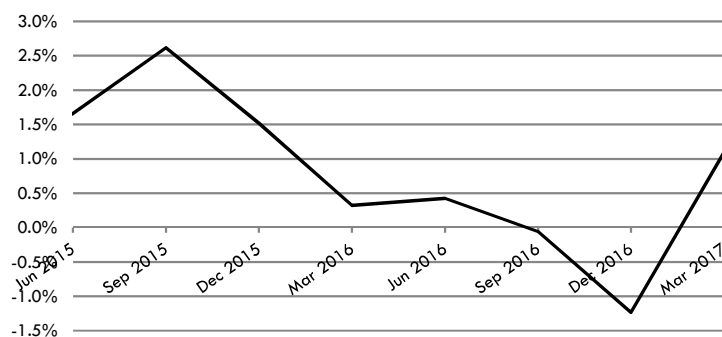
Median 52-Week Return	3.4%	Median EV/Revenue Multiple	3.5x	Median Price/Earnings Multiple	17.1x
Median 3-Year CAGR Return	-5.5%	Median EV/EBITDA Multiple	9.7x	Median EV/Gross CF Multiple	15.0x

## Comparable Public Company Market Price Returns As of March 31, 2017

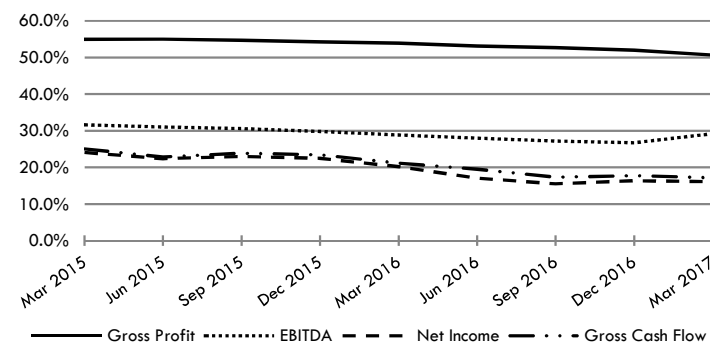
	YTD	3 Month	1 Year	2 Year	3 Year	5 Year	2016	2015	2014	2013	2012
AllianceBernstein Holding L.P.	-2.6%	-2.6%	-2.5%	-14.0%	-2.9%	7.9%	-1.7%	-7.7%	21.0%	22.4%	33.3%
Ameriprise Financial, Inc.	16.9%	16.9%	37.9%	-0.4%	5.6%	17.8%	4.2%	-19.5%	15.0%	83.7%	26.2%
Cohen & Steers, Inc.	19.0%	19.0%	2.7%	-1.2%	0.1%	4.6%	10.2%	-27.6%	5.0%	31.5%	5.4%
Diamond Hill Investment Group, Inc.	-7.5%	-7.5%	9.7%	10.3%	14.0%	21.4%	11.3%	36.9%	16.6%	74.4%	-8.3%
Legg Mason, Inc.	20.7%	20.7%	4.1%	-19.1%	-9.7%	5.3%	-23.8%	-26.5%	22.7%	69.1%	6.9%
Oaktree Capital Group, LLC	20.8%	20.8%	-8.2%	-6.4%	-8.0%	N/A	-21.4%	-7.9%	-11.9%	29.3%	N/A
Pzena Investment Management, Inc	-11.4%	-11.4%	30.3%	3.6%	-5.8%	11.0%	29.2%	-9.1%	-19.6%	117.8%	24.7%
SEI Investments Co.	2.2%	2.2%	17.2%	7.0%	14.5%	19.5%	-5.8%	30.9%	15.3%	48.8%	34.5%
Silvercrest Asset Management Group Inc.	1.1%	1.1%	4.4%	-3.4%	-10.1%	N/A	10.6%	-24.0%	-8.2%	N/A	N/A
Waddell & Reed Financial, Inc.	-12.9%	-12.9%	-27.8%	-41.4%	-38.6%	-12.1%	-31.9%	-42.5%	-23.5%	87.0%	40.6%
Westwood Holdings Group, Inc.	-11.0%	-11.0%	-8.9%	-5.9%	-5.2%	6.6%	15.2%	-15.7%	-0.1%	51.4%	11.9%
WisdomTree Investments, Inc.	-18.5%	-18.5%	-20.6%	-35.0%	-11.5%	1.6%	-29.0%	0.0%	-11.5%	189.4%	1.2%
<b>Median of Industry Public Companies</b>	<b>-0.7%</b>	<b>-0.7%</b>	<b>3.4%</b>	<b>-4.6%</b>	<b>-5.5%</b>	<b>7.3%</b>	<b>1.3%</b>	<b>-12.4%</b>	<b>2.4%</b>	<b>69.1%</b>	<b>18.3%</b>

(Multiple year periods are calculated as the average annual return.)

## Median Quarterly Revenue Growth of All Investment Advisory Companies



## Median Gross Profit, EBITDA, Net Income and Gross Cash Flow Margins



## Median Public Company Multiples of the Investment Advisory Industry

Date:	3/31/2015	6/30/2015	9/30/2015	12/31/2015	3/31/2016	6/30/2016	9/30/2016	12/31/2016	3/31/2017
EV/Revenues Multiple	2.9x	3.3x	3.0x	2.6x	2.8x	3.2x	3.5x	3.6x	3.5x
EV/EBITDA Multiple	9.3x	10.3x	8.3x	8.0x	8.1x	8.1x	10.0x	10.1x	9.7x
Price/Earnings Multiple	17.6x	18.8x	15.3x	16.0x	18.2x	16.4x	20.5x	19.5x	17.1x
EV/Gross Cash Flows Multiple	17.4x	16.6x	14.0x	13.2x	13.2x	14.0x	14.8x	16.4x	15.0x

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# Quarterly Industry Update

As of March 31, 2017

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## Industry Initial Public Offerings (dollars in millions, except share prices)

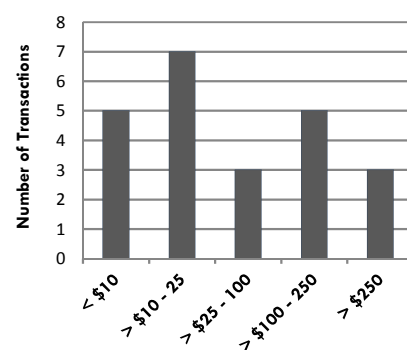
Offer Date	Company Name	Offer Price	Shares Offered	Amount Raised	Total Assets	Debt	LTM Revenues	LTM EBITDA	LTM Net Income	LTM Cash Flows
3/11/2016	Harwood Wealth Management Group Plc	\$1.17	16.7	\$19.4	\$11.8	\$0.4	\$9.6	\$2.3	\$0.5	\$2.3
5/8/2013	Tristate Capital Holdings, Inc.	\$11.50	5.7	\$65.6	\$2,073.1	\$27.3	\$55.4	NA	\$10.7	N/A
5/8/2013	PennyMac Financial Services, Inc.	\$18.00	11.1	\$200.0	\$832.2	\$447.1	\$277.3	NA	\$10.3	N/A
5/1/2013	Voya Financial, Inc.	\$19.50	65.2	\$1,271.2	\$220,850.0	\$5,110.8	\$9,948.6	\$1,273.9	\$766.2	\$1,273.9
3/6/2013	Artisan Partners Asset Management Inc.	\$30.00	11.1	\$331.6	\$287.6	\$290.0	\$505.6	\$49.5	\$33.8	\$51.9
4/11/2012	Oaktree Capital Group, LLC	\$43.00	7.9	\$380.2	\$44,294.2	\$709.9	N/A	N/A	N/A	N/A
11/17/2011	Manning & Napier, Inc.	\$12.00	12.5	\$150.0	\$66.1	\$0.3	\$323.1	\$197.8	\$92.2	\$199.0
<b>Median of All IPOs</b>		<b>nm</b>	<b>nm</b>	<b>\$200.0</b>	<b>\$832.2</b>	<b>\$290.0</b>	<b>\$300.2</b>	<b>\$123.7</b>	<b>\$22.2</b>	<b>\$125.5</b>

nm: not meaningful, N/A: not applicable

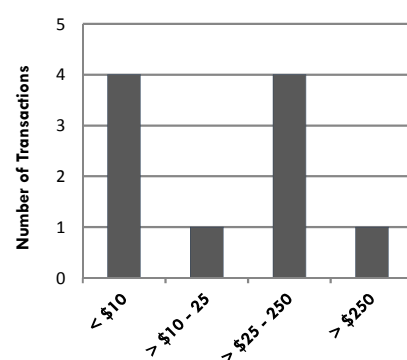
## Recent Merger and Acquisition Transactions for a Majority Stake (dollars in millions)

Transaction Date	Target	Acquirer	Transaction Size	% Bought	LTM Revenues	EV/Revenues
2/17/2017	Calamos Asset Management	Calamos Partners LLC	\$201.6	100%	\$200.6	0.0x
1/20/2017	Buttonwood Finance Limited	Neo-Neon Holdings Limited	\$24.2	100%	N/A	N/A
12/16/2016	Siebert Financial Corp.	N/A	\$13.7	87%	\$10.3	0.0x
11/4/2016	M&O Systems, Inc.	Broadridge Financial	\$25.0	100%	N/A	N/A
8/9/2016	STI Securities & Wealth	Gold Castle Group Limited	\$2.2	100%	N/A	N/A
4/13/2016	F&C Asset Management	Bank of Montreal	\$103.7	100%	N/A	N/A
2/26/2016	Simmons & Company	Piper Jaffray & Co.	\$138.8	100%	\$96.0	0.0x
2/2/2016	RI Advice Group Pty Ltd	AZ Next Generation Advisory	\$5.4	100%	N/A	N/A
2/1/2016	The Mutual Fund Store, LLC	Financial Engines, Inc.	\$579.6	100%	N/A	N/A
1/21/2016	Investor Analytics, LLC	StatPro Group plc	\$16.0	100%	\$5.0	3.2x
1/5/2016	Courier Capital Corporation	Financial Institutions Inc.	\$14.0	100%	\$3.4	0.0x
12/31/2015	HDV Holdings, Inc.	Blucora, Inc.	\$600.0	100%	\$302.0	0.0x
10/30/2015	Samson Capital Advisors LLC	Fiera Capital Corporation	\$48.5	100%	N/A	N/A
9/30/2015	Finter Bank Zürich AG	Vontobel Holding AG	\$82.0	100%	N/A	N/A
9/20/2015	Conning & Company Inc.	Cathay Life Insurance	\$240.0	100%	N/A	N/A
8/31/2015	Savills Fund Management	Savills Investment Mgmt.	\$22.9	100%	\$46.4	0.0x
7/31/2015	Red Rocks Capital LLC	ALPS Holdings, Inc.	\$65.0	100%	N/A	N/A
7/13/2015	Entrust Private Wealth	Euroz Limited	\$5.9	100%	N/A	N/A
6/30/2015	DNCA Finance	Natixis Global Asset Mgmt.	\$625.2	71%	N/A	N/A
6/23/2015	Boyd Coughlan Ltd.	Mattioli Woods PLC	\$11.1	100%	\$4.0	0.0x
5/29/2015	Finova Singapore Pte.	ZICO Holdings Inc.	\$6.3	100%	N/A	N/A
4/30/2015	Independent Financial	AFH Financial Group Plc	\$6.3	100%	\$4.7	0.0x
4/1/2015	Cogent Partners, LP	Greenhill & Co., Inc.	\$102.6	100%	\$46.4	0.0x
<b>Median of the 23 M&amp;A Transaction Targets</b>			<b>\$25.0</b>	<b>100%</b>	<b>\$28.3</b>	<b>0.0x</b>

Size of M&A Transactions



LTM Revenues Reported



### Definitions of Financial Terms Used in this Quarterly Industry Update:

Enterprise Value (EV): Market Value of Equity + Market Value of Debt - Cash

Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA): Profitability metric sometimes also referred to as operating profit or operating earnings.

Gross Cash Flows: Net Income + Depreciation and Amortization Expense

Latest Twelve Months (LTM): Financial information is as of the latest twelve months through the date of this Quarterly Industry Update.

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