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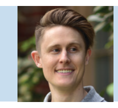

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Corridor Charts New Path for PE

Firm puts focus on tech to help boost businesses

By JAMES B. CUTCHIN *Staff Reporter*

Despite its sometimes opaque and immutable image, private equity is a constantly evolving field.

From its early days dominated by buyout shops looking to cut expenses at any cost to the operationally focused world of today, private equity has undergone major shifts throughout its roughly half-century history.

Now **Craig Enenstein**, founder of Sawtelle-based **Corridor Capital**, says the industry is entering a new technology-driven era, underpinned not necessarily by cutting-edge innovations but by incremental streamlining.

"It's technology enabling businesses that might not have been technology centric," Enenstein said. "The changes can seem small, but the effect is huge."

Enenstein believes private equity will have an important role to play in the macro shift toward a technology-enabled economy, providing traditional American businesses with the capital and expertise to upgrade and stay competitive.

Corridor Capital's founder has been obsessed with private equity — or something close to it — for much of his life. As a teenager, Enenstein said he was fascinated by Japanese trading companies.

These organizations, which include famous corporations such as **Mitsubishi Corp.**, **Mitsui & Co.** and **Toyota Tsusho Corp.**, differ from western trading companies in their scale and breadth of focus. They are sometimes compared to private equity firms because both models feature a range of businesses held by a central group focused on opportunistic investment and growth.

"I wanted to Americanize that model," Enenstein said.

That fascination led Enenstein to learn Japanese and spend several years working for a Japanese trading company. He eventually left for graduate school where he first learned about private equity.

"I looked at this as the American version of the Japanese trading company," he said. "I wanted to bring the best of both worlds. … That became the inspiration for my business career."

One of the early differences Enenstein noticed between the Japanese and American models was the latter's strong transactional focus.

For much of private equity's early history, American firms were primarily focused on buying and selling companies, according to Enenstein, with little attention paid to operational improvement opportunities within portfolio companies. Today, "operations," meaning operational improvements, has become a ubiquitous private equity buzzword.

Enenstein said that when he established Corridor Capital in 2005, most companies were still focused largely on transactions. This allowed him to set Corridor apart by incorporating a Japanese-style focus on incremental operational improvements.

The 2008 financial crisis made similar ideas appealing to other private equity firms, who were forced to take more active roles in their portfolio companies or risk seeing them collapse.

"I would argue today that most PE firms are transactional (businesses) who have dragged themselves to operations," Enenstein said.

Yet, while this operational paradigm has dominated the industry for much of the last decade, Enenstein said it is fast becoming inadequate. Today, according to the Corridor founder, firms are slowly being forced to add a focus on technology improvements at portfolio businesses to stay competitive.

Companies are expecting their business-to-business vendors, which Corridor specializes in, to have similar capabilities to consumer-facing tech platforms like Uber, Enenstein said.

The necessary changes are often small,

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Corridor founder Craig Enenstein.

such as providing companies real-time views of their warehouse inventories, but can be complex to implement. The payoff, according to Enenstein, is worth it.

"I think fundamentally (technology improvements) are the underappreciated evolving priority in private equity," he said. "If you look out 10 years ago, you wouldn't have seen a lot of private equity people with operational backgrounds. I think in the future you will see more CTOs and people with technology experience."

Corridor recently raised a new private equity fund focused, in part, on these types of technology-driven improvements. The $118 million vehicle has already been used to purchase two portfolio companies, both of which have added significant new technology-driven capabilities under Corridor's ownership.

"I think there won't be such a thing as a company that doesn't use technology in the future," Enenstein said.

EP Wealth Acquires $1B Utah Firm

Deal increases Torrance company's assets to $9B

By JAMES B. CUTCHIN *Staff Reporter*

EP Wealth Advisors, a Torrance-based registered investment adviser, or RIA, has acquired Salt Lake City-based **Insight Group Inc.** and **Financial Insight Center**. The deal, which EP says will add more than $1 billion to assets under management, is EP's largest acquisition since its 1999 founding. Terms of the transaction were not disclosed.

EP provides what its leadership calls "family office-like" wealth management services to clients with $500,000 to $100 million in assets.

The firm has grown rapidly in recent years, according to its leadership, more than tripling its assets under management from $2.7 billion in 2017 to approximately $9 billion today.

EP got its start as Premier Financial Management, a two-person office in West Los Angeles founded by childhood friends in their mid-20s.

"We didn't really have any clients or a marketing budget," said EP co-founder and Managing Director **Brian Parker**. "We did

(From left) EP Wealth's Brian Parker, Patrick Goshtigian and Derek Holman.

seminars in the library, some cold calling."

"I wish there was some magic method," he added, "but a lot of our successes, we just outworked everyone."

By 2004, Premier Financial attracted the attention of another local wealth manager who was looking for someone to take over her clients. The groups merged to form Enright Premier Wealth Advisors, later rebranded as EP. At the time, the combined businesses had less than $200 million in assets under management, according to Parker.

When the firm hit $1 billion in assets under management seven years later, Parker and his partner **Derek Holman** took the unusual step of hiring leadership above them to manage the broader affairs of the business.

Patrick Goshtigian joined EP as its president at that time, freeing up Parker and Holman to focus on their core wealth management work.

"I often joke that we fired ourselves," Parker said. "What often happens as a business grows is that the entrepreneur gets taken further and further away from the client and from their original work. … We didn't want that to happen."

To date, EP has made 15 acquisitions and grown to 15 offices across the West and Midwest. In addition to eight offices in California, the firm has locations in Arizona, Washington, Illinois, Colorado, Texas and, with the Insights acquisitions, Utah.

Parker said EP intends to continue growing both its range of services and geographic footprint to become a fully national business. EP is on track to reach $10 billion in assets under management by the end of this year, according to Parker, with ongoing 40% to 50% annual growth projected for the foreseeable future.

"The goal has been to be the preeminent RIA in the country," Parker said. "When you start to see momentum and success, that motivates me even more. … We're more than 20 years in, and I've never been more motivated than I am today."

Wilshire Associates to be Sold

Company founder Tito will retire as chief executive

By JAMES B. CUTCHIN *Staff Reporter*

Santa Monica-based technology and advisory company **Wilshire Associates Inc.** has agreed to be acquired by two New York-based private equity firms.

CC Capital Partners, a five-year-old firm founded by former **Blackstone Group Inc.** Partner **Chinh Chu**, and **Motive Partners**, a specialist firm focused on financial technology, will pay an undisclosed amount for Wilshire Associates.

Wilshire is the creator of the Wilshire 5000 Total Market Index, more commonly known as the Wilshire 5000. The index is one of the broadest measures of the U.S. stock market, tracking all stocks actively traded in the country, weighted by market capitalization.

It also publishes the Wilshire Trust Universe Comparison Service, which tracks $3.6 trillion in actively managed U.S. institutional assets.

The 48-year-old company was founded by **Dennis Tito** as an investing technology firm in the early 1970s. As the company grew, it expanded into investment data, advisory and management services.

Today, Wilshire Associates manages $73 billion in assets, advises on more than $1 trillion in assets and serves more than 500 clients across 10 global offices, according to the company.

The Santa Monica firm's sale was primarily initiated as part of a succession plan, according to Wilshire Chief Operating Officer **Jason Schwarz**.

Tito, who is now 80 years old, is planning to retire. Following the close of Wilshire's sale near the end of this year, Tito will step down as chief executive and chairman. President and Vice Chairman **John Hindman** will also depart the company.

Schwarz will take over as president and lead the firm's investment and portfolio analytics teams.

"In many respects, this is both a way to pass the mantle of leadership and also an opportunity to drive investment into Wilshire's core capabilities and drive client-centric growth," he said.

Wilshire's newly available capital will be used for a range of growth-focused initiatives, according to Schwarz. These include upgrading tools and technology, as well as undertaking new mergers and acquisitions — possibly in overseas markets where Wilshire currently has clients but no local office.

"The growth over the last 48 years has all been organic," Schwarz said. "We want to preserve that culture."

Wilshire will announce further leadership changes following the deal's close late in the fourth quarter, according to Schwarz.

Wilshire Associates Inc.

FOUNDED: 1972
HEADQUARTERS: Santa Monica
CEO: Dennis Tito
BUSINESS: Investing data and advisory services
EMPLOYEES: 261
ASSETS UNDER MANAGEMENT: $73 billion
NOTABLE: Founder Dennis Tito will step down from the company following the close of its sale.