

## EX- AMG WEALTH EXECs LAUNCH \$11BN RIA AGGREGATOR

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A trio of former Affiliated Managers Group (AMG) executives have spun off to launch a new registered investment advisor (RIA) aggregator, Wealth Partners Capital Group (WPCG), with the backing of AMG.

The new shop is led by the former president of AMG Wealth Partners, John Copeland, and former AMG wealth executives, Rich Gill and Sean Bresnan, according to announcements from AMG and WPCG.

The new aggregator shop has launched with minority investments in three independent wealth shops that collectively manage \$11 billion in client assets, including Forbes Family Trust, MAI Capital Management and EP Wealth Advisors. WPCG's business model will include providing acquisition support to help grow the RIAs it invests in, along with providing them operational infrastructure.

AMG has acquired a minority interest in WPCG, contributing its minority interest in Forbes Family Trust as part of the deal, which took effect at the end of June.

The transaction doesn't mean AMG is backing away from its own RIA aggregator business, which focuses on very high-end wealth management shops.

AMG will continue to execute its strategy of investing in large-scale independent wealth management firms, through its wealth management division, which currently works with wealth shops managing a collective \$40 billion, according to a statement from the firm's investor relations department.

AMG's existing wealth management affiliates won't see any changes in their existing partnerships or economic relationships with AMG, according to the statement.

"We are pleased to support the launch of WPCG, and believe the team will be successful in executing this distinct strategy among smaller wealth management firms," said Nathaniel Dalton, president and COO of AMG in the statement.

"Given the backdrop of demographic trends which will continue to benefit independent, solutions-oriented wealth management firms, we look forward to continuing to selectively invest in additional wealth managers when opportunities arise with firms of meaningful scale and at valuations which align with our long-term discipline."

But the spin out could raise questions about the limitations of a business model focusing only on acquiring the largest RIAs, according to one observer.

"I think it begs the question of whether the initial thesis of AMG is proceeding fast enough for them," says **Dan Seivert, CEO of ECHELON Partners**, a boutique investment bank and consulting firm to the wealth and investment management industries. "I think it just raises a question about AMG's thesis about investing in \$5 billion dollar plus wealth management firms, whether they have been able to do enough deals."

While \$5 billion-plus RIAs represent an attractive market for acquisitions, competition for those firms is stiff, and RIA aggregators haven't been leading acquirers of that size of firm. Private equity firms, banks and large broker-dealers have been more prominent acquirers for that segment, Seivert says.

"I think there's a lot of competition for those larger deals," Seivert says. "And buyers are willing to pay up for them."

Aggregators have been active acquirers of smaller RIAs, below the \$5 billion threshold, however, ECHELON Partners data shows. RIA aggregators accounted for about 40% of the buying in 2016, according to a report from the firm.

As part of the WPCG transaction, the management teams of the three RIAs have entered into long-term employment agreements, according to a press release from WPCG.

Forbes Family Trust, is a multi-family office and investment advisory firm, based in New York and Philadelphia, run by CEO Keith Bloomfield, executive chairman Scott Gregorchuk, president and CIO Bill Luterman and director of research James McGrath, according to information on the firm's website.

EP Wealth Advisors, which was founded by Derek Holman and Brian Parker, has offices in California, Colorado and Washington, and has nearly \$3 billion in assets under management, according to a statement from the firm.

MAI Capital Management, which is led by managing director Rick Buoncore, and was founded by Arnold Palmer and Mark McCormack, manages more than \$4 billion in assets and has offices in Florida, New Hampshire, Ohio and California, according to a statement. MAI is targeting acquiring small and mid-sized RIAs, focusing on shops in the Eastern U.S.

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