FIRST QUARTER WAS A SELLER'S MARKET FOR RIAS

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The pace of merger and acquisition activity in the wealth management space continues to chug along, driven by a combination of economic factors, according to the latest report from **ECHELON Partners**.

With 46 registered investment adviser deals logged in the first quarter, ECHELON is forecasting a full-year deal count of 193, according to the quarterly report released Thursday morning. The projection reflects a 15% increase over the 2017 total of 168 deals.

The 46 RIA deals during the first three months of the year compares to 41 during the fourth quarter of last year and marked the third-highest quarter on record.

The first quarters of 2017 and 2016 each saw 47 RIA deals.

Breakaway brokerage rep activity during the quarter was described as "rampant," with 128 departures, compared to an average of 100 first-quarter departures over the past five years.

"Normally the first-quarter activity isn't this strong, and that may be a signal of what to expect for the rest of the year," said **Carolyn Armitage**, a managing director at ECHELON Partners.

ECHELON, an investment bank, acknowledges that its quarterly M&A calculations are based only on deals that are of a certain size and that the firm has worked on and is familiar with. Therefore, Ms. Armitage estimates the actual number of deals could be "four to seven times larger."

Ms. Armitage attributed the increasing RIA deal activity to an extended bull market combined with a positive economic environment.

"The market is strong and the tax environment is positive," she said. "A strong market is needed for better valuations, and there are a lot of folks who see the timing as right to step out."

Average assets under management per deal has been hovering over $1 billion since the first quarter of 2016, probably a factor of stronger equity markets.

In terms of breakaway broker activity, ECHELON is pegging the increase to the recent disruption surrounding the broker protocol agreement, which has been abandoned by UBS, Morgan Stanley and Citigroup.

"The threat and reality of wealth management firms departing from the broker protocol pact is a scary proposition for financial advisers, and thus we're seeing a significant uptick in the number of advisers evaluating breakaway options and the speed at which they are doing so," ECHELON managing director **Mike Wunderli** said in a prepared statement.