



Sectorwatch: Investment Technology

July 2018

Investment Technology

July 2018

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Overview

7MA provides Investment Banking & Advisory Services to the Business Services and Technology Industries globally. We advise on M&A and private capital transactions, and provide market assessments and benchmarking. As a close knit team with a long history together and a laser focus on our target markets, we help our clients sell their companies, raise capital, grow through acquisitions, and evaluate new markets. We publish our sectorwatch, a review of M&A and operational trends in the industries we focus.

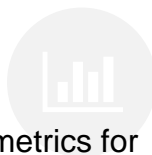
Dashboard

- Summary metrics on the sector
- Commentary on market momentum by comparing the most recent 12-month performance against the last 3-year averages.



Public Basket Performance

- Summary valuation and operating metrics for a basket of comparable public companies



Valuation Comparison

- Graphical, detailed comparison of valuation multiples for the public basket



Recent Deals

- The most recently announced deals in the sector



Dashboard

Revenue Growth Momentum

↓ -0.02

1 - year revenue growth compared to revenue growth average for last 3 years

Current revenue growth rate is less than the average of the last 3 years, indicating that the market may be flattening or declining

Pricing / Gross Margin Momentum

↑ 0.2%

1 - year gross profit % compared to gross profit % average for last 3 years

Current gross profit margin exceeds the average of the last 3 years gross profit margin by this amount, indicating supplier pricing power

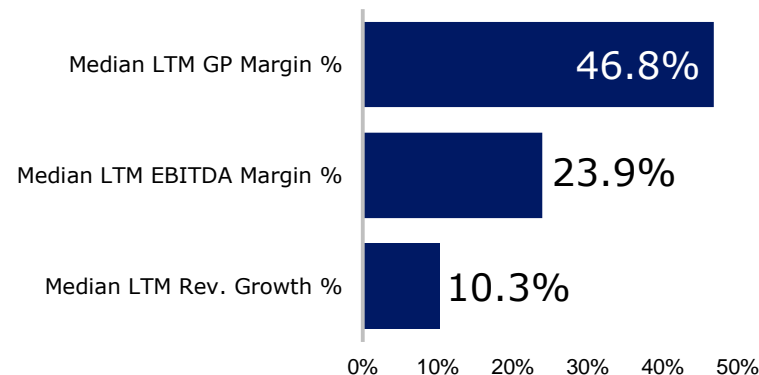
Profitability Momentum

↑ 1.8%

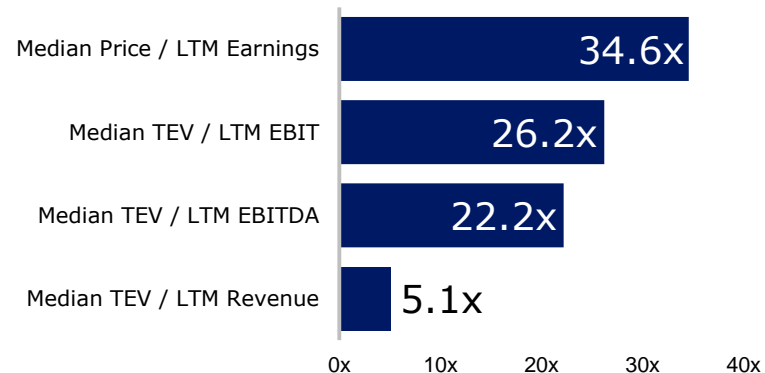
1 - year EBITDA % compared to EBITDA % average for last 3 years

Current EBITDA margin exceeds the average of the last 3 years EBITDA margin by this amount, a condition that may attract new entrants

Operating Metrics



Valuation



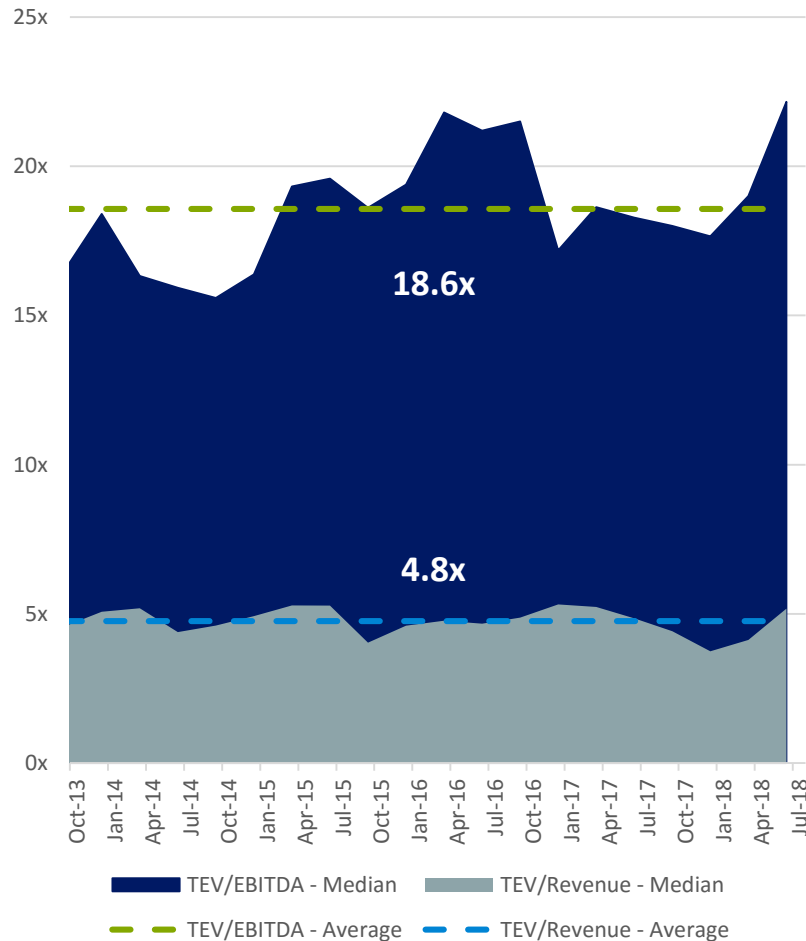
Public Basket



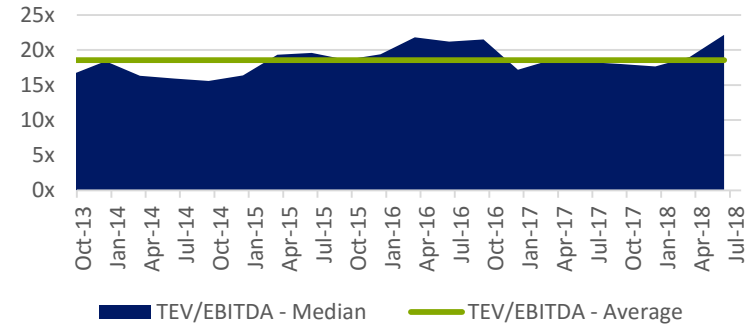
Company	TEV \$m	LTM Rev \$m	Rev Growth YoY	GP %	EBITDA %	TEV / Rev X	TEV / EBITDA X	# FTEs	Rev / FTE \$k
IRESS Limited	1,639	336	10%	33%	23%	5.1	22.4	1,881	179
Fidessa group plc	1,853	478	7%	58%	19%	3.9	21.1	1,705	281
Financial Engines, Inc.	2,625	494	11%	56%	24%	5.3	22.2	935	528
Envestnet, Inc.	2,999	724	20%	29%	12%	4.1	35.8	3,516	206
SimCorp A/S	3,211	444	17%	62%	29%	7.6	26.1	1,547	287
Computershare Limited	8,429	2,230	10%	20%	25%	4.0	16.0	17,706	126
SEI Investments Co.	9,411	1,572	10%	76%	29%	6.0	15.3	3,616	435
Broadridge Financial Solutions, Inc.	14,683	4,355	15%	26%	19%	3.4	17.9	10,000	436
SS&C Technologies Holdings, Inc.	14,715	1,690	8%	47%	37%	8.7	23.4	8,287	204
Average	6,618	1,369	12%	45%	24%	5.3	22.3	5,466	298
Median	3,211	724	10%	47%	24%	5.1	22.2	3,516	281

share price as of 11Jul18

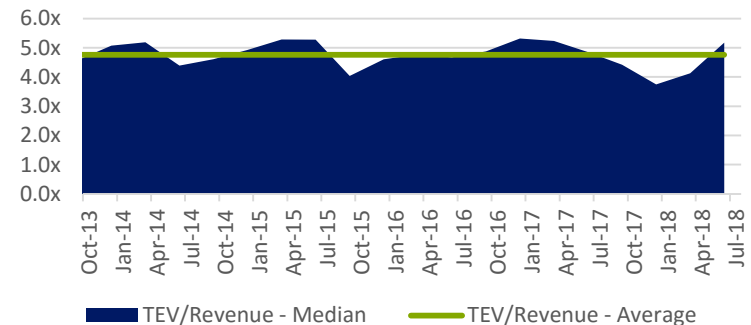
Public Basket Valuation Trends



Public EBITDA Multiples over Time



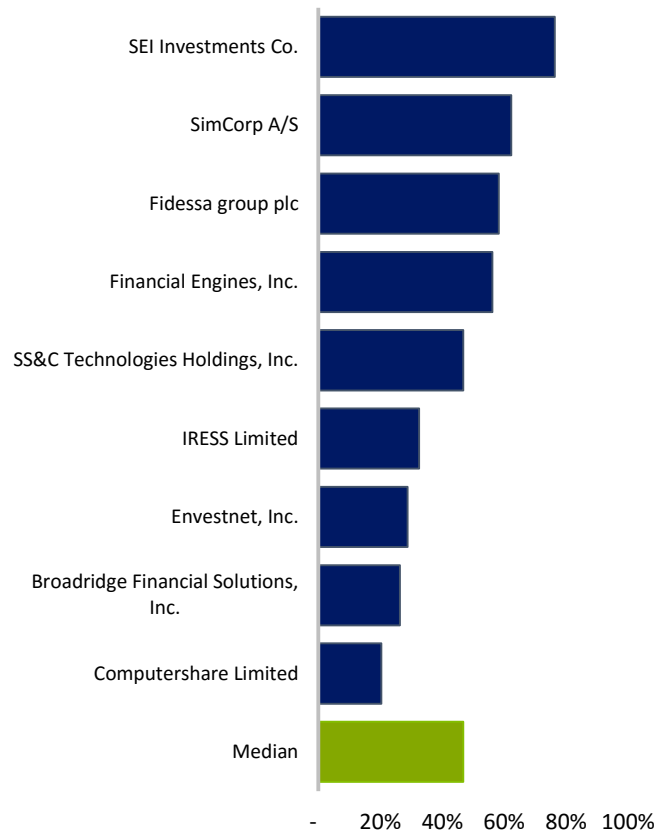
Public Revenue Multiples over Time



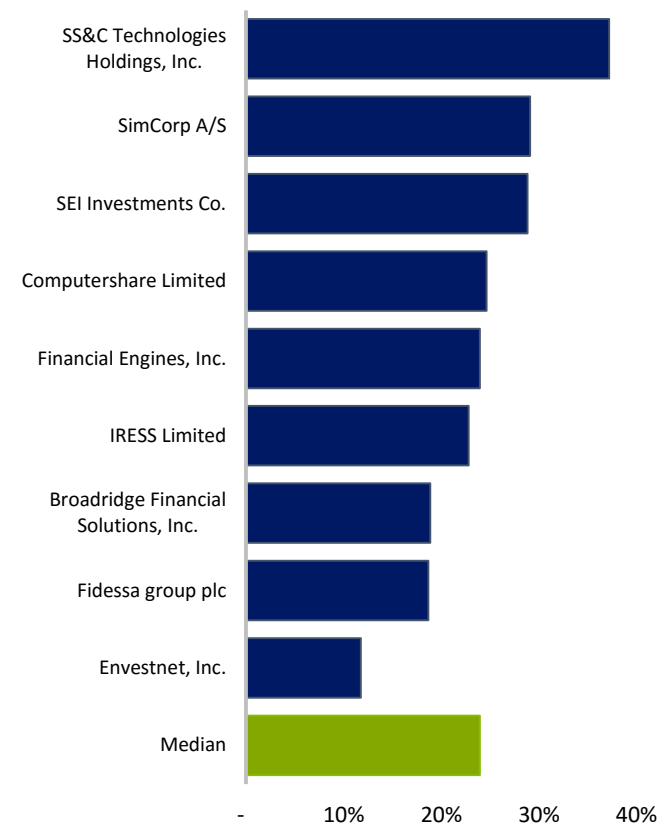
Operational Metrics



LTM Gross Profit Margin %



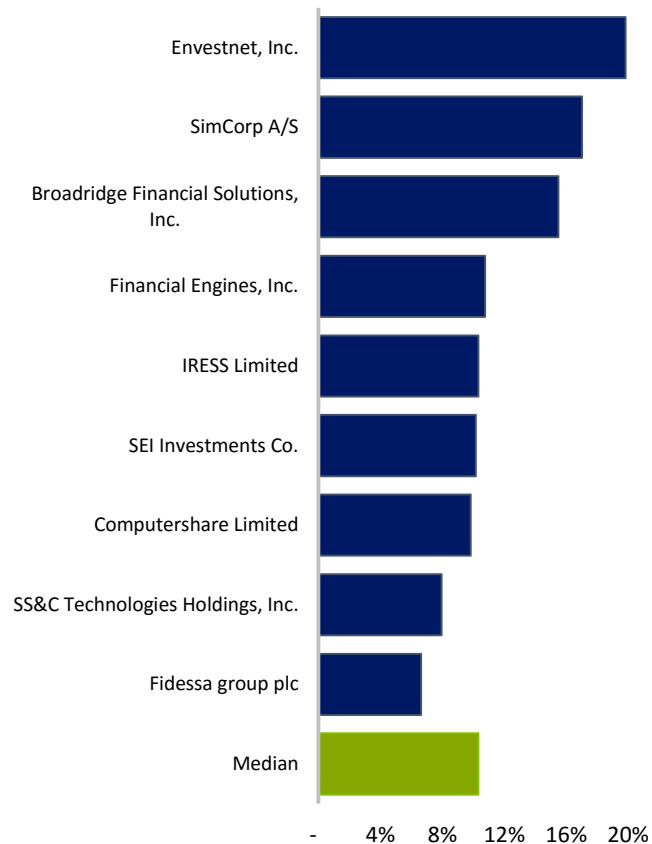
LTM EBITDA %



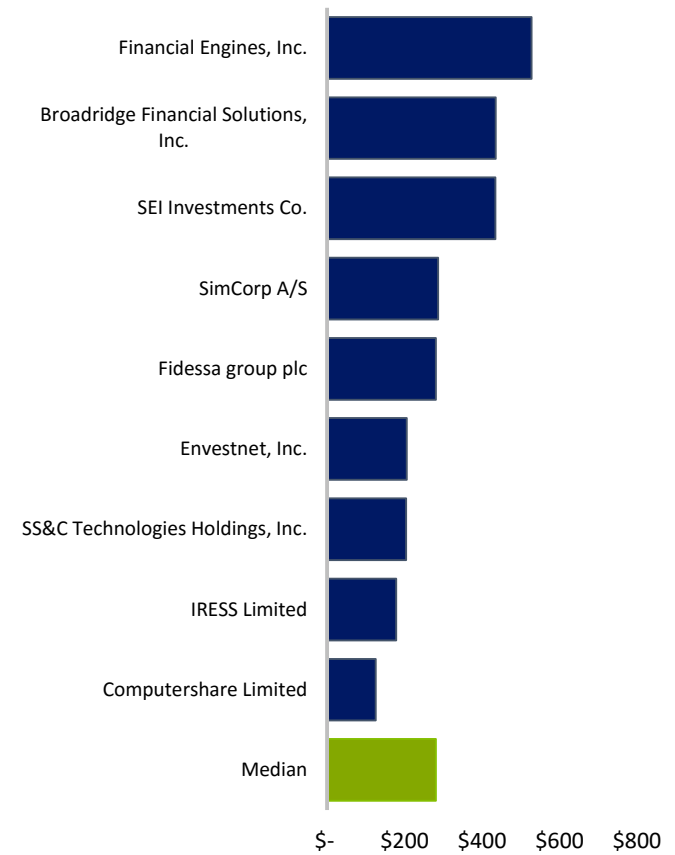
Operational Metrics



LTM Revenue Growth %



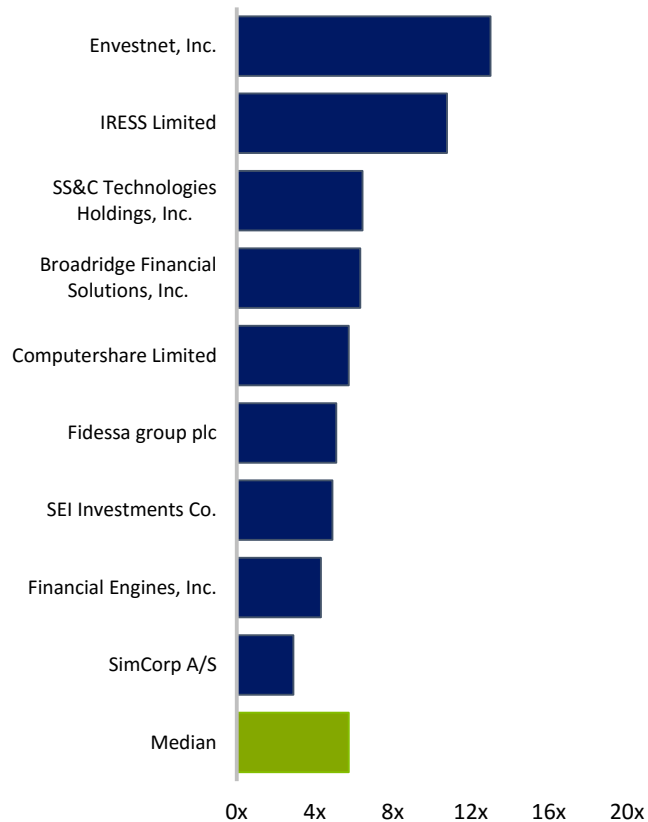
LTM Revenue per Full Time Employee x 000's



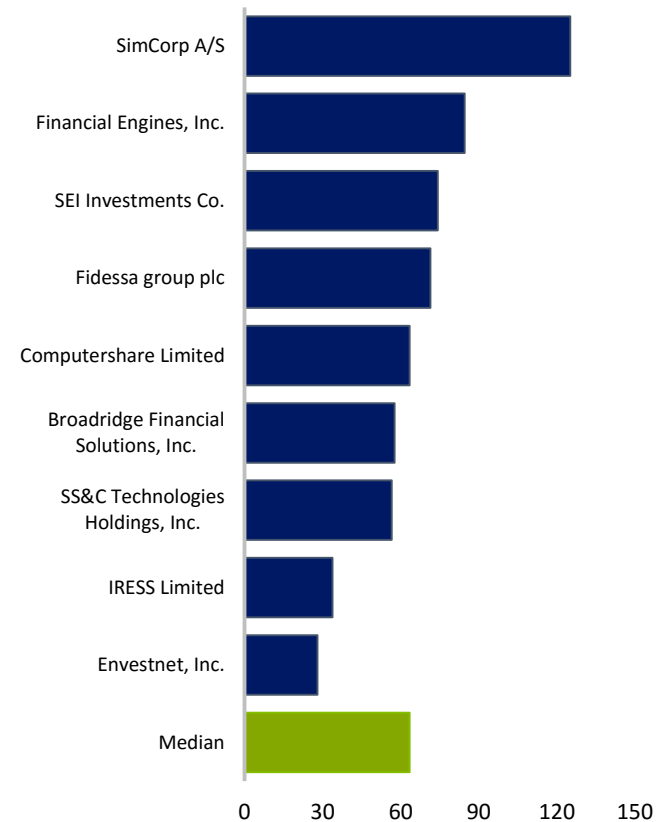
Operational Metrics



Accounts Receivable Turnover



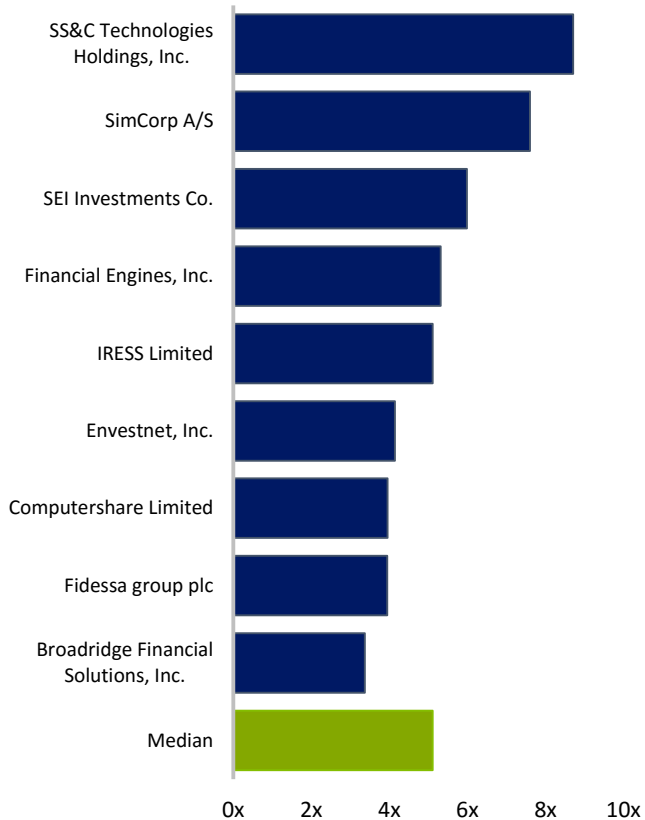
Average Days Sales Outstanding



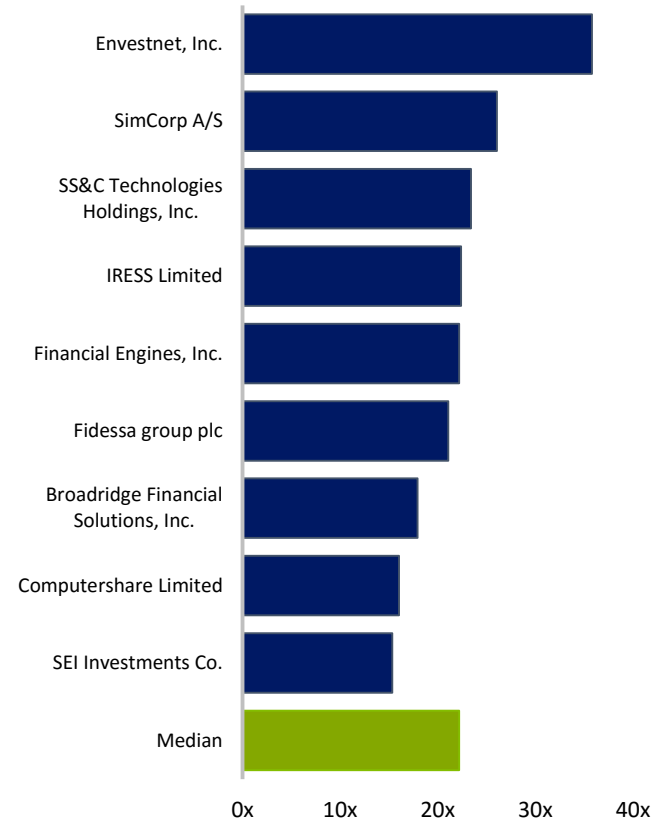
Valuation



TEV / LTM Revenue



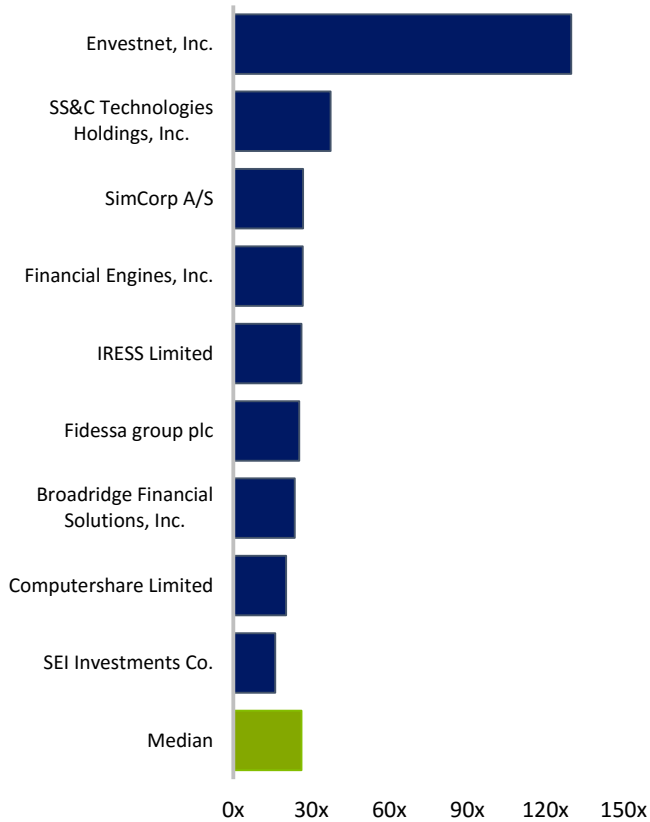
TEV / LTM EBITDA



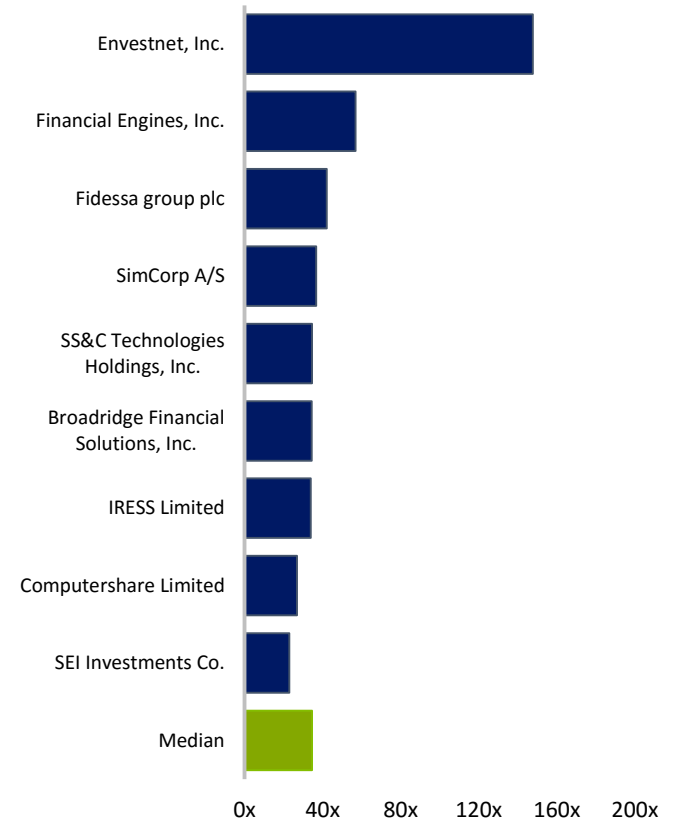
Valuation



TEV / LTM EBIT



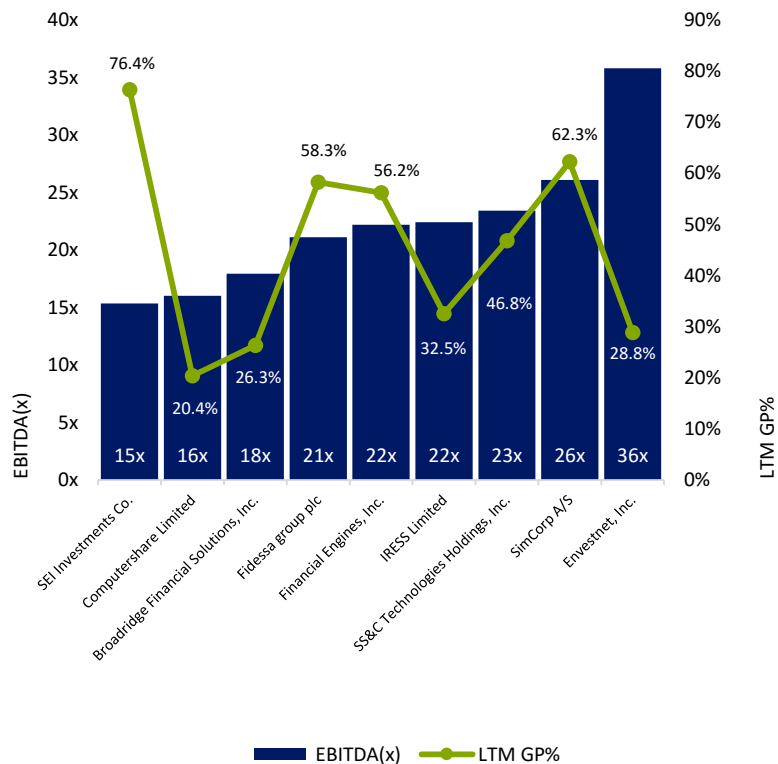
Price / LTM Earnings



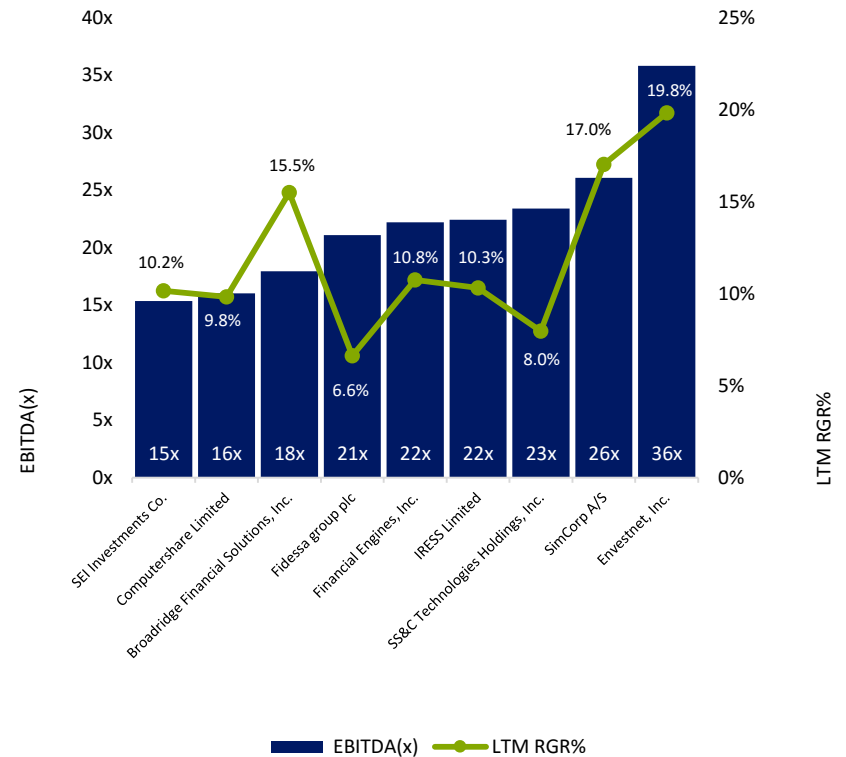
Valuation



Historical Valuation Multiples versus Gross Profit



Historical Valuation Multiples versus Revenue Growth Rate



Recent Transactions



Date	Target	Buyer / Investor	Total Transaction Value	Target Revenue	TEV / Revenue	TEV / EBITDA
3Jul18	Taliance Group	Altus Group Limited	23.32	-	4.3x	-
20Jun18	Quantifeed HK Limited	Legg Mason, Inc.; Cathay Financial Holding Co., Ltd.	10.00	-	-	-
13Jun18	Cleo AI Ltd.	Greylock Partners	10.50	-	-	-
11Jun18	rplan Limited	InvestCloud, Inc.	20.00	-	-	-
19May18	Ipreo Holdings LLC	Markit North America, Inc.	1,855.00	-	-	-
3May18	quantvex llc	Hatton Consulting, Inc.	-	-	-	-
2May18	Imagine Software Inc.	NewStar Financial, Inc.; Varagon Capital Partners; Mountaingate Capital Fund I, L.P.; Mountaingate Capital Management, L.P.	-	-	-	-
13Apr18	Door Ventures Inc.	-	-	-	-	-
10Apr18	CloudMargin Limited	IHS Markit Ltd.; Illuminate Financial Management LLP; LVC, Investment Arm	10.00	-	-	-
6Apr18	Lirio, LLC	-	2.25	-	-	-
29Mar18	D3 Technology Inc.	-	-	-	-	-
26Mar18	Shenzhen Jinfuzi Network Technology Co., Ltd.	Sequoia Capital China; KINGKEY GROUP CO., LTD.; Chunxiao Capital	15.80	-	-	-
12Feb18	SecFi, Inc.	Social Leverage, LLC; Coventure; FJ Labs	1.00	-	-	-
5Feb18	Ohpen B.V.	Amerborgh International N.V.	31.04	-	-	-
29Jan18	Duco Technology Ltd.	Eight Roads Ventures Europe; Insight Venture Partners LLC; NEX Opportunities	28.00	-	-	-
29Jan18	Stash Financial Inc.	Union Square Ventures; Coatue Management, L.L.C.; Valar Ventures LP; Entree Capital; Breyer Capital; Goodwater Capital	37.50	-	-	-
15Jan18	Oval Money LTD	-	1.85	-	-	-
11Jan18	Lombard Risk Management plc	Vermeg N.V.	71.01	43.11	1.6x	NM
2Jan18	CRM Software, Inc.	AdvisorEngine, Inc.	-	-	-	-
29Dec17	AdvisorEngine, Inc.	WisdomTree Investments, Inc.	30.00	-	-	-
14Dec17	Canopy Pte. Ltd.	Lionrock Capital; Credit Suisse Group, Investment Arm	3.40	-	-	-
8Dec17	LUX Fund Technology & Solutions, Inc.	Credit Suisse Asset Management, LLC; Credit Suisse Next Investors, LLC	6.00	-	-	-
16Nov17	Avaloq group AG	Warburg Pincus LLC	-	-	-	-
9Nov17	Taliance Group	-	-	6.98	-	-
3Nov17	Funderbeam Ou	-	5.80	-	-	-
24Oct17	Tink AB	SEB Venture Capital; Nordnet AB (publ); Nordea Investment Management AB; Sunstone Capital A/S; Creades AB; ABN AMRO Group N.V., Investment Arm	15.72	-	-	-
20Oct17	Able B.V.	Topicus Finance B.V.	-	-	-	-
27Sep17	Vestmark, Inc.	-	11.65	-	-	-
25Sep17	Folio Dynamics Inc.	Envestnet, Inc.	205.00	32.62	6.0x	NM
22Sep17	BetterTradeOff Pte Ltd	-	1.49	-	-	-
19Sep17	Laser App Software Inc.	Internet Pipeline, Inc.	-	-	-	-
7Sep17	Wise Trading Technologies, Inc.	-	-	-	-	-

Investment Technology

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APPENDIX: Public Basket Constituents

Public Basket

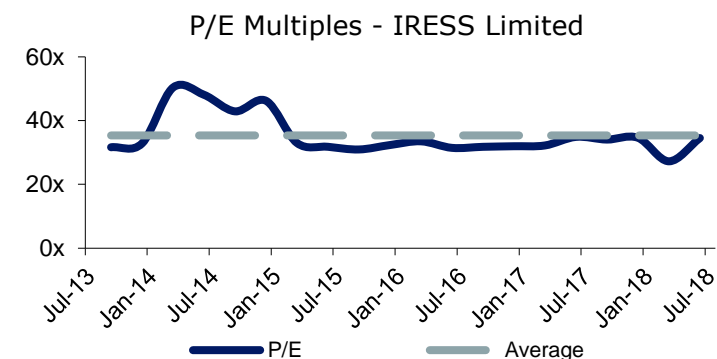
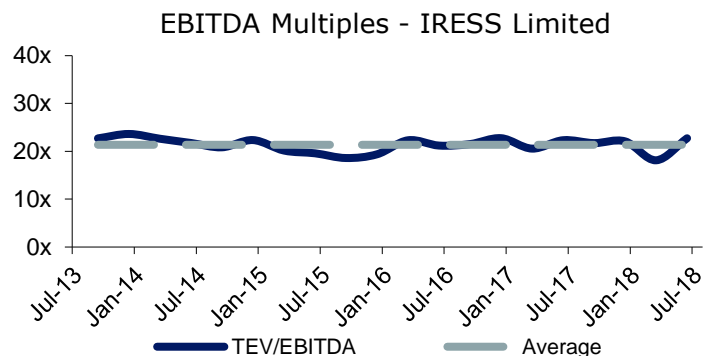
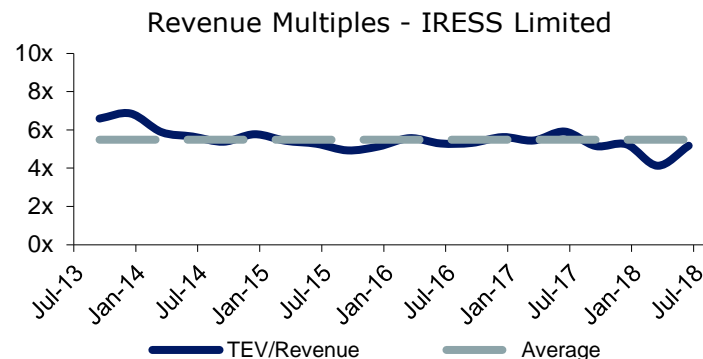


IRESS Limited

IRESS Limited provides information, trading, compliance, order management, portfolio and wealth management, and lending systems and related tools in Australia, New Zealand, Asia, Canada, South Africa, and the United Kingdom. It offers CommPay, a revenue management solution for advisor firms; IRESS Digital, a solution for market data, trading, and charting tools; IRESS Execution Management System, a customizable multi-broker order execution and allocation management solution for buy-side participants; and IRESS Order System, a solution for institutional and retail brokers. The company also provides IRESS Portfolio System, a solution for portfolio management, compliance, and reporting on one platform for institutional and retail portfolio managers; IRESS Pro, a global market information platform for institutional and retail brokers, investment managers, and advisers; private wealth management tools; SmartHub, a managed open trade messaging network that connects buying and selling side participants; and XPLAN, an integrated financial planning software for wealth management and financial planning professionals. In addition, it provides consulting services. IRESS Limited was founded in 1993 and is based in Melbourne, Australia.

Date	Key Development Headline
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4/3/18	IRESS Limited (ASX:IRE) agreed to acquire remaining majority stake in Lucsan Capital Pty. Ltd.
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Public Basket

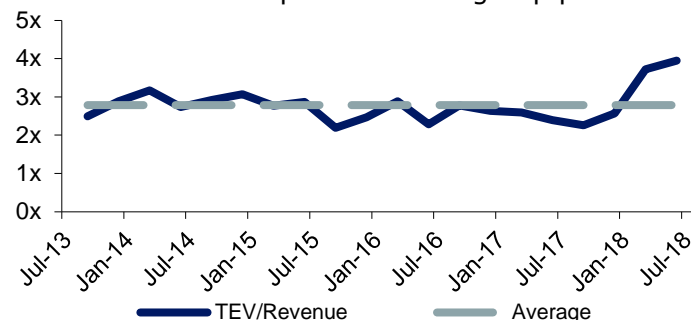


Fidessa group plc

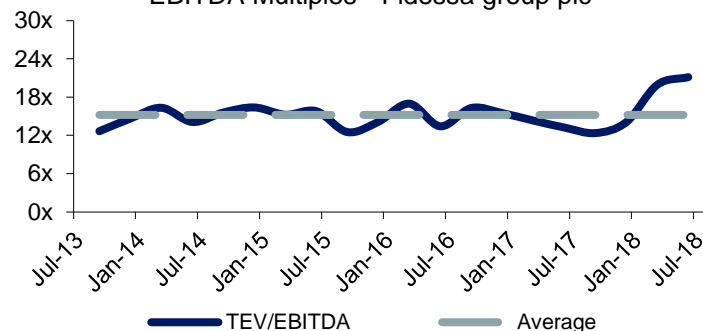
Fidessa group plc, together with its subsidiaries, provides trading, investment, and information solutions to the financial community worldwide. The company offers access to the trading community of buy-side and sell-side professionals ranging from institutions and investment banks to boutique brokers, and niche hedge funds. It operates in two business units, Sell-side and Buy-side. The Buy-side business unit offers systems to cover stages of the investment process for various asset classes. The Sell-side business unit provides solutions and tools to support the trading of cash equities and derivatives. The company also provides connectivity network and management services that connect counterparties across financial markets; and market data services tuned for trading and powering the buy-side and sell-side throughout the trading life cycle. Fidessa group plc was founded in 1981 and is based in Woking, the United Kingdom.

Date	Key Development Headline
4/19/18	ION Capital UK Limited reached an agreement to acquire Fidessa group plc (LSE:FDSEA) from Lindsell Train Limited, Evenlode Investment Management Limited, Elliott Associates, L.P. managed by Elliott Management Corporation, Elliott International, L.P. managed by Elliott International Capital Advisors Inc. and others for £1.5 billion.
4/19/18	Temenos Group AG (SWX:TEMN) cancelled the acquisition of Fidessa group plc (LSE:FDSEA) from a group of shareholders.
2/21/18	Temenos Group AG, Fidessa group plc - M&A Call

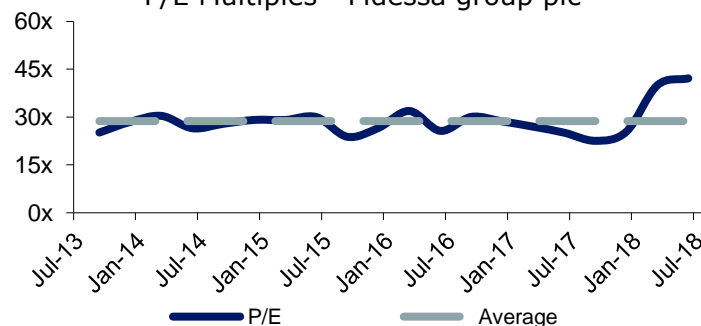
Revenue Multiples - Fidessa group plc



EBITDA Multiples - Fidessa group plc



P/E Multiples - Fidessa group plc



Public Basket

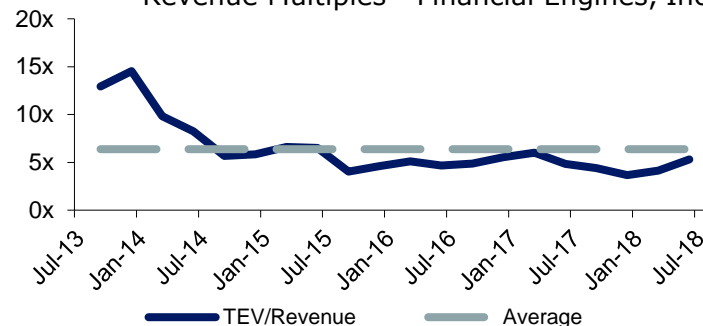


Financial Engines, Inc.

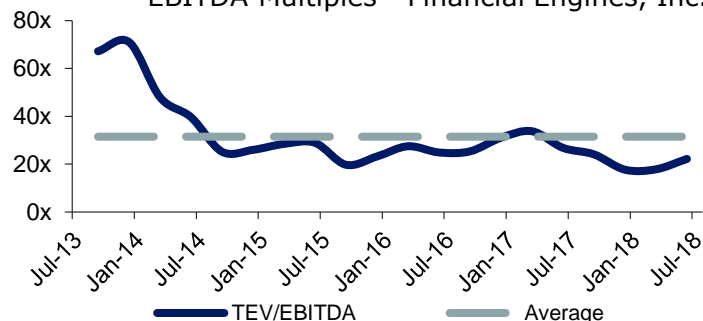
Financial Engines, Inc. provides independent technology-enabled financial advisory, discretionary portfolio management, personalized investment advice, financial and retirement income planning, and financial education and guidance services in the United States. It assists individuals to develop a strategy to reach financial goals by offering a set of services, including personalized plans for saving and investing, assessments of retirement income, and the option to meet face-to-face with a financial advisor. The company's products and services include Professional Management that provides discretionary portfolio management service for individuals in the workplace who want affordable and personalized portfolio management for their retirement accounts; Personal Advisor, which offers discretionary portfolio management for 401(k), IRA, and taxable accounts for defined contribution (DC) plan participants and individual retail investors; and Online Advice, an Internet-based investment advisory service designed for individuals who wish to take an active role in personally managing their portfolios. Financial Engines, Inc. was founded in 1996 and is headquartered in Sunnyvale, California.

Date	Key Development Headline
4/29/18	Edelman Financial Services LLC signed a definitive agreement to acquire Financial Engines, Inc. (NasdaqGS:FNGN) for \$3 billion.
2/6/18	Financial Engines and ADP Form Strategic Relationship

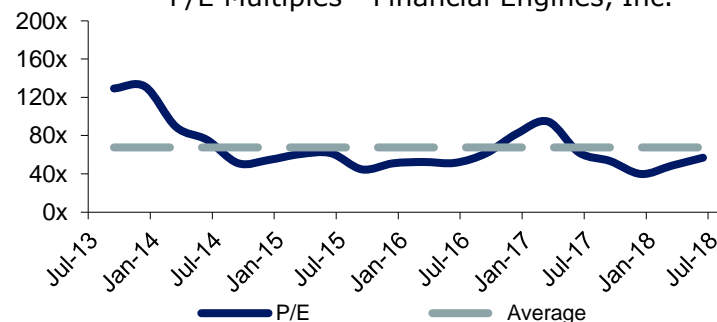
Revenue Multiples - Financial Engines, Inc.



EBITDA Multiples - Financial Engines, Inc.



P/E Multiples - Financial Engines, Inc.

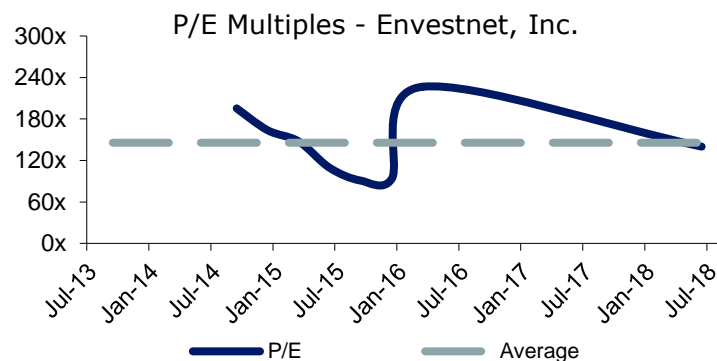
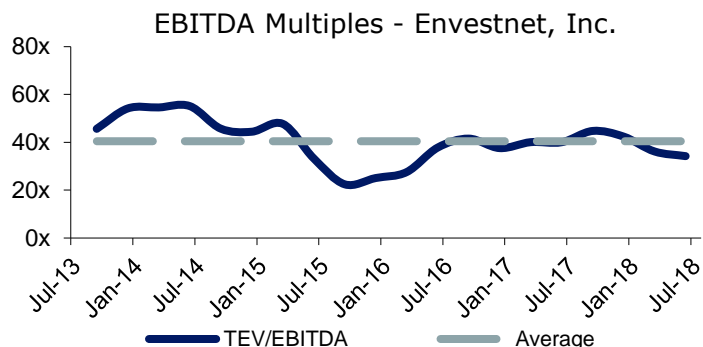
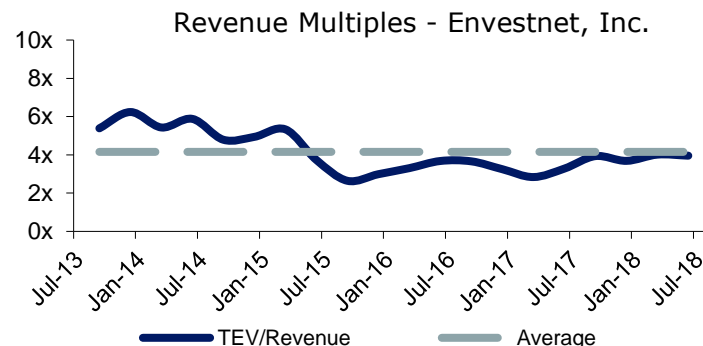


Public Basket



Envestnet, Inc.

Envestnet, Inc., together with its subsidiaries, provides financial and wealth management software and services in the United States and internationally. It operates through Envestnet and Envestnet | Yodlee business segments. The company's product and services suites include Envestnet | Enterprise, which provides an end-to-end open architecture wealth management platform, and sells data aggregation and reporting, data analytics, and digital advice capabilities; Envestnet | Tamarac that provides a portfolio of accounting, rebalancing, trading, performance reporting, and client relationship management software, primarily to high-end registered investment advisers; Envestnet | Retirement Solutions, which offers a suite of services for advisor-sold retirement plans; and Envestnet. Envestnet, Inc. was founded in 1999 and is headquartered in Chicago, Illinois.



Date	Key Development Headline
5/21/18	Envestnet Mulls Acquisitions
1/1/18	Envestnet, Inc. (NYSE:ENV) completed the acquisition of Folio Dynamics Inc. from Actua Holdings, Inc. and other shareholders.
11/8/17	Envestnet Seeks Acquisitions
9/25/17	Envestnet, Inc., Folio Dynamics Holdings, Inc., FCD Merger Sub, Inc - M&A Call
9/24/17	Envestnet, Inc. (NYSE:ENV) entered into an agreement to acquire Folio Dynamics Inc. from Actua Corporation (NasdaqGS:ACTA) and others for approximately \$200 million.

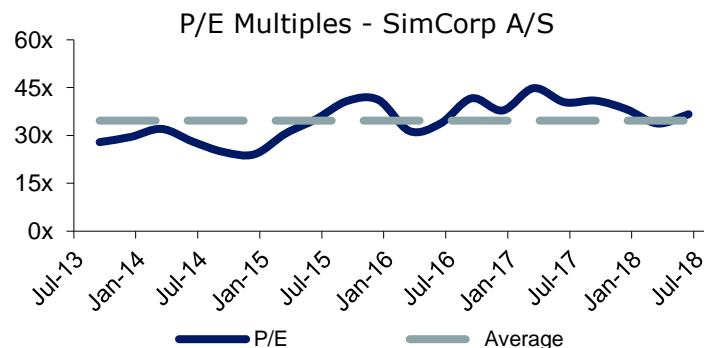
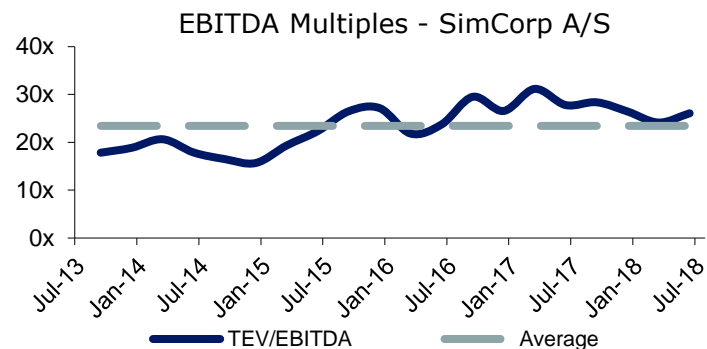
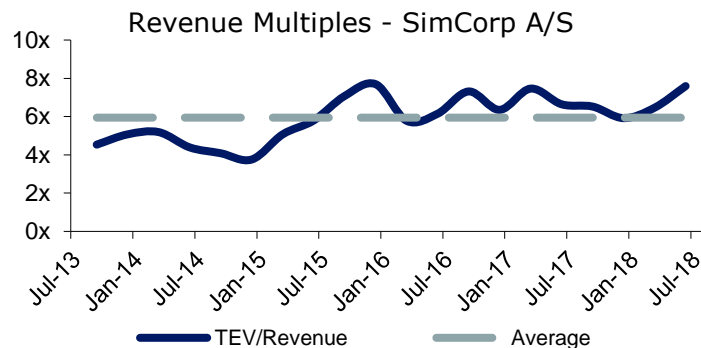
Public Basket



SimCorp A/S

SimCorp A/S, together with its subsidiaries, provides investment management solutions for asset managers, fund managers, asset servicers, pension and insurance funds, wealth managers, and sovereign wealth funds worldwide. The company offers SimCorp Dimension system, a front-to-back investment management solution that is deployed on premise or as an ASP solution for supporting the investment value chain and a range of instruments. It provides front office solutions, including alternative investment, asset, order, and compliance manager; middle office solutions, such as performance, risk analysis, and strategy manager; and back office solutions comprising cash and securities, collateral, corporate actions, fund administration, general ledger, investment accounting, and settlement manager. The company was founded in 1971 and is headquartered in Copenhagen, Denmark.

Date	Key Development Headline
9/18/17	SimCorp and Tradingscreen Inc. Form Strategic Front Office Alliance
7/31/17	SimCorp A/S (CPSE:SIM) completed the acquisition of APL Italiana SpA from Carlo Alberto Spinicci, Lorenzo Cavalleri, and Ferrante Gaetani dell'Aquila d'Aragona.
7/19/17	SimCorp and FDM Group Announce IT Graduate Program to Support SimCorp's Growing North American Business



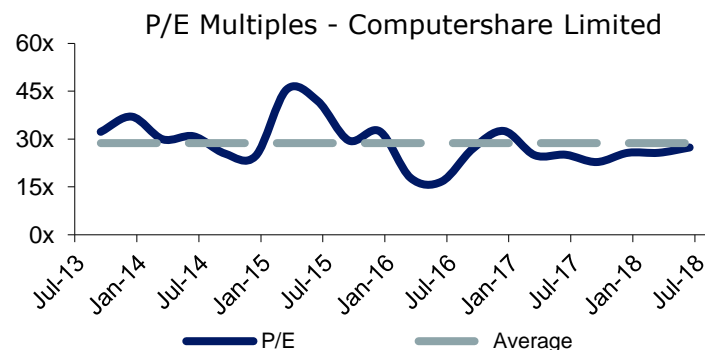
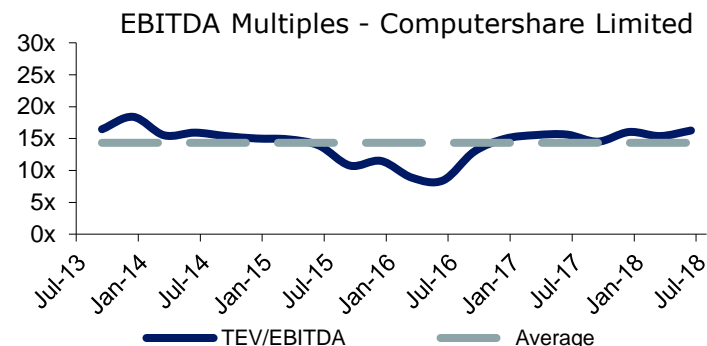
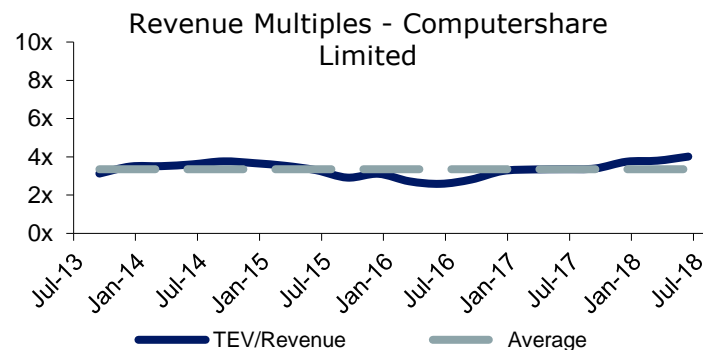
Public Basket



Computershare Limited

Computershare Limited provides investor, plan, communication, business, stakeholder relationship management, and technology services worldwide. The company's investor services comprise the provision of registry maintenance and related services; plan services operations include the provision of administration and related services for employee share and option plans; and communication services consist of document composition and printing, intelligent mailing, inbound process automation, scanning, and electronic delivery. Its business services operations include the provision of corporate trust, class action, bankruptcy, childcare voucher administration, tenant bond protection, utilities administration, and mutual fund administration support services, as well as mortgage servicing activities. The company was founded in 1978 and is headquartered in Abbotsford, Australia.

Date	Key Development Headline
5/15/18	Computershare Limited (ASX:CPU) entered into an agreement to acquire Equatex Group Holding Ag from Montagu Private Equity LLP for approximately \$420 million.
5/15/18	Computershare Limited, Equatex Group Holding Ag - M&A Call
2/24/18	Computershare Seeks Acquisitions
8/3/17	General Atlantic LLC entered into definitive agreement to acquire unknown majority stake in Karvy Computershare Private Limited from Computershare Limited (ASX:CPU) and certain other shareholders.



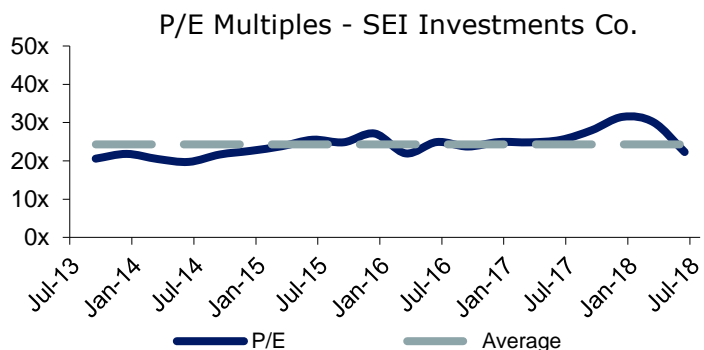
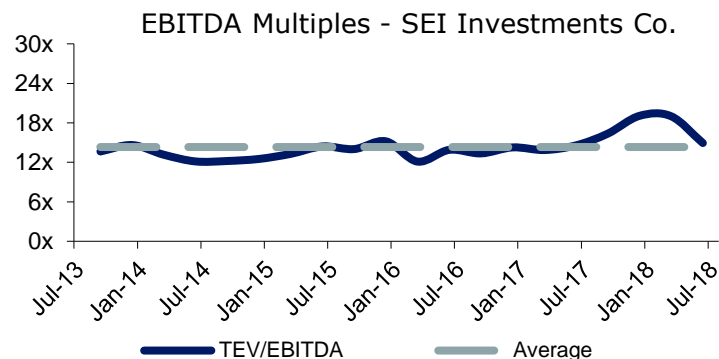
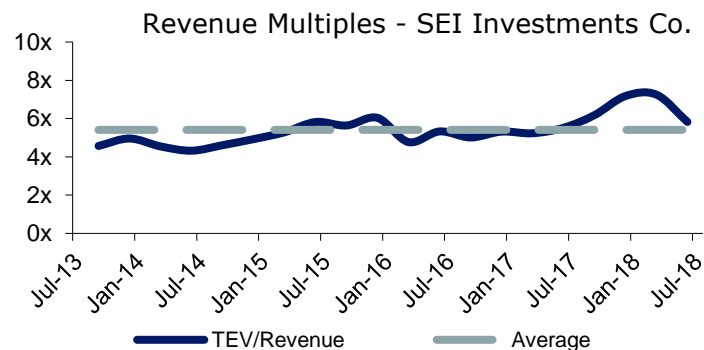
Public Basket



SEI Investments Co.

SEI Investments Co. is a publicly owned asset management holding company. Through its subsidiaries, the firm provides wealth management, retirement and investment solutions, asset management, asset administration, investment processing outsourcing solutions, financial services, and investment advisory services to its clients. It provides its services to private banks, independent financial advisers, institutional investors, investment managers, investment advisers, wealth management organizations, corporations, retirement scheme sponsors, not-for-profit organizations, hedge fund managers, registered investment advisers, independent broker-dealers, financial planners, life insurance agents, defined-benefit schemes, defined-contribution schemes, endowments, foundations, and board-designated fund, through its subsidiaries. Through its subsidiaries, the firm manages separate client-focused portfolios. It also launches and manages equity, fixed income, and balanced mutual funds, through its subsidiaries.. SEI Investments Co. was founded in 1968 and is based in Oaks, Pennsylvania.

Date	Key Development Headline
3/20/18	BMO Wealth Management agreed to acquire SEI Wealth Platform of SEI Investments Co. (NasdaqGS:SEIC).
11/16/17	SEI Investments Seeks Acquisition
9/20/17	SEI Teams Up with Coinfirm Limited to Create New Standard for UK Asset Transfers



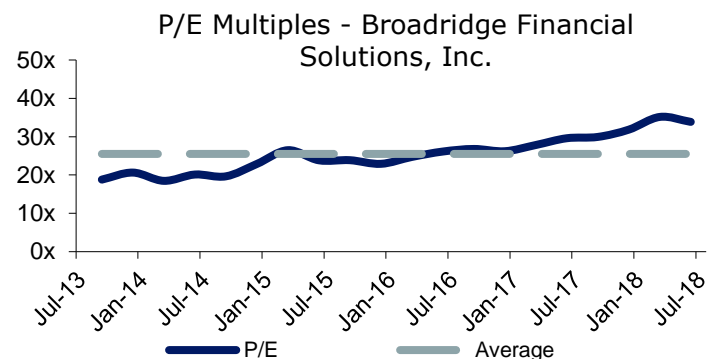
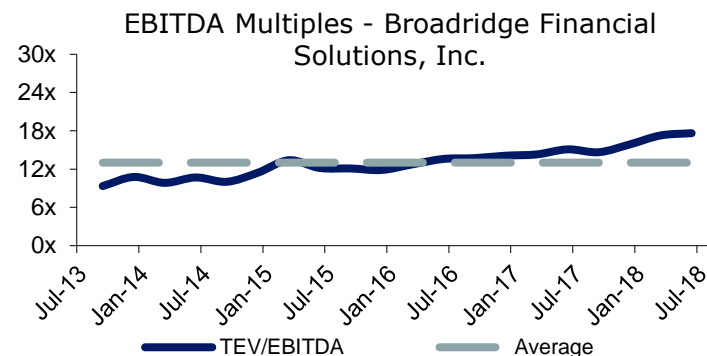
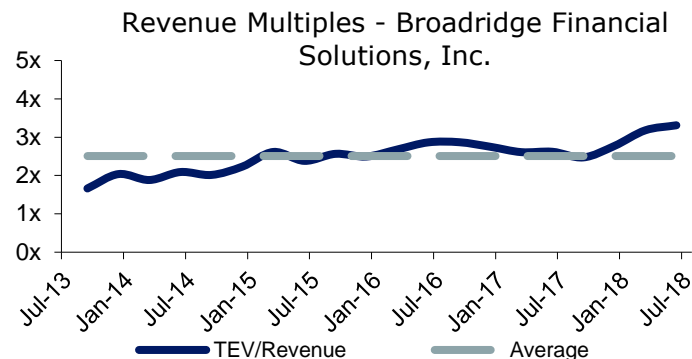
Public Basket



Broadridge Financial Solutions, Inc.

Broadridge Financial Solutions, Inc. provides investor communications and technology-driven solutions for the financial services industry worldwide. The company's Investor Communication Solutions segment processes and distributes proxy materials to investors in equity securities and mutual funds, as well as facilitates related vote processing services; and offers ProxyEdge, an electronic proxy delivery and voting solution. It also provides registered proxy, registrar, stock transfer, and record-keeping services to corporations; and distributes regulatory reports and corporate action/reorganization event information, and tax reporting solutions. The company was founded in 1962 and is headquartered in Lake Success, New York.

Date	Key Development Headline
6/6/18	Broadridge Financial Solutions, Inc. (NYSE:BR) acquired Mackay Williams LLP.
6/6/18	Broadridge Partners with StatPro Group plc to Deliver Comprehensive Performance Analytics
5/8/18	Broadridge Financial Solutions, Inc. (NYSE:BR) acquired FundAssist Limited.
3/26/18	Broadridge Financial Solutions, Inc. (NYSE:BR) acquired ActivePath Solutions Ltd. for \$25 million.
1/1/18	Broadridge Financial Solutions, Inc. (NYSE:BR) completed the acquisition of 15(c) Board Consulting Services Business from Morningstar, Inc. (NasdaqGS:MORN).



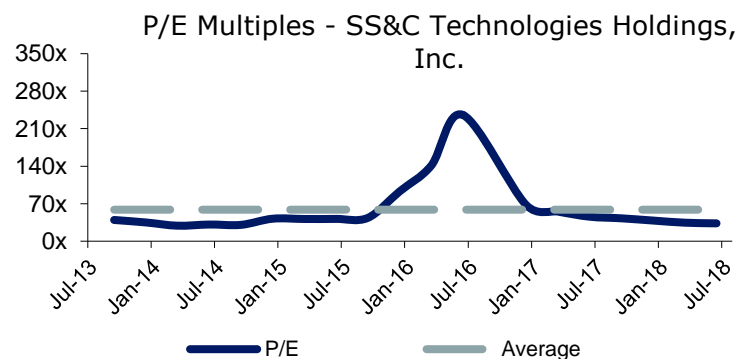
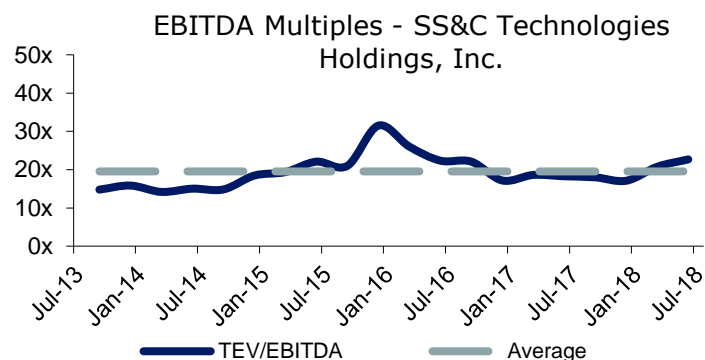
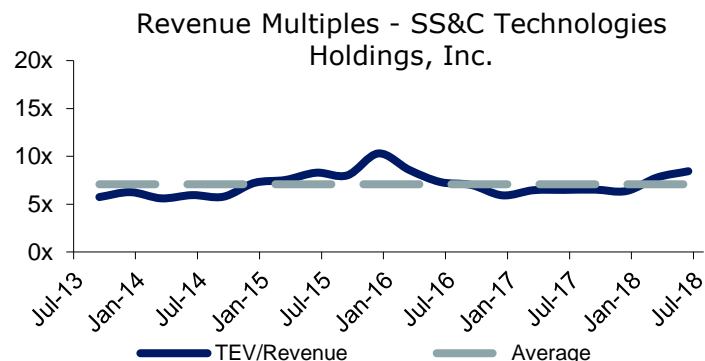
Public Basket



SS&C Technologies Holdings, Inc.

SS&C Technologies Holdings, Inc. provides software products and software-enabled services to financial services providers. Its products and services allow its clients to automate and integrate front-office functions, such as trading and modeling; middle-office functions, including portfolio management and reporting; and back-office functions comprising accounting, performance measurement, reconciliation, reporting, processing, and clearing. The company offers products and services in the areas of portfolio management/accounting software, performance measurement and attribution, banking and lending solutions, trading and treasury operations, client reporting, financial modeling, and property management. SS&C Technologies Holdings, Inc. was founded in 1986 and is headquartered in Windsor, Connecticut.

Date	Key Development Headline
5/31/18	SS&C Technologies Holdings, Inc. (NasdaqGS:SSNC) completed the acquisition of CACEIS (USA) Inc. and Caceis Canada Ltd.
4/15/18	SS&C Technologies Holdings, Inc. (Nasdaq:SSNC) completed the acquisition of DST Systems, Inc. (NYSE:DST).
4/3/18	SS&C Technologies To Seek Acquisitions
3/11/18	SS&C Technologies Holdings, Inc. (NasdaqGS:SSNC) entered into agreement to acquire CACEIS (USA) Inc. and Caceis Canada Ltd from CACEIS.
3/7/18	SS&C Technologies Seeks Acquisitions



Contact Information

7MA provides Investment Banking & Advisory Services to the Business Services and Technology Industries globally. We advise on M&A and private capital transactions, and provide market assessments and benchmarking. As a close-knit team with a long history together and a laser focus on our target markets, we help our clients sell their companies, raise capital, grow through acquisitions, and evaluate new markets. Securities offered through 7M Securities LLC.

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