



# 1Q21 Earnings Presentation

May 4, 2021

# Forward looking statements and non-GAAP financial measures

## **Forward-Looking Statements**

*This presentation contains forward-looking statements, including statements regarding our future financial and operating performance, which involve risks and uncertainties. Actual results may differ materially from the results predicted, and reported within the meaning of the Private Securities Litigation Act of 1995, results should not be considered as an indication of future performance. Forward-looking statements include all statements that are not historical facts and can be identified by terms such as “may,” “might,” “will,” “should,” “expects,” “plans,” “anticipates,” “intends,” “believes,” “estimates,” “predicts,” “potential” or “continue,” the negative of these terms and other comparable terminology that conveys uncertainty of future events or outcomes. These forward-looking statements involve known and unknown risks, uncertainties, assumptions and other factors that may cause actual results to differ materially from statements made in this presentation, including in relation to our ability to attract and retain advisors, competition in the industry in which we operate, the interest rate environment, shifting investor preferences, our financial performance, investments in new products, services and capabilities, our ability to execute strategic transactions, legal and regulatory developments, general market, political, economic and business conditions and the impacts of the COVID-19 pandemic on our operations, demand from our customers and end investors and our operating results. Other potential risks and uncertainties that could cause actual results to differ from the results predicted include, among others, those risks and uncertainties included under the captions “Risk Factors” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” in our Annual Report on Form 10-K for the year ended December 31, 2020. Additional information will also be set forth in our Quarterly Report on Form 10-Q for the quarter ended March 31, 2021, which is expected to be filled May 7, 2021. All information provided in this presentation is based on information available to us as of the date of this presentation and any forward-looking statements contained herein are based on assumptions that we believe are reasonable as of this date. Undue reliance should not be placed on the forward-looking statements in this presentation, which are inherently uncertain. We undertake no duty to update this information unless required by law.*

## **Use of Non-GAAP Financial Information**

*To supplement our financial information, which is prepared and presented in accordance with generally accepted accounting principles in the United States of America, or GAAP, we use non-GAAP financial measures: adjusted EBITDA, adjusted EBITDA margin and adjusted net income. The presentation of these non-GAAP financial metrics is not intended to be considered in isolation or as a substitute for, or superior to, the financial information prepared and presented in accordance with GAAP. We believe that the presentation of non-GAAP financial information provides important supplemental information to management and investors regarding financial and business trends relating to our financial condition and results of operations. For further information regarding these non-GAAP measures, including the limitations thereof and reconciliations of each non-GAAP financial measure to its most directly comparable GAAP financial measure, please refer to our earnings release and Form 10-Q.*

# Key messages for today

- 1 AssetMark is a strong company. **We have successfully delivered for our advisors, their clients and our shareholders** since going public in July 2019.
- 2 **Our total addressable market is more than 1.5x larger than it was 2 years ago, providing a long runway for future growth.** We have also grown our market share and are **now the largest TAMP.**
- 3 **Our future has never looked brighter.** We are making great progress on our 2021 strategic priorities, maintain a strong financial position and will be returning to in-person events soon.
- 4 Organic growth has returned to pre-COVID levels, **quarterly net flows are an all-time high, up 26% quarter-over-quarter to \$1.93 billion.**
- 5 **Results highlighted by strong top and bottom-line metrics, record EBITDA; raising 2021 expectations.**

# Since going public in 2019, our offering has evolved...



## Fully integrated compelling technology

- Securities-Backed Line of Credit
- Advisor Managed Portfolios
- Enhanced Client Proposal
- New PortfolioReview Tool
- Integration with MoneyGuide Pro
- Voyant Acquisition (announced)



## Personalized and scalable service

- Leadership Advantage
- eService Team
- Advisor Growth Program
- Scaled Consulting (Business Builder)

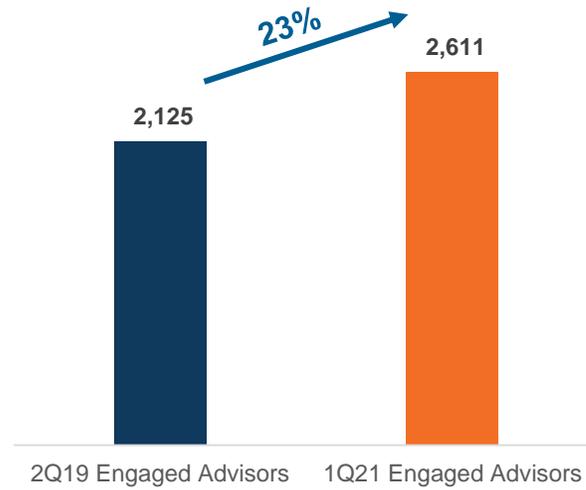


## Curated investment platform

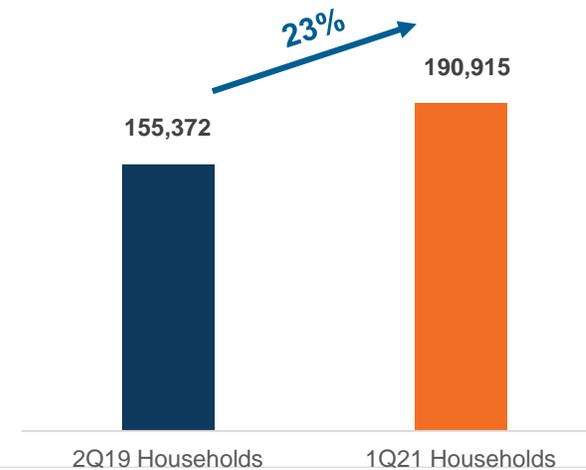
- Savos Personal Portfolios
- Expanded Fixed Income Solutions
- Securities-Backed Line of Credit
- Expanded High Net Worth Offering

... which has lead to robust growth in our operating results...

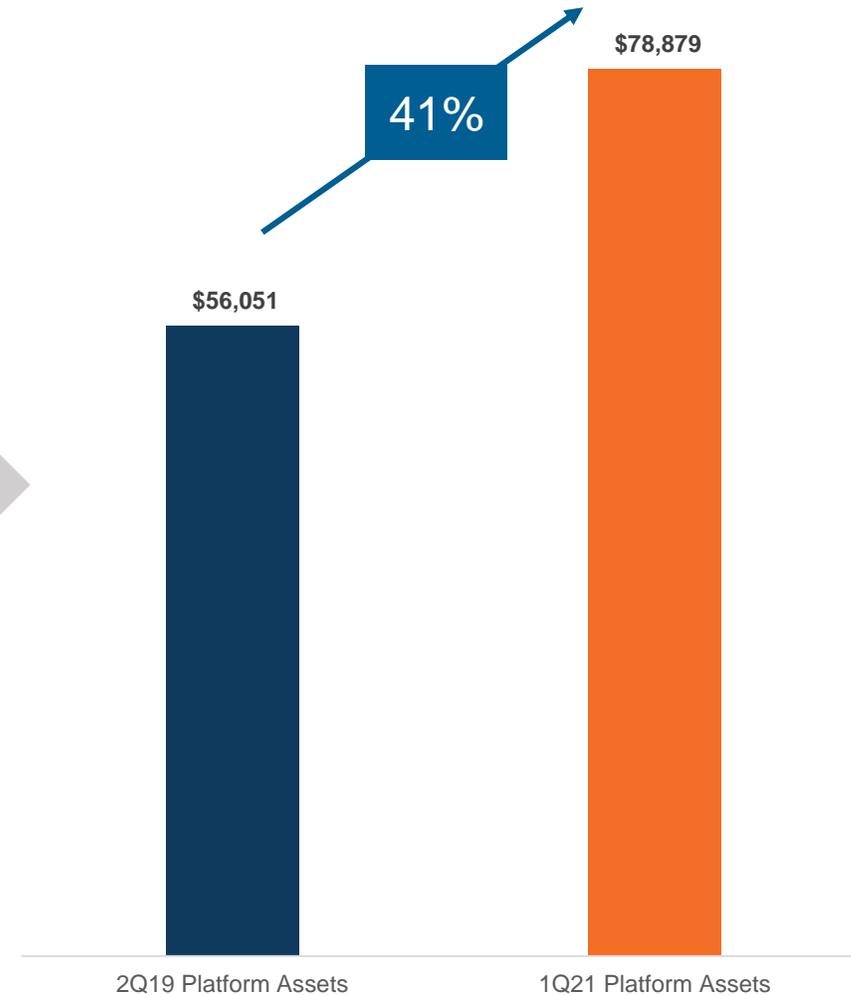
### Engaged Advisors



### Households

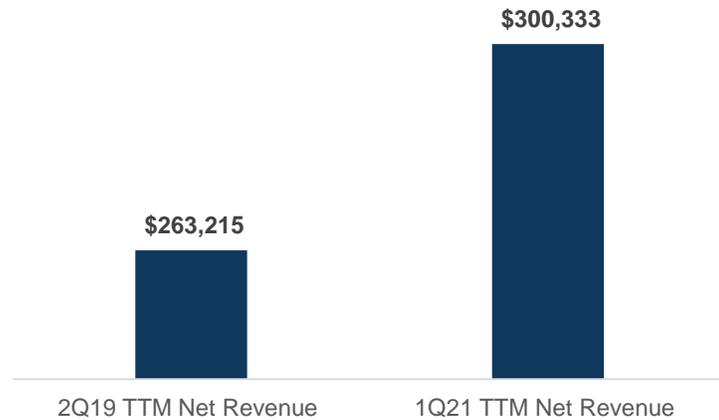


### Platform assets (in millions)

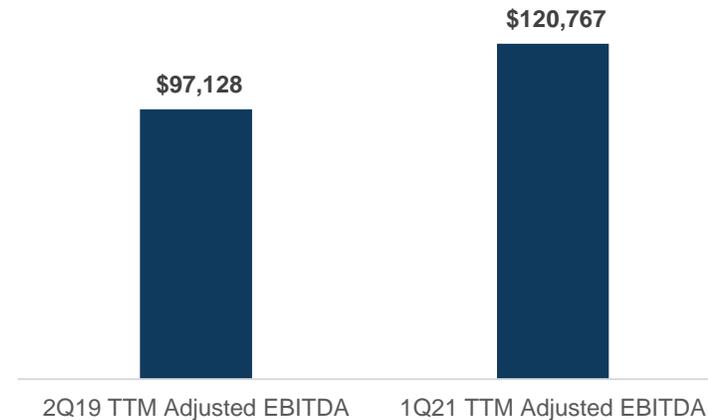


# ... and our top and bottom line financial results

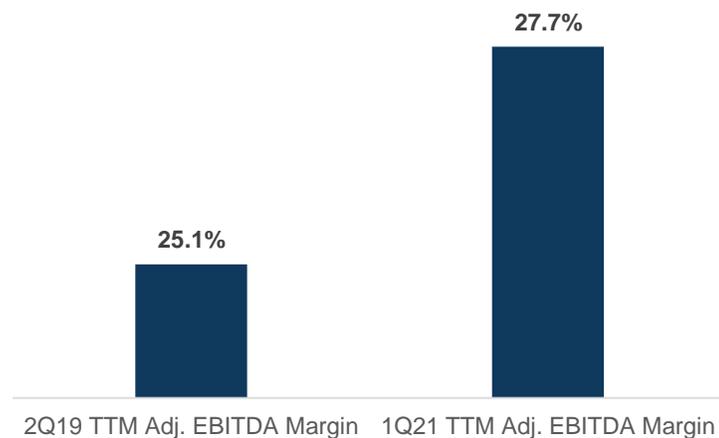
Net revenue up 14%; **22% ex-spread**



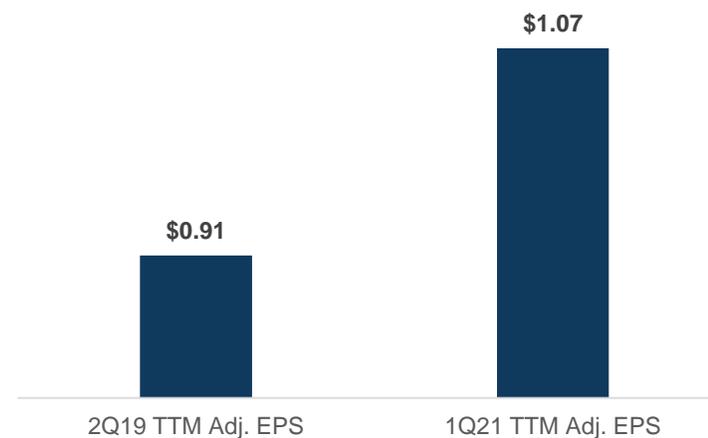
Adjusted EBITDA up 24%; **55% ex-spread**



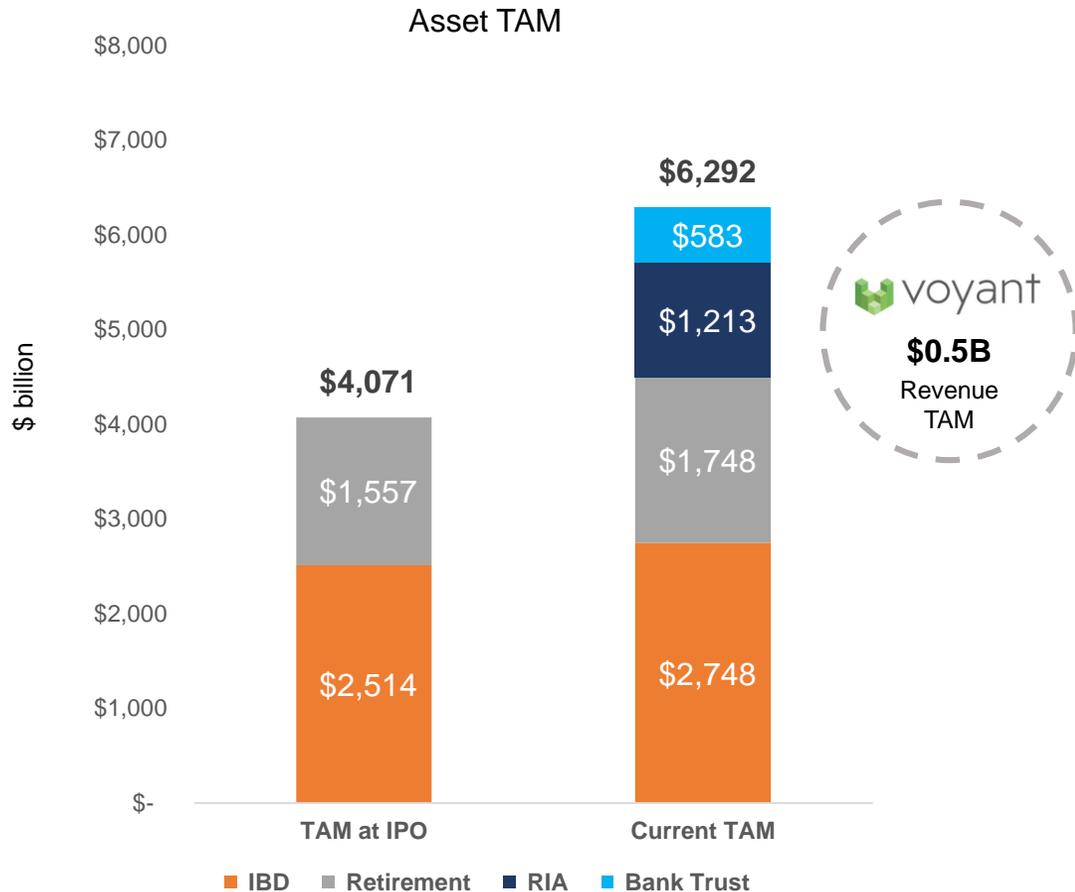
Adj. EBITDA margin expansion of 260 bps; **630 bps ex-spread**



Adj. EPS up 18%



# Our total addressable market is ~1.5x larger than just 2 years ago, providing a long runway for future growth



## Channel Growth Strategy

**Independent Broker Dealers:** Continue to enhance holistic offering of technology, service and investment solutions to attract new advisors and expand share of wallet among existing advisors.

**Retirement:** Enhance our marketing strategies and data analytics to educate advisors on how to prospect, win and service retirement plans.

**RIA:** Target independent RIAs through our RIA offering, AssetMark Institutional (AMI), which provides the right set of products, operational support, technology, and community resources to support their growth, efficiency and scale.

**Bank Trust:** Leverage OBS acquisition to explore low risk entry into the bank trust channel.

**Voyant:** Further build market share in existing markets, while leveraging AssetMark's knowhow, brand and relationships to penetrate US market.

Source: Cerulli, 2020 U.S. Broker/Dealer Marketplace Annual; Cerulli, 2020 U.S. RIA Marketplace Annual; Cerulli, U.S. Retirement Markets 2020 and internal estimates.

IBD TAM includes Independent Broker Dealers with <\$500M in asset and Insurance Broker Dealers of all sizes.

Retirement TAM includes all 401k plans below \$25 million and all ERISA-covered 403(b) plans. Overlaps TAM for IBD, RIA and bank trust if the advisor is working with retail clients. No overlap if advisor is working directly with plan sponsor

RIA TAM includes Independent RIAs and Hybrid RIAs below \$500 million.

Bank Trust TAM only includes Regional and Community Bank trust assets.

# AssetMark is making great progress on 2021 strategic priorities, helping support future growth

## Enhance Advisor Value and Productivity



- Voyant acquisition will advance Financial Wellness vision
- Redesigned investor portal
- Interactive investor timeline

## Attract Adjacent Advisors



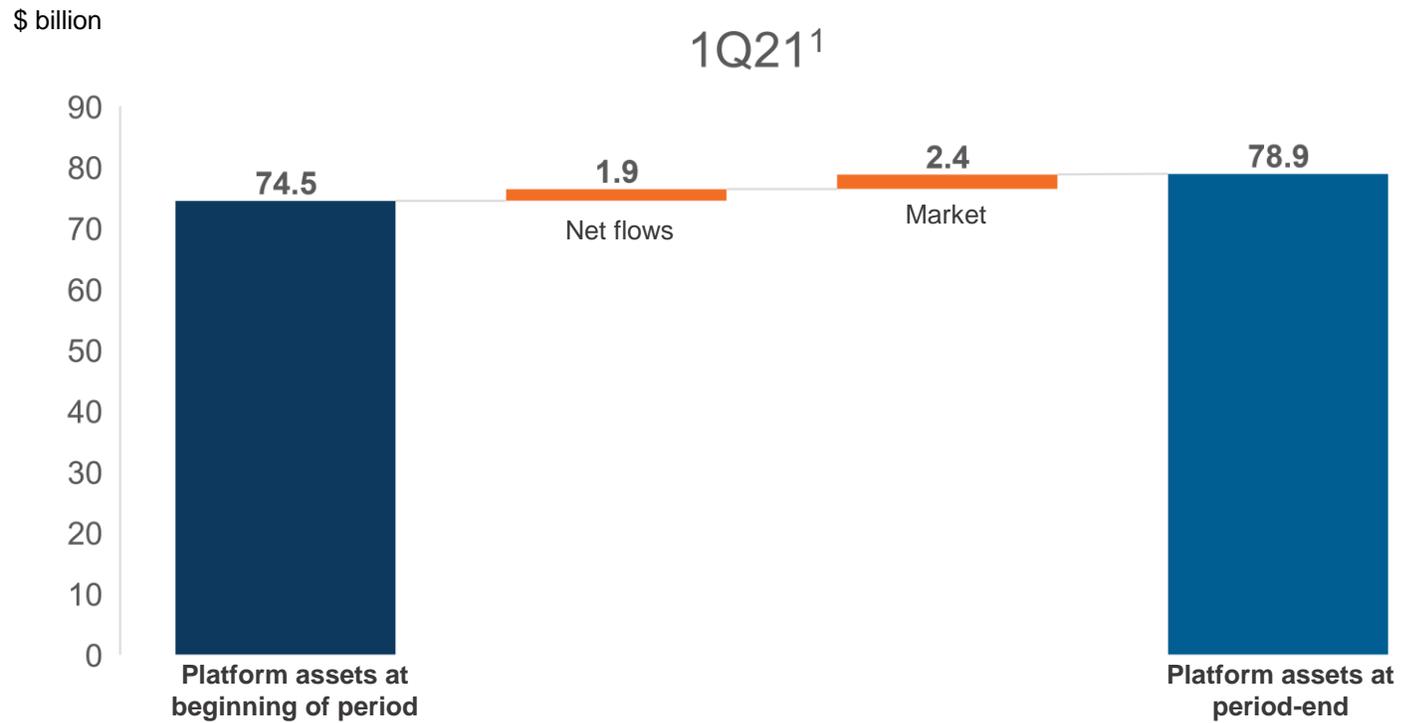
- AssetMark Institutional
  - Community
  - Tailored sales model
  - Investment solutions
  - Trading system

## Improve Scale and Efficiency



- Strengthening back office, security and trading systems to enhance competitiveness

# Platform assets – 1Q21



**10.3%** Net Flows as a % of Beginning-of-Period Platform Assets<sup>2</sup>

<sup>1</sup>As of March 31, 2021.

<sup>2</sup>Calculated as annualized net flows of \$1.9 billion divided by beginning-of-period platform assets of \$74.5 billion as of January 1, 2021.

# 2021 net flows trend analysis

(dollars in millions)

	Year-End 2020 Assets	1Q21	2021 Annualized Growth Rate <sup>1</sup>
<b>Core</b>	72,701	2,105	11.6%
<b>OBS</b>	1,258	(213)	-
<b>GFPC AMP</b>	561	35	-
<b>Total</b>	74,520	1,927	10.3%

## Net Flows Commentary

- Core business remains strong, with an annualized growth rate of 11.6% compared to 10.3% for full year 2020. Core business organic growth is back to pre-COVID levels - in 1Q21, net flows were \$2.1B vs. \$1.7B in 4Q20 and \$1.9B in 1Q20.
- Despite the redemptions at OBS and GFPC, both deals continue to display economics that are highly accretive. OBS advisor engagement continues to be strong.

<sup>1</sup>Calculated as annualized net flows divided by beginning-of-period platform assets as of December 31, 2020.

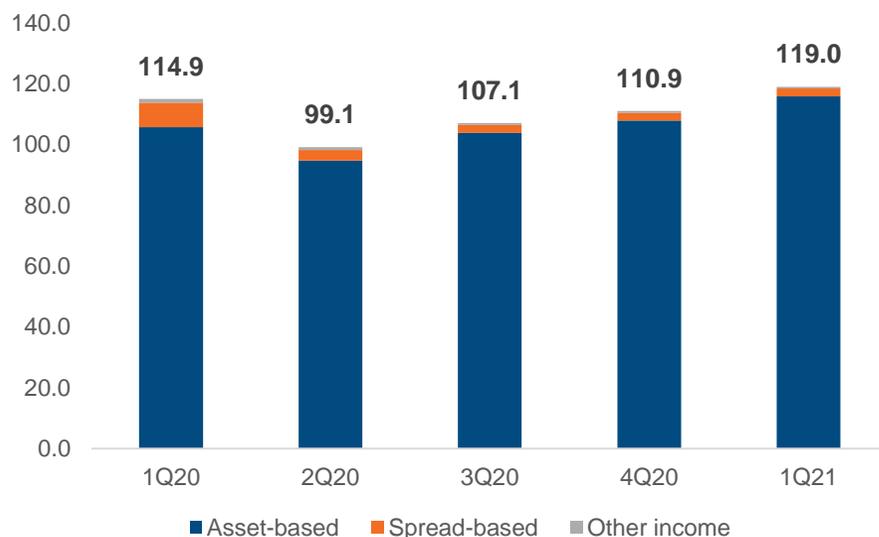
As of November 1, the majority of OBS TAMP business is consolidated in the core line item. What remains in the OBS line item is OBS retirement, bank trust and strategist business.

As of August 1, GFPC managed is consolidated in the core line item.

# First quarter results highlighted by strong top line numbers

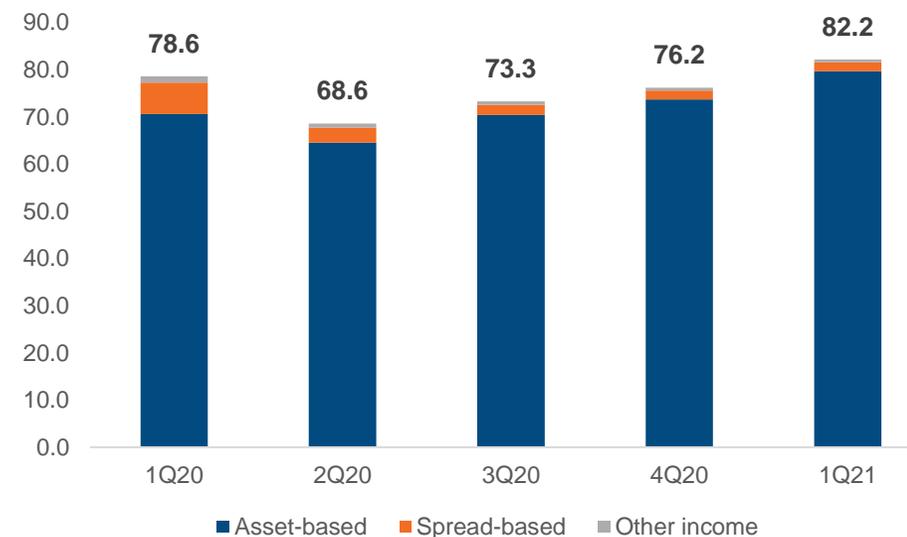
**Total revenue (1Q20-1Q21)**

\$ million



**Net revenue (1Q20-1Q21)**

\$ million

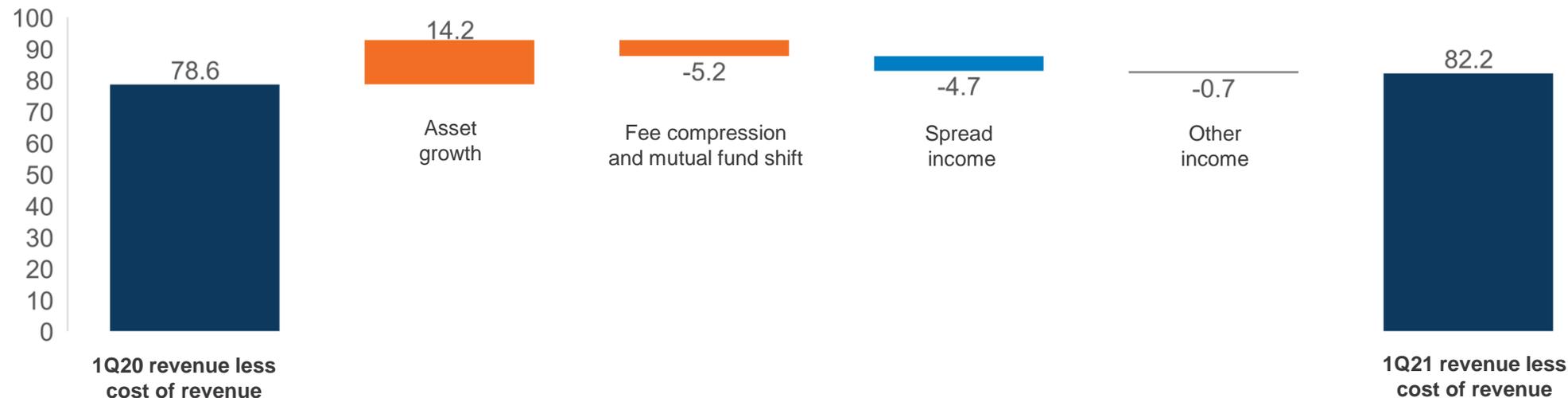


(dollars in millions)

	1Q20	1Q21	VPY
<b>Total revenue</b>	<b>\$114.9</b>	<b>\$119.0</b>	<b>3.6%</b>
Asset-based	105.7	115.8	9.6%
Spread-based	8.0	2.6	(67.2%)
<b>Revenue less cost of revenue</b>	<b>\$78.6</b>	<b>\$82.2</b>	<b>4.6%</b>
Asset-based	70.6	79.7	12.9%
Spread-based	6.7	1.9	(71.0%)

# Revenue less cost of revenue – year-over-year comparison

\$ million



**1Q20 Ann. Net Yield (51.0 bps)**

### Asset Based (3.1 bps decline)

- \$14.2M increase due to a \$12.9B in billable asset growth, offset by:
- \$3.5M loss from 2Q20 conversion to lower cost mutual funds
  - \$1.7M from fee compression (represents ~0.9bps)

### Spread Based (3.3 bps decline)

Decreased \$4.7M year-over-year driven by yield decline from 1.36% to 0.31%.

### Other income (0.5 bps decline)

Decreased \$0.7M driven primarily by interest related income.

**1Q21 Ann. Net Yield (44.1 bps)**

Basis Points are calculated as net revenue divided by the beginning of period assets for the given quarter. See slide 17 for calculation.

# Adjusted expenses down driven by expense management

(dollars in millions)	Reported Expenses		Adjusted Expenses			
	1Q20	1Q21	1Q20	1Q21	VPY (\$)	VPY (%)
Asset-based expenses	\$35.0	\$36.1	\$35.0	\$36.1	\$1.1	3.1%
Spread-based expenses	\$1.3	\$0.7	\$1.3	\$0.7	(\$0.6)	(47.6%)
<b>Operating Expenses</b>						
Employee compensation	\$43.5	\$67.3	\$29.0	\$31.0	\$2.0	6.8%
SG&A <sup>1</sup>	\$23.2	\$21.7	\$20.8	\$17.2	(\$3.6)	(17.3%)
Interest expense	\$1.6	\$0.8	\$1.6	\$0.8	(\$0.9)	(52.6%)
Depreciation and amortization	\$8.4	\$9.5	\$3.3	\$4.4	\$1.1	32.1%
Other expense	\$0.1	\$0.0	\$0.0	\$0.0	\$0.0	NM
<b>Total</b>	<b>\$113.1</b>	<b>\$136.0</b>	<b>\$91.0</b>	<b>\$90.0</b>	<b>(\$0.9)</b>	<b>(1.0%)</b>

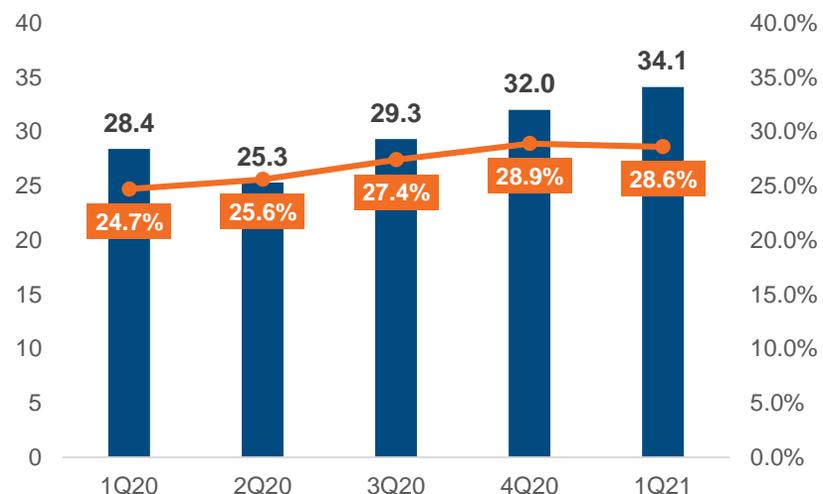
- Operating expenses (Comp + SG&A) were down a combined 3.2% year-over-year.
- The increase in employee compensation is driven by increased sales volume and headcount, up 2.2% y/y.

<sup>1</sup>Includes general and operating expenses and professional fees  
 Note: Percentage variance based on actual numbers, not rounded results.

# Bottom line results in line with expectations

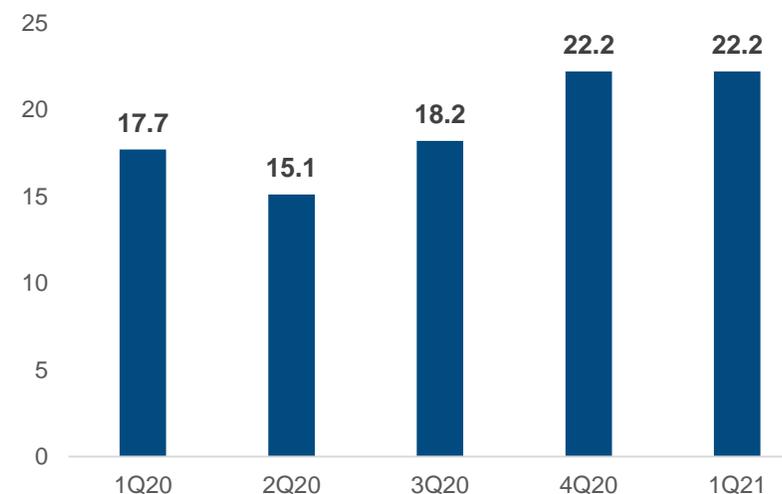
## Adjusted EBITDA and Adjusted EBITDA Margin (1Q20-1Q21)

\$ million and %



## Adjusted Net Income (1Q20-1Q21)

\$ million



(dollars in millions, except per share data)

	1Q20	1Q21	VPY
Adjusted EBITDA	\$28.4	\$34.1	20.2%
<i>Adjusted EBITDA margin</i>	24.7%	28.6%	390 bps
Adjusted net income	\$17.7	\$22.2	25.2%
<i>Adjusted EPS<sup>1</sup></i>	\$0.24	\$0.30	25.0%

<sup>1</sup>Calculated using weighted average number of common shares outstanding, diluted of 72,501,000 in 1Q20 and 72,899,000 in 1Q21.

# 2021 expectations

	2021 Growth Outlook	2021 Revised Growth Outlook	Commentary
<b>Platform assets</b>	11.5-13.5%	<b>11.5-13.5%</b>	Targeting net flows as 8-10% of beginning of period platform assets plus 3.5% market appreciation
<b>Revenue less cost of revenue</b>	16-19%	<b>18-21%</b>	Good momentum from 2020 and 1Q21 market and net flows
<b>Operating expenses</b>	15-18%	<b>15-18%</b>	Significant investment in growth opportunities planned, given market conditions. Disciplined expense growth will not outpace revenue growth.
<b>Adjusted EBITDA</b>	15-25%	<b>22-26%</b>	EBITDA outlook reflects overall strong momentum through 1Q21. Naturally dependent on the macro environment and US economic rebound.

Based on growth outlook above, we are raising our 2021 adj. EBITDA margin expansion target to **150 bps**.

# Appendix

# 1Q21 net yield calculation

<i>(dollars in millions)</i>	1Q20	1Q21
Revenue less cost of revenue		
Asset-based	\$70.6	\$79.7
Spread-based	\$6.7	\$1.9
Other income	\$1.3	\$0.6
Total	\$78.6	\$82.2
Billable assets <sup>1</sup>	\$61,608	\$74,520
<b>Annualized net yield</b>	<b>51 bps</b>	<b>44 bps</b>

<sup>1</sup>Billable assets for the quarter represent prior quarter's ending assets.

# Adjusted expense reconciliation

<i>(dollars in millions)</i>	1Q20			1Q21			Adj. Expense VPY
	Expense	Total Adjustments	Adjusted Expense	Expense	Total Adjustments	Adjusted Expense	
Asset-based expenses	\$35.0	-	\$35.0	\$36.1	-	\$36.1	3.1%
Spread-based expenses	\$1.3	-	\$1.3	\$0.7	-	\$0.7	(47.6%)
Employee compensation	\$43.5	(\$14.5)	\$29.0	\$67.3	(\$36.4)	\$31.0	6.8%
SG&A <sup>1</sup>	\$23.2	(\$2.4)	\$20.8	\$21.7	(\$4.6)	\$17.2	(17.3%)
Interest expense	\$1.6	-	\$1.6	\$0.8	-	\$0.8	(52.6%)
Depreciation and amortization	\$8.4	(\$5.1)	\$3.3	\$9.5	(\$5.1)	\$4.4	32.1%
Other income	\$0.1	(\$0.1)	\$0.0	\$0.0	\$0.0	\$0.0	NM
<b>Total</b>	<b>\$113.1</b>	<b>(\$22.1)</b>	<b>\$91.0</b>	<b>\$136.0</b>	<b>(\$46.0)</b>	<b>\$90.0</b>	<b>(1.0%)</b>

<sup>1</sup>Includes general and operating expenses and professional fees  
 Note: Percentage variance based on actual numbers, not rounded results.