



Evolve
Capital Partners

DEALS & MARKET UPDATE

Capital Markets

April 2024



Tech-Enabled
Services



Software &
Analytics



Collections
Servicing



Infrastructure



Alternative
Investments



Banking &
Lending



Online
Brokers



Outsourced
Financial
Solutions



Financial Content
Providers



Wealth & Asset
Management



Investment
Banks



Specialty
Finance

Specialized investment bankers at the intersection of finance and technology



Overview of Evolve Capital Partners

About Evolve Capital Partners

- Evolve Capital Partners Inc. ("Evolve") is a growing investment bank focused exclusively on entrepreneurial businesses operating at the intersection of technology-enabled solutions and financial services
- Evolve’s primary coverage verticals include Capital Markets and Insurance
- As an independent investment bank, Evolve only advises private and public companies on mergers and acquisitions, divestitures, capital raises, and financial restructurings
- Evolve dispenses bespoke, mission-critical advice within a creative and entrepreneurial environment, ensuring maximum value and successful outcomes
- Since its inception, Evolve has completed dozens of transactions, and professionals of the firm have advised on M&A and financing transactions worth more than \$10 billion
- Evolve was established in 2012 and is based in New York, NY

High-Touch Investment Banking

Our Clients

- Corporations
- Management Teams
- PE Backed Companies
- Independent Directors / Boards

Investment Banking Advisory

- M&A
- Strategic Alliances
- Strategic Capital Formation
- Financial Restructuring

Select Evolve Capital Markets Transactions

Capital Markets
SELL SIDE ADVISOR



Simpler Trading
Has completed a majority recapitalization with



ZMC
Trading Education

Capital Markets
FINANCIAL ADVISOR



finmason
Has raised capital from

Undisclosed Private Investors
Investment Analytics Platform

Capital Markets / Lending
SELL SIDE ADVISOR



PACEFUNDING
has raised strategic capital from



amalgamated bank
Consumer Lending



We Focus Exclusively on Capital Markets-Related Firms

Evolve consistently delivers expert strategic advisory across multifaceted Capital Markets sector transactions



Capabilities

M&A Advisory

Sales / Recaps

Acquisitions

Divestiture

Strategic Advisory

Data & Analytics

Specialized Software

Tech-Enabled Services

Advisory

Banking & Lending

Wealth & Asset Management



Capital Markets Industry M&A Update

M&A Market Update

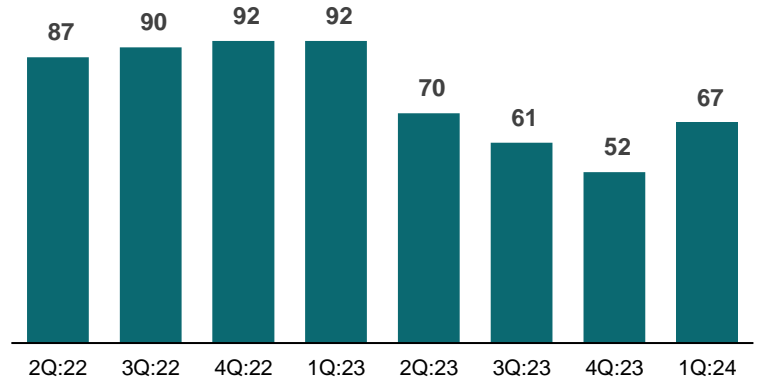
- **M&A transaction volumes** across services and software / technology remained depressed as investors and sellers continued to wait out market volatility and elevated cost of debt
- **Service companies**, including capital markets consulting and advisory firms, market services, and investment manager solutions have begun to rebound in the first quarter of 2024, but volume remains low compared to 2022 as financial institutions wait for additional clarity on rate cuts
- **Software and technology companies**, including market platforms and technology solutions, financial and market data, trade processing, and WealthTech continued to see a “flight to quality” among investors, as growth-oriented investments into unprofitable companies became significantly more difficult in a high interest rate and volatility environment
- **Banks and lenders**, including consumer banks & depositories, investment banks, and non-bank lenders continue to remain on a steeper recovery trajectory compared to other sectors, with 1Q transaction volumes exceeding 1Q:23

Relevant News

- **4/5:** Three rate cuts in 2024 remains the latest expectation issued by the Federal Reserve; however, investors are releasing mixed views surrounding the Federal Reserve’s commitment to the rate cuts
- **4/4:** Various sources estimate that ~40% of bank commercial real estate (CRE) loans maturing this year are holdovers from 2023 and that banks are reserving ~8% of their CRE portfolios (5x historical averages), which allows for more time to negotiate refinancing to avoid having to book write-downs
- **4/2:** Continuation of Citi’s plan to trim 20,000 roles from headcount by 2026 continues with plans to lay off an additional 430 employees by June 29 according to notices posted by the dept. of Labor

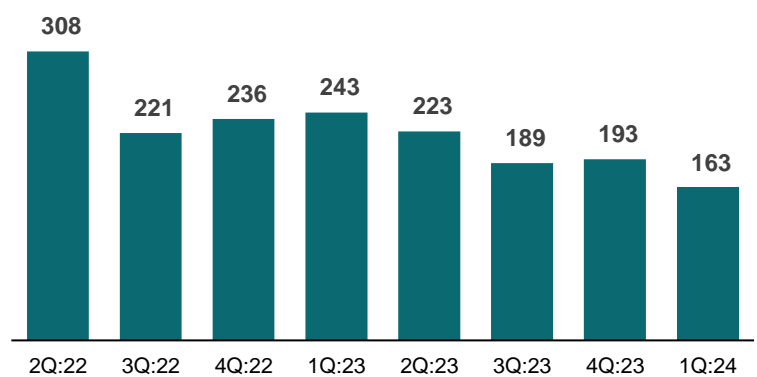
Announced M&A Transaction Count

Services



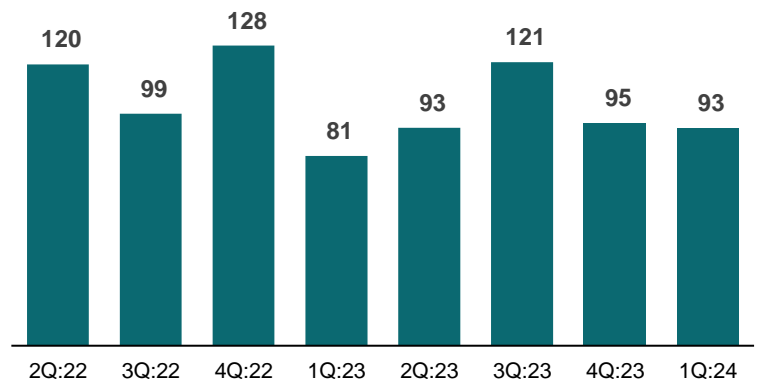
as of 4/4

Software & Technology



as of 4/4

Banking & Lending



as of 4/4

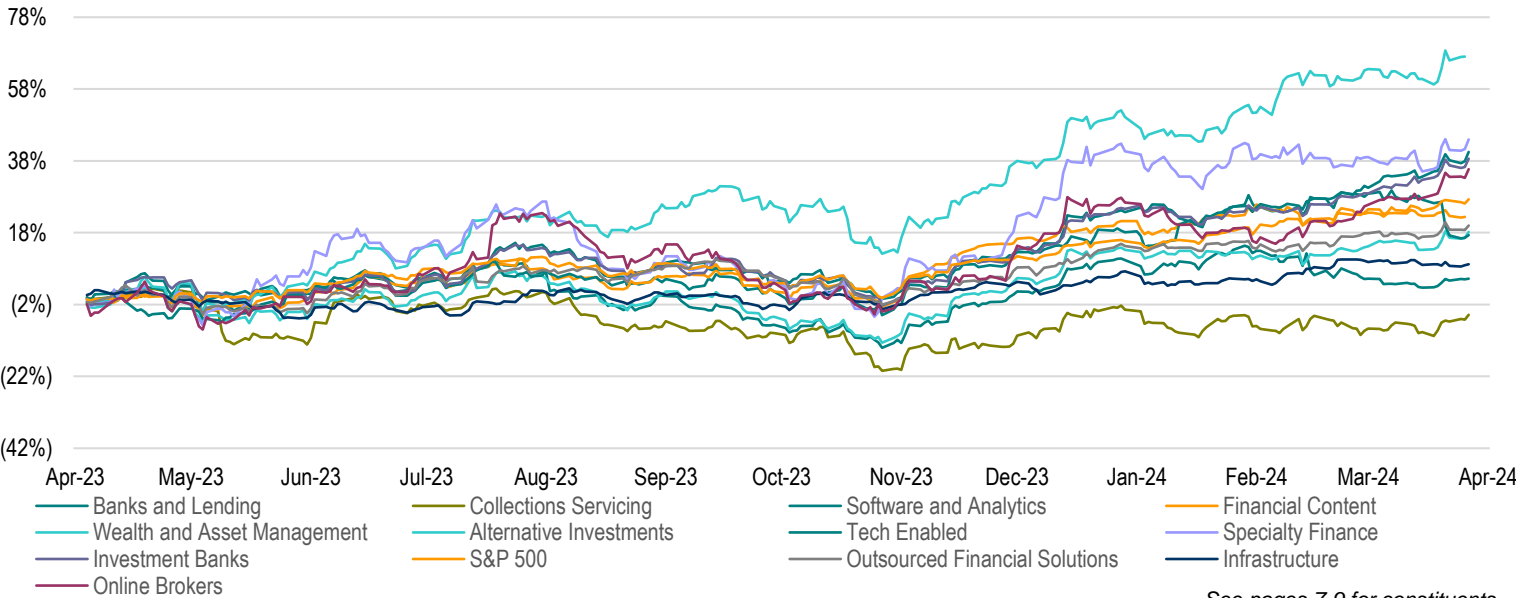
Source: Capital IQ



Market Summary and Key Multiples

Evolve's Capital Markets Industry Stock Market Performance

Last Twelve Months Capital Markets Sector Performance

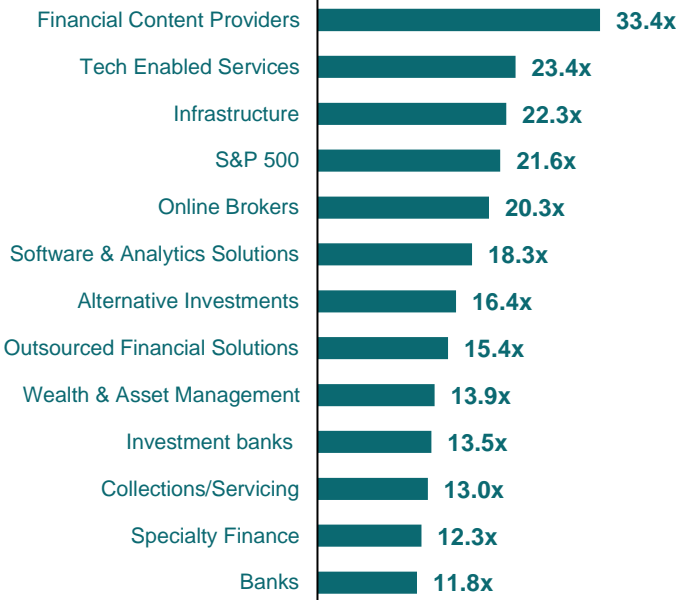


See pages 7-9 for constituents

Public Market Commentary

- The capital markets sector has generally performed in-line with the broader market, with Alternative Investments leading the pack and Collection Servicers trailing the sector
- Alternative investment companies are benefiting from increased demand from individual investors, as institutional investors reduce their allocations to private equity amidst rising interest rates and economic uncertainty
- Collection servicers are underperforming due to a decline in delinquency rates, driven by lower unemployment rates, and a decreased tendency for delinquent loans to be repaid amidst a period of high inflation
- However, Banks and Lenders are capitalizing on the decrease in delinquency rates, further rebounding from the 2023 lows attributed to uncertainty surrounding interest rate fluctuations and sluggish loan growth, which has since shown signs of recovery in 2024
 - In March, the median forecast of Fed officials totaled three rate cuts for this year; however, interest-rate futures traders offer only a 48% probability that the Fed will reduce rates that many times as of April 8th

Capital Markets NTM P / E Multiples



*Data as of April 1, 2024
Source: Capital IQ*



Recent Notable Capital Markets Transactions



April 8: Tradeweb acquires ICD for \$785M

- Tradeweb is a global operator of electronic marketplaces for rates, credit, equities and money markets
- ICD is an institutional investment technology provider for corporate treasury organizations trading short-term investments
- **Strategic Rationale:** The acquisition adds a new and fast-growing client channel serving corporate treasury professionals, complementing Tradeweb's existing focus on institutional, wholesale and retail clients



April 2: iCapital acquired Mirador

- iCapital is a global fintech platform that provides a marketplace for alternative investments for the wealth management industry
- Mirador is a technology-enabled provider of investment data aggregation and financial reporting for alternative and traditional investments
- **Strategic Rationale:** With the acquisition, iCapital will expand its data management and reporting capabilities to create an enhanced technology experience for clients in the wealth management, family office, endowment, and foundation segments



April 3: Blue Owl acquires Kuvare Asset Management for \$705M

- Blue Owl is a US-based alternative investment asset manager
- Kuvare is a boutique investment management firm focused on providing asset management services to the insurance industry
- **Strategic Rationale:** The investment adds up to \$20B in AUM for Blue Owl, provides growth capital to Kuvare's insurance clients, and supports the launch of Blue Owl Insurance solutions



February 16: Capital One acquired Discover for \$35B

- Capital One US-based financial institution that provides credit cards, and consumer and commercial banking services to US, Canadian, and UK markets
- Discover is a US-based provider of digital banking products and services and owns the smallest of the four major US-based global payment networks
- **Strategic Rationale:** The acquisition combines two major credit card issuers, providing scale and growth acceleration through shared resources, while providing Capital One with direct access to merchants through Discover's global payment network of 70 million merchants in 200 countries



DISCLAIMER

The principals of Evolve Capital Partners are registered representatives of BA Securities, LLC Member FINRA SIPC, located at Four Tower Bridge, 200 Barr Harbor Drive, Suite 400 W. Conshohocken, PA 19428. Evolve Capital Partners and BA securities, LLC are unaffiliated entities. All investment banking services are offered through BA Securities, LLC, Member FINRA SIPC. This presentation is for informational purposes only and does not constitute an offer, invitation or recommendation to buy, sell, subscribe for or issue any securities or a solicitation of any such offer or invitation and shall not form the basis of any contract with BA Securities, LLC.

The information in this presentation is based upon Evolve Capital Partners estimates and reflects prevailing conditions and our views as of this date, all of which are accordingly subject to change. In preparing this presentation, we have relied upon and assumed, without independent verification, the accuracy and completeness of information available from public sources. In addition, our analyses are not and do not purport to be appraisals of the assets, stock, or business of the Company or any other entity. Neither BA Securities, LLC nor Evolve Capital Partners makes any representations as to the actual value which may be received in connection with a transaction nor the legal, tax or accounting effects of consummating a transaction. BA Securities, LLC and Evolve Capital Partners do not render legal or tax advice, and the information contained in this communication should not be regarded as such.

The information in this presentation does not take into account the effects of a possible transaction or transactions involving an actual or potential change of control, which may have significant valuation and other effects.

If you are not the intended recipient or an authorized representative of the intended recipient, you are hereby notified that any review, dissemination or copying of this presentation is prohibited.

KEY SENIOR PROFESSIONALS

Alexander Koles

Founder and Managing Director
akoles@evolve-capital.com

Mr. Koles has two decades of financial advisory experience including advising middle-market and multinational firms on merger and acquisition strategies and execution, restructurings and capital raises. Prior to founding Evolve Capital Partners, he worked at a number of leading investment banks in leadership roles. He started his career at Merrill Lynch as an investment banker in the corporate finance group.

Jonathan Litinger

Vice President
jon@evolve-capital.com

Mr. Litinger has over 10 years of financial services experience. Jon helps lead relations with companies, funds and strategic groups. Prior to joining Evolve, Jon spent 9 years at Citigroup, most recently working in the Global Markets division covering both private companies and institutional investors. In this role, he sourced and connected senior leaders of emerging growth private companies to institutional investor clients, strategic partners and other industry thought leaders to assist with their capital needs and investor relation goals. Mr. Litinger received bachelor's degree from the University of Michigan.

CONTACT

Evolve Capital Partners
336 West 37th Street, Suite 1070
New York, NY 10018
T: (646) 688-2792
evolve-capital.com