

## ECHELON PARTNERS RELEASES RIA M&A DEALBOOK SHOWING RECORD ACTIVITY IN 2016, STRONG GROWTH PROJECTED FOR 2017

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**ECHELON Partners**, a leading investment bank focused exclusively on the investment and wealth management industries, announced today the release of the inaugural ECHELON RIA M&A DealBook and website designed to capture the key transactions, trends and M&A activity in the RIA, Broker-Dealer, Hybrid Advisor, WealthTECH and Investment Management industries.

Merger and Acquisition activity in the RIA industry hit an all time record of 138 transactions, representing a 10% increase over last year's record level and a 16% compound annual growth rate since the business cycle trough in 2009. Additionally, M&A activity has increased in 6 of the 7 years leading up to 2016's record level, with projections for more of the same in 2017.

"The many macro trends impacting the RIA industry is setting up for a perfect storm of M&A activity for the wealth management industry," said **Dan Seivert**, CEO of ECHELON Partners. "Based on these trends, we anticipate a significant increase in advisors looking to drive inorganic growth through an M&A strategy as well as an increase in deal activity as a result of an aging advisor population, an increase in succession planning and the impacts of new fiduciary requirements. As a result, we are investing aggressively in key industry resources such as the ECHELON RIA M&A DealBook and website to be an indispensable tool for all industry participants to rely upon for the latest, highest quality data to assist them in their strategic planning."

The ECHELON DealBook is unique in the industry as it goes beyond reporting on just RIA deals to also include data from breakaway broker activity, investment management deals as well as a new category for wealthTECH firms.

According to the report, reported breakaway activity topped 400 teams for the second year in a row, while more and more breakaways are choosing the RIA channel as their preferred business model. This trend has increased an average of 28% a year over the past six years, with the average breakaway AUM topping \$120 billion in each of the past two years, growing at 9% a year from 2010 to 2016.

"The RIA model is clearly winning in the marketplace, not only a transparent advice delivery model for clients, but also for breakaway advisors looking to build their own businesses to better serve their clients, while building business value for the long-run," noted Seivert. "We expect this trend to continue to expand dramatically, particularly as the many retention deals signed during the financial crisis are fully accrued and there are fewer limitations for leaving the wirehouse."

WealthTECH, a sector of the larger FinTech industry, captures the universe of technology-driven companies that cater to the wealth and investment management industry. The over 1,000 qualifying wealthTECH companies have been identified and mapped by ECHELON into 6 broad sectors and 42 subsectors.

As technology becomes more and more of a focus in how wealth and investment management advice is being delivered, the industry is seeing a marked uptick in WealthTECH deals. With overall FinTech funding growing at exponential rates, a corresponding increase in wealthTECH activity is being seen in the industry as wealthTECH deals doubled year over year in 2015, increasing to 2016's record pace.

Other findings from the report include:

- Increase in Billion Dollar Deals – The number of acquisitions involving \$1 billion AUM wealth managers more than doubled in 2015 and 2016 vs. 2013 and 2014

- Growth in Strategic Deals – While RIAs have historically been the top buyers of other RIAs, in 2016 the number of RIA buyers declined slightly to 42% of all deals from 47% in 2013. Making up for that decline in transactions were strategic buyers and consolidators who increased their share from 31% in 2013 to 40%.
- Deal AUM Soars – The amount of RIA AUM acquired in 2015 and 2016 was triple the average rate in the 2010-2014 time period and 2016 represented a record level of AUM acquired, up 29% from the prior year.
- Average Deal Size is North of \$1 Billion – The average M&A transaction moved over the \$1 billion milestone in 2015 and was even higher in 2016, just the second time since 2012.
- One Hundred Ninety Billion in Deals Projected for 2017 – Based on trend data, 2017 should see more than \$190 billion in AUM trade hands.
- US Investment Management Deals Increasing – Since 2011, the annual combined value of US Investment Management transactions has increased at a compound annual growth rate of 17.1% vs - 0.6% growth rate for global investment management deals.

“With so many changes impacting wealth management, such as aging advisors, new regulations, an increase in digital competition and a fast growing wealth market, the demand for investment banking, valuation, succession planning and M&A resources is increasing dramatically,” said Seivert. “We are extremely pleased with the industry’s reception to our new ECHELON RIA M&A DealBook and website and are excited to continue to build out our industry resources to become the Go To solution for all industry deals.”

To gain access to the ECHELON RIA M&A DealBook, log onto [RIADealBook.com](http://RIADealBook.com).

