

March 2, 2021

MEMORANDUM

From: Hyas Group, LLC

RE: Sale of Wells Fargo Asset Management

Dear Client:

Wells Fargo Bank recently announced that in the second half of 2021 it would be selling 90% of Wells Fargo Asset Management (WFAM) to two private equity firms: GTCR and Reverence Capital Partners. These two firms will be utilizing funds launched in 2020 for the purchase.

The Hyas Group has spoken with WFAM about this development. WFAM has re-iterated that it does not intend to overhaul any existing investment management teams and has structured compensation packages designed to encourage employee retention. Additionally, the Board of this new enterprise, which is likely to be renamed, will include multiple independent members, Nico Marais (current CEO to WFAM), and three members apiece from GTCR and Reverence Capital Partners. Asset management industry veteran Joseph Sullivan will serve as Executive Chairman.

Wells Fargo's interest in this spin-off has generally been known throughout the industry for several years and this transaction serves as welcomed closure to ongoing speculation. That said, private equity funds generally have limited holding periods (typically seven to ten years) and this structure is often perceived as transitional in nature. Under this structure, it will be essential that the private equity firms allow the WFAM investment teams to retain their autonomy and ownership of processes.

Due to the uncertainty this transaction introduces, the Hyas Group recommends funds managed by WFAM and its subsidiaries be formally placed "on-watch" with particular concern for any key personnel turnover as this transaction unfolds. If you have any questions, please contact your Hyas Group consultant.

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