

From: "jeffrey E." <jeevacation@gmail.com>
To: "Peter L. Corsell" [REDACTED]
Subject: Re: CONFIDENTIAL - inStream Investor Update - First Quarter 2015
Date: Sat, 18 Apr 2015 17:33:08 +0000

thanks

On Sat, Apr 18, 2015 at 1:08 PM, Peter L. Corsell [REDACTED] wrote:
Last email on inStream. Below is the Q1 update from this week...

Begin forwarded message:

Date: April 13, 2015 at 11:58:05 AM EDT
Subject: CONFIDENTIAL - inStream Investor Update - First Quarter 2015
From: John Wotowicz <[REDACTED]>
To: John Wotowicz <[REDACTED]>

Dear Shareholders,

inStream posted a very strong first quarter from an engagement, business and strategic perspective. As the Company continues to lead the way in the establishment of new standards for the provision of financial advice, public awareness and strategic activity is moving inStream to the center of the value proposition for financial advisors. The highlights are as follows:

Strategic Environment:

- Strategic transactions in the first quarter have validated inStream's prospects and positioning by establishing financial planning technology as a "must have" as the value proposition for financial advisors shifts to financial planning. Strategic activity has also dramatically enhanced the profile and strength of two of our key partners/clients.
- Competitors/Peers
 - o On February 2, inStream competitor eMoney (www.emoneyadvisor.com/About), who we displaced at Mercer, announced its acquisition by Fidelity for \$270 million.
 - o On March 25, virtual financial advisory platform Learnvest (www.learnvest.com) announced its acquisition by existing shareholder Northwestern Mutual for \$250 million.
 - o Every major financial advisor-centric platform is now focused on acquiring planning functionality and there are essentially only two remaining independent planning engines, MoneyGuidePro and inStream.
- Partners/Clients
 - o On February 9 inStream shareholder NorthStar Financial (www.nstar-financial.com) announced the sale of a majority interest to private equity firm TA Associates. NorthStar is also the parent company of inStream strategic integration/sales partner Orion (www.orionadvisor.com), the leading portfolio management platform for independent financial advisory firms.
 - o On March 25, inStream's second largest client Mercer Advisors (www.merceradvisors.com) announced its acquisition by private equity firm Genstar (www.gencap.com). Genstar is also the 50% owner of prospective inStream client AssetMark, one of the industry's largest TAMPs (turnkey asset management platform).

Engagement:

- At the end of 1Q 2015, AUM running on inStream exceeded \$9.1 billion across nearly 20,000 clients and over 10,000 financial plans.
- Total time on the system for all users is nearly 2.5 hours per week with total time on system for active users of nearly 6 hours per week.

Sales:

- 28 new subscriptions from 14 new firms were added in the first quarter. This brings total subscriptions to 205. Total seat potential from existing firms is now in excess of 1000. Inquiry from new firms continues to be strong with 30 firms currently utilizing inStream on a free trial basis.
- The first quarter included subscription renewals for the first time. 94% of existing seats renewed their subscriptions including Mercer.
- Advisors from Buckingham Asset Management and BAM Advisor Services (\$25 billion AUM/2,000 seats) will start utilizing inStream at the end of the second quarter under the exclusive enterprise agreement that we announced in October 2014. This activity will result in substantial growth in inStream subscriptions, AUM, plans and all other significant metrics.
- inStream's sales pipeline continues to develop rapidly both from existing and new firms including Focus Financial Partners (\$60 billion AUM parent company of Buckingham/BAM), leading advisor industry investment/solution platforms Envestnet (40,000 seats, \$2 billion market capitalization), AssetMark and Retirement Wealth Associates.
- Following the launch of our deep integrations with industry leading portfolio management platforms Orion and Black Diamond, inStream is now heavily engaged in joint sales and marketing activities with both of these key strategic partners.
- inStream is working with three launch partners to bring ground-breaking financial planning to 401k participants. In conjunction with these efforts, inStream is leading the effort to focus public policy on the importance of financial planning for the wage-earning population.

Platform:

- During the first quarter, inStream launched a wide variety of platform enhancements that will materially increase our sales prospects including the deep integrations with Black Diamond and Orion, new plan setting flexibility and the introduction of marginal tax rate functionality.
- In conjunction with the late second quarter start of Buckingham/BAM utilization, inStream will be launching an unprecedented volume of new and enhanced functionality available for all current and prospective users including:
 - o Asset class level analysis
 - o New allocation model UI and logic
 - o Fund distributions
 - o NIIT/Medicare Surtax
 - o Scenario matrix
 - o Enterprise/Firm admin improvements
 - o Custom UI and branding changes

- o API development for nightly client update, household split, and primary client change

Financing:

- Following inStream's successful \$4.5 million Series A Preferred offering, the Company has raised in excess of \$3.5 million to date in a Convertible Note in anticipation of Series B Preferred offering later this year.
- inStream's strategic and financial investor dialogues have intensified given both the Company's continued development and the increased pace of acquisition and investment in the financial planning technology and plan-centric advisor arenas.

It is my privilege to continue to lead inStream, especially as the role of technology becomes increasingly central to the future of financial advice. I look forward to your questions and the opportunity to speak with each of you over the next weeks.

Many thanks,

John S. Wotowicz
Chairman & Chief Executive Officer



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please note

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