

# Q1: Quarterly Industry Update

AS OF March 31, 2020

**cogent** valuation  
FINANCIAL OPINIONS

## 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, 2019, the median 52-week share price return of the Investment Advisory industry was -8.4%. Between March 31, 2019 and March 31, 2020, the median EV/EBITDA multiple decreased from 9.0 to 7.2. Furthermore, the median price-to-earnings multiple decreased from 18.2 to 16.2 over the same period. The median revenue growth and EBITDA margins for the industry for the quarter were 0.8% and 28.2%, respectively.

### Public Company Key Statistics

Median 52-Week  
Return

**-8.4%**

Median 3-Year CAGR  
Return

**.4%**

Median EV/Revenue  
Multiple

**2.4x**

Median EV/EBITDA  
Multiple

**7.2x**

Median Price/Earnings  
Multiple

**16.2x**

Median EV/Gross CF  
Multiple

**12.1x**

## Comparable Public Company Market Price Returns as of March 31, 2020

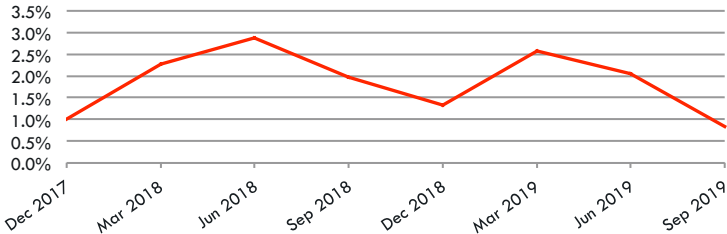
	2020	3 Month	1 Year	2 Year	3 Year	2019	2018	2017
AllianceBernstein Holding L.P.	7.2%	7.2%	17.5%	2.5%	-2.2%	-1.7%	-7.7%	21.0%
Ameriprise Financial, Inc.	-12.7%	-12.7%	14.1%	26.2%	6.4%	4.2%	-19.5%	15.0%
Cohen & Steers, Inc.	-14.0%	-14.0%	1.7%	24.6%	0.9%	10.2%	-27.6%	5.0%
Diamond Hill Investment Group, Inc.	0.0%	0.0%	6.2%	4.6%	19.9%	11.3%	36.9%	16.6%
Legg Mason, Inc.	-3.2%	-3.2%	12.6%	3.4%	-8.4%	-23.8%	-26.5%	22.7%
Oaktree Capital Group, LLC	-5.9%	-5.9%	-12.6%	-6.1%	-2.7%	-21.4%	-7.9%	-11.9%
Pzena Investment Management, Inc	4.3%	4.3%	13.1%	11.4%	4.5%	29.2%	-9.1%	-19.6%
SEI Investments Co.	4.2%	4.2%	48.5%	17.1%	19.1%	-5.8%	30.9%	15.3%
Silvercrest Asset Management Group	-5.3%	-5.3%	14.3%	16.2%	2.2%	10.6%	-24.0%	-8.2%
Waddell & Reed Financial, Inc.	-9.5%	-9.5%	18.9%	-11.7%	-27.0%	-31.9%	-42.5%	-23.5%
Westwood Holdings Group, Inc.	-14.7%	-14.7%	5.8%	12.7%	5.9%	15.2%	-15.7%	-0.1%
WisdomTree Investments, Inc.	-26.9%	-26.9%	1.0%	-10.5%	-3.6%	-29.0%	0.0%	-11.5%
<b>Median of Industry Public Companies</b>	<b>-5.6%</b>	<b>-5.6%</b>	<b>12.8%</b>	<b>8.0%</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.

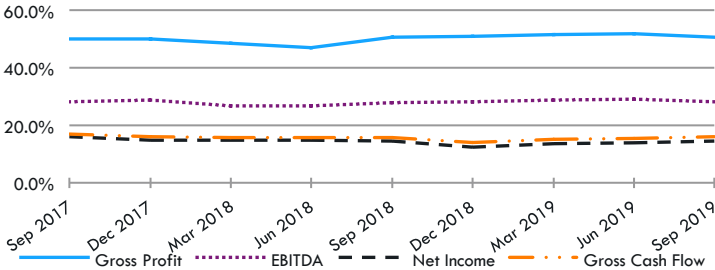
■ Highest Return
 ■ Lowest Return
 ■ Median Return

# 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

	3/31/20	12/31/19	9/30/19	6/30/19	3/31/19	12/31/18	9/30/18	6/30/18
<b>EV/Revenues Multiple</b>	2.4x	3.4x	2.8x	3.3x	3.4x	2.9x	2.9x	3.2x
<b>EV/EBITDA Multiple</b>	7.2x	9.2x	8.7x	8.9x	8.7x	9.1x	9.0x	9.2x
<b>Price/Earnings Multiple</b>	16.2x	18.1x	19.7x	20.3x	13.8x	14.1x	14.9x	15.6x
<b>EV/Gross Cash Flows Multiple</b>	12.1x	13.1x	16.3x	16.3x	16.4x	13.8x	14.6x	13.9x

■ Highest Multiple   
 ■ Lowest Multiple   
 ■ Median Multiple

## Industry Initial Public Offerings—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
2/20/20	<b>China Renaissance Holdings Limited</b>	\$4.05	250.0	\$7.6	\$35.0	N/A	\$0.0	NA	\$0.7	\$1.9
1/11/20	<b>Evans Dixon Limited</b>	\$1.88	11.7	\$152.1	\$2,074.3	\$483.9	\$409.6	\$1.7	\$10.7	N/A
12/21/19	<b>Amasse Capital Holdings Limited</b>	\$0.03	16.7	\$19.4	\$693.0	\$0.0	\$12.2	\$130.4	\$103.8	N/A
9/7/19	<b>Victory Capital Holdings, Inc.</b>	\$13.00	5.7	\$65.6	\$220,850.0	\$26.4	\$56.4	\$2.7	\$766.2	\$1,297.4
3/11/19	<b>Harwood Wealth Management Group plc</b>	\$1.17	11.1	\$200.0	\$287.6	N/A	\$12.2	NA	\$0.0	\$51.9
9/8/18	<b>Tristate Capital Holdings, Inc.</b>	\$11.50	65.2	\$1,271.2	\$45,498.0	\$901.0	\$56.4	NA	N/A	N/A
5/8/18	<b>PennyMac Financial Services, Inc.</b>	\$18.00	11.1	\$331.6	\$66.1	\$0.3	\$346.6	\$1,297.4	(\$34.1)	\$199.0
6/29/17	<b>Median of all IPOs</b>	nm	nm	\$152.1	\$693.0	\$245.8	\$168.2	\$123.7	\$5.7	\$125.5

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

Transaction Date	Target	Acquirer	Transaction Size	% Bought	LTM Revenues	EV/ Revenues
2/23/20	<b>Global Investment House K.S.C.</b>	<b>KAMCO Investment Company K.S.C.P.</b>	\$157.6	100%	N/A	0.0x
2/19/20	<b>Financial Engines, Inc.</b>	<b>Edelman Financial Services</b>	\$3,030.0	87%	N/A	N/A
11/17/19	<b>Winthrop Corporation</b>	<b>Khandwala Capital Management, Inc.</b>	\$6.0	100%	\$1.8	0.0x
10/2/19	<b>Notenstein La Roche Privatbank AG</b>	<b>Vontobel Holding AG</b>	\$705.8	100%	\$62.0	N/A
9/1/19	<b>Friends First Holdings Limited</b>	<b>Aviva plc</b>	\$153.0	100%	N/A	N/A
5/24/19	<b>SOFIA Gestione del Patrimonio SGR S.p.a.</b>	<b>Azimut Capital Management</b>	\$6.0	100%	\$200.6	N/A
3/19/18	<b>AE Financial Services Ltd</b>	<b>Harwood Wealth Management</b>	\$6.5	100%	N/A	0.0x
12/16/18	<b>Hargreave Hale Limited</b>	<b>Canaccord Genuity Wealth</b>	\$102.9	100%	\$10.3	N/A
11/4/18	<b>Evans</b>	<b>Succession Advisory Services</b>	\$27.3	100%	N/A	N/A
8/9/16	<b>Calamos Asset Management Inc.</b>	<b>Gold Castle Group Limited</b>	\$201.6	100%	N/A	3.2x
2/2/16	<b>RI Advice Group Pty Ltd</b>	<b>AZ Next Generation Advisory</b>	\$5.4	100%	N/A	0.0x
2/1/16	<b>The Mutual Fund Store, LLC</b>	<b>Blucora, Inc.</b>	\$579.6	100%	N/A	0.0x

■ USA
 ■ International

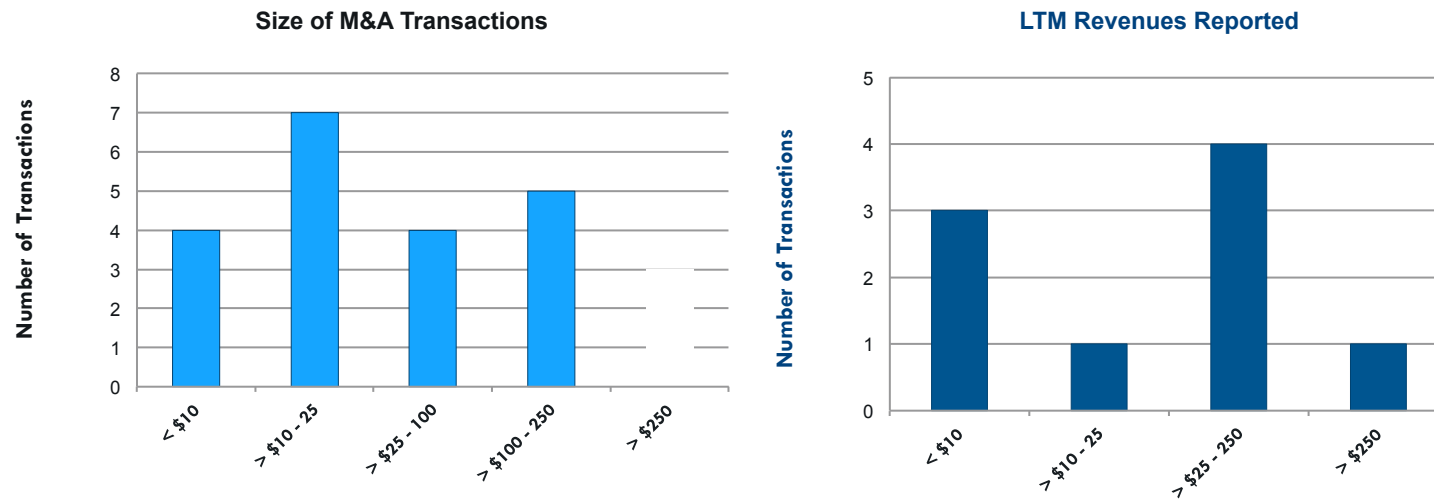
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## Size of Recent Merger and Acquisition Transactions for a Majority Stake (dollars in millions)

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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	<b>Finter Bank Zürich AG</b>	Vontobel Holding AG	\$82.0	100%	N/A	N/A
9/20/15	<b>Finter Bank Zürich AG</b>	Cathay Life Insurance	\$240.0	100%	N/A	N/A
8/31/15	Conning & Company Inc.	Savills Investment Mgmt.	\$22.9	100%	\$46.4	0.0x
7/31/15	Savills Fund Management	ALPS Holdings, Inc.	\$65.0	100%	N/A	N/A
5/29/15	Red Rocks Capital LLC	ZICO Holdings Inc.	\$6.3	100%	N/A	N/A
4/30/15	Entrust Private Wealth	AFH Financial Group Plc	\$6.3	100%	\$4.7	0.0x
4/1/15	DNCA Finance	Zico HOlodings	\$102.6	100%	\$46.4	0.0x
	<b>Median of the 20 M&amp;A Transaction Targets</b>		<b>\$48.5</b>	<b>100%</b>	<b>\$46.4</b>	<b>0.0x</b>

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





**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):** 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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