



Industry Trends & Dynasty Recommendations

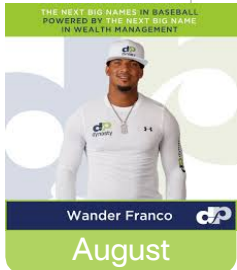
Q4 2021

Key Highlights



July

- #StarsStripesAndLikes Instagram Contest
- 2021 Dynasty RIA Report released
- Frank Coates, CTO & Taylor Howard, CDO join Dynasty



August

- Dynasty partners with MLB players Julio Rodriguez, Bobby Witt Jr., & Wander Franco
- Emerging Advisor Growth Series wraps up
- 2021 Dynasty Breakaway Survey released
- Danielle Collins Play Like a Pro event



September

- Regent Peak visits Dynasty HQ
- Nilsine Partners launches in Denver, CO
- Invesco: Priceless – The Language of Value webinar

Investment Updates

- Dynasty Revolution Growth IV Access Fund open for investments
- Speakers at the Investments Forum from 11/8-11/10 will include:
 - **Daymond John:** Top Business and Motivational Speaker, founder and CEO of FUBU Clothing, Shark Tank Reality TV Judge, Bestselling Author
 - **Jeb Bush:** Former governor of Florida
 - **Liz Ann Sonders:** Chief Investment Strategist at Charles Schwab
 - **Catherine Wood:** CEO & CIO at ARK Investment Management, LLC
 - **Steve Case:** Chairman and CEO, Revolution; Founder and Partner, Revolution Growth; Co-Founder, America Online; Chairman, Case Foundation
 - **Alexis Ohanian:** Founder, Seven Seven Six and Former Executive Chair at Reddit
 - **Howard Marks:** Co-Chairman at Oaktree Capital
 - **Josh Brown:** Host of CNBC's "Fast Money Half Time Report" and CEO at Ritholtz Wealth Management



Upcoming Events

Practice Management Monthly Webinar Series

- 10/19 – BlackRock: Build Your Business for the Future
- 10/20: The Dynasty Dynamic Family Wealth Advisor Training Program will kick off in October and run until 2/23/22. Stay tuned for more details!



Community Events

- 11/8-11/10 – Investments Forum in Nashville, TN

Breakaway Launches & Recruits in Q3

Launch

- 9/17: Nilsine Partners – Denver, CO

Recruits

- 7/13: Summit Trail Advisors adds 11-person financial planning team

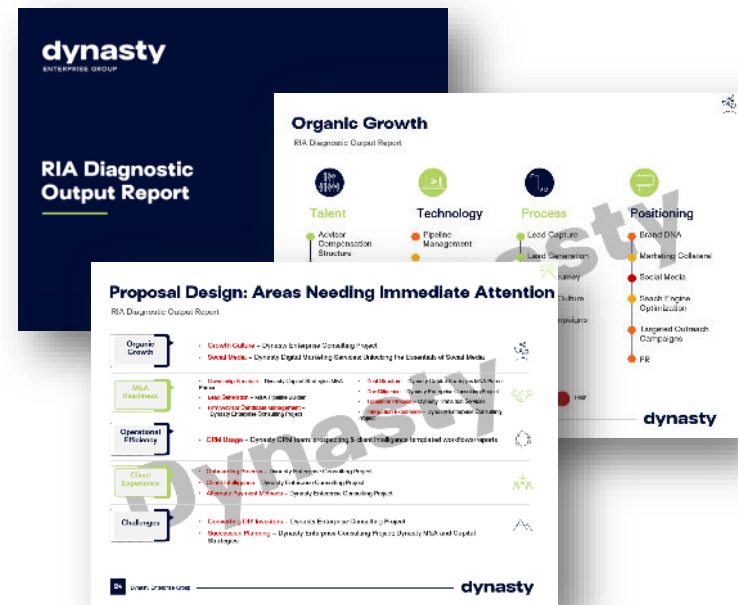


Dynasty RIA Diagnostic

A Free Tool to Help Your Business Optimize Operations, Maximize Growth and Expand Margin

- Independent firms face similar roadblocks to growth and the Dynasty RIA Diagnostic quickly identifies your unique pain points relative to industry benchmarks and the Dynasty Enterprise Group's firsthand experience.
- Dynasty's free, 15-minute diagnostic will quickly assess your firm's strengths, opportunities and pain points in the five essential areas:
 - **Organic Growth**
 - **M&A Readiness**
 - **Operational Efficiency**
 - **Client Experience**
 - **Challenges**

Prescribed Recommendations to Treat Your RIA's Pain Points



Access the RIA Diagnostic here:
<https://www.riadiagnostic.com>

Industry Trends and Recommendations

Insights Heading Into Q4 2021



Slide 5

The Great Resignation:
Why Hiring Should NOT Be
the First Course of Action

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Value Propositions are for
Clients AND Employees

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Investors as Referral Engines

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Inorganic Growth: Why Buy
When You Can Recruit?

The Great Resignation

Why Hiring Should NOT Be the First Course of Action

In today's post-pandemic, employee-driven job market, there is fierce competition to attract and retain talent.

As of July 2021, 5.8 million employees separated from their current firms, while 10.9 million job openings were available – both record high numbers¹.

In Schwab's 2021 RIA Benchmarking Study, **the Top Strategic Initiatives** list saw *"Recruit staff to increase the firm's skill set/capacity"* move up three spots from last year's study, coming in as priority #2 behind *"Acquire new clients through client referrals."*²

Similarly, in Dynasty's 2021 RIA Report, *"Sourcing and retaining good talent"* was identified as the **biggest challenge facing the industry**.

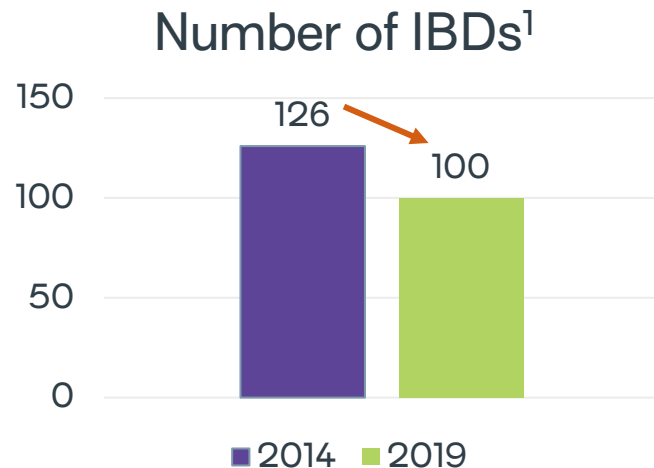
Dynasty Recommendation

Instead of hiring new people as your firm grows, **RIAs should consider outsourcing certain job functions that are not necessary to keep in-house**, like investment management, marketing, or technology. This sets the business up to **scale more efficiently** while also saving the business endless time in the hiring and onboarding process. Additionally, the **RIA avoids margin compression** due to the probable increased cost in compensation packages and benefits.

In addition to outsourcing, RIAs can continue creating efficiencies by **documenting internal processes and leveraging CRM workflows**. Schwab's 2021 RIA Benchmarking Study found that 83% of top performing firms use CRM as the central point of integration.² Dynasty's CRM team agrees wholeheartedly and would be happy to help your firm streamline tasks, processes and service deliverables.

Value Propositions are for Clients AND Employees

“ As commissions move to zero, IBDs are now transforming themselves into RIAs, offering sophisticated technology and support platforms¹. Businesses need to be aware of the elevated competition within the RIA market. ”



Given the growth in client assets within RIAs, advisors have woken up to the fact that “independence” is no longer a value differentiator for clients. In light of “The Great Resignation” and increased competition in the RIA market from IBDs, “independence” is also no longer a value differentiator for employees. As firms continue to hire in 2021 and most likely into 2022, an employee value proposition assists an RIA in attracting and, more importantly, retaining top talent.

Dynasty Recommendation

Examples of employee value propositions would include:

- **Compensation:** Is equity offered?: What benefits are included (e.g., health, HSA, dental, life, disability, pet)? Is there a designated T&E allocation? Is there aid for student loans?
- **Efficiencies:** Is the tech stack attractive? Are there documented processes? Is there access to training?
- **Growth:** Are professional designations covered? Is there tuition assistance? Is mentorship available?
- **Perks:** Is there a strong firm culture? Is flexible/remote work permitted? What is the PTO policy? Is there a primary/second caregiving policy? Are mental health days allotted?
- **Community:** Is the firm charitably inclined? Are volunteer days supported? Is there a donation allocation?

Leveraging Millennial Investors as Referral Engines

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Spectrem Group found that over a five-year period, younger investors, Millennials in particular, refer their advisors 6-10 times compared to older investors who refer their advisors only 1-2 times.¹

”

Engaging the next generation of investors is a table stakes exercise. In order to go a step beyond **engagement** and into the creation of a referral engine, The Oechsli Institute teaches the “Word-of-Mouth (WOMI) Hierarchy”.²



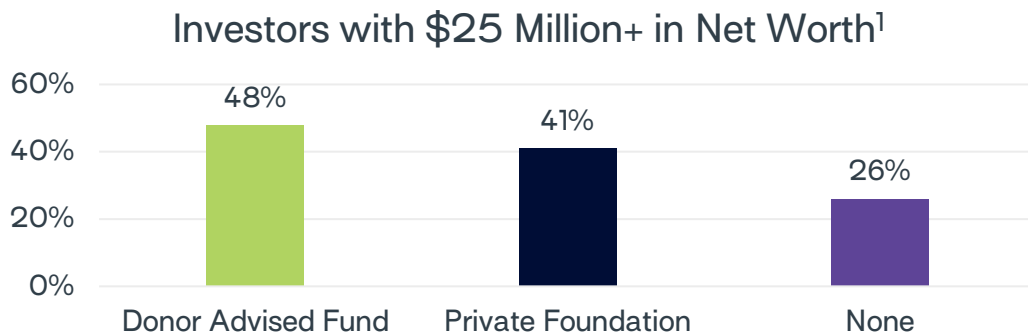
Dynasty Recommendation



Determining your true differentiators can be challenging. The truth is, it doesn't matter what you believe your unique value proposition to be. What really matters is what your clients perceive it to be. Dynasty recommends interviewing your current Millennial clients and client-heirs in order to extract your true differentiators. If you would like assistance with this, Dynasty Practice Management can provide you with a list of sample questions.

Charitable Planning: Give and You Shall Receive

According to NPTrust, donor advised funds held \$141 billion in assets and represented almost 12% of individual giving in 2019, compared to only 4% in 2011. Due to this increase, it's important for advisors to understand how donor advised funds work and how they may benefit clients.¹ Furthermore, Schwab found that of firms providing specialized services, charitable planning increased the most (10%) from 2016 to 2020.²



Top Five Motivations for Charitable Giving¹

1. Personal sense of social responsibility
2. Faith or religion
3. Worthwhile thing to do with my money
4. Family encouragement
5. Tax benefits



Of these UHNW investors that have established and funded a donor advised fund and/or private foundation, Spectrem Group found that 1/3 received information about these charitable vehicles from their primary advisor. This number reached almost half amongst Gen X and Millennial UHNW investors. More interestingly, once an investor chooses an organization that they are passion about to support, 57% donate to those same organizations each year.³

Dynasty Recommendation

According to Dynasty's 2021 RIA Study, more than 82% of Network respondents offer charitable planning services. Dynasty recommends targeting wealthy, charitably-inclined Gen X and Millennial investors, who have not yet determined their philanthropic passions and do not have a charitable plan in place. By connecting these investors to their passions and outlining a clear path, the likelihood of relationship stickiness is high.

Inorganic Growth: Why Buy When You Can Recruit?

Schwab 2021 RIA Benchmarking Study¹



“

The Schwab 2021 RIA Benchmarking Study found that only 4% of firms were successful in M&A. This almost matches Dynasty’s 2021 RIA Study, which came in at 5%. This highlights the difficulty of executing on M&A effectively.

Though small, 8% of firms were successful in recruiting individual advisors – double the success of M&A.

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Dynasty Recommendation

The M&A market is extremely competitive. An interesting take on this is to focus on advisor recruitment in order to experience incremental success rather than aiming for a full firm acquisition. Again, this ties back to having a clear employee value proposition, specifically geared towards advisor recruits. In addition to the employee value proposition items mentioned on slide 5, an advisor value proposition should consider additional aspects including upfront cash, percent payout, advisor-level marketing capabilities, ability to absorb office costs, access to support staff and level of autonomy.



PRACTICE MANAGEMENT

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Thank You
