

2017 ENDS WITH FLURRY OF RIA M&As

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According to **ECHELON's RIA M&A Deal Report**, there were 41 mergers and acquisitions (M&As) among registered investment advisers (RIAs) in the fourth quarter of 2017, up from the 35 deals in the third quarter—but lower than the 47 transactions in the first quarter and the 45 transactions in the second quarter.

Throughout all of 2017, there were 168 RIA M&As, the fifth straight year for a record to be set and an increase of 21.7% from the 138 deals in 2016.

"The heightened deal activity has coincided with a revitalized interest from consolidators and private equity buyers, as these firms increasingly are seeking and finding established businesses that fit their investment criteria," ECHELON says. "This activity has been marked by several mega transactions, including KKR and StonePoint Capital's acquisition of Focus Financial's \$100 billion in AUM [assets under management]."

In 2017, RIA M&As averaged more than \$1 billion, the second year for such transactions to reach this valuation. Since 2013, the average size of transactions has grown at a compound annual growth rate of 22%. "If trend level growth rates continue, deal volume would reach 202 in 2018 and deal size would exceed \$1.4 billion, translating to more than \$280 billion changing hands," ECHELON says.

The investment banking firm also says that between 2012 and 2014, strategic buyers and/or consolidators accounted for 33% of RIA M&As. Between 2015 and 2017, that surged to 42%. In 2017, banks reinvigorated their interest in acquiring RIAs, accounting for 10% of the transactions.

ECHELON expects that, with the Dow Jones Industrial Average now having reached 26,000 and in light of the new tax law, M&As among RIAs are likely to continue to grow.