

# The Evolution of Investment Management

# Varium Investment Partners

(Varium = Latin for “Different”)



# **Varium Investment Partners**

## **Value Proposition**

A Unique Partnership for Independent RIAs



# **Varium Investment Partners Mission**

To Create a Unique and Innovative Partnership  
that is the Next Evolution of the Relationship  
between Advisors and their Investment  
Management Solutions.



# **Varium Investment Partners Mission**

To Deliver a Superior Result for our Partners in  
2 Critical Areas:

1. Investment Process, Delivery, and Results
2. Maximize RIA Firm Value and ROI



# **The Problem I Didn't Know I Had**

Our Current Model Works Fine for My Firm...

We Make a lot of Money and our Clients Seem Happy...

**Why Would I Want to Make a Change...???**





# Three Critical Shortfalls of an RIA

Our Unique Model addresses 3 Critical Shortfalls of the RIA Model

1. Investment Solution Efficiency – Getting the Most out of Your Limited Resources – Time, Effort, People, and Capital
2. Capturing “Lost Value” Forfeited to Third-Parties in Traditional RIA Investment Models
3. Monetizing the “Lost Value” in a Way that is Accretive to All Stakeholders – RIA Firms, their Advisors, and the Advisory Clients



What if there was a Business Model that could:

1. **INCREASE** your Annual Free Cashflow
2. **DOUBLE** the Value of your RIA
3. **IMPROVE** your Investment Process and Results

**At your Current AUM with NO Additional Cost**



**Fact:**

**RIA Firms Give Away More Economic Value than they Retain Themselves...  
Traditional Solutions Transfer Billions of Economic Value to Third-Party Investment Products and “Solutions”.**



## VARIUM INVESTMENT PARTNERS

Advisors traditionally employ third-party solutions - Mutual Funds, SMAs, TAMPS, OCIOs, LPs, Etc. in the management of Advisory clients' assets.

In doing so, Advisors gain access to expert level networks of investment professionals and solutions, but at a steep cost....

Advisors transfer billions of dollars of economic value to these third party investment solutions, often with poor or sub-optimal investment results.



Let's examine the way most advisors work with third-party investment solutions and the value that is transferred or "lost" with an example using current third-party investment options....

First, let's set a baseline valuation for a traditional RIA firm....



# Disclaimer - Valuation of an Independent RIA

We recognize each RIA firm is as unique as a fingerprint and no single example will capture your firm accurately. For purposes of this discussion, we're going to make several general assumptions about RIA Firm Value based on AUM, Fees, Free Cashflow Margins, and Free Cashflow Multiples.

We will use the conservative, but fair, firm metrics for our example.



## VALUE OF AN INDEPENDENT RIA – SAMPLE RIA

- Firm AUM is \$500,000,000
- Average Advisory Fee of 75 BPs *(50 – 125 BP range)*
- Revenue of \$3,750,000
- Free Cashflow Margins of 50% *(40 – 70% range)*
- Free Cashflow of \$1,875,000
- Free Cashflow Multiple of 6x *(4 – 8x range)*





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- Free Cashflow Multiple of 6x *(4 – 8x range)*
- **Original Firm Value: \$11,250,000**



# Fee Dollars – RIA Advisory Fees

Advisory Client

Advisor

Financial Planning

General Financial Advice

Insurance Planning

Income Tax Planning

Retirement Planning

Estate Planning

Investments

Advisory Fee

Advisory Fees = RIA Firm Valuation

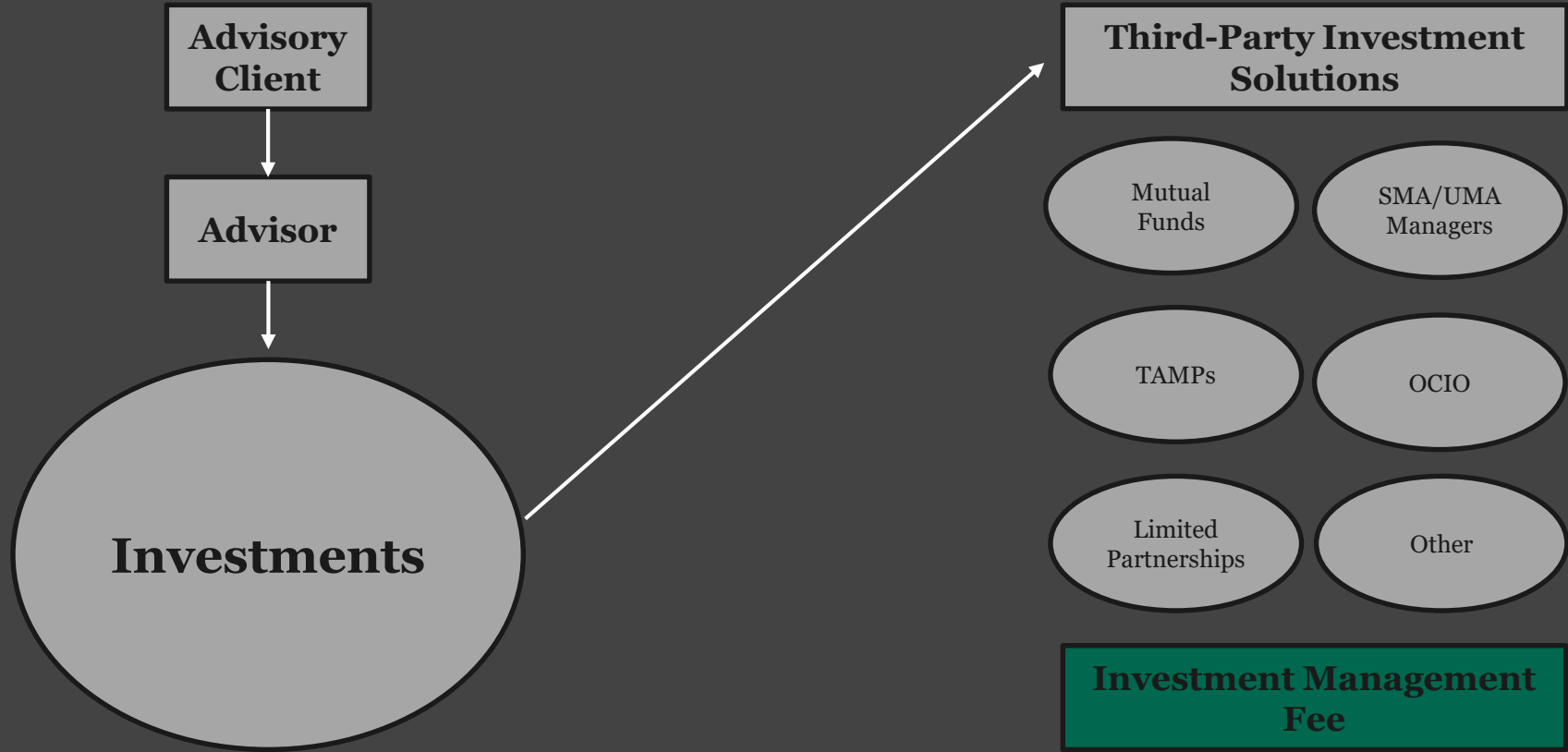
**\$500,000,000 AUM**  
**75 BPs Fees**  
**Revenue of \$3.75 MM**  
**Free Cashflow Margins 50%**  
**Free Cashflow \$1.875 MM**  
**Free Cashflow Multiple of 6x**

**RIA Firm Value:**  
**\$11,250,000**

**That is the traditional advisory model, and most advisors stop thinking about fees and value creation there, but that is only half of the equation...**

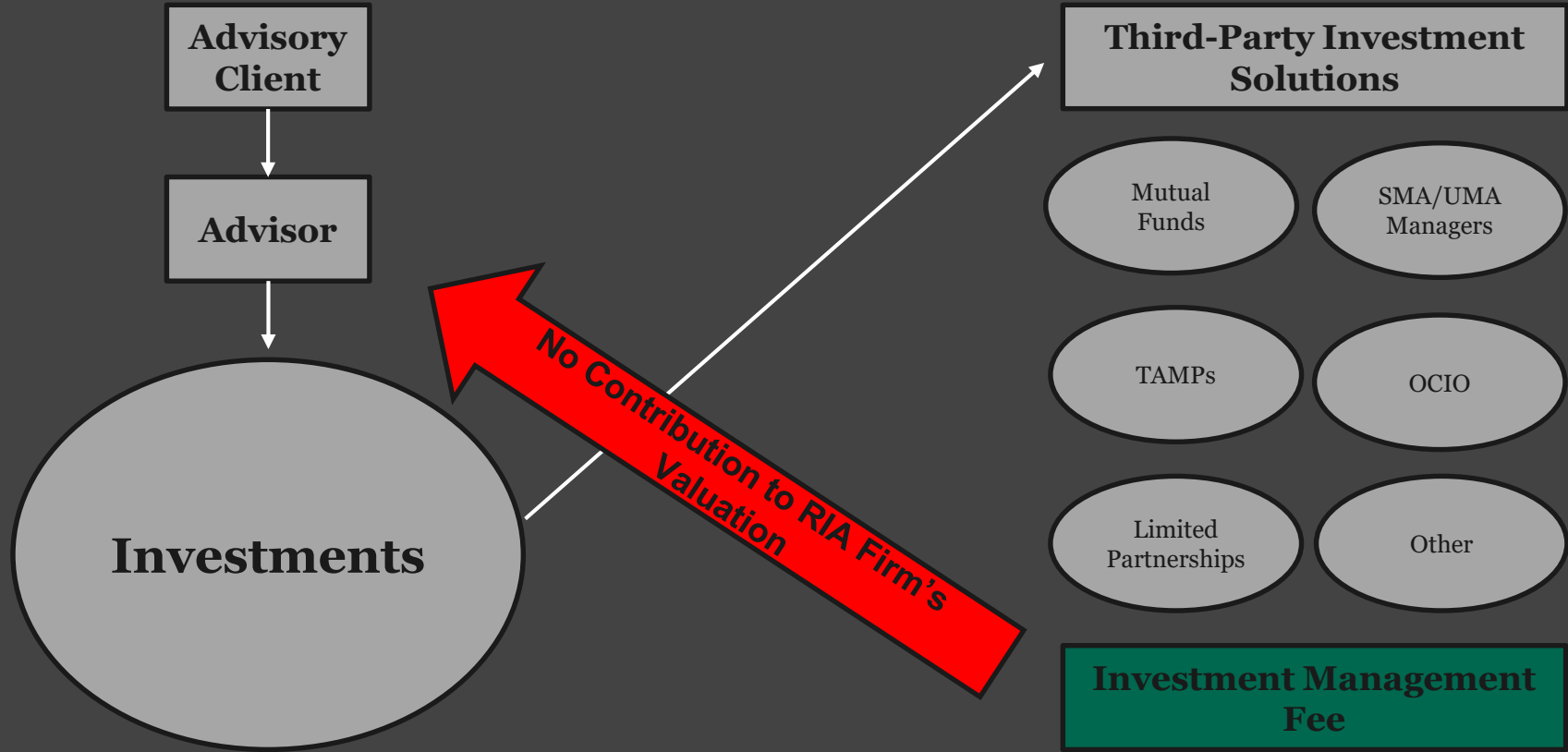
**Equally as important is the investment management fee and how that gets monetized.**

# “Lost” Fee Dollar – Investment Solution Fees

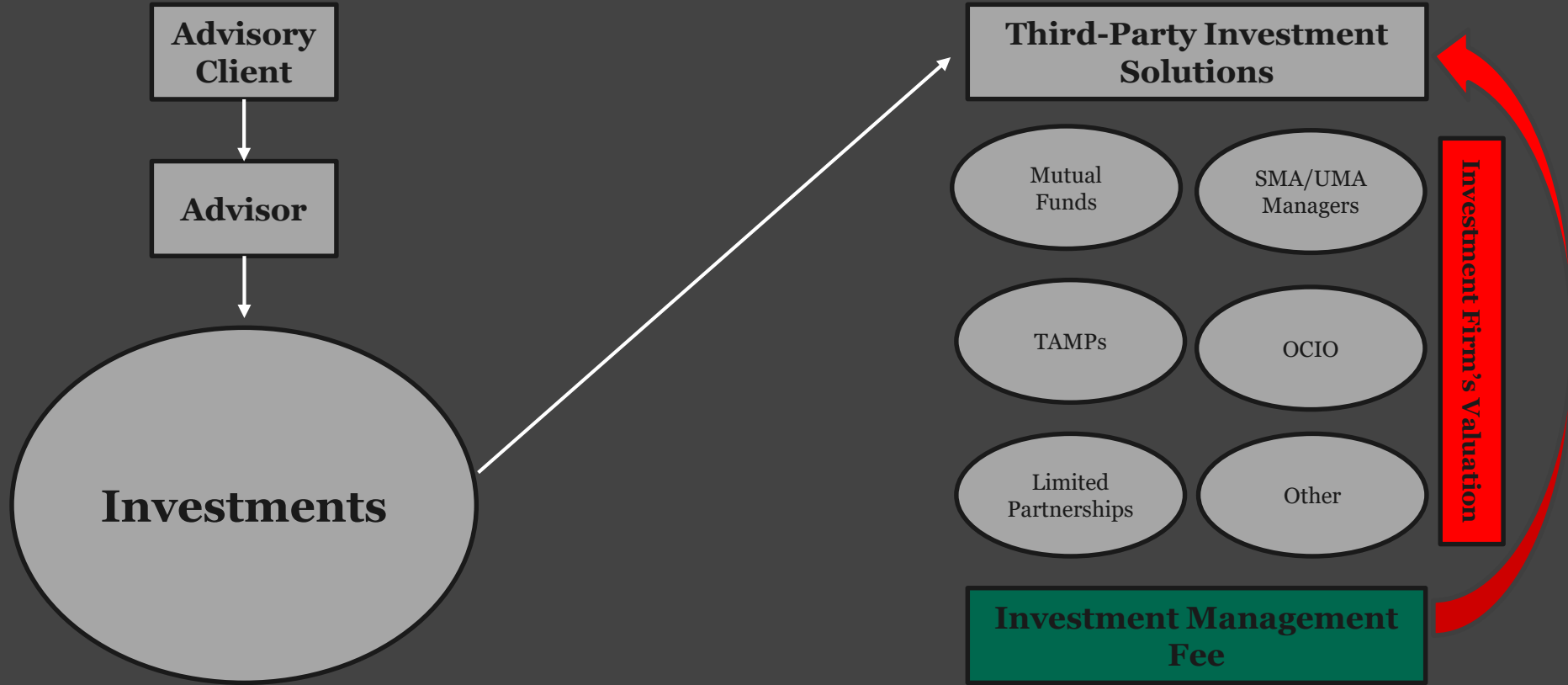




# “Lost” Fee Dollar – Investment Solution Fees



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**Third-Party Investment  
Firm Valuation**

**\$500,000,000 AUM**  
**75 BPs Fees**  
**Revenue of \$3.75 MM**  
**Free Cashflow Margins 50%**  
**Free Cashflow \$1.875 MM**  
**Free Cashflow Multiple of 10x**

**Investment Firm Value:**

**\$18,750,000**

**Third-Party Investment  
Solutions**

Mutual  
Funds

SMA/UMA  
Managers

TAMPs

OCIO

Limited  
Partnerships

Other

**Investment Management  
Fee**



# “Lost” Fee Dollar – Investment Solution Fees

**Third-Party Investment Firm Valuation**

**\$500,000,000 AUM**  
**75 BPs Fees**  
**Revenue of \$3.75 MM**  
**Free Cashflow Margins 50%**  
**Free Cashflow \$1.875 MM**  
**Free Cashflow Multiple of 10x**

**Investment Firm Value:**

**\$18,750,000**

**No Contribution to RIA Firm's Valuation**

**Third-Party Investment Solutions**

Mutual Funds

SMA/UMA Managers

TAMPs

OCIO

Limited Partnerships

Other

**Investment Management Fee**

# “Lost” Fee Dollar – Investment Solution Fees

**Third-Party Investment  
Firm Valuation**

**\$500,000,000 AUM**  
**75 BPs Fees**  
**Revenue of \$3.75 MM**  
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**Investment Firm Value:**

**\$18,750,000**

**Value to RIA Firm:**

**\$0**

**Third-Party Investment  
Solutions**

Mutual  
Funds

SMA/UMA  
Managers

TAMPs

OCIO

Limited  
Partnerships

Other

**Investment Management  
Fee**





# “Lost” Investment Fee Dollars

Advisory Client

Advisor

Financial Planning

General Advice

Insurance Planning

Income Tax Planning

Retirement Planning

Estate Planning

Investments

Advisory Fee

Advisory Fees = RIA Firm Valuation

\$500,000,000 AUM

75 BPs Fees

Revenue of \$3.75 MM

Free Cashflow Margins 50%

Free Cashflow \$1.875 MM

Free Cashflow Multiple of 6x

**RIA Firm Value:**

**\$11,250,000**

**Investment Management Fee Contribution to RIA Firm Value:**

**\$0**





What if there was a Business Model that  
Provided the Same, or Better, Levels of  
Fiduciary, Non-Proprietary Investment  
Expertise, Execution, and Results, but also  
Captures Most of the “Lost” Value  
Transferred to Third-Party Investment  
Solutions..?



## VARIUM INVESTMENT PARTNERS

We have created a unique and innovative partnership between investment management professionals and growth-oriented RIAs to maximize both the total value of your firm and efficiency of the investment management solutions advisors employ on behalf of their clients.





Do you Want to Change the Economics of your Business  
to Derive more Profit, More Cashflow, and More Value?

Do you want to Maximize your Return on Investment of  
Time, Capital, and People?

We ask the Question, Again.....



What if there was a Business Model that could:

1. **INCREASE** your Annual Free Cashflow
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3. **IMPROVE** your Investment Process and Results

**At your Current AUM with NO Additional Cost**



**Why would you not use it?**



To explore options for becoming a Varium Investment Partners owner and RIA Partner, please contact:

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