



FINANCIAL SERVICES

FOURTH QUARTER

2018

The Financial Services Industry Practice Group draws on the experience of CFA dealmakers, who as former business owners, CEOs, and industry professionals, have first-hand knowledge and have completed many transactions in sectors throughout the Financial Services category. Working with your local CFA representative, you can be sure that the collective wealth of knowledge is available to every CFA client.

Financial Services M&A

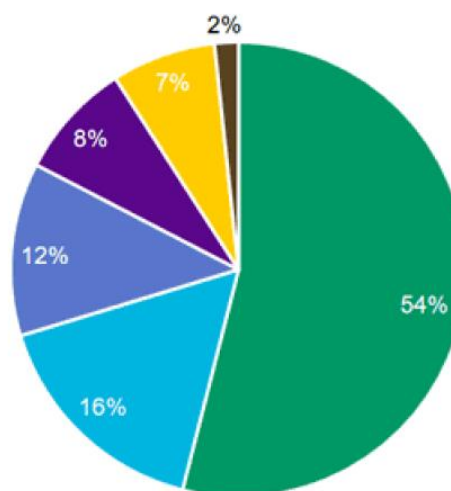
M&A activity for North American based target companies in the Financial Services sector for Q3 2018 included 268 closed deals, according to data published by industry data tracker *FactSet*.

One of the notable middle market transactions closed in August when Xome, Inc., a subsidiary of WMIH Corp, acquired the business and assets of Mortgage Solutions business of Assurant, Inc. for US\$35 million in cash. Under the terms of the agreement, Xome paid US\$35 million in cash and an undisclosed amount in contingent payout to the shareholders of Assurant. The acquisition would allow Xome to expand its product offerings. The transaction is expected to be accretive to the earnings of WMIH Corp in 2019.

The financial services sector has been significantly impacted by software and technology, which continues to evolve creating efficiencies and increasing profitability.

Sectors most affected by automated financial advice tools

■ Asset management ■ Banking ■ Securities ■ Insurance ■ Other ■ None of the above



Source: CFA Institute

Transactional Overview

Notable closed lower middle market transactions for the period in the Financial Services sector include:

August 2018 - People Corp acquired a 75% majority stake in Silverberg & Associates, Inc. for CAD29 million (US\$22.3 million) in cash. People Corp. provides group benefits, group retirement and human resource services. Silverberg & Associates specializes in the design, implementation and ongoing management of employee benefit plans. The company was founded in 1996 and is headquartered in Edmonton, Canada.



MERGERS, ACQUISITIONS, AND
CAPITAL RESOURCES SINCE 1956

FOR MORE INFORMATION CONTACT

Corporate Finance Associates
24461 Ridge Route, Suite A200
Laguna Hills, CA 92653

For over 60 years CFA has been advocating on behalf of business owners. Whether you're selling, buying or recapitalizing your company, our business is your business.

info@cfaw.com
www.cfaw.com

August 2018 - Golden Gate Private Equity, Inc., trading as Golden Gate Capital, acquired a 23.4% minority stake in Aperio Group LLC from Aurora Trust, owned by Pacific Current Group Ltd, for pre-tax proceeds of US\$71.9 million in cash. Golden Gate is an independent private equity firm founded in 2000. Founded in 1999, Aperio Group is a registered investment advisor located in Sausalito, California. The firm manages domestic, international and global equity portfolios for high net-worth individuals, institutions and intermediaries such as wealth managers, consultants and family offices.

Selected Q4 Closed Transactions	
Target/Issuer	Buyers/Investors
Advanced Marketing & Processing, Inc.	Crestview Advisors LLC
HavenBrook Partners LLC	Front Yard Residential Corp.
National Health Finance LLC	JustKapital Ltd.
Fleet Trailer LLC	J.T. McKinney Co., Inc.
Allied Affiliated Funding LP	Axiom Bank NA
Victory Park Capital Advisors LLC	Pacific Current Group Ltd.
Talon First Trust LLC	First Capital Real Estate Trust, Inc.
Mark III Properties LLC	Sumitomo Forestry America, Inc.

July 2018 - Purplebricks Group Plc acquired DuProprio, Inc., a subsidiary of Yellow Pages Digital & Media Solutions Ltd, and ultimately owned by Yellow Pages Ltd, for an enterprise value of CAD\$51 million (US\$38.8 million) in cash, on a cash and debt free basis, subject to customary adjustments. Purplebricks Group engages in the provision of real estate agency service. DuProprio provides real estate services. It offers appraisal tools prepared by a firm of chartered appraisers to help users set asking price. The company was founded in 1997 and is headquartered in Levis, Canada.

Industry Update

The proportion of US workers who plan on working after age 65 has risen in recent years, according to the 18th Annual Transamerica Retirement Survey of Workers. The majority of American workers (53%) plan to work past age 65 (40%) or do not plan to retire (13%), the survey found. Of those who plan to work in retirement, 42% plan to work part-time, while 14% plan on working full-time. The top financial reason for continuing to work is income (57%). Nearly 80% of the more than 6,000 workers polled believe their generation will have a much harder time achieving financial security in retirement than their parents, and 76% are concerned that Social Security will not be there for them when they retire, presenting financial planners with an opportunity to educate and work with future retirees to develop a sound financial plan. While the majority of Americans no longer see 65 as the traditional age for retirement, workers should nevertheless plan to ensure they'll have an income stream after they retire or semi-retire. The traditional advice to start saving early and to save as much as possible still holds.

Industry Indicators

- US consumer spending on services, a finance service demand indicator rose 2.7% in July 2018 compared to the same month in 2017.
- US corporate profits, an indicator of corporate demand for financial services, rose 7.7% in the second quarter of 2018 compared to the same period in 2017.
- US personal income, which drives demand for finance services rose 4.7% in July 2018 compared to the same month in 2017.

The Financial Services Industry Practice Group is a multi-disciplinary group of investment banking advisors within Corporate Finance Associates. Collectively, the Financial Services Practice Group provides M&A advice to independent and integrated financial companies in all sectors of the financial services industries, including property and casualty insurance services, life and health insurance services, third party administrators, commercial real estate and project financing. For information on mergers, acquisitions, divestitures, recapitalizations, joint ventures or financial resources, please call your local Corporate Finance Associates office.

