

RECORD ADVISOR FROM M&A DEALS MADE IN 2010

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Last year, 109 deals representing \$156 billion in assets under management were completed, the largest numbers since Schwab started collecting the industrywide data in 2003. During the difficult markets of 2009, only 70 deals were completed with \$103 billion in assets.

"We saw a significant uptick in M&A deal activity among RIAs (registered investment adviser firms) in 2010, largely due to advisers putting these discussions back on the front burner after spending the bulk of 2009 helping clients navigate the volatile markets," said David DeVoe, managing director of strategic business development at Schwab Advisor Services.

The firms had an average of \$1.4 billion in client assets, though over half of the firms had under \$500 million in assets. The majority of the firms were bought by other registered investment adviser firms.

Advisers are motivated to sell or merge with another firm as competition for clients continues to grow, said **Dan Seivert**, chief executive of Manhattan Beach, California-based **Echelon Partners**, an investment bank specializing in advisory firms.

Previously independent advisers mainly had to compete with the large brokerage firms. Now there are also a growing number of "super RIAs" which oversee more than \$1 billion of client assets.

"It's a tougher competition so they are merging to become bigger themselves," said Seivert.

Advisers were also looking to protect themselves against another market downturn.

"I think RIAs felt a bit exposed during the downturn and they don't want to go through that again by themselves," said Seivert.

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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