UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-K

(Mark One)

☒ ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2023

OR

☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to ______

Commission File Number: 001-38980

ASSETMARK FINANCIAL HOLDINGS, INC.
(Exact name of registrant as specified in its charter)

Delaware (State or other jurisdiction of incorporation or organization)	**30-0774039** (I.R.S. Employer Identification Number)

1655 Grant Street, 10th Floor
Concord, California 94520
(Address of principal executive offices)

(925) 521-2200
(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Securities Exchange Act of 1934:

Title of each class	Trading symbol(s)	Name of each exchange on which registered
Common stock, par value $0.001 per share	AMK	New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issued, as defined in Rule 405 of the Securities Act. Yes ☐ No ☒

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐ No ☒

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☐	Accelerated filer	☒
Non-accelerated filer	☐	Smaller reporting company	☐
		Emerging growth company	☒

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. Yes ☐ No ☒

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☐

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements. ☒

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to §240.10D-1(b). ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

The aggregate market value of the common stock held by non-affiliates of the Registrant, based on the closing price of $29.66 per share of the Registrant's common stock on June 30, 2023, the last business day of the Registrant's most recently completed second fiscal quarter, as reported by the New York Stock Exchange on such date, was approximately $652.8 million. Shares of the Registrant's common stock held by each executive officer, director and holder of 5% or more of the outstanding common stock have been excluded in that such persons may be deemed to be affiliates. This calculation does not reflect a determination that certain persons are affiliates of the registrant for any other purpose. The Registrant has no non-voting equity.

As of February 29, 2024, the number of shares of the registrant's common stock outstanding was 74,376,670.

Documents Incorporated by Reference: Certain information required in response to Item 5 of Part II of Form 10-K and Part III of Form 10-K is hereby incorporated by reference to portions of the Registrant's Proxy Statement for the Annual Meeting of Stockholders to be held in 2024. The Proxy Statement will be filed by the Registrant with the Securities and Exchange Commission no later than 120 days after the end of the Registrant's fiscal year ended December 31, 2023.

ASSETMARK FINANCIAL HOLDINGS, INC.

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SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Annual Report on Form 10-K contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. All statements other than statements of historical facts contained in this Annual Report on Form 10-K are forward-looking statements. For example, statements in this Form 10-K regarding our future results of operations or financial condition, business strategy and plans and objectives of management for future operations are forward-looking statements. In some cases, you can identify these statements by forward-looking words such as “may,” “might,” “will,” “would,” “could,” “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. In addition, any statements that refer to projections of our future financial performance and financial results, our anticipated growth strategies and anticipated trends in our business; our expectations regarding our industry outlook, market position, liquidity and capital resources, addressable market, investments in new products, services and capabilities; our ability to execute on strategic transactions; our ability to comply with existing, modified and new laws and regulations applying to our business; demand from our customers and end investors; our ability to contribute to the improvement of end investor outcomes; and other characterizations of future events or circumstances are forward-looking statements. These statements are only predictions based on our current expectations and projections about future events and are based upon information available to us as of the date of this Annual Report on Form 10-K, and are subject to risks, uncertainties and assumptions, including those identified under “Item 1A. Risk Factors,” any of which could cause our actual results, level of activity, performance or achievements to differ materially from the results, level of activity, performance or achievements expressed or implied by the forward-looking statements. While we believe such information forms a reasonable basis for such statements, such information may be limited or incomplete, and our statements should not be read to indicate that we have conducted an exhaustive inquiry into, or review of, all potentially available relevant information. We are under no duty to update any of these forward-looking statements after the date of this Annual Report on Form 10-K to conform our prior statements to actual results or revised expectations, except as required by law. Moreover, neither we nor any other person assumes responsibility for the accuracy and completeness of any of these forward-looking statements. These statements are inherently uncertain and investors are cautioned not to unduly rely upon these statements as predictions of future events.

SUMMARY OF RISK FACTORS

Our business is subject to numerous risks and uncertainties, any one of which could materially adversely affect our results of operations, financial condition or business. These risks include, but are not limited to, those listed below. This list is not complete and should be read together with the section titled "Risk Factors" in this Annual Report on Form 10-K, as well as the other information in this Annual Report on Form 10-K and the other filings that we make with the U.S. Securities and Exchange Commission (the "SEC").

- Our revenue may fluctuate from period to period, which could cause our share price to fluctuate.
- We operate in an intensely competitive industry, with many firms competing for business from financial advisers on the basis of the quality and breadth of investment solutions and services, ability to innovate, reputation and the prices of services, among other factors, and this competition could hurt our financial performance.
- We derive nearly all of our revenue from the delivery of investment solutions and services to clients in the financial advisory industry and our revenue could suffer if that industry experiences a downturn.
- Investors that pay us asset-based fees may seek to negotiate lower fees, choose to use lower-revenue products or cease using our services, which could limit the growth of our revenue or cause our revenue to decrease.
- Investors may redeem or withdraw their investment assets generally at any time. Significant changes in investing patterns or large-scale withdrawal of investment funds could have a material adverse effect on our results of operations, financial condition or business.
- Changes in market and economic conditions (including as a result of geopolitical conditions or events) could lower the value of assets on which we earn revenue, thereby negatively impacting our revenue, and could decrease the demand for our investment solutions and services.
- We may be subject to liability for losses that result from a breach of our or a third party's fiduciary duties.
- We rely on our executive officers and other key personnel.
- We are exposed to data and cybersecurity risks that could result in data breaches, service interruptions, harm to our reputation, protracted and costly litigation or significant liability.
- We utilize artificial intelligence ("AI"), which could expose us to liability or adversely affect our business.
- Our controlling stockholder is subject to supervision by regulatory authorities in the People's Republic of China ("PRC") and must comply with certain PRC laws and regulations that may influence our controlling stockholder's decisions relating to our business.
- We are subject to extensive government regulation in the United States, and our failure or inability to comply with these regulations or regulatory action against us could adversely affect our results of operations, financial condition or business.
- Failure to properly disclose conflicts of interest could harm our reputation, results of operations or business.
- Control by our principal stockholder could adversely affect our other stockholders.
- The requirements of being a public company may strain our resources and distract our management, which could make it difficult to manage our business, particularly after we are no longer an "emerging growth company."

PART I

Item 1. Business

Overview

AssetMark offers a wealth management platform that powers independent financial advisers and their clients. Our suite of solutions equips advisers of all sizes and models with services and capabilities that would otherwise require significant investments of time and money, which ultimately enables them to deliver better investor outcomes and enhance their productivity, profitability and client satisfaction.

Our open architecture platform delivers flexibility and choice to advisers across the spectrum of profiles and outsourcing preferences, including end-to-end solutions for those who prefer to fully outsource, as well as modular solutions for those who prefer to handle some or all components of advice delivery themselves. Features of the platform include:

- Integrated and intuitive technology that champions client engagement and drives efficiency from prospecting and financial planning to ongoing servicing and administration.
- A holistic offering of compelling wealth solutions and investment strategies that meets the evolving needs of investors.
- A growing suite of consultative services and customized turnkey programs that enable advisers to focus their limited time on activities that drive the most value for their clients and their business.

We are a mission-driven company and our nearly 1,000 employees come to work every day to advance our purpose of making a difference in the lives of advisers and their clients. We believe that community-based financial advisers have a unique opportunity to level the playing field for investors of all sizes by providing them with access to highly personalized and trusted financial guidance that is in their best interest. AssetMark serves these independent advisers with growth-enabling outsourced solutions so that their independence doesn't inhibit their ability to achieve entrepreneurial success for themselves and financial wellness for their clients.

The compelling value of our tools for advisers and their clients has facilitated our rapid growth. From December 31, 2020 to December 31, 2023, our platform assets[(1)] grew from $74.5 billion to $108.9 billion, representing a compounded annual growth rate ("CAGR") of 13.5%. As of December 31, 2023, our platform served over 254,000 investor Households (as defined in the section titled "Management's Discussion and Analysis of Financial Condition and Results of Operations—Key Operating Metrics") through our approximately 9,300 adviser relationships.

Our platform provides advisers with an integrated suite of products and services that facilitates growth, streamlines workflows and provides scale to advisers' businesses so they can better serve their clients, who are investors of all sizes. Highlights of our platform include:

- ***Flexible technology platform*****:** Our integrated, open-architecture platform is built for advisers and can be tailored to support each adviser's distinct objectives. Advisers have access to a broad range of highly automated tools and capabilities that help them differentiate the client experience, including new account opening, portfolio construction, streamlined financial planning, customer billing, investor reporting, progress-to-goal analysis, and client activity tracking. Our dual focus on technology utility and design has resulted in an expansive platform that is easy-to-use, accessible, and seamlessly integrates industry-leading solutions.

- ***Personalized and scalable adviser service*****:** We surround our advisers with highly experienced consulting and service support. We provide a full spectrum of services for many aspects of the adviser's firm, including high-value day-to-day business support from field professionals, operations and service support teams, and specialty teams including business management consultants, investment specialists and retirement consultants. Our offering is guided by extensive intellectual capital and well-established business performance benchmarking tools and responsive back- and middle-office outsourcing support from highly tenured service and operations professionals. We aim for every adviser to feel that their AssetMark service and consulting team is an integral part of their business.

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[1] We define platform assets as all assets on the AssetMark platform, whether these are assets for which we provide advisory services, referred to as assets under management, or non-advisory assets under administration, assets held in cash accounts or assets otherwise not managed.

- ***Curated investment platform*: **We provide independent advisers with a curated set of thoroughly vetted specialty and leading third-party asset managers, in addition to our proprietary investment providers. Our due diligence team narrows the universe of potential investment solutions to a select group of time-tested and innovative investment choices. In effect, we equip each adviser with a team of skilled investment professionals who act as a virtual extension of their investment staff, and deliver our solutions through an array of technology-enabled tools that assist in the creation and monitoring of goal-based portfolios. Further, the flexibility and breadth of our platform allow us to offer custom portfolios designed to meet the unique needs of investors.

- ***Financial planning technology:*** Our integrated financial planning tools facilitate holistic wealth management and enable advisers to help investors achieve their individual goals. Our proprietary planning solution offers dynamic capabilities to enable advisers across the globe and their diverse clients to collaborate towards a better, more secure financial future through ongoing, comprehensive support across varying life goals – from retirement savings to legacy planning. We believe that our innovative planning technology will allow advisers to further deepen their relationships with clients.

Our revenue model is largely composed of fees that are recurring in nature, providing a high level of visibility into our near-term financial performance. The key components of our revenue are asset-based revenue and spread-based revenue. We generate asset-based revenue from fees billed to investors on a bundled basis in advance of each quarter, which provides us with visibility into near-term revenue and helps minimize unexpected revenue fluctuations caused by market volatility. Our spread-based revenue is driven by interest rates on the cash assets held by investors at our proprietary custodian, AssetMark Trust Company (“ATC”). In the year ended December 31, 2023, we generated $553.5 million in asset-based revenue and $120.3 million in spread-based revenue.

In the year ended December 31, 2023, we generated total revenue of $708.5 million, net income of $123.1 million, adjusted EBITDA of $249.5 million, and adjusted net income of $170.9 million. In the year ended December 31, 2022, we generated total revenue of $611.7 million, net income of $103.3 million, adjusted EBITDA of $199.7 million and adjusted net income of $130.5 million. From January 1, 2021 to December 31, 2023, our total revenue has grown at a CAGR of 10.1%.

See the section titled “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Key Operating Metrics—Non-GAAP Financial Metrics” for the definitions of adjusted EBITDA and adjusted net income as well as reconciliations of net income to adjusted EBITDA and net income to adjusted net income.

Market Opportunity

We serve fee-based, independent advisers who provide wealth management advice to U.S. investors. Our proprietary financial planning solution is available to advisers globally.

Despite ongoing uncertainty in the economy and financial markets, the U.S. wealth management industry continues to grow at a strong rate and AssetMark is well-positioned to capitalize on secular tailwinds and industry trends. According to Cerulli Associates ("Cerulli"), as of year-end 2022, approximately 291,000 financial advisers managed $26.8 trillion in total retail wealth assets. Cerulli research found that although total adviser-managed assets under management ("AUM") decreased year-over-year, adviser AUM has increased 6.2% over the last five years. According to the Investment Adviser Association, investor demand for asset management services continued to grow in 2022, with the number of clients increasing by 2.5% to a record high of 54.3 million.

Further, financial planning has continued its acceleration over the last several years, as the industry has migrated towards comprehensive advice to meet investor demand. According to Cerulli, 72% of advisers’ clients received some kind of financial planning (either comprehensive and ongoing or targeted to a specific client need) in 2023, and advisers expect that proportion to grow to 77% by 2025.

The following favorable industry trends position us well to help financial advisers and their investor clients.

- ***Consistently growing investor demand for and reliance on advisory services*: **According to the Federal Reserve Economic Database and calculations by The New York Times, U.S. household wealth has tripled since 1989 when it was about $38 trillion (adjusted for inflation), to reach $142 trillion at the end of the third quarter in 2023. As household wealth has grown, so too has the demand for professional financial advice particularly during times of economic volatility. According to Cerulli, total adviser-managed assets have grown at a CAGR of 7.3% over the last 10 years ending December 31, 2022. Furthermore, Cerulli and MarketCast's Global Wealth Monitor Survey found the percentage of affluent investors (defined by Cerulli as households with more than $250,000 in investable assets) who rely on advisers grew to 43% in the second quarter of 2023, up from 36% at the same time in 2022.

- ***Continuous transition to advisory-focused fee-based models:*** Advisers across the industry continue to migrate toward fee-based pricing structures and away from transactional brokerage businesses, due to a number of factors including client preference, the appeal of recurring revenue, and the growth of the independent channel. Cerulli found that since 2012, the percent of fee-based adviser-managed assets has increased by more than 50%, growing at a 10-year CAGR of 11.9%. At the end of 2022, fee-based managed accounts made up 55% of all adviser-managed assets.

- ***Growth of the independent RIA channel continues to outpace other adviser channels*:** Advisers continue to be attracted to the flexibility and versatility offered by the independent Registered Investment Advisory ("RIA") model, shifting away from the "traditional" model that includes national and regional broker-dealers, bank broker-dealers and wirehouse advisers. In 2022, RIAs achieved their greatest growth in both headcount and firm count during the last decade. According to Cerulli, the total firm count of retail-focused RIAs grew by 11% in 2022, primarily driven by new independent RIAs (12.3%). Total RIA headcount grew 8.6%, and the channel now controls 27% of the industry's total headcount and 26.6% of total retail adviser-managed assets. Cerulli projects that by year-end 2027, independent and hybrid RIAs will account for 30.2% of total adviser headcount and control nearly a third (32%) of retail assets.

- ***Advisers are using technology more than ever*:** As advisers expand the wealth management services they offer clients and simultaneously maintain a compliant and competitive business, technology has become essential to their ability to operate successfully. According to Cerulli, more than 90% of all advisers utilize four core front-office technologies in 2022 and plan to increase their usage of them over the next two years: e-signature, investment research, client portal and video conferencing.

Our Strategic Offering and Business Model

Our offering is strategically built to empower independent adviser growth by delivering the technology, investment solutions and support they need to run their businesses today. Our flexible, integrated technology champions client engagement and drives efficiency. Our compelling suite of investment strategies and wealth solutions enables advisers to serve evolving investor needs across the spectrum of affluence. Our experienced service and consulting teams provide customized platform support and help advisers build practices that are sustainable and successful. The quality of our offering, coupled with our deep relationships with our advisers, has consistently driven adviser satisfaction, as measured by our exceptional, record-high Net Promoter Score ("NPS") of 72 as of August 2023.

We believe the key pillars of our offering, detailed further below, position us to benefit from U.S. and global wealth trends and we continue to gain market share through our steady focus on organic and inorganic growth.

- ***Fully integrated technology platform*:** Independent financial advisers and their teams are faced with a multitude of marketing, administrative and business management tasks. We offer a compelling technology suite that fully integrates leading third-party technology solutions into our core proprietary technology and helps advisers perform these tasks. Our solution helps advisers streamline their operations while providing a superior experience for their staff and clients. The combined capabilities of our technology platform support advisers throughout the investor life cycle, from initial prospecting and onboarding through ongoing service and reporting and replace a complex array of technologies with a single, streamlined solution. With less time spent navigating multiple systems and technologies, advisers can focus on enhancing productivity. As advisers come to rely on our integrated platform, it becomes integral to their daily practices. This reliance, in conjunction with high adviser satisfaction due to our platform's ability to optimize adviser workflow, has contributed to our strong growth in assets.

  We are dedicated to innovation and strive to continually improve our offerings through the development of new tools and services. From January 1, 2021 to December 31, 2023, we invested over $228.2 million in technology development and our dedicated technology team, and we have a proven track record of delivering innovative, timely solutions that champion client engagement while helping advisers scale their businesses.

In 2023, for example, we launched the AssetMark Mobile App in response to growing investor demand for access to investment information at their fingertips via their smartphones. As advisers are increasingly expected to be able to provide account and portfolio information to their clients in real-time, the AssetMark Mobile App enables them to increase client engagement and ultimately deepen their relationship with their clients.

- ***Personalized service and consulting*****:** Providing advisers access to high-quality service is a critical component of our value proposition. We develop deep, multi-level relationships with advisers and their teams to ensure that they are connected with AssetMark at all levels. We tailor our services to the size of the adviser, allowing us to meet the needs of a wide range of business sizes while also maintaining our operating leverage.

  The "Regional Consultant" is the centerpiece of an adviser's relationship with AssetMark, serving as a single point of contact and trusted partner who they can go to with any need or question. Our highly experienced Regional Consultants ensure that advisers can draw from a wide array of resources and institutional knowledge as they build and grow their businesses. As of December 31, 2023, our Regional Consultants served approximately 9,300 advisers. Depending on the adviser's business needs, our Regional Consultants introduce advisers to investment experts, business development professionals, retirement consultants, and other specialized experts who can help the advisers reach their goals. The value our clients place on our sales relationship model is reflected in our record high Sales NPS of 72 as of August 2023.

  The "Relationship Manager" is at the heart of an adviser's back-office relationship with us. Our Relationship Managers work to ensure operational activity executes smoothly and efficiently and promptly resolve any issues. Our dedicated teams are committed to high-touch, accurate, and rapid client servicing to enhance the responsiveness of an adviser's back office. The Relationship Managers leverage their deep industry experience to implement productivity and client-service best practices and are the go-to resources for our advisers and their offices. Our service model is highly valued by advisers of all sizes, as demonstrated by our all-time high Service NPS of 72 as of August 2023.

- ***Compelling wealth solutions*****:** Since 1996, we have helped advisers deliver financial well-being to clients across the wealth spectrum through industry-leading investment strategies. Over 60% of our investment team are CFA charter holders and collectively offer 162 years of combined experience. The team is backed by expansive data and research resources, including AssetMark's world-class Due Diligence team. Leveraging our deep, time-tested knowledge of financial markets, we aim to maximize upside potential and minimize downside risk to help investors stay invested for the long term with a steady eye on their goals and ready to weather any market environment.

  We offer a wide range of proprietary and third-party investment strategies that address a variety of client needs and deliver these capabilities through a portfolio construction methodology that can be broadly described in three categories:

  - ***Core markets***: Strategies that provide exposure to growth in domestic and global economies.
  - ***Tactical strategies***: Supplemental equity strategies that can augment core performance or provide risk mitigation in periods of market decline.
  - ***Diversifying strategies****:* Equity alternative or bond and bond alternative strategies that offer lower volatility or lower correlation to help smooth portfolio performance or allow for greater equity exposure.

  Our portfolios feature a variety of investment vehicles including ETFs, mutual funds, equities, individual bonds and options strategies. In addition, we provide turnkey solutions for advisers who would prefer to fully outsource the selection of investments, and portfolio components and construction tools for advisers who would prefer to build or customize portfolios themselves using our curated list of strategists.

In 2023, we kicked off the pilot phase of our Tax Management Services offering, which officially launched to all advisers in January 2024. Driven by advisers' strong demand for a top-tier tax management solution, AssetMark developed a comprehensive suite of services, including tax transition, tax-efficient rebalancing, tax loss harvesting, and client-directed activity. The intuitive digital platform enables advisers to personalize plans to each client’s unique needs, including tax sensitivities, risk tolerance, realized capital gains budget and investment preferences, on an ongoing basis. It also provides comprehensive reporting, allowing advisers to regularly quantify and reinforce their positive impact and value to their clients.

- ***Financial planning technology:*** As advisers continue to evolve their roles from investment managers to holistic wealth planners, we believe demand for financial planning technology will continue to increase. Flexibility and choice are critical for independent financial advisers. Accordingly, we offer an open-architecture solution leveraging both proprietary and third-party planning software. Our integrated planning technology is highly customizable and interactive, enabling meaningful, goals-based conversations between advisers and investors. The product suite visualizes complex scenarios and focuses on collaborative adviser planning, on-demand access and an intuitive user interface. Its modular solution allows for flexibility and the application is configured to optimize a diverse range of individual financial plans. Our dynamic tool combines cash-flow planning with goals-based planning into a single timeline for clients, letting advisers show how changes to income can affect the probability of achieving a goal, or how altering a goal can impact an investor’s plan. We believe that the road to financial wellness and a better financial future begins with advisers providing investors with dynamic, personalized and comprehensive advice.

The AssetMark business model

To achieve our mission, we have built a business model that allows us to reinvest in our advisers’ and their clients’ success. Our business model has delivered a track record of attractive revenue growth and adjusted EBITDA margin expansion, both driven by strong fundamentals including:

- ***Steady asset growth*****:** We have experienced (1) platform asset growth from existing clients of approximately 9% from December 31, 2020 to December 31, 2023, (2) $18.6 billion in assets attracted from new advisers representing 54% growth to the platform over the same period and (3) $6.9 billion in assets added to our platform through acquisitions over the same period, measured at the date of acquisition.

- ***Recurring and resilient revenue model*****:** In the year ended December 31, 2023, 95.1% of our total revenue was recurring in nature (based on revenue generated from assets that are under contract and not dependent on trading activity) and derived from either asset-based revenue or spread-based revenue from investor cash held at our proprietary custodian. In the year ended December 31, 2023, 78.1% of our total revenue was derived from asset-based revenue, and 17.0% of our total revenue was derived from spread-based revenue. Since asset-based revenue is influenced by sector, asset class and market returns, while spread-based revenue is influenced by Federal Reserve movements and the amount of cash investors hold, our two core sources of revenue are relatively uncorrelated, providing a foundation for a resilient revenue model through various market fluctuations.

- ***Attractive margin profile driven by a mix of proprietary and third-party solutions*****:** Our open-architecture technology, investment solutions and custodial platform offer choice and superior capabilities for advisers. In addition, since we offer a balance of third-party and proprietary solutions, we capture incremental economics, which has led to enhanced margins. By offering proprietary solutions alongside third-party technology, asset management and custody solutions, we foster competition across our offerings. This competition drives participants (including us) to improve their offerings or risk losing favor with advisers. Each solution competes on its own value proposition and merits, and we do not promote or advantage our proprietary offerings above those of third parties. Our trust company held approximately 73.7% of our platform assets, and our proprietary strategists served 27% of our platform assets, as of December 31, 2023, evidencing the strength of our proprietary offerings.

- ***Significant operating leverage*****:** Our purpose-built platform and upfront investments in our business have positioned us to benefit from upside growth and continued scale with meaningful operating leverage while continuing to deliver enhanced platform capabilities and solutions to advisers. Our net income margin increased from 4.8% for the year ended December 31, 2021 to 17.4% for the year ended December 31, 2023, primarily driven by increased spread-based revenue. The power of the operating leverage in our model is most apparent from our ability to expand our adjusted EBITDA margin (defined as adjusted EBITDA divided by total revenue), which expanded from 29.6% for the year ended December 31, 2021 to 35.2% for the year ended December 31, 2023.

Our strengths

For more than 25 years, we have focused on providing solutions that enhance and simplify the lives of our advisers and the investors they serve. We believe that this approach distinguishes us from many of our competitors. The following strengths underpin our competitive advantage:

- ***Our mission-driven, client-focused culture*****:** We believe that our exceptional client-centric culture has driven our historical performance. The AssetMark team is dedicated to its mission of making a difference in the lives of advisers and investors through a culture that rests on our core pillars of heart, integrity, excellence and respect. We are also committed to helping advisers and the communities they serve. Through our annual Summer of Service event to support non-profit organizations and Community Inspiration Awards, which honor advisers who are committed to supporting their communities and non-profit organizations, we seek to ensure that our firm's and our advisers' communities benefit from our charitable contributions. We believe that our focus on doing the right thing while also running a great business not only results in higher adviser loyalty and referrals, but also increases our employee tenure.

- ***A deep understanding of fee-based, independent advisers*****:** Our frequent, value-added interactions with our diverse group of advisers help us tailor offerings to meet their needs, at scale and in the context of their business opportunities and challenges. We also benefit from tracking and evaluating advisers' extensive activity in our ecosystem. This allows us to create responsive service models, operational processes and solutions that help advisers reduce the time associated with administrative tasks. In addition, members of our community of advisers have access to each other's best practices as well as data about their specific business activity, which helps our advisers grow their businesses and drives our extensive best practices library.

- ***Proven ability to execute superior outsource solutions facilitated by a leading technology offering*****:** We create outsource solutions that transform advisers' businesses. We believe the transformation that we enable for the advisers on our platform is the result of our deeply integrated service model and robust, user-friendly technology, which together help advisers improve responsiveness to investors. Collectively, our outsource offerings optimize advisers' time and, as a result, help improve investor outcomes.

- ***We are a scale provider*****:** We are an established leader as an outsource service provider for independent, fee-based financial advisers. Our scale and access enable us to establish favorable partnerships with technology and asset management institutions and provide attractive pricing for our advisers' clients. In addition, scale allows us to consistently invest in our core offering of a fully integrated technology platform, personalized and scalable adviser service, curated investment solutions, and financial planning technology to address the evolving needs of investors and advisers. Our feature-rich technology solution scales to serve a broad range of business sizes, from solo practices to ensemble firms. The scope and scale of our offering has made us an essential part of our advisers' businesses.

- ***We are a disciplined acquirer*****:** Growth through acquisition is a core competency of our business. Our value creation through acquisition is generated by purchase price discipline and our ability to grow relationships formed through these acquisitions. In 2014 and 2015, respectively, we acquired the platform assets of two firms that collectively added $3.5 billion in assets to our platform at the time of acquisition. On average, three years post-acquisition, these acquired assets had grown by 17% compounded annually. Subsequently, from 2019 through 2022, AssetMark completed four additional acquisitions:
  - 2019 acquisition of Global Financial Private Capital, Inc. ("GFPC"), adding $3.8 billion in platform assets;
  - 2020 acquisition of OBS Financial Services, Inc. ("OBS"), adding $2.1 billion in platform assets;

- 2021 acquisition of Voyant, Inc. (“Voyant”), a leading global provider of software as a service ("SaaS") based financial planning solutions; and
- 2022 acquisition of Adhesion Wealth Advisor Solutions, Inc. ("Adhesion Wealth"), a leading provider of wealth management technology solutions to RIAs, RIA enterprises, turnkey asset management programs (“TAMPs”) and asset managers, adding $6.9 billion in platform assets.

Competition

We compete with a broad range of wealth management firms that offer services to independent investment advisers. The principal factors on which participants in our industry compete are: 1) technological capabilities, 2) consulting and back-office servicing and 3) investment solutions. We believe that we compete favorably on each of these factors.

Our competitors offer a variety of products and services that compete with one or more of the investment solutions and services provided through our platform. Our principal competitors include:

- ***Other turnkey asset management platform providers:*** Most providers of turnkey asset management platforms typically provide financial advisers with one or more types of products and services and vary in the number of choices offered in terms of custodians, technology features, investments and quality of service.
- ***Independent broker-dealer proprietary wealth platforms:*** Many broker-dealers provide integrated proprietary wealth management platforms that offer an array of asset management solutions to their affiliated financial advisers.
- ***Providers of specific service applications:*** Several of our competitors provide financial advisers with a product or service designed to address one or a limited number of specific needs, such as financial planning or performance reporting.
- ***Adviser-built solutions:*** Some financial advisers have developed in-house solutions that overlap with some or all of the technology or services that we currently provide, including portfolio construction, portfolio analytics and model management.

While we anticipate that we will see increased competition and experience fee pressure, we believe that our technology platform, along with our personalized service and curated investment solutions, will continue to drive revenue expansion.

Human Capital

As of December 31, 2023, we had 990 employees. Our human capital resources objective is to foster community among our employees by identifying, recruiting, retaining, incentivizing and integrating our existing and new employees. Our talent management activities team provides consultation and support for employee engagement, while our human resources team ensures that benefit programs meet employee needs. The principal purposes of our equity incentive plans are to attract, retain and motivate selected employees, consultants and directors through the granting of share-based compensation awards. We also provide additional incentives to our employees, including a health and wellness stipend and technology reimbursements. None of our employees is represented by a labor union, and we consider our employee relations to be good.

Our workforce strategy continued with a hybrid work model in 2023, with a number of our staff continuing to operate fully remotely. Across all of our offices, certain health and safety precautions remain in place, including nightly cleaning, higher cubicle walls and sanitizer stations at key access and high traffic points.

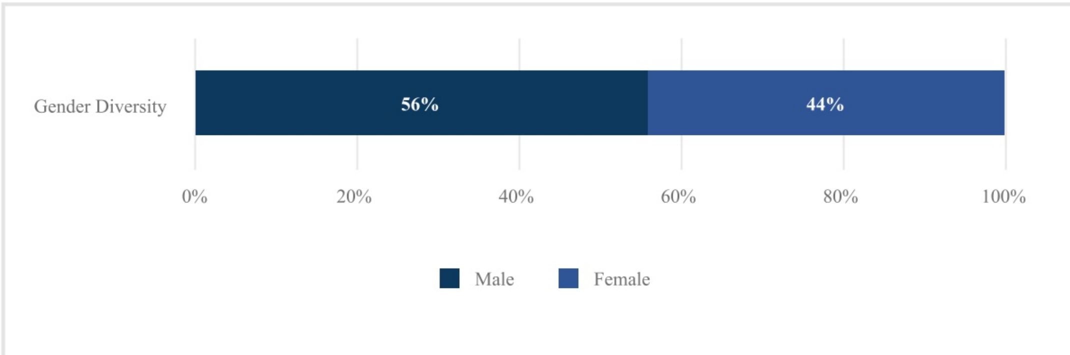
To help support and engage our employees as they returned to the office, we continued to expand our programs to include meditation sessions, charitable step challenges, onsite social and charitable events and wellness-focused education sessions on topics including stress, nutrition and financial management.

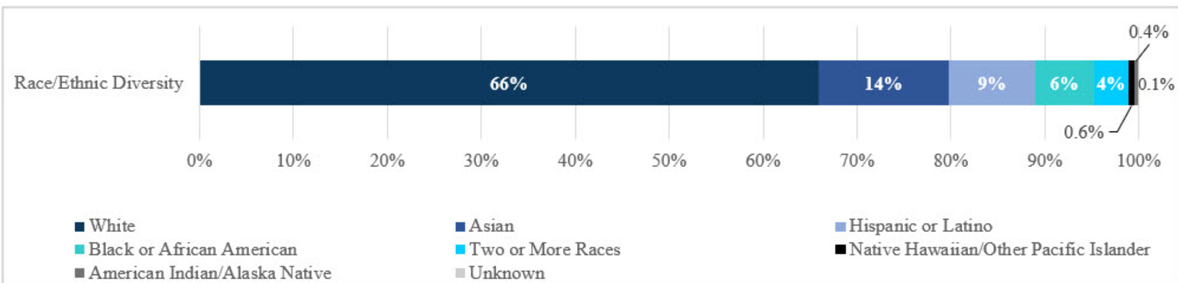
Employee Engagement

We measure our employee engagement annually through a survey of all associates. We believe the results of our 2023 engagement survey and our employee engagement efforts illustrate our commitment to our mission, values and culture in action. We are especially proud of the feedback and commitment our team members have provided as we moved forward from the unprecedented global health crisis and its impact on market volatility.

Diversity, Equity & Inclusion

As of December 31, 2023, our diversity by gender was 56% male and 44% female. Our diversity by race/ethnicity was 66% white, and underrepresented minorities (Hispanic, African American and other races/ethnicities) made up 20% of our employee population. Our commitment to diversity and inclusion is centered on the following pillars: Education. Representation, Development and Community.





In 2023, we continued to enhance our formal diversity and inclusion program, Respect at AssetMark, aligned with our core value of respect. The goals of our Respect at AssetMark program are to bring new diverse talent into the financial services industry through our internship program and to focus on recruiting and developing the talent that we already have within our organization to enable our employees to meet their fullest potential. Our continued and focused efforts have resulted in an increase in women in leadership within our organization.

Corporate Social Responsibility

In 2023, we upheld our commitment to operating as a responsible corporate citizen. We continued to focus on delivering societal value as well as shareholder value by conducting our business ethically and transparently, with our mission rooted at the center.

As a part of our commitment to corporate social responsibility, we released our 2022 Environmental, Social and Governance Report in May 2023. Prepared in accordance with the accounting standards published by the Sustainability Accounting Standards Board, the report highlights our current sustainability initiatives, practices, and objectives.

Our mission of making a difference pushes us to achieve excellence and make a difference for those who rely on our financial stewardship, investment expertise, and client-focused approach for their financial advice and decision-making.

We believe putting purpose at the center of everything we do will create long-term value for our stakeholders, achieve sustainable business success, and ultimately improve the health of the communities in which we operate.

Information About Our Executive Officers

The following table sets forth information regarding our executive officers as of March 14, 2024:

Name	Age	Position
Michael Kim	54	Chief Executive Officer, President and Director
Gary Zyla	52	EVP, Chief Financial Officer
Ted Angus	53	EVP, General Counsel
Carrie Hansen	53	EVP, Chief Operating Officer
David McNatt	49	EVP, Investment Solutions
Mukesh Mehta	57	EVP, Chief Information Officer
Esi Minta-Jacobs	51	EVP, Human Resources and Digital Product Solutions

There is no family relationship between any of our executive officers and any of our other executive officers or directors.

Michael Kim – Chief Executive Officer, President and Director

Mr. Kim joined our company in 2010 and has served as our Chief Executive Officer since September 2023 and President since March 2021. Mr. Kim also served as our Chief Client Officer from January 2018 to September 2023. Mr. Kim previously served as our National Sales Leader from January 2018 to March 2021, as our National Sales Manager from 2014 to 2018 and Head of our RIA Channel from 2010 to 2014. Prior to joining our company, Mr. Kim spent over twelve years with Fidelity Investments, Inc., including as a Senior Vice President from 1998 to 2010. From 1995 to 1998, Mr. Kim served as Senior Vice President at Transamerica, and from 1991 to 1995, Mr. Kim was a Senior Associate at Coopers & Lybrand Consulting. Mr. Kim holds a B.A. in Economics from the University of California, Los Angeles.

Gary Zyla – EVP, Chief Financial Officer

Mr. Zyla has served as our Chief Financial Officer since 2011. From 2004 to 2011, Mr. Zyla served in the Corporate and Retirement and Protection segments at Genworth Financial, Inc., where he led the Capital Management team and served as Vice President of Financial Planning & Analysis. Mr. Zyla holds a B.S. in Computer Science-Mathematics and a B.A. in History from the State University of New York-Binghamton and an M.B.A. in Finance from the University of Maryland.

Ted Angus – EVP, General Counsel

Mr. Angus has served as our General Counsel since joining us in 2013. From 2010 to 2013, Mr. Angus served as the General Counsel at Genworth Financial Wealth Management, and from 2000 to 2010 he served in various roles at The Charles Schwab Corporation, including as Vice President and Associate General Counsel. From 1998 to 2000, Mr. Angus was an Associate in the securities litigation group at the law firm Brobeck, Phleger & Harrison LLP, and from 1995 to 1998, he was an Associate at Keesal, Young & Logan. Mr. Angus holds a B.A. in both History and Economics from the University of California, Los Angeles and a J.D. from the University of California College of Law, San Francisco.

Carrie Hansen – EVP, Chief Operating Officer

Ms. Hansen joined our company in 2000 and has served as our Chief Operating Officer since 2008 and as President of our Mutual Funds division since 2007. Prior to becoming our Chief Operating Officer, Ms. Hansen served as our Chief Financial Officer (2003-2006) and Chief Compliance Officer (2004-2008). From 1998 to 2000, Ms. Hansen served as head of the Investment Operations Group in the Tokyo office of Barclays Global Investors, prior to which she spent over four years at Coopers & Lybrand Consulting, finishing her career there as an Audit Manager. Ms. Hansen holds a B.S. in Business Administration from the University of California, Berkeley.

David McNatt – EVP, Investment Solutions

Mr. McNatt has served as our Executive Vice President of Investment Solutions since April 2021. Mr. McNatt previously served as our Senior Vice President of Product Management and Development from April 2018 to April 2021, prior to which he served as our Vice President of Affluent Product Strategy from October 2017 to April 2018. Mr. McNatt has also held the roles of Vice President of Corporate Strategy and Vice President of Proprietary Product Development during his tenure at AssetMark. Prior to joining AssetMark, Mr. McNatt was with Russell Investments, responsible for the smart beta index product business. Mr. McNatt also spent more than 8 years at The Charles Schwab Corporation in various leadership roles where he was responsible for developing new business lines and investment products, including the launch and growth of the Schwab ETF business. Mr. McNatt received his B.A. in Finance with a minor in Economics from the University of South Florida and is a member of the CFA Institute and CFA Society of San Francisco.

Mukesh Mehta – EVP, Chief Information Officer

Mr. Mehta has served as our Chief Information Officer since joining our company in 2017. From 2014 to 2017, Mr. Mehta served as the Chief Information and Technology Officer at Cetera Financial Group, a shared services organization serving a family of affiliated independent broker-dealers. From 2010 to 2013, Mr. Mehta served as Chief Information Officer at TD Ameritrade, a brokerage firm, where he also served as a Managing Director in Business Technologies from 2009 to 2010. From 2002 to 2008, Mr. Mehta served as Senior Vice President and Chief Information Officer at Schwab Institutional, Platform Development & Technology, prior to which he served as a Vice President of Finance & Corporate Administration Technology at The Charles Schwab Corporation from 1999 to 2002. Mr. Mehta has also held positions with Bankers Trust (Vice President, Defined Contribution & Participant Services, 1995-1999), Kwasha Lipton (Pension Design & Systems Consultant, 1987-1994), ER Keller & Co. (Investment Account Manager, 1987) and Bell Communications Research (Analyst, 1984-1987). Mr. Mehta holds a B.A. in Mathematics & Economics from Rutgers University and is a graduate of the Stanford University Graduate School of Business Executive Program.

Esi Minta-Jacobs – EVP, Human Resources and Digital Product Solutions

Ms. Minta-Jacobs joined our company in 2015. Ms. Minta-Jacobs has served as our head of Digital Product Solutions since November 2023 and as our head of Human Resources since March 2020, prior to which she served as our head of Program Management from March 2020 to November 2023 and as our Project Management Office Leader from 2015 to March 2020. Prior to joining our company, Ms. Minta-Jacobs served as Senior Vice President at Wells Fargo & Company (2003-2015), overseeing international operations project delivery, and as Partner Integration Manager at PeopleSoft, Inc. (1999-2003). She previously held management consulting roles at Grant Thornton International and PricewaterhouseCoopers (formerly Coopers & Lybrand) (1995-1999). Ms. Minta-Jacobs holds a B.S. in Business Administration with a concentration in Accounting and Management Information Systems from Northeastern University.

Available Information

We make our annual reports on Form 10-K, quarterly reports on Form 10-Q and current reports on Form 8-K, as well as amendments to those reports, available free of charge at our corporate website as soon as reasonably practicable after they have been filed with the SEC. Our corporate website address is ir.assetmark.com. Information on or available through our website is not incorporated by reference into nor does it form a part of this Annual Report on Form 10-K, and our reference to the URL for our website is intended to be an inactive textual reference only. The SEC maintains a website that contains the materials we file with the SEC at www.sec.gov.

Item 1A. Risk Factors

Risks Related to Our Business and Operations

Our revenue may fluctuate from period to period, which could cause our share price to fluctuate.

Our revenue may fluctuate from period to period in the future due to a variety of factors, many of which are beyond our control. Factors relating to our business that may contribute to these fluctuations include the following events, as well as other factors described elsewhere in this Annual Report on Form 10-K:

- a continued decline or slowdown in growth of the value of financial market assets or changes in the mix of assets on our platform, which may reduce the value of our platform assets and therefore our revenue and cash flows;
- fluctuations in interest rates, which have a direct and proportionate impact on our spread-based revenue;
- significant fluctuations in securities prices affecting the value of assets on our platform, including as a result of macroeconomic factors, inflation, geopolitics or public health concerns;
- negative public perception and reputation of the financial services industry, which could reduce demand for our investment solutions and services;

- acceleration of client investment preferences to lower-fee options;
- downward pressure on fees we charge our investor clients, which would reduce our revenue;
- changes in laws or regulations that could impact our ability to offer investment solutions and services, including any laws or regulations implicated by our controlling stockholder's ultimate parent being a PRC company;
- announcements regarding regulatory actions or litigation that are adverse to us or our business, including the payment of fines;
- failure to obtain new clients or retain existing clients on our platform, or changes in the mix of clients on our platform;
- failure of our financial adviser clients to obtain new investor clients or retain their existing investor clients;
- failure to adequately protect our proprietary technology and intellectual property rights;
- reduction in the suite of investment solutions and services made available by third-party providers to existing clients;
- reduction in fee percentage or total fees for future periods, which may have a delayed impact on our results given that our asset-based fees are billed to advisers in advance of each quarter;
- changes in our pricing policies or the pricing policies of our competitors to which we have to adapt; or
- general domestic and international economic and political conditions that may decrease investor demand for financial advisers or investment services.

As a result of these and other factors, our results of operations for any quarterly or annual period may differ materially from our results of operations for any prior or future quarterly or annual period and should not be relied upon as indications of our future performance.

We operate in an intensely competitive industry, with many firms competing for business from financial advisers on the basis of the quality and breadth of investment solutions and services, ability to innovate, reputation and the prices of services, among other factors, and this competition could hurt our financial performance.

We compete with many different types of wealth management companies that vary in size and scope. In addition, some of our adviser clients have developed or may develop the in-house capability to provide the technology or investment advisory services they have retained us to perform, obviating the need to hire us. These clients may also offer similar services to third-party financial advisers or financial institutions, thereby competing directly with us for that business. There has also been a trend toward online internet financial services and financial services that are based on mobile applications or automated processes as clients increasingly seek to manage their investment portfolios digitally. Other industry changes, such as zero-commission securities trading, may amplify this trend to increased utilization of "robo" adviser platforms, which may increase our competitive risks and could have a material adverse effect on our results of operations, financial condition or business.

Some of our competitors have greater name recognition or greater resources than we do, and may offer a broader range of services across more markets. These resources may allow our competitors to respond more quickly to new technologies or changes in demand for investment solutions and services, devote greater resources to developing and promoting their services and make more attractive offers to potential clients and strategic partners, which could hurt our financial performance. Further, some of our competitors operate in a different regulatory environment than we do, which may give them certain competitive advantages in the services they offer.

We compete on a number of bases including the performance of our technology, the level of fees charged, the quality of our services, our reputation and position in the industry, our ability to adapt to technological developments or unforeseen market entrants and our ability to address the complex and changing needs of our clients. Our failure to successfully compete on the basis of any of these factors could result in a significant decline in market share, revenue and net income. Furthermore, certain clients or potential clients may prefer not to work with a company, such as us, that is controlled by a PRC company in light of continued or increased tension in U.S.-PRC relations or any deterioration in political or trade relations between the United States and the PRC.

We derive nearly all of our revenue from the delivery of investment solutions and services to clients in the financial advisory industry and our revenue could suffer if that industry experiences a downturn.

We derive nearly all of our revenue from the delivery of investment solutions and services to clients in the financial advisory industry and we are therefore subject to the risks affecting that industry. A decline or lack of growth in demand for financial advisory services would adversely affect the financial advisers who work with us and, in turn, our results of operations, financial condition or business. For example, the availability of free or low-cost investment information and resources, including research and information relating to publicly traded companies and mutual funds available on the Internet or on company websites, could lead to lower demand by investors for the services provided by financial advisers. In addition, demand for our investment solutions and services among financial advisers could decline for many reasons. Consolidation or limited growth in the financial advisory industry could reduce the number of financial advisers and their potential clients. Events that adversely affect financial advisers' businesses, rates of growth or the numbers of customers they serve, including decreased demand for their products and services, adverse conditions in the markets or adverse economic conditions generally, could decrease demand for our investment solutions and services and thereby decrease our revenue. Any of the foregoing could have a material adverse effect on our results of operations, financial condition or business.

Investors that pay us asset-based fees may seek to negotiate lower fees, choose to use lower-revenue products or cease using our services, which could limit the growth of our revenue or cause our revenue to decrease.

We derive a significant portion of our revenue from asset-based fees. Individual advisers or their clients may seek to negotiate lower asset-based fees. In particular, recent trends in the broker-dealer industry towards zero-commission trading may make self-directed brokerage services comparatively less expensive and, therefore, more attractive to investors as compared to investment advisory services, which could prompt our financial adviser clients to attempt to renegotiate the fees they pay to us. In addition, clients may elect to use products that generate lower revenue, which may result in lower total fees being paid to us. In addition, broker-dealer clients have in the past and may in the future limit access to certain of our strategies such that advisers shift to our lower-revenue products, which has led and would lead to a decline in asset-based revenue. In addition, clients have in the past and may in the future choose to invest in lower cost products on our platform or otherwise negotiate changes in pricing for these products, which has negatively impacted and would negatively impact our revenue and net income. Further, as competition among financial advisers increases, financial advisers may be required to lower the fees they charge to their end investors, which could cause them to seek lower fee options on our platform or to more aggressively negotiate the fees we charge. Any reduction in asset-based fees could persist beyond the near term given the recurring quarterly nature of our asset-based fee arrangements. Any of these factors could result in a fluctuation or decline in our asset-based revenue, which would have a material adverse effect on our results of operations, financial condition or business.

Investors may redeem or withdraw their investment assets generally at any time. Significant changes in investing patterns or large-scale withdrawal of investment funds could have a material adverse effect on our results of operations, financial condition or business.

The clients of our financial advisers are generally free to change financial advisers, forgo the advice and other services provided by financial advisers or withdraw the funds they have invested with financial advisers. These clients of financial advisers may elect to change their investment strategies, including by withdrawing all or a portion of their assets from their accounts to avoid securities markets-related risks. These actions by investors are outside of our control and could materially adversely affect the market value of our platform assets, which would materially adversely affect the asset-based revenue we receive.

Changes in market and economic conditions (including as a result of geopolitical conditions or events) could lower the value of assets on which we earn revenue, thereby negatively impacting our revenue, and could decrease the demand for our investment solutions and services.

Asset-based revenue makes up a significant portion of our revenue, representing 78% and 87% of our total revenue for the years ended December 31, 2023 and 2022, respectively. In addition, given our fee-based model, we expect that asset-based revenue will continue to account for a significant percentage of our total revenue in the future. Significant fluctuations in securities prices have materially affected and will materially affect the value of the assets managed by our clients, and any decrease in the value of assets managed by our clients has and will continue to negatively impact our asset-based revenue. Spread-based revenue accounted for 17% and 9% of our total revenue for the years ended December 31, 2023 and 2022, respectively. Fluctuations in interest rates have had and will have a direct impact on our spread-based revenue. Changes in interest rates, inflation and other economic indicators may also influence financial adviser and investor decisions regarding whether to invest in, or maintain an investment in, one or more of our investment solutions. Inflation and other economic factors may also impact the cost of running our business including the cost of personnel, operations, travel and other expenses. If such fluctuations in securities prices, interest rates or inflation were to lead to decreased investment in the securities markets, our revenue and earnings derived from asset-based and spread-based revenue could be simultaneously materially adversely affected.

We provide our investment solutions and services to the financial services industry. The financial markets, and in turn the financial services industry, are affected by many factors, such as U.S. and foreign economic and geopolitical conditions and general trends in business and finance that are beyond our control, and could be adversely affected by changes in the equity or debt marketplaces, unanticipated changes in currency exchange rates, interest rates, inflation rates, the yield curve, financial crises, war, terrorism, natural disasters, pandemics and outbreaks of disease or similar public health concerns and other factors that are difficult to predict. During periods of severe or prolonged downturns or market volatility, investments may lose value and investors may choose to withdraw assets from financial advisers and use the assets to pay expenses or transfer them to investments that they perceive to be more secure, such as bank deposits and Treasury securities. Any prolonged downturn in financial markets, or increased levels of asset withdrawals could have a material adverse effect on our results of operations, financial condition or business.

We must continue to introduce new investment solutions and services, and enhancements thereon, to address our clients' changing needs, market changes and technological developments, and a failure to do so could have a material adverse effect on our results of operations, financial condition or business.

The market for our investment solutions and services is characterized by shifting client demands, evolving market practices and, for many of our investment solutions and services, rapid technological change, including an increased use of and reliance on web and social network properties. Changing client demands (including increased reliance on technology), new market practices or new technologies can render existing investment solutions and services obsolete and unmarketable. As a result, our future success will continue to depend upon our ability to develop, enhance and market investment solutions and services that address the future needs of our target markets and respond to technological and market changes. We may not be able to accurately estimate the impact of new investment solutions and services on our business or how their benefits will be perceived by our clients. Further, we may not be successful in developing, introducing and marketing our new investment solutions or services or enhancements on a timely and cost effective basis, or at all, our financial adviser clients may not allow certain investment solutions and services to be marketed through them, and any new investment solutions and services and enhancements may not adequately meet the requirements of the marketplace or achieve market acceptance. In addition, clients may delay purchases in anticipation of new investment solutions or services or enhancements. Any of these factors could materially adversely affect our results of operations, financial condition or business.

We could face liability or incur costs to remediate operational errors or to address possible customer dissatisfaction.

Operational risk generally refers to the risk of loss resulting from our operations, including, but not limited to, improper or unauthorized execution and processing of transactions, deficiencies in our operating systems, business disruptions and inadequacies or breaches in our internal control processes. Operational risk may also result from our hybrid in-person/remote work model. We operate in diverse markets and are reliant on the ability of our employees and systems to process large volumes of transactions often within short time frames. In the event of a breakdown or improper operation of systems (including due to extreme market volumes or volatility or the failure or delay of systems supporting our hybrid work model), human error or improper action by employees, we could suffer financial loss, regulatory sanctions or damage to our reputation. In addition, there may be circumstances when our customers are dissatisfied with our investment solutions and services, even in the absence of an operational error. In such circumstances, we may elect to make payments or otherwise incur increased costs or lower revenue to maintain customer relationships. In any of the forgoing circumstances, our results of operations, financial condition or business could be materially adversely affected.

We may make future acquisitions which may be difficult to integrate, divert management resources, result in unanticipated costs or dilute our stockholders.

We have in the past, and may in the future, choose to grow our business in part through acquisitions, which could pose a number of risks to our operations. We may not be able to complete acquisitions, or integrate the operations, products, technologies or personnel gained through any such acquisition, such as our recent acquisition of Adhesion Wealth, without a material adverse effect on our results of operations, financial condition or business. Assimilating the acquired businesses may divert significant management attention and financial resources from our other operations and could disrupt our ongoing business. We may have difficulty integrating the acquired operations, products, technologies or personnel, and may incur substantial unanticipated integration costs.

Financing an acquisition could result in dilution from issuing equity securities or a weaker balance sheet from using cash or incurring debt. Any debt securities that we issue or credit agreements into which we enter to finance an acquisition may contain covenants that would restrict our operations, impair our ability to pay dividends or limit our ability to take advantage of other strategic opportunities. Further, we may fail to realize the potential cost savings or other financial benefits of the acquisition.

In addition, acquisitions, including our recent acquisition of Adhesion Wealth, may result in the loss of key employees or customers, particularly those of the acquired operations. Acquisitions, including our recent acquisition of Adhesion Wealth, could further adversely affect our existing business relationships with third parties and/or cause us to incur regulatory, legal or other liabilities from the acquired businesses, including claims for infringement of intellectual property rights, for which we may not be indemnified in full or at all.

We may be subject to liability for losses that result from a breach of our or a third party's fiduciary duties.

Certain of our investment advisory services involve fiduciary obligations that require us to act in the best interests of our clients, and we may face legal proceedings, liabilities, regulatory investigations or enforcement actions for actual or claimed breaches of our fiduciary duties. Because we provide investment advisory services with respect to substantial assets, we could face substantial liability to our clients if it is determined that we have breached our fiduciary duties. In certain circumstances, which generally depend on the types of investment solutions and services we are providing, we may enter into client agreements jointly with advisers and retain third-party investment money managers and strategists on behalf of clients. In many instances, we are responsible for conducting due diligence on the investment solutions and strategies offered by such third parties with whom we contract, and a failure to adequately conduct due diligence or to adequately disclose material conflicts of interest could subject us to liability for alleged inadequate due diligence or for misstatements or omissions contained in disclosures, marketing materials and other materials describing the investment solutions and strategies offered by such third parties to our investor clients. As such, we may be included as a defendant in lawsuits against financial advisers, strategists and third-party investment money managers that involve claims of breaches of the duties of such persons, and we may face liabilities for the improper actions or omissions of such advisers and third-party investment money managers and strategists. In addition, we may face claims based on the results of our investment advisory services, even in the absence of a breach of our fiduciary duty. Such claims and liabilities could therefore have a material adverse effect on our results of operations, financial condition or business.

If our reputation is harmed, our results of operations, financial condition or business could be materially adversely affected.

Our reputation, which depends on earning and maintaining the trust and confidence of our clients, is critical to our business. Our reputation is vulnerable to many threats that can be difficult or impossible to control, and costly or impossible to remediate. Regulatory inquiries or investigations, lawsuits initiated by our clients, employee misconduct, perceptions of conflicts of interest and rumors concerning us or our third-party service providers, among other developments, could substantially damage our reputation, even if they are baseless or satisfactorily addressed. Potential, perceived and actual conflicts of interest are inherent in our business activities and could give rise to client dissatisfaction or litigation. In particular, we offer both proprietary and third-party mutual funds, portfolios of mutual funds and custodial services on our platform, and financial advisers or their clients could conclude that we favor our proprietary investment products or services over those of third parties. In addition, any perception that the quality of our investment solutions and services may not be the same or better than that of other providers can also damage our reputation. Further, continued or increased tension in U.S.-PRC relations or any deterioration in political or trade relations between the United States and the PRC may lead to negative investor and/or client sentiment towards us given that Huatai Securities Co., Ltd. ("HTSC"), a PRC company, is the ultimate parent of our controlling stockholder. Any damage to our reputation or that of our third-party service providers could harm our ability to attract and retain clients, which could materially adversely affect our results of operations, financial condition or business.

If our investment solutions and services fail to perform properly due to undetected errors or similar problems, our results of operations, financial condition or business could be materially adversely affected.

Investment solutions and services we develop or maintain may contain undetected errors or defects despite testing. Such errors can exist at any point in the life cycle of our investment solutions or services, but are typically found after introduction of new investment solutions and services or enhancements to existing investment solutions or services. We continually introduce new investment solutions and services and new versions of existing solutions and services. Our third-party providers, including asset managers whose products our clients access through our platform, could fail to detect errors or defects in the offered products that our clients use. Despite internal testing and testing by current and prospective clients, our current and future investment solutions and services may contain serious defects or malfunctions. If we detect any errors before release, we might be required to delay the release of the investment solution or service for an extended period of time while we address the problem. We might not discover errors that affect our new or current investment solutions, services or enhancements until after they are deployed, and we may need to provide enhancements to correct such errors. Errors may occur that could result in harm to our reputation, lost sales, delays in commercial release, third-party claims, contractual disputes, contract terminations or renegotiations or unexpected expenses and diversion of management and other resources to remedy errors. In addition, negative public perception and reputational damage caused by such claims would adversely affect our client relationships and our ability to enter into new contracts. Any of these problems could have a material adverse effect on our results of operations, financial condition or business.

Our failure to successfully execute the conversion of our clients' assets from their existing platform to our platform in a timely and accurate manner could have a material adverse effect on our results of operations, financial condition or business.

When we begin working with a new client or acquire new client assets through an acquisition or other transaction, we may be required to convert or transfer the new assets from the clients' existing platform to our platform. These conversions sometimes present significant technological and operational challenges, can be time-consuming, may result in the loss of the target company's clients and may divert management's attention from other operational matters. If we fail to successfully complete our conversions in a timely and accurate manner, we may be required to expend more time and resources than anticipated, which could erode the profitability of the client relationship. In addition, any such failure may harm our reputation and may cause financial advisers or their clients to move their assets off of our platform or make it less likely that prospective clients will commit to working with us. Any of these risks could materially adversely affect our results of operations, financial condition or business.

Our business relies heavily on computer equipment, electronic delivery systems and the Internet. Any failures, disruptions or other adverse impacts could result in reduced revenue and the loss of customers.

The success of our business depends on our ability to deliver time-sensitive, up-to-date data and information. Our business relies heavily on computer equipment (including servers), electronic delivery systems and the Internet, but these technologies are vulnerable to disruptions, failures or slowdowns caused by fire, earthquake, power loss, telecommunications failure, terrorist attacks, wars, Internet failures, cyber-attacks and other events beyond our control. In addition to such vulnerabilities, there can be no assurance that the Internet's infrastructure will continue to be able to support the demands placed on it by sustained growth in the number of users and amount of traffic, in particular as employers shift to or make permanent remote or hybrid work models involving workforces relying largely on home broadband and Internet access. To the extent that the Internet's infrastructure is unable to support the demands placed on it, our business will be negatively impacted.

Furthermore, we rely on agreements with our suppliers, such as our current data hosting and service providers, to provide us with access to certain computer equipment, electronic delivery systems and the Internet. We are unable to predict whether a future contractual dispute may arise with one of our suppliers that could cause a disruption in service, or whether our agreements with our suppliers can be obtained or renewed on acceptable terms, or at all. An unanticipated disruption, failure or slowdown affecting our key technologies or facilities may have significant ramifications, such as data-loss, data corruption, damaged software codes or inaccurate processing of transactions. We maintain off-site back-up facilities for our electronic information and computer equipment, but these facilities could be subject to the same interruptions that may affect our primary facilities. Any significant disruptions, failures, slowdowns, data-loss or data corruption could have a material adverse effect on our results of operations, financial condition or business and result in the loss of customers.

If government regulation of the Internet changes, or if consumer attitudes towards the Internet change, we may need to change the manner in which we conduct our business or incur greater operating expenses.

We rely heavily on the Internet in conducting our business, and are subject to general business regulations and laws as well as federal and state regulations and laws specifically governing the Internet. The adoption, modification or interpretation of laws or regulations relating to the Internet could impede the growth of the Internet or other online services or increase the cost of providing online services, which could adversely affect the manner in which we conduct our business. Such laws and regulations may cover sales practices, taxes, user privacy, data protection, pricing, content, copyrights, distribution, electronic contracts, consumer protection, broadband residential Internet access and the characteristics and quality of services. If we are required to comply with new regulations or legislation or new interpretations of existing regulations or legislation, we may be required to incur additional expenses or alter our business model, either of which could have a material adverse effect on our results of operations, financial condition or business. Likewise, any failure, or perceived failure, by us to comply with any of these laws or regulations could result in damage to our reputation and brand, a loss in business, and proceedings or actions against us by governmental entities or others, which could adversely affect our results of operations, financial condition or business.

Inadequacy or disruption of our disaster recovery plans and procedures in the event of a catastrophe could adversely affect our business.

We have made a significant investment in our infrastructure, and our operations are dependent on our ability to protect the continuity of our infrastructure against damage from catastrophe or natural disaster, breach of security, cyber-attack, loss of power, telecommunications failure or other natural or man-made events, including regional or global health events. Such a catastrophic event could have a direct negative impact on us by adversely affecting financial advisers, our employees or facilities and our ability to serve clients using a hybrid workforce, or an indirect impact on us by adversely affecting the financial markets or the overall economy. While we have implemented business continuity and disaster recovery plans and maintain business interruption insurance, it is impossible to fully anticipate and protect against all potential catastrophes, in particular those affecting a dispersed workforce. If our business continuity and disaster recovery plans and procedures were disrupted, inadequate or unsuccessful in the event of a catastrophe, we could experience a material adverse interruption of our operations. We serve financial advisers and their clients using third-party data centers and cloud services. While we have electronic access to the infrastructure and components of our platform that are hosted by third parties, we do not control the operation of these facilities. Consequently, we may be subject to service disruptions as well as failures to provide adequate support for reasons that are outside of our direct control. These data centers and cloud services are vulnerable to damage or interruption from a variety of sources, including earthquakes, floods, fires, power loss, system failures, cyber-attacks, physical or electronic break-ins, human error or interference (including by employees, former employees or contractors), and other catastrophic events, including regional or global health events. Our data centers may also be subject to local administrative actions, changes to legal or permitting requirements and litigation to stop, limit or delay operations. Despite precautions taken at these facilities, such as disaster recovery and business continuity arrangements, the occurrence of a natural disaster or an act of terrorism, a decision to close the facilities without adequate notice or other unanticipated problems at these facilities could result in interruptions or delays in our services, impede our ability to scale our operations or have other adverse impacts on our business.

We are reliant on our relationships with certain broker-dealers, strategists and enterprise clients, the loss of which could adversely affect our results of operations, financial condition or business.

We maintain relationships with certain broker-dealers and financial advisers that serve clients on our platform. The loss of these relationships would likely result in a loss of adviser and investor clients. Likewise, we engage strategists who offer certain investment products on our platform. The loss of certain strategists and their investment products could cause our investor clients to leave our platform to follow such strategists and investment products to our competitors or otherwise. We also maintain direct relationships with certain enterprise customers, the loss of which could have a material impact on our business.

Further, the engagement contracts governing our relationships with broker-dealers, financial advisers and strategists are terminable by either us or the broker-dealer, financial adviser or strategist, as applicable, upon short-notice with or without cause. Further, broker-dealers and financial advisers may substantially reduce their use of our platform without terminating their agreements with us. Loss of our investor and enterprise clients, whether due to termination of a significant number of engagement contracts or otherwise, may have a material adverse effect on our financial condition and result in harm to our results of operations, financial condition or business.

We are dependent on third-party service providers in our operations.

We utilize numerous third-party service providers in our operations, including for the development of new product offerings, the provision of custodial, strategy and other services and the maintenance of our proprietary systems. A failure by a third-party service provider could expose us to an inability to provide contractual services to our clients in a timely manner. Additionally, if a third-party service provider is unable to provide these services, we may incur significant costs to either internalize some of these services or find a suitable alternative. We serve as the investment adviser for several of the products offered through our investment management programs and utilize the services of investment sub-advisers to manage many of these assets. A failure in the performance of our due diligence processes and controls related to the supervision and oversight of these firms in detecting and addressing conflicts of interest, fraudulent activity, data breaches and cyber-attacks or noncompliance with relevant securities and other laws could cause us to suffer financial loss, regulatory sanctions or damage to our reputation.

We are dependent on third-party pricing services for the valuation of securities invested in our investment products.

The majority of the securities held by our investment products are valued using quoted prices from active markets gathered by external third-party pricing services. We are dependent on such services for those valuations and their failure to accurately price those securities may result in inaccurate valuation of securities in our systems. In addition, in rare cases where market prices are not readily available, securities are valued in accordance with procedures applicable to that investment product. These procedures may utilize unobservable inputs that are not gathered from any active markets and involve considerable judgment. If these valuations prove to be inaccurate, our revenue and earnings from platform assets could be adversely affected.

We rely on our executive officers and other key personnel.

We depend on the efforts of our executive officers, other management team members and key employees. Our executive officers, in particular, play an important role in the stability and growth of our business, and our future success depends, in part, on our ability to continue to attract and retain highly skilled personnel. The loss of any key personnel, such as the recent departure of our former Chief Executive Officer, could have a material adverse effect on our results of operations, financial condition or business.

Executive officer, employee or third-party provider misconduct could expose us to significant legal liability and reputational harm.

We are vulnerable to reputational harm because we and our financial adviser clients operate in an industry in which personal relationships, integrity and the confidence of clients are of critical importance. Our executive officers and employees, as well as the executive officers and employees at our financial adviser clients or our third-party service providers, could engage in misconduct that adversely affects our business. For example, if a member of management or an employee were to engage in illegal or suspicious activities, we or our financial adviser clients could be subject to regulatory sanctions and we could suffer serious harm to our reputation (as a consequence of the negative perception resulted from such activities), our financial position or financial advisers' client relationships and ability to attract new clients. In addition, certain of our third-party providers may engage in illegal activities, or may be accused of engaging in such activities, which could result in disruptions to our platform or solutions, subject us to liability, fines, penalties, regulatory orders or reputational harm or require us to be involved in regulatory investigations. Specifically, we have in the past been and may in the future be made aware of SEC investigations involving the actions of third-party financial advisers (or their employees) on our platform, which could cause us to experience any of the aforementioned consequences.

Further, our business and that of our financial adviser clients often require that we deal with confidential information, personal information and other sensitive data. If executive officers, employees or third-party providers were to improperly use or disclose this information, even if inadvertently, we or our financial adviser clients could be subject to legal or regulatory investigations or action and suffer serious harm to our reputation, financial position and current and future business relationships or those of our financial adviser clients. It is not always possible to deter misconduct, and the precautions we take to detect and prevent this activity may not always be effective. Misconduct by executive officers, employees or third-party providers, or even unsubstantiated allegations of misconduct, could result in an adverse effect on our reputation and our business.

We may become subject to liability based on the use of our investment solutions and services by our clients.

Our investment solutions and services support the investment processes of our clients, which, in the aggregate, advise billions of dollars of assets. Our client agreements have provisions designed to limit our exposure to potential liability claims brought by our adviser clients, their clients or other third parties based on the use of our investment solutions and services. However, these provisions have certain exceptions and could be invalidated by unfavorable judicial decisions or by federal, state, foreign or local laws. Use of our products as part of the investment process creates the risk that clients, or the parties whose assets are managed by our clients, may pursue claims against us for significant dollar amounts. Any such claim, even if the outcome were to be ultimately favorable to us, would involve a significant commitment of our management, personnel, financial and other resources and could have a negative impact on our reputation. Such claims and lawsuits could therefore have a material adverse effect on our results of operations, financial condition or business.

Furthermore, our clients may use our investment solutions and services together with software, data or products from other companies. As a result, when problems occur, it might be difficult to identify the source of the problem. Even when our investment solutions and services do not cause these problems, the existence of these errors might cause us to incur significant costs and divert the attention of our management and technical personnel, any of which could materially adversely affect our results of operations, financial condition or business.

Lack of liquidity or access to capital could impair our business and financial condition.

We expend significant resources investing in our business, particularly with respect to our technology and service platforms. In addition, we must maintain certain levels of required capital. As a result, reduced levels of liquidity could have a significant negative effect on us. Some potential conditions that could negatively affect our liquidity include diminished access to debt or capital markets, unforeseen or increased cash or capital requirements, adverse legal settlements or judgments or illiquid or volatile markets.

The capital and credit markets continue to experience varying degrees of volatility and disruption and can be particularly sensitive in times of uncertainty. In some cases, the markets have exerted downward pressure on availability of liquidity and credit capacity for businesses similar to ours. Such market conditions may limit our ability to satisfy statutory capital requirements, generate fee and other market-related revenue to meet liquidity needs and access the capital necessary to grow our business. As such, we may be forced to delay raising capital, issue different types of capital than we would otherwise, less effectively deploy such capital or bear an unattractive cost of capital, which could decrease our profitability and significantly reduce our financial flexibility.

In the event that our current resources are insufficient to satisfy our needs, we may need to rely on financing sources such as bank debt. The availability of additional financing will depend on a variety of factors such as market conditions, the general availability of credit, the volume of trading activities, the overall availability of credit to the financial services industry, our credit ratings and credit capacity and the possibility that our stockholders, advisers or lenders could develop a negative perception of our long- or short-term financial prospects if the level of our business activity decreases due to a market downturn. Similarly, our access to funds may be impaired if regulatory authorities or rating organizations take negative actions against us.

We may not be able to generate sufficient cash to service our indebtedness and may be forced to take other actions to satisfy our obligations under our 2022 Credit Agreement, which may not be successful.

As of December 31, 2023, we had total indebtedness of $94 million. Our ability to make scheduled payments on or to refinance our indebtedness depends on our financial condition and operating performance, which are subject to prevailing economic and competitive conditions and certain financial, business and other factors beyond our control. We may not be able to maintain a level of cash flow from operating activities sufficient to permit us to pay the principal and interest on our indebtedness. If our cash flows and capital resources are insufficient to fund our debt service obligations, we may be forced to reduce or delay acquisitions and capital expenditures, sell assets, seek additional capital or restructure or refinance our indebtedness. Our ability to restructure or refinance indebtedness will depend on the condition of the capital markets and our financial condition at such time. Any refinancing of indebtedness could be at higher interest rates and may require us to comply with more onerous covenants, which could further restrict our business operations. The terms of existing or future debt instruments may restrict us from adopting some of these alternatives. In addition, any failure to make payments of interest and principal on our outstanding indebtedness on a timely basis could harm our ability to incur additional indebtedness. In the absence of sufficient cash flows and capital resources, we could face substantial liquidity problems and might be required to dispose of material assets or operations to meet our debt service and other obligations. Our 2022 Credit Agreement (as defined in the section titled “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources”) currently restricts our ability to dispose of assets and our use of the proceeds from such disposition. We may not be able to consummate those dispositions, and the proceeds of any such disposition may not be adequate to meet any debt service obligations then due. Any of these circumstances could adversely affect our results of operations, financial condition or business.

Restrictions in our existing and future debt agreements could limit our growth and our ability to engage in certain activities.

Our 2022 Credit Agreement contains a number of covenants that impose operating and financial restrictions on us, including restrictions on our ability to incur additional indebtedness, create liens, make acquisitions, dispose of assets and make restricted payments, among others. In addition, our 2022 Credit Agreement requires us to maintain certain financial ratios. These restrictions may limit our ability to obtain future financings, to withstand a future downturn in our business or the economy in general, or to otherwise conduct necessary corporate activities. We may also be prevented from taking advantage of acquisitions or other business opportunities that arise because of the limitations that the restrictive covenants under our 2022 Credit Agreement impose on us. A breach of any covenant in our 2022 Credit Agreement would result in a default under the applicable agreement after any applicable grace periods. A default, if not waived, could result in acceleration of the indebtedness outstanding under the 2022 Credit Agreement and our inability to borrow thereunder. The accelerated indebtedness would become immediately due and payable. If that occurs, we may not be able to make all of the required payments or borrow on short notice sufficient funds to refinance such indebtedness. Even if new financing were available at that time, it may not be on terms that are acceptable to us.

We are a holding company and rely on dividends, distributions and other payments, advances and transfers of funds from our subsidiaries to meet our debt service and other obligations.

We have no direct operations and derive all of our cash flow from our subsidiaries. Because we conduct our operations through our subsidiaries, we depend on those entities for dividends and other payments or distributions to meet any existing or future debt service and other obligations. The deterioration of the earnings from, or other available assets of, our subsidiaries for any reason could limit or impair their ability to pay dividends or other distributions to us. In addition, SEC and Financial Industry Regulatory Authority (“FINRA”) regulations and Arizona law applicable to trust companies may under certain circumstances restrict the payment of dividends by a registered broker-dealer or a trust company licensed by the Arizona Department of Insurance and Financial Institutions, respectively. Compliance with this regulation may impede our ability to receive dividends from our subsidiary AssetMark Brokerage, LLC (“AMB”) or AssetMark Trust Company (“ATC”), respectively.

Our controls and procedures may fail or be circumvented, our risk management policies and procedures may be inadequate and operational risks could adversely affect our reputation and financial condition.

We have adopted policies and procedures to identify, monitor and manage our operational risk. These policies and procedures, however, may not be fully effective. Some of our risk evaluation methods depend upon information provided by others and public information regarding markets, clients or other matters that are otherwise accessible by us. If our policies and procedures are not fully effective or we are not successful in capturing all risks to which we are or may be exposed, we may suffer harm to our reputation or be subject to litigation or regulatory actions that could have a material adverse effect on our results of operations, financial condition or business.

Risks Related to Intellectual Property, Data Privacy and Cybersecurity

We could face liability related to our storage of personal information about our users.

We store extensive amounts of personal investment and financial information for consumers, including portfolio holdings, on our systems. We could be subject to liability if we were to inappropriately disclose any personal information or if third parties were able to penetrate our network security or otherwise access or misappropriate any personally identifiable information or portfolio holdings. Any such disclosure, security incident or breach could subject us to regulatory investigations and enforcement actions, the imposition of fines or other significant penalties and significant remediation costs, as well as claims for financial loss, impersonation or other similar fraud claims, claims under data protection laws, claims for other misuses of personal information, such as unauthorized marketing or unauthorized access to personal portfolio information, or indemnity claims by our clients for fines, penalties or other assessments arising from third-party claims. Further, any real or perceived defects, errors or vulnerabilities in our security systems could harm our reputation or otherwise adversely impact our results of operations, financial condition or business.

While we have taken extensive precautions to protect personal information, these risks and threats are heightened due to some of our workforce working remotely.

We could face liability for certain information we provide, including information based on data we obtain from other parties.

We may be subject to claims for securities law violations, negligence, breach of fiduciary duties or other claims relating to the information we provide. For example, individuals may take legal action against us if they rely on information we have provided and it contains an error. In addition, we could be subject to claims based upon content that is accessible from our website through links to other websites. Moreover, we could face liability based on inaccurate information provided to us by others. Defending any such claims could be expensive and time-consuming, and any such claim could materially adversely affect our results of operations, financial condition or business.

We are exposed to data and cybersecurity risks that could result in data breaches, service interruptions, harm to our reputation, protracted and costly litigation or significant liability.

In connection with the products and services that we provide, we collect, use, store, transmit and otherwise process certain confidential, proprietary and sensitive information, including the personal information of end-users, third-party service providers and employees. We rely on the efficient, uninterrupted and secure operation of complex information technology systems and networks to operate our business and securely store, transmit and otherwise process such information. In the normal course of business, we also share information with our service providers and other third parties. A failure to safeguard the integrity, confidentiality, availability and authenticity of personal information, client data and our proprietary data from cyber-attacks, unauthorized access, fraudulent activity (e.g., check “kiting” or fraud, wire fraud or other dishonest acts), data breaches and other security incidents that we, our third-party service providers or our clients may experience may lead to modification, destruction, loss of availability or theft of critical and sensitive data pertaining to us, our clients or other third parties. While we have taken extensive precautions to protect such confidential, proprietary and sensitive information, including personal information, these risks and threats are heightened due to some of our workforce working remotely. We have established a strategy designed to protect against threats and vulnerabilities containing preventive and detective controls including, but not limited to, firewalls, intrusion detection systems, computer forensics, vulnerability scanning, server hardening, penetration testing, anti-virus software, data leak prevention, encryption and centralized event correlation monitoring. All such protective measures, as well as additional measures that may be required to comply with rapidly evolving data privacy and security standards and protocols imposed by law, regulation, industry standards or contractual obligations, have and will continue to cause us to incur substantial expenses. Failure to timely upgrade or maintain computer systems, software and networks as necessary could also make us or our third-party service providers susceptible to breaches and unauthorized access and misuse. We may be required to expend significant additional resources to modify, investigate or remediate vulnerabilities or other exposures arising from data and cybersecurity risks.

Improper access to our or our third-party service providers’ systems or databases could result in the theft, publication, deletion or modification of confidential, proprietary or sensitive information, including personal information. Any actual or perceived breach of our security systems or those of our third-party service providers may require notification under applicable data privacy regulations or contractual obligations. The accidental or unauthorized access to or disclosure, loss, destruction, disablement, corruption or encryption of, use or misuse of or modification of our, our clients’ or other third parties’ confidential, proprietary or sensitive information, including personal information, by us or our third-party service providers could result in significant fines, penalties, orders, sanctions and proceedings or actions against us by governmental bodies and other regulatory authorities, customers or third parties, which could materially and adversely affect our results of operations, financial condition or business. Any such proceeding or action, and any related indemnification obligations, could damage our reputation, force us to incur significant expenses in defense of such proceeding or action, distract our management, increase our costs of doing business or result in the imposition of financial liability.

Despite our efforts to ensure the integrity, confidentiality, availability and authenticity of our proprietary systems and information, it is possible that we may not be able to anticipate or implement effective preventive measures against all cyber threats. No security solution, strategy, or measures can address all possible security threats or block all methods of penetrating a network or otherwise perpetrating a security incident. The risk of unauthorized circumvention of our security measures or those of our third-party providers, clients and partners has been heightened by advances in computer and software capabilities and the increasing sophistication of hackers, including those operating on behalf of nation-state actors, who employ complex techniques involving the theft or misuse of personal and financial information, counterfeiting, “phishing” or social engineering incidents, account takeover attacks, denial or degradation of service attacks, malware, fraudulent payment and identity theft. Because the techniques used by hackers change frequently and are increasingly complex and sophisticated, and new technologies may not be identified until they are launched against a target, we and our third-party service providers may be unable to anticipate these techniques or detect an incident, assess its severity or impact, react or appropriately respond in a timely manner or implement adequate preventative measures. Our systems are also subject to compromise from internal threats, such as theft, misuse, unauthorized access or other improper actions by employees, service providers and other third parties with otherwise legitimate access to our systems or databases. The latency of a compromise is often measured in months, but could be years, and we may not be able to detect a compromise in a timely manner.

Due to applicable laws and regulations or contractual obligations, we may also be held responsible for any failure or cybersecurity breaches attributed to our third-party service providers as they relate to the information we share with them. Although we generally have agreements relating to data privacy and security in place with our third-party service providers, they are limited in nature and we cannot guarantee that such agreements will prevent the accidental or unauthorized access to or disclosure, loss, destruction, disablement, corruption or encryption of, use or misuse of or modification of confidential, proprietary or sensitive information, including personal information, or enable us to obtain reimbursement from third-party service providers in the event we should suffer incidents resulting in accidental or unauthorized access to or disclosure, loss, destruction, disablement or encryption of, use or misuse of or modification of confidential, proprietary or sensitive information, including personal information. In addition, because we do not control our third-party service providers and our ability to monitor their data security is limited, we cannot ensure the security measures they take will be sufficient to protect confidential, proprietary or sensitive information (including personal information).

Regardless of whether a security incident or act of fraud involving our solutions is attributable to us or our third-party service providers, such an incident could, among other things, result in improper disclosure of information, harm our reputation and brand, reduce the demand for our products and services, lead to loss of client business or confidence in the effectiveness of our security measures, disrupt normal business operations or result in our systems or products and services being unavailable. In addition, such incidents may require us to spend material resources to investigate or correct the incident and to prevent future security incidents, expose us to uninsured liability, increase our risk of regulatory scrutiny, expose us to protracted and costly litigation, trigger indemnity obligations, result in damages for contract breach, divert the attention of management from the operation of our business and otherwise cause us to incur significant costs or liabilities, any of which could affect our results of operations, financial condition and reputation. Moreover, there could be public announcements regarding any such incidents and any steps we take to respond to or remediate such incidents, and if securities analysts or investors perceive these announcements to be negative, it could, among other things, have a substantial adverse effect on the price of our common stock. In addition, our remediation efforts may not be successful. Further, any adverse findings in security audits or examinations could result in reputational damage to us, which could reduce the use and acceptance of our solutions, cause our customers to cease doing business with us or have a significant adverse impact on our revenue and future growth prospects. Furthermore, even if not directed at us specifically, attacks on other financial institutions could disrupt the overall functioning of the financial system or lead to additional regulation and oversight by federal and state agencies, which could impose new and costly compliance obligations.

If we are not able to satisfy data protection, security, privacy and other government- and industry-specific requirements or regulations, our results of operations, financial condition or business could be harmed.

Personal privacy, data protection, information security and other regulations are significant in the United States and abroad. We are subject to a variety of laws and regulations that apply to our collection, use, retention, protection, disclosure, transfer and other processing of personal information, including those imposed pursuant to our National Security Agreements with the Committee on Foreign Investment in the United States (“CFIUS”), and our handling of personal data is regulated by federal, state and international governmental authorities and regulatory agencies. In addition to such laws and regulations, we may be subject to self-regulatory standards or other rules pertaining to information security and data protection proposed by privacy advocates, industry groups, other self-regulatory bodies or other information security or data protection-related organizations. These and other industry standards may legally or contractually apply to us, or we may elect to comply with such standards. Further, our contractual arrangements may impose additional, or more stringent, obligations upon us relating to our collection, use, retention, protection, disclosure, transfer and other processing of personal, financial and other data.

The data protection landscape is rapidly evolving, and we expect that there will continue to be new proposed laws, regulations and industry standards, and changes to and in the interpretation of existing laws, regulations and standards, concerning privacy, data protection, information security and telecommunications services. Interpretation and implementation standards and enforcement practices are likely to remain uncertain for the foreseeable future, and we cannot yet determine the impact such future laws, regulations and standards, or changes to and in the interpretation of existing laws, regulations and standards, may have on our business, but they may result in greater public scrutiny and escalated levels of enforcement and sanctions, increased compliance costs, increased liabilities, restrictions on our operations or other adverse impacts upon our business. For example, evolving and changing definitions of personal information and personal data, especially related to the classification of IP addresses, machine identification, location data and other information, may limit or inhibit our ability to operate or expand our business, including limiting the sharing of data.

Recently, the most rapid development in U.S. data privacy and security laws has been at the state level. For example, on June 28, 2018, California enacted the California Consumer Privacy Act (the "CCPA"), which took effect on January 1, 2020. The CCPA increased privacy rights for California residents and imposes obligations on companies that process their personal information, including an obligation to provide certain disclosures to such residents. Specifically, among other things, the CCPA created new consumer rights, and imposes corresponding obligations on covered businesses, relating to the access to, deletion of and sharing of personal information collected by covered businesses, including California residents' right to access and delete their personal information, opt out of certain sharing and sales of their personal information and receive detailed information about how their personal information is used. The CCPA provides for civil penalties for violations, as well as a private right of action for certain data breaches that result in the loss of personal information. This private right of action is expected to increase the likelihood of, and risks associated with, data breach litigation. The CCPA has already been amended several times, and further amendments may be enacted. Although interpretive guidance through enforcement cases brought by the California Office of the Attorney General is becoming available, even in its current form, it remains unclear how various provisions of the CCPA will be interpreted and enforced. Additionally, on November 3, 2020, California voters approved a further amendment to the CCPA, the California Privacy Rights Act (the "CPRA"), which took effect in most material respects on January 1, 2023. The CPRA significantly modified the CCPA, including by expanding consumers' rights with respect to certain personal information and creating a new state agency to oversee implementation and enforcement efforts, which has resulted in further uncertainty and has caused us to incur additional costs and expenses related to our compliance efforts. It remains unclear how various provisions of the CCPA and CPRA will be interpreted and enforced. Numerous other states have also enacted or are in the process of enacting or considering comprehensive state-level data privacy and security laws, rules and regulations. Compliance with these state laws may require us to modify our data processing practices and policies and may increase our compliance costs and potential liability. There is also discussion in Congress of a new comprehensive federal data protection and privacy law to which we likely would be subject if it is enacted.

Additionally, in February 2022, the SEC proposed rules regarding cybersecurity that would require financial advisers and investment companies to adopt and implement formal cybersecurity policies, report significant cybersecurity incidents to the SEC and comply with additional recordkeeping obligations in relation to cybersecurity-related information. These proposed rules are subject to a comment period, which was reopened in March 2023, and the final rules adopted by the SEC may differ significantly from the proposed rules. Moreover, in July 2023, the SEC adopted new rules requiring public companies to provide enhanced disclosure of cybersecurity risks and incidents to investors. The new rules for public companies, and, if adopted as proposed, the proposed rules for financial advisers and investment companies, are expected to increase the cost of operating our business and will likely require additional time and resources dedicated to reporting and compliance matters.

Many statutory requirements include obligations for companies to notify individuals of security breaches involving certain personal information, which could result from breaches experienced by us or our third-party service providers. For example, laws in all 50 U.S. states require businesses to provide notice to customers whose personal information has been disclosed as a result of a data breach. These laws are not consistent, and compliance in the event of a widespread data breach is difficult and may be costly. Moreover, states have been frequently amending existing laws, requiring attention to changing regulatory requirements. In addition, we may be contractually required to notify clients, end-investors or other counterparties of a security breach. Although we may have contractual protections with our third-party service providers, any security breach, or actual or perceived non-compliance with privacy or security laws, regulations, standards, policies or contractual obligations, could harm our reputation and brand, expose us to potential liability and require us to expend significant resources on data security and in responding to any such incident or actual or perceived non-compliance. Any contractual protections we may have from our third-party service providers may not be sufficient to adequately protect us from any such liabilities and losses, and we may be unable to enforce any such contractual protections.

We make public statements about our use and disclosure of personal information through our privacy policy, information provided on our website and press statements. Although we endeavor to comply with our public statements and documentation, we may at times fail to do so or be alleged to have failed to do so. The publication of our privacy policy and other statements that provide promises and assurances about data privacy and security can subject us to potential government or legal action if they are found to be deceptive, unfair or misrepresentative of our actual practices. In addition, from time to time, concerns may be expressed about whether our products and services compromise the privacy of clients and others. Even the perception, whether or not valid, of privacy concerns or any failure by us to comply with our posted privacy policies or with any legal or regulatory requirements, standards, certifications or orders or other privacy or consumer protection-related laws and regulations applicable to us may harm our reputation, inhibit adoption of our products by current and future customers or adversely impact our ability to attract and retain workforce talent.

Internationally, many jurisdictions have established their own data security and privacy legal frameworks with which we may need to comply. For example, the European Union (the “EU”) has adopted the General Data Protection Regulation (the “GDPR”), which went into effect in May 2018 and contains numerous requirements and changes from previously existing EU law, including more robust obligations on data processors and heavier documentation requirements for data protection compliance programs. The GDPR requires data controllers to implement more stringent operational requirements for processors and controllers of personal data, including, for example, transparent and expanded disclosure to data subjects about how their personal information is to be used, limitations on retention of information, mandatory data breach notification requirements, and higher standards for data controllers to demonstrate that they have obtained valid consent for certain data processing activities. The GDPR also imposes strict rules on the transfer of personal data to countries outside the European Economic Area (the “EEA”), including the United States. Fines for noncompliance with the GDPR are significant and can be up to the greater of €20 million or 4% of annual global turnover. The GDPR also provides that EU member states may introduce further conditions, including limitations, which could limit our ability to collect, use and share EU data, and could cause our compliance costs to increase, ultimately having an adverse impact on our results of operations, financial condition or business.

In July 2020, the Court of Justice of the European Union (the “CJEU”) ruled the EU-U.S. Privacy Shield Framework, one of the primary safeguards that allowed U.S. companies to import personal data from the EU to the U.S., was invalid. The CJEU’s decision also raised questions about whether the most commonly used mechanism for cross-border transfers of personal data out of the EEA, namely, the European Commission’s Standard Contractual Clauses, can lawfully be used for personal data transfers from the EU to the United States or other countries the European Commission has determined do not provide adequate data protections under their laws. On June 4, 2021, the European Commission adopted new Standard Contractual Clauses, which impose on companies additional obligations relating to data transfers, including the obligation to conduct a transfer impact assessment and, depending on a party’s role in the transfer, to implement additional security measures and to update internal privacy practices. As of September 27, 2021, companies must use the new Standard Contractual Clauses to govern data transfers made absent an adequacy determination or appropriate safeguards, and as of December 27, 2022, companies must replace existing Standard Contractual Clauses to govern current processing operations. On July 10, 2023, the European Commission adopted an adequacy decision concluding that the U.S. ensures an adequate level of protection for personal data transferred from the EEA to the U.S. under the EU-U.S. Data Privacy Framework, which is intended to replace the EU-U.S. Privacy Shield Framework. However, the adequacy decision does not foreclose, and is likely to face, future legal challenges resulting in ongoing legal uncertainty. If we are unable to implement a valid mechanism for personal data transfers from the EU, we will face increased exposure to regulatory actions, substantial fines and injunctions against processing personal data from the EU. Similar challenges could also arise in other jurisdictions that adopt regulatory frameworks of equivalent complexity.

Further, the United Kingdom’s vote in favor of exiting the EU, often referred to as “Brexit,” and ongoing developments in the United Kingdom have created uncertainty with regard to data protection regulation in the United Kingdom. As of January 1, 2021, following the expiry of transitional arrangements agreed to between the United Kingdom and the EU, data processing in the United Kingdom is governed by a United Kingdom version of the GDPR (combining the GDPR and the United Kingdom’s Data Protection Act 2018), exposing us to two parallel regimes, each of which authorizes similar fines and other potentially divergent enforcement actions for certain violations. On June 28, 2021, the European Commission adopted an adequacy decision in favor of the United Kingdom, enabling data transfers from EU member states to the United Kingdom without additional safeguards. However, the United Kingdom adequacy decision will automatically expire in June 2025 unless the European Commission re-assesses and renews or extends that decision. On October 12, 2023, the United Kingdom adopted an adequacy decision concluding that the U.S. ensures an adequate level of protection for personal data transferred from the United Kingdom to the U.S. pursuant to the United Kingdom extension to the EU-U.S. Data Privacy Framework (also known as the U.K.-U.S. data bridge). As above, the adequacy decision does not foreclose, and may face, future legal challenges resulting in ongoing legal uncertainty.

Given the complexity of operationalizing data privacy and security laws and regulations to which we are subject, the maturity level of proposed compliance frameworks and the relative lack of guidance in the interpretation of the numerous requirements of the data privacy and security laws and regulations to which we are subject, we may not be able to respond quickly or effectively to regulatory, legislative and other developments, and these changes may in turn impair our ability to offer our existing or planned products and services or increase our cost of doing business. Although we work to comply with applicable laws and regulations, industry standards, contractual obligations and other legal obligations, such laws, regulations, standards and obligations are evolving and may be modified, interpreted and applied in an inconsistent manner from one jurisdiction to another, and may conflict with one another. In addition, they may conflict with other requirements or legal obligations that apply to our business or the features and services that our adviser clients and their investor clients expect from our products and services. As such, we cannot assure ongoing compliance with all such laws, regulations, standards and obligations. Any failure, or perceived failure, by us to adequately address privacy and security concerns, even if unfounded, or to comply with applicable laws, regulations and standards, or with employee, client and other data privacy and data security requirements pursuant to contract and our stated privacy notice(s), could result in investigations or proceedings against us by data protection authorities, governmental entities or others, including class action privacy litigation in certain jurisdictions, which could subject us to fines, civil or criminal liability, public censure, claims for damages by customers and other affected individuals, damage to our reputation and loss of goodwill (in relation to both existing and prospective clients), or we could be required to fundamentally change our business activities and practices, which may not be possible in a commercially reasonable manner, or at all. Any or all of these consequences could have a material adverse effect on our results of operations, financial condition or business.

If third parties infringe upon our intellectual property or if we were to infringe upon the intellectual property of third parties, we may expend significant resources enforcing or defending our rights or suffer competitive injury.

Our success depends in part on our proprietary technology. We rely on a combination of copyright, trademark and trade secret laws, confidentiality, nondisclosure, non-interference and invention assignment agreements and other contractual and technical security measures to establish and protect our intellectual property and proprietary rights. If we fail to successfully obtain, maintain, enforce, monitor, police or defend our intellectual property rights, or if we were to infringe, misappropriate or violate the intellectual property rights of others, our competitive position, operations, financial condition or business could suffer.

We license certain trademark and web domain rights from third parties and may be subject to claims of infringement if such parties do not possess the necessary intellectual property rights. In addition, we may face risk of infringement or misappropriation claims if we hire an employee who possesses third-party proprietary information who decides to use such information in connection with our investment solutions, services or business processes without such third party’s authorization. Furthermore, third parties may in the future assert intellectual property infringement claims against our customers, which, in certain circumstances, we have agreed to indemnify.

In some instances, litigation may be necessary to enforce our intellectual property rights and protect our proprietary information, or to defend against claims by third parties that we have infringed, misappropriated or violated their intellectual property rights. Any litigation or claims brought by or against us, whether with or without merit, could result in substantial costs to us and divert the attention of our management, which could harm our results of operations, financial condition or business. In addition, any intellectual property litigation or claims against us could result in the loss or compromise of our intellectual property and proprietary rights, subject us to significant liabilities or require us to seek licenses on unfavorable terms or make changes to the investment services and solutions we offer, any of which could harm our results of operations, financial condition or business.

Confidentiality agreements with employees, consultants and others may not adequately prevent disclosure of trade secrets and other proprietary information.

We have devoted substantial resources to the development of our proprietary technologies, investment solutions and services. To protect our proprietary rights, we enter into confidentiality, nondisclosure, non-interference and invention assignment agreements with our employees, consultants and independent contractors. However, we cannot guarantee that we have entered into such agreements with each party that has or may have had access to our trade secrets and proprietary know-how. Further, these agreements may not effectively prevent unauthorized disclosure of confidential information or unauthorized parties from copying aspects of our technologies, investment solutions or products or obtaining and using information that we regard as proprietary. Moreover, these agreements may not provide an adequate remedy in the event of such unauthorized disclosures of confidential information and we cannot assure you that our rights under such agreements will be enforceable. In addition, others may independently discover trade secrets and proprietary information, and in such cases we could not assert any trade secret rights against such parties. Costly and time-consuming litigation could be necessary to enforce and determine the scope of our proprietary rights, and failure to obtain or maintain trade secret protection could reduce any competitive advantage we have developed and cause us to lose customers or otherwise harm our business.

The use of “open source code” in investment solutions may expose us to additional risks and harm our intellectual property rights.

We rely on code and software licensed under so-called “open source licenses” to some extent to develop our investment solutions and support our internal systems and infrastructure. While we monitor our use of open source code to attempt to avoid subjecting our investment solutions to conditions we do not intend, such use could occur. Many of the risks associated with the usage of open source software cannot be eliminated, and could, if not properly addressed, negatively impact our business. In the event that portions of our proprietary software are determined to be subject to an open source license that requires that we make available source code for modifications or derivative works we create based upon the open source software, we could be required to publicly release the affected portions of our source code, re-engineer all or a portion of our technologies or otherwise be limited in the licensing of our technologies, any of which could reduce or eliminate the value of our technologies and solutions. Additionally, if a third-party software provider has incorporated certain types of open source code into software we license from such third party for our investment solutions, we could, under certain circumstances, be required to disclose the source code for our investment solutions. This could harm our intellectual property position and have a material adverse effect on our results of operations, financial condition or business.

We utilize artificial intelligence ("AI"), which could expose us to liability or adversely affect our business.

We have integrated, or are in the process of integrating, artificial intelligence ("AI") into various aspects of our business operations. These include, but are not limited to, customer service automation, data analytics, supply chain management, and predictive maintenance. We evaluate and adapt our AI strategies to optimize operational efficiency and enhance customer experiences. We have made and expect to continue to make significant investments in AI, including software acquisitions, development of proprietary algorithms, and talent recruitment. These investments are expected to drive innovation, improve operational efficiencies, and contribute to long-term growth. While AI presents substantial opportunities, it also poses certain risks. These include reliance on complex algorithms, potential biases in AI decision-making, cybersecurity threats, and regulatory changes. If the AI tools that we use are deficient, inaccurate or controversial, we could incur operational inefficiencies, competitive harm, legal liability, brand or reputational harm, or other adverse impacts on our business and financial results. If we do not have sufficient rights to use the data or other material or content on which the AI tools we use rely, we also may incur liability through the violation of applicable laws and regulations, third-party intellectual property, privacy or other rights, or contracts to which we are a party. We seek to mitigate these risks through regular audits, risk assessments, review of privacy standards, security protocols, monitoring, and adaptive AI models. The integration of AI technologies has also led to changes in workforce requirements. We invest in employee training and development to adapt to AI-driven changes. While AI automates certain tasks, it also creates new roles and opportunities within our organization. We anticipate that AI will play an increasingly significant role in our operations and strategy. Ongoing investments and research in AI are expected to yield new capabilities and efficiencies, aligning with our long-term vision for innovation and growth.

In addition, regulation of AI is rapidly evolving worldwide as legislators and regulators are increasingly focused on these powerful emerging technologies. The technologies underlying AI and its uses are subject to a variety of laws and regulations, including intellectual property, data privacy and security, consumer protection, competition, and equal opportunity laws, and are expected to be subject to increased regulation and new laws or new applications of existing laws and regulations. AI is the subject of ongoing review by various U.S. governmental and regulatory agencies, and various U.S. states and other foreign jurisdictions are applying, or are considering applying, their platform moderation, cybersecurity, and data protection laws and regulations to AI or are considering general legal frameworks for AI. We may not be able to anticipate how to respond to these rapidly evolving frameworks, and we may need to expend resources to adjust our operations or offerings in certain jurisdictions if the legal frameworks are inconsistent across jurisdictions. Furthermore, because AI technology itself is highly complex and rapidly developing, it is not possible to predict all of the legal, operational or technological risks that may arise relating to the use of AI.

Risks Related to Our Controlling Stockholder’s Ultimate Parent Being a PRC Company with Stock Listed in Hong Kong and Shanghai.

Our controlling stockholder is subject to supervision by regulatory authorities in the PRC and must comply with certain PRC laws and regulations that may influence our controlling stockholder’s decisions relating to our business.

As a Delaware corporation with no revenue from or operations within the PRC, we are not subject to regulation by PRC authorities. However, because HTSC, the ultimate parent company of our controlling stockholder, is an enterprise incorporated under the laws of the PRC, our controlling stockholder and HTSC are subject to and must comply with PRC laws and regulations promulgated by PRC governmental authorities. Such regulations may influence the decisions of our controlling stockholder, as well as those of its director appointees serving on our board of directors, regarding our business and operations. Certain of these regulations require our controlling stockholder to approve specific corporate actions taken by us, including any amendment to our amended and restated certificate of incorporation, as amended by the certificate of amendment thereto ("Certificate of Incorporation"); certain mergers, acquisitions, asset sales and divestments that we may seek to undertake; and certain related-party transactions in which we are involved. In addition, certain PRC regulations require our controlling stockholder to file with or obtain approval from various PRC regulators before approving certain of our corporate actions, including:

- obtaining approval from or filing with the China National Development and Reform Commission (the "NDRC"), for certain debt issuances by us, or certain investments we seek to make involving a sensitive industry, country or region, as defined by the NDRC; and
- filing with the China Securities Regulatory Commission (the "CSRC"), and registering with the State Administration of Foreign Exchange, to provide us with financing or to guarantee our obligations.

In addition, PRC regulations require our controlling stockholder to ensure that our business focuses on securities, futures, asset management, broker-dealer services, financial information services, financial information technology system services, back-office support services for specific financial businesses or products or other financial-related businesses. A failure by our controlling stockholder to comply with these or other existing or future PRC laws or regulations could result in the imposition of administrative or financial sanctions against our controlling stockholder by PRC authorities. These laws and regulations could cause our controlling stockholder and its director appointees serving on our board of directors to act in a manner that may not be perceived to be in the best interests of our other stockholders. Likewise, any failure by our controlling stockholder to obtain certain approvals, make requisite filings or otherwise comply with PRC laws and regulations could materially limit our ability to raise debt financing or make certain investments, any of which could have a material adverse effect on our results of operations, financial condition or business.

Our controlling stockholder is required by the stock exchanges on which its shares are listed to disclose and obtain approval from its board of directors or shareholders for certain corporate actions that we undertake.

HTSC is listed on The Shanghai Stock Exchange and The Stock Exchange of Hong Kong Limited, and is therefore subject to the Rules Governing the Listing of Stocks on The Shanghai Stock Exchange (the "SSE Listing Rules"), and the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "HKEx Listing Rules"). Under the SSE Listing Rules and the HKEx Listing Rules, HTSC must obtain approval from its board of directors and/or shareholders for certain major transactions in which we, as a subsidiary of HTSC, engage, such as the purchase or sale of assets, mergers and acquisitions, lending, leasing of assets, donation or acceptance of assets, debt restructuring, license agreements, research and development joint ventures, and related-party transactions, the value of which exceeds certain financial thresholds established by the applicable listing rules. In addition, the HKEx Listing Rules require our controlling stockholder to obtain shareholder approval for certain corporate actions that we undertake, such as (i) any issuance of shares by us that results in a reduction of HTSC's equity interest in us in excess of a specified dilution threshold, (ii) the implementation of a share option scheme involving the issuance of new shares by us and (iii) any issuance of debt by us outside the ordinary course of our business.

There can be no assurance that HTSC will obtain the requisite approvals if we desire to enter into any of the transactions as required under the applicable listing rules, and a failure to do so would restrict our ability to engage in such transactions. Furthermore, regulators including the CSRC, The Shanghai Stock Exchange, The Stock Exchange of Hong Kong Limited or the Securities and Futures Commission of Hong Kong could impose additional restrictions or approval requirements that could impact our ability to undertake certain corporate actions. We cannot guarantee that our controlling stockholder will be able to successfully or timely obtain any of the approvals needed to permit us to undertake any of the corporate actions as required under the applicable listing rules, and the failure to do so may have a material adverse effect on our results of operations, financial condition or business.

The Committee on Foreign Investment in the United States ("CFIUS") may modify, delay or prevent our future acquisition or investment activities.

For so long as HTSC retains a material ownership interest in us, we will be deemed a "foreign person" under the regulations relating to CFIUS. As such, acquisitions of or investments in U.S. businesses or foreign businesses with U.S. subsidiaries that we may wish to pursue may be subject to CFIUS review. If a particular proposed acquisition or investment by us in a U.S. business falls within CFIUS's jurisdiction, we may determine that we are required to make a mandatory filing or that we will submit to CFIUS review on a voluntary basis, or we may proceed with the transaction without submitting to CFIUS and risk CFIUS intervention, before or after closing the transaction. CFIUS may decide to block or delay an acquisition or investment by us, impose conditions with respect to such acquisition or investment or order us to divest all or a portion of a U.S. business that we acquired or in which we invested without first obtaining CFIUS approval, which may limit the attractiveness of or prevent us from pursuing certain acquisitions or investments that we believe would otherwise be beneficial to us and our stockholders. These risks have increased and may continue to increase due to geopolitical, policy or regulatory developments, particularly with regard to U.S.-PRC relations.

Changes in relations between the United States and the PRC, or in U.S. regulations concerning the PRC, may adversely impact our results of operations, financial condition or business, our ability to raise capital or the market price of our common stock.

The U.S. government, including the SEC, has made statements and taken certain actions that have led to, and may in the future make statements or take actions that would lead to, changes in relations between the United States and the PRC, which statements and actions could impact companies, including us, with connections to the PRC. In particular, the United States has imposed sanctions and restrictions on the PRC, and may in the future impose policies on or increase scrutiny of companies in the PRC (such as HTSC) or in the United States with significant PRC ownership (such as us) that could restrict or negatively impact our business or our ability to access the U.S. capital markets. More broadly, changes in political conditions in the PRC and changes in the state of PRC-U.S. relations, including any tensions relating to potential military conflict between the PRC and Taiwan, are difficult to predict and could lead to policies or regulations that adversely affect our results of operations or financial condition on account of our controlling stockholder's ties to the PRC. We believe the foregoing has impacted and may continue to impact decisions by certain clients regarding whether they will remain on our platform, and decisions by potential clients as to whether they will do business on our platform. Furthermore, continued or increased tension in U.S.-PRC relations or any deterioration in political or trade relations between the United States and the PRC may lead to negative investor sentiment towards companies with significant PRC ownership, which could make our common stock less attractive to U.S. investors and depress the market price of our common stock, which in turn would make it difficult for us to access the U.S. capital markets.

Risks Related to Regulation and Litigation

We are subject to extensive government regulation in the United States, and our failure or inability to comply with these regulations or regulatory action against us could adversely affect our results of operations, financial condition or business.

The financial services industry is among the most extensively regulated industries in the United States. We operate investment advisory, broker-dealer, mutual fund and custodial businesses in the United States, each of which is subject to a specific and extensive regulatory scheme. In addition, we are subject to numerous state and federal laws and regulations of general application. It is very difficult to predict the future impact of the legislative and regulatory requirements affecting our business and our clients' businesses.

AssetMark, Inc. ("AMI") and Atria Investments, Inc. (doing business as Adhesion Wealth), our investment adviser subsidiaries, are registered with the SEC under the Investment Advisers Act of 1940 (as amended, the "Advisers Act") and are regulated thereunder. Many of our investment advisory services are conducted pursuant to the nonexclusive safe harbor from the definition of an "investment company" provided under Rule 3a-4 under the Investment Company Act of 1940 (as amended, the "1940 Act"). If Rule 3a-4 were to cease to be available, or if the SEC were to modify the rule or its interpretation of how the rule is applied, our business could be adversely affected. In addition, AMI provides advice to certain mutual fund clients. Mutual funds are registered as "investment companies" under the 1940 Act. The Advisers Act and the 1940 Act, together with related regulations and interpretations of the SEC, impose numerous obligations and restrictions on investment advisers and mutual funds, including requirements relating to the safekeeping of client funds and securities, limitations on advertising (including requirements with respect to the use of hypothetical performance, time periods for performance, testimonials and endorsements in advertising); disclosure and reporting obligations; prohibitions on fraudulent activities, restrictions on transactions between an adviser and its clients, and between a mutual fund and its advisers and affiliates, and other detailed operating requirements, as well as general fiduciary obligations.

AMI is also a commodity pool operator ("CPO") registered with the Commodity Futures Trading Commission ("CFTC"), and is a member of the National Futures Association (the "NFA"). As such, it is subject to regulatory requirements under the Commodity Exchange Act (the "CEA"), CFTC regulations and NFA by-laws and rules. Registration as a CPO imposes additional compliance obligations on AMI, including disclosure and reporting requirements, restrictions on advertising, registration and licensing of certain personnel and conduct and anti-fraud requirements, among others. AMI is not registered with the CFTC as a commodity trading adviser, based on its determination that it can rely on certain exemptions from registration provided by the CEA and the rules thereunder. If applicable exemptions cease to be available to AMI, it may become subject to additional compliance obligations as a commodity trading adviser.

AMB, our limited purpose broker-dealer subsidiary, is subject to regulatory restrictions and requirements imposed by applicable statutes, regulations and policies in the jurisdictions in which we operate. U.S. government agencies and self-regulatory organizations, including U.S. state securities commissions, are empowered to enforce the regulatory restrictions and requirements applicable to AMB and conduct administrative proceedings that can result in censure, fine, the issuance of cease-and-desist orders or the suspension or expulsion of a broker-dealer from registration or membership. AMB is registered with the SEC and with all 53 U.S. states and jurisdictions as a limited purpose broker-dealer providing mutual fund distribution and underwriting, and is a member of FINRA, a securities industry self-regulatory organization that supervises and regulates the conduct and activities of its members. As a registered broker-dealer, AMB is subject to periodic examinations and investigations by FINRA. While AMB is a limited purpose broker-dealer that does not facilitate retail business and exists solely to underwrite and distribute the proprietary mutual funds of its affiliated adviser, AMI, it is still subject to regulations that cover all applicable aspects of their business, which may include sales practices, anti-money laundering, handling of material non-public information, safeguarding data, recordkeeping, reporting and the conduct and qualifications of directors, officers, employees, representatives and other associated persons. Additionally, in June 2020, certain SEC rulemakings and interpretations went into effect that (i) require broker-dealers to act in the "best interest" of retail customers when making a recommendation, without placing the financial or other interests of the broker-dealer ahead of the interest of the retail customer ("Regulation Best Interest"), (ii) require that broker-dealers and investment advisers deliver to retail investors a short-form disclosure document describing the firm's relationship with and duties to the customer ("Form CRS"), (iii) clarify the scope of the "solely incidental" exception to Advisers Act registration by brokers when providing investment advice and (iv) clarify the SEC's views on the fiduciary duty that investment advisers owe to their clients. Compliance with "Regulation Best Interest" and Form CRS disclosure remains an area of focus for the SEC and FINRA.

Our subsidiary AssetMark Trust Company ("ATC") is a trust company licensed with, and subject to supervision, periodic examination, and regulation by, the Arizona Department of Insurance and Financial Institutions. ATC is one of several custodians on our platform that offers integrated custodial, brokerage and related services to clients of our adviser clients. Further, ATC and AMB are subject to the Bank Secrecy Act, as amended by the USA PATRIOT Act of 2001, and the implementing regulations thereunder, which require financial institutions, including broker-dealers, to establish anti-money laundering compliance programs, file suspicious activity and other reports with the U.S. government and maintain certain records. Broker-dealers, including AMB and mutual funds must also implement related customer identification program and customer due diligence procedures, including beneficial ownership identification and verification procedures.

The U.S. Treasury Department's Office of Foreign Assets Control ("OFAC") administers and enforces economic and trade sanctions against targeted foreign countries and regimes, under authority of various laws, including designated foreign countries, nationals and others. OFAC publishes lists of specially designated targets and issues regulations and implements executive orders that restrict dealings with certain countries and territories. We are responsible for, among other things, blocking accounts of, and transactions with, such targets and countries, prohibiting unlicensed trade and financial transactions with them and reporting blocked transactions after their occurrence. Failure to comply with these sanctions could have serious legal and reputational consequences.

All of the foregoing laws and regulations are complex, evolving, unclear and inconsistent across various jurisdictions, and we are required to expend significant resources to monitor and maintain our compliance with such laws and regulations. The costs of compliance, including potentially the loss of our ability to conduct certain operations, with any newly applicable laws or regulations could have a material adverse effect on our results of operations, financial condition or business. Further, we frequently develop improvements to our existing products and services, as well as new products and services. Many of these improvements or new products and services may implicate regulations to which we may not already be subject or with which we may not have experience. Any failure on our part to comply with applicable laws and regulations could result in regulatory fines, suspensions of personnel or other sanctions, including revocation of our registration or that of our subsidiaries as an investment adviser, broker-dealer, CPO or trust company, as the case may be, which could, among other things, require changes to our business practices and scope of operations or harm our reputation, which, in turn could have a material adverse effect on our results of operations, financial condition or business.

We also rely on exemptions from various regulatory regimes. These exemptions are sometimes highly complex and may in certain circumstances depend on compliance by third parties whom we do not control. If for any reason these exemptions were to become unavailable to us, we could become subject to regulatory action, or third-party claims or additional compliance costs, and our results of operations, financial condition or business could be materially and adversely affected.

Changes to the laws or regulations applicable to us or to our financial adviser clients could adversely affect our results of operations, financial condition or business.

We may be adversely affected as a result of new or revised legislation or regulations imposed by the SEC, CFTC, Arizona Department of Insurance and Financial Institutions or other U.S. or foreign governmental regulatory authorities or self-regulatory organizations that supervise the financial markets around the world. In addition, we may be adversely affected by changes in the interpretation or enforcement of existing laws and rules by these governmental authorities and self-regulatory organizations. For example, on October 26, 2022, the SEC proposed a new rule and rule amendments under the Advisers Act to prohibit registered investment advisers from outsourcing certain services and functions without conducting due diligence and monitoring of the service providers. Additionally, in February 2023, the SEC proposed a new rule intended to address how investment advisers safeguard client assets. Many investment advisers, including us, are re-evaluating their business models in light of these and other similar regulatory changes, and any ultimate change to their business models may affect their desire or ability to use our services and may therefore adversely affect our business. Legislative or regulatory actions and any required changes to our business operations resulting from such legislation and regulations, as well as any deficiencies in our compliance with such legislation and regulation, could result in significant loss of revenue, limit our ability to pursue business opportunities in which we might otherwise consider engaging or otherwise adversely affect our businesses.

It is impossible to determine the extent of the impact of any new laws, regulations or initiatives that may be proposed, or whether any current proposals will become law, and it is difficult to predict how any changes or potential changes could affect our business. Changes to laws or regulations could increase our potential liability in connection with the investment solutions and services that we provide. The introduction of any new laws or regulations could make our ability to comply with applicable laws and regulations more difficult and expensive. Any of the foregoing could have a material adverse effect on our results of operations, financial condition or business.

If we experience material weaknesses or otherwise fail to maintain an effective system of internal controls, we may not be able to accurately or timely report our financial condition or results of operations, which may adversely affect investor confidence in us and, as a result, the value of our common stock.

A material weakness is a deficiency, or combination of deficiencies, in internal controls over financial reporting such that there is a reasonable possibility that a material misstatement of a company's annual or interim financial statements will not be prevented or detected on a timely basis. Until such time as we are no longer an "emerging growth company," our independent registered public accounting firm will not be required to attest as to our internal controls over financial reporting. When we lose our status as an "emerging growth company" in 2024, our independent registered public accounting firm will be required to attest to the effectiveness of our internal control over financial reporting commencing with our Annual Report on Form 10-K for the year ended December 31, 2024. The rules governing the standards that must be met for management to assess our internal control over financial reporting are complex and require significant documentation, testing and possible remediation. In this regard, we will continue to dedicate internal resources, engage outside consultants and adopt a detailed work plan to assess and document the adequacy of internal control over financial reporting, continue steps to improve control processes as appropriate, validate through testing that controls are functioning as documented and implement a continuous reporting and improvement process for internal control over financial reporting. This process is and will continue to be time-consuming, costly and complicated.

If we fail to identify or remediate any material weaknesses in our internal controls over financial reporting, if we are unable to comply with the requirements of Section 404 of the Sarbanes-Oxley Act in a timely manner, if we are unable to conclude that our internal controls over financial reporting are effective or if, once required, our independent registered public accounting firm is unable to express an opinion as to the effectiveness of our internal controls over financial reporting, investors may lose confidence in the accuracy and completeness of our financial reports and the market price of our common stock could be negatively affected. As a result of any such failures, we could also become subject to stockholder or other third-party litigation, as well as investigations by the New York Stock Exchange (the "NYSE"), the SEC or other regulatory authorities, which could result in fines, trading suspensions or other remedies, harm our reputation and financial condition and divert financial and management resources from our regular business activities.

Failure to comply with ERISA and Internal Revenue Code regulations could result in penalties against us.

We are subject to the Employee Retirement Income Security Act of 1974, as amended ("ERISA") and Sections 4975(c)(1)(A), (B), (C) and (D) of the Internal Revenue Code of 1986, as amended (the "Internal Revenue Code") and to regulations promulgated thereunder, insofar as we act as a "fiduciary" under ERISA with respect to certain benefit plan clients or otherwise deal with benefit plan clients. ERISA and applicable provisions of the Internal Revenue Code impose duties on persons who are fiduciaries under ERISA, prohibit specified transactions involving ERISA plan clients (including, without limitation, employee benefit plans (as defined in Section 3(3) of ERISA), individual retirement accounts and Keogh plans) and impose monetary penalties for violations of these prohibitions. Our failure to comply with these requirements could result in significant penalties against us that could have a material adverse effect on our business (or, at worst, severely limit the extent to which we could act as a fiduciary for any plans under ERISA).

We are subject to litigation and regulatory examinations and investigations.

The financial services industry faces substantial regulatory enforcement risks and litigation. Like many firms operating within the financial services industry, we are experiencing a difficult regulatory environment across our markets. Our current scale and reach as a provider to the financial services industry, the increased regulatory oversight of the financial services industry generally, the increase in speed of proposing and adopting new laws, rules and regulations, ever-changing regulatory interpretations of existing laws and regulations and the retroactive imposition of new interpretations through enforcement actions have made this an increasingly challenging and costly regulatory environment in which to operate. In particular, the SEC over the past several years has undertaken an aggressive rulemaking agenda covering a broad array of topics, including securities market structure and settlement, regulatory reporting and recordkeeping, investor disclosures, the scope of various registration requirements, cybersecurity and money market funds, among others. Regulatory examinations or investigations could result in the identification of matters that may require remediation activities or enforcement proceedings by regulators. For example, we recently entered into a settlement with the SEC concerning disclosure practices with respect to potential conflicts of interest among our subsidiaries, without admitting or denying the SEC's findings (the "SEC Settlement"). We agreed to pay a civil penalty of $9.5 million and disgorgement and prejudgment interest of $8.8 million in connection with such settlement. The direct and indirect costs of SEC settlements and any other examinations that we may face, or of defending ourselves in any litigation could be significant, and the outcome of examinations, litigation or regulatory action is inherently difficult to predict and could have an adverse effect on our ability to offer some of our products and services. Additionally, actions brought against us may result in settlements, awards, injunctions, fines and penalties, such as the penalty we agreed to pay in connection with the SEC Settlement discussed above, which have and could negatively impact our results of operations, financial condition, business and reputation.

Failure to properly disclose conflicts of interest could harm our reputation, results of operations or business.

We are party to certain compensation arrangements pursuant to which we receive payments based on client assets invested in certain investment products, including ETFs, proprietary mutual funds and third-party mutual funds. In certain circumstances, such arrangements allow us to receive payments from multiple parties based on the same client asset. Further, we operate as a registered investment adviser, our status as which subjects us to a legal obligation to operate under the fiduciary standard. The SEC and other regulators have increased their scrutiny of potential conflicts of interest, and we have implemented policies and procedures to mitigate such conflicts of interest. However, if we fail to fully disclose or adequately mitigate conflicts of interest, become subject to retroactive determinations that past disclosures or mitigation efforts were not sufficient or if our policies and procedures are not effective, we could face reputational damage, litigation or regulatory proceedings or penalties, any of which may adversely affect our reputation, results of operations or business.

In the event of a change of control of our Company, we may be required to obtain regulatory approval and the consent of our advisory clients to the change of control, and any failure to obtain these consents could adversely affect our results of operations, financial condition or business.

As required by the Advisers Act, the investment advisory agreements entered into by AMI provide that an “assignment” of the agreement may not be made without the client’s consent. Under the 1940 Act, advisory agreements with registered funds provide that they terminate automatically upon “assignment” and the board of directors and the shareholders of the registered funds must approve a new agreement for advisory services to continue. Under both the Advisers Act and the 1940 Act, a change of ownership may constitute such an “assignment” if it is a change of control. For example, under certain circumstances, an assignment may be deemed to occur if a controlling block of voting securities is transferred, if any party acquires control, or, in certain circumstances, if a controlling party gives up control. Under the 1940 Act, a 25% voting interest is presumed to constitute control. HTSC, through its indirect subsidiary Huatai International Investment Holdings Limited (“HIIHL”), held a 68.4% voting interest in us as of December 31, 2023. An assignment or a change of control could be deemed to occur in the future if we, or one of our investment adviser subsidiaries, were to gain or lose a controlling person, or in other situations that may depend significantly on the facts and circumstances. In any such case, we would seek to obtain the consent of our advisory clients, including any funds, to the assignment. Further, our U.S. broker-dealer subsidiary, AMB, is a member of FINRA and subject to FINRA rules, which could impede or delay a change of control. FINRA Rule 1017 generally provides that FINRA approval must be obtained in connection with any transaction resulting in a single person or entity acquiring or controlling, directly or indirectly, 25% or more of a FINRA member’s or its parent company’s equity. In addition, we would be required to obtain approvals or non-objections from certain state financial regulators prior to a direct or indirect change of control of certain of our subsidiaries. If we fail to obtain such consents or approval, our results of operations, financial condition or business could be adversely affected.

Risks Related to Ownership of Our Common Stock

Control by our principal stockholder could adversely affect our other stockholders.

HTSC, through its indirect subsidiary HIIHL, owned approximately 68.9% of our outstanding shares of common stock as of December 31, 2023, and controls our management and affairs, including determining the outcome of matters requiring stockholder approval. So long as HTSC continues to own a significant amount of the outstanding shares of our common stock, even if such amount is less than a majority, HTSC will continue to be able to strongly influence or effectively control our decisions, including matters requiring approval by our stockholders (including the election of directors and the approval of mergers or other extraordinary transactions), regardless of whether or not other stockholders believe that the transaction is in their own best interests. Such concentration of voting power could also have the effect of delaying, deterring or preventing a change of control or other business combination that might otherwise be beneficial to our stockholders, could deprive our stockholders of an opportunity to receive a premium for their common stock as part of a sale of our Company and might ultimately affect the market price of our common stock.

Further, HTSC and its affiliates engage in a broad spectrum of activities, including investments in the financial services industry in particular. In the ordinary course of their businesses, HTSC and its affiliates may engage in activities where their interests conflict with our interests or those of our other stockholders. In addition, HTSC or an affiliate may pursue acquisition opportunities that may be complementary to our business, and, as a result, those acquisition opportunities may not be available to us. Further, although we are a stand-alone public company, HTSC, as our controlling stockholder, may from time to time make strategic decisions that may be different from the decisions that we would have made on our own. HTSC's decisions with respect to us or our business may be resolved in ways that favor HTSC and therefore HTSC's own shareholders, which may not coincide with the interests of our other stockholders. Although our Audit and Risk Committee reviews and approves all proposed related party transactions, including any transactions between us and HTSC, we may not be able to resolve certain conflicts of interest, or the resolution may be less favorable to us and our other stockholders.

Our stock price may be volatile, and the value of our common stock may decline.

The market price of our common stock may be highly volatile and may fluctuate or decline substantially as a result of a number of factors, including those described in this "Risk Factors" section, many of which are beyond our control and may not be related to our operating performance. In addition, the limited public float of our common stock tends to increase the volatility of its trading price, in particular during times of high volatility in the broader stock market. Factors that could cause fluctuations in the market price of our common stock include the following:

- market conditions in the broader stock market in general, or in our industry in particular;
- changes in the interest rate environment;
- actual or anticipated fluctuations in our quarterly financial and operating results;
- introduction of new products and services by us or our competitors;
- issuance of new or changed securities analysts' reports or recommendations;
- sales of large blocks of our stock by our employees or controlling stockholder or the perception that our employees or controlling stockholder will sell our stock;
- additions or departures of key personnel;
- regulatory developments, litigation and governmental investigations;
- rumors and market speculation involving us or other companies in our industry; and
- economic, political and geopolitical conditions or events, including public health concerns.

These and other factors may cause the market price and demand for our common stock to fluctuate substantially, which may limit or prevent investors from readily selling their shares of our common stock and may otherwise negatively affect the liquidity of our common stock. In addition, in the past, when the market price of a stock has been volatile, holders of that stock have often instituted securities class action litigation against the company that issued the stock. If any of our stockholders brought a lawsuit against us, we could incur substantial defense costs. Such a lawsuit could also divert the time and attention of our management from our business.

An active market for our common stock may not be sustained, which may inhibit the ability of our stockholders to sell shares of our common stock.

Although our common stock is listed on the NYSE under the symbol “AMK,” we cannot assure you that an active trading market for our common stock will continue on that exchange or elsewhere. The majority of our shares of common stock are not available for sale in the public market. Accordingly, we cannot assure you of the likelihood of your ability to sell your shares of our common stock when desired, the prices that you may be able to obtain for your shares or the liquidity of any trading market.

Future sales of a substantial number of shares of our common stock in the public market could cause the price of our common stock to decline.

Sales of a substantial number of shares of our common stock in the public market, or the perception that these sales might occur, could depress the market price of our common stock and could impair our ability to raise capital through the sale of additional equity securities. We cannot predict the effect that sales may have on the prevailing price of our common stock.

Specifically, HIIHL, the holder of 50,873,799 shares of our common stock as of December 31, 2023, has the right, subject to certain exceptions and conditions, to require us to register its shares of common stock under the Securities Act and to participate in future registrations of securities by us. Registration of any of these outstanding shares of common stock would result in such shares becoming freely tradable without compliance with Rule 144 upon effectiveness of the applicable registration statement. Further, the president of the United States has threatened to limit Chinese ownership in U.S. technology companies; if, as a result of new laws or regulations limiting such ownership, HIIHL is required to divest some or all of its shares of our common stock, such sales could cause the price of our common stock to decline, particularly if HIIHL is required to sell shares in a short amount of time.

In addition, the shares of our common stock already issued to employees or reserved for future issuance under our 2019 Equity Incentive Plan will become eligible for sale in the public market once such shares are issued, subject to various vesting arrangements and Rule 144, as applicable. A total of 4,887,691 shares of common stock have been reserved for issuance under our 2019 Equity Incentive Plan.

The market price of shares of our common stock may drop significantly if HIIHL exercises its registration rights or is forced to sell some or all of its shares, or if the market perceives that such exercise or sell down is likely to occur. A decline in the price of shares of our common stock might impede our ability to raise capital through the issuance of additional shares of our common stock or other equity securities. We have in the past and may in the future issue our securities in connection with investments or acquisitions, and such issuances could constitute a material portion of the then-outstanding shares of our common stock. Any such issuance of additional securities may result in additional dilution to our stockholders.

We are a “controlled company” within the meaning of the NYSE listing standards and, as a result, qualify for, and intend to rely on, exemptions from certain corporate governance requirements. You will not have the same protections afforded to stockholders of companies that are subject to such requirements.

HTSC, through its indirect subsidiary HIIHL, controls a majority of the voting power of our common stock. As a result, we are a “controlled company” within the meaning of the NYSE listing standards. Under these rules, a company of which more than 50% of the voting power is held by an individual, a group or another company is a “controlled company” and may elect not to comply with certain corporate governance requirements of the NYSE, including (1) the requirement that a majority of the board of directors consist of independent directors, (2) the requirement that we have a nominating, governance and compliance committee that is composed entirely of independent directors with a written charter addressing the committee’s purpose and responsibilities and (3) the requirement that we have a compensation committee that is composed entirely of independent directors with a written charter addressing the committee’s purpose and responsibilities. We rely on some or all of these exemptions. As a result, we do not have a majority of independent directors and our compensation and nominating, governance and compliance committees do not consist entirely of independent directors. Accordingly, our stockholders do not have the same protections afforded to stockholders of companies that are subject to all of the corporate governance requirements of the NYSE.

We are an "emerging growth company" and we cannot be certain if the reduced disclosure requirements applicable to emerging growth companies has or will make our common stock less attractive to investors.

We are an "emerging growth company" as defined in the Jumpstart Our Business Startups Act of 2012 (the "JOBS Act"), and we have elected to take advantage of certain exemptions from various reporting requirements that are applicable to other public companies that are not "emerging growth companies" including, but not limited to, not being required to comply with the auditor attestation requirements of Section 404 of the Sarbanes-Oxley Act and reduced disclosure obligations regarding executive compensation in our periodic reports and proxy statements, as well as exemptions from the requirements of holding a nonbinding advisory vote on executive compensation and stockholder approval of any golden parachute payments not previously approved. We cannot predict whether investors have or will find our common stock less attractive because we rely on these exemptions. If some investors find our common stock less attractive as a result of our reliance on these exemptions, there may be a less active trading market for our common stock and our stock price may be more volatile.

The requirements of being a public company may strain our resources and distract our management, which could make it difficult to manage our business, particularly after we are no longer an "emerging growth company."

As a public company, we are required to comply with various regulatory and reporting requirements, including those required by the SEC. Complying with these reporting and other regulatory requirements is time-consuming and may result in increased costs to us and could have a negative effect on our results of operations, financial condition or business.

We are subject to the reporting requirements of the Exchange Act and the requirements of the Sarbanes-Oxley Act, as well as the corporate governance requirements of the NYSE. Expenses incurred by public companies for reporting and governance purposes have generally been increasing and may continue to increase, and these requirements may place a strain on our systems and resources. The Exchange Act requires that we file annual, quarterly and current reports with respect to our business and financial condition. The Sarbanes-Oxley Act requires that we maintain effective disclosure controls and procedures and internal controls over financial reporting. To comply with our periodic reporting requirements and to maintain and improve the effectiveness of our disclosure controls and procedures, we have committed and will continue to commit significant resources, hire additional staff and provide additional management oversight. We have implemented and will continue to implement additional procedures and processes for the purpose of addressing the standards and requirements applicable to public companies. Sustaining our growth will also require us to commit additional management, operational and financial resources to identify new professionals to join our Company and to maintain appropriate operational and financial systems to adequately support expansion. These activities may divert management's attention from other business concerns, which could have a material adverse effect on our results of operations, financial condition or business.

As an "emerging growth company" as defined in the JOBS Act, we have elected to take advantage of certain temporary exemptions from various reporting requirements including, but not limited to, the auditor attestation requirements of Section 404 of the Sarbanes-Oxley Act and certain disclosure obligations regarding executive compensation in our periodic reports and proxy statements, as well as exemptions from the requirements of holding a nonbinding advisory vote on executive compensation and stockholder approval of any golden parachute payments not previously approved. In addition, we have and may continue to delay adoption of new or revised accounting pronouncements applicable to public companies until such pronouncements are made applicable to private companies, as permitted by the JOBS Act.

When these exemptions cease to apply, we expect to incur additional expenses and devote increased management effort toward ensuring compliance with applicable regulatory and reporting requirements. Our management and other personnel will need to devote a substantial amount of time to these compliance initiatives, and we expect that these initiatives will substantially increase our legal and financial compliance costs. Such increased costs may require us to reduce costs in other areas of our business or increase the prices of our services. We cannot predict or estimate the amount of additional costs we may incur as a result of losing our "emerging growth company" status or the precise timing of such costs. We will lose our "emerging growth company" status on the earliest of: (i) December 31, 2024; (ii) the last day of the fiscal year in which we have total annual gross revenue of at least $1.235 billion; (iii) the last day of the fiscal year in which we are deemed to be a "large accelerated filer" as defined in Rule 12b-2 under the Exchange Act; or (iv) the date on which we have issued more than $1.0 billion in non-convertible debt securities during the prior three-year period.

Some provisions of Delaware law and our Certificate of Incorporation and bylaws may deter third parties from acquiring us.

Our Certificate of Incorporation and our amended and restated bylaws provide for, among other things:

- a staggered board and restrictions on the ability of our stockholders to fill a vacancy on the board of directors;
- the authorization of undesignated preferred stock, the terms of which may be established and shares of which may be issued without stockholder approval;
- advance notice requirements for stockholder proposals;
- certain limitations on convening special stockholder meetings; and
- the amendment of certain provisions of our Certificate of Incorporation and bylaws only by the affirmative vote of the holders of at least two-thirds in voting power of all outstanding shares of our stock entitled to vote thereon, voting together as a single class.

These anti-takeover defenses could discourage, delay or prevent a transaction involving a change in control of our Company. These provisions could also discourage proxy contests and make it more difficult for you and other stockholders to elect directors of your choosing and cause us to take other corporate actions than you desire.

Delaware law may delay or prevent a change in control, and may discourage bids for our common stock at a premium over its market price.

We are subject to the provisions of Section 203 of the Delaware General Corporation Law (the "DGCL"). These provisions prohibit large stockholders, in particular a stockholder owning 15% or more of the outstanding voting stock, from consummating a merger or combination with a corporation unless such stockholder receives board approval for the transaction or 66 2/3% of the shares of voting stock not owned by such stockholder approve the transaction. These provisions of Delaware law may have the effect of delaying, deferring or preventing a change in control, and may discourage bids for our common stock at a premium over its market price.

Our Certificate of Incorporation designates the Court of Chancery of the State of Delaware and the federal district courts of the United States as the sole and exclusive forums for certain types of actions and proceedings that may be initiated by our stockholders, which could limit our stockholders' ability to obtain a favorable judicial forum for disputes with us or our directors, officers, employees or agents.

Our Certificate of Incorporation provides that, unless we consent in writing to the selection of an alternative forum, the Court of Chancery of the State of Delaware is, to the fullest extent permitted by applicable law, the sole and exclusive forum for the following types of actions or proceedings under Delaware statutory or common law: (i) any derivative action or proceeding brought on our behalf, (ii) any action asserting a claim of breach of a fiduciary duty owed by any of our directors, officers, employees, agents or trustees to us or our stockholders, (iii) any action asserting a claim against us or any director or officer or other employee of ours arising pursuant to any provision of the DGCL, our Certificate of Incorporation or our amended and restated bylaws or (iv) any action asserting a claim against us or any director or officer or other employee of ours that is governed by the internal affairs doctrine, in each such case subject to such Court of Chancery having personal jurisdiction over the indispensable parties named as defendants therein. This provision does not apply to suits brought to enforce a duty or liability created by the Exchange Act or any other claim for which the U.S. federal courts have exclusive jurisdiction.

Our Certificate of Incorporation provides that, to the fullest extent permitted by law, unless we consent in writing to the selection of an alternative forum, the federal district courts of the United States are the sole and exclusive forum for resolving any complaint asserting a cause of action arising under the federal securities laws of the United States. Any person or entity purchasing or otherwise acquiring any interest in shares of our capital stock will be deemed to have notice of, and consented to, the provisions of our Certificate of Incorporation described in the preceding sentences.

These exclusive-forum provisions may limit a stockholder's ability to bring a claim in a judicial forum that it finds favorable for disputes with us or our directors, officers, employees or agents, which may discourage such lawsuits against us and such persons. If any court of competent jurisdiction were to find either exclusive-forum provision in our Certificate of Incorporation to be inapplicable or unenforceable, we may incur additional costs associated with resolving such matters in other jurisdictions, which could adversely affect our results of operations or financial condition.

General Risk Factors

Our insurance coverage may be inadequate or expensive.

We maintain voluntary and required insurance coverage, including, among others, general liability, property, director and officer, errors and omissions, network cybersecurity and privacy, employee practices liability, fidelity bond and fiduciary liability insurance and insurance required under ERISA. Recently in the insurance industry, premiums and deductible costs associated with certain insurance coverage have increased, and the number of insurers has decreased. If such trends continue, our insurance costs may increase, which may affect our financial condition. Further, while we endeavor to purchase coverage that is appropriate to our assessment of our risk, we are unable to predict with certainty the frequency, nature or magnitude of claims for direct or consequential damages. Our business may be negatively affected if in the future our insurance proves to be inadequate or unavailable. In addition, insurance claims may harm our reputation or divert management resources away from operating our business.

If securities or industry analysts do not publish research or reports about our business, or if they change their recommendations regarding our stock adversely, our stock price and trading volume could decline

The trading market for our common stock may be influenced by the research and reports that industry or securities analysts publish about us or our business. If one or more of the analysts who cover us downgrade our stock or describe us or our business in a negative manner, our stock price would likely decline. If one or more of these analysts cease coverage of our Company or fails to regularly publish reports on us, we could lose visibility in the financial markets, which in turn could cause our stock price or trading volume to decline. In addition, if we fail to meet the expectations and forecasts for our business provided by securities analysts, our stock price could decline.

Item 1B. Unresolved Staff Comments

None.

Item 1C. Cybersecurity

At AssetMark, cybersecurity risk management is an integral part of our comprehensive enterprise risk management program. Our approach to cybersecurity risk management is designed to follow our industry's best practices, identifying, monitoring, assessing and responding to cybersecurity threats and incidents. This includes managing risks related to third-party vendors and service providers and facilitating coordination across different departments of the Company.

Our program incorporates procedures for identifying the source of a cybersecurity threat or incident (including whether such cybersecurity threat or incident is associated with a third-party vendor or service provider), assessing the severity and risk of a cybersecurity threat or incident, implementing countermeasures, and reporting significant threats to management and the board of directors.

The Audit and Risk Committee, responsible for the oversight of our overall enterprise risk management program, oversees our cybersecurity program. They ensure management identifies and evaluates cybersecurity risks, implements risk management processes designed to ensure that potential cybersecurity, data privacy and information technology risks are identified, monitored, assessed and remediated, puts in place appropriate mitigation and remediation measures, and maintains our cybersecurity programs. We have established a (i) Regulatory Cybersecurity Committee which reviews new and changing regulatory requirements and recommendations and assesses any impacts on our business and (ii) an Information Security Council which enables collaboration for ongoing security incidents and emerging threats, reviews our information technology security roadmap and evaluates the current state of the information security program. Our cybersecurity programs are managed under the direction of our Chief Information Security Officer ("CISO") in consultation with our General Counsel and Chief Information Officer. Certain members of our executive team have extensive experience in assessing risks associated with cybersecurity threats, and our CISO and the cybersecurity team are certified and experienced information systems security professionals and information security managers with many years of experience and focus on preventing, detecting, mitigating, and remedying cybersecurity risks. Updates on the Company's cybersecurity programs, material cybersecurity risks and mitigation strategies, and cybersecurity reports are provided to the Governance Committee on at least on a monthly basis and our Audit and Risk Committee receives updates on our information security programs at least annually. Such updates cover, among other topics, third party assessments of the Company's cybersecurity programs, updates to the Company's cybersecurity programs and mitigation strategies, and other cybersecurity developments.

The cybersecurity team, with external third-party involvement, conducts risk assessments and system enhancements, and provides employee training during the onboarding process and annually with additional training as we deem appropriate. We have adopted and implemented an Information Security Program that outlines our security and data protection policies and procedures. This program is approved by the CISO and is reviewed and updated at least annually, or more frequently on an as-needed basis, to account for changes in the evolving cybersecurity threat landscape as well as legal and regulatory developments. Although we have continued to invest in our due diligence, onboarding, and monitoring capabilities over critical third parties with whom we do business, including our third-party vendors and service providers, our control over the security posture of, and ability to monitor the cybersecurity practices of, such third parties remains limited, and there can be no assurance that we can prevent, mitigate, or remediate the risk of any compromise or failure in the cybersecurity infrastructure owned or controlled by such third parties. When we do become aware that a third-party vendor or service provider has experienced such compromise or failure, we attempt to mitigate our risk, including by terminating such third party's connection to our information systems and networks where appropriate.

In 2023, we did not identify any cybersecurity threats or incidents that have materially affected or are reasonably likely to materially affect our business strategy, operations, or financial condition. However, we cannot eliminate all cybersecurity risks or provide assurances that we have not experienced an undetected. For more information about these risks, refer to the "Risk Factors—Risks Related to Intellectual Property, Data Privacy and Cybersecurity" section in this Annual Report on Form 10-K.

Item 2. Properties

Our headquarters are located in Concord, California and consist of approximately 96,944 square feet of leased space. Our lease on this space expires on August 31, 2028. We lease an additional combined 105,442 square feet of office space in Phoenix, Arizona; Chicago, Illinois; Encino, California; Atlanta, Georgia; Austin, Texas; and Charlotte, North Carolina. We believe that our headquarters and other offices are adequate for our immediate needs and that additional or substitute space is available if needed to accommodate growth and expansion.

Item 3. Legal Proceedings

We are, from time to time, involved in various legal proceedings, litigation and regulatory matters that arise in the normal course of our business. Except for the matter described below, we do not believe that the resolutions of any such matters we are currently involved in, individually or in the aggregate, will have a material adverse impact on our financial condition or results of operations. However, we can provide no assurance that any pending or future matters will not have a material effect on our financial condition or results of operations in the future.

Because we operate in a highly regulated industry, we and our subsidiaries are regularly subject to examinations and enforcement inquiries by the SEC and other governmental and regulatory agencies. As disclosed since the fall of 2020, in July 2020, AMI received an examination report from the SEC's Division of Examinations requesting that AMI and certain subsidiaries of AssetMark Financial Holdings, Inc. take corrective actions. These subsidiaries also received related subpoenas from the SEC Division of Enforcement for production of documents and testimony. In September 2023, we reached a settlement with the SEC regarding the matter at issue, without admitting or denying the SEC's findings, and paid a civil penalty of $9.5 million as well as disgorgement and prejudgment interest of $8.8 million, which will be distributed to impacted customers once the SEC approves the distribution plan. We also consented to, and intend to, comply with certain undertakings under the settlement.

Item 4. Mine Safety Disclosures

Not applicable.

PART II

Item 5. Market for Registrant’s Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities

Market Information for Common Stock

Our common stock has been listed on the NYSE under the symbol “AMK” since July 18, 2019. Prior to that date, no public trading market for our common stock existed.

Holders

As of February 29, 2024, there were 43 holders of record of our common stock. The actual number of stockholders is greater than the total number of record holders because it includes stockholders who are beneficial owners but whose shares are held in street name by brokers and other nominees.

Dividend Policy

We currently intend to retain all available funds and any future earnings for use in the operation of our business and do not anticipate paying any dividends on our common stock in the foreseeable future. Any future determinations relating to our dividends and earning retention policies will be made at the discretion of our board of directors, who will review such policies from time to time in light of our earnings, cash flow generation, financial position, results of operations, the terms of our indebtedness and other contractual restrictions, capital requirements, business prospects and other factors our board of directors may deem relevant. The terms of our debt agreements limit our ability to pay dividends on our common stock.

Securities Authorized for Issuance Under Equity Compensation Plans

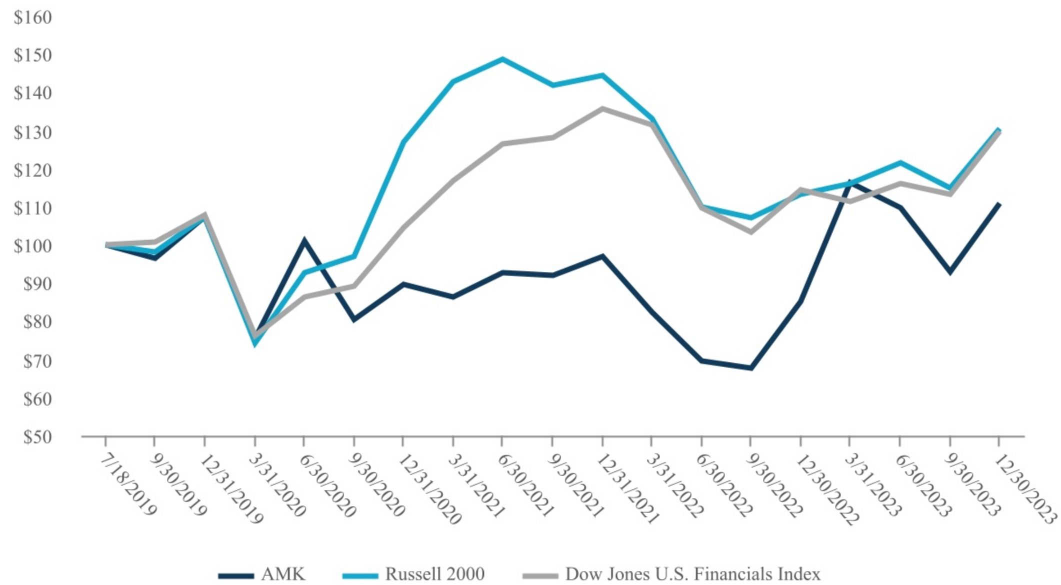
The information required under the relevant sections of this Item is incorporated by reference to the definitive Proxy Statement for our 2024 Annual Meeting of Stockholders, which will be filed with the SEC no later than 120 days after December 31, 2023 pursuant to Regulation 14A.

Stock Performance Graph

The following performance graph and related information shall not be deemed “soliciting material” or to be “filed” with the SEC for purposes of Section 18 of the Securities Exchange Act of 1934 (the “Exchange Act”), as amended, or otherwise subject to the liabilities under that Section, and shall not be deemed to be incorporated by reference into any filing of AssetMark under the Securities Act of 1933, as amended, or the Exchange Act, except as shall be expressly set forth by specific reference in such filing.

The graph below compares the cumulative total stockholder return on our common stock with the cumulative total return on the Russell 2000 Index and Dow Jones U.S. Financials Index. The graph assumes $100 was invested in our common stock at market close on July 18, 2019, which was our initial trading day. Data for the Russell 2000 Index and Dow Jones U.S. Financials Index assumes a reinvestment of dividends.

The comparisons in the graph below are based upon historical data and are not indicative of, nor intended to forecast, future performance of our common stock.



	7/18/2019	9/30/2019	12/31/2019
AssetMark	$ 100.00	$ 96.34	$ 107.32
Russell 2000 Index	100.00	97.93	107.25
Dow Jones U.S. Financials Index	$ 100.00	$ 100.57	$ 107.68

	3/31/2020	6/30/2020	9/30/2020	12/31/2020
AssetMark	$ 75.41	$ 100.92	$ 80.40	$ 89.50
Russell 2000 Index	74.12	92.66	96.92	126.95
Dow Jones U.S. Financials Index	$ 76.10	$ 86.16	$ 88.97	$ 104.46

	3/31/2021	6/30/2021	9/30/2021	12/31/2021
AssetMark	$ 86.32	$ 92.68	$ 91.97	$ 96.93
Russell 2000 Index	142.74	148.53	141.70	144.34
Dow Jones U.S. Financials Index	$ 116.64	$ 126.30	$ 127.90	$ 135.55

	3/31/2022	6/30/2022	9/30/2022	12/30/2022
AssetMark	$ 82.29	$ 69.42	$ 67.64	$ 85.06
Russell 2000 Index	133.07	109.79	107.01	113.22
Dow Jones U.S. Financials Index	$ 131.33	$ 109.49	$ 103.17	$ 114.42

	3/31/2023	6/30/2023	9/29/2023	12/29/2023
AssetMark	$ 116.31	$ 109.69	$ 92.75	$ 110.76
Russell 2000 Index	115.87	121.41	114.75	130.31
Dow Jones U.S. Financials Index	$ 111.17	$ 115.92	$ 113.25	$ 129.61

Unregistered Sales of Equity Securities

None.

Purchases of Equity Securities by the Issuer and Affiliated Purchasers

None.

Item 6. [Reserved]

Not applicable.

Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations

You should read the following discussion and analysis of our financial condition and results of operations together with our consolidated financial statements and the related notes thereto and the other financial information included in this Annual Report on Form 10-K. Some of the information contained in this discussion and analysis or set forth elsewhere in this Annual Report on Form 10-K, including information with respect to our plans and strategy for our business, includes forward-looking statements that involve risks and uncertainties. You should review the sections titled “Special Note Regarding Forward-Looking Statements” and “Risk Factors” for a discussion of forward-looking statements and important factors that could cause actual results to differ materially from the results described in or implied by the forward-looking statements contained in the following discussion and analysis. Our fiscal year ends on December 31 each year.

Overview

AssetMark offers a wealth management platform that powers independent financial advisers and their clients. Our suite of solutions equips advisers of all sizes and models with services and capabilities that would otherwise require significant investments of time and money, which ultimately enables them to deliver better investor outcomes and enhance their productivity, profitability and client satisfaction.

Our open architecture platform delivers flexibility and choice to advisers across the spectrum of profiles and outsourcing preferences, including end-to-end solutions for those who prefer to fully outsource, as well as modular solutions for those who prefer to handle some or all components of advice delivery themselves.

We believe that community-based financial advisers have a unique opportunity to level the playing field for investors of all sizes by providing them with access to highly personalized and trusted financial guidance that is in their best interest. AssetMark serves these independent advisers with growth-enabling outsourced solutions so that their independence doesn’t inhibit their ability to achieve entrepreneurial success for themselves and financial wellness for their clients. The compelling value of our tools for advisers and their clients has facilitated our rapid growth.

Business Highlights

- During the third quarter of 2023, we launched the pilot of tax management services (“TMS”). Driven by advisers' strong demand for a top-tier tax management solution, AssetMark developed a comprehensive suite of services, including tax transition, tax-efficient rebalancing, tax loss harvesting, and client-directed activity.
- In October 2023, we launched Kensington Managed Income strategy to provide investors with the potential to generate stable, above average total returns, with low drawdown. These new strategies have been used by over 650 advisers and have gathered close to a quarter billion in assets.
- We made significant progress in 2023 enhancing our technology, most notably with eWealthManager. The new upgrade offers the pilot of our innovative Advisor Dashboard, which engages users with an attractive, cohesive design and provides tools that allow users to be proactive and manage their experience.

Financial Highlights

- Total revenue for the year ended December 31, 2023 was $708.5 million, up $96.8 million, or 15.8%, from $611.7 million for the year ended December 31, 2022.
- Net income for the year ended December 31, 2023 was $123.1 million, or $1.66 per share, compared to $103.3 million, or $1.40 per share, for the year ended December 31, 2022.
- Adjusted net income for the year ended December 31, 2023 was $170.9 million, compared to $130.5 million for the year ended December 31, 2022. For a reconciliation of net income, the most directly comparable GAAP financial measure, to adjusted net income, see the section titled “—Key Operating Metrics—Non-GAAP Financial Metrics—Adjusted Net Income.”
- Adjusted EBITDA for the year ended December 31, 2023 was $249.5 million, up $49.8 million, or 24.9%, from $199.7 million in the year ended December 31, 2022. For a reconciliation of net income, the

most directly comparable GAAP financial measure, to adjusted EBITDA, see the section titled "—Key Operating Metrics—Non-GAAP Financial Metrics—Adjusted EBITDA."

Asset and Adviser Growth Trends

- Platform assets were $108.9 billion as of December 31, 2023, up 19.1% from $91.5 billion as of December 31, 2022.
- We had 3,123 engaged advisers on our platform as of December 31, 2023, up 8.4% from 2,882 as of December 31, 2022.

Key Factors Affecting Our Performance

Expansion of Our Existing Financial Adviser Base

We are focused on attracting new advisers to our platform with our end-to-end wealth management offering, composed of a fully integrated technology platform, high-touch sales and service support and a curated investment platform. Our extensive offering is built to enhance adviser efficiency so that advisers of all sizes can compete and grow. We also strive to increase our share of wallet, or portion of an adviser's fee-based business that is invested on our platform, by providing a holistic platform for advisers and surrounding advisers with the tools they need to better serve their clients. Our business will depend in part on our ability to drive higher usage of our platform by financial advisers and their client bases.

Increase of New Financial Advisers on Our Platform

Within the wealth management industry, the percentage of assets served by independent financial advisers is forecasted to grow from 42% in 2022 to 48% in 2027, based on our internal estimates and Cerulli data on expected industry growth. We seek to capitalize on this trend and attract new financial advisers to our platform by continuing to invest in our technology platform, sales and service standards and curated investment offering. Our business will depend in part on our ability to continue to attract new advisers to our platform.

Technology Development

We invested $228.2 million in the development of our technology and our dedicated technology team between January 1, 2021 and December 31, 2023. We intend to continue to invest in our technology platform to address the needs of financial advisers and their investors. Our revenue growth will depend, in part, on our ability to continue to launch new offerings and deliver solutions to financial advisers efficiently. While these investments reduce our profitability, we believe they will enable us to grow our revenue meaningfully in the long term.

Investments in Growth

We have made and expect to continue to make substantial investments across our business, including those related to increasing our total employee base, to support our continued growth. We intend to continue to expand our sales capacity and further improve sales productivity to drive additional revenue and support the growth of our client base. We may incur increased general and administrative expenses to support our growth and operations. Our results of operations will depend in part on our ability to continue to manage such expenses, as well as on the effectiveness of our investments. We expect to continue managing such expenses and investments to support expansion of our adjusted EBITDA margin.

Competition

We compete with a broad range of wealth management firms that offer services to independent investment advisers. Our competitive landscape is defined by three primary factors: 1) technological capabilities, 2) consulting and back-office servicing and 3) investment solutions. We may compete on these factors based on products, services or fees. While we anticipate that we will see increased competition and experience fee pressure, we believe that our technology platform, along with our personalized service and curated investment solutions, will continue to drive revenue expansion.

Value of Platform Assets

Our revenue is subject to fluctuations due to changes in general economic conditions, including market conditions and the changing interest rate environment. Most of our revenue is based on the value of assets invested in products on our platform, which is heavily influenced by general economic conditions. Fluctuations in securities prices may affect the value of such assets and may also influence an investor's decision to select, grow, maintain or reduce an investment. We generate asset-based revenue from fees billed in advance of each quarter, providing visibility into near-term revenue. In addition, we realize spread-based revenue, which is influenced significantly by interest rate changes and the amount of cash held by investors at our proprietary trust company.

Acquisitions

Our success in pursuing and executing strategic transactions may impact our assets and revenue. From 2021 to 2023, we acquired additional $6.9 billion in platform assets from acquisition. In 2021, we acquired Voyant, a leading global provider of SaaS-based financial planning and client digital engagement solutions, and in December 2022, we acquired Adhesion Wealth, a leading provider of wealth management technology solutions to RIAs, RIA enterprises, TAMPs and asset managers. The acquisition of Adhesion Wealth added $6.9 billion in platform assets. We expect to continue to selectively seek acquisitions that will enhance our scale, operating leverage and capabilities to further deepen our offering to advisers and investors.

Key Operating Metrics

In addition to our GAAP financials, we regularly review the following key metrics to measure performance, identify trends, formulate financial projections, compensate our employees and monitor our business. While we believe that these metrics are useful in evaluating our business, other companies may not use similar metrics or may not calculate similarly titled metrics in a consistent manner.

Key metrics for the years ended December 31, 2023, 2022 and 2021 include the following:

	Year Ended December 31,		
	2023	2022	2021
Operational metrics:			
Platform assets (at period-beginning) (millions of dollars)	$ 91,470	$ 93,488	$ 74,520
Net flows (millions of dollars)	6,133	5,612	9,934
Market impact net of fees (millions of dollars)	11,326	(14,526)	9,034
Acquisition impact (millions of dollars)	—	6,896	—
Platform assets (at period-end) (millions of dollars)	$ 108,929	$ 91,470	$ 93,488
Net flows lift (% of beginning-of-year platform assets)	6.7 %	6.0 %	13.3 %
Advisers (at period-end)	9,323	9,297	8,649
Engaged advisers (at period-end)	3,123	2,882	2,858
Assets from engaged advisers (at period-end) (millions of dollars)	$ 101,335	$ 83,803	$ 86,385
Households (at period-end)	254,110	241,053	209,900
New producing advisers	666	690	811
Production lift from existing advisers (annualized %)	19.3 %	16.3 %	24.2 %
Assets in custody at ATC (at period-end) (millions of dollars)	$ 80,325	$ 66,169	$ 71,320
ATC client cash (at period-end) (millions of dollars)	$ 3,054	$ 3,541	$ 2,932
Financial metrics:			
Total revenue (millions of dollars)	$ 708.5	$ 611.7	$ 530.3
Net income (millions of dollars)	$ 123.1	$ 103.3	$ 25.7
Net income margin (%)	17.4 %	16.9 %	4.8 %
Capital expenditure (millions of dollars)	$ 44.2	$ 38.6	$ 34.7
Non-GAAP financial metrics:			
Adjusted EBITDA (millions of dollars)	$ 249.5	$ 199.7	$ 157.2
Adjusted EBITDA margin (%)	35.2 %	32.6 %	29.6 %
Adjusted net income (millions of dollars)	$ 170.9	$ 130.5	$ 103.3

Platform Assets

We believe that the amount of assets on our platform is an important indicator of the strength and growth of our business, our increased customer footprint and the market acceptance of our platform. We define platform assets as all assets on the AssetMark platform, whether these are assets for which we provide advisory services, referred to as regulatory AUM, or non-advisory assets under administration, assets held in cash accounts or otherwise not managed (collectively, “Other Assets”). There is generally no material economic difference to our financial results whether assets are considered AUM or Other Assets. We view our platform assets as reflective of our revenue growth and potential for future growth. We had platform assets of $108,929 million, $91,470 million and $93,488 million as of December 31, 2023, 2022 and 2021, respectively. Our regulatory AUM totaled $65,232 million, $54,870 million and $59,535 million as of December 31, 2023, 2022 and 2021, respectively. We intend to continue growing our platform assets with enhancements to our technology, services and investment solutions. We expect the growth in our platform assets will remain a significant indicator of our business momentum and results of operations as existing advisers and new advisers realize the benefits of our platform. Our platform assets in any period may continue to fluctuate as a result of several factors, including our adviser satisfaction with the functionality, features, performance or pricing of our offering, overall fluctuations in the securities markets and other factors, a number of which are beyond our control.

The following table provides information regarding the degree to which production, redemptions, net flows and changes in the market value of existing assets contributed to changes in assets on our platform in the periods indicated.

	Year Ended December 31,		
(in millions of dollars)	**2023**	**2022**	**2021**
Beginning platform assets	$ 91,470	$ 93,488	$ 74,520
Production	18,965	16,182	19,351
Redemptions	(12,832)	(10,570)	(9,417)
Net flows	6,133	5,612	9,934
Market impact net of fees	11,326	(14,526)	9,034
Acquisition impact	—	6,896	—
Ending platform assets	$ 108,929	$ 91,470	$ 93,488

Net Flows, Market Impact Net of Fees and Acquisition Impact

The changes in our platform assets from period to period are driven by production, redemptions, changes in market value and acquisitions. The amount of new assets that are added to existing and new client accounts are referred to as production, and the amount of assets that are withdrawn from client accounts are referred to as redemptions. We refer to the difference between production and redemptions as net flows. Positive net flows indicate that the amount of assets added to client accounts exceeds the amount of assets that have been terminated or withdrawn from client accounts. In addition to net flows, the change in the market value of investments held in client accounts between the beginning and end of a period, which we define as market impact, also influences platform assets. For each period, we show the market impact on platform assets net of the fees paid to financial advisers and custodians and certain fees embedded in investment vehicles. Further, acquisition impact refers to the amount of assets added to our platform through acquisitions.

Net Flows Lift

Net flows lift refers to net flows over a given period divided by platform assets at the beginning of the year. Net flows lift allows us to determine the percentage return we are attaining in terms of net new assets from our asset base at the beginning of year. We use beginning-of-year platform assets to calculate net flows lift for a given quarter to eliminate market and net flows impacts from previous quarters of the calendar year, which allows for a more accurate and consistent quarterly comparison.

Advisers (at Period-End)

Adviser count reflects the total number of advisers who had at least one investor account on our platform at the end of the given period.

Engaged Advisers (at Period-End)

Engaged advisers are advisers with at least $5 million in platform assets.

Assets from Engaged Advisers (at Period-End)

Assets from engaged advisers are total platform assets attributable to engaged advisers.

Households (at Period-End)

We define a "Household" as one or more client accounts that are grouped together based on a relationship identification code as determined by the financial adviser.

New Producing Advisers

New producing advisers for a given period represents the number of advisers that invested their first client assets on our platform in that period, excluding advisers joining our platform through our acquisition of Adhesion Wealth.

Production Lift from Existing Advisers (Annualized)

Existing advisers for a given period are defined as those who had invested client assets on our platform as of the beginning of the period. Production lift from existing advisers for a given period is calculated by dividing production (the amount of new assets that are added to client accounts) attributable to existing advisers (excluding Adhesion Wealth advisers) for such period by platform assets as of the beginning of such period and annualizing the result. This metric represents both the organic growth of these advisers as well as any incremental share of wallet of the adviser's business that is added to our platform on an annualized basis.

Assets in Custody at ATC (at Period-End)

Assets in custody at ATC represents platform assets that are in custody at AssetMark Trust Company ("ATC").

ATC Client Cash (at Period-End)

In general, all accounts with ATC are required to have cash at a minimum level ranging from of 1.5% to 5% of invested assets. In addition to this minimum amount, strategists and advisers have the discretion to hold additional invested assets in cash. We refer to the aggregate amount of cash held at ATC as ATC client cash. As of December 31, 2023, 2022 and 2021, ATC client cash accounted for 3.8%, 5.4% and 4.1%, respectively, of the total assets in custody at ATC. As of December 31, 2023, 2022 and 2021, the majority of the ATC client cash was placed with the ATC Complete Cash Solutions program and was the source of spread-based revenue for our business.

Total Revenue

Total revenue includes all revenue that we recognize, including asset-based revenue, spread-based revenue, subscription-based revenue and other revenue.

Net Income

Net income is defined as total revenue less total expenses and provision for income taxes.

Net Income Margin

Net income margin is defined as net income divided by total revenue.

Capital Expenditure

Capital expenditure represents the long-term investments that we make on an annual basis. Capital expenditure primarily reflects investments in technology, the development of new products and services and other intangible assets, but also includes investments in property and equipment such as technology support and office space.

Non-GAAP Financial Metrics

Adjusted EBITDA and Adjusted EBITDA Margin

Adjusted EBITDA is defined as EBITDA (net income plus interest expense, income tax expense, depreciation and amortization and less interest income), further adjusted to exclude certain non-cash charges and other adjustments set forth below. Adjusted EBITDA margin is defined as adjusted EBITDA divided by total revenue. Adjusted EBITDA and adjusted EBITDA margin are useful financial metrics in assessing our operating performance from period to period because they exclude certain items that we believe are not representative of our core business, such as certain material non-cash items and other adjustments such as share-based compensation, strategic initiatives and reorganization and integration costs. We believe that adjusted EBITDA and adjusted EBITDA margin, viewed in addition to, and not in lieu of, our reported GAAP results, provide useful information to investors regarding our performance and overall results of operations for various reasons, including:

- non-cash equity grants made to employees at a certain price and point in time do not necessarily reflect how our business is performing at any particular time; as such, share-based compensation expense is not a key measure of our operating performance; and

- costs associated with acquisitions and the resulting integrations, debt refinancing, restructuring, conversions, as well as other non-recurring litigation costs can vary from period to period and transaction to transaction; as such, expenses associated with these activities are not considered a key measure of our operating performance.

We use adjusted EBITDA and adjusted EBITDA margin:

- as measures of operating performance;
- for planning purposes, including the preparation of budgets and forecasts;
- to allocate resources to enhance the financial performance of our business;
- to evaluate the effectiveness of our business strategies;
- in communications with our board of directors concerning our financial performance; and
- as considerations in determining compensation for certain employees.

Adjusted EBITDA and adjusted EBITDA margin have limitations as analytical tools, and should not be considered in isolation to, or as substitutes for, analysis of our results as reported under GAAP. Some of these limitations are:

- adjusted EBITDA and adjusted EBITDA margin do not reflect all cash expenditures, future requirements for capital expenditures or contractual commitments;
- adjusted EBITDA and adjusted EBITDA margin do not reflect changes in, or cash requirements for, working capital needs;
- adjusted EBITDA and adjusted EBITDA margin do not reflect interest expense on our debt or the cash requirements necessary to service interest or principal payments; and
- the definitions of adjusted EBITDA and adjusted EBITDA margin can differ significantly from company to company and as a result have limitations when comparing similarly titled measures across companies.

Set forth below is a reconciliation from net income and net income margin, the most directly comparable GAAP financial measures, to adjusted EBITDA and adjusted EBITDA margin for the years ended December 31, 2023, 2022 and 2021.

	Year Ended December 31,			Year Ended December 31,		
(in thousands except for percentages)	2023	2022	2021	2023	2022	2021
Net income	$ 123,119	$ 103,261	$ 25,671	17.4 %	16.9 %	4.8 %
Provision for income taxes	44,347	33,499	19,316	6.3 %	5.5 %	3.6 %
Interest income	(11,363)	(2,664)	(137)	(1.6)%	(0.4)%	—
Interest expense	9,108	6,520	3,559	1.3 %	1.1 %	0.7 %
Amortization and depreciation	35,544	31,149	37,929	5.0 %	5.1 %	7.2 %
EBITDA	$ 200,755	$ 171,765	$ 86,338	28.4 %	28.2 %	16.3 %
Share-based compensation(1)	16,388	13,876	53,637	2.3 %	2.3 %	10.1 %
Reorganization and integration costs(2)	12,944	10,418	10,816	1.8 %	1.6 %	2.0 %
Acquisition expenses(3)	1,327	3,411	5,682	0.1 %	0.5 %	1.1 %
Business continuity plan(4)	(6)	61	460	—	—	0.1 %
SEC settlement(5)	18,327	—	—	2.6 %	—	—
Office closures(6)	—	—	167	—	—	—
Other (income) expense, net	(265)	135	106	—	—	—
Adjusted EBITDA	$ 249,470	$ 199,666	$ 157,206	35.2 %	32.6 %	29.6 %

Set forth below is a summary of the adjustments involved in the reconciliation from net income and net income margin, the most directly comparable GAAP financial measures, to adjusted EBITDA and adjusted EBITDA margin for the years ended December 31, 2023, 2022 and 2021, broken out by compensation and non-compensation expenses.

	Year Ended December 31, 2023			Year Ended December 31, 2022			Year Ended December 31, 2021		
(in thousands)	Compensation	Non-Compensation	Total	Compensation	Non-Compensation	Total	Compensation	Non-Compensation	Total
Share-based compensation(1)	$ 16,388	$ —	$ 16,388	$ 13,876	$ —	$ 13,876	$ 53,637	$ —	$ 53,637
Reorganization and integration costs(2)	5,904	7,040	12,944	4,335	6,083	10,418	5,396	5,420	10,816
Acquisition expenses(3)	939	388	1,327	—	3,411	3,411	1,441	4,241	5,682
Business continuity plan(4)	—	(6)	(6)	(2)	63	61	174	286	460
SEC settlement(5)	—	18,327	18,327	—	—	—	—	—	—
Office closures(6)	—	—	—	—	—	—	—	167	167
Other (income) expense, net	—	(265)	(265)	—	135	135	—	106	106
Total adjustments to adjusted EBITDA	$ 23,231	$ 25,484	$ 48,715	$ 18,209	$ 9,692	$ 27,901	$ 60,648	$ 10,220	$ 70,868

(1) "Share-based compensation" represents granted share-based compensation in the form of restricted stock unit, stock option and stock appreciation right grants by us to certain of our directors and employees. Although this expense occurred in each measurement period, we have added the expense back in our calculation of adjusted EBITDA because of its noncash impact.

(2) "Reorganization and integration costs" includes costs related to our functional reorganization within our Operations, Technology and Retirement functions as well as duplicate costs related to the outsourcing of back-office operations functions. While we have incurred such expenses in all periods measured, these expenses serve varied reorganization and integration initiatives, each of which is non-recurring. We do not consider these expenses to be part of our core operations.

(3) "Acquisition expenses" includes employee severance, transition and retention expenses, duplicative general and administrative expenses and other professional fees related to acquisitions.

(4) "Business continuity plan" includes incremental compensation and other costs that are directly related to a transition to a hybrid workforce in 2022.

(5) "SEC settlement" represents the amount paid by us pursuant to our settlement with the SEC discussed in Note 17 to our consolidated financial statements included elsewhere in this Annual Report on Form 10K.

(6) "Office closures" represents one-time expenses related to closing facilities.

(in percentages)	Year Ended December 31, 2023 Compensation	Non-Compensation	Total	Year Ended December 31, 2022 Compensation	Non-Compensation	Total	Year Ended December 31, 2021 Compensation	Non-Compensation	Total
Share-based compensation(1)	2.3 %	—	2.3 %	2.3 %	—	2.3 %	10.1 %	—	10.1 %
Reorganization and integration costs(2)	0.8 %	1.0 %	1.8 %	0.7 %	0.9 %	1.6 %	1.0 %	1.0 %	2.0 %
Acquisition expenses(3)	0.1 %	—	0.1 %	—	0.5 %	0.5 %	0.2 %	0.7 %	0.9 %
Business continuity plan(4)	—	—	—	—	—	—	—	—	—
SEC settlement(5)	—	2.6 %	2.6 %	—	—	—	—	—	—
Office closures(6)	—	—	—	—	—	—	—	—	—
Other (income) expense, net	—	—	—	—	—	—	—	—	—
Total adjustments to adjusted EBITDA margin %	3.2 %	3.6 %	6.8 %	3.0 %	1.4 %	4.4 %	11.3 %	1.7 %	13.0 %

(1) “Share-based compensation” represents granted share-based compensation in the form of restricted stock unit, stock option and stock appreciation right grants by us to certain of our directors and employees. Although this expense occurred in each measurement period, we have added the expense back in our calculation of adjusted EBITDA because of its noncash impact.

(2) “Reorganization and integration costs” includes costs related to our functional reorganization within our Operations, Technology and Retirement functions as well as duplicate costs related to the outsourcing of back-office operations functions. While we have incurred such expenses in all periods measured, these expenses serve varied reorganization and integration initiatives, each of which is non-recurring. We do not consider these expenses to be part of our core operations.

(3) “Acquisition expenses” includes employee severance, transition and retention expenses, duplicative general and administrative expenses and other professional fees related to acquisitions.

(4) “Business continuity plan” includes incremental compensation and other costs that are directly related to a transition to a hybrid workforce in 2022.

(5) “SEC settlement” represents the amount paid by us pursuant to our settlement with the SEC discussed in Note 17 to our consolidated financial statements included elsewhere in this Annual Report on Form 10K.

(6) “Office closures” represents one-time expenses related to closing facilities.

Adjusted Net Income

Adjusted net income represents net income before: (a) share-based compensation expense, (b) amortization of acquisition-related intangible assets, (c) acquisition and related integration expenses, (d) restructuring and conversion costs and (e) certain other expenses. Reconciled items are tax effected using the income tax rates in effect for the applicable period, adjusted for any potentially non-deductible amounts. We prepared adjusted net income to eliminate the effects of items that we do not consider indicative of our core operating performance. We believe that adjusted net income, viewed in addition to, and not in lieu of, our reported GAAP results, provides useful information to investors regarding our performance and overall results of operations for various reasons, including the following:

- non-cash equity grants made to employees at a certain price and point in time do not necessarily reflect how our business is performing at any particular time; as such, share-based compensation expense is not a key measure of our operating performance;
- costs associated with acquisitions and related integrations, debt refinancing, restructuring and conversions can vary from period to period and transaction to transaction; as such, expenses associated with these activities are not considered a key measure of our operating performance; and
- amortization expenses can vary substantially from company to company and from period to period depending upon each company’s financing and accounting methods, the fair value and average expected life of acquired intangible assets and the method by which assets were acquired; as such, the amortization of intangible assets obtained in acquisitions is not considered a key measure of our operating performance.

Adjusted net income does not purport to be an alternative to net income or cash flows from operating activities. The term adjusted net income is not defined under GAAP, and adjusted net income is not a measure of net income, operating income or any other performance or liquidity measure derived in accordance with GAAP. Therefore, adjusted net income has limitations as an analytical tool and should not be considered in isolation to, or as a substitute for, analysis of our results as reported under GAAP. Some of these limitations are:

- adjusted net income does not reflect all cash expenditures, future requirements for capital expenditures or contractual commitments;

- adjusted net income does not reflect changes in, or cash requirements for, working capital needs; and
- other companies in the financial services industry may calculate adjusted net income differently than we do, limiting its usefulness as a comparative measure.

Set forth below is a reconciliation from net income, the most directly comparable GAAP financial measure, to adjusted net income for the years ended December 31, 2023, 2022 and 2021.

	Year Ended December 31, 2023			Year Ended December 31, 2022			Year Ended December 31, 2021		
(in thousands)	Compensation	Non-Compensation	Total	Compensation	Non-Compensation	Total	Compensation	Non-Compensation	Total
Net income			$ 123,119			$ 103,261			$ 25,671
Acquisition-related amortization(1)	$ —	$ 8,715	8,715	$ —	$ 6,996	6,996	$ —	$ 19,139	19,139
Expense adjustments(2)	6,843	25,749	32,592	4,333	9,557	13,890	7,012	10,114	17,126
Share-based compensation	16,388	—	16,388	13,876	—	13,876	53,637	—	53,637
Other (income) expense, net	—	(265)	(265)	—	135	135	—	106	106
Tax effect of adjustments(3)	(5,575)	(4,054)	(9,629)	(4,370)	(3,329)	(7,699)	(1,648)	(10,759)	(12,407)
Adjusted net income			$ 170,920			$ 130,459			$ 103,272

(1) Relates to intangible assets established in connection with HTSC’s acquisition of our Company in 2016.
(2) Consists of the adjustments to EBITDA listed in the adjusted EBITDA reconciliation table above other than share-based compensation.
(3) Consists of adjustments to normalize our estimated tax rate in determining adjusted net income.

Components of Results of Operations

Revenue

Asset-Based Revenue

A majority of our revenue is derived from the fees we charge as a percentage of platform assets. We record this revenue as asset-based revenue. Our asset-based revenue varies based on the types of investment solutions and services that financial advisers utilize for their clients. Asset-based revenue accounted for approximately 78.1%, 87.3% and 96.6% of our total revenue for the years ended December 31, 2023, 2022 and 2021, respectively. Asset-based revenue increased in the year ended December 31, 2023 as a result of higher platform assets due to the inclusion of Adhesion Wealth at the beginning of the period.

Spread-Based Revenue

Our spread-based revenue consists of the fees we earn on cash custodied at ATC, one of our wholly owned subsidiaries and one of several custodians offered on our platform, net of interest credited to clients. ATC’s program utilizes third-party banks that accept deposits of client cash. ATC is paid interest-rate-sensitive fees calculated by reference to such deposits. Spread-based revenue increased in the year ended December 31, 2023, primarily as a result of the higher interest rate environment. We expect changes in spread-based revenue to align with interest rates fluctuations in the United States.

Subscription-Based Revenue

Subscription-based revenue consists of revenue recognized from subscription fee arrangements in connection with our financial planning and wealth management software solutions.

Other Revenue

Other revenue consists primarily of interest earned on operating cash held by us. Other one-time income items are also reported under “Other Revenue”. We expect changes to other revenue in the future periods to align with interest rates fluctuations in the United States.

Operating Expenses

Asset-Based Expenses

Asset-based expenses primarily relate to costs incurred directly from the generation of asset-based revenue, including strategist, investment manager and sub-advisory fees, custody fees paid to our third-party custodian partners, payments to our broker-dealer partners and business development allowance payments for our premier advisers. These expenses are typically calculated based upon a percentage of the market value of assets held in customer accounts measured as of the end of each fiscal quarter.

Spread-Based Expenses

Our spread-based expenses consist of expenses paid to ATC's third-party administrator for administering ATC's Complete Cash Solutions program.

Employee Compensation

Employee compensation expenses include salaries, commissions and bonuses, share-based compensation, benefits and employer-related taxes.

General and Operating Expenses

General and operating expenses include occupancy expenses and expenses relating to trading, events, communications services, research and data services, website and systems development, marketing, legal services and travel and entertainment. We expect general and operating expenses to increase in absolute dollars in future periods as a result of increased costs associated with the anticipated loss of our emerging growth company status and significant increased legal and accounting costs related to compliance with rules and regulations implemented by the SEC and the NYSE.

Professional Fees

Professional fee expenses primarily relate to the fees associated with the outsourcing of administrative operations functions, audit and legal costs and expenses related to being a publicly traded company.

Depreciation and Amortization

Amortization expense reflects the amortization of our intangible technology assets and our other assets such as trade names, broker-dealer licenses and ATC regulatory status, from the fair value established at the date of our sale to HTSC in 2016, as well as the amortization of the intangible assets we acquired through our acquisitions. Depreciation expense reflects the ongoing cost of annual usage of property and equipment.

Interest Expense

Interest expense reflects the interest paid under the 2022 Credit Agreement, which may fluctuate over time. We expect changes in interest expense to align with interest rates fluctuations in the United States.

Other (Income) Expense, Net

Other (income) expense, net, represents the expense associated with our equity securities investments, along with the gains and losses from such investments, foreign exchange fluctuations, interest income earned on our convertible notes and settlement expense recognized in connection with regulatory matters.

Results of Operations

Year Ended December 31, 2023 Compared to Year Ended December 31, 2022

The following discussion presents an analysis of our results of operations for the years ended December 31, 2023 and 2022. Where appropriate, we have identified specific events and changes that affect comparability or trends and, where possible and practical, have quantified the impact of such items.

(in thousands)	Year Ended December 31, 2023	Year Ended December 31, 2022	$ Change	% Change
Revenue:				
Asset-based revenue	$ 553,483	$ 534,182	$ 19,301	3.6
Spread-based revenue	120,262	56,798	63,464	111.7
Subscription-based revenue	15,179	13,020	2,159	16.6
Other revenue	19,575	7,695	11,880	154.4
Total revenue	708,499	611,695	96,804	15.8
Operating expenses:				
Asset-based expenses	162,420	154,100	8,320	5.4
Spread-based expenses	1,244	1,571	(327)	(20.8)
Employee compensation	190,616	166,330	24,286	14.6
General and operating expenses	98,302	90,122	8,180	9.1
Professional fees	26,852	25,186	1,666	6.6
Depreciation and amortization	35,544	31,149	4,395	14.1
Total operating expenses	514,978	468,458	46,520	9.9
Interest expense	9,108	6,520	2,588	39.7
Other (income) expense, net	16,947	(43)	16,990	*
Income before income taxes	167,466	136,760	30,706	22.5
Provision for income taxes	44,347	33,499	10,848	32.4
Net income	$ 123,119	$ 103,261	$ 19,858	19.2

*Not meaningful

Asset-Based Revenue

Asset-based revenue increased by $19.3 million, or 3.6%, from $534.2 million in the year ended December 31, 2022 to $553.5 million in the year ended December 31, 2023. This increase was related to increased platform fees and advisory fees of $10.9 million associated with higher incremental average assets and the inclusion of Adhesion Wealth platform fees of $8.9 million, partially offset by lower custodial revenue of $0.5 million.

Spread-Based Revenue

Spread-based revenue increased by $63.5 million, or 111.7%, from $56.8 million in the year ended December 31, 2022 to $120.3 million in the year ended December 31, 2023. This increase was primarily related to higher interest earned at third-party banks of $87.4 million, driven by an increase in interest rates subsequent to December 31, 2022, offset by an increase in interest credited to client accounts of $23.9 million.

Subscription-Based Revenue

Subscription-based revenue increased by $2.2 million, or 16.6%, from $13.0 million in the year ended December 31, 2022 to $15.2 million in the year ended December 31, 2023. This increase was primarily related to an increase in the average number of subscription licenses.

Other Revenue

Other revenue increased by $11.9 million, or 154.4%, from $7.7 million in the year ended December 31, 2022 to $19.6 million in the year ended December 31, 2023. This increase was driven by a $11.0 million increase in interest income earned on operating cash due to higher interest rates, and a $0.9 million increase in revenue related to other miscellaneous items.

Asset-Based Expenses

Asset-based expenses increased by $8.3 million, or 5.4%, from $154.1 million in the year ended December 31, 2022 to $162.4 million in the year ended December 31, 2023. This increase was primarily driven by an increase in asset-based fees associated with higher platform assets.

Spread-Based Expenses

Spread-based expenses decreased by $0.3 million, or 20.8%, from $1.6 million in the year ended December 31, 2022 to $1.2 million in the year ended December 31, 2023. This decrease was driven by lower fees paid to ATC's third-party administrator for administering ATC’s Complete Cash Solutions program

Employee Compensation

Employee compensation increased by $24.3 million, or 14.6%, from $166.3 million in the year ended December 31, 2022 to $190.6 million in the year ended December 31, 2023. This increase was driven by a $19.0 million increase in salaries and related expenses attributable to our ongoing growth, a $2.5 million increase in share-based compensation expense, a $1.6 million increase in employee compensation in connection with reorganizations and integrations, a $0.9 million increase in employee compensation in connection with acquisitions and a $0.3 million increase in contractor-related costs.

General and Operating Expenses

General and operating expenses increased by $8.2 million, or 9.1%, from $90.1 million in the year ended December 31, 2022 to $98.3 million in the year ended December 31, 2023. This increase was due to a $6.2 million increase in software and subscription costs, a $3.0 million increase in events and travel costs, a $1.8 million increase in general reorganization and integration-related costs, a $1.0 million increase in facilities costs, a $0.4 million increase in charitable contributions and a $0.3 million increase in trading costs. The increase was partially offset by a $2.9 million decrease in costs associated with our broker-dealer partners due to renegotiated contract fees, a $1.1 million decrease in general acquisition-related costs and a $0.5 million decrease in printing-related costs.

Professional Fees

Professional fees increased by $1.7 million, or 6.6%, from $25.2 million in the year ended December 31, 2022 to $26.9 million in the year ended December 31, 2023. This increase was driven by a $1.8 million increase in consulting fees, a $1.5 million increase in general professional fees, a $0.7 million increase in audit-related costs, a $0.4 million increase in tax-related professional costs and a $0.2 million increase recruiting costs. The increase was partially offset by a $1.9 million decrease in acquisition-related costs, a $0.8 million decrease in professional fees associated with reorganizations and integrations and a $0.2 million decrease in business continuity planning costs.

Depreciation and Amortization

Depreciation and amortization expense increased by $4.4 million, or 14.1%, from $31.1 million in the year ended December 31, 2022 to $35.5 million in the year ended December 31, 2023. The increase was primarily driven by $2.6 million in higher amortization as a result of software assets placed into service subsequent to December 31, 2022 and $1.8 million in amortization of intangible assets from our acquisition of Adhesion Wealth in December 2022.

Interest Expense

Interest expense increased by $2.6 million, or 39.7%, from $6.5 million in the year ended December 31, 2022 to $9.1 million in the year ended December 31, 2023. This increase was primarily attributed to higher interest rates during the year ended December 31, 2023 as compared to the year ended December 31, 2022.

Other (Income) Expense, Net

Other (income) expense, net, increased by $17.0 million, this increase was attributed to a $18.3 million expense related to the SEC Settlement during the year ended December 31, 2023. The expense was partially offset by a $0.8 million increase in interest income from our convertible notes receivables and a $0.5 million increase related to other miscellaneous income items.

Provision for Income Taxes

Provision for income taxes increased by $10.8 million, or 32.4%, from $33.5 million in the year ended December 31, 2022 to $44.3 million in the year ended December 31, 2023. This increase was primarily due to an increase in pre-tax income and permanent non-deductible items in the year ended December 31, 2023.

Net Income

Net income increased by $19.9 million, or 19.2%, from $103.3 million in the year ended December 31, 2022 to $123.1 million in the year ended December 31, 2023.

This increase was primarily due a $63.8 million increase in spread-based revenue, net of spread-based expense, a $11.9 million increase in other revenue and a $11.0 million increase in asset-based revenue, net of asset-based expenses.

This increase was partially offset by a $24.3 million increase in employee compensation costs, a $17.0 million increase in other (income) expense, net, primarily as a result of the SEC Settlement, a $10.8 million increase in our provision for income taxes, a $8.2 million increase in general and operating expenses and a $4.4 million increase in depreciation and amortization expenses.

Year Ended December 31, 2022 Compared to Year Ended December 31, 2021

The following discussion presents an analysis of our results of operations for the years ended December 31, 2022 and 2021. Where appropriate, we have identified specific events and changes that affect comparability or trends and, where possible and practical, have quantified the impact of such items.

(in thousands)	Year Ended December 31, 2022	Year Ended December 31, 2021	$ Change	% Change
Revenue:				
Asset-based revenue	$ 534,182	$ 512,188	$ 21,994	4.3
Spread-based revenue	56,798	8,568	48,230	562.9
Subscription-based revenue	13,020	6,381	6,639	104.0
Other revenue	7,695	3,162	4,533	143.4
Total revenue	611,695	530,299	81,396	15.3
Operating expenses:				
Asset-based expenses	154,100	150,836	3,264	2.2
Spread-based expenses	1,571	1,427	144	10.1
Employee compensation	166,330	196,701	(30,371)	(15.4)
General and operating expenses	90,122	72,941	17,181	23.6
Professional fees	25,186	21,813	3,373	15.5
Depreciation and amortization	31,149	37,929	(6,780)	(17.9)
Total operating expenses	468,458	481,647	(13,189)	(2.7)
Interest expense	6,520	3,559	2,961	83.2
Other (income) expense, net	(43)	106	(149)	(140.6)
Income before income taxes	136,760	44,987	91,773	204.0
Provision for income taxes	33,499	19,316	14,183	73.4
Net income	$ 103,261	$ 25,671	$ 77,590	302.2

Asset-Based Revenue

Asset-based revenue increased by $22.0 million, or 4.3%, from $512.2 million in the year ended December 31, 2021 to $534.2 million in the year ended December 31, 2022. This increase was primarily related to increased platform fees of $25.0 million associated with higher assets under management at the beginning of the period, partially offset by lower custodial revenue of $3.0 million.

Spread-Based Revenue

Spread-based revenue increased by $48.2 million, or 562.9%, from $8.6 million in the year ended December 31, 2021 to $56.8 million in the year ended December 31, 2022. This increase was primarily related to $54.8 million in higher interest earned at third-party banks as a result of higher ATC average cash balances and a gradual increase in interest rates during the year ended December 31, 2022 as compared to the year ended December 31, 2021. The increase was partially offset by $6.6 million in interest credited to client accounts.

Subscription-Based Revenue

Subscription-based revenue increased by $6.6 million, or 104.0%, from $6.4 million in the year ended December 31, 2021 to $13.0 million in the year ended December 31, 2022. The increase was the result of a full year of subscription-based revenue recognized in the year ended December 31, 2022, as opposed to six months during the year ended December 31, 2021, beginning when we acquired Voyant in July 2021.

Other Revenue

Other revenue increased by $4.5 million, or 143.4%, from $3.2 million in the year ended December 31, 2021 to $7.7 million in the year ended December 31, 2022. This increase was driven by a $2.5 million increase in interest income on our corporate cash due to higher interest rates, an increase of $1.0 million in consulting revenue as a result of a full year of revenue from Voyant in the year ended December 31, 2022 as opposed to six months during the year ended December 31, 2021, beginning when we acquired Voyant in July 2021, and $0.8 million in higher fees collected at ATC.

Asset-Based Expenses

Asset-based expenses increased by $3.3 million, or 2.2%, from $150.8 million in the year ended December 31, 2021 to $154.1 million in the year ended December 31, 2022. Despite a decrease in assets due to market decreases, this increase was primarily driven by an increase in asset-based fees associated with higher platform assets at the beginning of the period.

Spread-Based Expenses

Spread-based expenses increased by $0.1 million, or 10.1%, from $1.4 million in the year ended December 31, 2021 to $1.6 million in the year ended December 31, 2022. This increase was primarily driven by increased fees paid to ATC's third-party administrator for ATC's Complete Cash Solutions program.

Employee Compensation

Employee compensation decreased by $30.4 million, or 15.4%, from $196.7 million in the year ended December 31, 2021 to $166.3 million in the year ended December 31, 2022. This decrease was primarily driven by a $39.8 million decrease in share-based compensation, of which $20.2 million related to the departure of our former chief executive officer and accelerated restricted stock awards expense in the first quarter of 2021, and $19.6 million related to our restricted stock awards fully vesting in November 2021. The remaining decrease was driven by a $1.4 million reduction in acquisition-related employee compensation expenses, a $1.1 million decrease in employee compensation-related reorganization and integration costs, and a $0.2 million decrease in business continuity planning related costs. The decrease was partially offset by a $11.7 million increase in salaries and related expenses attributable to our ongoing growth, and a $0.4 million increase in contractor-related costs.

General and Operating Expenses

General and operating expenses increased by $17.2 million, or 23.6%, from $72.9 million in the year ended December 31, 2021 to $90.1 million in the year ended December 31, 2022. This increase was primarily due to a $10.8 million increase in events and travel costs, a $3.4 million increase in expenses associated with our broker dealer partners, a $3.3 million increase in software and subscription costs, a $1.3 million increase in expenses related to helping our engaged advisers grow their business, a $0.7 million increase in expenses to our digital lead program to help stimulate new producing advisers, a $0.5 million increase in facilities costs and a $0.4 million increase in printing and postage costs. This increase was partially offset by a $2.0 million decrease in acquisition costs, a $1.1 million decrease in reorganization and integration costs, a $0.2 million decrease in office closure-related costs and a $0.2 million decrease in business continuity planning related costs.

Professional Fees

Professional fees increased by $3.4 million, or 15.5%, from $21.8 million in the year ended December 31, 2021 to $25.2 million in the year ended December 31, 2022. This increase was driven by a $1.8 million increase in professional fees associated with reorganization and integration, a $1.2 million increase in acquisition-related professional fees and a $0.8 million increase in consulting fees. This increase was partially offset by a $0.4 million decrease in audit-related fees.

Depreciation and Amortization

Depreciation and amortization expense decreased by $6.8 million, or 17.9%, from $37.9 million in the year ended December 31, 2021 to $31.1 million in the year ended December 31, 2022. The decrease was primarily related to a $13.7 million decrease in amortization expense in connection with intangible assets previously adjusted to fair value when HTSC acquired us on October 31, 2016, with definite lives ranging from 5 to 20 years. With 5 years having elapsed, certain software intangible assets have become fully amortized resulting in a decrease in amortization expense. The decrease was partially offset by a $5.2 million increase in depreciation and amortization expense related to assets placed into service in 2022, a $1.6 million increase attributable to a full year of amortization in connection with the Voyant acquisition and a $0.1 million increase in amortization as a result of intangible assets acquired in connection with the Adhesion Wealth acquisition.

Interest Expense

Interest expense increased by $2.9 million, or 83.2%, from $3.6 million in the year ended December 31, 2021 to $6.5 million in the year ended December 31, 2022. This increase was primarily attributed to an increase in our average outstanding debt balance as a result of executing the 2022 Credit Agreement, and higher interest rates during the year ended December 31, 2022 as compared to the year ended December 31, 2021.

Other (Income) Expense, Net

Other (income) expense, net, decreased by $0.1 million, or 140.6%, primarily due to an increase in interest income of $0.2 million related to our convertible notes receivable, partially offset by a $0.1 million partial extinguishment of deferred debt modification expense related to our 2020 Credit Facility in connection with the amendment executed on January 12, 2022.

Provision for Income Taxes

Provision for income taxes increased by $14.2 million, or 73.4%, from $19.3 million in the year ended December 31, 2021 to $33.5 million in the year ended December 31, 2022. This increase was primarily due to the increase in pre-tax income in the year ended December 31, 2022.

Net Income

Net income increased by $77.6 million, or 302.2%, from $25.7 million in the year ended December 31, 2021 to $103.3 million in the year ended December 31, 2022.

This increase was primarily due to (i) a $48.1 million increase in spread-based revenue, net of spread-based expense, (ii) a decrease of $30.4 million in employee compensation costs, and (iii) an increase in asset-based revenues, net of asset-based expense, of $18.7 million. The increase was partially offset by, among other things, a $17.2 million increase in general and operating expenses.

Contractual Obligations

Contractual obligations consist of operating lease obligations, purchase obligations, and debt principal and interest totaling $191.9 million as of December 31, 2023. Operating lease obligations of $36.8 million consist of minimum payments under various operating leases for office facilities and exclude potential lease renewals. Purchase obligations of $37.8 million are non-cancellable purchase commitments. Debt principal and interest payments of $117.3 million are under the 2022 Credit Agreement with interest payments using a forecasted rate and principal due in January 2027.

Off-Balance Sheet Arrangements

As of December 31, 2023, we had no off-balance sheet arrangements.

Liquidity and Capital Resources

Liquidity

Our operations have been financed primarily through cash flows from operations. In December of 2020, we entered into the 2020 Credit Agreement with Bank of Montreal, and in January of 2022 we amended the 2020 Credit Agreement, which, as amended and restated, we refer to as the 2022 Credit Agreement. As of December 31, 2023, we had cash and cash equivalents of $217.7 million, and restricted cash of $15.0 million. Our material cash requirements primarily comprise operating lease obligations, purchase obligations and principal and interest payments with respect to the 2022 Term Loans. We expect that our cash and liquidity needs will continue to be met by cash generated by our ongoing operations along with our 2022 Revolving Credit Facility over the next year, as well as beyond the next year. To the extent that existing cash, cash from operations and our 2022 Revolving Credit Facility are not sufficient to fund our future operations, we may need to raise additional funds through public or private equity or additional debt financing. In addition, we may opportunistically seek to raise additional capital to fund our continued growth. To the extent that we are unsuccessful in additional debt or equity financings, our plans for continued growth may be curtailed.

2020 Revolving Credit Facility

On December 30, 2020, we entered into a credit agreement with Bank of Montreal, as administrative agent; Bank of Montreal, JP Morgan Chase, N.A, US Bank National Association and Wells Fargo Bank, National Association as joint lead arrangers and joint bookrunners (the "2020 Credit Agreement"); our existing and future wholly owned material domestic subsidiaries as guarantors; and the several banks, financial institutions, institutional investors and other entities from time to time party thereto as lenders and letter of credit issuers.

The 2020 Credit Agreement provided a senior secured credit facility in an aggregate principal amount of $250.0 million, consisting of a revolving credit facility with commitments in an aggregate principal amount of $250.0 million (the "2020 Revolving Credit Facility" and the loans thereunder, the "2020 Revolving Loans"), with an accordion option of up to $25.0 million.

2022 Credit Agreement

On January 12, 2022, we amended the 2020 Credit Agreement with Bank of Montreal to, among other things, add a term loan facility (as amended and restated, the "2022 Credit Agreement"). Joint lead arrangers and joint bookrunners for the 2022 Credit Agreement are BMO Capital Markets Corp., JPMorgan Chase Bank, N.A., Truist Securities, Inc., U.S. Bank National Association and Wells Fargo Securities, LLC. The 2022 Credit Agreement provides for a senior secured credit facility in an aggregate principal amount of $500.0 million consisting of a revolving credit facility with commitments in an aggregate principal amount of $375.0 million (the "2022 Revolving Credit Facility") and a term loan facility with commitments in an aggregate amount of $125.0 million (the "2022 Term Loans"), with an accordion option to increase the revolving commitments by $100.0 million. On October 25, 2022, we entered into an amendment (the "ESG Amendment") to the 2022 Credit Agreement, solely for the purpose of incorporating key performance indicators ("KPIs") and environmental, social and governance pricing provisions into the 2022 Credit Agreement.

The 2022 Term Loans bear interest at a rate per annum equal to, at our option, either (i) SOFR plus a margin based on our Total Leverage Ratio (as defined in the 2022 Credit Agreement) or (ii) the Base Rate (as defined in the 2022 Credit Agreement) plus a margin based on our Total Leverage Ratio. The margin ranges between 0.875% and 2.5% for base rate loans and between 1.875% and 3.5% for SOFR loans. We will pay a commitment fee based on the average daily unused portion of the commitments under the 2022 Revolving Credit Facility, a letter of credit fee equal to the margin then in effect with respect to the SOFR loans under the 2022 Revolving Credit Facility, a fronting fee and any customary documentary and processing charges for any letter of credit issued under the 2022 Credit Agreement. The 2022 Term Loans are subject to quarterly amortization payments and will mature on January 12, 2027. The ESG Amendment provides for up to (i) 0.05% positive or negative adjustments to the applicable margin and (ii) 0.01% positive or negative adjustments to the commitment fee, in each case, based on our performance against the KPIs, and includes customary affirmative covenants and representations and warranties with respect to the KPIs.

The 2022 Credit Agreement contains customary affirmative and negative covenants, including reporting requirements and restrictions, subject to various exceptions, on the incurrence of additional indebtedness, the creation of liens, the making of acquisitions and investments, the disposal of assets and the making of restricted payments. Additionally, the 2022 Credit Agreement includes financial covenants, which provide that (i) beginning December 31, 2021, as of the last day of a fiscal quarter, the Total Leverage Ratio shall not exceed 3.5 to 1.0 and (ii) beginning December 31, 2021, as of the last day of a fiscal quarter, the interest coverage ratio shall not be less than 4.0 to 1.0. As of December 31, 2023, we were in compliance with all applicable covenants. The 2022 Credit Agreement also contains customary events of default, which could result in acceleration of amounts due thereunder. Such events of default include, subject to the grace periods specified therein, our failure to pay principal or interest when due, our failure to satisfy or comply with covenants, a change of control, the imposition of certain judgments and the invalidation of liens we have granted. We had an outstanding balance under the 2022 Credit Agreement of $93.8 million as of December 31, 2023.

Cash Flows

The following table presents information regarding our cash flows, cash, cash equivalents and restricted cash for the periods indicated:

	Year Ended December 31,		
(in thousands)	**2023**	**2022**	**2021**
Cash flows provided by operating activities	$ 174,673	$ 140,301	$ 128,977
Cash flows used in investing activities	(54,633)	(94,992)	(160,984)
Cash flows (used in) provided by financing activities	(23,634)	1,258	40,095
Net change in cash, cash equivalents and restricted cash	96,406	46,567	8,088
Cash, cash equivalents and restricted cash at beginning of period	136,274	89,707	81,619
Cash, cash equivalents and restricted cash at end of period	$ 232,680	$ 136,274	$ 89,707

Cash Flows from Operating Activities

Cash flows from operating activities increased by $34.4 million in the year ended December 31, 2023 compared to the year ended December 31, 2022, primarily due to, among other things, an increase in net income of $19.9 million, an increase in the change in operating assets and liabilities of $10.9 million and an increase in period-over-period non-cash addbacks for depreciation and amortization expense of $4.4 million.

Cash flows from operating activities increased by $11.3 million in the year ended December 31, 2022 compared to the year ended December 31, 2021, primarily due to an increase in net income of $77.6 million. This increase was partially offset by a decrease period-over-period of non-cash addbacks to share-based compensation expense of $39.8 million, a decrease in the change in operating assets and liabilities of $14.6 million and a decrease period-over-period of non-cash addbacks for depreciation and amortization expense of $6.8 million.

Cash Flows from Investing Activities

Cash used in investing activities decreased by $40.4 million in the year ended December 31, 2023 compared to the year ended December 31, 2022, primarily due to, among other things, the $43.9 million purchase price paid for the Adhesion Wealth acquisition in 2022 and a $4.9 million decrease in purchases of convertible notes in 2023. This decrease was partially offset by $5.5 million in increased capital expenditures related to internal software development during the year ended December 31, 2023 compared to the year ended December 31, 2022.

Cash used in investing activities decreased by $66.0 million in the year ended December 31, 2022 compared to the year ended December 31, 2021, primarily due to the $124.2 million purchase price paid for the Voyant acquisition in 2021. This decrease was partially offset by the $43.9 million purchase price paid for the Adhesion Wealth acquisition in 2022, our $10.3 million purchase of convertible notes in 2022 and $2.9 million in increased capital expenditures related to internal software development during the year ended December 31, 2022 compared to the year ended December 31, 2021.

Cash Flows from Financing Activities

Cash flows (used in) provided by financing activities changed by $24.9 million from cash provided of $1.3 million in the year ended December 31, 2022 to cash used of $23.6 million in the year ended December 31, 2023. The change was primarily due to our principal repayment of $25.0 million related to the 2022 Term Loans during the year ended December 31, 2023. The change was partially offset by $7.5 million in net proceeds from our 2022 amendment of our Credit Agreement and $1.3 million in proceeds from exercises of stock options in the year ended December 31, 2023.

Cash flows from financing activities decreased by $38.8 million in the year ended December 31, 2022 compared to the year ended December 31, 2021. This decrease was primarily due to our $115.0 million repayment of the 2020 Revolving Credit Facility in the year ended December 31, 2022, a $40.0 million net draw down from the 2020 Revolving Credit Facility for the year ended December 31, 2021, and $6.3 million in principal repayments on the 2020 Revolving Loans during the year ended December 31, 2022. This decrease was partially offset by $122.5 million in borrowings, net of fees, under the 2022 Credit Agreement.

JOBS Act Accounting Election

We are an emerging growth company, as defined in the JOBS Act. Under the JOBS Act, emerging growth companies can delay adopting new or revised accounting standards issued after the enactment of the JOBS Act until those standards apply to private companies. We have elected to use this extended transition period under the JOBS Act.

Critical Accounting Policies and Estimates

Our consolidated financial statements are prepared in accordance with GAAP. The preparation of consolidated financial statements in accordance with GAAP requires certain estimates, assumptions and judgments to be made that may affect our consolidated financial statements. While our accounting policies that have significant impact on our results are described more fully in Note 2 to our consolidated financial statements included elsewhere in this Annual Report on Form 10-K, we believe that the following accounting policies are critical. We consider an accounting policy to be critical if the policy is subject to a material level of judgment and if changes in those judgments are reasonably likely to materially impact our results.

Valuation of Goodwill, Purchased Intangible Assets and Impairment of Long-lived Assets

We do not amortize goodwill but test it for impairment annually, and whenever events or changes in circumstances indicate the carrying value of goodwill may not be recoverable. Triggering events that may indicate impairment include, but are not limited to, a significant adverse change in client asset values or a significant decrease in expected cash flows. An impairment exists if the fair value of the goodwill of a reporting unit is less than its carrying amount. During the year ended December 31, 2023 and 2022, we identified a triggering event associated with changes in current and expected future cash flows for Voyant related to macroeconomic events. Based on the results of our tests, we determined that goodwill was not impaired as of December 31, 2023 and 2022.

We test intangible assets with indefinite lives for impairment at least annually and whenever events or changes in circumstances indicate the carrying value may not be recoverable. Triggering events that may indicate impairment include, but are not limited to, attrition of broker-dealers or enterprise customers, or changes in expected future cash flows. An impairment exists if the fair value of the indefinite-lived intangible asset is less than its carrying amount. No triggering events were identified for the years ended December 31, 2023 and 2022. To evaluate the sensitivity of the estimated fair value of our indefinite-lived intangible assets, we applied a hypothetical 10% decrease to the fair value of each of our indefinite-lived intangible assets. Based on the results of this analysis, a hypothetical 10% decrease in fair value would have resulted in an impairment charge of $1.7 million. We determined that our indefinite-lived intangible assets were not impaired as of December 31, 2023 and 2022.

We amortize purchased intangible assets over their estimated useful life. The estimated useful life for our purchased intangible assets ranges between three and twenty years. To test the sensitivity of the useful life, we applied both a hypothetical one-year increase and decrease to the useful life of each of the purchased intangible assets. Based on the results of this hypothetical analysis, amortization expense related to our purchased intangible assets would increase by approximately $1.4 million per year due to a one-year decrease in assigned useful life, and decrease by approximately $1.0 million per year due to a one-year increase in assigned useful life.

We test definite-lived intangible assets for impairment when their carrying value may not be recoverable based on undiscounted cash flows, which requires the use of estimates and judgment, and, if impaired, can be written down to fair value. Triggering events that may indicate impairment include, but are not limited to, a significant adverse change in client asset values and a significant decrease in expected cash flows. No triggering events were identified for the years ended December 31, 2023 and 2022.

See Note 6 to our consolidated financial statements included elsewhere in this Annual Report on Form 10-K for additional details.

Recently Issued Accounting Pronouncements

See Note 2 to our consolidated financial statements included elsewhere in this Annual Report on Form 10-K.

Item 7A. Quantitative and Qualitative Disclosures About Market Risk.

Market Risk

Our exposure to market risk is directly related to revenue from fees earned based upon a percentage of assets on our platform. In the year ended December 31, 2023, 93.4% of our total revenue, was based on the market value of assets on our platform and were recurring in nature. We expect this percentage to vary over time. A 1.0% decrease in the aggregate value of assets on the platform at the beginning of the period for the year ended December 31, 2023 would have caused our total revenue to decline by 1.0%, or $6.9 million, and would have caused our pre-tax income to decline by 2.8%, or $5.0 million, assuming we did not initiate additional expense measures in response to a market decline.

Interest Rate Risk

Changes in interest rates will impact our spread-based revenue. As of December 31, 2023, client cash assets participating in the Complete Cash Solutions program at ATC totaled $3.1 billion. A change in short-term interest rates of 1.0% at the beginning of the period for the year ended December 31, 2023 would result in an increase or decrease in income before income taxes of approximately $21.6 million on an annual basis (based on total client cash assets at December 31, 2023) and (subject to any changes to interest credited to the end-investor). Actual impacts may vary depending on interest rate levels and the significance of change.

Additionally, changes to interest rates will impact the cost of our borrowing under the 2022 Credit Agreement, which bears interest at a rate per annum equal to, at our option, either (i) SOFR plus a margin based on our Total Leverage Ratio (as defined in the 2022 Credit Agreement) or (ii) the Base Rate (as defined in the 2022 Credit Agreement) plus a margin based on our Total Leverage Ratio. The margin will range between 0.875% and 2.5% for base rate loans and between 1.875% and 3.5% for SOFR loans. We will pay a commitment fee based on the average daily unused portion of the commitments under the 2022 Revolving Credit Facility, a letter of credit fee equal to the margin then in effect with respect to the SOFR loans under the 2022 Revolving Credit Facility, a fronting fee and any customary documentary and processing charges for any letter of credit issued under the 2022 Credit Agreement. An increase of 100 basis points in the interest rate under the 2022 Credit Agreement would result in a decrease in income before income taxes of approximately $0.9 million on an annual basis based on the outstanding balance under the 2022 Credit Agreement as of December 31, 2023.

We expect changes in spread-based revenue to align with interest rates fluctuations in the United States.

Operational Risk

Operational risk generally refers to the risk of loss resulting from our operations, including, but not limited to, improper or unauthorized execution and processing of transactions, deficiencies in our technology or financial operating systems and inadequacies or breaches in our control processes. We operate in diverse markets and are reliant on the ability of our employees and systems to process a large number of transactions. These risks are less direct and quantifiable than market risk, but managing them is critical, particularly in a rapidly changing environment with increasing transaction volumes. In the event of a breakdown or improper operation of systems or improper action by employees or advisers, we could suffer financial loss, regulatory sanctions and damage to our reputation, and in times of high market volatility the financial losses from operational risk as well as the likelihood of such losses may increase. Business continuity plans exist for critical systems, and redundancies are built into the systems as deemed appropriate. To mitigate and control operational risk, we have developed and continue to enhance specific policies and procedures that are designed to identify and manage operational risk at appropriate levels throughout our organization and within various departments. These control mechanisms attempt to ensure that operational policies and procedures are being followed and that our employees operate within established corporate policies and limits.

Item 8. Financial Statements and Supplementary Data

AssetMark Financial Holdings, Inc.
Index to Consolidated Financial Statements

The following financial statements are filed as part of this Annual Report on form 10-K:

Report of Independent Registered Public Accounting Firm

To the Stockholders and Board of Directors
AssetMark Financial Holdings, Inc.:

Opinion on the Consolidated Financial Statements

We have audited the accompanying consolidated balance sheets of AssetMark Financial Holdings, Inc. and subsidiaries (the Company) as of December 31, 2023 and 2022, the related consolidated statements of income and comprehensive income, stockholders' equity, and cash flows for each of the years in the three-year period ended December 31, 2023, and the related notes (collectively, the consolidated financial statements). In our opinion, based on our audits, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2023 and 2022, and the results of its operations and its cash flows for each of the years in the three-year period ended December 31, 2023, in conformity with U.S. generally accepted accounting principles.

Basis for Opinion

These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits, we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audits provide a reasonable basis for our opinion.

/s/ KPMG LLP

We have served as the Company's auditor since 2007.

San Francisco, California
March 14, 2024

AssetMark Financial Holdings, Inc.
Consolidated Balance Sheets
(in thousands, except share data and par value)

	December 31, 2023	December 31, 2022
ASSETS		
Current assets:		
Cash and cash equivalents	$ 217,680	$ 123,274
Restricted cash	15,000	13,000
Investments, at fair value	18,003	13,714
Fees and other receivables, net	21,345	20,082
Income tax receivable, net	1,890	265
Prepaid expenses and other current assets	17,193	16,870
Total current assets	291,111	187,205
Property, plant and equipment, net	8,765	8,495
Capitalized software, net	108,955	89,959
Other intangible assets, net	684,142	694,627
Operating lease right-of-use assets	20,408	22,002
Goodwill	487,909	487,225
Other assets	19,273	13,417
Total assets	$ 1,620,563	$ 1,502,930
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 288	$ 4,624
Accrued liabilities and other current liabilities	75,554	69,196
Total current liabilities	75,842	73,820
Long-term debt, net	93,543	112,138
Other long-term liabilities	18,429	15,185
Long-term portion of operating lease liabilities	26,295	27,924
Deferred income tax liabilities, net	139,072	147,497
Total long-term liabilities	277,339	302,744
Total liabilities	353,181	376,564
Commitments and contingencies	—	—
Stockholders' equity:		
Common stock, $0.001 par value (675,000,000 shares authorized and 74,372,889 and 73,847,596 shares issued and outstanding as of December 31, 2023 and 2022, respectively)	74	74
Additional paid-in capital	960,700	942,946
Retained earnings	306,622	183,503
Accumulated other comprehensive loss	(14)	(157)
Total stockholders' equity	1,267,382	1,126,366
Total liabilities and stockholders' equity	$ 1,620,563	$ 1,502,930

The accompanying notes are an integral part of the consolidated financial statements.

AssetMark Financial Holdings, Inc.
Consolidated Statements of Income and Comprehensive Income
(in thousands, except share and per share data)

	Year Ended December 31,		
	2023	2022	2021
Revenue:			
Asset-based revenue	$ 553,483	$ 534,182	$ 512,188
Spread-based revenue	120,262	56,798	8,568
Subscription-based revenue	15,179	13,020	6,381
Other revenue	19,575	7,695	3,162
Total revenue	708,499	611,695	530,299
Operating expenses:			
Asset-based expenses	162,420	154,100	150,836
Spread-based expenses	1,244	1,571	1,427
Employee compensation	190,616	166,330	196,701
General and operating expenses	98,302	90,122	72,941
Professional fees	26,852	25,186	21,813
Depreciation and amortization	35,544	31,149	37,929
Total operating expenses	514,978	468,458	481,647
Interest expense	9,108	6,520	3,559
Other (income) expense, net	16,947	(43)	106
Income before income taxes	167,466	136,760	44,987
Provision for income taxes	44,347	33,499	19,316
Net income	123,119	103,261	25,671
Change in fair value of convertible notes receivable, net	143	(157)	—
Net comprehensive income	$ 123,262	$ 103,104	$ 25,671
Net income per share attributable to common stockholders:			
Basic	$ 1.66	$ 1.40	$ 0.36
Diluted	$ 1.65	$ 1.40	$ 0.35
Weighted average number of common shares outstanding, basic	74,113,591	73,724,341	72,137,174
Weighted average number of common shares outstanding, diluted	74,438,332	73,872,828	72,399,213

The accompanying notes are an integral part of the consolidated financial statements.

AssetMark Financial Holdings, Inc.
Consolidated Statements of Stockholders' Equity
(in thousands, except share data)

	Common stock		Additional paid-in capital	Retained earnings	Accumulated other comprehensive income (loss)	Total stockholders' equity
	Shares	Amount				
Balance at December 31, 2020	72,459,255	$ 72	$ 850,430	$ 54,571	$ —	$ 905,073
Net income	—	—	—	25,671	—	25,671
Share-based employee compensation	—	—	53,637	—	—	53,637
Issuance of common stock – vesting of restricted stock units	106,110	1	(1)	—	—	—
Common stock issued in connection with business combination	994,028	1	24,909	—	—	24,910
Exercise of stock options	6,242	—	95	—	—	95
Cancellation of unvested restricted stock awards	(2,918)	—	—	—	—	—
Balance at December 31, 2021	73,562,717	$ 74	$ 929,070	$ 80,242	$ —	$ 1,009,386
Net income	—	—	—	103,261	—	103,261
Share-based employee compensation	—	—	13,876	—	—	13,876
Change in fair value of convertible notes receivable, net	—	—	—	—	(157)	(157)
Issuance of common stock – vesting of restricted stock units	284,168	—	—	—	—	—
Exercise of stock options	711	—	—	—	—	—
Balance at December 31, 2022	73,847,596	$ 74	$ 942,946	$ 183,503	$ (157)	$ 1,126,366
Net income	—	—	—	123,119	—	123,119
Share-based employee compensation	—	—	16,388	—	—	16,388
Change in fair value of convertible notes receivable, net	—	—	—	—	143	143
Issuance of common stock - vesting of restricted stock units	383,592	—	—	—	—	—
Exercise of stock options	116,746	—	1,366	—	—	1,366
Exercise of stock appreciation rights	24,955	—	—	—	—	—
Balance at December 31, 2023	74,372,889	$ 74	$ 960,700	$ 306,622	$ (14)	$ 1,267,382

The accompanying notes are an integral part of the consolidated financial statements.

AssetMark Financial Holdings, Inc.
Consolidated Statements of Cash Flows
(in thousands)

	Year Ended December 31,		
	2023	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES			
Net income	$ 123,119	$ 103,261	$ 25,671
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	35,544	31,149	37,929
Interest (income) expense, net	(341)	541	700
Deferred income taxes	(9,132)	(6,673)	(1,562)
Share-based compensation	16,388	13,876	53,637
Debt acquisition cost write-down	92	130	—
Changes in certain assets and liabilities:			
Fees and other receivables, net	(1,734)	(10,718)	163
Receivables from related party	480	568	(91)
Prepaid expenses and other current assets	4,737	2,346	2,460
Income tax receivable and payable, net	(1,486)	6,073	2,570
Accounts payable, accrued liabilities and other liabilities	7,006	(252)	7,500
Net cash provided by operating activities	174,673	140,301	128,977
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of Adhesion Wealth, net of cash received	(3,000)	(43,861)	—
Purchase of Voyant, net of cash received	—	—	(124,161)
Purchase of convertible notes	(5,434)	(10,300)	—
Purchase of investments	(2,329)	(2,692)	(3,004)
Sale of investments	456	918	833
Purchase of property and equipment	(2,853)	(3,061)	(1,507)
Purchase of computer software	(41,473)	(35,996)	(33,145)
Net cash used in investing activities	(54,633)	(94,992)	(160,984)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issuance of long-term debt, net	—	122,508	—
Payments on revolving credit facility	(50,000)	(115,000)	(35,000)
Payments on term loan	(25,000)	(6,250)	—
Proceeds from credit facility draw down	50,000	—	75,000
Proceeds from exercise of stock options	1,366	—	95
Net cash (used in) provided by financing activities	(23,634)	1,258	40,095
Net change in cash, cash equivalents, and restricted cash	96,406	46,567	8,088
Cash, cash equivalents, and restricted cash at beginning of period	136,274	89,707	81,619
Cash, cash equivalents, and restricted cash at end of period	$ 232,680	$ 136,274	$ 89,707
SUPPLEMENTAL CASH FLOW INFORMATION			
Income taxes paid, net	$ 54,520	$ 33,637	$ 19,796
Interest paid	$ 9,947	$ 4,087	$ 2,828
Non-cash operating, investing, and financing activities:			
Non-cash changes to right-of-use assets	$ 3,360	$ 3,775	$ 933
Non-cash changes to lease liabilities	$ 3,360	$ 3,775	$ 933
Non-cash change in fair value of convertible notes	$ 143	$ (157)	$ —
Common stock issued in acquisition of business	$ —	$ —	$ 24,910

The accompanying notes are an integral part of the consolidated financial statements.

All dollar amounts presented are in thousands for all notes, other than per share and share price amounts.

Note 1. Overview

Organization and Nature of Business

These consolidated financial statements include AssetMark Financial Holdings, Inc (“AFHI”) and its subsidiaries, which include AssetMark, Inc., AssetMark Trust Company, AssetMark Brokerage, LLC, AssetMark Services, Inc. d/b/a AssetMark Retirement Services, Inc., Global Financial Private Capital, Inc., Voyant, Inc., Voyant UK Limited, Voyant Financial Technologies Inc., Voyant Australia Pty Ltd and Atria Investments, Inc. d/b/a Adhesion Wealth. The entities listed above are collectively referred to as the “Company”.

AssetMark, Inc. (“AMI”) is a registered investment adviser that was incorporated under the laws of the State of California on May 13, 1999. AMI offers a broad array of wealth management solutions to individual investors through financial advisers by providing an open-architecture product platform along with tailored client advice, asset allocation options, practice management, support services and technology solutions to the financial adviser channel.

AssetMark Trust Company (“ATC”) is a licensed trust company incorporated under the laws of the State of Arizona on August 24, 1994 and regulated by the Arizona Department of Insurance and Financial Institutions. ATC provides custodial recordkeeping services primarily to investor clients of registered investment advisers (including AMI) located throughout the United States.

AssetMark Brokerage, LLC (“AMB”) is a limited-purpose broker-dealer located in Concord, California and was incorporated under the laws of the State of Delaware on September 25, 2013. AMB’s primary function is to distribute the proprietary mutual funds of AMI and to sponsor the FINRA licensing of those employees who provide distribution support through promotion of the AMI programs and strategies that employ the mutual funds.

Voyant, Inc. (“Voyant”), is a SaaS-based financial planning, wellness and client digital engagement solutions company that was originally formed in Texas on December 29, 2005 and was converted to a Delaware corporation on November 21, 2008.

Atria Investments, Inc. (“Adhesion Wealth”), doing business as Adhesion Wealth, is a registered investment adviser that was formed as a limited liability company under the laws of the State of North Carolina on March 29, 2007, and was converted to a corporation under the laws of the State of North Carolina on December 22, 2022. Adhesion Wealth offers a broad array of services and solutions, including overlay management, investment solutions, flexible desktop technology and a manager marketplace.

Note 2. Summary of Significant Accounting Policies

Risks and Uncertainties

Estimates and assumptions about future events and their effects on the Company cannot be determined with certainty and therefore require the exercise of judgment. The Company is not aware of any specific events or circumstances that would require the Company to update its estimates, assumptions or judgments or revise the carrying value of its assets or liabilities. The Company will update the estimates and assumptions underlying the consolidated financial statements in future periods as events and circumstances develop.

Basis of Presentation

The accompanying consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States (“U.S. GAAP”). For the year ended December 31, 2022, the Company reclassified $6,611 in the accompanying consolidated statements of income and comprehensive income from spread-based expenses to offset spread-based revenue to account for interest credited to customer accounts on a net basis in order to correct an immaterial error. The adjustment had no effect on the current year or previous years’ reported net income, earnings per-share, balance sheet, stockholders’ equity, and cash flows. Management has deemed the error to be immaterial to the financial statements taken as a whole.

Principles of Consolidation

The accompanying consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries. All significant intercompany balances and transactions have been eliminated in consolidation.

Segment Information

The Company operates as one operating segment. The Company's chief operating decision maker is its Chief Executive Officer, who reviews financial information presented on a consolidated basis for purposes of making operating decisions, assessing financial performance and allocating resources.

Use of Estimates

The preparation of consolidated financial statements in conformity with U.S. GAAP requires the Company to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates. On an ongoing basis, the Company evaluates its estimates, including those related to intangible assets and goodwill, useful lives of intangible assets and property and equipment, internal use software, income taxes and contingent liabilities, among others. The Company bases its estimates on historical experience and on various other assumptions that are believed to be reasonable, the results of which form the basis for making judgments about the carrying values of assets and liabilities.

Concentration of Credit Risk and Significant Clients and Suppliers

The Company's financial instruments that are exposed to concentration of credit risk consist primarily of cash and cash equivalents and accounts receivable. The Company deposits its cash primarily with two financial institutions, and accordingly, such deposits regularly exceed federally insured limits.

Foreign Currency Policy

The Company's functional currency is the US Dollar, and the related gains and losses from foreign currency denominated transactions and the remeasurement of foreign currency denominated balance sheet accounts are included in other (income) expense, net in the consolidated statements of income and comprehensive income.

Geographic Sources of Revenue

Revenues attributable to customers outside of the United States totaled $16,054, $14,484, and $6,926 in the years ended December 31, 2023, 2022, and 2021 respectively.

No single customer accounted for more than 10% of the Company's revenue in any of the periods presented. There were no customers that represented more than 10% of the Company's accounts receivable balance as of December 31, 2023 and 2022, respectively.

Cash, Cash Equivalents and Restricted Cash

Certificates of deposit, money market funds and other time deposits with original maturities of three months or less are considered cash equivalents.

Restricted cash consists of certificate of deposits the Company maintains in liquid capital in accordance with Arizona Revised Statutes requirements governing trust companies. See Note 18 for details regarding capital requirements.

The following table provides a reconciliation of cash, cash equivalents, and restricted cash reported within the consolidated balance sheets that sum to the total of the same such amounts shown in the consolidated statements of cash flows:

	December 31,		
	2023	2022	2021
Cash and cash equivalents	$ 217,680	$ 123,274	$ 76,707
Restricted cash	15,000	13,000	13,000
Total cash, cash equivalents, and restricted cash shown in the consolidated statements of cash flows	$ 232,680	$ 136,274	$ 89,707

Investment Securities

The Company's investments primarily comprise of equity and debt security investments for the Company's rabbi trust and investment securities funds. The Company may sell these securities at any time for use in its current operations or for other purposes. These funds invest in securities which are actively traded and fair values for these securities are based on quoted market prices. Unrealized holding gains and losses are reported as other (income) expense, net. Realized gains and losses from sales are determined on a specific-identification basis. Dividend and interest income are recognized when earned.

Fees and Other Receivables

Fee and other receivables represent service fees and advisory fees receivable, interest earned on cash assets custodied through ATC as well as miscellaneous custody fees in arrears. Fee and other receivables are recorded at the invoiced amount, net of allowances. These allowances are based on historical experience and evaluation of potential risk of loss associated with delinquent accounts. The allowance for doubtful accounts was $179 and $39 as of December 31, 2023 and 2022, respectively.

Fair Value Measurements

The carrying amounts of the Company's financial instruments, which include cash and cash equivalents, restricted cash, accounts receivable, accounts payable, and other accrued expenses, approximate their fair values due to their relatively short maturity.

The accounting guidance for fair value measurements establishes a three-tier hierarchy, which prioritizes the inputs used in the valuation methodologies in measuring fair value as follows:

- Level 1 – Observable inputs that reflect quoted prices for identical assets or liabilities in active markets.
- Level 2 – Inputs that are directly or indirectly observable in the marketplace.
- Level 3 – Unobservable inputs that are supported by little or no market activity.

As of each reporting period, all assets recorded at fair value are classified in their entirety based on the lowest level of input that is significant to the fair value measurement. See Note 9 for more information regarding fair value measurements.

Business Combinations

When the Company acquires a business, management allocates the purchase price to the net tangible and identifiable intangible assets acquired. Any residual purchase price is recorded as goodwill. The allocation of the purchase price requires management to make significant estimates in determining the fair values of assets acquired and liabilities assumed, especially with respect to intangible assets. These estimates are based on market and income approaches that include significant unobservable inputs. These estimates are inherently uncertain and unpredictable. As a result, during the measurement period, which may be up to one year from the acquisition date, the Company records adjustments to the assets acquired and liabilities assumed with the corresponding offset to goodwill.

Goodwill, Acquired Intangible Assets and Impairment of Long-Lived Assets

Goodwill represents the excess purchase consideration of an acquired business over the fair value of the net tangible and identifiable intangible assets. Goodwill is evaluated for impairment annually on October 31, and whenever events or changes in circumstances indicate the carrying value of goodwill may not be recoverable. Triggering events that may indicate impairment include, but are not limited to, a significant adverse change in customer demand or business climate or a significant decrease in expected cash flows. An impairment loss is recognized to the extent that the carrying amount exceeds the reporting unit's fair value.

The Company has the option to first assess qualitative factors to determine whether events or circumstances indicate that it is more likely than not that the fair value of a reporting unit is less than its carrying amount and determine whether further action is needed. If after assessing the totality of events or circumstances, the Company determines it is not more likely than not that the fair value of a reporting unit is less than its carrying amount, then performing the two-step impairment test is unnecessary. If after assessing the totality of events or circumstances it is determined that it is more likely than not that the carrying value of the reporting unit may exceed its fair value when considering qualitative factors, a quantitative goodwill impairment evaluation is performed. No impairment charges related to goodwill were recorded during the years ended December 31, 2023, 2022 and 2021.

Indefinite-lived intangible assets are tested for impairment annually and whenever events or changes in circumstances indicate the carrying value of indefinite-lived intangible assets may not be recoverable. Triggering events that may indicate impairment include, but are not limited to, attrition of broker-dealers or enterprise customers, or changes in expected future cash flows. An impairment exists if the carrying value of the indefinite-lived intangible asset exceeds its fair value. The Company's indefinite-lived intangible assets consist of broker-dealer relationships and enterprise distribution channel customer relationships. No impairment charges related to indefinite-lived intangible assets were recorded during the years ended December 31, 2023, 2022 and 2021. There were no changes in the indefinite useful life assigned to indefinite-lived intangible assets during the years ended December 31, 2023, 2022 and 2021.

AssetMark's broad array of wealth management solutions are sold to individual investors through financial advisers associated with broker-dealers. The Company has long-standing, established relationships with these broker-dealers that are expected to result in future revenue and profit. While the relationships with the broker-dealers are contractual, the agreements have no fixed expiration dates or renewal terms, and there have been no instances of terminated agreements by either side to-date. Based on the foregoing, the acquired relationships with broker-dealers are identified and valued as a discrete indefinite-lived intangible asset. Acquired indefinite-lived intangible assets also consists of enterprise distribution channel relationships with financial institutions that are expected to result in future revenue and profit. While these relationships are contractual, they have no fixed expiration date and are expected to be renewed indefinitely. No such contracts have been terminated by either side to date. No impairment charges related to indefinite-lived intangible assets were recorded during the years ended December 31, 2023, 2022 and 2021.

Acquired definite-lived intangible assets consist of assets resulting from the Company's acquisitions. Acquired definite-lived intangible assets are recorded at fair value on the date of acquisition and amortized over their estimated useful lives on a straight-line basis. The carrying amounts of long-lived assets, including property and equipment, capitalized internal-use software, and acquired definite-lived intangible assets, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying value of these assets may not be recoverable or that the useful life is shorter than originally estimated. Recoverability of assets to be held and used is measured by comparing the carrying amount of an asset to the future undiscounted cash flows that the assets or the asset group are expected to generate. If the carrying value of the assets are not recoverable, the impairment recognized is measured as the amount by which the carrying value exceeds its fair value. No impairment charges related to long-lived assets and acquired definite-lived intangible assets were recorded during the years ended December 31, 2023, 2022 and 2021.

Property and Equipment

Property and equipment consist primarily of hardware, furniture and equipment and leasehold improvements. Depreciation is calculated on a straight-line basis over the estimated useful lives of the related asset, generally three to ten years. Leasehold improvements are depreciated over the shorter of the economic useful life of the improvement or the remaining lease term. Depreciation expense for the years ended December 31, 2023, 2022 and 2021 was $2,583, $2,646 and $2,406, respectively.

The following table shows balances of major classes of depreciable assets as of the date shown:

	December 31,	
	2023	2022
Computer software and equipment	$ 10,727	$ 9,760
Furniture and equipment	4,502	3,918
Leasehold improvements	8,951	7,649
Total property and equipment	24,180	21,327
Less: accumulated depreciation	(15,415)	(12,832)
Property, plant and equipment, net	$ 8,765	$ 8,495

Capitalized Internal-Use Software

The Company capitalizes certain costs incurred during the application development stage in connection with software development for its platform and internal use. Costs related to the preliminary project activities and post-implementation activities are expensed as incurred. Capitalized costs are recorded as part of capitalized software, net on the Company's consolidated balance sheets. Maintenance and training costs are expensed as incurred.

Capitalized internal-use software costs are amortized on a straight-line basis over the software estimated useful life, which is generally five years to nine years. The Company records amortization related to capitalized internal-use software within depreciation and amortization expense in the consolidated statements of income and comprehensive income. The Company evaluates the useful lives of these assets on an annual basis and tests for impairment whenever events or changes in circumstances occur that could impact the recoverability of these assets. There were impairments of $393, $303 and $426 of internally developed software during the years ended December 31, 2023, 2022 and 2021, respectively.

Amortization expense for the years ended December 31, 2023, 2022 and 2021 was $22,476, $19,737 and $28,280, respectively. Accumulated amortization was $158,930 and $136,858 as of December 31, 2023 and 2022, respectively.

Revenue Recognition

The Company accounts for its revenue arrangements in accordance with FASB Topic 606 - *Revenue from Contracts with Customers* ("ASC 606").

The Company recognizes revenue from services related to asset-based revenue, spread-based revenue, subscription-based revenue and other revenue.

- *Asset-based revenue* — The Company primarily derives revenue from fees assessed against customer's assets under management or administration for services the Company provides to its customers. Such services include investment manager due diligence and research, portfolio diagnostics, proposal generation, investment model management, rebalancing and trading, portfolio performance reporting and monitoring solutions, billing, and back office and middle-office operations and custody services. Investment decisions for assets under management or administration are made by the Company's customers. The fee arrangements are based on a percentage applied to the customers' assets under management or administration. The performance obligation is satisfied over time because the customer is receiving and consuming the benefits as they are provided by the Company. Fees are generally calculated, billed and collected quarterly in advance on the preceding quarter-end customer asset values, and are recognized as revenue at the time the services are provided in the period. Fees related to assets under management or administration increase or decrease based on values of existing customer accounts. The values are affected by inflows or outflows of customer funds and market fluctuations.

- *Spread-based revenue* — The Company's spread-based revenue is derived from providing Complete Cash Solutions to banks and clients. Spread-based revenue consists of the interest rate return earned on cash custodied at ATC. ATC utilizes third-party banks that accept deposits of client cash to generate interest from deposits which earns spread income for the Company. A portion of the proceeds from those investments are credited to client accounts. ATC is paid interest-rate sensitive fees calculated by reference to such deposits. The Company recognizes interest paid to clients on a net basis as the payment to the end clients is consideration payable to the customer and reduces the transaction price accordingly. The performance obligation is satisfied over time because the banks and clients are receiving and consuming the benefits of the Complete Cash Solutions as they are provided by the cash sweep provider.

- *Subscription-based revenue* — Subscription-based revenue represents revenue recognized from subscription fee arrangements in connection with financial planning and wealth management software solutions for use as a hosted application. Subscription fees from these applications are recognized over time on a ratable basis over the customer agreement term beginning on the date the solution is made available to the customer.

- *Other revenue* — Other revenue consists primarily of interest earned on operating cash held by the Company.

The Company has applied the practical expedient to recognize the incremental costs of obtaining contracts as an expense when incurred if the amortization period would have been one year or less. These costs are included in asset-based expenses on the consolidated statements of income and comprehensive income.

Asset-Based Expenses

Asset-based expenses are costs incurred by the Company directly related to the generation of asset-based revenue. Fees paid to third-party strategists, investment managers, proprietary fund sub-advisers and investment advisers are calculated based on a percentage of the customers' assets under management or administration. As a practical expedient, these costs are paid monthly and quarterly in advance on the preceding quarter-end customer asset values, and expensed as incurred over the period of time that the services are expected to be provided to customers, since the amortization of costs are in one year or less. See Note 12 for a breakout of these costs.

Spread-Based Expenses

The Company recognizes spread-based expenses when costs are incurred. Spread-based expenses relate to expenses paid to ATC's third-party administrator for administering the custodian's Complete Cash Solutions program.

Share-Based Compensation

Share-based compensation related to stock options and stock appreciation rights issued to officers and directors is measured based on the grant date fair value of the award and is recognized on a straight-line basis over the requisite service period.

The Company uses the Black-Scholes options pricing model to estimate the fair value of stock options and equity-settled stock appreciation rights. The risk-free interest rate is the U.S. Treasury Yield that corresponds with the expected term. Expected volatility is estimated based on the volatility of a group of comparable public companies. The expected term was estimated using the simplified method due to limited historical information. The Company does not expect to pay dividends on its common shares.

The Company uses the Lattice-Based pricing model to estimate the fair value of cash-settled stock appreciation rights. The risk-free interest rate is the U.S. Treasury Yield that corresponds with the expected term. Expected volatility is estimated based on the volatility of a group of comparable public companies. The expected term was estimated using the simplified method due to limited historical information. The Company does not expect to pay dividends related to the cash-settled stock appreciation rights. The suboptimal exercise multiple is estimated using published academic studies. The Company classifies cash-settled stock appreciation rights as liabilities and is included in accrued liabilities and other current liabilities in the Company's consolidated balance sheets. Cash-settled stock appreciation rights are accounted for at fair value and remeasured at each reporting date with any increases, or decreases, in the fair value will increase, or decrease, the associated liabilities and result in adjustments to income for the associated valuation losses or gains.

Share-based compensation related to restricted stock awards and restricted stock units are measured on the grant date fair value of the award based on intrinsic value and are recognized on a straight-line basis over the requisite service period.

The Company accounts for forfeitures as they occur. See Note 15 for additional information related to share-based compensation.

Operating Leases

The Company determines if an arrangement is a lease at inception. Operating leases are included in prepaid expenses and other current assets, operating lease right-of-use ("ROU") assets, accrued liabilities and other current liabilities, and long-term portion of operating lease liabilities on the Company's consolidated balance sheets. ROU assets represent the Company's right to use an underlying asset for the lease term and lease liabilities represent the Company's obligations to make payments arising from the lease. Operating lease ROU assets and lease liabilities are recognized at the commencement date based on the present value of lease payments over the remaining lease term. The Company uses an estimated incremental borrowing rate based on the information available at the commencement date in determining the present value of lease payments.

Expense for lease payments is recognized on a straight-line basis over the lease term.

The Company has lease agreements with lease and non-lease components. The Company has elected to use the practical expedient to exclude the non-lease component from the lease for all asset classes. The majority of the Company's lease agreements are facility leases.

See Note 11 for additional information related to leases.

Income Taxes

The Company uses the asset-and-liability method of accounting for income taxes. Under this method, the Company recognizes deferred tax assets and liabilities for the expected future tax consequences of temporary differences between the financial reporting and tax basis of assets and liabilities, as well as for operating loss and tax credit carryforwards. Deferred tax assets and liabilities are measured using enacted tax rates that are expected to apply to taxable income for the years in which those tax assets and liabilities are expected to be realized or settled.

The Company records a valuation allowance to reduce its deferred tax assets to the net amount that the Company believes is more likely than not to be realized. In assessing the need for a valuation allowance, the Company has considered its historical levels of income, existence of available offsetting deferred tax liabilities, expectations of future taxable income and ongoing tax planning strategies.

The Company recognizes and measure tax benefits from uncertain tax positions using a two-step approach. The first step is to evaluate the tax position taken or expected to be taken by determining if the weight of available evidence indicates that it is more likely than not that the tax position will be sustained in an audit, including resolution of any related appeals or litigation processes. The second step is to measure the tax benefit as the largest amount that is more than 50% likely to be realized upon ultimate settlement. Significant judgment is required to evaluate uncertain tax positions.

Although the Company believes that it has adequately reserved for its uncertain tax positions, it can provide no assurance that the final tax outcome of these matters will not be materially different. The Company evaluates its uncertain tax positions on a regular basis and evaluations are based on a number of factors, including changes in facts and circumstances, changes in tax law, correspondence with tax authorities during the course of an audit and effective settlement of issues.

The Company follows the policy of releasing residual tax effects from accumulated other comprehensive income based on a portfolio approach, whereby the Company releases the residual tax effects only after the entire accumulated other comprehensive income adjustment has been reversed (e.g., when all available-for-sale debt securities are sold). The Company did not make an election to reclassify the income tax effects of the Tax Cuts and Jobs Act from accumulated other comprehensive income to retained earnings.

Net Income per Share

Basic net income per share is computed by dividing net income available to common stockholders by the weighted-average number of shares of common stock outstanding during the period. The computation of diluted net income per share is similar to the computation of basic net income per share, except that the denominator is increased to include the number of additional shares of common stock that would have been outstanding if dilutive potential shares of common stock had been issued.

Recently Adopted Accounting Pronouncements

In August 2021, the FASB issued ASU No. 2021-08, *Business Combinations* (Topic 805), *Accounting for Contract Assets and Contract Liabilities from Contracts with Customers*. The amendments in this update require that an entity (acquirer) recognize and measure contract assets and contract liabilities acquired in a business combination in accordance with Topic 606. At the acquisition date, an acquirer should account for the related revenue contracts in accordance with Topic 606 as if it had originated the contracts. The Company adopted the new guidance prospectively on January 1, 2023. The adoption of ASU 2021-08 did not have a material impact on the Company's consolidated financial statements.

Recent Accounting Pronouncements – Issued Not Yet Adopted

In November 2023, the FASB issued ASU No. 2023-07, *Segment Reporting* (Topic 280), *Improvements to Reportable Segment Disclosures.* The amendments in this update expands the annual and interim disclosure requirements for reportable segments, primarily through enhanced disclosures about significant segment expenses. The guidance becomes effective for the Company's annual fiscal period in 2024 and interim fiscal periods in 2025. Early adoption of the standard is permitted. The Company is currently evaluating the effect that ASU 2023-07 will have on its consolidated financial statements.

In December 2023, the FASB issued ASU No. 2023-09, *Income Taxes* (Topic 740), *Improvements to Income Tax Disclosures.* The amendments in this update improve the effectiveness of income tax disclosures about income tax information through improvements primarily related to the rate reconciliation and income taxes paid information. The guidance becomes effective for the Company beginning January 1, 2025. Early adoption of the standard is permitted. The Company is currently evaluating the effect that ASU 2023-09 will have on its consolidated financial statements.

Note 3. Prepaid Expenses and Other Current Assets

Prepaid expenses and other current assets consisted of the following:

	December 31,	
	2023	2022
Prepaid expenses	$ 10,906	$ 11,697
Operating lease right-of-use assets	4,795	4,387
Other	1,492	786
Total	$ 17,193	$ 16,870

Note 4. Business Combinations

Acquisition of Adhesion Wealth

On December 14, 2022, the Company acquired all of the issued and outstanding equity interests of Adhesion Wealth.

Adhesion Wealth is a leading provider of outsourced investment management solutions for RIAs. With Adhesion Wealth, advisers gain access to a scalable, multi-custodian platform upon which to grow successful practices. The Company acquired Adhesion Wealth to complement AssetMark's curated suite of fully bundled capabilities and services designed specifically for RIAs and delivered through AssetMark Institutional, a fully-assembled holistic solution for RIAs that the Company launched in March of 2021.

The Company funded the acquisition with cash on hand. The consideration transferred in the acquisition, net of cash received, was $46,861.

The following table summarizes the fair values of the assets acquired and liabilities assumed at the date of acquisition:

	Preliminary Estimate	Measurement Period Adjustments	Revised Estimate
Total tangible assets acquired	$ 6,136	$ (14)	$ 6,122
Total liabilities assumed	(3,603)	(670)	(4,273)
Identifiable intangible assets	8,300	—	8,300
Goodwill	39,029	684	39,713
Total net assets acquired	$ 49,862	$ —	$ 49,862

The goodwill arising from the acquisition represents the expected synergistic benefits of the transaction, primarily related to lower future operating expenses and the knowledge and experience of the existing workforce. The goodwill is not deductible for income tax purposes.

A summary of identifiable intangible assets acquired and estimated useful lives is as follows:

		Estimated Useful Life in Years
Trade name	$ 1,500	10 years
Customer relationships	3,200	7 years
Technology	3,600	3 years
Total intangible assets acquired	$ 8,300	

The results of Adhesion Wealth's operations were included in the consolidated statements of income and comprehensive income beginning December 14, 2022 and were not considered material to the Company's results of operations for the year ended December 31, 2022.

Acquisition of Voyant

On July 1, 2021, the Company acquired all of the issued and outstanding equity interests of Voyant through a merger of Voyant with and into a wholly owned subsidiary of AFHI.

Voyant provides software as a service ("SaaS") based financial planning and wealth management software solutions to advisers across financial institutions and small adviser firms in the United Kingdom, Canada, Australia, and the United States.

The Company acquired Voyant to add complementary financial planning tools to its existing suite of offerings and to strengthen Voyant's growth prospects by leveraging the Company's U.S. relationships. The Company is continuing to integrate the technology and operations of Voyant into its wealth management channel.

The Company funded the acquisition with a combination of cash on hand, borrowings under its 2020 Revolving Credit Facility, and equity. The equity consideration at issuance comprised of 994,028 shares, and was valued at approximately $24,910 using the Company's closing share price prior to issuance. The consideration transferred in the acquisition, net of cash received, was $157,098.

The following table summarizes the fair values of the assets acquired and liabilities assumed at the date of acquisition:

Cash and cash equivalents	$	8,027
Intangible assets		46,600
Goodwill		109,349
Other assets		2,896
Total assets acquired		166,872
Deferred income tax liabilities		(7,758)
Other liabilities		(2,016)
Total liabilities assumed		(9,774)
Total net assets acquired	$	157,098

The goodwill arising from the acquisition represents the expected synergistic benefits of the transaction, primarily related to lower future operating expenses and the knowledge and experience of the existing workforce. The goodwill is not deductible for income tax purposes.

A summary of identifiable intangible assets acquired and estimated useful lives is as follows:

			Estimated Useful Life in Years
Technology	$	16,000	9
Enterprise distribution channel customer relationships		17,500	Indefinite
Non-enterprise distribution channel customer relationships		9,500	14
Trade name		3,200	11
Non-compete agreements		400	3
Total intangible assets acquired	$	46,600	

The results of Voyant's operations were included in the consolidated statements of income and comprehensive income beginning July 1, 2021 and were not considered material to the Company's results of operations for the year ended December 31, 2021.

Note 5. Variable Interest Entities

A variable interest entity ("VIE") is an entity that has either a total equity investment that is insufficient to finance its activities without additional subordinated financial support or whose equity investors lack the ability to control the entity's activities. Under existing accounting guidance, a VIE is consolidated by its primary beneficiary, the party that has both the power to direct the activities that most significantly impact the economic performance of the VIE and holds a variable interest that could potentially be significant to the VIE.

The Company evaluates whether an entity is a VIE upon creation and upon the occurrence of significant events, such as a change in an entity's assets or activities. The determination of whether the Company is the primary beneficiary involves performing a qualitative analysis of the VIE. The analysis includes its design, capital structure, contractual terms, including the rights of each variable interest holder, the activities of the VIE that most significantly impact its economic performance, and whether the Company has the power to direct those activities and the Company's obligation to absorb losses or right to receive benefits significant to the VIE.

In 2015, the Company created a rabbi trust to support the Company's Deferred Compensation Plan, under which certain employees may defer their compensation and the Company will contribute the amounts to the rabbi trust. The rabbi trust subsequently invests the deferred compensation into diversified securities, and upon distribution, settles the deferred obligation in cash, which settlement includes the deferred compensation principal and any investment appreciation. The Company selects the investment options available for participants and is the primary beneficiary of the assets upon insolvency. The Company determined that the rabbi trust is a VIE and it is therefore consolidated. The VIE had investments at fair value of $17,486 and $13,602 as of December 31, 2023 and 2022, respectively, and other long-term liabilities of $17,486 and $13,602 as of December 31, 2023 and 2022, respectively. The VIE had other (income) expense of $2,373, $(2,542) and $1,690 related to the rabbi trust's unrealized gains (losses) for the years ended December 31, 2023, 2022 and 2021, respectively.

Note 6. Goodwill and Other Intangible Assets

Goodwill

The Company's goodwill balance was $487,909 and $487,225 as of December 31, 2023 and 2022, respectively.

Other Intangible Assets

Information regarding the Company's intangible assets is as follows:

December 31, 2023	Gross carrying amount	Accumulated amortization	Net carrying amount
Indefinite-lived intangible assets:			
Broker-dealer relationships	$ 570,480	$ —	$ 570,480
Enterprise distribution channel customer relationships	17,500	—	17,500
Definite-lived intangible assets:			
Trade names	50,530	(17,305)	33,225
Technology	19,600	(5,694)	13,906
Customer relationships	36,450	(9,846)	26,604
Regulatory licenses	34,850	(12,488)	22,362
Non-compete agreements	400	(335)	65
Total	$ 729,810	$ (45,668)	$ 684,142

December 31, 2022	Gross carrying amount	Accumulated amortization	Net carrying amount
Indefinite-lived intangible assets:			
Broker-dealer relationships	$ 570,480	$ —	$ 570,480
Enterprise distribution channel customer relationships	17,500	—	17,500
Definite-lived intangible assets:			
Trade names	50,530	(14,573)	35,957
Technology	19,600	(2,717)	16,883
Customer relationships	36,450	(6,948)	29,502
Regulatory licenses	34,850	(10,745)	24,105
Non-compete agreements	400	(200)	200
Total	$ 729,810	$ (35,183)	$ 694,627

The weighted average estimated remaining useful life was 10.7 years for definite-lived intangible assets as of December 31, 2023. Amortization expense for definite-lived intangible assets was $10,485, $8,766 and $7,243, for the years ended December 31, 2023, 2022 and 2021, respectively.

AssetMark Financial Holdings, Inc.
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Estimated amortization expense for definite-lived intangible assets for future years is as follows:

Year Ended December 31:	Estimated amortization
2024	$ 10,425
2025	10,308
2026	9,158
2027	9,158
2028	9,158
2029 and thereafter	47,955
Total	$ 96,162

Note 7. Accrued Liabilities and Other Current Liabilities

The following table shows the breakdown of accrued liabilities and other current liabilities:

	December 31,	
	2023	2022
Accrued bonus	$ 22,643	$ 19,813
Compensation and benefits payable	12,941	13,403
Asset-based payables	6,255	840
Reserve for uncertain tax positions	4,640	4,136
Current portion of operating lease liabilities	4,522	4,485
Current portion of long-term debt, net	—	6,123
Other accrued expenses	24,553	20,396
Total	$ 75,554	$ 69,196

Note 8. Other Long-Term Liabilities

Other long-term liabilities consisted of the following:

	December 31,	
	2023	2022
Deferred compensation plan liability	$ 17,486	$ 13,602
Other	943	1,583
Total	$ 18,429	$ 15,185

Note 9. Fair Value Measurements

The following tables set forth the fair value of the Company's financial assets and liabilities measured at fair value in the consolidated balance sheets as of December 31, 2023 and 2022, based on the three-tier fair value hierarchy:

	December 31, 2023			
	Fair Value	Level I	Level II	Level III
Assets:				
Equity security investments	$ 517	$ 517	$ —	$ —
Assets to fund deferred compensation liability	17,486	17,486	—	—
Convertible notes receivable	17,078	—	—	17,078
Total assets	$ 35,081	$ 18,003	$ —	$ 17,078
Liabilities:				
Deferred compensation liability	$ 17,486	$ 17,486	$ —	$ —
Total liabilities	$ 17,486	$ 17,486	$ —	$ —

	December 31, 2022			
	Fair Value	Level I	Level II	Level III
Assets:				
Equity security investments	$ 112	$ 112	$ —	$ —
Assets to fund deferred compensation liability	13,602	13,602	—	—
Convertible notes receivable	10,352	—	—	10,352
Total assets	$ 24,066	$ 13,714	$ —	$ 10,352
Liabilities:				
Deferred compensation liability	$ 13,602	$ 13,602	$ —	$ —
Total liabilities	$ 13,602	$ 13,602	$ —	$ —

Fair Value of Equity Security Investments

The fair values of the Company's equity security investments assets consist of funds that invest in listed equity and debt securities which are actively traded and valued based on quoted market prices.

Fair Value of Deferred Compensation Asset and Liability

The fair value of the Company's deferred compensation asset is comprised of investments in funds which are actively traded and based on quoted market prices. The Company recognized unrealized gains (losses) of $2,373, $(2,542) and $1,690 related to this asset within other (income) expense, net within the consolidated statements of income and comprehensive income for the years ended December 31, 2023, 2022 and 2021, respectively.

The deferred compensation liability is included in other long-term liabilities in the consolidated balance sheets and its fair market value is based on quoted market prices of the various investment funds in the Company's rabbi trust that the participants have selected. The Company recognized other (income) expense, net of $(2,373), $2,542 and $(1,690) related to this liability within the consolidated statements of income and comprehensive income for the years ended December 31, 2023, 2022 and 2021, respectively.

See Note 5 for more details.

Fair Value of Convertible Notes Receivable

On June 20, 2023, the Company, as lender, entered into a loan and security agreement under which the Company agreed to purchase up to $15,000 in principal amount of convertible notes from the borrower. The notes are convertible, at the Company’s election, into shares of the borrower’s common stock at the end of 2029. The convertible notes are classified as available for sale, and included in other assets in the Company’s consolidated balance sheets. On August 9, 2022, the Company, as lender, entered into a loan and security agreement under which the Company agreed to purchase up to $25,000 in principal amount of convertible notes from the borrower. The notes are convertible, at the Company’s election, into shares of the borrower’s common stock at the end of 2025. The convertible notes are classified as available for sale, and included in other assets in the Company’s consolidated balance sheets, respectively.

The fair value of the convertible notes receivables issued by the Company were estimated using a market yield method with significant inputs that are not observable in the market and thus represents a Level III fair value measurement. The significant inputs in the Company's Level III fair value measurement not supported by market activity included creditworthiness of the borrower, which management believes are appropriately discounted considering the uncertainties associated with these obligations, and are calculated in accordance with the terms of the respective agreement.

The change in fair values of the convertible notes receivable, net, are recognized as other comprehensive income in the consolidated statements of income and comprehensive income. The Company recognized a change in fair value, net of tax, of $143 and $(157) for the years ended December 31, 2023 and 2022, respectively.

Note 10. Debt

On December 30, 2020, the Company entered into a Credit Agreement (the “2020 Credit Agreement”) with Bank of Montreal for a senior secured credit facility in an aggregate principal amount of $250,000, consisting of a revolving credit facility with commitments in an aggregate principal amount of $250,000 (the “2020 Revolving Credit Facility” and the loans thereunder, the “2020 Revolving Loans”), with an accordion option of up to $25,000. The total outstanding principal under the 2020 Credit Agreement was paid in full on January 12, 2022.

On January 12, 2022, the Company amended the 2020 Credit Agreement to, among other things, add a term loan facility (as amended and restated, the “2022 Credit Agreement”). Joint lead arrangers and joint bookrunners for the 2022 Credit Agreement are BMO Capital Markets Corp., JPMorgan Chase Bank, N.A., Truist Securities, Inc., U.S. Bank National Association and Wells Fargo Securities, LLC. The 2022 Credit Agreement provides for a senior secured credit facility in an aggregate principal amount of $500,000, consisting of a revolving credit facility with commitments in an aggregate principal amount of $375,000 (the “2022 Revolving Credit Facility”) and a term loan facility with commitments in an aggregate amount of $125,000 (the “2022 Term Loans”), with an accordion option to increase the revolving commitments by $100,000. On October 25, 2022, the Company entered into an amendment (the “ESG Amendment”) to the 2022 Credit Agreement, for the purpose of incorporating key performance indicators (“KPIs”) and environmental, social and governance pricing provisions into the 2022 Credit Agreement.

The 2022 Term Loans bear interest at a rate per annum equal to, at the Company’s option, either (i) SOFR plus a margin based on the Company’s Total Leverage Ratio (as defined in the 2022 Credit Agreement) or (ii) the Base Rate (as defined in the 2022 Credit Agreement) plus a margin based on the Company’s Total Leverage Ratio. The margin ranges between 0.875% and 2.5% for base rate loans and between 1.875% and 3.5% for SOFR loans. The Company will pay a commitment fee based on the average daily unused portion of the commitments under the 2022 Revolving Credit Facility, a letter of credit fee equal to the margin then in effect with respect to the SOFR loans under the 2022 Revolving Credit Facility, a fronting fee and any customary documentary and processing charges for any letter of credit issued under the 2022 Credit Agreement. The 2022 Term Loans are subject to quarterly amortization payments and will mature on January 12, 2027. The ESG Amendment provides for up to (i) 0.05% positive or negative adjustments to the applicable margin and (ii) 0.01% positive or negative adjustments to the commitment fee, in each case, based on the Company’s performance against the KPIs, and includes customary affirmative covenants and representations and warranties with respect to the KPIs.

In March 2023, the Company paid down a total of $25,000, with the excess repayment above the scheduled amortizing payment to be applied to future quarterly principal payments.

Note 11. Leases

The following table illustrates information for the Company's operating leases for the years ended December 31, 2023, 2022, and 2021:

	December 31,		
	2023	2022	2021
Operating lease cost	$ 6,030	$ 5,321	$ 5,170
Variable lease cost	933	651	773
Cash paid for amounts included in the measurement of the operating lease liabilities	6,434	5,713	5,407

Supplemental weighted-average information related to the Company's operating leases was as follows:

	December 31,	
	2023	2022
Weighted average remaining lease term (in years)	5.7	5.9
Weighted average discount rate	5.17 %	4.65 %

Future minimum lease payments under non-cancellable leases, as of December 31, 2023, were as follows:

2024	$ 6,845
2025	6,944
2026	6,737
2027	6,582
2028	5,303
2029 and thereafter	4,385
Total future minimum lease payments	36,796
Less: imputed interest	(5,979)
Total operating lease liabilities	$ 30,817

Note 12. Asset-Based Expenses

Asset-based expenses incurred by the Company relating to the generation of asset-based revenue were as follows:

	Year Ended December 31,		
	2023	2022	2021
Strategist and manager fees	$ 140,814	$ 135,992	$ 128,490
Premier broker-dealer fees	9,585	6,300	9,461
Custody fees	6,416	6,676	6,712
Fund advisory fees	5,237	4,837	4,402
Other	368	295	1,771
Total	$ 162,420	$ 154,100	$ 150,836

Note 13. Income Taxes

The Company's income tax provision was as follows:

	Year Ended December 31,		
	2023	2022	2021
Current provision			
Federal	$ 43,214	$ 31,348	$ 16,273
State	10,255	8,798	4,605
Foreign	10	26	—
Total current provision	53,479	40,172	20,878
Deferred benefit			
Federal	(8,863)	(5,061)	(578)
State	(269)	(1,608)	(984)
Foreign	—	(4)	—
Total deferred benefit	(9,132)	(6,673)	(1,562)
Total income tax expense	$ 44,347	$ 33,499	$ 19,316

The Company paid income taxes of $54,678, $34,059 and $19,796 for the years ended December 31, 2023, 2022 and 2021, respectively.

The reconciliation of the federal statutory tax rate to the Company's effective income tax rate was as follows:

	Year Ended December 31,		
	2023	2022	2021
Statutory U.S. federal income tax rate:	21.00 %	21.00 %	21.00 %
Increase in rate resulting from:			
Non-deductible meals & entertainment	0.12 %	0.01 %	0.10 %
Penalties	1.19 %	— %	— %
Qualified transportation fringe benefits	0.03 %	0.03 %	0.09 %
Equity compensation	0.23 %	0.27 %	19.22 %
Executive compensation limitation	0.86 %	0.16 %	1.28 %
State income tax, net of federal income tax effect	4.72 %	4.05 %	6.03 %
Unrecognized tax benefits	(0.11)%	0.05 %	1.70 %
Research & development tax credit	(0.87)%	(1.39)%	(5.21)%
Return to provision	(0.34)%	0.06 %	(1.76)%
Other, net	(0.35)%	0.25 %	0.48 %
Effective rate	26.48 %	24.49 %	42.93 %

The components of the Company’s deferred income tax liability, net was as follows:

	December 31,	
	2023	2022
Assets:		
Accrued expenses	$ 9,030	$ 7,633
Federal benefit of state tax expense	6,180	5,790
Federal and state net operating loss carryforwards	12,938	15,598
Tax credit carryforwards	3,270	2,885
Operating lease liabilities	8,118	8,549
Share-based compensation	5,597	5,359
Other	47	103
Total deferred income tax assets	45,180	45,917
Liabilities:		
Other intangible assets	169,372	170,407
Property and equipment, and capitalized software	6,137	14,307
Operating lease right-of-use assets	6,638	6,960
Other	2,105	1,740
Total deferred income tax liabilities	184,252	193,414
Net deferred income tax liability	$ 139,072	$ 147,497

In assessing the realizability of deferred tax assets, the Company considers whether it is more likely than not that some portion or all of the deferred tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the period in which those temporary differences become deductible. The Company considers projected future taxable income and tax planning strategies in making this assessment. During 2023 and 2022, the Company evaluated the realizability of its net deferred tax assets based on available positive and negative evidence. During 2023 and 2022, the Company concluded that it is more likely than not that all of the benefits of the deferred tax assets will be realized, except for a portion of its state net operating loss carryforwards that would expire unused. As a result, the Company has established a valuation allowance of $87 as of December 31, 2023 and 2022.

The Company's federal net operating loss carryforwards amounted to $8,282 and $13,380 as of December 31, 2023 and 2022, respectively. If unused, $4,733 of the Company’s federal net operating loss carryforwards will begin to expire in 2027. $3,549 of the Company’s net operating losses were generated after 2017 and will carryforward indefinitely. The Company's state net operating loss carryforwards amounted to $243,058 and $261,037, as of December 31, 2023 and 2022, respectively. It is expected that the utilization limitation of Internal Revenue Code Section 382 will cause $113,873 of the Company’s state net operating loss carryforwards to expire unused, and these amounts are not included in the Company’s gross deferred income tax asset. If unused, the Company’s state net operating loss carryforwards will begin to expire in 2027. The Company had state tax credit carryforwards of $3,270 and $2,762 as of December 31, 2023 and 2022, respectively, which do not expire and can be carried forward indefinitely.

The reconciliation of the beginning and ending amounts of the Company's unrecognized tax benefits is as follows:

	December 31,	
	2023	2022
Balance, beginning of year	$ 5,655	$ 4,918
Increases related to prior year tax positions	723	313
Decreases related to prior year tax positions	(224)	—
Decreases related to prior year tax positions due to closure of statute	(771)	(389)
Increases related to current year tax positions	918	813
Balance, end of year	$ 6,301	$ 5,655

The Company had unrecognized tax benefits of $6,301 and $5,655 as of December 31, 2023 and 2022, respectively, primarily related to research and development tax credits and states in which the Company had nexus but did not file tax returns. The total amount of unrecognized tax benefits that, if recognized, would affect the Company's effective tax rate was $5,443 and $4,979 as of December 31, 2023 and 2022, respectively.

For the years ended December 31, 2023, 2022 and 2021, the Company recorded an expense of $278, $145 and $296 for interest and penalties related to unrecognized tax benefits as part of income tax expense, respectively. Total accrued interest and penalties related to unrecognized tax benefits as of December 31, 2023 and 2022, were $1,124 and $845, respectively.

The Company files U.S. Federal income tax returns and various state and local tax returns. The Company is no longer subject to U.S. Federal and state tax examinations for years through 2018.

Note 14. Stockholders' Equity

Each holder of Company common stock is entitled to one vote per share, to receive dividends and, upon liquidation or dissolution, to receive all assets available for distribution to such stockholder. The stockholders have no preemptive or other subscription rights and there are no redemption or sinking fund provisions with respect to such shares.

As of December 31, 2023, the Company had authorized 675,000,000 shares of common stock and 75,000,000 shares of preferred stock, both with a par value of $0.001 per share, and, 74,372,889 shares of common stock and zero shares of preferred stock were issued and outstanding.

Note 15. Share-Based Employee Compensation

On July 3, 2019, the Company's Board of Directors adopted, and the Company's sole stockholder approved, the 2019 Equity Incentive Plan (the "2019 Equity Incentive Plan"), which became effective on July 17, 2019, the date of effectiveness of the Company's initial public offering (the "IPO") registration statement on Form S-1. As of December 31, 2023, 800,766 shares were available for issuance under the 2019 Equity Incentive Plan.

Restricted Stock Awards

Immediately following the pricing of the IPO, the Company issued an aggregate number of restricted stock awards ("RSAs") equal to 6,309,049 shares of the Company's common stock to the Company's officers, certain sales employees and an independent director of the board.

Subject to the recipient's continued employment through the vesting date, 50% of these RSAs vested in three (3) equal installments on the third, fourth and fifth anniversaries of November 18, 2016, and 50% vested subject to the recipient's continued employment through February 1, 2021 and the satisfaction of a performance-based vesting condition. The performance condition for these RSAs was deemed to have been satisfied in connection with the IPO. In the event that the vesting conditions were not satisfied for any portion of an award, the shares covered by such RSAs transferred automatically to the Company. On November 18, 2021, the last installment of outstanding RSAs vested.

The following is a summary of the activity for RSAs:

	Number of RSAs	Weighted-average grant-date fair value
Balance at December 31, 2020	4,198,133	$ 22.00
Vested	(4,195,215)	22.00
Forfeited	(2,918)	22.00
Balance at December 31, 2021	—	

Share-based compensation expense related to the RSAs was $0, $0 and $41,715 for the years ended December 31, 2023, 2022 and 2021, respectively.

Stock Options

In connection with the IPO, the Company issued options to certain officers to acquire an aggregate of 918,981 shares of the Company's common stock outside of the 2019 Equity Incentive Plan, with an exercise price of $22 dollars per share. Each of these options vested and became exercisable in substantially equal installments on each of the first three anniversaries of July 18, 2019, subject to the recipient's continued employment through the vesting date and have a ten-year contractual term. On July 18, 2022, the last installment of outstanding options vested.

The following weighted-average assumptions and fair values were used to value options granted during the year ended December 31, 2019:

	2019
Grant date fair value of options	$ 7.73
Risk free rate	1.9 %
Expected volatility	32.8 %
Dividend yield	—
Expected term (in years)	6.0

The following is a summary of the activity for stock options:

	Number of options	Weighted-average exercise price	Aggregate intrinsic value	Weighted-average remaining contractual term (years)
Balance at December 31, 2020	900,271	$ 22.00	$ 1,981	8.5
Exercised	(17,860)	22.00	67	
Forfeited	(10,206)	22.00	37	
Balance at December 31, 2021	872,205	22.00	3,672	5.5
Exercised	(17,010)	22.00	17	
Expired	(51,602)	22.00	29	
Forfeited	(20,699)	22.00	16	
Balance at December 31, 2022	782,894	22.00	783	4.3
Exercised	(373,918)	22.00	1,670	
Balance at December 31, 2023	408,976	22.00	3,251	5.5
Options vested and exercisable at December 31, 2023	408,976	$ 22.00	$ 3,251	5.5

Share-based compensation expense related to the stock options was $0, $670 and $2,386 for the years ended December 31, 2023, 2022 and 2021, respectively.

Restricted Stock Units

Periodically, the Company issues restricted stock units ("RSUs") to all officers, certain employees and independent directors of the board under the 2019 Equity Incentive Plan. Most of these RSUs are scheduled to vest in substantially equal installments on each of the first four anniversaries of their grant date.

The following is a summary of the activity for unvested RSUs:

	Number of RSUs	Weighted-average grant-date fair value
Balance at December 31, 2020	343,735	$ 27.63
Granted	819,011	25.35
Vested	(106,110)	27.30
Forfeited	(33,237)	26.65
Balance at December 31, 2021	1,023,399	25.87
Granted	525,195	21.29
Vested	(284,168)	25.93
Forfeited	(82,387)	25.41
Balance at December 31, 2022	1,182,039	23.85
Granted	635,955	29.91
Vested	(383,592)	24.23
Forfeited	(163,742)	26.97
Balance at December 31, 2023	1,270,660	$ 26.37

Share-based compensation expense related to the RSUs was $11,058, $8,129 and $6,104 for the years ended December 31, 2023, 2022 and 2021, respectively.

There was $27,141 of total unrecognized compensation cost related to unvested RSUs granted under the 2019 Equity Incentive Plan as of December 31, 2023. These costs are expected to be recognized over a weighted average period of 2.7 years as of December 31, 2023. The total fair value of RSUs vested was $11,493 during the year ended December 31, 2023.

Stock Appreciation Rights

Equity-settled Stock Appreciation Rights

Periodically, the Company issues equity-settled stock appreciation rights ("Equity-settled SARs") to certain officers with respect to shares of the Company's common stock under the 2019 Equity Incentive Plan. Each Equity-settled SAR has a strike price equal to the fair market value of the Company's common stock on the date of grant and is scheduled to vest and become exercisable in substantially equal installments on each of the first four anniversaries of their grant date, subject to the recipient's continued employment through the vesting date, and have a ten-year contractual term. Upon exercise, each of these Equity-settled SARs will be settled in shares of the Company's common stock with a value equal to the excess, if any, of the fair market value of the Company's common stock measured on the exercise date over the strike price.

The following assumptions and fair values were used to value Equity-settled SARs granted during the periods indicated:

	2023	2022	2021
Weighted-average grant date fair value of Equity-settled SARs	$ 13.96	$ 8.67	$ 9.81
Risk free rate	3.79 %	3.05 %	0.63% - 1.04%
Expected volatility	41 %	37 %	37% - 39%
Dividend yield	—	—	—
Expected term (in years)	6.25	6.25	6.25

The following is a summary of the activity for Equity-settled SARs:

	Number of Equity-settled SARs	Weighted-average exercise price	Aggregate intrinsic value	Weighted-average remaining contractual term (years)
Balance at December 31, 2020	831,902	$ 28.42	$ 139	9.4
Granted	894,411	25.59	363	
Forfeited	(38,111)	27.12	10	
Expired	(4,688)	28.48	—	
Balance at December 31, 2021	1,683,514	$ 26.94	571	8.6
Granted	1,030,037	20.72	—	
Forfeited	(85,551)	26.58	31	
Expired	(31,361)	27.88	—	
Balance at December 31, 2022	2,596,639	$ 24.48	2,324	8.3
Granted	109,889	30.30	—	
Forfeited	(410,609)	23.84	1,935	
Exercised	(339,150)	25.97	661	
Balance at December 31, 2023	1,956,769	$ 24.68	10,336	7.5
Equity-settled SARs vested and exercisable at December 31, 2023	912,542	$ 25.86	$ 3,729	7.1

Share-based compensation expense related to the Equity-settled SARs was $5,330, $5,077 and $3,432 for the years ended December 31, 2023, 2022 and 2021, respectively.

There was $7,308 of total unrecognized compensation cost related to unvested Equity-settled SARs granted under the 2019 Equity Incentive Plan as of December 31, 2023. These costs are expected to be recognized over a weighted-average period of 2.1 years as of December 31, 2023.

Cash-settled Stock Appreciation Rights

The Company issued cash-settled stock appreciation rights (“Cash-settled SARs”) to certain officers with respect to shares of the Company’s common stock under the 2019 Equity Incentive Plan. Each Cash-settled SAR has a strike price equal to the fair market value of the Company’s common stock on the date of grant and is scheduled to vest and become exercisable in substantially equal installments on each of the first four anniversaries of their grant date, subject to the recipient’s continued employment through the vesting date, and has a ten-year contractual term. Upon exercise, each of these Cash-settled SARs will be settled in cash with a value equal to the excess, if any, of the fair market value of the Company's common stock measured on the exercise date over the strike price.

The following assumptions and fair value were used to value Cash-settled SARs granted during the year ended December 31, 2023:

	2023
Weighted-average grant date fair value of Cash-settled SARs	$ 15.01
Risk free rate	4.57 %
Expected volatility	40 %
Dividend yield	—
Expected term (in years)	9.7
Suboptimal exercise multiple	3.0

The following is a summary of the activity for Cash-settled SARs:

	Number of Cash-settled SARs	Weighted-average exercise price	Aggregate intrinsic value	Weighted-average remaining contractual term (years)
Balance at December 31, 2022	—	$ —	$ —	
Granted	338,907	30.30	—	
Forfeited	(172,798)	30.30	—	
Balance at December 31, 2023	166,109	$ 30.30	—	9.4
Cash-settled SARs vested and exercisable at December 31, 2023	—	$ —	$ —	9.4

Share-based compensation expense related to the Cash-settled SARs was $353, $0 and $0 for the years ended December 31, 2023, 2022 and 2021, respectively.

There was $2,141 of total unrecognized compensation cost related to unvested Cash-settled SARs granted under the 2019 Equity Incentive Plan as of December 31, 2023. These costs are expected to be recognized over a weighted-average period of 3.4 years as of December 31, 2023.

Note 16. Employee Benefit Plan

The Company has a tax-qualified defined contribution plan (the "Benefit Plan"). All full-time and part-time employees are eligible to participate in the Benefit Plan upon hire. The Benefit Plan provides retirement benefits, including provisions for early retirement and disability benefits, as well as a tax-deferred savings feature. Participants must attain two years of service to reach full vesting on the Company matching contributions. The Company contributed $7,337, $6,779 and $6,043 to the Benefit Plan for the years ended December 31, 2023, 2022 and 2021, respectively.

Note 17. Commitments and Contingencies

Litigation

The Company faces the risk of litigation and regulatory investigations and actions in the ordinary course of operating the Company's businesses, including the risk of class action lawsuits. The Company's pending legal and regulatory actions include proceedings specific to the Company and others generally applicable to business practices in the industries in which the Company operates. The Company is also subject to litigation arising out of the Company's general business activities such as the Company's contractual and employment relationships. In addition, the Company is subject to various regulatory inquiries, such as information requests, subpoenas, books and record examinations and market conduct and financial examinations from state, federal and other authorities. Plaintiffs in class action and other lawsuits against the

Company may seek very large or indeterminate amounts which may remain unknown for substantial periods of time. A substantial legal liability or a significant regulatory action against the Company could have an adverse effect on the Company's business, financial condition and results of operations. Moreover, even if the Company ultimately prevails in the litigation, regulatory action or investigation, the Company could suffer significant reputational harm, which could have an adverse effect on the Company's business, financial condition or results of operations.

Because the Company operates in a highly regulated industry, the Company and its subsidiaries are regularly subject to examinations by the SEC and other relevant regulators. As disclosed since the fall of 2020, in July 2020, AMI received an examination report from the SEC's Division of Examinations requesting that AMI and certain subsidiaries of AFHI take corrective actions. The Company's subsidiaries also received related subpoenas from the SEC Division of Enforcement for production of documents and testimony. In September 2023, the Company reached a settlement with the SEC regarding the matter at issue without admitting or denying the SEC's findings. The Company paid a civil penalty of $9,500 as well as disgorgement and prejudgment interest of $8,827, which will be distributed to impacted customers once the SEC approves the distribution plan. The Company also consented to, and intends to, comply with certain undertakings under the settlement. The settlement has been included within other (income) expense, net within the consolidated statements of income and comprehensive income for the year ended December 31, 2023.

Other Contingencies

In connection with the acquisition of Adhesion Wealth, the Company may incur contingent compensation obligations with respect to certain Adhesion Wealth employees based upon the achievement of certain milestones and their continued employment with the Company. The potential payouts are based on performance attributable to 2025 and 2026. The payouts were indeterminable at the balance sheet date and no amounts have been accrued or disclosed in the accompanying consolidated financial statements with respect to these contingencies.

Note 18. Net Capital and Minimum Capital Requirements

ATC, regulated by the Arizona Department of Insurance and Financial Institutions ("AZDIFI") is required by state regulation 6-856 to maintain $13,875 and $11,500 in liquid capital (as defined by the AZDIFI) based on asset levels as of December 31, 2023 and 2022, respectively.

AMB, regulated by the SEC, is required to maintain $178 and $16 in net capital (as defined by the SEC) as of December 31, 2023 and 2022, respectively.

As of December 31, 2023 and 2022, these entities have met the capital requirements set forth by their respective regulatory authority.

Note 19. Related Party Transactions

As of December 31, 2023 and 2022, the Company had a receivable due from Huatai Securities Co., Ltd. ("HTSC") of $250 and $0, respectively, which represents the cash paid by the Company on behalf of HTSC for certain professional services rendered to HTSC related to International Financial Reporting Standards audit fees required for HTSC's consolidated audit.

Note 20. Net Income Per Share Attributable to Common Stockholders

Basic net income per share is computed by dividing net income by the weighted average number of shares of common stock outstanding for the period. For the calculation of diluted net income per share, the basic weighted average number of shares of common stock outstanding is increased by the dilutive effect (if any) of stock options, restricted stock units and equity-settled SARs.

The following table provides a reconciliation of the numerators and denominators used in computing basic and diluted net income per share attributable to common stockholders:

	Year Ended December 31,		
	2023	2022	2021
Net income attributable to common stockholders	$ 123,119	$ 103,261	$ 25,671
Weighted average number of shares of common stock used in computing net income per share attributable to common stockholders, basic	74,113,591	73,724,341	72,137,174
Net income per share attributable to common stockholders, basic	$ 1.66	$ 1.40	$ 0.36
Weighted average shares used in computing net income per share attributable to common stockholders, basic	74,113,591	73,724,341	72,137,174
Effect of dilutive shares:			
Stock options	86,155	—	9,913
Unvested RSUs	237,863	148,487	252,126
Equity-settled SARs	723	—	—
Diluted number of weighted-average shares outstanding	74,438,332	73,872,828	72,399,213
Net income per share attributable to common stockholders, diluted	$ 1.65	$ 1.40	$ 0.35

The following securities were not included in the computation of diluted shares because such securities did not have a dilutive effect:

	As of December 31,		
	2023	2022	2021
Stock options	—	782,894	—
Equity-settled SARs	1,941,700	2,596,639	1,683,514
RSUs	61,680	599,398	207,232
Total	2,003,380	3,978,931	1,890,746

Note 21. Subsequent Events

The Company has evaluated subsequent events from the balance sheet date through the date of the accompanying independent auditors' report, which is the date at which the consolidated financial statements were available to be issued. Based on the Company's evaluation, no matters were identified subsequent to the balance sheet date.

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

None.

Item 9A. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

Our management, with the participation of our principal executive officer and principal financial officer, evaluated the effectiveness of the design and operation of our disclosure controls and procedures (as such term is defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act) as of December 31, 2023. Our disclosure controls and procedures are designed to provide reasonable assurance that information required to be disclosed in the reports we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms and that such information is accumulated and communicated to management, including the principal executive officer and principal financial officer, to allow timely decisions regarding required disclosure. Based on such evaluation, our principal executive officer and principal financial officer concluded that, as of December 31, 2023, our disclosure controls and procedures were effective, at the reasonable assurance level.

Management's Report on Internal Control Over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting, as defined in Rule 13a-15(f) under the Exchange Act. Under the supervision of and with the participation of our principal executive officer and principal financial officer, our management assessed the effectiveness of our internal control over financial reporting as of December 31, 2023 based on the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission in "Internal Control—Integrated Framework" (2013). Based on this assessment, management concluded that our internal control over financial reporting was effective as of December 31, 2023.

This Annual Report on Form 10-K does not include an attestation report of our independent registered public accounting firm on our internal control over financial reporting due to an exemption established by the JOBS Act for "emerging growth companies."

Changes in Internal Control over Financial Reporting

There was no change in our internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) that occurred during the period covered by this Annual Report on Form 10-K that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

Inherent Limitations on Effectiveness of Controls

Any controls and procedures, no matter how well designed and operated, can only provide reasonable assurance of achieving the desired control objective and management necessarily applies its judgment in evaluating the cost-benefit relationship of all possible controls and procedures. Further, no evaluation of controls can provide absolute assurance that misstatements due to error or fraud will not occur or that all control issues and instances of fraud, if any, within our Company have been detected.

Item 9B. Other Information

Michael Kim, Chief Executive Officer and President, terminated a Rule 10b5-1 plan on November 9, 2023. The plan was adopted on May 26, 2023 and took effect on August 25, 2023, providing for the sale of up to 91,542 shares of our common stock.

Other than as disclosed above, none of our directors or officers (as defined in Rule 16a-1(f) under the Exchange Act) adopted or terminated any contract, instruction or written plan for the purchase or sale of our securities that was intended to satisfy the affirmative defense conditions of Rule 10b5-1(c) under the Exchange act or any "non-Rule 10b5-1 trading arrangement," as defined in Item 408(c) of Regulation S-K.

Item 9C. Disclosure Regarding Foreign Jurisdictions that Prevent Inspections

Not applicable.

PART III

Item 10. Directors, Executive Officers and Corporate Governance

We maintain a set of Corporate Standards applicable to all of our employees, including our Chief Executive Officer and Chief Financial Officer, which is a "Code of Ethics for Senior Financial Officers" as defined by applicable rules of the SEC. These standards are publicly available on our website at ir.assetmark.com. If we make any amendments to these standards other than technical, administrative or other non-substantive amendments, or grant any waivers, including implicit waivers, from a provision of these standards, we will disclose the nature of the amendment or waiver, its effective date and to whom it applies on our website at ir.assetmark.com or in a Current Report on Form 8-K filed with the SEC.

Certain information required by this Item with respect to our executive officers is set forth under Item 1 of Part I of this Annual Report on Form 10-K under the section entitled "Information About Our Executive Officers."

The remaining information required by this Item, is incorporated by reference to the definitive Proxy Statement for our 2024 Annual Meeting of Stockholders, which will be filed with the SEC no later than 120 days after December 31, 2023 pursuant to Regulation 14A.

Item 11. Executive Compensation

The information required by this Item is incorporated by reference to the definitive Proxy Statement for our 2024 Annual Meeting of Stockholders, which will be filed with the SEC no later than 120 days after December 31, 2023 pursuant to Regulation 14A.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

The information required by this Item is incorporated by reference to the definitive Proxy Statement for our 2024 Annual Meeting of Stockholders, which will be filed with the SEC no later than 120 days after December 31, 2023 pursuant to Regulation 14A.

Item 13. Certain Relationships and Related Transactions, and Director Independence

The information required by this Item is incorporated by reference to the definitive Proxy Statement for our 2024 Annual Meeting of Stockholders, which will be filed with the SEC no later than 120 days after December 31, 2023 pursuant to Regulation 14A.

Item 14. Principal Accounting Fees and Services

The information required by this Item is incorporated by reference to the definitive Proxy Statement for our 2024 Annual Meeting of Stockholders, which will be filed with the SEC no later than 120 days after December 31, 2023 pursuant to Regulation 14A.

PART IV

Item 15. Exhibits and Financial Statement Schedules

(a) Financial Statements

The information concerning our financial statements and the Report of Independent Registered Public Accounting Firm required by this Item are incorporated by reference herein to the section of this Annual Report on Form 10-K in Item 8 titled "Consolidated Financial Statements and Supplementary Data."

(b) Exhibits

See the Exhibit Index immediately following the section of this Annual Report on Form 10-K in Item 16 titled "Form 10-K Summary."

(c) Financial Statement Schedules

All schedules have been omitted because the required information is not present or not present in amounts sufficient to require submission of the schedules, or because the information required is included in the section of this Annual Report on Form 10-K in Item 8 titled the "Consolidated Financial Statements and Supplementary Data."

Item 16. Form 10-K Summary

Not applicable.

EXHIBIT INDEX

Exhibit Number	Exhibit Description	Form	File No.	Exhibit	Filing Date	Filed Herewith
3.1	Amended and Restated Certificate of Incorporation of the Company	S-1/A	333-232312	3.1	July 8, 2019	
3.2	Certificate of Amendment to the Amended and Restated Certificate of Incorporation of AssetMark Financial Holdings, Inc.	8-K	001-38980	3.1	June 7, 2023	
3.3	Amended and Restated Bylaws of the Company	8-K	001-38980	3.1	July 22, 2019	
4.1	Form of Common Stock Certificate	S-1/A	333-232312	4.1	July 8, 2019	
4.2	Registration Rights Agreement by and between the Company and Huatai International Investment Holdings Limited, dated as of July 17, 2019	10-Q	001-38980	4.1	November 5, 2019	
4.3	Description of Capital Stock					X
10.1	Amended and Restated Credit Agreement, dated as of January 12, 2022, by and among AssetMark Financial Holdings, Inc., Bank of Montreal, as the Administrative Agent, the Guarantors party thereto, and the Lenders party thereto.	8-K	001-38980	10.1	January 13, 2022	
10.2†	ESG Amendment to the Amended and Restated Credit Agreement, dated as of October 25, 2022, by and between AssetMark Financial Holdings, Inc. and Bank of Montreal, as Sustainability Coordinator.	8-K	001-38980	10.1	November 10, 2022	
10.3†	Beta Services Master Subscription Agreement, dated May 21, 2020, by and between BetaNXT, Inc. (f/k/a Refinitiv US LLC) and AssetMark Financial Holdings, Inc.	10-Q	001-38980	10.1	August 6, 2021	
10.4†	First Amendment to Beta Services Agreement, dated July 20, 2022, by and between Beta Plus Technologies, Inc. and AssetMark Financial Holdings, Inc.					X
10.5	Master Services Agreement, dated April 18, 2017, by and between AssetMark, Inc. and Incedo Inc.	S-1	333-232312	10.6	June 24, 2019	
10.6	Second Amendment, dated September 5, 2017, to the Master Services Agreement by and between Incedo Inc. and AssetMark, Inc.					X
10.7†	Master Services Agreement, dated August 1, 2017, by and between AssetMark, Inc. and Incedo, Inc. d/b/a IB Technology Solutions Inc.	S-1	333-232312	10.7	June 24, 2019	
10.8†	First Amendment to the Master Services Agreement, dated as of January 1, 2022, by and between Incedo Inc. and AssetMark, Inc.	10-Q	001-38980	10.4	May 9, 2022	
10.9†	CheckFree APL Master Agreement by and between CheckFree Services Corporation and the Company, f/k/a Genworth Financial Wealth Management, Inc., dated June 23, 2006, as amended on December 2, 2010, and as further amended on September 7, 2011, August 1, 2012, January 1, 2013, April 11, 2013, June 17, 2014, September 23, 2014, November 22, 2014, December 22, 2014, January 21, 2015, March 27, 2015, April 27, 2015, April 30, 2015, June 14, 2015, December 16, 2015 and March 9, 2017	S-1	333-232312	10.5	June 24, 2019	
10.10†	Nineteenth Amendment to the CheckFree APL Master Agreement, dated as of March 16, 2022, by and between Tegra118 Wealth Solutions, Inc. and AssetMark, Inc.	10-Q	001-38980	10.2	May 9, 2022	
10.11	Lease for facilities at 1655 Grant Street, Concord, California, dated May 29, 2013 and amended on May 13, 2015 and March 14, 2018	S-1	333-232312	10.1	June 24, 2019	
10.12	Third Amendment to Office Lease for facilities at 1655 Grant Street, Concord, California, dated May 29, 2019, by and between Concord Technology Center Property Owner, LLC and AssetMark, Inc.	10-Q	001-38980	10.2	August 28, 2019	
10.13	Fourth Amendment to Office Lease, dated as of June 1, 2020, by and between Concord Technology Center Property Owner, LLC and AssetMark Inc.	10-Q	001-38980	10.3	May 9, 2022	
10.14†	Master Software License and Services Agreement, effective as of April 1, 2022, by and between AssetMark, Inc. and Redi2 Technologies, Inc., and the First Amendment to Master Software License and Services Agreement, dated as of July 29, 2022, by and between AssetMark, Inc. and Redi2 Technologies, Inc.	10-Q	001-38980	10.1	May 5, 2023	

10.15†	Subcustodial and Services Agreement by and among Fidelity Brokerage Services LLC, National Financial Services LLC and AssetMark Trust Company, dated as of November 1, 2005, as amended on February 22, 2007, and as further amended on December 13, 2011, June 23, 2015, July 23, 2015, June 1, 2018 and November 1, 2018	S-1	333-232312	10.4	June 24, 2019	
10.16†	Amendment No. 9, dated as of January 22, 2021, and Amendment No. 10, dated as of March 25, 2021, to the Subcustodial and Services Agreement by and between Fidelity Brokerage Services LLC, National Financial Services LLC and AssetMark Trust Company.					X
10.17#	Employment Agreement by and between the AssetMark Financial Holdings, Inc. and Natalie Wolfsen	8-K	001-38980	10.1	April 29, 2021	
10.18#	Employment Agreement by and between the AssetMark Financial Holdings, Inc. and Michael Kim	8-K	001-38980	10.2	April 29, 2021	
10.19	Form of Indemnification Agreement between the Company and each of its directors and executive officers	S-1	333-232312	10.12	June 24, 2019	
10.20#	2019 Equity Incentive Plan	S-1	333-232312	10.10	June 24, 2019	
10.21#	Form of Stock Option Award Notice and Agreement	S-1	333-232312	10.11	June 24, 2019	
10.22#	Forms of Restricted Stock Unit Award and Notice Agreement	10-Q	001-38980	10.1	August 8, 2022	
10.23#	Form of Long-Term Cash Incentive Award Agreement	10-Q	001-38980	10.3	August 8, 2022	
10.24#	Form of Equity-Linked Stock Appreciation Right Award Notice and Agreement	10-Q	001-38980	10.1	August 4, 2023	
10.25#	Form of Cash-Linked Stock Appreciation Right Award Notice and Agreement	10-Q	001-38980	10.2	August 4, 2023	
21.1	Subsidiaries of the Company					X
23.1	Consent of KPMG LLP, Independent Registered Public Accounting Firm					X
31.1	Certification of the Principal Executive Officer Pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.					X
31.2	Certification of the Principal Financial Officer Pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.					X
32.1*	Certification of the Principal Executive Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.					X
32.2*	Certification of the Principal Financial Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.					X
97.1	Clawback Policy					X
101.INS	Inline XBRL Instance Document					X
101.SCH	Inline XBRL Taxonomy Extension Schema Document					X
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document					X
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document					X
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document					X
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document					X
104	Cover Page Formatted as Inline XBRL and Contained in Exhibit 101					

† The redacted information has been excluded because it is both (i) not material and (ii) of the type of information that the registrant customarily treats as private and confidential.

# Indicates management contract or compensatory plan, contract or agreement.

* The certifications furnished in Exhibit 32.1 and Exhibit 32.2 hereto are deemed to accompany this Annual Report on Form 10-K and will not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, except to the extent that the registrant specifically incorporates them by reference.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this Annual Report on Form 10-K to be signed on its behalf by the undersigned, thereunto duly authorized, in Concord, California, on March 14, 2024.

ASSETMARK FINANCIAL HOLDINGS, INC.

By: **/s/ Michael Kim**
Michael Kim
Chief Executive Officer and President
(Principal Executive Officer)

POWER OF ATTORNEY

KNOW ALL PERSONS BY THESE PRESENTS, that each person whose signature appears below hereby constitutes and appoints Michael Kim and Gary Zyla, and each of them, as his or her true and lawful agent, proxy and attorney-in-fact, with full power of substitution and resubstitution, for him or her and in his or her name, place and stead, in any and all capacities, to sign any and all amendments to this Annual Report on Form 10-K, and to file the same, with all exhibits thereto, and all other documents in connection therewith, with the Securities and Exchange Commission, granting unto each said attorney-in-fact and agent full power and authority to do and perform each and every act and thing requisite and necessary to be done in connection therewith, as fully to all intents and purposes as he or she might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents, or either of them, or their, his or her substitute or substitutes, may lawfully do or cause to be done by virtue thereof.

Pursuant to the requirements of the Securities Act, this Annual Report on Form 10-K has been signed by the following persons in the capacities and on the dates indicated.

Signature	Title	Date
/s/ Michael Kim Michael Kim	Director and Chief Executive Officer (principal executive officer)	March 14, 2024
/s/ Gary Zyla Gary Zyla	Chief Financial Officer (principal financial officer and principal accounting officer)	March 14, 2024
/s/ Xiaoning Jiao Xiaoning Jiao	Chairman of the Board	March 14, 2024
/s/ Rohit Bhagat Rohit Bhagat	Director	March 14, 2024
/s/ Patricia Guinn Patricia Guinn	Director	March 14, 2024
/s/ Bryan Lin Bryan Lin	Director	March 14, 2024
/s/ Ying Sun Ying Sun	Director	March 14, 2024
/s/ Joseph Velli Joseph Velli	Director	March 14, 2024
/s/ Lei Wang Lei Wang	Director	March 14, 2024
/s/ Yi Zhou Yi Zhou	Director	March 14, 2024

Description of Capital Stock

The description below of our capital stock and provisions of our amended and restated certificate of incorporation and amended and restated bylaws are summaries and are qualified by reference to the amended and restated certificate of incorporation and the amended and restated bylaws, which are incorporated by reference as exhibits to the Annual Report on Form 10-K of which this Exhibit 4.3 is a part, and by the applicable provisions of Delaware law.

General

Our authorized capital stock consists of 675,000,000 shares of common stock, par value $0.001 per share, and 75,000,000 shares of preferred stock, par value $0.001 per share.

Common stock

Voting rights. The holders of common stock are entitled to one vote per share on all matters to be voted upon by the stockholders.

Dividend rights. Subject to preferences that may be applicable to any outstanding preferred stock, the holders of common stock are entitled to receive ratably such dividends, if any, as may be declared from time to time by the board of directors out of funds legally available therefor.

Rights upon liquidation. In the event of our liquidation, dissolution or winding up, the holders of our common stock are entitled to share ratably in all assets remaining after payment of liabilities, subject to prior distribution rights of preferred stock, if any, then outstanding.

Other rights. The holders of our common stock have no preemptive or conversion rights or other subscription rights. There are no redemption or sinking fund provisions applicable to the common stock.

Preferred stock

Our board of directors has the authority to issue the preferred stock in one or more series and to fix the rights, preferences, privileges and restrictions thereof, including dividend rights, dividend rates, conversion rights, voting rights, terms of redemption, redemption prices, liquidation preferences and the number of shares constituting any series or the designation of such series, without further vote or action by the stockholders.

The issuance of preferred stock may have the effect of delaying, deferring or preventing a change in control of AssetMark without further action by the stockholders and may adversely affect the voting and other rights of the holders of common stock. At present, no shares of preferred stock are outstanding and we have no plans to issue any of the preferred stock.

Registration rights

The Registration Rights Agreement that came into effect in connection with our initial public offering grants to HIIHL, a holder of more than 5% of our outstanding capital stock and an affiliate of certain of our directors, certain registration rights with respect to its shares of our common stock (the “registrable securities”), subject to certain exceptions. All shares of our common stock held by HIIHL are entitled to the registration rights described below. The registration of shares of our common stock pursuant to the exercise of such registration rights would enable HIIHL to sell these shares without restriction under the Securities Act when the applicable registration statement is declared effective. We will pay the registration expenses, other than underwriting discounts and commissions and internal administrative and similar costs of the selling stockholder, of HIIHL associated with the registrable securities registered pursuant to the demand and piggyback registration rights described below.

Generally, in an underwritten offering, the managing underwriter, if any, has the right, subject to specified conditions, to limit the number of shares such holders may include. The demand and piggyback registration rights described below will expire on the first date on which neither HIIHL nor an HIIHL affiliate to which HIIHL has transferred or assigned all or a portion of its rights under the Registration Rights Agreement holds any registrable shares.

Demand registration rights. Parties to the Registration Rights Agreement holding in the aggregate at least 25% of the registrable securities then outstanding may request that we file a registration statement to register the offer and sale of their registrable securities. We are not required to effect a demand registration unless the aggregate gross proceeds expected to be received from the sale of the registrable shares by the requesting holders equals or exceeds $60,000,000, and we are not required to support more than one demand registration in any rolling six-month period or more than four demand registrations in total (other than demand registrations to be effected pursuant to a registration statement on Form S-3, for which an unlimited total number of demand registrations are permitted). We have the right to defer a demand registration in certain circumstances once during any period of six consecutive months and for not more than 180 days in any 12-month period.

Piggyback registration rights. If we propose to register the offer and sale of shares of our common stock or other equity securities under the Securities Act, other than with respect to a demand registration, a registration statement on Form S-4, Form S-8 or similar forms, and certain other exceptions, the holders of registrable securities are entitled to notice of the registration and have the right to include their registrable securities in such registration, subject to certain marketing and other limitations, including limitations that the underwriters may impose on the number of share included in the offering.

The foregoing summary is qualified in its entirety by reference to the Registration Rights Agreement, the form of which is incorporated by reference as an exhibit to the Annual Report on Form 10-K of which this Exhibit 4.3 is a part.

Anti-takeover provisions

Some provisions of our amended and restated certificate of incorporation and amended and restated bylaws could make the following more difficult:

- acquisition of control of us by means of a proxy contest or otherwise, or
- removal of our incumbent officers and directors.

These provisions, as well as our ability to issue preferred stock, are designed to discourage coercive takeover practices and inadequate takeover bids. These provisions are also designed to encourage persons seeking to acquire control of us to first negotiate with our board of directors. We believe that the benefits of increased protection give us the potential ability to negotiate with the proponent of an unfriendly or unsolicited proposal to acquire or restructure us, and that the benefits of this increased protection outweigh the disadvantages of discouraging those proposals, because negotiation of those proposals could result in an improvement of their terms.

Election of directors; no cumulative voting. Our board of directors consists of nine directors, or such other number as determined from time to time by our board of directors. Under Delaware law, the right to vote cumulatively does not exist unless the certificate of incorporation specifically authorizes cumulative voting. Our amended and restated certificate of incorporation does not authorize cumulative voting.

Removal of directors; vacancies. Our amended and restated certificate of incorporation provides that directors may be removed with or without cause so long as HTSC or any of its affiliates collectively own at least 50% of the voting power of the stock of our company entitled to vote generally in the election of directors, and that directors may only be removed for cause, and only by the affirmative vote of holders of at least a majority of all outstanding shares of stock of our company entitled to vote thereon, voting together as a single class, if HTSC or any of its affiliates collectively own less than 50% in voting power of the stock of our company entitled to vote generally in the election of directors. Any vacancy occurring on the board of directors and any newly created directorship may be filled only by a majority of the remaining directors in office.

Staggered board. Our board of directors is divided into three classes serving staggered three-year terms. At each annual meeting of stockholders, directors will be elected to succeed the class of directors whose terms have expired. This classification of our board of directors could have the effect of increasing the length of time necessary to change the composition of a majority of the board of directors. In general, at least two annual meetings of stockholders will be necessary for stockholders to effect a change in a majority of the members of the board of directors.

Limits on written consents. Our amended and restated certificate of incorporation provides that holders of our common stock will not be able to act by written consent without a meeting, at any time when HTSC or any of its affiliates collectively own less than 50% in voting power of the stock of our company entitled to vote generally in the election of directors.

Special stockholder meetings. Our amended and restated certificate of incorporation and our amended and restated bylaws provide that special meetings of our stockholders may be called only by the chairman of our board of directors or a majority of the directors. Our amended and restated certificate of incorporation and our amended and restated bylaws prohibit the conduct of any business at a special meeting other than as specified in the notice for such meeting; provided, however, that so long as HTSC or any of its affiliates collectively own at least 50% of the voting power of the stock of our company entitled to vote generally in the election of directors, any action required or permitted to be taken at an annual or special meeting may be taken by written consent without a meeting, without prior notice and without a vote.

Amendment of certificate of incorporation. The provisions of our amended and restated certificate of incorporation described above under the sections titled "—Election of directors; no cumulative voting," "—Removal of directors; vacancies," "—Staggered board," "—Limits on written consents" and "—Special stockholder meetings," and the voting thresholds described in this section, may be amended, altered, repealed or rescinded only by the affirmative vote of the holders of at least two-thirds in voting power of all outstanding shares of stock of our company entitled to vote thereon, voting together as a single class. The affirmative vote of holders of at least a majority of the voting power of our outstanding shares of stock will generally be required to amend other provisions of our certificate of incorporation.

Amendment of bylaws. Any amendment, alteration, rescission or repeal of certain provisions of our amended and restated bylaws requires either (i) the affirmative vote of a majority of directors present at any regular or special meeting of the board of directors called for that purpose; or (ii) the affirmative vote of the holders of two-thirds of the voting power of our outstanding shares of voting stock, voting together as a single class.

Delaware business combination statute. From and after the time at which HTSC and its affiliates own, in the aggregate, less than 15% of the voting power of all outstanding shares of the stock of our company entitled to vote generally in the election of directors, we will elect to be subject to Section 203 of the DGCL, which regulates corporate acquisitions. Section 203 prevents an "interested stockholder," which is defined generally as a person owning 15% or more of a corporation's voting stock, or any affiliate or associate of that person, from engaging in a broad range of "business combinations" with the corporation for three years after becoming an interested stockholder unless:

- the board of directors of the corporation had previously approved either the business combination or the transaction that resulted in the stockholder's becoming an interested stockholder;
- upon completion of the transaction that resulted in the stockholder's becoming an interested stockholder, that person owned at least 85% of the voting stock of the corporation outstanding at the time the transaction commenced, other than statutorily excluded shares; or
- following the transaction in which that person became an interested stockholder, the business combination is approved by the board of directors of the corporation and holders of at least two-thirds of the outstanding voting stock not owned by the interested stockholder.

Under Section 203, the restrictions described above also do not apply to specific business combinations proposed by an interested stockholder following the announcement or notification of designated extraordinary transactions involving the corporation and a person who had not been an interested stockholder during the previous three years or who became an interested stockholder with the approval of a majority of the corporation's directors, if such extraordinary transaction is approved or not opposed by a majority of the directors who were directors prior to any person becoming an interested stockholder during the previous three years or were recommended for election or elected to succeed such directors by a majority of such directors.

Section 203 may make it more difficult for a person who would be an interested stockholder to effect various business combinations with a corporation for a three-year period. Section 203 also may have the effect of preventing changes in our management and could make it more difficult to accomplish transactions which our stockholders may otherwise deem to be in their best interests.

Other limitations on stockholder actions. Our amended and restated bylaws also impose some procedural requirements on stockholders who wish to:

- make nominations in the election of directors;
- propose that a director be removed;
- propose any repeal or change in our bylaws; or
- propose any other business to be brought before an annual or special meeting of stockholders.

Under these procedural requirements, to bring a proposal before a meeting of stockholders, a stockholder must deliver timely notice of a proposal pertaining to a proper subject for presentation at the meeting to our corporate secretary along with the following:

- a description of the business or nomination to be brought before the meeting and the reasons for conducting such business at the meeting;
- the stockholder's name and address;
- any material interest of the stockholder in the proposal;
- the number of shares beneficially owned by the stockholder and evidence of such ownership; and
- the names and addresses of all persons with whom the stockholder is acting in concert and a description of all arrangements and understandings with those persons, and the number of shares such persons beneficially own.

To be timely, a stockholder must generally deliver notice:

- in connection with an annual meeting of stockholders, not less than 90 nor more than 120 days prior to the date on which the annual meeting of stockholders was held in the immediately preceding year, but in the event that the date of the annual meeting is more than 30 days before or more than 70 days after the anniversary date of the preceding annual meeting of stockholders, a stockholder notice will be timely if received by us not earlier than the 120th day prior to the annual meeting and not later than the close of business on the later of (1) the 90th day prior to the annual meeting and (2) the 10th day following the day on which we first publicly announce the date of the annual meeting; or
- in connection with the election of a director at a special meeting of stockholders, not less than 90 nor more than 120 days prior to the date of the special meeting, but in no event later than the 10th day following the day on which we first publicly announce the date of the special meeting and the nominees proposed by our board to be elected.

To submit a nomination for our board of directors, a stockholder must also submit any information with respect to the nominee that we would be required to include in a proxy statement, as well as some other information. If a stockholder fails to follow the required procedures, the stockholder's proposal or nominee will be ineligible and will not be voted on by our stockholders.

Limitation of liability of directors and officers

Our amended and restated certificate of incorporation, as amended by the certificate of amendment thereto provides that no director or officer will be personally liable to us or our stockholders for monetary damages for breach of fiduciary duty as a director or officer, except as required by applicable law, as in effect from time to time. Currently, Delaware law requires that liability be imposed for the following:

- any breach of the director or officer's duty of loyalty to our company or our stockholders;
- any act or omission by the director or officer not in good faith or which involved intentional misconduct or a knowing violation of law;
- unlawful payments of dividends or unlawful stock repurchases or redemptions by the director as provided in Section 174 of the DGCL;
- any transaction from which the director or officer derived an improper personal benefit; and
- any breach of fiduciary duty claims brought by us or derivative claims brought by our stockholders in our name against any officer.

Any amendment to, or repeal of, these provisions will not eliminate or reduce the effect of these provisions in respect of any act, omission or claim that occurred or arose prior to that amendment or repeal. If the DGCL is amended to provide for further limitations on the personal liability of directors of corporations, then the personal liability of our directors will be further limited to the greatest extent permitted by the DGCL.

As a result, neither we nor our stockholders have the right, through stockholders' derivative suits on our behalf, to recover monetary damages against any director for breach of fiduciary duty as a director, and we do not have the right to recover monetary damages against any officer for breach of fiduciary duty as an officer, including breaches resulting from grossly negligent behavior, except in the situations described above.

Such limitation of liability does not apply to liabilities arising under federal securities laws and does not affect the availability of equitable remedies such as injunctive relief or rescission.

Indemnification and insurance

Our amended and restated bylaws provide that, to the fullest extent permitted by law, we will indemnify any officer or director of our company against all damages, claims and liabilities arising out of the fact that the person is or was our director or officer, or served any other enterprise at our request as a director, officer, employee, agent or fiduciary. Amending this provision will not reduce our indemnification obligations relating to actions taken before an amendment.

Further, our amended and restated certificate of incorporation provides that we will indemnify, to the fullest extent permitted by law, any person who is or was a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative, by reason of the fact that he or she is or was one of our directors or officers or is or was serving at our request as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise. Our amended and restated certificate of incorporation also provides that we must advance expenses incurred by or on behalf of a director or officer, and that we may advance expenses incurred by or on behalf of an employee, trustee or agent, in advance of the final disposition of any civil or criminal action, suit or proceeding. In addition, we have entered into an indemnification agreement with each of our directors and executive officers. With certain exceptions, these agreements provide for indemnification for related expenses including attorneys' fees, judgments, fines and settlement amounts incurred by any of these individuals in any action or proceeding. We believe that these provisions in our amended and restated certificate of incorporation and our amended and restated bylaws and indemnification agreements are necessary to attract and retain qualified persons as directors and officers.

We also maintain standard policies of insurance under which coverage is provided to our directors and officers against loss rising from claims made by reason of breach of duty or other wrongful act, and to us with respect to payments which may be made by us to such directors and officers pursuant to the above indemnification provision or otherwise as a matter of law.

The indemnification provisions in our amended and restated certificate of incorporation and amended and restated bylaws may discourage stockholders from bringing a lawsuit against our directors for breach of their fiduciary duty. They may also reduce the likelihood of derivative litigation against our directors and officers, even though an action, if successful, might benefit us and other stockholders. Further, a stockholder's investment may be adversely affected to the extent that we pay the costs of settlement and damage awards against directors and officers as required by these indemnification provisions.

Insofar as indemnification for liabilities arising under the Securities Act may be permitted for directors, executive officers or persons controlling us, we have been informed that, in the opinion of the SEC, such indemnification is against public policy as expressed in the Securities Act and is therefore unenforceable.

Forum selection

Our amended and restated certificate of incorporation provides that, unless we consent in writing to the selection of an alternative forum, the Court of Chancery of the State of Delaware is, to the fullest extent permitted by applicable law, the sole and exclusive forum for the following types of action or proceedings under Delaware statutory or common law: (i) any derivative action or proceeding brought on our behalf, (ii) any action asserting a claim of breach of fiduciary duty owed by any of our directors, officers, employees, agents or trustees to us or our stockholders, (iii) any action asserting a claim against us or any director or officer or other employee of ours arising pursuant to any provision of the DGCL, our amended and restated certificate of incorporation or our amended and restated bylaws or (iv) any action asserting a claim against us or any director or officer or other employee of ours that is governed by the internal affairs doctrine, in each case subject to such Court of Chancery having personal jurisdiction over the indispensable parties named as defendants therein. This exclusive forum provision does not apply to suits brought to enforce a duty or liability created by the Exchange Act or any other claim for which the U.S. federal courts have exclusive jurisdiction.

Our amended and restated certificate of incorporation further provides that, to the fullest extent permitted by applicable law, unless we consent in writing to the selection of an alternative forum, the federal district courts of the

United States are the exclusive forum for resolving any complaint asserting a cause of action arising under the federal securities laws of the United States.

Any person or entity purchasing or otherwise acquiring any interest in shares of our capital stock is deemed to have notice of and consented to the foregoing forum selection provisions. These exclusive-forum provisions may limit a stockholder's ability to bring a claim in a judicial forum that it finds favorable for disputes with us or our directors, officers, employees or agents, which may discourage such lawsuits against us and such persons.

Listing

Our common stock is listed on the NYSE under the symbol "AMK."

Transfer agent and registrar

The transfer agent and registrar for our common stock is Computershare Trust Company, N.A. The transfer agent and registrar's address is 150 Royall Street, Canton, Massachusetts 02021-1011.

The redacted information has been excluded because it is both (i) not material and (ii) of the type of information that the registrant customarily treats as private and confidential.

Exhibit 10.4

FIRST AMENDMENT
TO
BETA SERVICES AGREEMENT

THIS FIRST AMENDMENT (the "Amendment"), is made effective this 20th day of July, 2022 (the "Effective Date"), by and between Beta Plus Technologies, Inc. (as successor in interest to Refinitiv US LLC, "BetaNXT"), and AssetMark Financial Holdings, Inc. ("AssetMark") ("Client" or "Subscriber") and amends the BETA Services Master Subscription Agreement between the parties dated May 1st, 2020 (the "Agreement").

WITNESSETH THAT:

WHEREAS, the parties desire to amend the Agreement and the BETA Addendum incorporated therein to (i) reflect the revision of Schedule A to the BETA Addendum.

NOW THEREFORE, in consideration of the mutual covenants herein, and other good and valuable consideration, the receipt and adequacy of which is hereby acknowledged, the parties agree to amend the Agreement as follows:

1. As of the Effective Date, Section 14 Representations and Warranties, is hereby amended as follows:
    a. (j) Information and Physical Security
        i. (iii) it will not transmit any AssetMark client personal data outside the United States and (iv) it will make AssetMark client personal data available to employee support staff located outside of the United States only for necessary operational and production support purposes.

2. Schedule A, BETAHost SERVICES PRICE LIST to the BETA Addendum, shall be effective on the 15th day of November 2021 and amended to include the following:
    a. **OTHER CHAGES:**

    Envision Power Agent (5yr term) [***]

Except as set forth herein, the terms and conditions of the Agreement shall remain in full force and effect; provided however, that if any term or condition of the Agreement conflicts with or is inconsistent with any term or condition of this Amendment, the terms and conditions of this Amendment shall govern and be controlling. All references to the Agreement after the date of this Amendment shall be to the Agreement as modified hereby.

IN WITNESS WHEREOF, each of the parties have caused this Amendment to be executed as of the _______, and do each hereby warrant and represent that its respective signatory has been, and is on ________, duly authorized by all necessary and appropriate corporate action to execute this Amendment.

Beta Plus Technologies, Inc.

By:__/s/ Tim Rutka________________

Name:__Tim Rutka________________

Title:___BETA-President___________

AssetMark

By:_/s/ Gary G. Zyla_______________

Name:_Gary Zyla_________________

Title:_EVP & CFO__________________

Exhibit 10.6

AMENDMENT #2 TO MASTER SERVICES AGREEMENT

This is the Second Amendment ("Amendment #2") to the Master Services Agreement dated August 1, 2017 as amended, and together with all addenda (the "Agreement"), by and between:

Incedo Inc. (dba IB Technology Solutions Inc.), a Delaware corporation having a principal office at 170 Woods Avenue South, Iselin, NJ 08830 (hereinafter referred to as "**Supplier**" which expression shall, unless repugnant to or excluded by the context hereof, be deemed to mean and include its successors in interest and permitted assigns)

AND

AssetMark, Inc., having a principal office at 1655 Grant Street, 10th Floor, Concord CA 94520 (hereinafter referred to as "**Company"** which expression shall, unless repugnant to or excluded by the context hereof, be deemed to mean and include its successors in interest and permitted assigns.

For the purposes of this Amendment #2, Supplier and the Company shall be individually referred to as "**Party**" and collectively as "**Parties**". This Amendment #2 is effective September 5, 2017.

WHEREAS Parties entered into the Agreement to avail services, as defined under the Agreement and any Statements of Work thereto, on the terms and conditions detailed in the Agreement.

AND WHEREAS the Parties wish to clarify the authorities Supplier has in work related to business process outsourcing.

NOW the Parties agree as follows:

1. Notwithstanding Section 13(e) of the Agreement, the Parties agree and acknowledge that in delivering the Services under SOW #3 (as amended), together with any other SOW that encompasses business process outsourcing services, Supplier personnel shall be authorized to act on Company's behalf in facilitating client-directed activity; which is limited to, transfers into, out of, and between, client accounts.

2. **No other changes:** Unless modified by this Amendment, all terms and condition of the Agreement shall remain in full force and effect. In the event of any conflict or inconsistency between this Amendment #2 and the Agreement, this Amendment #2 shall control. Capitalized terms not otherwise defined in this Amendment #1 shall have the same meaning as set forth in the Agreement.

[Signatures follow on next page]

Parties have signed and delivered this Amendment #2 effective September 5, 2017:

For: **Incedo Inc.**

DocuSigned by:
/s/ amal Bhatt________________
382750EF285411…
amal Bhatt___________________
(Name)

Sr VP_________________________
(Title)

For: **AssetMark, Inc.**

DocuSigned by:
/s/ Carrie Hansen__________
22582B90C20D464…
Carrie Hansen_______________
(Name)

EVP, COO____________________
(Title)

The redacted information has been excluded because it is both (i) not material and (ii) of the type of information that the registrant customarily treats as private and confidential.

Exhibit 10.16

AMENDMENT No. 9 TO THE SUBCUSTODIAL AND SERVICES AGREEMENT

Reference is hereby made to the Subcustodial and Service Agreement, dated November 1, 2005, between GE Financial Trust Company, subsequently named AssetMark Trust Company ("AssetMark" or "Customer") and Fidelity Brokerage Services LLC and National Financial Services LLC, acting through Fidelity Registered Investment Advisor Group ("FRIAG") (individually or collectively "Fidelity"), including all amendments thereto (the "Agreement") Capitalized terms used herein and not otherwise defined shall have the meaning set forth in the Subcustodial and Service Agreement.

This Amendment No.9 (this "Amendment") hereby amends the Agreement and sets forth the terms and conditions of the agreement between Fidelity and AssetMark, regarding AssetMark's instructions to Fidelity to transmit Client Data and Third Party Data to Refinitiv US LLC ("Refinitiv") and allow Refinitiv to provide trade instructions and other transaction details (ex: cost basis information) and affect transactions through the Refinitiv Beta interface to Fidelity through an inbound file process ("IFP") connection (pursuant to the procedures in Exhibit A) established between Refinitiv and Fidelity on AssetMark's behalf and any FIX connections established by AssetMark and/or Refinitv for the delivery of trade instructions or transaction details to Fidelity ("AssetMark's Request"). To further AssetMark's Request, AssetMark, Fidelity and Refinitiv has entered into that certain Data Transmission and Access Agreement, dated as of January 22 2021, which contemplates the access to and use of the Client Data, Third Party Data and the requirements of the parties related thereto (the "Data and Transmission Agreement")

In consideration of Fidelity accommodating AssetMark's Request, in addition to and not in limitation of the indemnification and liability obligations in the Agreement, AssetMark agrees as follows:

1. AssetMark hereby authorizes Fidelity to release Client Data including Third Party Data (as those terms are defined in the Letter of Understanding and Supplement to the Agreement), at AssetMark's request, to Refinitiv, whether by file transmissions, application programming interfaces (APIs), exports, downloads or otherwise (collectively, the "Transmission Services") in accordance with the terms of the Letter of Understanding and Supplement to the Agreement;

2. AssetMark hereby authorizes Fidelity to act on any instructions or other information provided by Refinitiv on behalf of AssetMark without any requirement of Fidelity to first confirm, verify or otherwise validate such instructions.

3. AssetMark shall be liable and responsible for the acts or omissions of itself and Refinitiv in connection with AssetMark's Request, except to the extent caused by or the direct result of Fidelity's negligence or willful misconduct. Notwithstanding Section 4.1 of the Agreement, AssetMark (including Refinitiv) and Fidelity shall be liable for any indirect, special or consequential damages incurred by the other party, to the extent arising from or relating to the unauthorized use of a party's Third Party Data.

4. AssetMark shall ensure that Refintiv does not use the name of Fidelity or any of its affiliates in any written materials or oral presentations without Fidelity's prior written consent.

5. Notwithstanding Section 4.2 of the Agreement, solely with respect to AssetMark's Request, AssetMark will indemnify, defend and hold harmless the Fidelity Parties from and against any and all Costs incurred by any Fidelity Party to the extent arising from or relating to: (a) Fidelity's accommodation of AssetMark's Request (except to the extent the Costs are caused by or the direct result of Fidelity's negligence or willful misconduct); (b) any breach by AssetMark of its representations, warranties and covenants, in this Amendment; or (c) any breach by Refinitiv of any representation, warranty, covenant or term of the Data Transmission and Access Agreement. The parties shall follow the procedures and requirements in Sections 4.4 and 4.5 of the

Agreement for any Indemnity claim pursuant to this Amendment. In addition to the indemnification obligations herein and in Sections 4.2 and 4.3 of the Agreement, each party shall indemnify the other party for any unauthorized use of the other party's Third Party Data, subject to Section 4.4 of the Agreement.

6. AssetMark represents, warrants and covenants to, and for the benefit of Fidelity that (a) AssetMark has entered into a written agreement with Refinitiv that outlines the terms and conditions under which each of AssetMark and Refinitiv shall perform its respective obligations with respect to the transmission of trade instructions and transaction details to Fidelity under this Amendment and (b) that all trade instructions and transaction details submitted to Fidelity by Refinitiv shall be first reviewed and authorized by AssetMark and the applicable clients.

7. AssetMark shall be responsible for all errors in the transmission of trade instructions and transaction details submitted by Refinitiv including without limitation, duplicative transmissions or instructions; failures of the IFP or FIX to transmit instructions or details; failures in execution or settlement; any failure to detect and take appropriate action in a timely manner, trade, transmission, execution and settlement errors or failures. AssetMark acknowledges and agrees that the responsibility for reviewing and approving transactions and trade instructions transmitted by Refinitiv on behalf of AssetMark shall be AssetMark's responsibility and nothing in this Amendment or in Fidelity making such IFP or FIX available to AssetMark and Refinitiv shall reduce, modify or eliminate AssetMark's obligations with respect to transactions. AssetMark shall review transactions and promptly notify Fidelity of any errors. AssetMark understands and acknowledges that AssetMark and Refinitiv are obligated to comply with Fidelity's terms and conditions for IFP as provided in Attachment A hereto and any FIX requirements provided by Fidelity, both as amended from time to time by Fidelity in its sole discretion with written notice to AssetMark.

8. AssetMark acknowledges and agrees that Fidelity may, in its sole discretion, for any reason, reject any transaction submitted by Refinitiv on AssetMark's behalf.

9. The parties acknowledge and agree that information received by Fidelity from Refinitiv on behalf of AssetMark through AssetMark's Request, shall be considered, to the extent applicable, Confidential Information in accordance with Article 5, Confidential and Proprietary Information of the Agreement.

10. With the exception of new Section 9 below, This Amendment #9 shall remain in full force and effect until (a) AssetMark instructs Fidelity that Refinitiv is no longer permitted to submit trade instructions or transaction details to Fidelity; (b) AssetMark's relationship with Fidelity is terminated; or (c) Either party provides the other party thirty (30) days prior written notice of the party's intent to terminate.

11. This Amendment, excluding Attachment A, may be modified only in a writing signed and executed by both parties.

12. Section 9 of the Agreement is amended and restated in its entirety with the new Section 9 below. For purposes of the AssetMark Request, Refinitiv shall also be deemed a Third Party Provider:

    9. THIRD PARTY PROVIDERS

    Upon consent of Fidelity, which consent shall not be unreasonably withheld, Customer may elect to appoint a third party provider or third party providers, collectively "Third Party Provider" to act on its behalf with respect to the GEFTC Accounts, including without limitation, providing instructions to Fidelity regarding the purchase and sale of mutual fund shares and other securities for the GEFTC Accounts and the disbursal of funds held in such Accounts, and receiving information from Fidelity on behalf of Customer, such as information required to reconcile trust records of Customer with records for the Clients and the transmission of cost basis information.

To the extent that Customer may now or in the future appoint any Third Party Provider, Customer represents and warrants that it is authorized under the applicable terms of the Plan Documents and/or the Service Agreements to use the services of one or more Third Party Provider to perform Customer's recordkeeping, reporting and other obligations under the Plan Documents and Service Agreements and other governing documents and to delegate to a Third Party Provider authority to direct trades for the GEFTC Accounts and request the deduction of fees or other payments or transfers from such Accounts. To the extent that Customer does appoint a Third Party Provider, Customer agrees to remain fully responsible and liable for such Third Party Provider's acts and omissions.

IN WITNESS WHEREOF, the parties hereto have caused this Amendment #9 to be executed by their duly authorized representatives effective this [22] day of January .

AssetMark Trust Company

By: Gaurav Auditya

Title: Senior Vice President

Signature: DocuSigned by: Gaurav Auditya 4741A8CE971548C...

Date: 1/22/2021

National Financial Services LLC

By: Lisa O Smith

Title: Vice President, FI

Signature: DocuSigned by: Lisa O Smith ...0F20A57FEB7460...

Date: 1/21/2021

Fidelity Brokerage Services LLC

By: Jen Moran

Title: Vice President

Signature: DocuSigned by: Jen Moran 6D6110726129411...

Date: 1/21/2021

Attachment A

IFP- Bulk Orders

[***]

AMENDMENT No. 10 TO THE SUBCUSTODIAL AND SERVICES AGREEMENT

This AMENDMENT No. 10, effective [3/25/2021] (the “Effective Date”), hereby amends that certain Subcustodial and

Services Agreement, entered into by and between Fidelity Brokerage Services LLC (“FBS”) and National Financial Services LLC (“NFS”) (Collectively “Fidelity”) and AssetMark Trust Company (formerly, GE Financial Trust Company) (“Customer”), effective November 1, 2005, and any and all amendments thereto (the “Agreement”). Terms not otherwise defined in this Amendment shall have the meaning ascribed thereto in the Agreement.

WHEREAS, Fidelity and Customer entered into the Agreement, pursuant to which Customer engaged Fidelity to act as its sub-custodian in effecting transactions for its clients through Fidelity’s brokerage platform and providing certain other related services.

WHEREAS, the parties desire to amend the Agreement as set forth below.

NOW THEREFORE, in consideration of the foregoing and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto agree as follows:

This Amendment hereby modifies the Agreement by adding a new line item to the “AssetMark IS Custody Pricing” section of the Exhibit B as follows:

Exhibit B
Fidelity Pricing

[***]

Except as expressly amended by this Amendment, the Agreement shall remain in full force and effect. References to the Agreement in other agreements, documents or instruments shall be in reference to the Agreement, as amended hereby. In the event one or more provisions of this Amendment conflicts or is inconsistent with one or more provisions of the Agreement, the provisions of this Amendment shall control. Except as otherwise provided, the capitalized terms in this Amendment shall have the same meaning as set forth in the Agreement. This Amendment may be executed in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same agreement. The facsimile signature of any party to this Amendment shall constitute the valid and binding execution hereof by such party.

IN WITNESS WHEREOF, each party has caused this Amendment to be executed by its duly authorized representative as of the date first set forth above.

AssetMark Trust Company

By: Carrie Hansen

Name: Carrie Hansen

Title: EVP, COO

Date: 3/24/2021

Fidelity Brokerage Services LLC

By: Jennifer Moran

Name: Jennifer Moran

Title: Vice President

Date: 3/25/2021

National Financial Services LLC

LOS

By: Lisa O Smith

Name: Lisa O Smith

Title: Vice President, FI

Date: 3/25/2021

Exhibit 21.1

Subsidiaries of the Registrant

Legal Name of Subsidiary	Jurisdiction of Organization
AssetMark, Inc.	California
AssetMark Trust Company	Arizona
AssetMark Services, Inc.	Delaware
AssetMark Brokerage, LLC	Delaware
Atria Investments, Inc.	North Carolina
Global Financial Private Capital, Inc.	Florida
Voyant, Inc.	Delaware
Voyant UK Ltd	United Kingdom
Voyant Financial Technologies Inc.	Canada
Voyant Australia Pty Ltd	Australia

KPMG LLP
Suite 1400
55 Second Street
San Francisco, CA 94105

Exhibit 23.1

Consent of Independent Registered Public Accounting Firm

We consent to the incorporation by reference in the registration statement (No. 333-232714) on Form S-8 and (No. 333-240311) on Form S-3 and Form S3/A of our report dated March 14, 2024, with respect to the consolidated financial statements of AssetMark Financial Holdings, Inc. and its subsidiaries (the "Company") as of December 31, 2023 and 2022 which appears in the December 31, 2023 annual report on Form 10-K of the Company.

/s/ KPMG LLP

San Francisco, California
March 14, 2024

Exhibit 31.1

CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER
PURSUANT TO
RULES 13a-14(a) AND 15d-14(a) UNDER THE SECURITIES EXCHANGE ACT OF 1934,
AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Michael Kim, certify that:

1. I have reviewed this annual report on Form 10-K for the year ended December 31, 2023 of AssetMark Financial Holdings, Inc. (the "**Company**");

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the Company as of, and for, the periods presented in this report;

4. The Company's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Company and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the Company's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the Company's internal control over financial reporting that occurred during the Company's most recent fiscal quarter (the Company's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting; and

5. The Company's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Company's auditors and the Audit and Risk Committee of the Company's Board of Directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Company's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the Company's internal control over financial reporting.

Date: March 14, 2024

By: /s/ Michael Kim

Michael Kim
Chief Executive Officer

Exhibit 31.2

CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER
PURSUANT TO
RULES 13a-14(a) AND 15d-14(a) UNDER THE SECURITIES EXCHANGE ACT OF 1934,
AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Gary Zyla, certify that:

1. I have reviewed this annual report on Form 10-K for the year ended December 31, 2023 of AssetMark Financial Holdings, Inc. (the "**Company**");

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the Company as of, and for, the periods presented in this report;

4. The Company's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Company and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the Company's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the Company's internal control over financial reporting that occurred during the Company's most recent fiscal quarter (the Company's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting; and

5. The Company's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Company's auditors and the Audit and Risk Committee of the Company's Board of Directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Company's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the Company's internal control over financial reporting.

Date: March 14, 2024

By: /s/ Gary Zyla
Gary Zyla
Chief Financial Officer

Exhibit 32.1

CERTIFICATION OF CHIEF EXECUTIVE OFFICER
PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report of AssetMark Financial Holdings, Inc. (the "**Company**") on Form 10-K for the year ending December 31, 2023 as filed with the Securities and Exchange Commission on the date hereof (the "**Report**"), I, Michael Kim, the Chief Executive Officer of the Company, certify, pursuant to Rule 13a-14(b) or Rule 15d-14(b) of the Securities Exchange Act of 1934 and § 1350 of Chapter 63 of Title 18 of the United States Code, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

Date: March 14, 2024

By: /s/ Michael Kim
Michael Kim
Chief Executive Officer

Exhibit 32.2

CERTIFICATION OF CHIEF FINANCIAL OFFICER
PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report of AssetMark Financial Holdings, Inc. (the "**Company**") on Form 10-K for the year ending December 31, 2023 as filed with the Securities and Exchange Commission on the date hereof (the "**Report**"), I, Gary Zyla, the Chief Financial Officer of the Company, certify, pursuant to Rule 13a-14(b) or Rule 15d-14(b) of the Securities Exchange Act of 1934 and § 1350 of Chapter 63 of Title 18 of the United States Code, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

Date: March 14, 2024

By: /s/ Gary Zyla

Gary Zyla
Chief Financial Officer

Exhibit 97.1

ASSETMARK FINANCIAL HOLDINGS, INC.

Clawback Policy
Adopted September 28, 2023

Introduction

The Board of Directors (the "Board") of AssetMark Financial Holdings, Inc. (the "Company") believes that it is in the best interests of the Company and its stockholders to create and maintain a culture that emphasizes integrity and accountability and that reinforces the Company's pay-for-performance compensation philosophy. The Board has therefore adopted this policy (this "Policy") which provides for the recoupment of certain executive compensation in the event of certain accounting restatements (as described below). This Policy is intended to comply with Section 10D of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), the applicable rules or standards adopted by the U.S. Securities and Exchange Commission (the "SEC") pursuant thereto, and the applicable rules or standards adopted by any national securities exchange on which the Company's securities are listed.

Administration

This Policy will be administered by the Board or, if so designated by the Board, a committee thereof, in which case references herein to the Board will be deemed references to the committee. Any determinations made by the Board will be final and binding on all affected individuals.

Covered Executives

This Policy applies to the Company's current and former executive officers, as determined by the Board in accordance with Section 10D of the Exchange Act and the listing standards of the national securities exchange on which the Company's securities are listed ("Covered Executives"). Recoupment under this Policy only applies to Incentive-based Compensation (defined below) "received" (as defined below) by a Covered Executive (A) after the date on which Section 303A.14 of the NYSE Listed Company Manual becomes effective, (B) after commencing service as a Covered Executive and (C) while the Company had a class of securities publicly listed on a United States national securities exchange.

Recoupment Triggered by Accounting Restatement

In the event the Company is required to prepare an accounting restatement due to the Company's material noncompliance with any financial reporting requirement under U.S. federal securities laws that is required in order to correct (i) an error in previously issued financial statements that is material to the previously issued financial statements, or (ii) an error that would result in a material misstatement if the error were corrected in the current period or left uncorrected in the current period, the Board will require reimbursement or forfeiture of any excess Incentive-based Compensation "received" by any Covered Executive during the three completed fiscal years immediately preceding the date on which an accounting restatement is required.

The date on which an accounting restatement is required is the earlier of (i) the date the Company's Board, a committee thereof, or the officer(s) authorized to take such action if Board action is not required, concludes, or reasonably should have concluded, that the Company is required to prepare an accounting restatement, or (ii) the date a court, regulator or other legally authorized body directs the Company to prepare an accounting restatement.

Recoupment of Incentive-based Compensation pursuant to this Policy is made on a "no fault" basis, without regard to whether any misconduct occurred or any Covered Executive's responsibility for the noncompliance that resulted in the accounting restatement, and is not dependent on if or when the restated financial statements are filed.

In connection with an accounting restatement, the amount to be recovered will be the excess of the Incentive-based Compensation "received" by the Covered Executive over the Incentive-based Compensation that would have been "received" by the Covered Executive had it been based on the restated results, determined without regard to taxes paid, all as determined by the Board.

If the applicable financial reporting measure is stock price or total shareholder return (or any measure derived wholly or in part from either such measure) and the Board cannot determine the amount of excess Incentive-based Compensation "received" by the Covered Executive directly from the information in the accounting restatement, then it will make its determination based on a reasonable estimate of the effect of the accounting restatement, will maintain documentation of said determination and provide such documentation in accordance with applicable rules or standards adopted by the SEC and the listing standards of the national securities exchange on which the Company's securities are listed.

Incentive-based Compensation Defined

For purposes of this Policy, "Incentive-based Compensation" means any compensation, including, but is not limited to, any of the following, provided that such compensation is granted, earned, or vested based wholly or in part on the attainment of a financial reporting measure:

• Annual bonuses and other short- and long-term cash incentives;
• Stock options;
• Stock appreciation rights;
• Restricted stock;
• Performance shares;
• Restricted stock units;
• Performance restricted stock units; and
• Other awards of equity or equity-like compensation provided by the Company.

Incentive-based Compensation is deemed "received" in the company's fiscal period during which the financial reporting measure specified in the compensation award is attained, even if the payment or grant of the compensation occurs after the end of that period.

For purposes of this Policy, "financial reporting measures" means any (i) measure that is determined and presented in accordance with the accounting principles use in preparing the Company's financial statements, (ii) stock price measure or (iii) total shareholder return measure (and any measures that are derived wholly or in part from any measure referenced in clause (i), (ii) or (iii) above), including, without limitation:

• Company stock price;
• Total stockholder return;
• Revenues;
• Net income;
• Earnings before interest, taxes, depreciation, and amortization (EBITDA) and adjusted EBITDA;
• Annual recurring revenue bookings, including growth in them;
• Funds from operations or free cash flow;
• Liquidity measures such as working capital or operating cash flow;
• Return measures such as return on invested capital or return on assets; and
• Profit margins and growth rates.

Earnings measures such as earnings per share. Method of Recoupment

The Board will determine, in its sole discretion, the method for recouping Incentive-based Compensation hereunder which may include, without limitation:

(a) requiring reimbursement of cash Incentive-based Compensation previously paid;

(b) seeking recovery of any gain realized on the vesting, exercise, settlement, sale, transfer, or other disposition of any equity-based awards;

(c) offsetting the recouped amount from any compensation otherwise owed by the Company to the Covered Executive;

(d) cancelling outstanding vested or unvested equity awards;

(e) taking any other remedial and recovery action permitted by law, as determined by the Board; or

(f) any combination of the foregoing, as determined by the Board.

Other Recoupment Rights

The Board intends that this Policy will be applied to the fullest extent of the law. The Board may require that any employment agreement, equity award agreement, or similar agreement entered into on or after October 2, 2023, as a condition to the grant of any benefit thereunder, require a Covered Executive to agree to abide by the terms of this Policy. Any right of recoupment under this Policy is in addition to, and not in lieu of, any other remedies or rights of recoupment that may be available to the Company pursuant to the terms of any similar policy or any employment agreement, equity award agreement, or similar agreement, as well as any other legal remedies available to the Company.

No additional Payments

In no event shall the Company be required to award Covered Executives any additional payment if the restated or accurate financial results would have resulted in a higher incentive compensation payment.

Impracticability

The Board will recover any excess Incentive-based Compensation in accordance with this Policy unless the Board's committee of independent directors responsible for executive compensation decisions (or in the absence of such a committee, a majority of the independent directors serving on the Board) determines that (i) the expense paid to a third party to assist in enforcing the Policy would exceed the amount to be recovered, provided that, before concluding that it would be impracticable to recover any amount the Company shall have first made a reasonable attempt to recover such compensation, document such reasonable attempt(s) and provide that documentation to the national securities exchange on which the Company's securities are listed; or (ii) recoupment would likely cause an otherwise tax-qualified retirement plan, under which benefits are broadly available to employees, to fail to meet the requirements of Sections 401(a)(13) or 4111(a) of the U.S. Internal Revenue Code of 1986, as amended, and regulations thereunder. Once one of the two conditions listed above is met, the Board may determine, in accordance with applicable rules or standards adopted by the SEC and the listing standards of the national securities exchange on which the Company's securities are listed, that such recovery would be impracticable. If the Board determines that one of the two conditions above is met, the Company will comply with all applicable listing standards of the national securities exchange on which the Company's securities are listed.

Successors

This Policy will be binding and enforceable against all Covered Executives and their beneficiaries, heirs, executors, administrators or other legal representatives.

No Indemnification

The Company will not indemnify, directly or indirectly, any Covered Executives against the recoupment of any excess Incentive-based Compensation pursuant to this Policy, nor for their costs in disputing any recoupment.

Interpretation

The Board is authorized to interpret and construe this Policy and to make all determinations necessary, appropriate, or advisable for the administration of this Policy. It is intended that this Policy be interpreted in a manner that is consistent with the requirements of Section 10D of the Exchange Act and any applicable rules or standards adopted by the Securities and Exchange Commission or any national securities exchange on which the Company's securities are listed.

Effective Date

This Policy applies to Incentive-based Compensation that is approved, awarded or granted to Covered Executives on or after October 2, 2023.

Amendment

The Board may amend this Policy from time to time in its discretion and will amend this Policy as it deems necessary to reflect final regulations adopted by the SEC under Section 10D of the Exchange Act and to comply with any rules or standards adopted by a national securities exchange on which the Company's securities are listed. To the extent that any applicable law, or stock market or exchange rules or regulations require recovery of Incentive-based Compensation in circumstances in addition to those specified herein, nothing in this Policy shall be deemed to limit or restrict the right or obligation of the Company to recover such compensation to the fullest extent required by such applicable law, stock market or exchange rules and regulations.

Review

The Board shall periodically, but no less than once per year, review and assess the adequacy of this Policy and make changes as appropriate.