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# WealthTech Valuations: Q2 2026

MAY 2026

Windsor Drake · Market Intelligence

## Valuation Stabilisation

Windsor Drake's working benchmark for the broad WealthTech market has settled into a **6–8x EV/Revenue** core, with a midpoint near 7x.

- The floor rests on recurring, AUM-linked revenue and improving margins, not a revival of 2021 momentum.
- Sector averages screen higher, pulled up by a thin tail of AI-native advice platforms.
- Quarter-to-quarter volatility has compressed sharply versus the 2022–24 repricing.
- Buyer and seller expectations have converged, unlocking transaction flow.

## Sector Fundamentals

WealthTech fundamentals have strengthened against legacy advice models.

- The RIA channel now rivals the wirehouses in total AUM (McKinsey).
- RIA and broker-dealer M&A moved roughly **\$1T** of purchased assets in 2024 (McKinsey).
- Direct-indexing assets are on track to exceed **\$800B** by end-2026 (WD analysis).
- AI co-pilots have reached production in mainstream advisor workflows (McKinsey).

## The Great Divergence

Headline averages mask a widening split across the WealthTech stack.

- **AI-native advice platforms** command 12x and above on revenue.
- **Standalone B2C robo-advisors** remain tethered to compressed 3.5x–6.0x multiples.
- The middle is hollowing as capital concentrates on infrastructure and advisor platforms.
- Recurring-revenue quality, not AUM size alone, now decides the multiple.

## Macroeconomic Backdrop

Monetary policy is a cautious tailwind, but AUM-linked revenue carries market beta.

- The Fed funds range holds at **3.50%–3.75%** after a third consecutive hold.
- The March dot plot signals one further 2026 cut, easing the cost of capital.
- Lower discount rates disproportionately lift long-duration WealthTech valuations.
- Because revenue is largely basis points on AUM, equity-market levels feed the multiple.

## Take-Privates Lead

The strongest WealthTech assets are leaving, or staying off, the public market.

- Bain Capital's **\$4.5B** take-private of Envestnet closed in November 2024.
- Sponsors favour scaled, profitable platforms with embedded advisor distribution.
- The WealthTech IPO window stayed narrow through 2025 and into 2026.
- Control premiums on take-privates have outpaced public-market re-ratings.

## The AI Premium

AI in advice delivery has become a measurable, primary valuation driver.

- Private **AI-native advice** platforms command roughly 15x revenue.
- Capability M&A in conversational portfolio agents and planning is accelerating.
- Incumbents are decisively buying, rather than building, the next-generation advice stack.
- Proven, governed AI now reads as core infrastructure, not an experiment.

## Strategic Consolidation

Scale has become the primary defence against fee compression.

- Q3 2025 recorded a **27%** jump in wealth management transactions, 75 versus 59 (PwC).
- Asset and wealth management deal activity rose about **15%** quarter on quarter (PwC).
- Asset managers and custodians are buying advisor technology and direct-indexing engines.
- Mid-tier platforms face a consolidate-or-be-consolidated choice.

## Private Capital Pressure

Record private capital is intensifying competition for quality assets.

- About **\$1.7T** of global PE dry powder is seeking deployment (PitchBook).
- Dry powder rose roughly **\$195.8B** across 2025 (PitchBook).
- Aging 2020–22 vintages are forcing a parallel wave of sponsor exits.
- Sponsors are concentrating capital in platform-scale WealthTech roll-ups.

## 1. Rule of 40 Achievement

Revenue Growth % plus EBITDA Margin % at or above 40% is the non-negotiable baseline for a premium WealthTech valuation, and the market is pricing it harder each quarter.

- Top-quartile performers command **50–100%** valuation premiums.
- Each 10-point gain in the score is worth close to an extra turn of revenue.

## 2. Recurring, Capital-Light Revenue

The market rewards recurring subscription and platform-fee revenue over transactional or balance-sheet-heavy advice models.

- Software and infrastructure trade **8–15x**; B2C robo and retail apps at **3–6x**.
- Shift the mix toward subscription and basis-point platform fees.

## 3. AI in Advice Delivery

AI is no longer optional; it is a primary driver of deal size, buyer interest and multiple expansion across WealthTech.

- AI-native advice platforms command roughly **15x** revenue in private rounds.
- Prove agentic planning workflows and measurable advisor productivity, not pilots.

## 4. AUM Beta Management

WealthTech revenue is largely basis points on assets under management, so equity-market levels feed directly into valuation.

- Disclose organic net new assets separately from market-driven AUM growth.
- Recurring subscription revenue dampens market beta and earns a premium.

## 5. Public-Market Discipline

Private marks are converging with public benchmarks, so pricing discipline is now required even for private firms.

- Windsor Drake's **6–8x** broad-market benchmark now anchors private rounds.
- Price the round against public WealthTech comparables, not 2021 marks.

## 6. Buyer-Readiness Discipline

With about \$1.7T of dry powder chasing quality, the prepared asset captures the competitive tension.

- Clean financials, documented APIs and a defensible data room.
- Map specific capability gaps for each of your top five acquirers.

# Founder FAQs: Valuations, Timing & Strategy

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The questions WealthTech founders ask most, answered against the Q2 2026 market.

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## Q1 Which valuation metric applies to my business?

Use **EV/Revenue** for high-growth advisor technology and SaaS, **EV/EBITDA** for mature, cash-generative platforms and RIA aggregators, and **AUM-based or Price-to-Book** measures for balance-sheet or advice-delivery models. Always reference the correct subsegment cohort, never a broad market average.

## Q3 Why is the Rule of 40 so critical?

It is the single best predictor of a premium multiple. Only an estimated **10–15%** of WealthTech firms clear it; each 10-point gain in the score is worth close to an additional turn of revenue, and the market is pricing the metric harder each quarter.

## Q5 How does AUM-linked revenue affect my valuation?

Much WealthTech revenue is basis points on assets under management, so it carries **equity-market beta**: a rising market lifts revenue without new client wins. Buyers discount that beta and pay a premium for recurring subscription revenue, which is less market-correlated and more predictable.

## Q7 Is the IPO window a viable alternative to M&A?

It has reopened but remains narrow for WealthTech. Take-privates and strategic sales dominate, as the Envestnet transaction showed. For most scaled WealthTech assets a strategic sale delivers a superior risk-adjusted outcome through control premiums and synergy value.

## Q2 What are the key subsegment ranges right now?

AI-native advice platforms lead at **12.0–16.5x**, with direct-indexing and custom-SMA engines at **9.5–13.5x** and advisor technology platforms at **8.0–12.0x**. Portfolio software trades **6.0–9.0x**, while B2C robo-advisors and retail investing apps have compressed to **3–6x**.

## Q4 How do public and private valuations compare?

The historical private premium has all but inverted. The broad market clusters near Windsor Drake's **6–8x** benchmark; quality private names trade above it, and AI-native advice platforms higher still. Public comparables now cap late-stage private round pricing.

## Q6 Who are the most active buyers today?

**Asset managers and custodians** acquiring advice and direct-indexing capability, **PE platforms** running RIA and advisor-technology roll-ups with about \$1.7T of dry powder, and **wirehouses** defending assets against the generational wealth transfer.

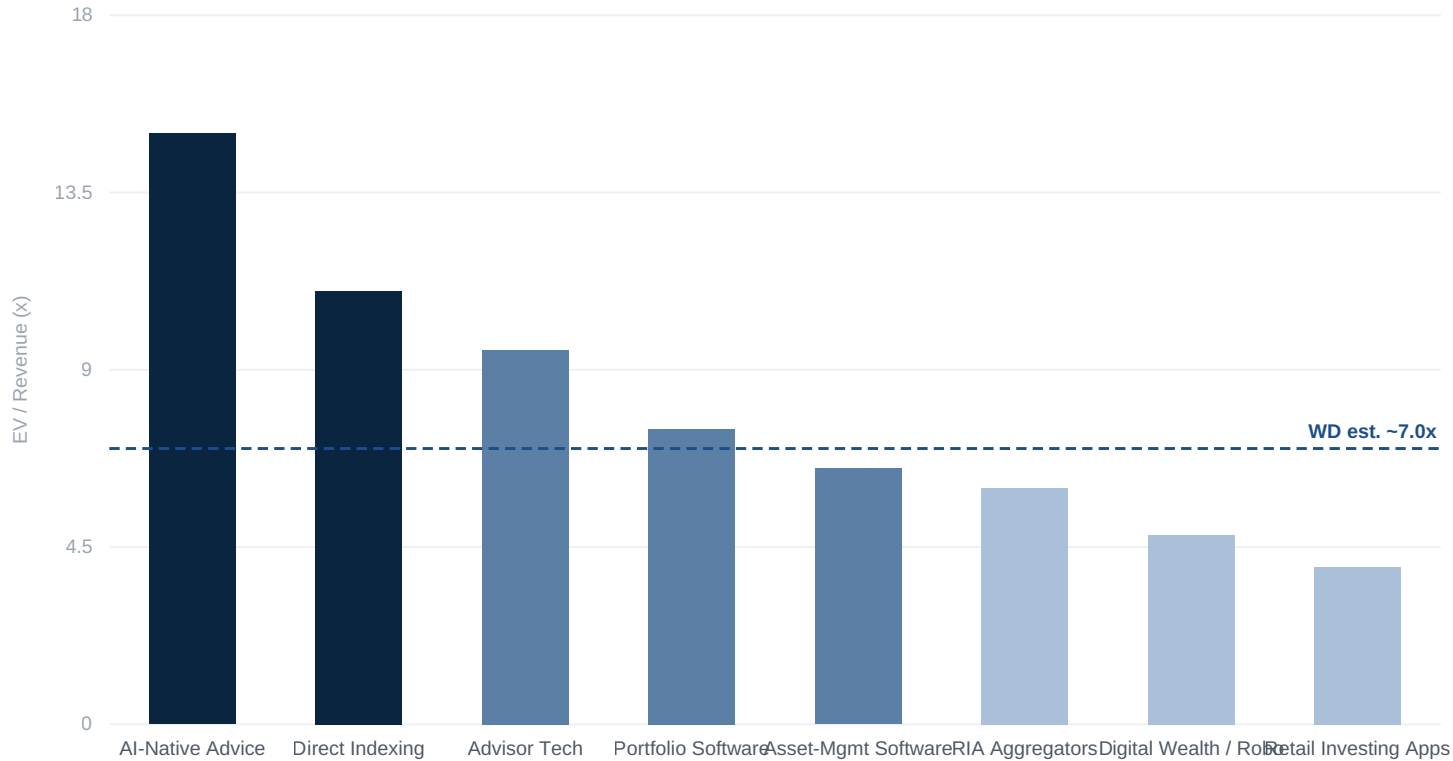
## Q8 How do we maximise our multiple, and expect earn-outs?

Clear the **Rule of 40**, sustain **NRR above 115%**, lift the recurring-revenue mix, and de-risk compliance ahead of diligence. Expect **earn-outs** to bridge valuation gaps on AI-led or early-traction assets; they are now standard structure, paid over 12–24 months.

# Q2 2026 Valuation Landscape Overview

Premium multiples cluster in AI-native advice and direct indexing; consumer-facing models stay compressed.

Median EV / Revenue Multiple by WealthTech Subsegment (x)



**Deep bifurcation:** the gap between AI-native advice platforms (12x and above) and consumer-facing robo and retail apps (under 6x) is the defining feature of the market, driven by revenue quality and the cost to serve.

## BROAD-MARKET BENCHMARK

**~7.0x**

Windsor Drake's working EV/Revenue benchmark for the broad WealthTech cohort, a 6–8x core.

## AI-NATIVE ADVICE PREMIUM

**~15x**

Private AI-native advice platforms command mid-teens revenue multiples.

## RIA / WIREHOUSE AUM SHIFT

**Structural**

The RIA channel now rivals the wirehouses in total AUM, redirecting buyer demand.

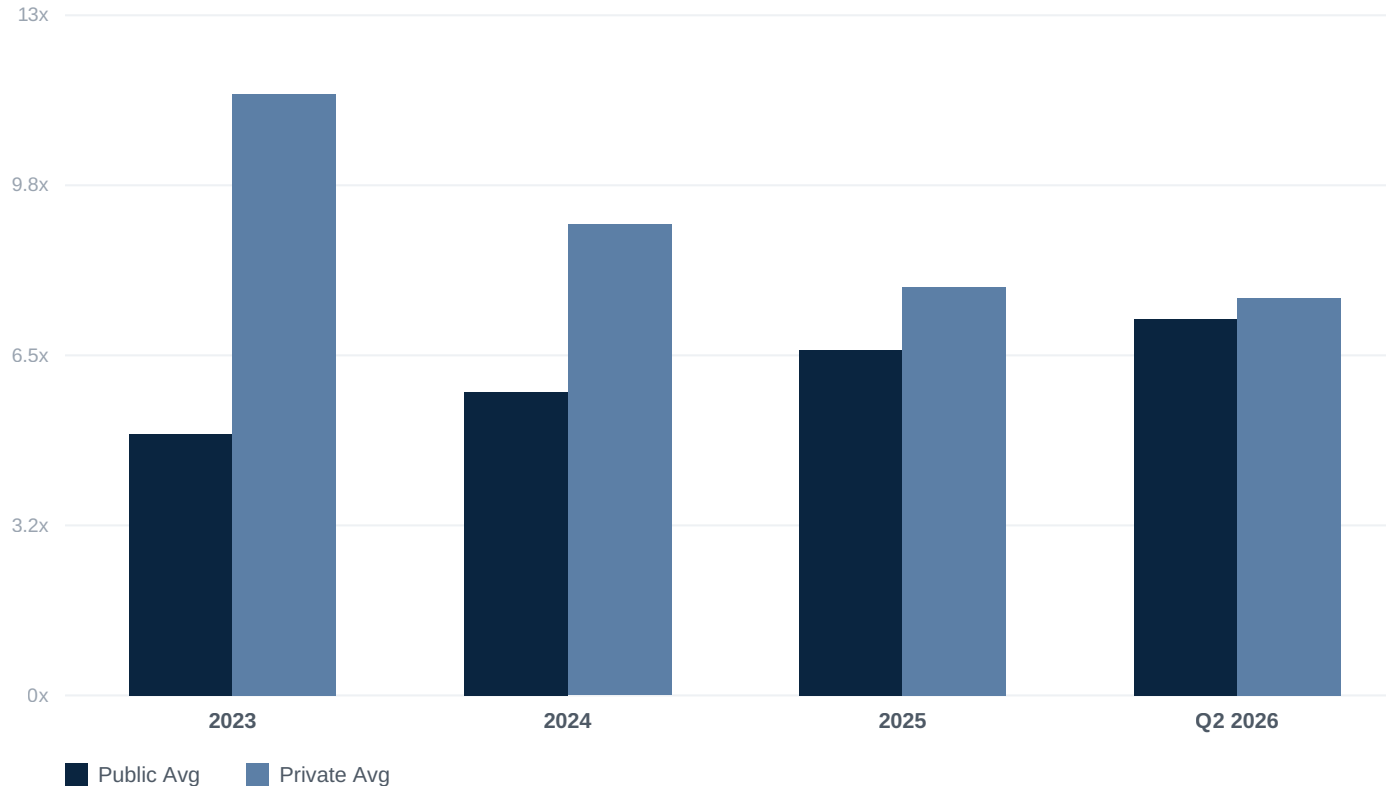
## Key Driver

Disciplined re-rating has replaced speculative growth: acquirers reward recurring revenue, advice automation and scale, not AUM headline alone.

# Public vs Private Market Convergence

The historical private premium has compressed to under 1x as public markets recover and private marks reset.

Average EV / Revenue Multiple, Public vs Private (x)



## PUBLIC / PRIVATE SPREAD

**~0.4x**

Down from about 6.5x in 2023, a near-complete convergence of the two markets.

## DOWN-ROUND PRESSURE

**Persistent**

Older private WealthTech names without an AI position are seeing flat or reset marks.

## PUBLIC BENCHMARK ANCHOR

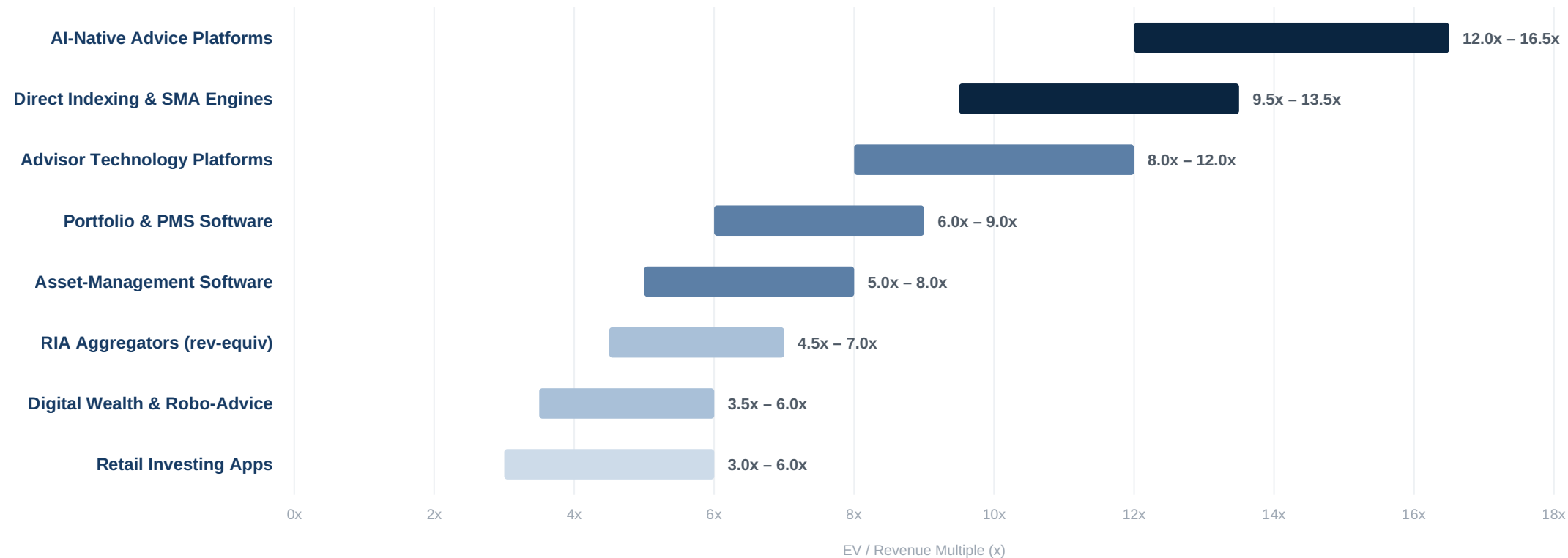
**~7.0x**

Public comparables now cap late-stage private round pricing for non-AI assets.

**Rapid convergence:** the public-to-private spread has narrowed from about 6.5x in 2023 to roughly 0.4x, driven by public-market recovery and continued private-market capitulation as 2021-vintage WealthTech marks reset.

# Exit Valuation Multiples by Subsegment

A sharp bifurcation persists between AI-native advice infrastructure (12–16.5x) and consumer-facing apps (3–6x).

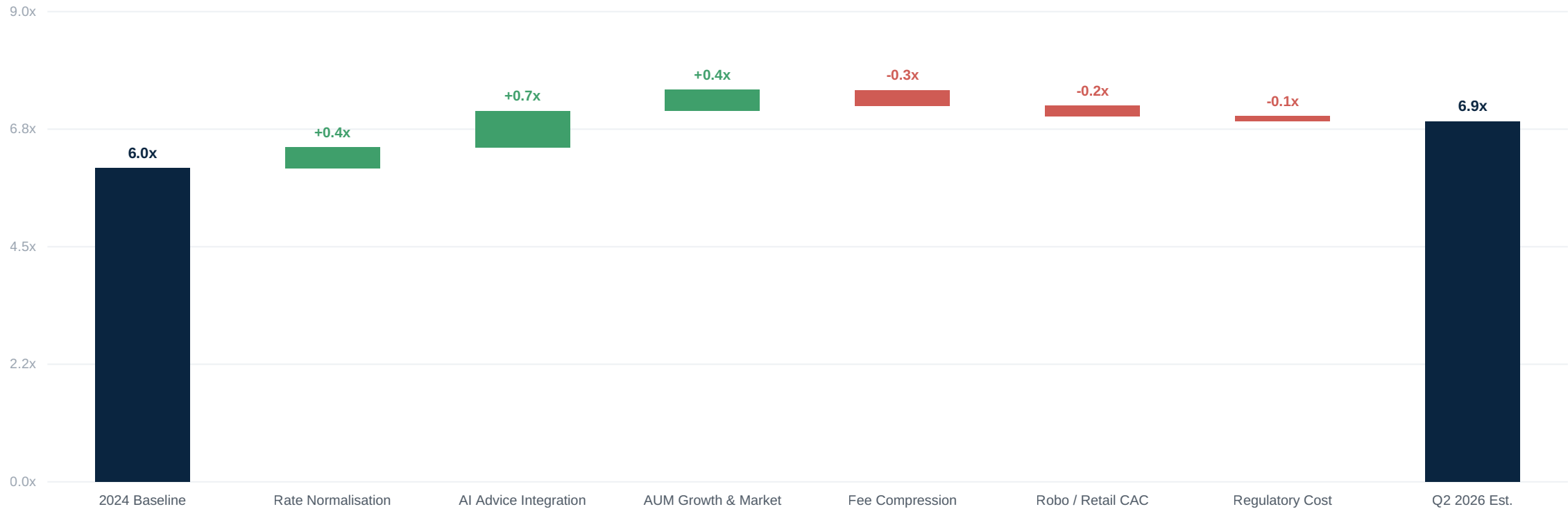


## KEY OBSERVATION

The market is paying for recurring-revenue quality and advice automation, not AUM volume. The multiple gap between advisor infrastructure and consumer-facing apps reflects the shift from gathering assets to owning the advice workflow.

# Valuation Multiple Drivers: Expansion vs. Compression

Net expansion to roughly 6.9x is driven by AI advice integration and market tailwinds, partly offset by fee compression and consumer CAC pressure.



## NET EXPANSION OF +0.9X

Rate stabilisation and the efficiency dividend of AI in advice outweigh a combined 0.6x drag from fee compression and consumer-acquisition cost. The bridge reflects Windsor Drake analysis of the cited institutional data.

# Capital Markets: Liquidity Routes for WealthTech

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Take-privates and strategic sales, not listings, set the marks for scaled WealthTech assets.

## Take-Privates Lead

The defining WealthTech liquidity event of the cycle was a sponsor take-private.

- Bain Capital acquired **Investnet** for roughly **\$4.5B**, closing November 2024.
- Reverence Capital co-invested; BlackRock, Fidelity, Franklin Templeton and State Street took minority stakes.
- The deal confirmed scaled advisor platforms are priced as critical infrastructure.
- Sponsors favour profitable platforms with embedded advisor distribution.

## Private Funding Resilient

Primary capital remains available for AI-led WealthTech, even with the IPO window narrow.

- AI-native estate and planning platform **Wealth.com** raised a **\$65M** Series B.
- Investors are funding advice automation and advisor-productivity tools.
- Strong private names are setting marks through rounds rather than listings.
- Capital concentrates on platforms with a credible AI position.

## Carve-Outs & Divestitures

Incumbents are sharpening focus by selling non-core WealthTech and data assets.

- Morningstar agreed to sell **ByAllAccounts**, with closing expected in the first half of 2026.
- It marks a second major data-aggregation exit inside twelve months.
- Carve-outs supply clean, scaled assets to strategic and PE buyers.
- Portfolio focus has become a recurring rationale across the sector.

## Public Comps as Anchor

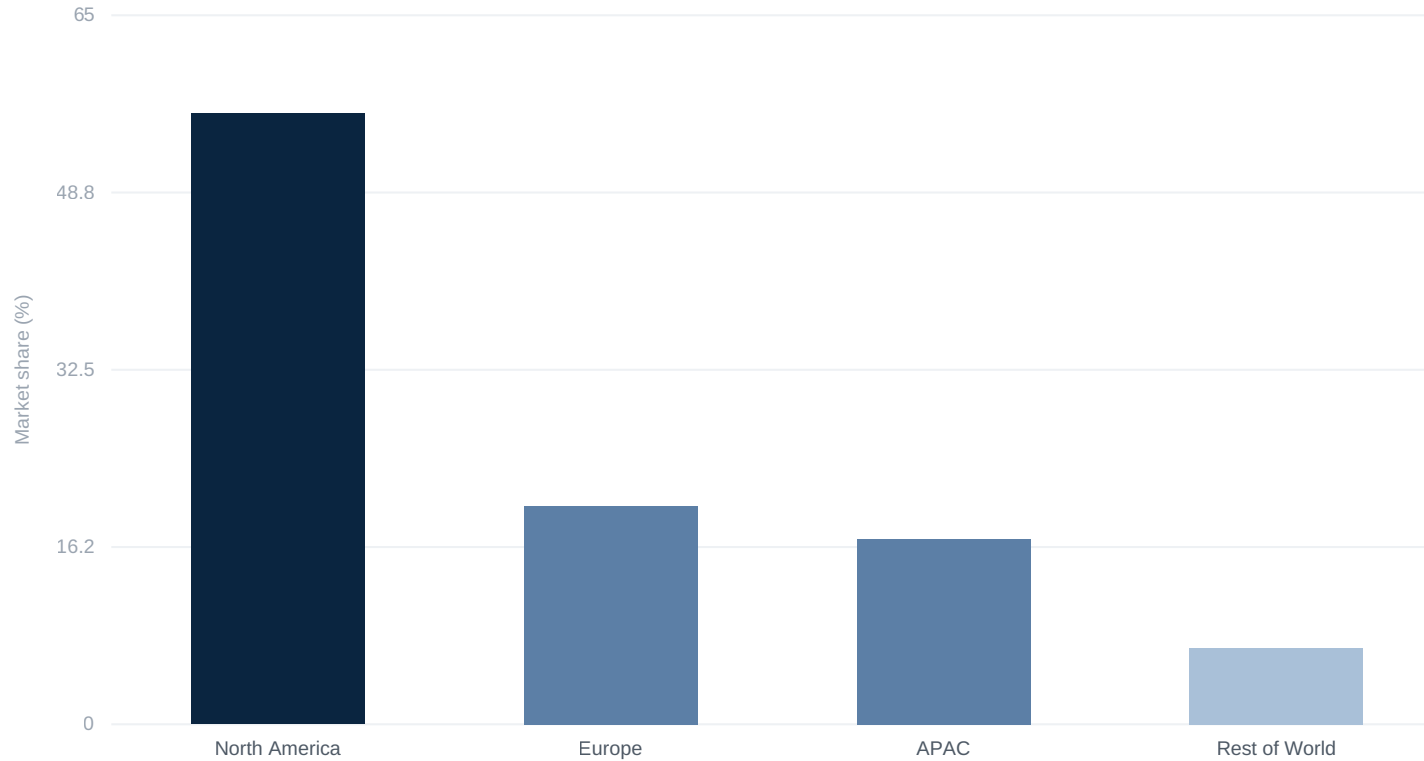
Listed WealthTech and retail-investing names now anchor private pricing.

- Public WealthTech platforms cluster near the **6–8x** broad-market benchmark.
- Retail-investing apps such as Robinhood trade on transaction and market beta.
- The 2025 IPO class stayed thin, keeping listings a selective route.
- Public marks cap late-stage private rounds for non-AI assets.

# Geographic Valuation Variations

North America commands a structural premium on the depth of its RIA ecosystem and capital markets.

Share of Global WealthTech Market by Region (%)



## NORTH AMERICA

### Premium

About 56% of the global WealthTech market, with the deepest RIA channel and exit liquidity.

## EUROPE

### Discount

About 20% share; regulatory moats offer value, but market fragmentation persists.

## APAC

### Growth

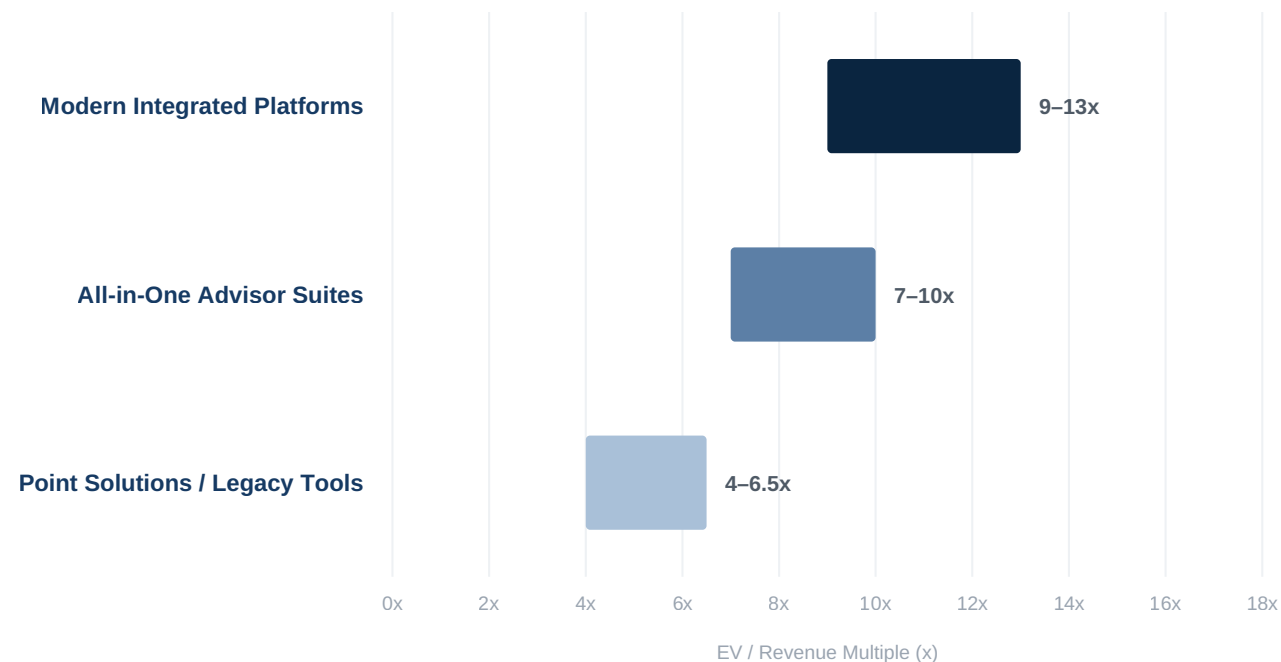
About 17% share and the fastest-growing region, led by mobile-first retail investing.

**Valuation gap:** North America commands the premium, with the deepest pool of RIAs, custodians and exit liquidity. Europe trades at a fragmentation discount, while APAC offers the fastest growth through mobile-first investing.

# Advisor Technology & Platforms

Modern, integrated advisor platforms command the premium as point tools and legacy suites compress.

EV / Revenue Multiple Range (x)



## Valuation Drivers

### Workflow Ownership

Platforms that own the advisor's daily workflow, from planning to rebalancing to reporting, create high switching costs and justify software-plus multiples.

### Consolidated Stacks

RIA aggregators standardise acquired practices on a single technology stack within roughly six months, rewarding platforms that can serve a whole enterprise.

### AI Co-Pilot Integration

Advisor platforms embedding production AI co-pilots for meeting prep, notes and compliance lift advisor capacity and command a clear valuation premium.

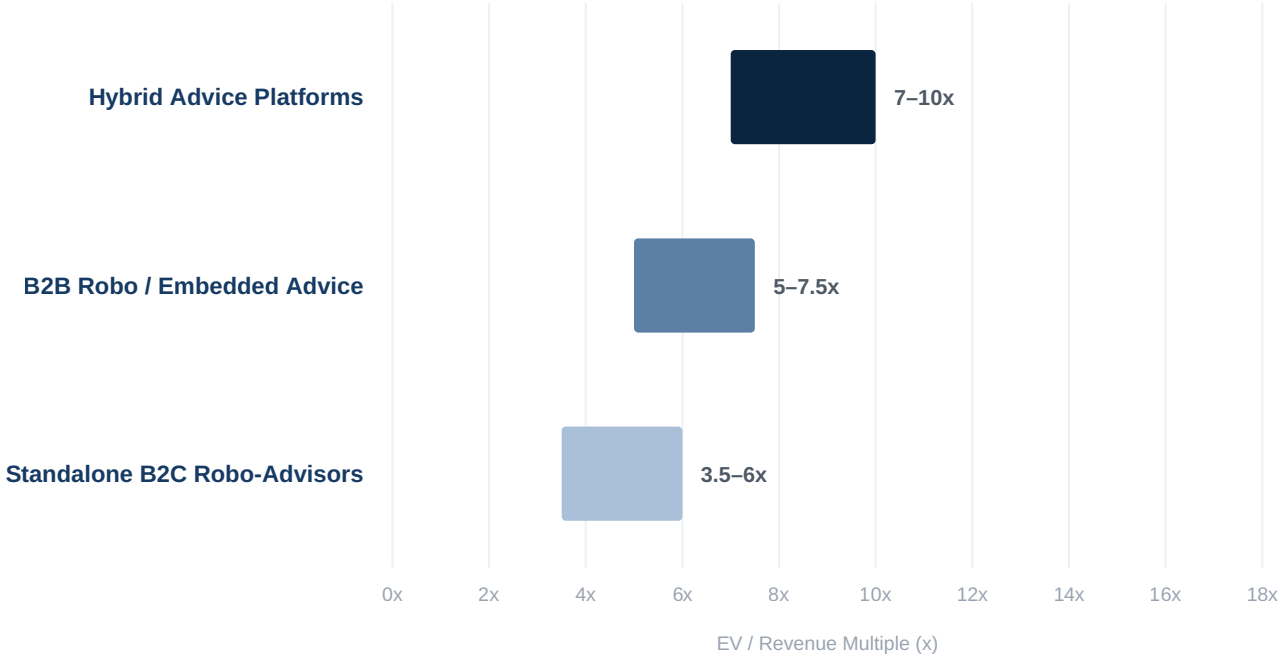
## KEY OBSERVATION

The advisor technology layer is being priced as the operating system of the wealth enterprise, with integration depth, not feature count, setting the multiple.

# Digital Wealth & Robo-Advice

Hybrid advice and B2B enablement outvalue standalone B2C robo-advisors weighed down by acquisition cost.

EV / Revenue Multiple Range (x)



## Valuation Drivers

### Hybrid Advice Premium

Platforms pairing digital tooling with human advisors retain assets better than pure robo models and earn a premium for stickier, advice-led relationships.

### B2C Acquisition Cost

Standalone consumer robo-advisors face high customer-acquisition cost and thin basis-point fees, capping multiples despite recognisable brands.

### B2B Enablement Demand

Banks and asset managers are buying B2B robo and embedded-advice infrastructure to modernise distribution rather than build advice tooling in-house.

### KEY OBSERVATION

The market has decisively re-rated digital advice toward B2B enablement, where revenue is contracted and durable, and away from consumer acquisition races.

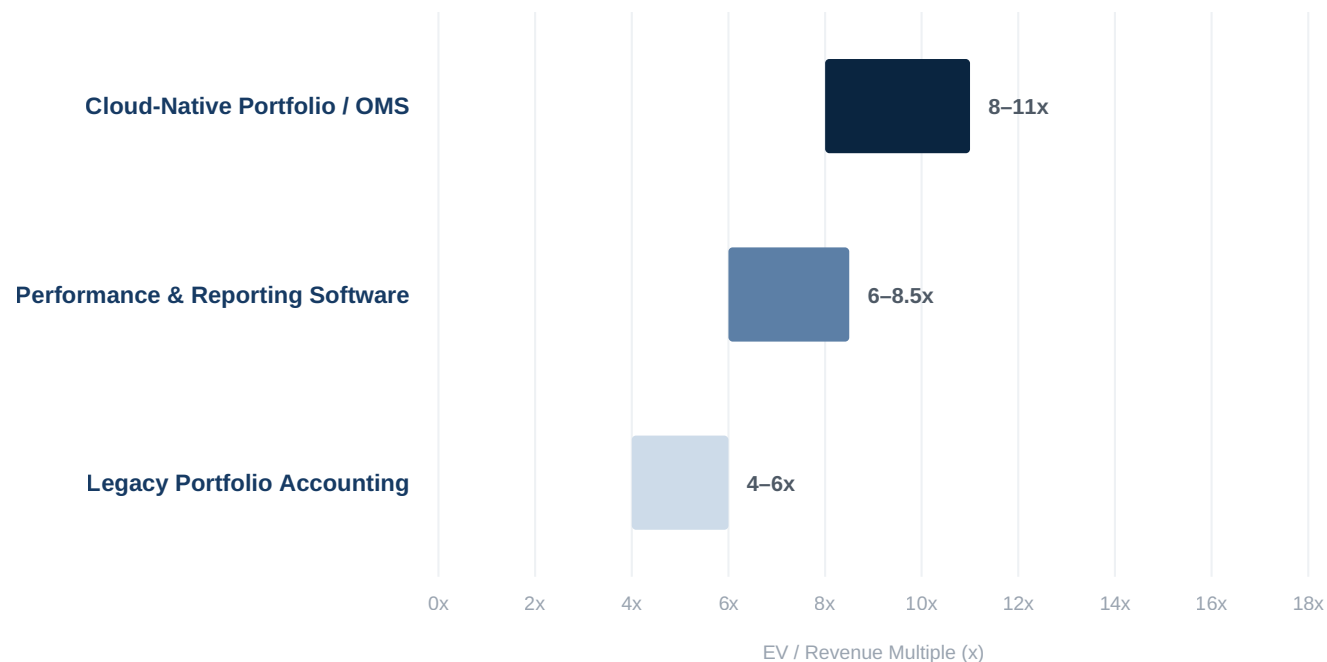
Sources: PitchBook; CB Insights; S&P Global Market Intelligence; Windsor Drake analysis. See appendix.

# Portfolio & Asset-Management Software

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Cloud-native portfolio and order-management software outvalues legacy accounting platforms.

EV / Revenue Multiple Range (x)



## Valuation Drivers

### Mission-Critical Stickiness

Portfolio accounting and order-management systems sit at the centre of the investment workflow, producing very low churn and dependable recurring revenue.

### Cloud Migration Premium

Cloud-native platforms displacing on-premise incumbents capture migration budgets and trade well above legacy accounting software on growth and margin.

### Data & Reporting Demand

Buyers pay up for performance, attribution and client-reporting engines that integrate cleanly with custodians and advisor platforms.

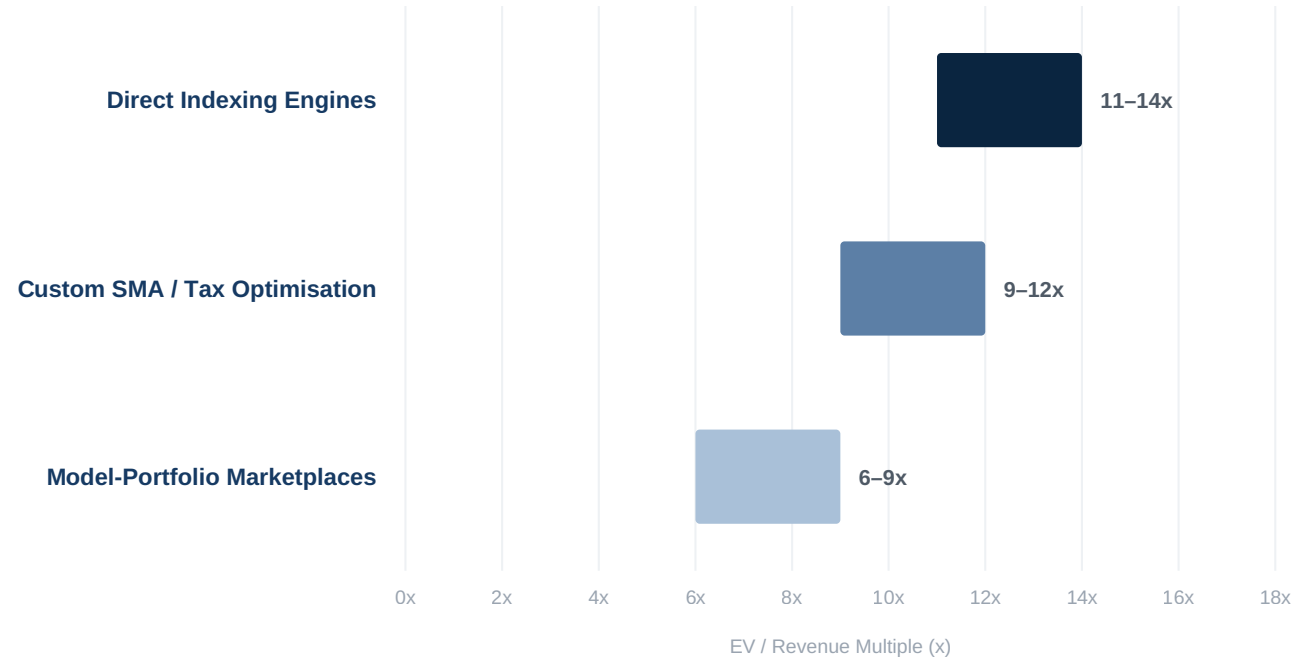
## VALUATION IMPACT

The spread between cloud-native and legacy platforms reflects the market's willingness to pay for modern architecture and clean integration, not installed base alone.

# Direct Indexing & Custom-SMA Engines

Direct-indexing and tax-optimisation engines command infrastructure multiples on a fast-growing asset base.

EV / Revenue Multiple Range (x)



## Valuation Drivers

### Structural Asset Growth

Direct-indexing assets are on track to exceed \$800B by end-2026, growing faster than ETFs and mutual funds and lifting platform revenue with the asset base.

### Tax Alpha as a Moat

Automated tax-loss harvesting and personalisation deliver measurable after-tax value, creating a durable advantage that incumbents prefer to buy.

### Incumbent Acquisition

Asset managers and custodians have repeatedly acquired direct-indexing engines, treating the capability as essential rather than optional.

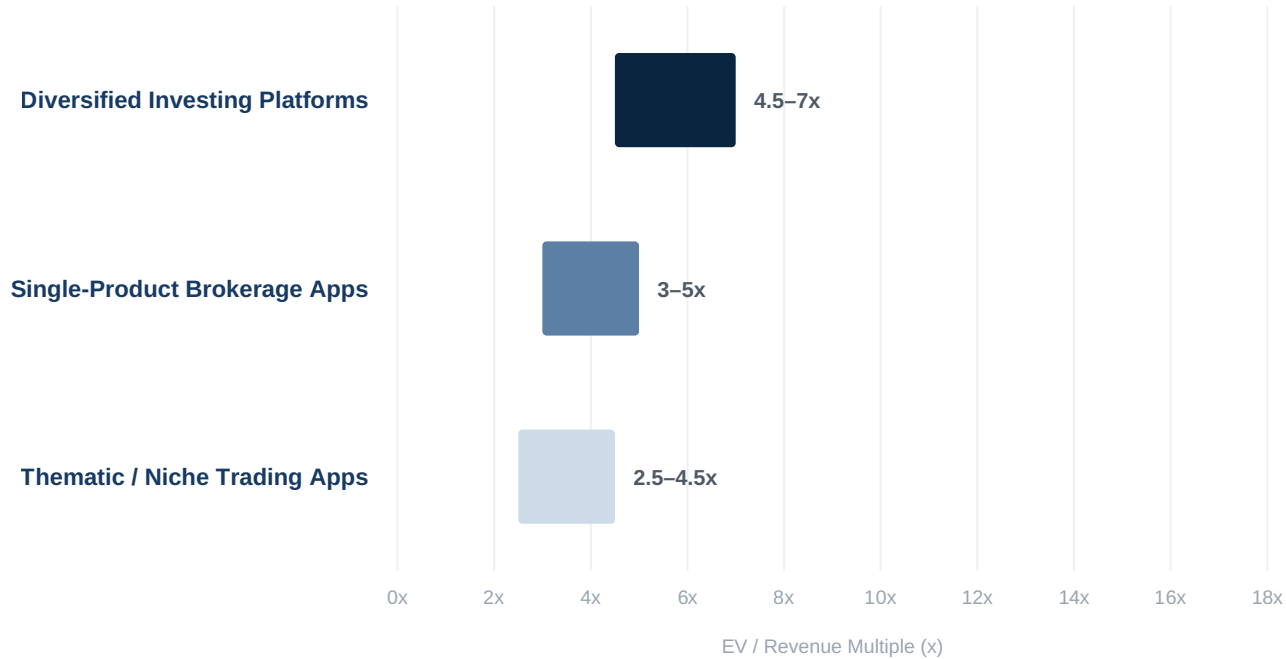
## KEY OBSERVATION

Direct indexing screens as the highest-conviction WealthTech infrastructure: a scalable engine on a structurally growing pool of personalised assets.

# Retail Investing Apps

Consumer brokerage apps trade on transaction economics and market beta, capping multiples below advisor infrastructure.

EV / Revenue Multiple Range (x)



## Valuation Drivers

### Revenue Mix Quality

Platforms diversifying beyond transaction revenue into subscriptions, cash management and advice earn higher multiples than single-product trading apps.

### Market Beta Exposure

Retail engagement and revenue rise and fall with market sentiment, so buyers discount cyclical and reward demonstrated through-cycle retention.

### Monetisation Breadth

Cross-selling cash, lending and managed portfolios lifts revenue per user and is the clearest path for a retail app to re-rate upward.

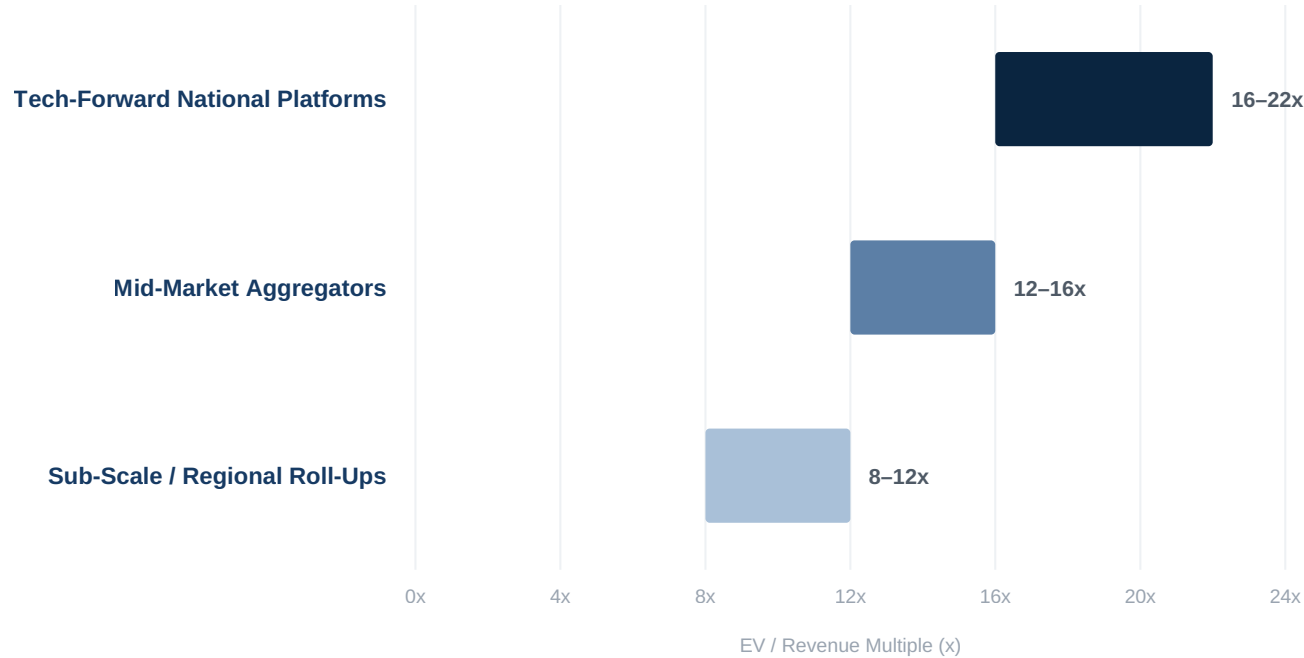
## VALUATION DRIVER

Retail investing apps re-rate by converting transactional users into recurring, advice-led relationships that reduce market-beta exposure.

# RIA Aggregators & Wealth Platforms

RIA aggregators are valued on EBITDA; tech-forward national platforms command the ceiling.

EV / EBITDA Multiple Range (x)



## Valuation Drivers

### Scale and Organic Growth

National platforms combining acquisition scale with organic net new assets command the highest EBITDA multiples, as buyers underwrite durable compounding.

### Technology Differentiation

Aggregators with a proprietary, integrated technology stack convert acquired practices faster and defend margin, separating them from pure roll-ups.

### PE Roll-Up Competition

Private equity competition for advisor platforms remains intense, supporting entry multiples even as financing costs stay elevated.

## KEY OBSERVATION

RIA aggregators trade on EBITDA rather than revenue; the premium accrues to platforms that pair acquisition scale with genuine technology and organic growth.

# Comparable Transaction Analysis Framework

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A rigorous quality-of-revenue filter rather than broad industry codes.

## 1. Select Peer Set

Identify genuinely comparable assets by fundamental business characteristics: model (SaaS versus AUM-fee versus transactional), revenue quality and growth profile, never by broad sector labels alone.

## 2. Normalise Metrics

Adjust KPIs to a pro-forma basis: separate organic net new assets from market-driven AUM growth, standardise profitability, and reconcile net versus gross retention for a true comparison.

## 3. Adjust for Structure

Account for deal-specific terms (earn-outs, stock-versus-cash mix and control premiums) that pull headline valuation away from underlying economic value.

60+

TRACKED TRANSACTIONS

2020–26

EXIT INDEX COVERAGE

### Proprietary Transaction Index

Calibration draws on Windsor Drake's proprietary index of **60-plus verified and reported fintech and WealthTech transactions (2020–2026)**, a living comparable-set database refreshed each quarter.

### Quality-of-Revenue Filter

Peer selection prioritises recurring subscription and platform-fee revenue over transactional flow, gross-margin profile, and AUM-beta exposure.

### Rule of 40 Premium Adjustment

A specific premium layer is applied for top-decile efficiency performers; offsetting discounts are applied for heavy earn-out components.

### Control Premium Calibration

Indications include a control-premium layer, typically **20–30%**, where cost and revenue synergies can be concretely underwritten.

# Strategic Acquirer Mapping by Subsegment

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Asset managers seek advice capability; PE targets cash flow; custodians and platforms prioritise ecosystem control.

Subsegment	Asset Mgrs & Custodians	Private Equity	Wirehouses & Banks
<b>Advisor Tech</b>	<b>HIGH</b> Owning advisor distribution and the integrated platform layer.	<b>HIGH</b> Buy-and-build of platforms with recurring, contracted revenue.	<b>MODERATE</b> Modernising in-house advisor tooling and retention.
<b>Digital Wealth / Robo</b>	<b>MODERATE</b> B2B enablement to modernise digital distribution.	<b>MODERATE</b> Selective bets on hybrid models with proven retention.	<b>HIGH</b> Defending mass-affluent clients with digital advice.
<b>Portfolio Software</b>	<b>HIGH</b> Core investment-workflow systems and data integration.	<b>HIGH</b> Sticky, low-churn software with strong free cash flow.	<b>LOW</b> Bought through platforms rather than directly.
<b>Direct Indexing &amp; SMA</b>	<b>HIGH</b> Essential capability; repeatedly acquired by managers.	<b>MODERATE</b> Platform plays on a fast-growing asset base.	<b>MODERATE</b> Tax-optimised personalisation for HNW clients.
<b>Retail Investing Apps</b>	<b>LOW</b> Limited fit outside distribution partnerships.	<b>MODERATE</b> Consolidation of sub-scale consumer platforms.	<b>MODERATE</b> Acquiring younger-investor reach and brand.
<b>RIA Aggregators</b>	<b>MODERATE</b> Custodial and product relationships, rarely control.	<b>HIGH</b> The core PE buy-and-build and roll-up target.	<b>LOW</b> Competitive rather than acquisitive posture.

High Activity / Priority Target

Moderate / Opportunistic

Low Activity / Niche Only

# Asset Managers & Custodians as Buyers

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Incumbents are acquiring advice technology to defend assets against the generational wealth transfer.

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## Strategic Motives: Buy vs. Build

The internal build cycle for AI-led advice and direct-indexing infrastructure is too slow to counter the wealth transfer to digital-native heirs. That gap is compelling asset managers and custodians to acquire modern platforms outright.

## Acquisition Patterns

The clear preference is for capability deals in advisor technology and direct indexing, often preceded by a distribution partnership or minority stake that de-risks the technology before a full buyout.

**Capability**

OVER SCALE, ON ADVICE

**\$1T**

RIA / BD ASSETS MOVED, 2024

## Direct-Indexing Capability

Direct-indexing and custom-SMA engines have been acquired repeatedly by managers that treat tax-optimised personalisation as core, not optional.

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## Advisor Distribution

Owning the advisor platform secures distribution for proprietary products and protects fee revenue against open-architecture competition.

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## AI Advice Infrastructure

Production AI co-pilots and planning engines are valued as a deflationary lever that lifts advisor capacity across the existing book.

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## Data & Aggregation

Account-aggregation and data assets remain in demand, even as incumbents carve out non-core data businesses to sharpen focus.

# Private Equity Acquisition Patterns

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Record dry powder is creating intense deployment pressure on efficient, cash-generative WealthTech.

## Deployment Pressure

With roughly \$1.7T of global dry powder to deploy, sponsors face acute pressure to transact. Dry powder rose about \$195.8B across 2025, and capital is concentrating in larger, platform-scale WealthTech acquisitions.

## Public-to-Private Thesis

Public WealthTech trading below intrinsic value remains a prime target; Bain Capital's \$4.5B take-private of Envestnet is the reference transaction for the cycle.

~\$1.7T

GLOBAL DRY POWDER

\$4.5B

ENVESTNET TAKE-PRIVATE

## Ideal Target Profile

Sponsors prioritise **Rule of 40** adherence, a recurring-revenue mix above 80%, and low churn, the profile that supports leverage capacity.

## Value-Creation Playbook

Pricing optimisation, a mix-shift toward recurring software and platform fees, and buy-and-build consolidation of fragmented advisor platforms.

## Aging-Portfolio Catalyst

Aging 2020–22 vintages are forcing a wave of secondary buyouts and strategic exits as sponsors return capital to limited partners.

## Deal Structure Trends

A resurgence of all-cash transactions for deal certainty, with earn-outs bridging gaps on unproven AI advice capability.

# Competitive Moats Driving Premium Valuations

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Valuations above 10x revenue are reserved for WealthTech that can demonstrate structural defensibility.

## Workflow Lock-In

ASSET VALUE: HIGH

### Owning the advisor's daily system of record

- Platforms embedded in planning, trading and reporting are very hard to displace.
- Switching costs compound as more of the practice runs on the platform.
- Drives durable, low-churn recurring revenue.
- **Action:** deepen integration across the full advisor workflow.

## AI-Native Advice

SCALE VALUE: HIGHEST

### Advice capacity decoupled from headcount

- Production AI co-pilots lift advisor capacity and cut the cost to serve.
- Demonstrates non-linear margin expansion as the business scales.
- Directly lifts the Rule of 40 score that gates premium multiples.
- **Action:** prove agentic planning workflows with measurable productivity gains.

## Tax & Data Engines

BARRIER VALUE: MED-HIGH

### Direct indexing and proprietary data

- Automated tax optimisation delivers measurable, defensible after-tax value.
- Proprietary advice and portfolio data improve every downstream model.
- Capability incumbents consistently prefer to buy rather than build.
- **Action:** quantify after-tax alpha and protect first-party data.

## Distribution Scale

GROWTH VALUE: HIGH

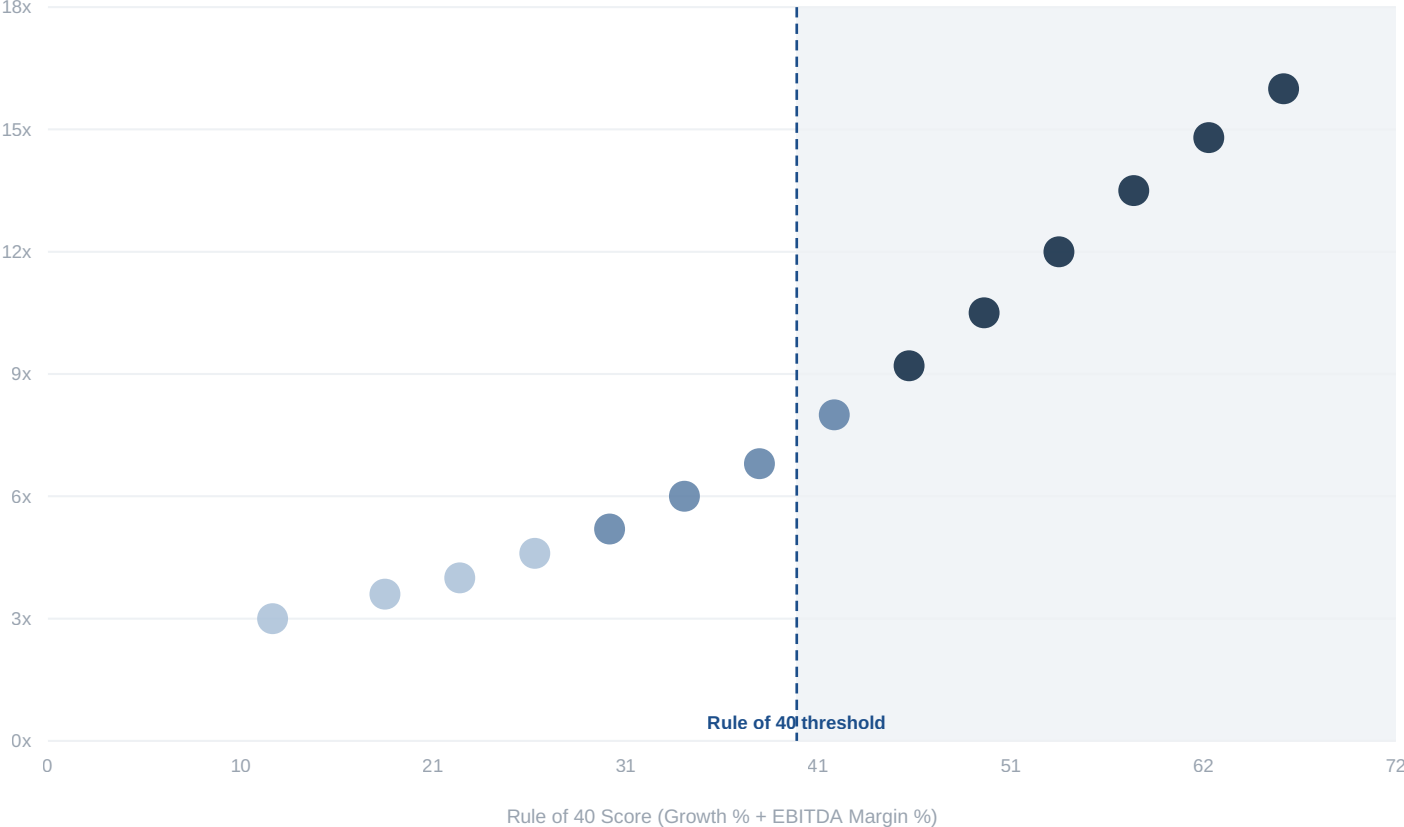
### Embedded advisor and enterprise reach

- A large advisor base lowers customer-acquisition cost for new modules.
- Enterprise relationships create multi-year, contracted revenue.
- Each new advisor expands the surface for cross-sell.
- **Action:** convert single-product accounts into full-platform relationships.

# Rule of 40 Performance Distribution

Clearing the Rule of 40 unlocks a 50 to 100% valuation premium; sub-scale performers face deep discounts.

EV / Revenue Multiple vs Rule of 40 Score



TOP QUARTILE ( SCORE >50 )

**10x+**

Scaled, efficient platforms; the primary targets for premium strategic M&A.

RULE OF 40 MET ( 40 TO 50 )

**8-10x**

A healthy growth and profit balance; credible strategic-sale candidates.

BELOW THRESHOLD ( <40 )

**3-7x**

Transition and value-trap zones; vulnerable to consolidation.

Only an estimated 10 to 15% of WealthTech firms currently clear the Rule of 40, but it remains the single best predictor of a premium multiple, and the market is pricing the metric more aggressively each quarter.

Sources: McKinsey & Company; Bain & Company; Windsor Drake analysis. See appendix.

# Cross-Border M&A Considerations

Jurisdictional divergence is the primary deal risk, and the primary arbitrage, in 2026.

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## Regulatory Regimes

Fiduciary and advice standards diverge sharply by jurisdiction, and oversight of data, custody and AI-led advice differs between the US, the EU and the UK. That divergence complicates platform integration and lengthens approval timelines.

## Currency & WACC Impact

US acquirers are leveraging a strong dollar and premium domestic multiples to buy discounted European WealthTech; managing divergent regional rate environments is central to any debt-financed deal.

**12–18mo**

CROSS-BORDER CYCLE

**+30–50%**

LONGER CLEARANCE

## Extended Timelines

Regulatory clearance for cross-border WealthTech deals can run 30 to 50% longer than domestic transactions; ensure runway to withstand delay without losing leverage.

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## Milestone-Tied Earn-Outs

Regulatory earn-outs unlock tranches of consideration on specific license transfers or data-sovereignty approvals, rather than on revenue alone.

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## Tax & Structure Efficiency

Establish efficient holding structures early; optimise repatriation and IP transfer pricing well before LOI discussions begin.

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## Local Advice Standards

Retain local management and compliance leadership to navigate fiduciary rules and post-close regulatory nuance in each market.

# Exit Valuation Optimisation Strategies

WINDSOR DRAKE

Four levers that systematically de-risk the asset while amplifying its scarcity value.

## 1. Revenue Mix & Pricing

6 TO 12 MONTHS PRE-EXIT

Shift toward recurring, contracted revenue

- Move from transactional and AUM-only fees to **subscription** tiers.
- Introduce platform and seat-based pricing for advisor enterprises.
- Target a higher recurring mix to dampen market-beta exposure.
- Evidence pricing power with clean, auditable cohort data.

## 2. Revenue Quality

PREDICTABILITY

Engineer resilience into the revenue model

- Increase the recurring revenue mix to **80%+** of total.
- Sustain Net Revenue Retention **above 115%** via cross-sell.
- Separate organic net new assets from market-driven AUM growth.
- Lengthen enterprise contract duration to extend visibility.

## 3. Rule of 40 Efficiency

PREMIUM TIER

Prove scalable profitability

- Reallocate operating expense from low-ROI channels into R&D.
- Deploy AI in advice to decouple capacity from headcount.
- Achieve **above 40%** on growth plus EBITDA margin.
- Track the score monthly with board-level visibility.

## 4. Strategic Narrative

COMPETITIVE TENSION

Frame the asset as a platform enabler

- Position as advice infrastructure, not a point tool.
- Present quantified synergy cases covering revenue and cost.
- Map specific capability gaps for the top five acquirers.
- Run a structured process to manufacture competitive tension.

# Positioning for Strategic Acquisition

WINDSOR DRAKE

Strategic value is driven by capability fit, integration ease and synergy density.

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## Capability Fit

Demonstrate unique advice IP, proprietary data or AI assets that fill a specific, declared buyer gap, making the buy-versus-build decision self-evident for the acquirer.

## Integration Ease

Acquirers pay clear premiums for plug-and-play assets. Minimise critical dependencies, document APIs and custodial integrations thoroughly, and present clean, audited financials.

## Synergy Density

Quantify the revenue lift from cross-selling into the acquirer's advisor base, and model the cost synergies from a shared platform, to support a higher multiple.

## Strategic Buyer Mapping

Run a structured gap analysis of potential acquirers and map your capabilities directly to each buyer's declared strategic deficits.

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## Proof-of-Integration

Develop technical materials that demonstrate speed-to-value within the acquirer's advisor ecosystem, pre-empting the technical diligence phase.

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## Synergy Quantification

Explicitly model top-line and bottom-line impact in the management presentation to anchor the valuation conversation on hard numbers.

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## Comprehensive VDR Readiness

Build a defensive data room addressing regulatory, IP and client-concentration risk before the first buyer engagement.

# Timing the Exit: 12-18 Month Roadmap

WINDSOR DRAKE

A full process runs 12 to 18 months end to end. Founders who prepare in the current cycle meet the market while today's alignment of buyer demand, capital availability and stable pricing still holds.



## Readiness & Hygiene

Q3 2026

- Audit completion to PCAOB standard
- AI governance and data-rights review
- Recurring-revenue and retention optimisation
- Clean up the cap table and option pool

KEY MILESTONE

**Clean IP and open-source scan**



## Strategic Positioning

Q4 2026

- Launch dual-track process preparation
- Build the strategic buyer-targeting list
- Draft the CIM and management presentation
- Lock key-employee retention packages

KEY MILESTONE

**Retention packages locked**



## Market Engagement

Q1 2027

- Fireside chats with priority strategics
- Solicit initial indications of interest
- Deliver management presentations
- Open the virtual data room

KEY MILESTONE

**Competitive bid tension**



## Execution & Closing

Q2 2027

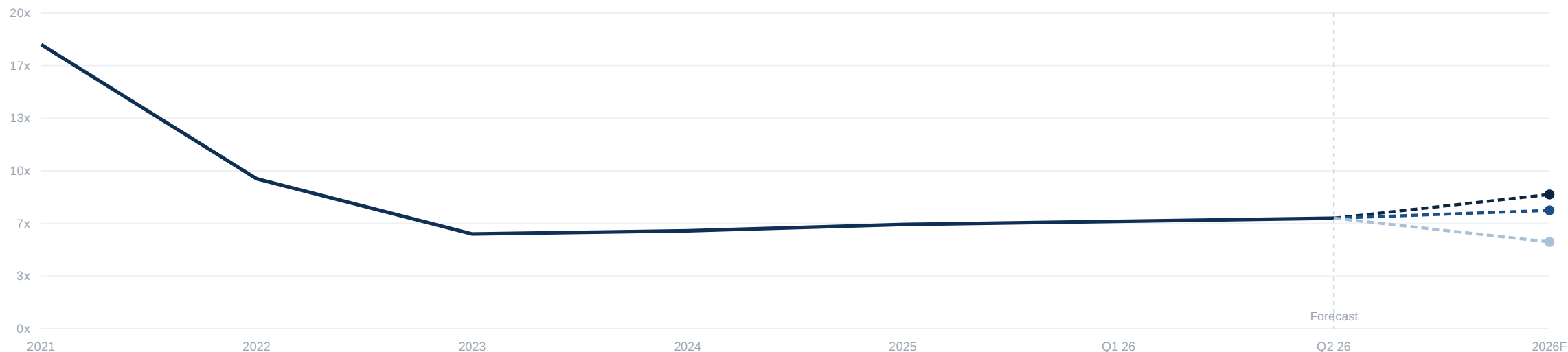
- Definitive agreement negotiation
- Regulatory filings (HSR and CFIUS)
- Confirmatory diligence support
- Closing and integration kickoff

KEY MILESTONE

**No-MAC event verification**

# 2026 Valuation Forecast Scenarios

With the broad-market benchmark near 7x, forward trajectories diverge sharply on rates, equity markets and the pace of AI adoption.



## BULL CASE

**8.5x**

### Key Drivers

- Aggressive Fed cuts beyond 100bps
- An AI advice supercycle lifts multiples
- Buoyant equity markets lift AUM revenue

STRATEGY: ACCELERATE GROWTH

## BASE CASE

**7.5x**

### Key Drivers

- Steady rate normalisation, one cut
- Mid-single-digit M&A volume growth
- Selective take-privates and consolidation

STRATEGY: BALANCE GROWTH & PROFIT

## BEAR CASE

**5.5x**

### Key Drivers

- Inflation resurgence or rate holds
- An equity-market drawdown cuts AUM revenue
- A risk-off shock freezes M&A

STRATEGY: CASH PRESERVATION

# Emerging Opportunities & Buyer Trends

WINDSOR DRAKE

Capital is flowing into the connective tissue of an AI-first wealth management system.

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## Agentic Advice Tooling

Conversational portfolio agents and AI planning co-pilots are moving from pilot to production, a large and underpenetrated layer of the advisor workflow.

## Direct Indexing at Scale

Personalised, tax-optimised portfolios are extending below the historical account minimums, broadening the addressable market for SMA engines.

## Wealth-Transfer Infrastructure

Estate planning, beneficiary onboarding and next-generation client tooling are in demand as a multi-decade asset transfer accelerates.

## Capability Acquisitions

Asset managers and custodians are prioritising AI advice and direct-indexing capability over pure asset gathering, buying technology to modernise distribution.

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## PE Platform Roll-Ups

Sponsors are consolidating fragmented advisor platforms and RIA aggregators to build scale and drive multiple expansion.

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## Carve-Out Supply

Incumbents sharpening their focus are divesting non-core WealthTech and data assets, supplying clean, scaled targets to the market.

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## Market Intelligence

Top-tier forecasts point to a 2026 uptick in wealth management deal volume. Record dry powder and capability-driven demand are chasing a supply of quality assets that has not kept pace.

# M&A Case Study: Investnet & Bain Capital

WINDSOR DRAKE

The defining take-private of the WealthTech cycle, and the playbook it sets for founders.

## The Consolidation Playbook

Bain Capital's acquisition of **Investnet**, valued at **\$4.5B** and closed in **November 2024**, is the defining WealthTech transaction of the cycle. It confirmed that scaled advisor platforms, with embedded distribution and recurring revenue, are priced and pursued as critical infrastructure.

## Strategic Rationale

- **Platform scale:** Investnet connects more than 100,000 advisors and a multi-trillion-dollar asset base.
- **Strategic alignment:** BlackRock, Fidelity, Franklin Templeton and State Street took minority stakes alongside the sponsors.
- **Private runway:** take-private ownership funds a multi-year technology and integration roadmap away from quarterly scrutiny.

## Implications for Founders

### Scale and Integration Win

Buyers pay premiums for platforms that **own advisor distribution** and integrate cleanly across the wealth stack. Sub-scale point tools face a consolidate-or-be-consolidated choice, and the window to choose is narrowing.

### Quantify Synergies Pre-LOI

Headline multiples on scaled platforms rest on **identifiable, underwritable synergies**. Vague strategic fit no longer moves valuation; rigorous synergy math, presented before the LOI, does.

### Recurring Revenue Is the Anchor

The deal underscores that **recurring, platform-fee revenue** anchors WealthTech valuation. Assets that convert transactional and AUM-only revenue into contracted subscriptions trade at a clear premium.

# Valuation Methodology: Choosing the Right Metric

WINDSOR DRAKE

The right metric depends on business model, profitability profile and revenue mix.

## EV / Revenue

8–16X+

### High-growth advisor tech & SaaS

- Applied where profitability is suppressed by deliberate growth reinvestment.
- Recurring subscription revenue is valued well above transactional flow.
- The Rule of 40 score dictates where in the range an asset sits.
- Best suited to advisor platforms, portfolio software and AI advice.

## EV / EBITDA

12–22X

### Mature & cash-generative

- Essential for RIA aggregators and scaled, profitable platforms.
- Many firms valued on revenue in 2024 are now assessed on EBITDA.
- Margin expansion and organic growth are the key value drivers.
- Captures the cash-flow reality of consolidating segments.

## AUM-Based Multiples

BPS OF AUM

### Advice-delivery & managed assets

- Used for robo-advisors and managed-account platforms.
- Revenue is basis points on AUM, so it carries equity-market beta.
- Organic net new assets matter far more than market-driven growth.
- Best paired with a retention and fee-rate analysis.

## Price / Book

1.0–1.5X

### Balance-sheet-intensive models

- Relevant where a platform carries custody or lending balance sheet.
- Premiums accrue to superior asset quality and low funding cost.
- Less common in pure WealthTech software than in lending.
- Tangible book value proxies core operational capacity.

# Appendix: Sources & Methodology (Part 1)

WINDSOR DRAKE

Institution	Report / Source	Date
PwC	<i>Asset and Wealth Management: US Deals 2026 Outlook</i>	Jan 2026
McKinsey & Company	<i>US Wealth Management in 2035: A Transformative Decade Begins</i>	2025
McKinsey & Company	<i>AI in Wealth Management Research</i>	2026
McKinsey & Company	<i>Global Private Markets Report 2026</i>	Mar 2026
Goldman Sachs	<i>2026 Global M&amp;A Outlook</i>	Jan 2026
Bain & Company	<i>Global Private Equity Report 2026</i>	Feb 2026
PitchBook	<i>Global Private Market Funds Dry Powder Dashboard</i>	2026
EY	<i>Private Equity Pulse: Q1 2026 Takeaways</i>	Apr 2026
S&P Global Market Intelligence	<i>Asset and Wealth Management M&amp;A Analysis</i>	2026
CB Insights	<i>State of Fintech 2025</i>	2026

# Appendix: Sources & Methodology (Part 2)

WINDSOR DRAKE

Institution	Report / Source	Date
KPMG	<i>Pulse of Fintech (H2 2025)</i>	2026
Morgan Stanley	<i>Counterpoint Global Insights: Valuation Multiples</i>	2026
Bain & Company	<i>Hacking Software's Rule of 40</i>	2025
EY	<i>M&amp;A Outlook 2026 (Deal Barometer)</i>	Jan 2026
Federal Reserve	<i>FOMC Statement (Apr 2026); Summary of Economic Projections (Mar 2026)</i>	2026
Investnet Inc. / Bain Capital	<i>Take-private transaction press releases and SEC filings</i>	2024

## VALUATION METHODOLOGY NOTES

### Source Standard

Inputs are restricted to top-tier institutions: bulge-bracket banks, the major consultancies, elite data houses, and primary regulatory and filing sources. Boutique and market-report vendors are excluded.

### Structural Adjustments

Private-market valuations are adjusted for earn-outs, liquidation-preference overhang and lack-of-marketability discounts, typically in the 20 to 30% range.

### Peer Set & Normalisation

Peers are filtered on business-model alignment, revenue quality (recurring versus transactional), AUM-beta exposure and Rule of 40 profile. Financials are adjusted to a pro-forma basis excluding one-time items and stock-based compensation.

### Synthesis & Attribution

Figures labelled as firm analysis or house estimate, including the 6 to 8x broad-market benchmark and the direct-indexing asset projection, are the firm's own synthesis of the cited institutional data, presented as a house view rather than third-party consensus.