Majority Sale of Cerity Partners to Lightyear Capital

$9.5 Billion Wealth Management Platform

About Emigrant Bank and Cerity Partners
- Emigrant Bank (Emigrant) is a $6.5 billion bank controlled by Howard P. Milstein
- Emigrant backed a management team in 2007 to form Cerity Partners (formerly known as HPM Partners), taking a 51% stake
- Cerity flourished into a $9.5 billion RIA that provides holistic wealth management, financial and tax planning and retirement plan services to high-net-worth individuals, families and organizations
- Ten years later, Emigrant wished to monetize its stake while management wanted to play through

Deal Complexities
- Intricate capital structure with participating preferred shares
- The new partner had to embrace Cerity’s “wholesale” business development strategy, which involved offering company-sponsored financial counseling to C-suite executives
- Three-way negotiation among seller, buyer and management team with diverging interests (e.g., pricing, earnouts, leverage, etc.)

Silver Lane’s Role and Value-Add
- At the client’s request, Silver Lane ran a robust auction process that included sourcing and vetting financial sponsors and distinct strategic partners who met all transaction objectives
- Crafted the narrative to yield a valuation that helped achieve the seller’s high expectations, even without synergies
- Attracted several bidders willing not only to meet price expectations, but also to create a pathway for further employee control in the future
- Negotiated compelling transaction terms for the seller, while protecting the interests of the go-forward employees and advising on a new management equity incentive plan

has sold its majority stake in Cerity Partners, a $9.5 billion RIA, to

LIGHTEAR CAPITAL

2018
Recapitalization of Hartland Advisors

$18 Billion OCIO Platform

About Hartland Advisors
- Cleveland-based investment advisor founded in 1989
- $18 billion of client assets at the time of Silver Lane’s engagement; $21 billion as of July 2018
- Outsourced Chief Investment Officer ("OCIO") providing institutional investment consulting, investment advisory, estate and financial planning, and family office administration
- Clients include retirement plans, foundations and endowments, healthcare organizations, and private clients, among others

Deal Complexities
- Minority sale of equity held by founding partner, who was retiring
- Two distinct client segments: institutional and private client
- Legacy S-corporation structure posed legal and tax complications
- Diverging interests between selected buyers and sellers

Silver Lane’s Role and Value-Add
- Tailored a two-stage engagement to address succession and tax issues
- Restructured internal ownership among retiring founder and next-gen management
- Created LLC structure and froze S-corp. assets in order to help maximize tax efficiency
- Redesigned buy/sell structure, perpetuating firm succession and independence
- Sourced minority, private equity investor that embraced unique business model
Westmount’s Path to Perpetual Independence

$2.5 Billion Investment Management Firm

About Westmount
- With $2.5 billion of AUM, one of the oldest and largest independent managers in Los Angeles, CA
- 27-year track record of serving high net worth individuals
- Experienced, multi-generational team consistently ranked among top U.S. advisors

Engagement #1: 2011
- At the start of Silver Lane’s first mandate, Westmount was predominantly owned by its two founders—one of whom was in his 80s
- Although Westmount had recruited strong second-generation managers, few had the financial capacity to buy down the founders at near-market valuations
- S-corporation structure also created some tax complications
- Silver Lane developed a competitive sale process focused on financial sponsors
- Enabled the founders to simultaneously monetize a sizable minority stake at market values, while bringing more second-gen into the ownership mix

Engagement #2: 2018
- Westmount flourished over the next seven years, doubling AUM and distributing equity ownership significantly throughout the firm using an internal transfer mechanism that Silver Lane developed
- Margins at the time of Engagement #2 had dipped given high reinvestment into the firm
- Silver Lane was called on again, this time to facilitate Rosemont’s exit
- A successful transaction required balancing the sponsor’s desire to maximize value with management’s desire to maintain operational control
- Second sale to permanent capital set up Westmount’s perpetual independence

Transaction(s) displayed were advised while employed at Silver Lane Advisors LLC.
Raymond James & Associates, Inc., member New York Stock Exchange/SIPC.
Silver Lane Advisors LLC, member of FINRA/SIPC.
WEDCO’s Founder Succession and Diversification

$1.8 Billion Quantitative Asset Manager

About WEDCO

- W.E. Donoghue & Co. (WEDCO) is a quantitative asset management firm founded in 1986. At the time of Silver Lane’s initial engagement, the firm managed $1.8 billion of client assets
- The firm was a pioneer in delivering tactical asset allocation solutions to individual and institutional separate account clients, as well as mutual fund clients
- WEDCO offered sustainable dividend and income portfolios geared to retirement focused investors, and was the adviser to the Power Dividend Index Fund and the Power Income Fund

Engagement #1: 2016

- WEDCO faced a succession dilemma: The firm’s founder/majority owner had not been involved in the business for years when the firm was substantially smaller, yet initially wanted to retain a stake
- Management sought partial liquidity for its holdings, whereas additional non-partner employees wished to buy into the equity but lacked the financial resources to do so
- Silver Lane sourced a private equity sponsor with substantial industry expertise who could help grow business. We designed a transaction structure with favorable closing, retention and earnout terms to address founder valuation and management team liquidity requirements
- We also developed an internal transfer mechanism that broadened ownership for key employees

Engagement #2: 2018

- WEDCO flourished following the deal, adding roughly $1 billion in client assets almost immediately
- Silver Lane subsequently sourced JAForlines Group (JFG), a $700 million investment manager specializing in risk-managed global tactical strategies, as an acquisition target for WEDCO
- Envestnet’s 2016 Strategist of the Year, JFG added exposure to global equities, fixed income and alternatives in a single portfolio using low-cost ETFs

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Raymond James & Associates, Inc., member New York Stock Exchange/SIPC.
Silver Lane Advisors LLC, member of FINRA/SIPC.
The Transformation of Tiedemann Advisors

$15 Billion Wealth Management Platform

About Tiedemann Advisors

- Tiedemann Advisors (Tiedemann) is a New York-based investment advisory firm founded in 1999 by the late Carl Tiedemann, a former president of Donaldson, Lufkin & Jenrette
- At the time of Silver Lane’s first mandate, Tiedemann managed $9 billion of assets—providing customized portfolios, integrated investment and estate planning and national trust capabilities
- Through two transactions involving Silver Lane, Tiedemann catapulted to a top 10 position in wealth management: $15 billion of assets, a national footprint and impact investing capabilities

Engagement #1: 2016

- Tiedemann retained Silver Lane to explore the acquisition of a diversified financial holding company. We recommended focusing on just the wealth advisory division
- Seller ownership was concentrated predominantly with a few individuals not involved in the wealth management business, resulting in competing interests among management and owners
- We structured a cashless exchange for Tiedemann to purchase the division without external financing, created a mechanism to broaden employee ownership and advised on integration

Engagement #2: 2017

- Silver Lane represented Threshold Group (Threshold), a $3.4 billion firm founded by the Russell family in 1999 upon Russell Investments’ sale. One-third of assets were ESG and SRI-related
- At the time of the deal, Threshold was still in reinvestment mode. Three key principals wanted to exit the business for various reasons and employees did not own equity in the business
- Working across the table from Tiedemann but understanding its culture and interest in impact investing, we developed a structure that brought the Russell family in as owners of Tiedemann plus incentivized five new employee partners in the combined entity

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Advizr: Disrupting the Financial Planning Industry

SaaS-Based Financial Planning Tools

About Advizr

- Innovative provider of SaaS-based financial planning tools for the financial advisor community
- From its headquarters in New York City, Advizr’s automated, interactive financial planning solutions empower consumers to take control of their financial wellness and allow advisors to identify new opportunities to growth their practices
- Initially backed by venture capital firm, Fenway Summer, Advizr sought additional investors that could bring distribution to its rapidly-growing platform

Deal Complexities

- Advizr had a complex capital structure, including bridge loans, warrants and employee options – all created vis-à-vis earlier seed rounds of capital
- Just prior to the launch of the capital raise process, Advizr had implemented a new revenue model to focus on strategic partnerships
- Management was sensitive about minimizing equity dilution for its employees
- Advizr did not want to cast a wide net, but rather wished to focus conversations with a limited number of potential investors that could bring more than just capital

Silver Lane’s Value-Add

- Retooled Advizr’s collateral and strategy to strengthen its B2B prospects and market positioning
- Reviewed the Company’s projected funding requirements to execute its business plan
- Advised Advizr on its presentation materials for the investment offering
- Sourced the optimal lead investor, Franklin Templeton Investments, as well as co-investor, SEI, to fuel Advizr’s growth and increase distribution opportunities
- Negotiated valuation and term sheet with investors for favorable post-money valuation

Advizr

a digital financial planning platform, has secured Series A financing led by

Franklin Templeton Investments

2017