

SLOWER SECOND HALF DOESN'T DERAIL RECORD PACE OF RIA ACQUISITIONS

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Despite a second-half slowdown, merger-and-acquisition activity set another record in 2017, according to the latest data from **ECHELON Partners**.

The report, released over the weekend, showed 168 registered investment adviser deals for the year, a 22% increase over the 138 deals in 2016.

Broken down by quarter, there were 41 deals in the final three months, 35 in the third quarter, 45 in the second quarter, and 47 in the first quarter.

One of the byproducts of continued consolidation activity in the RIA space is the average deal size was above \$1 billion for the second straight year.

Since 2013, when the average deal size was \$456 million, the average has grown at a 22% compound annual growth rate.

Daniel Seivert, ECHELON founder and chief executive, estimated that the current growth trend could see 202 deals in 2018, with the average deal size exceeding \$1.4 billion.

Strategic acquirers and consolidator firms continued to dominate M&A activity, representing 44% of all deals last year, up from 40% in 2016.

Acquisitions by other RIAs was the second most-active category, representing 36% of deals, compared with 42% in 2016.

Breakaway broker activity picked up in the fourth quarter to 121 moves, compared with 107 in the third quarter, and 72 in the second quarter.

But, even in the wake of late-year departures from the broker protocol agreement by Morgan Stanley and UBS, the breakaway numbers in the final quarter didn't surpass the 123 moves in the first quarter.

Mr. Seivert described the accelerated fourth-quarter activity as "noteworthy," because the final quarter of the year has historically seen an average of 93 moves since 2013.