

## 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 September 30, 2016, the median 52-week share price return of the Investment Advisory industry was 16.2%. Between September 30, 2015 and September 30, 2017, the median EV/EBITDA multiple increased from 8.3 to 10.2. Furthermore, the median price-to-earnings multiple increased from 15.3 to 15.5 over the same period. The median revenue growth and EBITDA margins for the industry for the quarter were 2.8% and 27.1%, respectively.

### Public Company Key Statistics

Median 52-Week  
Return

16.2%

Median 3-Year CAGR  
Return

1.6%

Median EV/Revenue  
Multiple

3.7x

Median EV/EBITDA  
Multiple

10.2x

Median Price/Earnings  
Multiple

15.5x

Median EV/Gross CF  
Multiple

16.1x

## Comparable Public Company Market Price Returns as of September 30, 2017

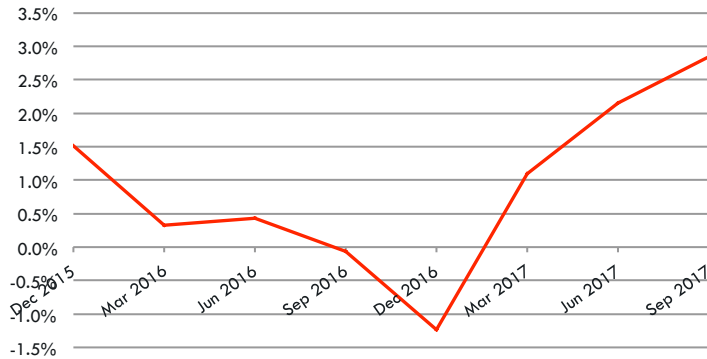
	YTD	3 Month	1 Year	2 Year	3 Year	2016	2015	2014
AllianceBernstein Holding L.P.	3.6%	2.7%	6.6%	-4.4%	-2.2%	-1.7%	-7.7%	21.0%
Ameriprise Financial, Inc.	33.9%	16.7%	48.9%	16.7%	6.4%	4.2%	-19.5%	15.0%
Cohen & Steers, Inc.	17.5%	-2.6%	-7.6%	19.9%	0.9%	10.2%	-27.6%	5.0%
Diamond Hill Investment Group, Inc.	0.9%	6.5%	14.9%	6.8%	19.9%	11.3%	36.9%	16.6%
Legg Mason, Inc.	31.4%	3.0%	17.4%	-2.8%	-8.4%	-23.8%	-26.5%	22.7%
Oaktree Capital Group, LLC	25.5%	1.0%	11.0%	-2.5%	-2.7%	-21.4%	-7.9%	-11.9%
Pzena Investment Management, Inc	-2.0%	7.2%	41.4%	10.6%	4.5%	29.2%	-9.1%	-19.6%
SEI Investments Co.	23.7%	13.5%	33.9%	12.5%	19.1%	-5.8%	30.9%	15.3%
Silvercrest Asset Management Group	10.6%	8.2%	22.6%	16.0%	2.2%	10.6%	-24.0%	-8.2%
Waddell & Reed Financial, Inc.	2.9%	6.3%	10.5%	-24.0%	-27.0%	-31.9%	-42.5%	-23.5%
Westwood Holdings Group, Inc.	12.1%	18.7%	26.7%	11.3%	5.9%	15.2%	-15.7%	-0.1%
WisdomTree Investments, Inc.	-8.6%	0.1%	-1.1%	-20.6%	-3.6%	-29.0%	0.0%	-11.5%
<b>Median of Industry Public Companies</b>	<b>11.4%</b>	<b>6.4%</b>	<b>16.2%</b>	<b>8.7%</b>	<b>1.6%</b>	<b>1.3%</b>	<b>-12.4%</b>	<b>2.4%</b>

Multiple year periods are calculated as the average annual return.

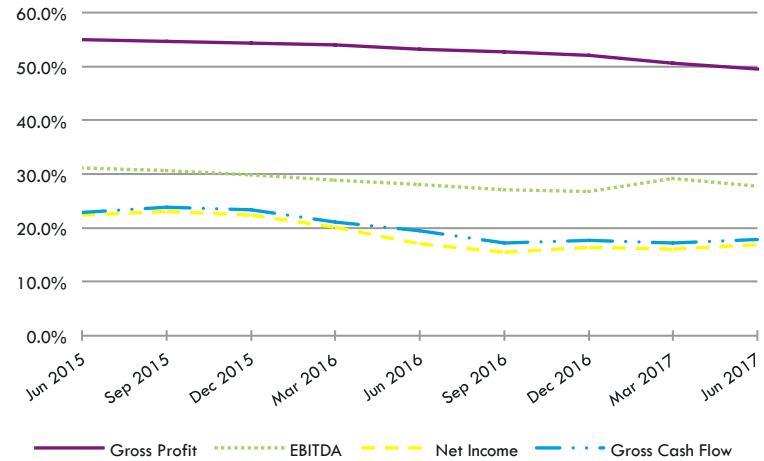
■ Highest Return
 ■ Lowest Return
 ■ Median Return

# Industry Revenue Growth and Profit Margins for the Past Two Years

**Median Quarterly Revenue Growth of All Investment Advisory Companies**



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



## Public Company Median Multiples by Quarter

	9/30/17	6/30/17	3/31/17	12/31/16	9/30/16	6/30/16	3/31/16	12/31/15
<b>EV/Revenues Multiple</b>	3.7x	3.6x	3.5x	3.6x	3.5x	3.2x	2.8x	2.6x
<b>EV/EBITDA Multiple</b>	10.2x	9.5x	9.7x	9.9x	9.9x	8.1x	8.1x	8.0x
<b>Price/Earnings Multiple</b>	15.5x	15.2x	17.1x	19.5x	20.5x	16.4x	18.2x	16.0x
<b>EV/Gross Cash Flows Multiple</b>	16.1x	14.8x	15.0x	16.4x	14.8x	14.0x	13.2x	13.2x

■ Highest Multiple

■ Lowest Multiple

■ Median Multiple

## Industry Initial Public Offerings—Industry: Investment Advisory (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
3/11/16	Harwood Wealth Management Group Plc	\$1.17	16.7	\$19.4	\$24.7	\$0.0	\$8.6	\$1.9	\$0.7	\$1.9
5/8/13	Tristate Capital Holdings, Inc.	\$11.50	5.7	\$65.6	\$2,074.3	\$26.4	\$56.4	NA	\$10.7	N/A
5/8/13	PennyMac Financial Services, Inc.	\$18.00	11.1	\$200.0	\$693.0	\$245.8	\$346.6	NA	\$103.8	N/A
5/1/13	Voya Financial, Inc.	\$19.50	65.2	\$1,271.2	\$220,850.0	\$9,558.9	\$9,957.5	\$1,297.4	\$766.2	\$1,297.4
3/6/13	Artisan Partners Asset Management Inc.	\$30.00	11.1	\$331.6	\$287.6	\$290.0	\$505.6	\$49.5	\$0.0	\$51.9
4/11/12	Oaktree Capital Group, LLC	\$43.00	7.9	\$380.2	\$45,498.0	\$901.0	N/A	N/A	N/A	N/A
11/17/11	Manning & Napier, Inc.	\$12.00	12.5	\$150.0	\$66.1	\$0.3	\$323.1	\$197.8	(\$34.1)	\$199.0
6/29/17	Median of all IPOs	nm	nm	\$200.0	\$693.0	\$245.8	\$334.8	\$123.7	\$5.7	\$125.5

Multiple year periods are calculated as the average annual return.

■ Highest Return   
 ■ Lowest Return   
 ■ Median Return

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

Transaction Date	Target	Acquirer	Transaction Size	% Bought	LTM Revenues	EV/ Revenues
9/18/17	Hargreave Hale Limited	Calamos Partners LLC	\$201.6	100%	\$200.6	0.0x
8/2/17	Prosperitas Advisers	Neo-Neon Holdings Limited	\$24.2	87%	N/A	N/A
2/17/17	Calamos Asset Management Inc.	N/A	\$13.7	100%	\$10.3	0.0x
1/20/17	Buttonwood Finance Limited	Broadridge Financial	\$25.0	100%	N/A	N/A
12/16/16	Siebert Financial Corp.	Gold Castle Group Limited	\$2.2	100%	N/A	N/A
11/4/16	M&O Systems, Inc.	Bank of Montreal	\$103.7	100%	N/A	N/A
8/9/16	STI Securities & Wealth	Piper Jaffray & Co.	\$138.8	100%	\$96.0	0.0x
4/13/16	RI Advice Group Pty Ltd	AZ Next Generation Advisory	\$5.4	100%	N/A	N/A
2/1/16	The Mutual Fund Store, LLC	Financial Engines, Inc.	\$579.6	100%	N/A	N/A
1/21/16	Investor Analytics, LLC	StatPro Group plc	\$16.0	100%	\$5.0	3.2x
1/5/16	Courier Capital Corporation	Financial Institutions Inc.	\$14.0	100%	\$3.4	0.0x
12/31/15	HDV Holdings, Inc.	Blucora, Inc.	\$600.0	100%	\$302.0	0.0x

■ USA
 ■ International
 ■ Highest
 ■ Lowest
 ■ Median

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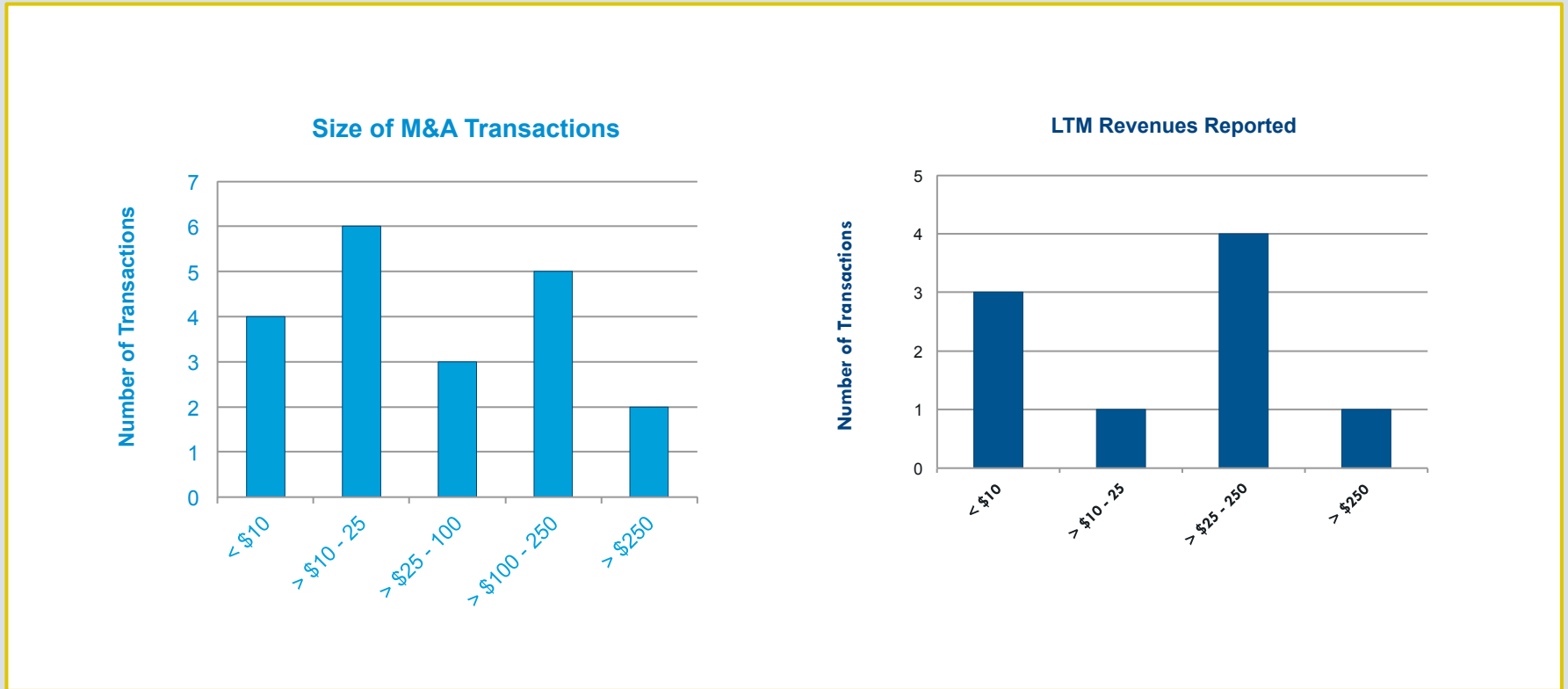
## Recent Merger and Acquisition Transactions for a Majority Stake (dollars in millions)

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Transaction Date	Target	Acquirer	Transaction Size	% Bought	LTM Revenues	EV/ Revenues
10/30/15	Samson Capital Advisors LLC	Fiera Capital Corporation	\$48.5	100%	N/A	N/A
9/30/15	Finter Bank Zürich AG	Vontobel Holding AG	\$82.0	100%	N/A	N/A
9/20/15	Conning & Company Inc.	Cathay Life Insurance	\$240.0	100%	N/A	N/A
8/31/15	Savills Fund Management	Savills Investment Mgmt.	\$22.9	100%	\$46.4	0.0x
7/31/15	Red Rocks Capital LLC	ALPS Holdings, Inc.	\$65.0	100%	N/A	N/A
5/29/15	Finova Singapore Pte.	ZICO Holdings Inc.	\$6.3	100%	N/A	N/A
4/30/15	Independent Financial	AFH Financial Group Plc	\$6.3	100%	\$4.7	0.0x
4/1/15	Cogent Partners, LP	Greenhill & Co., Inc.	\$102.6	100%	\$46.4	0.0x
Median of the 20 M&A Transaction Targets			\$36.8	100%	\$46.4	0.0x

USA
  International
  Highest
  Lowest
  Median

## Recent Merger and Acquisition Transactions for a Majority Stake (dollars in millions) as of September 30, 2017





COGENT VALUATION is a nationally recognized full service business valuation firm that has provided independent valuation and financial advisory opinions in thousands of situations since 1991. These assignments include the valuation of companies and pass-through entities, their securities, and their intangible assets ranging in size from small, closely-held businesses and start-ups, to corporations with market values over a billion dollars, covering almost every industry and all types of transactions. With the collective backgrounds of our managing directors and professional staff, Cogent Valuation brings substantial large deal experience to bear on our middle market transaction opinions. Cogent Valuation utilizes proprietary research, intensive due diligence, and the experience and insights of its professionals to produce thoughtful, well-documented opinions that have consistently withstood the scrutiny of clients and their advisors, investors, regulators, and courts.

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**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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