

M&As in RIA Industry Hit Record Highs

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Merger and acquisition activity in the RIA industry is on pace to pass the 2016 level, making this the fifth year in a row that activity has increased, according to a study by investment bank **ECHELON Partners** in Manhattan Beach, Calif.

The number of deals is on track to increase by 23 percent this year, to 169 transactions by the end of the year, the company says. The first three quarters of 2017 achieved an average transaction size of \$1.1 billion, the highest of the past seven years.

In addition, RIA breakaways continue to sustain the momentum they established in 2016, ECHELON says. So far, 302 firms have broken away from wirehouses and 88 more are expected to by the end of the year, ECHELON Partners predicts, adding that totals probably won't reach the high of 430 deals for 2016 because of the exceptional second-quarter results of last year that saw 176 transactions.

The breakaways are being caused in part by the decrease in wirehouse recruiting bonuses since the Department of Labor fiduciary rule was partially implemented, ECHELON says.

The acquisition of Focus Financial with \$100 billion in AUM by KKR and Stonepoint Capital is one of the industry's largest mega-deals made by private equity investors this year, ECHELON says, noting acquisitions by private equity investors are a growing trend.

"The aging advisor population combined with consolidation at the top end of the industry is leading to increasing volumes of deals, both in total numbers as well as in assets," **Dan Seivert**, CEO of ECHELON Partners, said. "Our research is projecting a continued increase in M&A activity across the board."

In search of growth platforms and scale, well-capitalized, strategic buyers and consolidators have accounted for 53 percent of RIA purchases so far this year, a 33 percent increase over 2016.