

Two Tranches of Value

There are two tranches of value in financial services distribution platforms. Simply stated, there are two sides: the advisor side and the distribution side.

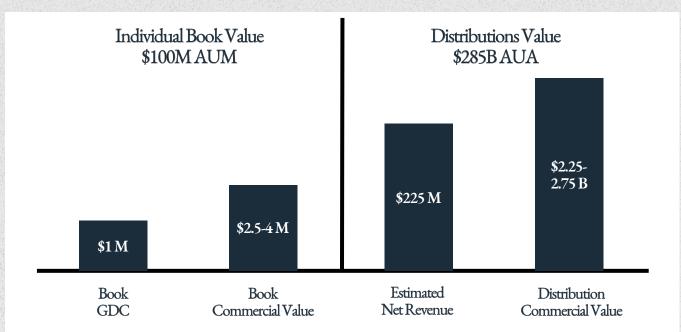
The **first tranch**e of value comprises the ongoing revenue generated from an advisor's book of business, along with the commercial value of that book. The commercial value is the multiple achieved at exit if a book of business is sold. The **second tranch**e involves combining the annual distribution platform revenue from advisor production with the commercial value, or multiple, on the distribution platform if it were to be sold.

Leaders in distribution companies have known this for decades and have built and leveraged the commercial value of their platforms on the backs of advisors and their clients. They keep advisors distracted with talks of grid payouts, technology, proprietary investment strategies, and upfront transition loans while isolating them from the commercial value of their chosen distribution. Once enough scale is achieved, the platform is shopped for a maximum multiple, creating a windfall for distribution executive leadership. The advisors who created the value are left with little more than a "thank you" and unwanted/unwelcome disruptions to their business.

Victory Financial's advisor-owned RIA platform, for the first time, gives advisors access to both tranches of value. We believe that advisors who create value in distribution platforms should have an ownership stake in that value. At Victory Financial, you own your book outright, and at the time of your exit from the business, you have the freedom to maximize the commercial value of your book inside or outside of Victory. Additionally, our partner track gives advisors the opportunity to have real ownership by participating in the commercial value of Victory Financial through our annual profit-sharing program.

In almost every case, affiliation with Victory Financial will result in increased take-home pay and a multiple on your book at exit, while also providing the opportunity to participate in annual platform profit sharing. Our goal is full alignment across both tranches of value, and we aim to drive partner payouts to 100% when combining annual grid revenue and profit sharing. No other platform offers this level of commitment, and no one else is even trying.

We build 10-year pro forma models for prospective advisors to illustrate how we deliver unrivaled economics across both tranches of value. We look forward to building one for you and exploring how we can grow together in partnership.



*Book value is based on an advisor with \$100M of AUM charging a 1% fee, generating \$1M of gross revenue, achieving a 2.5-4x multiple on the sale of the book. Distribution value is based on an estimation of figures tied to LPL's recent purchase of Commonwealth Financial Network, illustrating a 10-12x multiple.