Are Publicly Traded Asset Managers Getting Cheaper?

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Publicly-traded investment managers will get slightly cheaper this year, according to the January 2010 *Seivert Report* released Tuesday by Los Angeles-based bank and consulting firm **Echelon Partners**.

The study, which examines a sample of 21 publicly-traded investment managers, forecasts an estimated price/earnings ratio of 22.1 for the current fiscal year, marking a 22.2 percent decline from 28.4 for the trailing twelve months as of fourth-quarter 2009. The sample set includes familiar mutual fund industry names such as T. Rowe Price, Federated, Calamos and Janus.

Echelon expects BlackRock to have the highest P/E ratio in 2010 at 34.3, but that still marks a drop-off from 46.3 for the trailing twelve months. As for estimated long-term growth, Artio Global Investors takes the prize with an expected 18.7 percent growth rate. The average estimated valuation for the group was 22.7 for this fiscal year and an estimated 17.7 for the next fiscal year, compared to 32.3 for the trailing twelve months.

Investment managers weren't the only sector getting cheaper –- the report also predicts P/E ratio declines among regional and national investment brokerages and alternative investment managers. Insurance companies are expected to see the sharpest drop, declining from a P/E ratio of 38.7 (as of fourth-quarter 2009) to an estimated 8.9 ratio this year.

According to the report, the findings are designed to provide public comparable valuation in the context of selling companies, buying companies, raising capital, investing, conducting buyouts, executing spin-offs, starting new ventures, and/or developing equity compensation programs. In formulating valuation forecasts, the study utilizes fourteen valuation metrics and fourteen financial metrics which are ultimately organized into ten custom-developed sectors so as to provide a company-by-company analysis of publicly-held firms within each sector.

Echelon Partners is both an investment bank and consulting firm that focuses exclusively on the investment management and wealth management industries.

About ECHELON Partners

ECHELON Partners (ECHELON) was formed in 2001 to offer investment banking and consulting to a subset of the financial services industry known as "investment product developers and distributors" (IPDADs). Since that time, ECHELON's professionals have helped hundreds of senior executives envision, initiate, and execute a multitude of complex business strategies and transactions. ECHELON's business is making companies more valuable through delivering advice and orchestrating transactions. Accordingly, ECHELON measures its success in the enterprise value it creates for its clients. Companies that strive to outperform their peers choose to work with ECHELON because we are as passionate about their results as they are.

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