

# WealthTech Valuation

JANUARY 2026

## Infrastructure & SaaS Premium

Core infrastructure providers and B2B SaaS platforms command the highest multiples due to their sticky revenue and mission-critical nature:

- **Valuation Multiple:** Trading at **8.0x – 12.0x EV/Revenue**.
- **Key Drivers:** High recurring revenue, deep integration into bank/advisor workflows, and significant switching costs.
- **Market Appetite:** Strong demand from strategic acquirers seeking to modernize legacy tech stacks without building from scratch.

## Transactional Model Discount

Platforms reliant on transaction volume or AUM fees face valuation headwinds due to market volatility exposure:

- **Valuation Multiple:** Trading at **2.0x – 4.0x EV/Revenue**.
- **Risk Factors:** Revenue fluctuates with market cycles; lower predictability compared to SaaS models.

## Advisory & Service Tech

Tech-enabled advisory firms and service platforms occupy the middle ground, balancing human capital with scalability:

- **Valuation Multiple:** Trading at **4.0x – 7.0x EV/Revenue**.
- **Growth Lever:** Proven ability to scale advisor productivity and client service ratios drives multiple expansion.
- **Differentiation:** Proprietary technology that enhances client engagement is key to breaking out of traditional service multiples.

## Convergence Trends

- **Hybrid Models:** Companies successfully blending SaaS fees with transactional upside are seeing blended multiples of **5x-8x**.
- **AI Catalyst:** Integration of agentic AI capabilities is beginning to drive a 15-20% valuation premium across all sectors.

## Subsector Divergence

Valuations have bifurcated sharply, rewarding scalable infrastructure while scrutinizing consumer-facing models:

- **B2B Infrastructure Premium:** Mission-critical backend platforms command **10-15x** revenue multiples due to high switching costs and network effects.
- **B2C Compression:** Digital Wealth and Robo-advisors trade at **5-9x**, reflecting higher CAC and retention challenges.

## Hybrid Revenue SOTP Model

Investors are applying Sum-of-the-Parts valuation to hybrid business models:

- **SaaS Revenue:** Valued at **8-12x** (High quality, recurring).
- **Advisory/AUM Revenue:** Valued at **4-7x** (Market correlated).
- **Transactional/NIM:** Valued at **2-4x** (Lower quality, volatile).

## Strategic Implications

To maximize valuation, founders must align operations with investor priorities:

- **Embedded Distribution:** Prioritize B2B2C channels to lower CAC and lock in enterprise value.
- **Regulatory Readiness:** Compliance is now a valuation gate; readiness drives premium vs. discount.
- **Durable Unit Economics:** Prove LTV/CAC >5:1 to justify infrastructure-like multiples.

## The Winner's Profile

- **Proprietary Access:** Winning platforms own exclusive distribution channels or unique data assets.
- **Scaled Platforms:** Consolidation favors players with multi-product capabilities that can capture greater wallet share.

## Q1 What multiples are WealthTech companies trading at?

As of Q4 2025, **Public WealthTech** platforms trade at a median of **7.7x EV/NTM Revenue**, while best-in-class **Private** assets command roughly **7.0x**. Multiples vary significantly by subsector: **B2B Infrastructure** (10x–15x) commands a nearly 2x premium over **Digital Wealth/Robo** (5x–9x). Early-stage scarcity drives Seed valuations to 12x–15x, moderating to 10x–16x at Series E+.

## Q2 How do revenue streams affect valuation?

Valuations increasingly utilize a Sum-of-the-Parts (SOTP) model based on revenue quality. **SaaS/Recurring** revenue trades highest at **8x–12x** due to predictability. **Advisory/AUM** fees generally trade at **4x–7x**, while **Transactional/NIM** revenue is discounted to **2x–4x** due to market sensitivity and volatility.

## Q3 What drives valuation premiums?

Premium valuations are reserved for assets demonstrating exceptional efficiency and durability. Investors demand compliance with the **Rule of 40** (Combined Growth % + Profit Margin % > 40), **LTV:CAC ratios > 5:1**, and **Net Revenue Retention (NRR) > 110%**. Achieving these benchmarks signals "Zero CAC" scalability and platform stickiness, often driving multiple expansion of 2x–4x above the sector median.

# Founder FAQs — Strategy & Valuation

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## Q4 Should we target a Strategic or Financial buyer?

**Strategics** often pay higher premiums for revenue synergies, technology integration, and platform fit. **Financial Sponsors** (PE) typically prioritize cash-flow durability and governance, offering speed of execution and the potential for a "second bite at the apple" through a recapitalization or eventual exit.

## Q7 How long does a typical M&A process take?

Expect a **6–9 month timeline** from initial prep to closing. This typically breaks down into 2-3 months for material prep (data room, CIM), 2-3 months for market engagement/bids, and 2-3 months for diligence/closing. Cross-border deals often extend to **12 months** due to regulatory reviews.

## Q6 How does embedded distribution create value?

Embedded distribution underpins the "**Zero CAC**" thesis—where payment or wealth product adoption becomes a natural, low-friction byproduct of the primary software usage. This structural advantage drives superior LTV:CAC ratios (>5:1) and creates deep competitive moats compared to standalone direct-to-consumer models, justifying valuation premiums at the top of the range.

## Q5 What is 'Rule of 40' and why does composition matter?

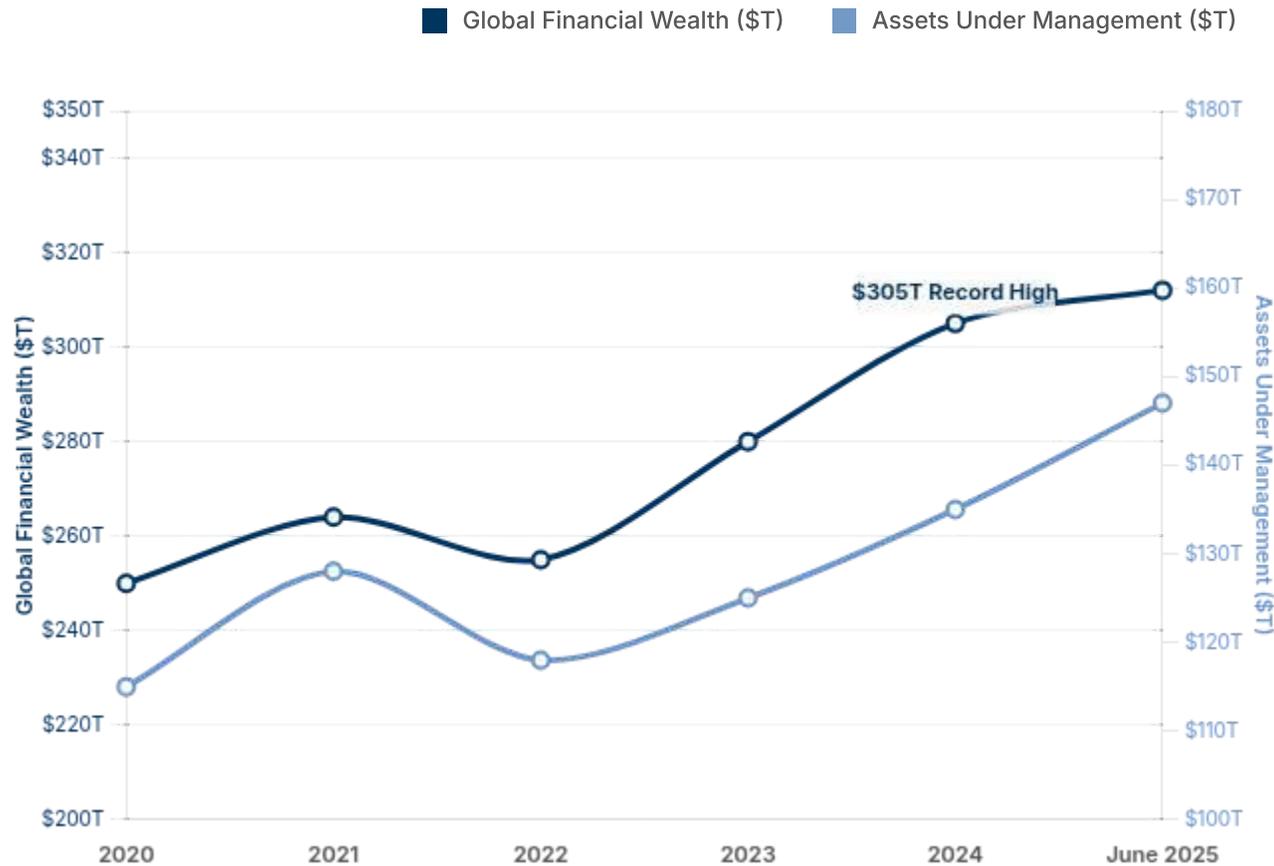
Defined as Growth Rate % + Profit Margin % > 40%. In the 2025 market, **composition matters critically**. Investors overwhelmingly prefer a balanced profile (e.g., 30% growth + 10% EBITDA) or a profitability-led mix over pure hyper-growth models burdened by heavy cash burn.

## Q8 What causes valuation discounts?

Key red flags triggering **20–30% valuation haircuts** include regulatory gaps (e.g., unlicensed activity), high customer concentration (>30% revenue), annual churn >10%, and take-rate compression. These signal structural risks to future cash flows often uncovered during diligence.

# Market Overview: Global Wealth & AUM Set Records

Despite geopolitical uncertainty and macro headwinds, global financial wealth and assets under management have reached historic highs, creating a massive addressable market for technology-enabled wealth platforms.



## MARKET DYNAMICS

### Uneven Recovery

While topline assets surged, recovery has been clustered by region. Asia-Pacific and North America led growth, while Europe lagged. Gains driven largely by market performance (70%) vs net new money (30%).

## OPERATIONAL REALITY

### Margins Under Pressure

Assets are up, but profits are stuck. Rising costs in technology, compliance, and talent have offset revenue gains, forcing firms to prioritize operating leverage and tech consolidation.

## OPPORTUNITY SIZING

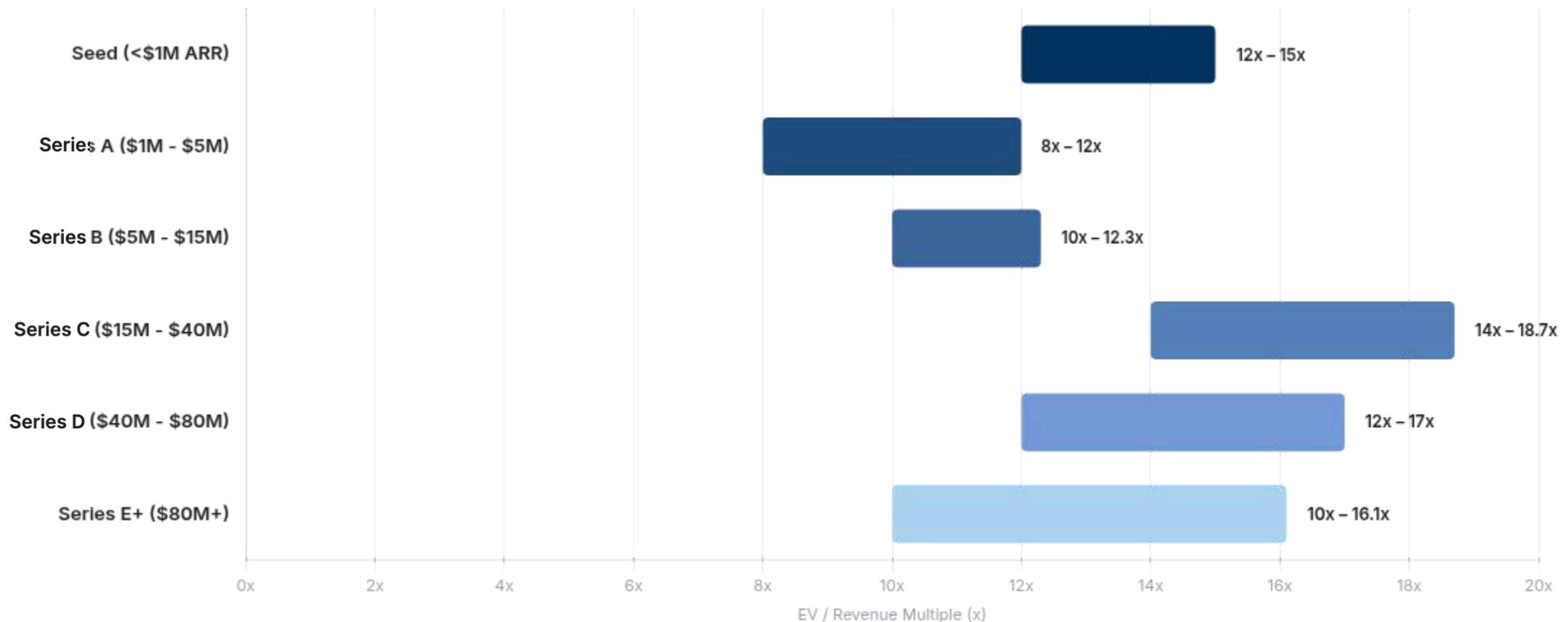
### \$6T - \$10.5T

Projected "Money-in-Motion" over next 5 years driven by great convergence, active ETFs, and home-country bias reassertion.

# Valuation Multiples by Funding Stage — 2025

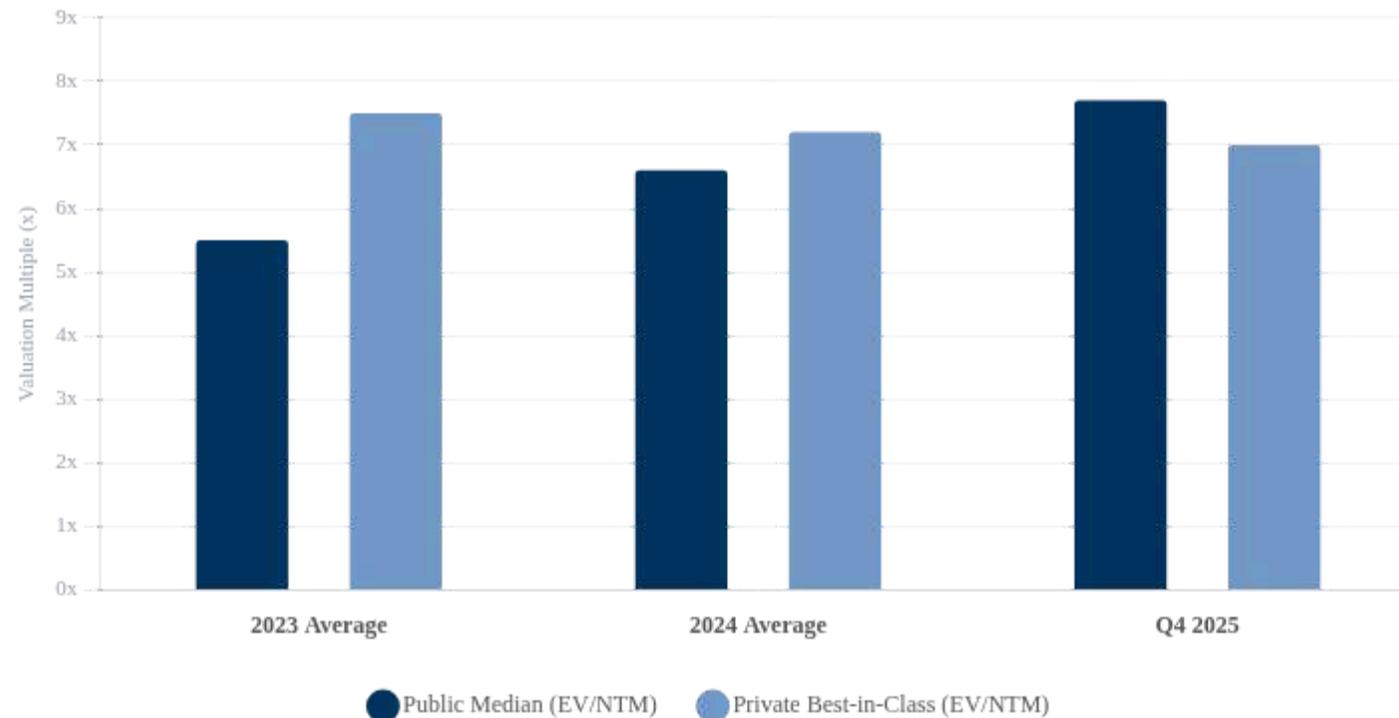
## Benchmarks

While early-stage valuations are driven by growth potential, later-stage premiums depend on efficiency. Growth-adjusted profitability (Rule of 40) is the primary driver for upper-bound multiples in Series C and beyond.



# Public vs. Private Valuation Convergence

EV / NTM Revenue Multiple Comparison (x)



## Convergence & Inversion

The valuation spread has narrowed significantly from a ~2.0x private premium in 2023 to a slight public premium today (7.7x vs 7.0x), reflecting public market recovery and private market rationalization.

## Strategic Arbitrage

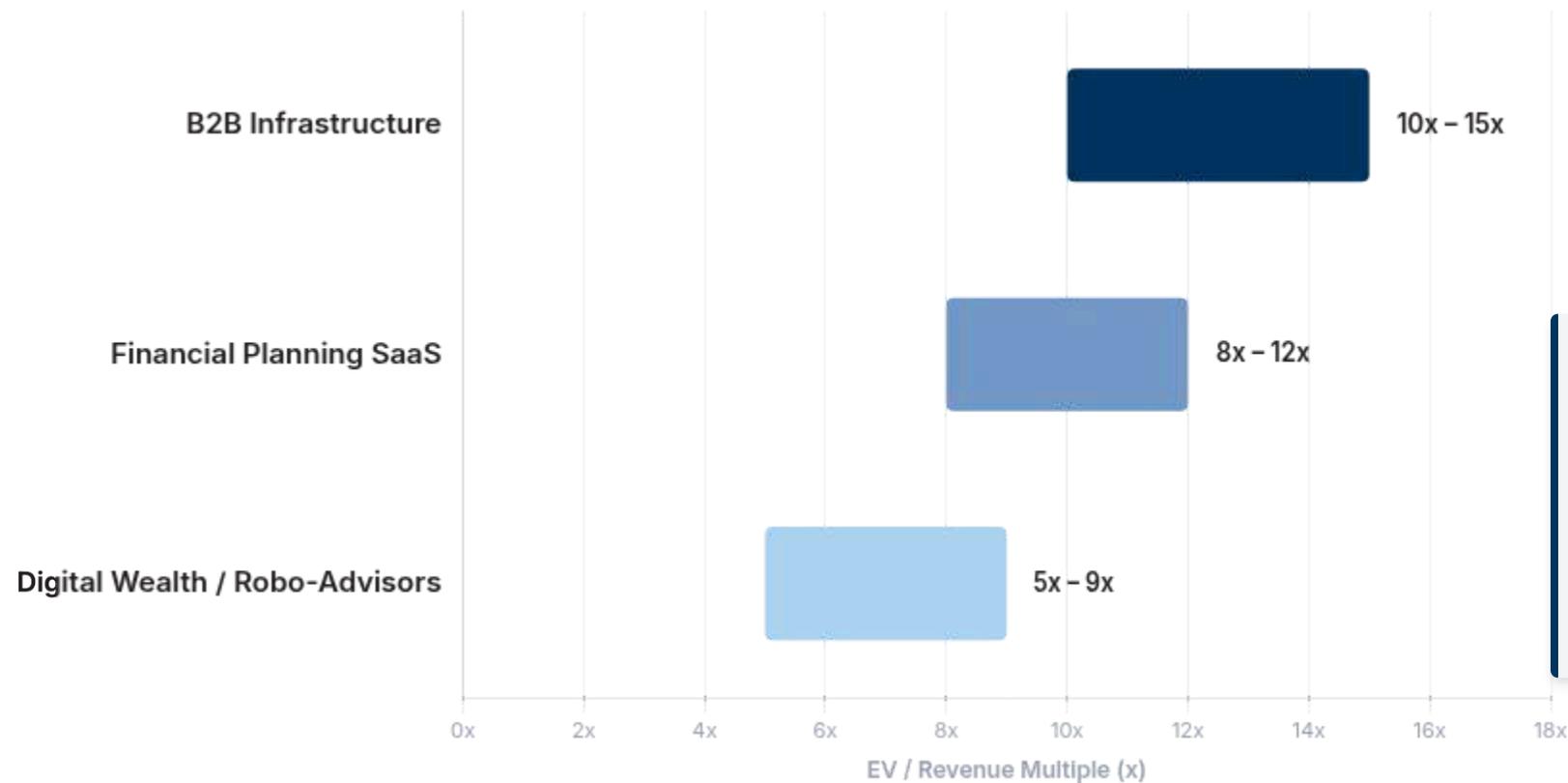
With high-quality private assets now trading at a discount to public peers (7.0x vs 7.7x), strategic acquirers can capture immediate value accretion, even after factoring in typical 20-30% control premiums.

## Exit Channel Shift

With the IPO window remaining highly selective, best-in-class private companies are increasingly prioritizing M&A exits to strategic buyers over public listings.

# Subsector Valuation Bifurcation - Infrastructure Commands Premium

Market bifurcation reflects asset quality: **B2B Infrastructure** trades at premium multiples driven by recurring revenue quality, while **Digital Wealth** faces compression from consumer acquisition headwinds.

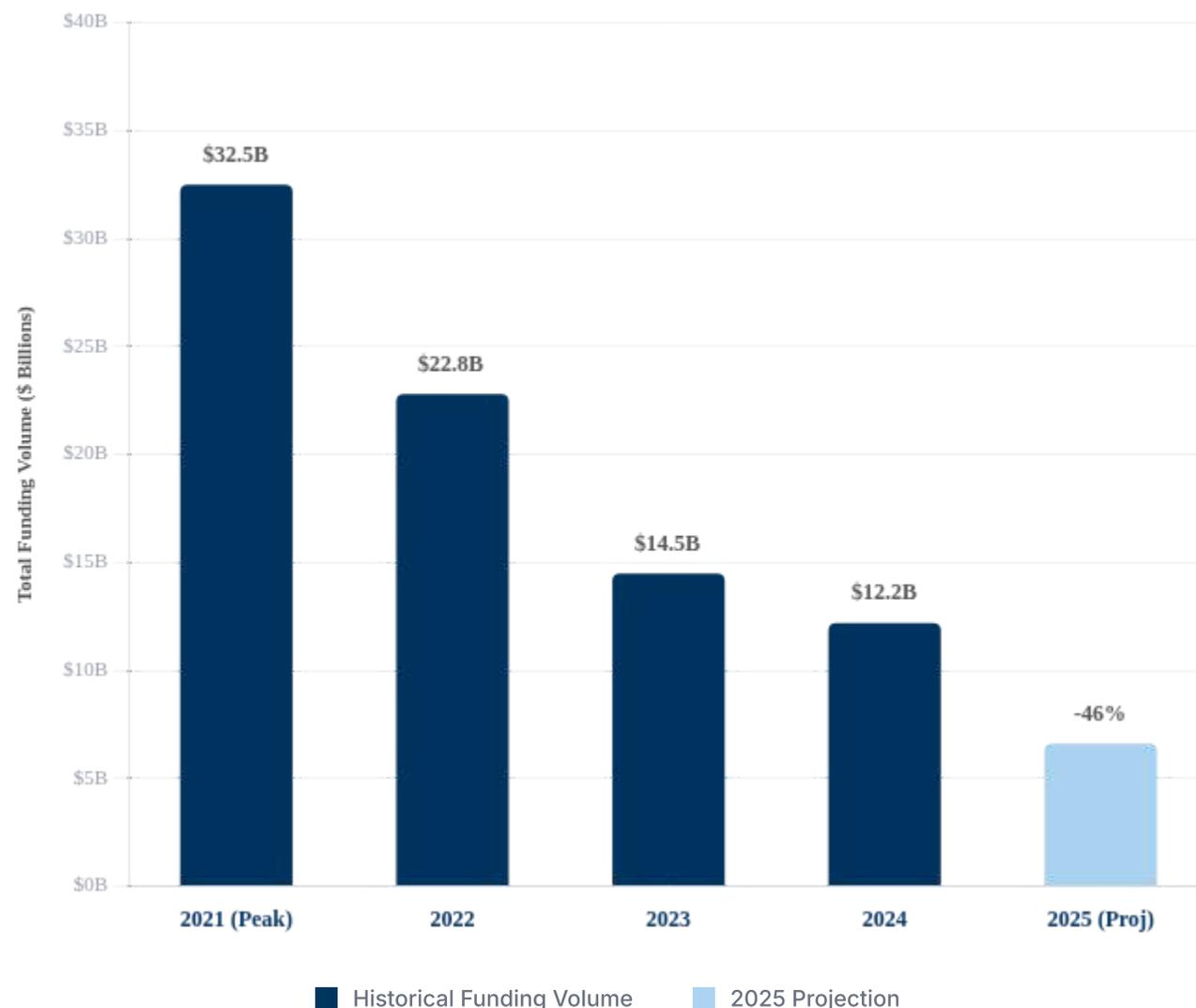


## Valuation Drivers

Scarcity value and regulatory moats justify the **10-15x premium** for infrastructure players, while high CAC and churn risks are compressing consumer-facing B2C valuations to **5-9x**.

# Capital Flows: The Funding Reset

Global WealthTech funding is projected to decline by 46% in 2025, signaling a permanent structural shift from "growth-at-all-costs" to capital discipline. This scarcity drives a flight to quality and elevates M&A as a primary liquidity alternative.



## CAPITAL DYNAMICS

### Flight to Quality

Investors have retreated to safe havens, concentrating remaining capital solely on assets demonstrating "Rule of 40" efficiency and durable unit economics.

## VALUATION IMPACT

### Pricing Power Reset

Burn multiples must now be <1.5x to attract Series B+ capital. Companies unable to demonstrate path to profitability face flat or down rounds.

## STRATEGIC IMPLICATION

### M&A as Liquidity

With private markets tightening, M&A replaces late-stage fundraising as the primary liquidity event for non-profitable high-growth assets.

## Divergent Growth Patterns

Organic growth rates through June 2025 reveal a stark contrast between mature Western markets and high-velocity Asian economies:

1.2% AMERICAS

2.6% EMEA

4.2% ASIA-PACIFIC

- **Uneven Recovery:** While global AUM hit records, organic flows in the Americas lagged, driven primarily by market beta rather than net new assets.
- **Emerging Velocity:** Asia-Pacific's outperformance (nearly 4x Americas) highlights the shifting center of gravity for new wealth creation.

## Reassertion of Home-Country Bias

A tactical reset is driving capital back to domestic markets, creating substantial "money in motion":

- **Local-for-Local Investing:** Geopolitical fragmentation is reversing the decade-long drift toward US assets, favoring platforms with strong local distribution capabilities.

## The Emerging Market Premium

Long-term structural tailwinds favor WealthTech platforms in developing regions where digital adoption leapfrogs legacy infrastructure:

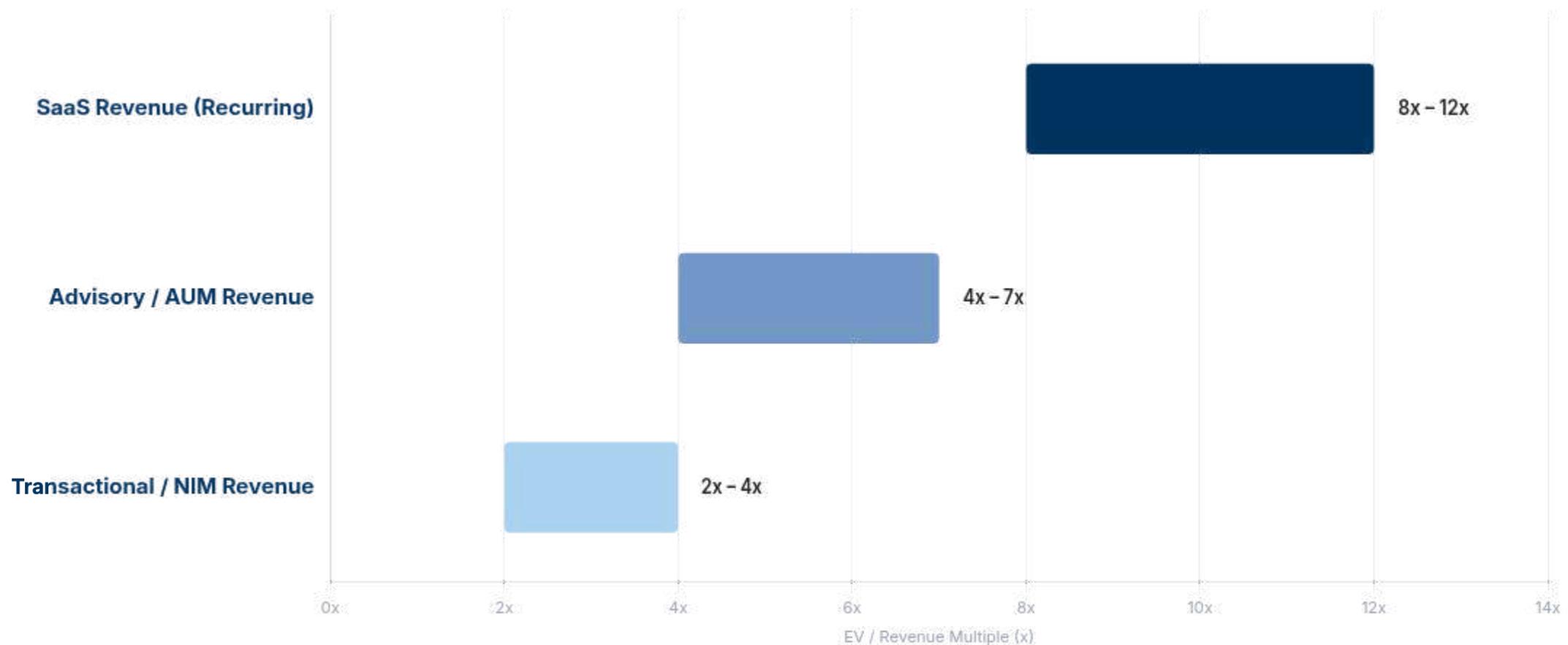
- **Decade of Dominance:** Wealth managers in Latin America and APAC achieved **50%+ organic growth rates** over the last decade, compared to just 22% in mature markets.
- **Digital Penetration:** High mobile adoption in emerging economies drives faster uptake of digital-first wealth solutions, bypassing traditional advisory models.

## Strategic Implications

- **Valuation Premiums:** Platforms with proven traction in high-growth regions (APAC/LatAm) command scarcity premiums from global strategics seeking growth.
- **Buyer Pool Expansion:** Regional banks and super-apps in emerging markets are becoming aggressive acquirers of US/EU tech stacks to accelerate local deployment.
- **Cross-Border Arbitrage:** Opportunities exist to acquire mature tech in slow-growth markets and re-platform it for high-velocity emerging economies.

# Hybrid Revenue Streams — Sum-of-the-Parts Valuation

WealthTech valuations are increasingly granular, applying distinct multiples based on revenue quality. Recurring, high-margin SaaS revenue commands a significant premium over lower-margin transactional streams, requiring a segmented valuation approach.



**Guidance:** To triangulate enterprise value accurately, allocate revenue into these buckets. A shift of just 10% of revenue from Transactional to SaaS can expand the blended multiple by ~1.0x-1.5x.

## Why Composition Matters in 2025

The "Rule of 40" (Revenue Growth % + EBITDA Margin %) remains the gold standard, but the market now rigorously scrutinizes the quality of that sum:

- **Shift to Durability:** Investors heavily discount "growth-at-all-costs" models where high burn masks unit economic weakness.
- **Sustainability Premium:** Companies demonstrating that profitability is a choice—not a distant dream—command premium multiples even with moderate growth.
- **The New Standard:** Balanced profiles are viewed as "default investable," reducing execution risk for acquirers.

## Investor Preference Hierarchy

Capital allocators are prioritizing efficient growth engines that can self-fund expansion:

- **Top Tier:** Efficient Growers (High Growth + Positive Cash Flow)
- **Middle Tier:** Profitable compounders (Moderate Growth + High Margins)
- **Bottom Tier:** Cash burners (High Growth + High Burn)

### The "Balanced" Profile

Premium: 8x - 12x Revenue

30% Growth + 10% Margin = 40 Score

Most Desirable

**Why it wins:** Proves scalability without dependency on external capital. Ideal target for both PE platforms and strategic acquirers seeking immediate accretion.

### The "Profitability-Led" Profile

Solid: 6x - 9x Revenue

15% Growth + 25% Margin = 40 Score

PE Favorite

**Why it works:** Offers downside protection and cash flow for debt service. Highly attractive to financial sponsors for leveraged buyouts.

### The "Growth-Led" Profile

Discounted: 4x - 6x Revenue

40% Growth + 0% Margin = 40 Score

High Risk

**The Risk:** Often reliant on external funding. In a high-rate environment, the "cost of growth" is penalized unless unit economics (LTV:CAC) are exceptional.

## Elite Efficiency Standards

To command top-quartile multiples, WealthTech platforms must demonstrate structural unit economic advantages:

**LTV : CAC Ratio** **> 5:1**

Floor is 3:1. Ratios above 5:1 signal massive pricing power and efficient distribution channels.

**CAC Payback** **< 12 Months**

Rapid capital recycling enables non-dilutive reinvestment and accelerated compounding.

**Net Revenue Retention (NRR)** **> 110%**

B2B Infrastructure targets 110–125%, driven by expansion revenue and negative churn.

**Gross Margin** **> 75%**

Indicates software-quality revenue rather than lower-margin services or pass-through fees.

## Drivers of Multiple Expansion

Why these specific metrics unlock valuation premiums in the 2025 market environment:

- **Capital Efficiency:** Low CAC payback periods prove the business can grow efficiently without constant external capital injection, reducing dilution risk.
- **Pricing Power:** High Gross Margins and NRR demonstrate strong product-market fit and the ability to pass costs to customers.
- **Scalability:** High LTV:CAC confirms the model works at scale, justifying forward-looking revenue multiples.

## Capital Consumption Guardrails

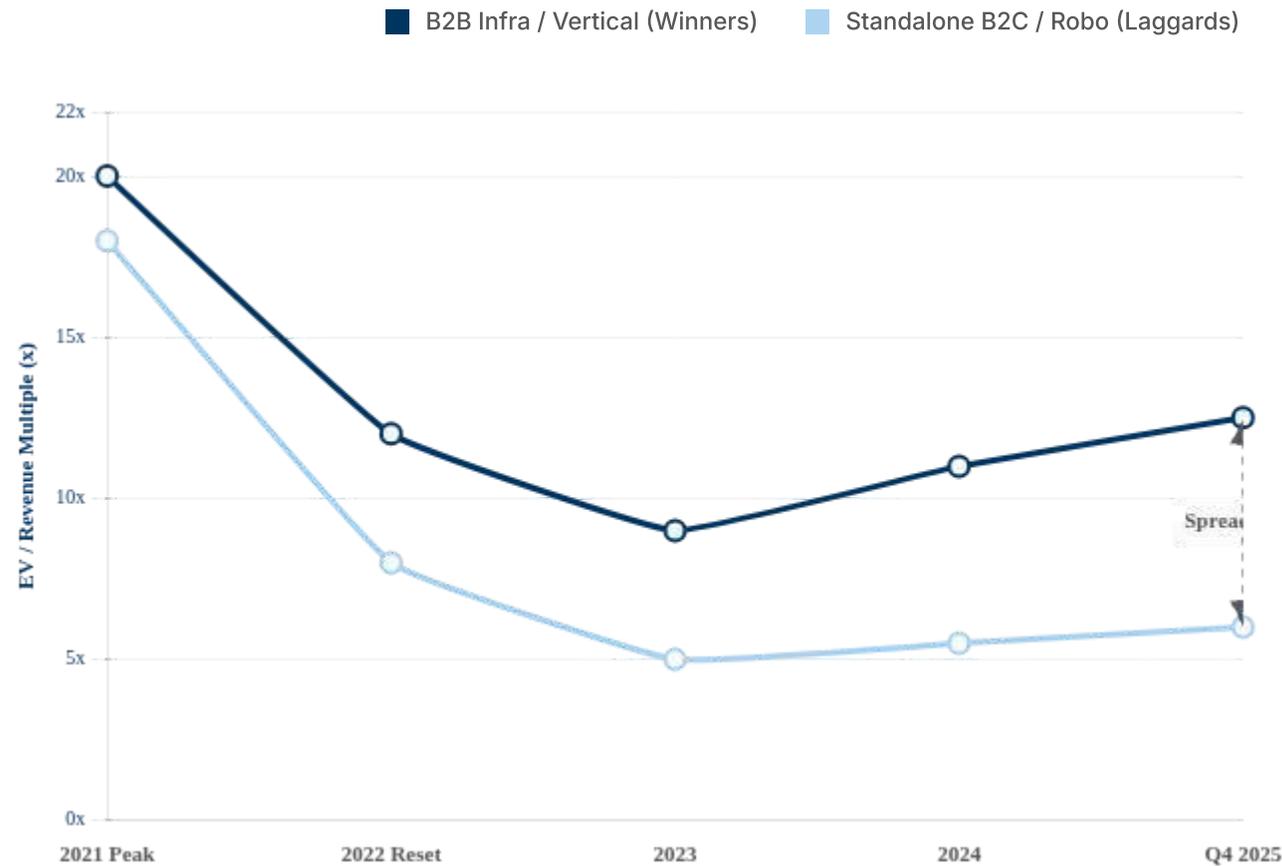
Burn multiples (Net Burn / Net New ARR) are now critical screening criteria for investors:

**B2B INFRASTRUCTURE**  
**< 1.5x**

**B2C PLATFORMS**  
**< 2.0x**

# Performance Divergence: Winners vs. Laggards

A distinct bifurcation has emerged in 2025: Infrastructure and embedded platforms command premium valuations due to durability, while standalone B2C models face compression from CAC headwinds and commoditization.



## KEY DIFFERENTIATOR

### Embedded Distribution

Winners leverage "Zero CAC" distribution by embedding wealth products into existing workflows (e.g., vertical SaaS, banking apps), creating defensive moats that pure-play B2C cannot match.

## UNIT ECONOMICS

### Pricing Power & Retention

Infrastructure players demonstrate NRR >120% through upsell and volume expansion. Conversely, B2C models face take-rate compression and elevated churn (>15%) as consumers consolidate accounts.

## VALUATION OUTCOME

### 2x Premium

B2B Infrastructure trades at ~12.5x revenue vs. ~6.0x for B2C Digital Wealth, reflecting the durability premium.

# Strategic Buyer Appetite Matrix

Q4 2025 Analysis: Infrastructure and Planning SaaS command premium attention from sophisticated buyers, while B2C models face continued scrutiny on unit economics.

	<b>Traditional FIs</b> (Banks, Custodians)	<b>PE Platforms</b> (Buyout, Growth)	<b>Tech Giants</b> (Big Tech, Fintech)	<b>Family Offices</b> (Direct Investment)
<b>B2B Infrastructure</b> (APIs, Data, Clearing)	<b>MODERATE</b> Focus on modernization partnerships; "Build vs Buy" analysis often favors internal build for core ledger.	<b>HIGH</b> Prime roll-up targets; seeking 10-15x revenue; "Pick & Shovel" plays for ecosystem durability.	<b>HIGH</b> Aggressive capability acquisition (AI/Cloud stack); seeking embedded finance rails.	<b>LOW</b> Technical complexity barrier; limited direct operational expertise to scale infra.
<b>Planning SaaS</b> (CRM, FinPlan, Portfolio)	<b>HIGH</b> Critical retention tool; seeking workflow integration to defend assets and expand wallet share.	<b>HIGH</b> Cash flow durability focus; Rule of 40 consolidation plays; sticky recurring revenue.	<b>LOW</b> Niche vertical focus limits appeal; low synergy with broader consumer ecosystems.	<b>MODERATE</b> Interest in specialized RIA tools; patient capital for long-term compounding.
<b>Digital Wealth</b> (B2C Robo, Hybrid)	<b>MODERATE</b> Pivot to hybrid models; potential bolt-on for mass affluent segmentation gaps.	<b>LOW</b> High CAC burn concerns; valuation compression (5-9x) reflects profitability scrutiny.	<b>MODERATE</b> Data monetization play; potential integration into "Super Apps" or consumer fintech wallets.	<b>LOW</b> Avoid cash-burning B2C models; preference for proven unit economics.

■ High Appetite / Premium Valuation

■ Moderate / Opportunistic

■ Low / Selective Only

Successful acquisition strategies in 2025 prioritize assets balancing **Financial Health** (Rule of 40) with **Strategic Fit** (Moat Strength). The "Premium Platform" quadrant represents the highest value creation potential for programmatic acquirers.

ACQUISITION PRIORITY: HIGHEST

 **Premium Platforms**

**Strong Moat, High Efficiency**

- **Profile:** Vertical SaaS leaders with embedded finance
- **Metrics:** Rule of 40 > 50%, NRR > 120%
- **Examples:** Category-defining vertical leaders

ACQUISITION PRIORITY: HIGH

 **Strategic Bolt-ons**

**Strong Moat, Operational Upside**

- **Profile:** Critical tech (AI, Fraud) with inefficient GTM
- **Rationale:** Buy for product/IP, fix margins post-close
- **Examples:** AI-native compliance tools, niche gateways

ACQUISITION PRIORITY: MEDIUM

 **Cash Cows**

**High Efficiency, Commoditized**

- **Profile:** Mature processors with optimized margins
- **Rationale:** Financial engineering plays, scale consolidation
- **Examples:** Legacy ISOs, horizontal payment gateways

ACQUISITION PRIORITY: LOW

 **Value Traps**

**Inefficient & Undifferentiated**

- **Profile:** Sub-scale players with high churn
- **Risk:** "Cheap" assets that consume excessive resources
- **Action:** Avoid unless deep distress discount (>50%)

## Operational Red Flags

### Regulatory Non-Compliance

- **License Gaps:** Unlicensed money transmission or RIA activities trigger immediate deal pauses.
- **KYC/AML Failures:** Systemic gaps in customer onboarding compliance create massive remediation liability.

### Customer Concentration

- **Dependency Risk:** Top 3 customers representing **>30% of revenue** signals fragility and "key account" risk.

### Metrics Erosion

- **Elevated Churn:** Annual logo churn >10% or Net Revenue Retention (NRR) <90%.
- **Margin Compression:** Take-rate erosion >3bps annually indicates pricing power loss.

## Valuation Impact Analysis

### Valuation Haircut

Identification of red flags during diligence typically triggers an automatic discount mechanism:

**20-30% Discount**

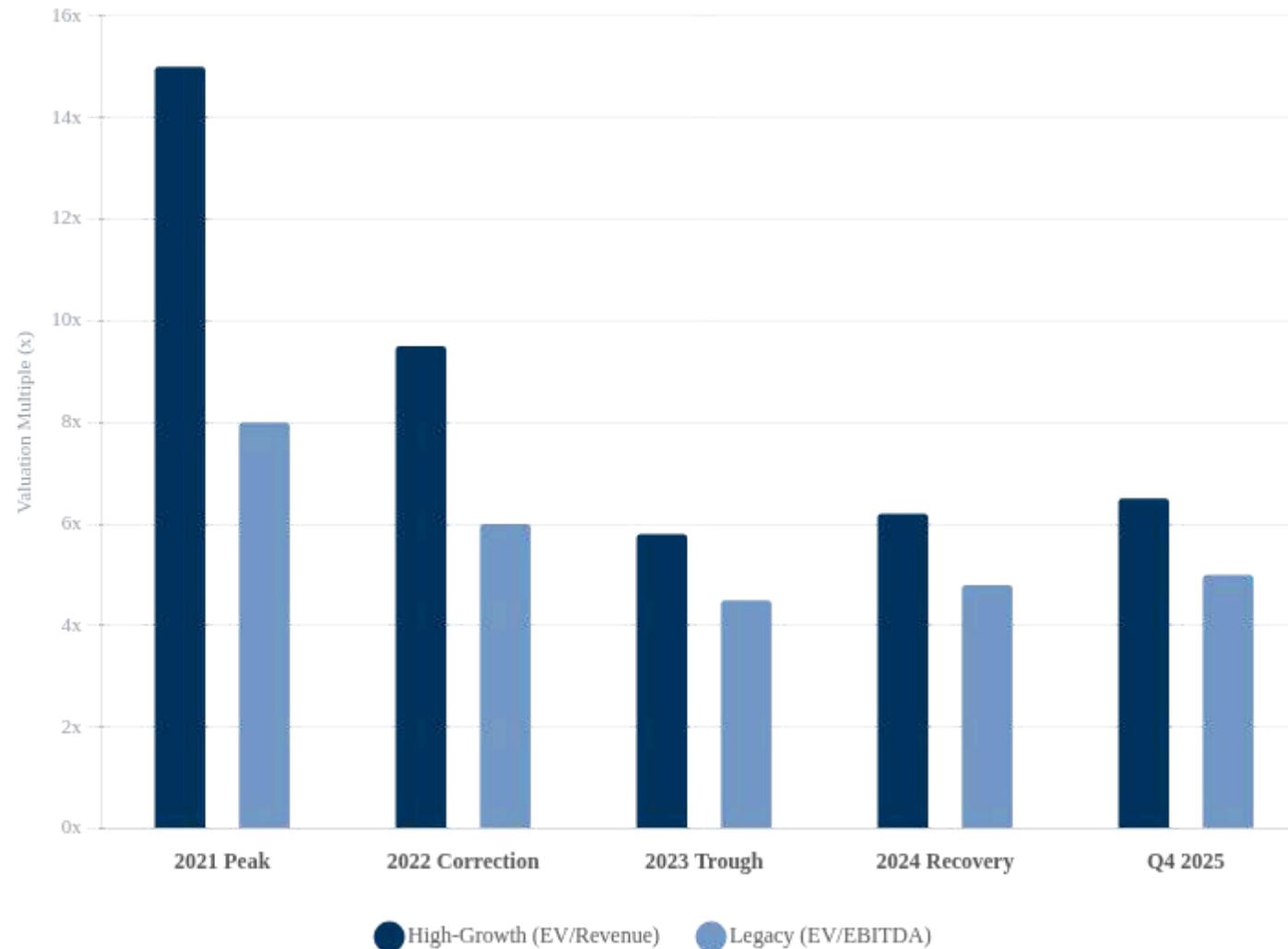
Applied to baseline enterprise value to account for remediation costs and risk premiums.

### Structuring Implications

- **Heavy Earn-Outs:** Valuation gaps bridged by shifting 30-50% of consideration to performance-based earn-outs.
- **Indemnification:** Increased escrow holdbacks (15-20% vs standard 10%) and broader reps & warranties coverage.
- **Termination Risk:** Severe regulatory findings (e.g., SEC investigation) often lead to "no-go" decisions regardless of price.

# Valuation Compression — Stabilizing at Mid-Cycle

Median Valuation Multiples (x)



## Historical Discount

Current multiples trade at a ~30% discount to the 5-year historical average, which was skewed by the 2021 peak. This rationalization presents an attractive entry point for disciplined acquirers.

## Mid-Cycle Stabilization

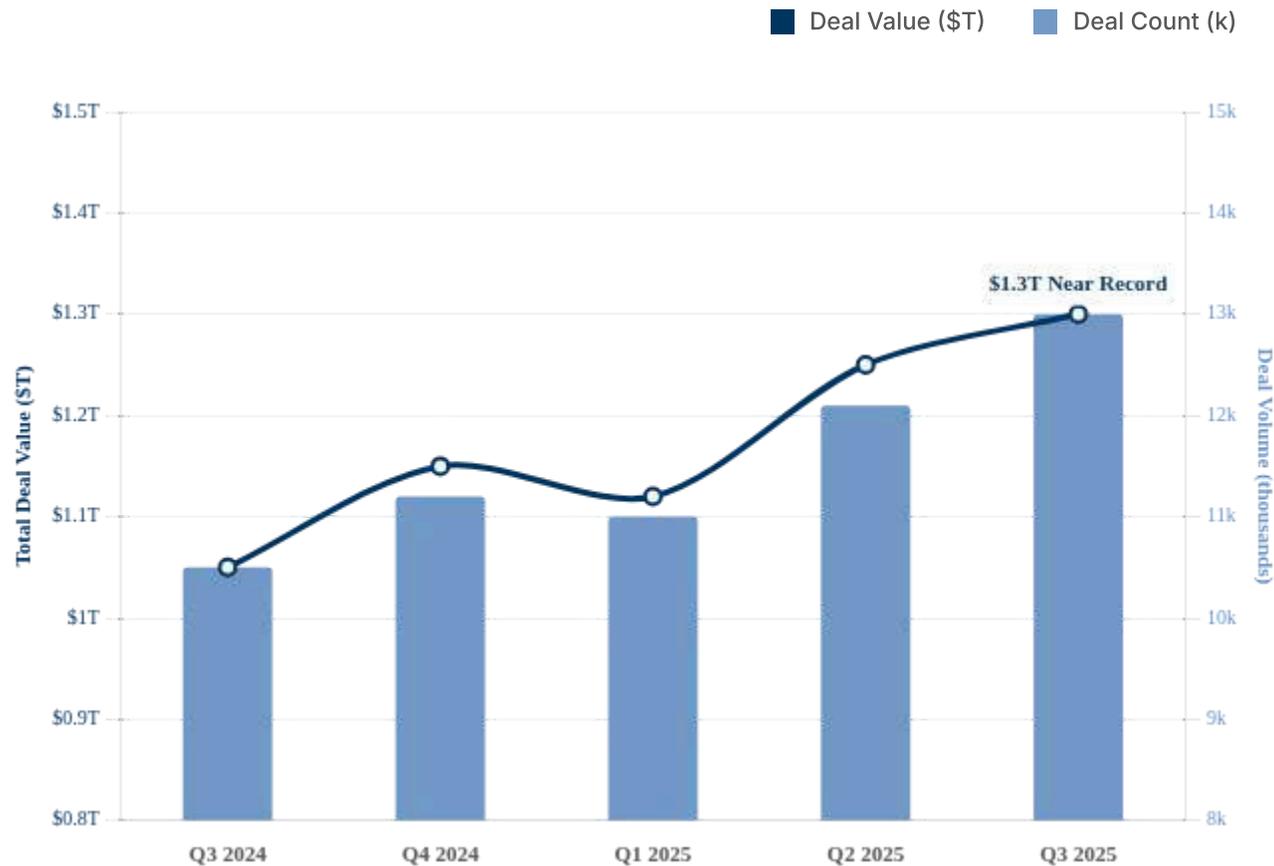
After the sharp correction in 2022-2023, valuations have stabilized in Q4 2025 (High-Growth: 6.5x, Legacy: 5.0x), suggesting the market has found a durable floor amid normalizing interest rates.

## Persistent Bifurcation

While the gap has narrowed, a distinct premium remains for high-growth assets. However, investors now demand "profitable growth," compressing the spread compared to the "growth-at-all-costs" era.

# M&A Activity Trends: 2025 Momentum

Deal activity has rebounded to near-record levels in Q3 2025, driven by market clarity and rate cuts. WealthTech remains a prime consolidation target as sponsors deploy dry powder alongside strategic corporates.



## MARKET DRIVERS

### Macro Tailwinds

Rate cuts and stabilized inflation have provided valuation clarity, unlocking stalled pipelines. Buyers are acting with conviction as financing costs normalize.

## SECTOR IMPACT

### WealthTech Consolidation

Strategic acquirers are prioritizing infrastructure and vertical SaaS platforms. Cross-border activity remains selective, favoring domestic champions with scale.

## BUYER DYNAMICS

### PE + Corp

Private Equity participation is surging alongside corporate strategics, driven by deployment pressure and "buy-and-build" theses.

## The 'Buy vs. Build' Calculation

In a market where time-to-value is critical, strategic acquisitions offer a distinct speed advantage over internal development:

- **Speed to Capability:** Acquiring specialized infrastructure (AI, fraud detection, embedded finance) bypasses 18-24 month build cycles, accelerating roadmap execution.
- **Programmatic M&A:** Leading platforms use systematic acquisitions to rapidly secure distribution channels and unlock immediate cross-sell opportunities within captive user bases.

## Opportunity Cost of Inaction

With competitors aggressively consolidating, the risk of "building too slow" outweighs the integration premium:

- **Market Share Velocity:** Buying established tech stacks secures market position faster than organic customer acquisition in saturated verticals.

## The Consolidation Thesis

M&A strategies are increasingly driven by roll-up dynamics and the pursuit of synergy realization:

- **Roll-Up Alignment:** Targets are evaluated on their fit within broader aggregation strategies, prioritizing operational leverage and scale economies.
- **Talent & Synergy:** Deal structures are explicitly designed to retain key technical talent and ensure realization of revenue synergies post-close.

## Target Profile & Domestic Focus

- **Bolt-On Sweet Spot:** High demand for tactical acquisitions in the **\$10M-\$50M ARR** range that can be easily integrated into larger platforms.
- **Domestic Premium:** Risk aversion drives a "local-first" approach, with **90% of deals** occurring within national borders to minimize regulatory complexity.

## Blurring Industry Lines

The definitive asset management trend of 2025 is the merging of traditional and alternative worlds, driven by product innovation and distribution needs:

- **Public-Private Blending:** Investment silos are collapsing as managers launch unified strategies (e.g., public-private model portfolios) to offer holistic exposure.
- **Retail Access Revolution:** Private wealth channels are now accessing institutional-grade alternatives through semi-liquid vehicles and evergreen funds.
- **Evergreen Scale:** US evergreen fund assets surged to **\$348 billion AUM** in 2024, validating the "democratization of alts" thesis.

## Structural Catalysts

Asset managers are racing to capture the high-net-worth wallet share previously locked out of private markets:

- **Semi-Liquid Innovation:** New fund structures offer periodic liquidity, solving the primary friction point for individual investors.

## WealthTech Opportunity: \$6–10.5T

This convergence puts massive capital in motion, creating a generational opportunity for platforms that can bridge the divide:

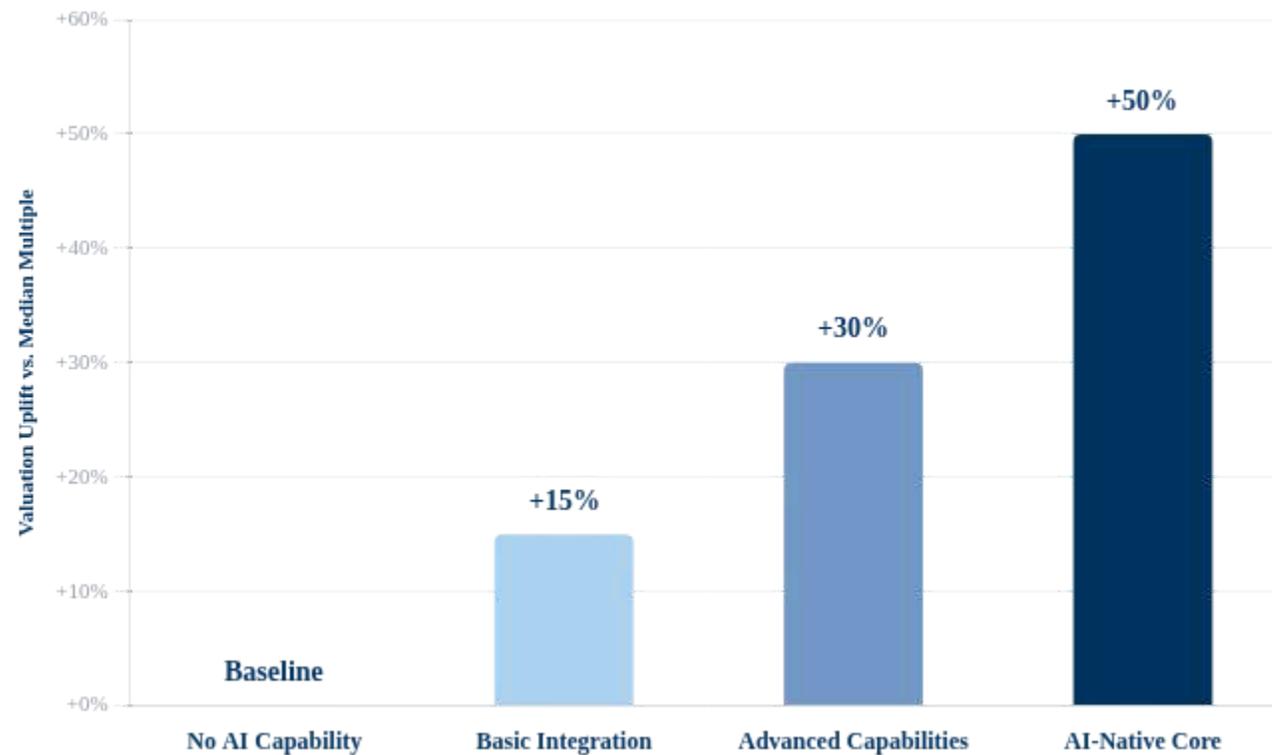
- **Unified Portfolio Solutions:** Technology platforms enabling seamless reporting, trading, and rebalancing across public and private assets will capture disproportionate value.
- **Infrastructure Layer:** The "rails" for alternative distribution (custody, settlement, feeder funds) command strategic premiums as essential utilities.

## Valuation Premium Drivers

- **Bridging the Divide:** Firms solving the "alts access" problem trade at significant premiums due to scarcity value and high switching costs.
- **Democratization Alpha:** Platforms enabling mass-affluent access to private credit and equity benefit from secular tailwinds superior to traditional AUM growth.
- **Strategic M&A:** Traditional asset managers are aggressively acquiring tech-enabled alternative platforms to modernize their distribution stacks.

# AI Integration Premium: Valuation Uplift

Companies demonstrating native AI integration command up to a 50% valuation premium, driven by superior unit economics, automated margin expansion, and "software-like" scalability in advisory services.



## MARGIN DRIVER

### Agentic AI & Tax Harvesting

Autonomous agents handling tax-loss harvesting and rebalancing are pushing gross margins toward **85%**, decoupling AUM growth from headcount costs.

## SCALABILITY

### Personalized Advice at Scale

AI-native cores enable hyper-personalized portfolio insights for mass affluent segments, driving Net Revenue Retention (NRR) expansion and sticky client relationships.

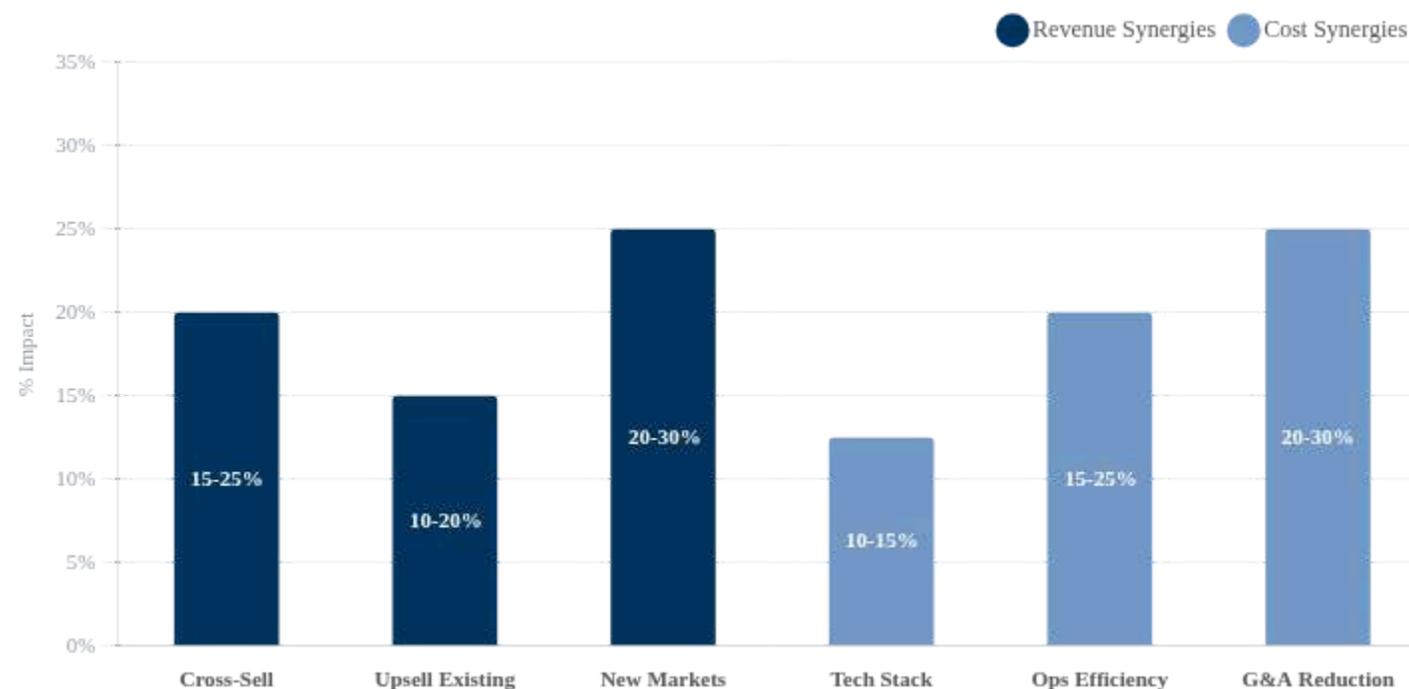
## BOTTOM LINE IMPACT

### 30-50%

Reduction in fraud and credit loss rates via predictive AI models, directly boosting EBITDA profiles.

# Synergy Potential — Revenue vs. Cost Drivers

Estimated Synergies (% Improvement)



## Value Creation Thesis

Total value creation typically represents 25-40% of deal value in WealthTech transactions, with revenue synergies from cross-selling wealth services outpacing traditional cost-cutting measures.

## Revenue Acceleration

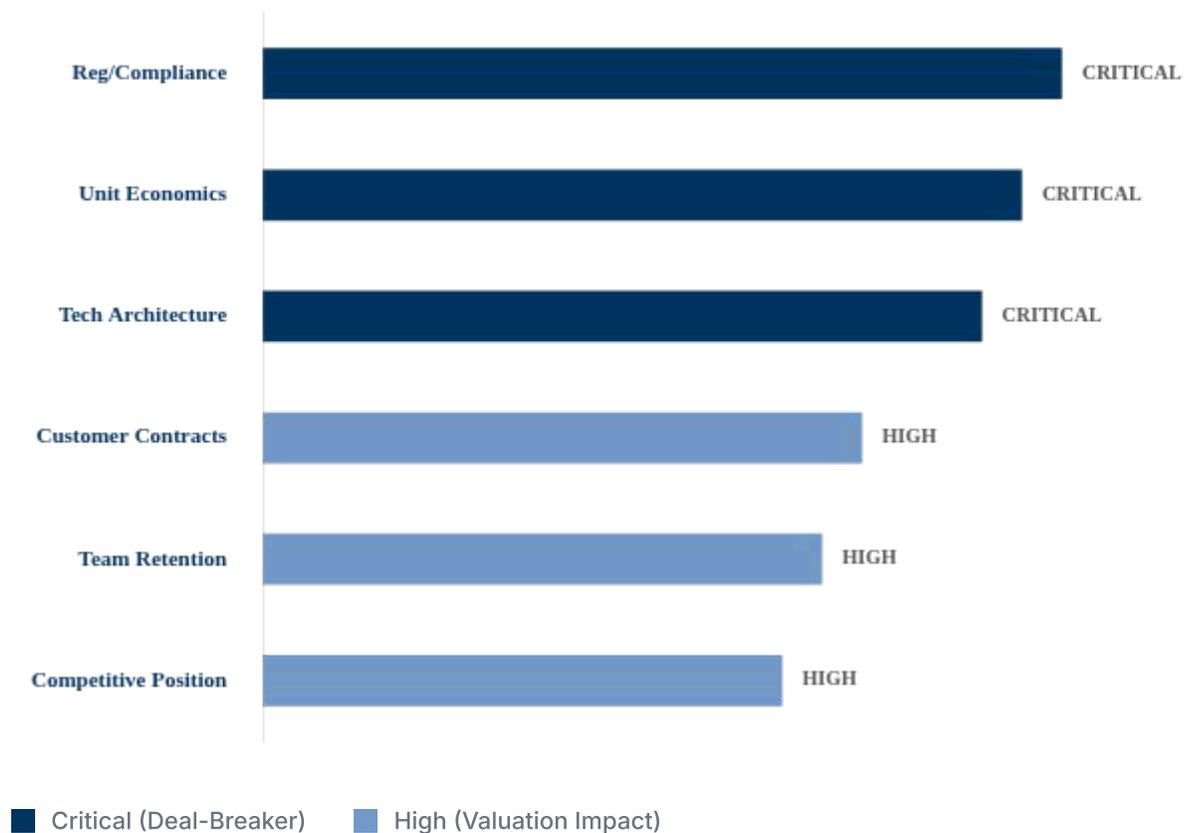
Cross-selling wealth products to captive platform users and expanding into adjacent markets offers the highest leverage, driving 20-30% potential revenue lift post-acquisition.

## Operational Efficiency

Tech stack unification and G&A rationalization provide a reliable 15-25% baseline for cost savings, supporting acquisition models even in conservative growth scenarios.

# Due Diligence Priorities & Timeline

Successful outcomes require disciplined 8-12 week execution with intense focus on regulatory compliance, unit economics verification, and technology scalability.



## Execution Framework

### Timeline & Process (8-12 Weeks)

Standard timeline covers preliminary data room review (Wk 1-3), deep-dive Q&A (Wk 4-8), and confirmatory diligence/closing prep (Wk 9-12).

### Key Workstreams

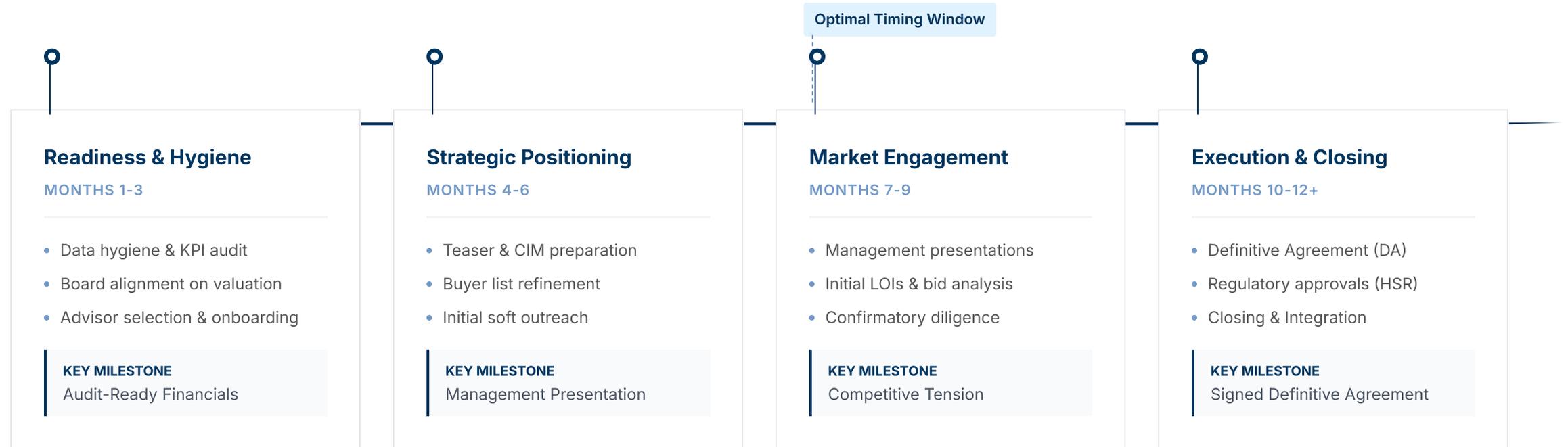
Parallel tracks for Commercial (market/customer), Financial (QofE/tax), Legal (IP/contracts), and Technology (code/security/AI governance).

### LOI & Closing Gates

LOI requires validated high-level metrics; Closing contingent on clean regulatory audits, key employee retention agreements, and no MACs.

# Exit Timing Roadmap: 12-18 Month Execution Plan

Strategic timeline aligning preparation with Q4 2026 optimal market window



Successful integration requires balancing complexity with value protection. **Customer Retention** and **Regulatory Compliance** represent the highest value-at-risk priorities, demanding immediate "Day 1" focus, while deeper technical unification should be phased.



## Customer Retention

PRIORITY: CRITICAL (DAY 1-90)

High Complexity, High Value Risk

- **Focus:** Prevent churn during transition uncertainty
- **Action:** Joint account planning & pricing continuity
- **Risk:** 5% churn increase can destroy deal ROI



## Regulatory Compliance

PRIORITY: IMMEDIATE (DAY 1-30)

Low Complexity, High Value Risk

- **Focus:** Licensing, AML/KYC audit readiness
- **Action:** Align policy frameworks immediately
- **Risk:** Fines or license revocation halts operations



## Tech Stack Unification

PRIORITY: PHASED (DAY 90+)

High Complexity, Lower Short-term Risk

- **Focus:** Migrating core ledgers and payment rails
- **Action:** Maintain parallel systems initially
- **Risk:** Premature migration causes service outages



## Team Retention

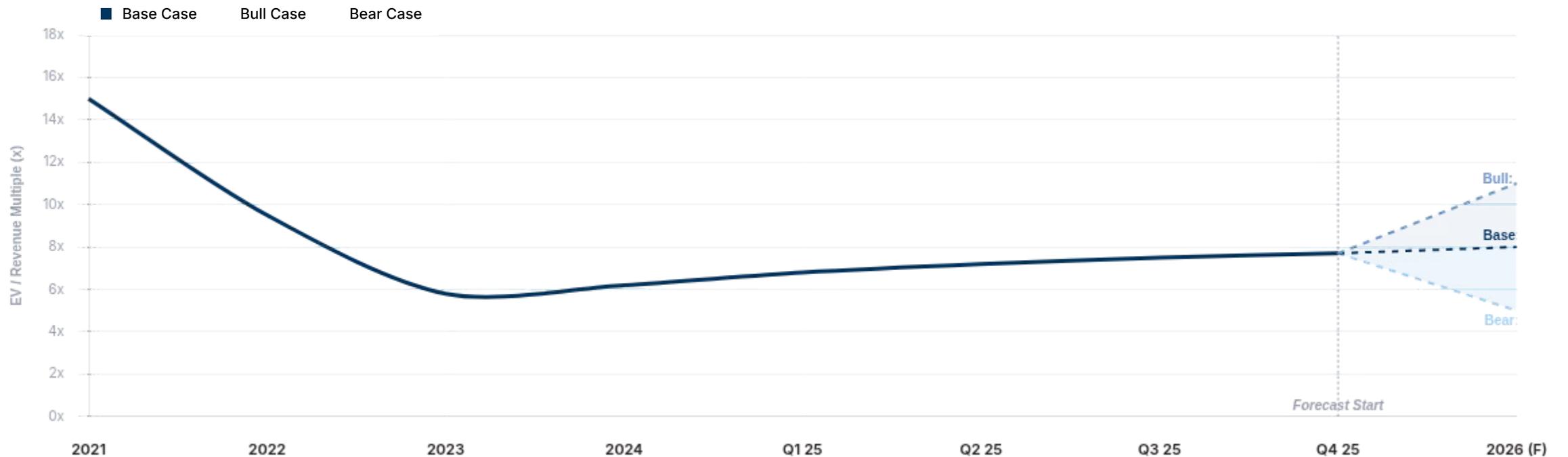
PRIORITY: STANDARD (DAY 30-60)

Low Complexity, Manageable Risk

- **Focus:** Key engineering and sales talent lock-in
- **Action:** Retention bonuses and clear role mapping
- **Risk:** Knowledge drain if incentives misaligned

# 2026 WealthTech Valuation Forecast

WealthTech multiples face a strategic bifurcation in 2026. Our Base Case projects robust stabilization at 7.0x–9.0x driven by sustainable growth, while an AI-native "supercycle" could drive premiums to 12.0x. Conversely, strict regulatory enforcement or rate stagnation risks compressing valuations to 4.0x–6.0x.



## BULL CASE

**10.0X – 12.0X**

### Key Drivers

- Agentic AI mass adoption
- Aggressive rate cuts (>150bps)
- Consolidation wars by Strategics

**STRATEGY: AGGRESSIVE GROWTH**

## BASE CASE

**7.0X – 9.0X**

### Key Drivers

- Sustainable Rule of 40 Execution
- Normalized M&A Volume
- Embedded Finance Maturity

**STRATEGY: PROFITABLE SCALE**

## BEAR CASE

**4.0X – 6.0X**

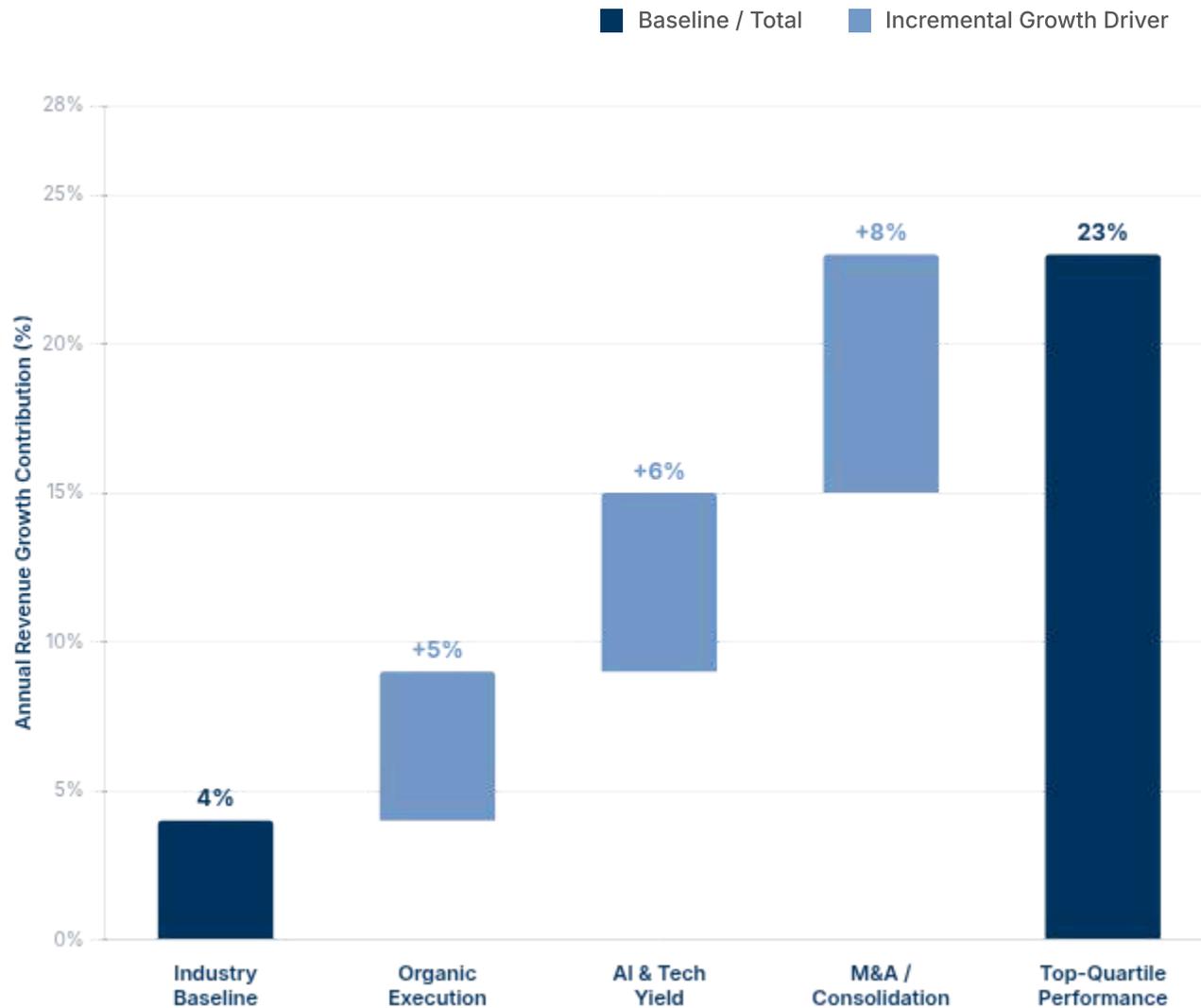
### Key Drivers

- Regulatory Crackdown (AI/Banking)
- Sticky Inflation / Rates >4.5%
- Churn Spikes / Execution Miss

**STRATEGY: CASH PRESERVATION**

# Growth Drivers: The "Alpha" Value Bridge

While industry baseline growth stabilizes at ~4%, top-quartile WealthTech platforms are unlocking 20%+ annual revenue expansion through a combination of organic execution, AI-driven yield, and strategic M&A consolidation.



## THE AI MULTIPLIER

### From Efficiency to Yield

AI adoption is shifting from cost-savings to revenue generation. "Agentic" tools for tax harvesting and direct indexing are driving a **+6% revenue uplift** through higher wallet share.

## STRATEGIC LEVER

### Consolidation Alpha

With 4,000+ fragmented players, programmatic M&A is the fastest path to scale. Acquirers integrating sub-scale platforms are realizing **+8% inorganic growth** contribution.

## TOP-QUARTILE TARGET

### 23% CAGR

Target revenue growth profile for premium valuation (Rule of 40 leaders) vs. 4% industry average.

## INTERNAL LEVER 1

### Operational Excellence

Driving multiple expansion requires rigorous optimization of unit economics and efficiency metrics:

- **Rule of 40 Optimization:** Shift focus from pure growth to balanced profitability (e.g., aiming for 30% growth / 15% EBITDA) to qualify as a "premium" asset.
- **Retention Engineering:** Implement customer success programs to push Net Revenue Retention (NRR) above 110%, signaling platform stickiness.

## INTERNAL LEVER 2

### Technology Modernization

Eliminating technical debt to unlock scalability and AI readiness:

- **AI-Native Integration:** Embed "Agentic AI" workflows for tax harvesting and support to drive gross margins toward 85%.
- **API-First Architecture:** Transition legacy monoliths to modular microservices to enable faster embedded finance partnerships.

## EXTERNAL LEVER 1

### Strategic M&A Pathways

Leveraging programmatic M&A to acquire capabilities and distribution velocity:

- **Buy vs. Build:** Acquire niche planning tools or compliance engines (\$10M-\$30M ARR) to accelerate roadmap by 18-24 months.
- **Distribution Roll-up:** Consolidate regional RIAs or sub-scale platforms to secure a captive distribution channel for proprietary products.

## EXTERNAL LEVER 2

### Exit Readiness Positioning

- **Narrative Repositioning:** Evolve positioning from "Point Solution" to "Integrated Wealth Platform" to access higher valuation comparables (10x-15x vs 5x-9x).
- **Data Hygiene:** Establish audit-ready metrics for LTV, CAC, and churn to withstand rigorous institutional due diligence.

Valuation premiums accrue to firms that successfully navigate the trade-offs between **Scope** (Platform vs. Niche) and **Velocity** (Growth vs. Efficiency). Acquirers currently favor established Platforms and highly efficient Niche players over capital-intensive growth models.

VALUATION: PREMIUM (10X-15X)



## Platform Leadership

Broad Scope / High Integration

- **Strategy:** Become the operating system for wealth; aggregate workflows and custody.
- **Key Metrics:** Net Revenue Retention >120%, Cross-sell ratio >2.0.
- **Target Profile:** Investnet-like infrastructure or comprehensive TAMPs.

VALUATION: HIGH (8X-12X)



## Niche Excellence

Deep Specialization / High Value

- **Strategy:** Solve complex, high-friction problems (e.g., Estate, Tax, Alts) better than anyone else.
- **Key Metrics:** Pricing power (high ARPU), NPS >60.
- **Target Profile:** Best-in-class point solutions ready for bolt-on.

VALUATION: SOLID (6X-9X)



## Capital Efficiency

Balanced Growth / Profitability

- **Strategy:** "Rule of 40" discipline; prioritizing cash flow durability over aggressive land-grabs.
- **Key Metrics:** EBITDA Margin >20%, CAC Payback <12 months.
- **Target Profile:** Mature SaaS generating sponsor-friendly cash flows.

VALUATION: VOLATILE (4X-12X)



## Growth Velocity

High Burn / Aggressive Scale

- **Strategy:** Penetrate TAM rapidly; typical of B2C or new AI agents.
- **Key Metrics:** Revenue Growth >50%, but Burn Multiples often >2.0x.
- **Target Profile:** High-risk/high-reward disruptors facing scrutiny in 2025.

## Fundraising: Structure Over Valuation

Capital markets remain selective. Founders must prioritize balance sheet strength over headline valuation in Q1 2026:

- **Accept Clean Terms:** Prioritize clean term sheets (no participating liquidation preferences) even at flat valuations to preserve future optionality.
- **Runway Extension:** Raise sufficient capital to bridge 24 months, bypassing potential market volatility in late 2026.

## M&A Timing: The Window is Open

Consolidation velocity is accelerating. Founders face a binary choice:

- **For Sub-Scale (<\$10M ARR):** Explore strategic sale to an Infrastructure or PE platform immediately before competitive crowding dilutes exit multiples.
- **For Leaders (>\$30M ARR):** Execute programmatic M&A to acquire "bolt-on" tech (AI/RegTech) at discounted 4-6x multiples.

## Operational Mandate: Rule of 40

Valuation premium depends entirely on demonstrating sustainable efficiency:

- **Fix Unit Economics First:** Do not scale burn until LTV:CAC exceeds 5:1 and Gross Margins surpass 75%.
- **Churn Defense:** Invest heavily in Customer Success to maintain NRR >110%; churn is the single largest destroyer of Enterprise Value.

## Strategic Differentiation

- **Deploy Agentic AI:** Move beyond "chatbots" to autonomous agents that reduce Cost to Serve (e.g., automated reconciliation), directly impacting EBITDA.
- **Verticalize:** Deepen integration into specific advisor workflows to build unassailable moats against generalist competitors.

# Appendix — Key Data Sources

SOURCE / INSTITUTION	REPORT TITLE	PUBLISHED	KEY DATA POINTS USED
McKinsey & Co	<i>"Asset Management 2025: The Great Convergence"</i>	Sep 2025	\$147T global AUM; Convergence of public/private markets; \$6-10.5T money-in-motion thesis
BCG	<i>"Global Wealth Report 2025: Rethinking Rules for Growth"</i>	Jun 2025	\$305T global financial wealth; Organic growth analysis; Regional growth divergence (APAC vs NA)
PitchBook	<i>"Q3 2025 Global M&amp;A Report"</i>	Oct 2025	\$1.3T Q3 deal value; 13,000 deal volume; Private market multiples trend; PE dry powder
Goldman Sachs	<i>"Family Office Investment Insights Report 2025"</i>	Aug 2025	Family office allocation shifts; Private market sentiment; Alternative investment demand
Deloitte	<i>"2025 Tech Trends for Investment Management"</i>	Q3 2025	AI adoption metrics; Tech stack modernization priorities; Operational efficiency benchmarks
Morgan Stanley	<i>"Global Investment Strategy Outlook 2025"</i>	Nov 2025	Macroeconomic forecast; Interest rate impact on valuations; Wealth management sector outlook
PitchBook	<i>"WealthTech 2025 Company Profile"</i>	Q3 2025	Specific deal multiples; Capital raising activity; Strategic acquirer mapping