

ADVISOR M&A DEAL SIZE IS BALLOONING

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M&A Deals In RIA Industry Grew To Record 181 In 2018

Consolidators led the field for mergers and acquisitions in 2018, a year that saw another record setting number of deals concluded, according to Echelon Partners.

The year marked the sixth straight one where the number of mergers and acquisitions in the RIA industry grew, according to the RIA M&A Deal Report by **ECHELON**, a Los Angeles-based investment bank and consulting firm. A total of 181 RIA deals were completed, with three firms accounting for 33 of them. Focus Financial led the way with 21, followed by Mercer Advisors with eight and CAPTRUST Financial Advisors with four.

Precedent-setting breakaway success, aggressive recruiting and an aging advisor population preparing for liquidity events by transitioning to independent platforms have contributed to this continuing growth trend, **ECHELON** said. Based on only 11 months of data, Fidelity Investments said deal sizes were up but the number of deals had decreased. Fidelity has not released year-end totals yet.

While there were more deals in general, there also were more big deals. There were 32 deals worth \$1 billion or more compared to last year's high of 29. The largest transaction during the fourth quarter was Robert W. Baird & Co.'s acquisition of Hilliard Lyons, expanding its \$200 billion AUM by 25 percent and adding 380 advisors across 11 states.

The 181 transactions in 2018 more than doubled the 90 deals recorded in 2013, representing an increasingly active and vibrant deal marketplace, **ECHELON** said.

"This strong activity came amongst what was a tumultuous year for financial markets, particularly in the fourth quarter, which witnessed a 20.1 percent drawdown in U.S. equities, capping off the worst year for stocks in a decade," the report said.

"The record optimism that 2018 began with quickly deteriorated as global growth subsided and geopolitical issues came to the forefront. However, even with this uncertainty, RIA M&A deal activity did not show signs of weakening in 2018; on the contrary, it strengthened, which could be an indication that RIA executives are looking to hasten plans for liquidity events ahead of what could be an impending recessionary environment," **ECHELON** said.

"If so, it may bode well for a strong start to 2019 in terms of deal activity, as sellers rush for the exits," the report said.