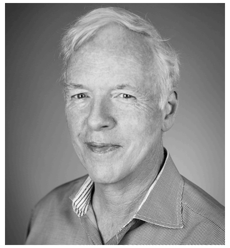
STATE OF THE MARKET

Outlook for Advisory Firm Valuations



Brad Bueermann
CEO

Ryan Grau, CVA, CBA
VP Business Valuation Services

James Fisher, JD
Director Mergers & Acquisitions

FP TRANSITIONS®

Agenda

- Historical Perspective: Comparing Today's Data to the Great Recession
- The Current State of Advisory M&A
- Strategies for Advisors
- Open-forum Q&A

Historical Perspective

Comparing Today’s Data to the Great Recession

Comparing the Data

- While every market crisis is different, we can learn from previous events.
- During the ‘08-09 market decline, FP Transitions was a nine-year-old business, performing advisory valuations and M&A.
- What happened to advisors during that severe market downturn?

2020: Coronavirus Market Decline

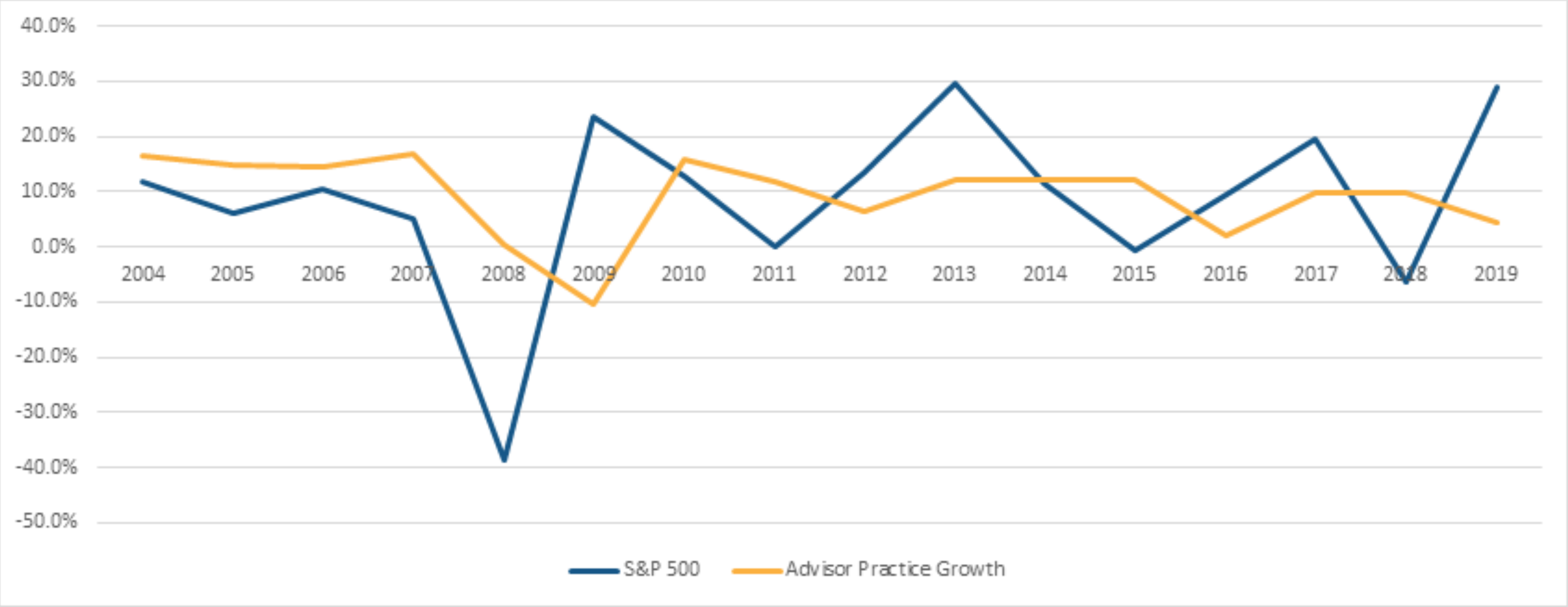
Source: Bloomberg Finance L.P.

2008–2010: Great Recession Market Decline & Recovery

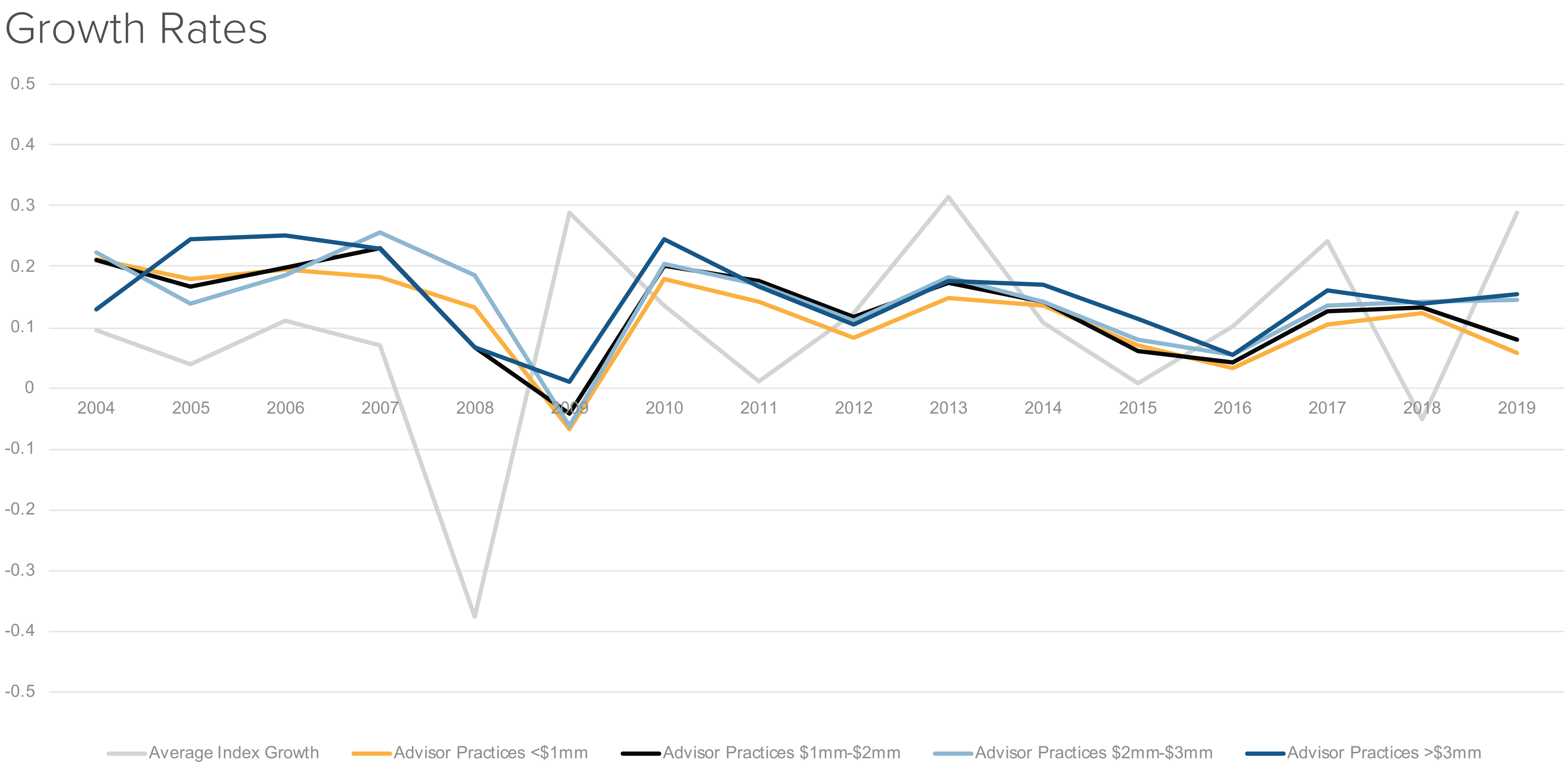
Source: Bloomberg Finance L.P.

What happened to advisor revenues?

Growth Rates



Many did not suffer negative year-on-year growth. Why?

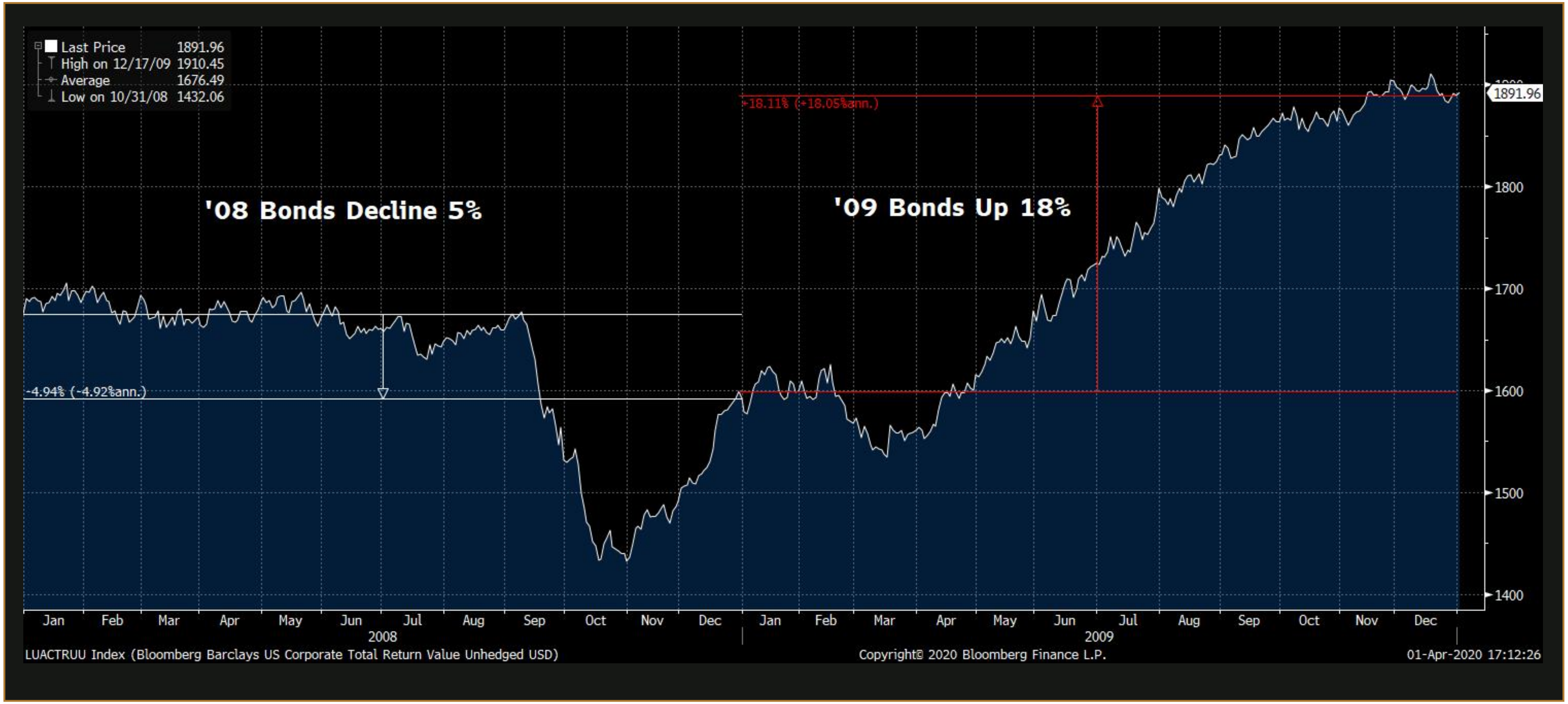


Timing

Quarterly Market Data 2008–2011

Source: Bloomberg Finance L.P.

Diversification

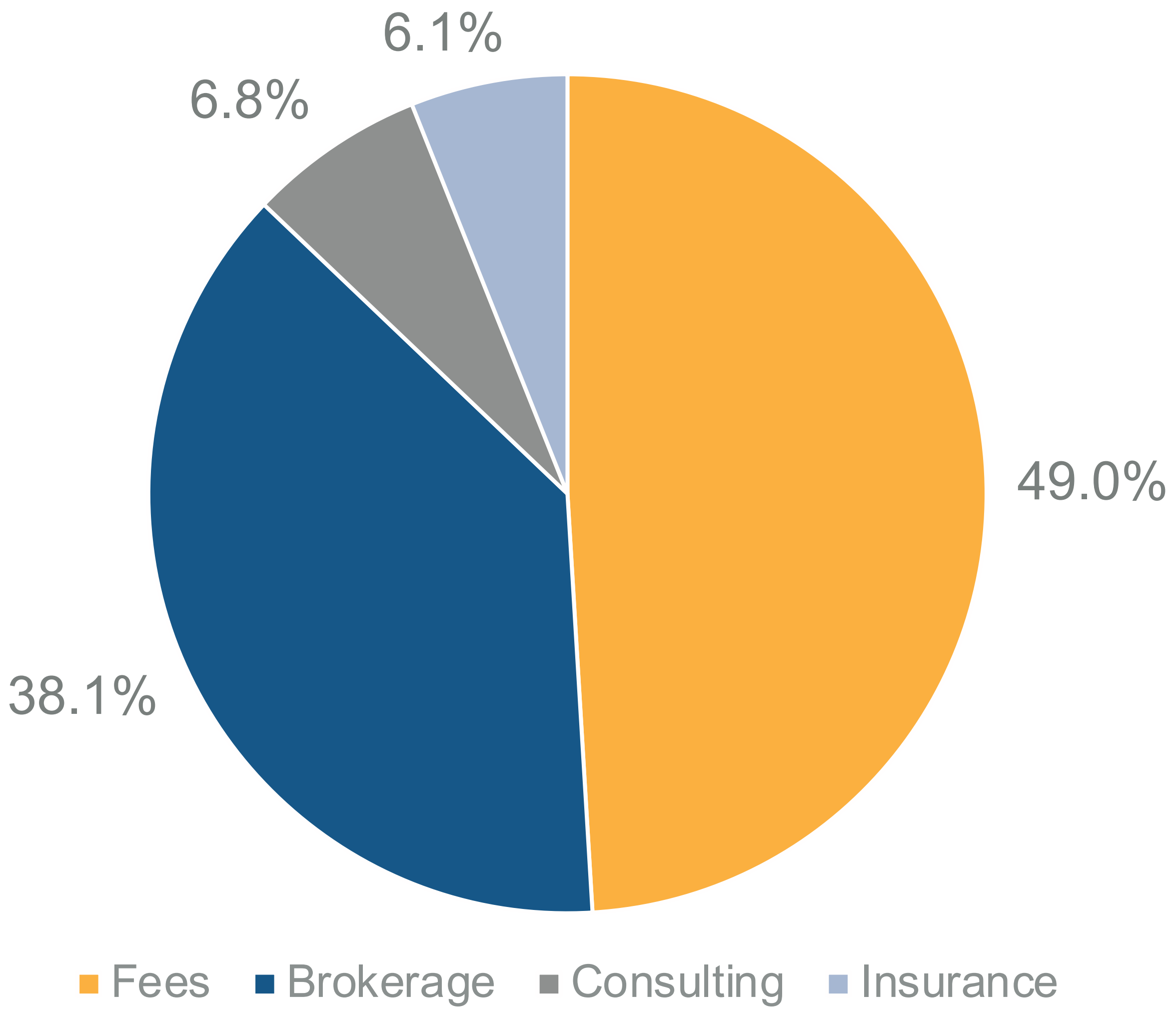


Source: Bloomberg Finance L.P.

Corporate Bond Performance 2008–2009

Revenue Diversification

Revenue Sources 2009



Client & Asset Growth 2010

New client growth and new assets from existing clients

		% of Total
New Clients	30	4%
Lost Clients	19	3%
New Client Assets	$36,273,965	5%
New Assets from Existing Clients	$42,040,030	6%
Assets Gained/Lost from Market Performance	$36,645,855	5%
Lost Asset from Clients	-$28,854,403	-4%
Average Percent Change in Total Assets	**14%**	

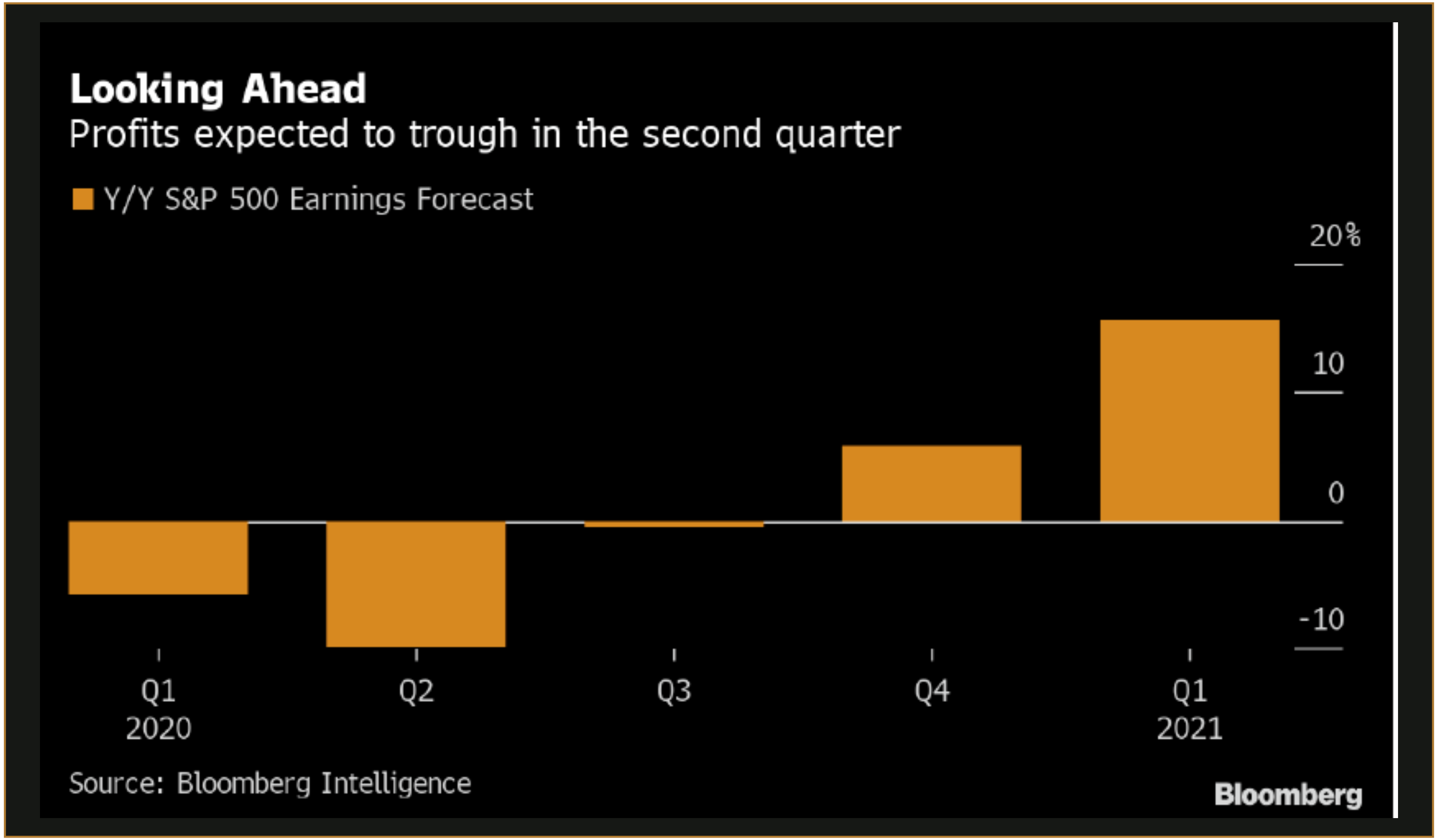
The Current State of Advisory M&A

Current M&A Activity

- Transaction volume has not decreased.
- Only one Q1 offer was withdrawn in March.
- $5.5M closed this week.
- No changes in price.
- Risk component of transactions is being modified.
- Q2 pipeline looks strong with no withdrawn deals.

	WHERE WE'VE BEEN	WHERE WE ARE	WHAT WE EXPECT
	Q4 2019	Q1 2020	Q2 2020
Number of Deals	17	17	23
Total Deal Volume	$20,025,540	$22,968,387	$35,057,000

Crystal Ball: Predictions for the Future



Source: Bloomberg Finance L.P.

Strategists' S&P 500 Index Year-End Estimates

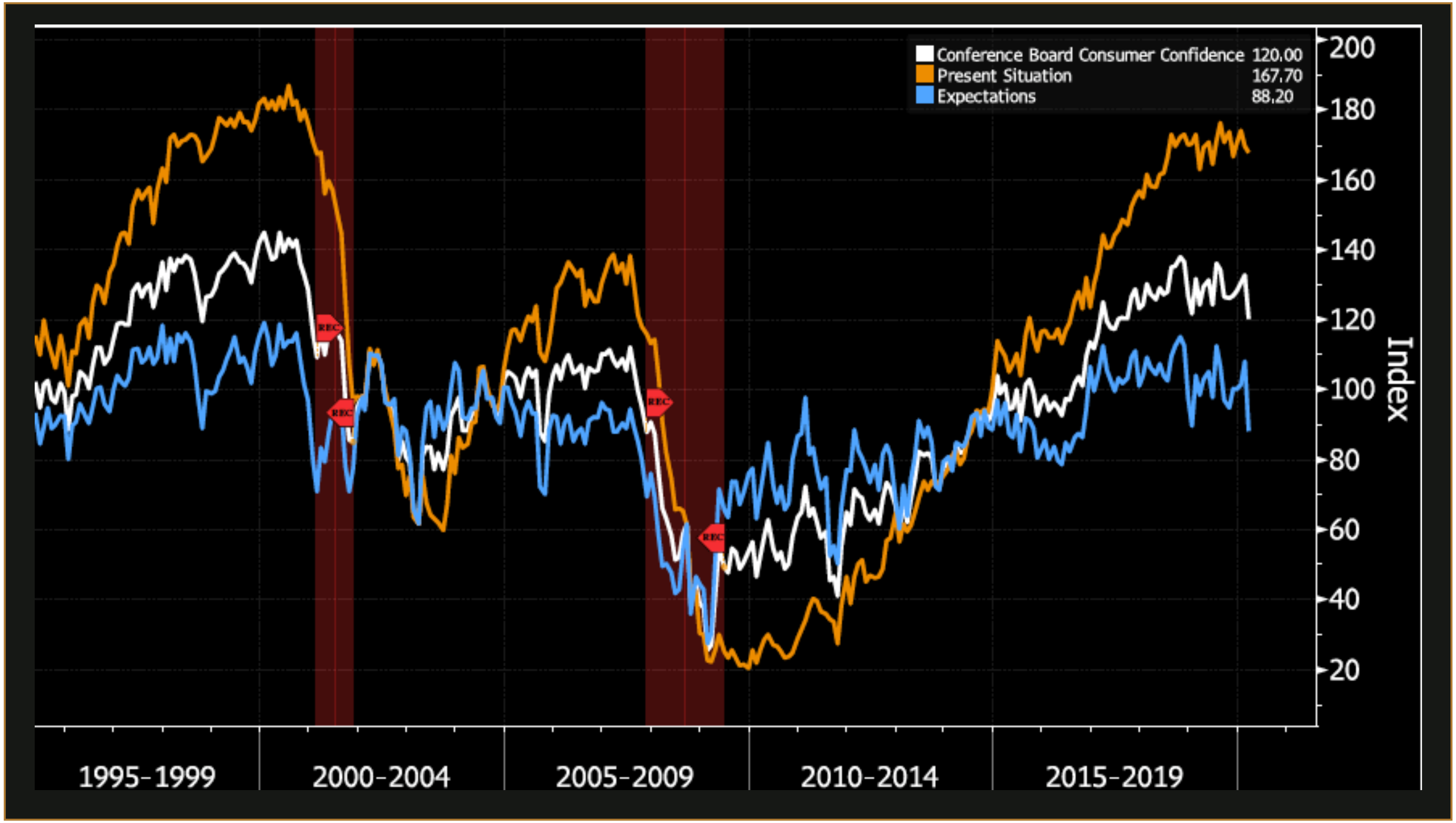
Yesterday's close: 2783

	2020 CLOSE	2020 EPS
Average	3,039	$149
Median	3,000	$147
High	3,500	$178
Low	2,650	$110
No. of replies	19	19

Individual Estimates

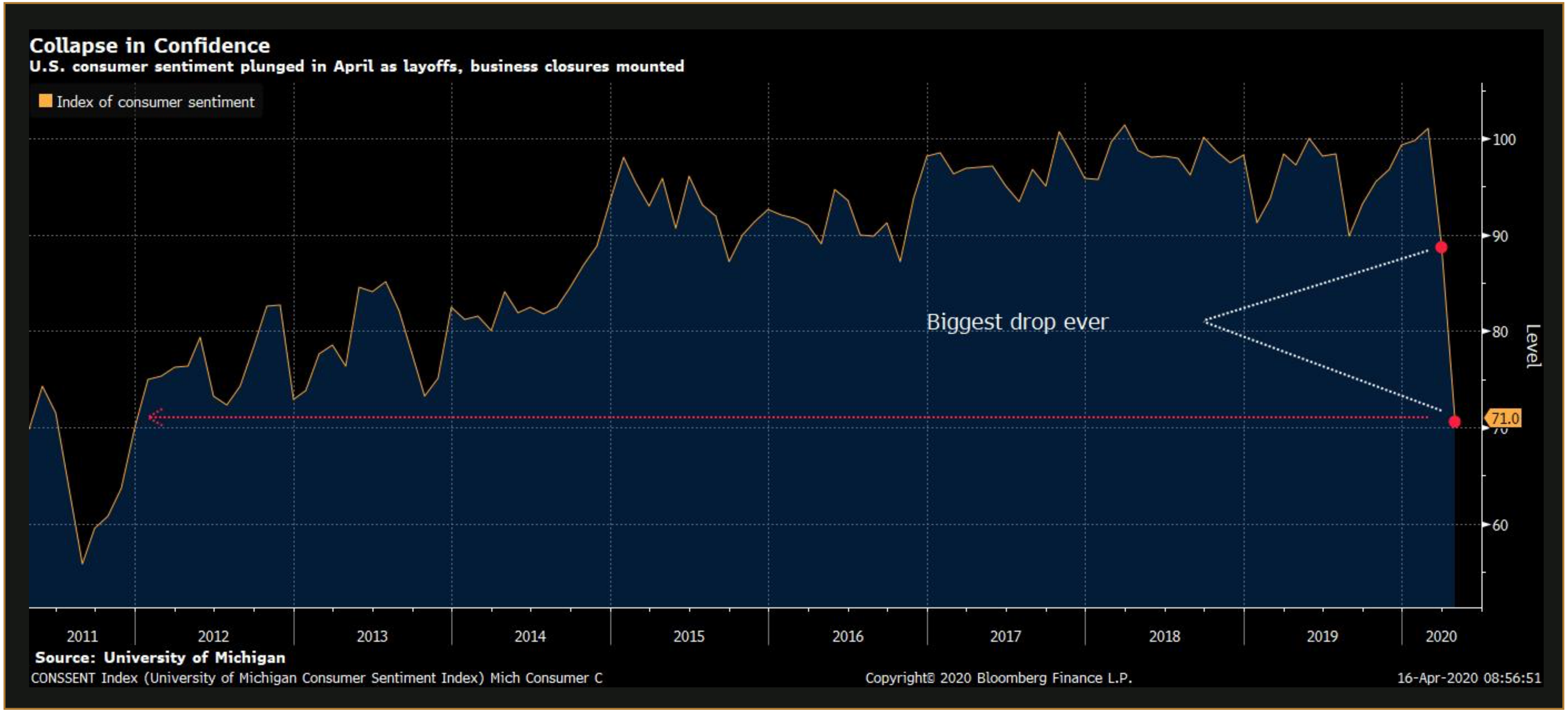
Firm	Strategist	2020 Close	2020 EPS
Bank of America	Savita Subramanian	3,100	$138
Bank of Montreal	Brian G Belski	*3,400	$160
Barclays	Maneesh Deshpande	3,000	$162
BTIG	Julian Emanuel	3,450	$169
Canaccord	Tony Dwyer	*3,440	$172
Cantor Fitzgerald	Peter Cecchini	***2,650***	$146
Citigroup	Tobias M Levkovich	2,700	$125
Cornerstone Macro LLC	Michael Kantrowitz	*3,400	$172
Credit Suisse	Jonathan N Golub	2,700	$125
Deutsche Bank	Bankim Chadha “Binky”	3,250	$175
Fundstrat Global Advisors	Thomas J Lee “Tom”	3,450	$178
Goldman Sachs	David J Kostin	***3,000***	$110
Jefferies	Sean Darby	2,800	$147
JPMorgan	Dubravko Lakos-Bujas	***3,400***	$150
Morgan Stanley*	Mike Wilson	2,700	$142
Ned Davis Research Inc	Ed Clissold	2,900	$142
Oppenheimer	John Stoltzfus	*3,500	$175
RBC Capital Markets	Lori Calvasina	2,750	$139
Scotiabank	Hugo Ste-Marie	3,000	$154
Societe Generale	Sophie Huynh	3,500	$170
Stifel Nicolaus	Barry B Bannister	2,750	$142
UBS	Francois Trahan	3,250	$170
Wells Fargo	Christopher Harvey “Chris”	3,388	$152

Consumer Confidence



Source: Bloomberg Finance L.P.

University of Michigan: Consumer Confidence



Source: Bloomberg Finance L.P.

Strategies for Advisors

Advice for Buyers

- Don't expect bargains—you'll get what you pay for.
- Reduced competition means opportunity.
- Hone your value proposition.
- Consider a merger or Sell and Stay®.

Advice for Sellers

- It's not too late!
- Don't wait. Recovery will be long and steady—growth is probably a year away.
- Consider a Sell and Stay®; keep working but de-risk.
- You have many options. Call us.

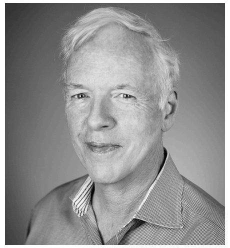
Advice for Internal Succession

- Talk to your G2s.
- Focus on your firm’s long-term plan.
- If you don’t have a plan to make a key licensed employee a partner, start the discussion.

Advice for All Advisors on Market Positioning

- Be a resource.
- Communicate, communicate, communicate!
- Now is the time to show the value of sound financial planning.

Open-Forum Q&A



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Follow-up questions: **questions@fptransitions.com**

Thank you for joining us!

Visit **fptransitions.com** for more information
or call 800.934.3303 for a consultation.