

Executive Summary

Validus Trading: Unlocking RIA Growth Through Operational Efficiency

Overview

Validus Trading is on a mission to redefine trading solutions for the wealth management industry. By leveraging decades of expertise, cutting-edge technology, and strategic industry partnerships, we are poised to streamline outsourced trading and empower advisors with innovative tools for custom and direct indexing.

The Opportunity

The wealth management industry is facing unprecedented growth. The need to find ways to scale is paramount, as there are not enough advisors to service the demand. As an example of this, the TAMPS market has grown 325% in the last five years from \$3.9T AUM in 2019 to \$12.7T AUM in 2024. Yet, many firms are burdened by inefficient back-office operations and limited access to customizable investment strategies. Validus Trading aims to fill this gap by providing:

- **Outsourced Tax-Efficient Trading:** An OMS-powered rebalancing engine designed for compliance and scalability.
- **Custom/Direct Indexing Solutions:** Enhanced portfolio personalization with tax alpha (risk-free gains) benefits and diverse investment strategies. An offering currently not affordable for smaller portfolio clients.

Why Validus?

Proven Track Record

Validus Trading is founded by a team of industry veterans and entrepreneurs with a history of building and scaling successful trading solutions:

- **Damon Deru:** Founder of multiple trading software companies, including TradeWarrior (acquired by Oranj, later SEI) AdvisorPeak (acquired by Addepar, managing \$7T in assets), and he led the development of version 3.0 as the Senior Product Director. Damon has a skill for identifying problems and a passion for bringing solutions to market.
- **Eric Martz:** Serial entrepreneur, investor, and mentor with successful exits including a key investment in AdvisorPeak. He brings experience and knowledge of launching and growing startups. Eric has a shared passion for bringing solutions to market, as well as driving operational efficiency and excellent customer service.
- **Unnikrishnan R:** Is a 3x co-founder with twenty years of software engineering experience, of which 15 years has been leading teams. He currently leads a team of

over forty developers, many of which have trading software experience. Unni has worked on two separate trading software products (Envestnet and RedBlack). His skill in building high quality, enterprise software is extraordinary.

- **Brett Wheeler:** Has almost 2½ decades of combined experience in wealth management and trading technology. He is co-founder and owner of Advisor Logistics an outsourced trading service company. He has deep knowledge and understanding of the needs of RIAs and offers exceptional customer service.

Strategic Acquisition

We are merging with Advisor Logistics, a firm managing **\$4.8B in assets** and generating more than **\$1.4M in recurring revenue**. This partnership provides:

- A strong revenue base and free cash flow.
- An experienced trading team.
- The strong foundation to allow for rapid growth.

Competitive Differentiation

Our approach stands out through:

- The foundation to double the outsourced trading business within a year.
- Scalable, AI-enhanced trading automation that reduces manual intervention.
- Advanced customization options, including SRI overlays and alternative asset support.
- Seamless integration with advisors' workflows for improved compliance and efficiency.

Key Metrics & Projections

- **Recurring Revenue:** Starting at +\$1.4M with plans to double in Year 1.
- **Assets Managed:** Currently \$4.8B, targeting significant growth through enhanced offerings to over \$70B by end of year 5.
- **Efficiency Gains:** Launching proprietary software to achieve 3-5x efficiency improvements.

- **Growth of Margins:** Starting at 35% with plans for 70%-80% by end of year five.
- **Investment Return:** Targeting 80%+ IRR by end of year five.

Our Vision

We envision a future where trading is not just a function but a competitive advantage for wealth managers. By combining automation, AI, and innovative indexing, Validus Trading will:

- Scale vital, first class, outsourced trading services to meet industry demand.
- Empower advisors with tools that maximize any clients returns while minimizing tax burdens.

Next Steps

To realize our vision, we are focusing on:

1. Expanding our team across sales, marketing, development, and the trade desk.
2. Launching proprietary IP to streamline trade execution and offer affordable direct indexing.
3. Strengthening industry partnerships to broaden our service offerings.

The Ask

We are seeking strategic partners and investors to join us in scaling Validus Trading. Together, we can redefine trading solutions and lead the industry into a new era of efficiency and growth.

Contact Information

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