ROSEMONT

CASE STUDY

GROWTH

WILBANKS SMITH & THOMAS

KEY INSIGHT

"A little bit of capital can go a long way, in this case enabling access to a key strategic growth channel. WST's ability to layer inorganic growth onto its robust business in recent years has helped it achieve beneficial scale in a competitive market and enhance its internal growth engine."

– Brad Mook, Rosemont Managing Director

Capitalizing on growth opportunities is one of the biggest challenges in investment management. Mature markets are extremely competitive, and grinding out new business takes differentiation, resources, organization and hustle. Newer markets offer fresh opportunity for early movers, but the investment required for proper pursuit can be taxing to margins and/or the balance sheet.

Taking on equity capital—particularly from an experienced, knowledgeable and connected investor—can be an effective way to fuel sustainable, accretive growth initiatives.

For Wilbanks Smith & Thomas, having additional resources was invaluable as it executed a series of tuck-in acquisitions to supplement its organic growth and build its geographic footprint.

BACKGROUND

Wilbanks Smith & Thomas, or WST, is a $5 billion wealth management and investment advisory firm founded in 1990 and based in Norfolk, Virginia. The company provides advisory services and investment solutions for individuals and institutions.

WST had developed a solid organic growth engine but wanted to accelerate its growth through small acquisitions that would add advisors, clients, and

OBJECTIVES

Provide incremental capital to fund inorganic growth opportunities, elevating revenue and profits, and strengthening the organization

RESULTS

- Doubled AUM/AUA to more than $5 billion by December 2021
- Elevated regional profile and enhanced capabilities
- Significant growth in equity value for all shareholders

geographic and network reach. While the company had the ability to issue stock to some acquirees, others wanted cash or a mix of cash and stock. And while the company's operations produced handsome cash flow, allocating it to acquisitions would have reduced shareholder distributions and required trade-offs some existing partners could not afford. The company needed growth capital on its balance sheet.

COMING TOGETHER

Rosemont and WST came together in 2016 when WST needed a capital partner to replace a previous private equity investor that needed liquidity. By stepping into the prior investor's shoes, Rosemont's initial capital investment solved that immediate ownership issue. As WST's leadership turned its focus back to its business, it saw the opportunity to accelerate its growth and strengthen the business by adding like-minded advisors in its geographic region through accretive acquisitions. To do so, however, would require incremental capital.

Rosemont was able to support WST's inorganic growth efforts in two ways. First, it invested additional growth capital onto the balance sheet to underwrite acquisitions requiring cash as part of the consideration. And second, it accepted dilution to its ownership stake for stock-based acquisitions. This capital and flexibility gave WST the resources it needed to execute its two-pronged growth plan.

THE RESULTS

Over the past several years WST has grown considerably, nearly doubling in size. Organic business generation has been consistently solid, and a series of tuck-ins has accelerated the company's ability to scale. Beyond just gaining size, however, the growth has allowed the organization to strengthen in multiple ways, including investments in technology and infrastructure, upgrading talent and greater financial stability. Today WST is one of the premier independent wealth management and advisory firms in the Mid-Atlantic, and is positioned to continue to take share in a highly competitive market.