

VALUE OF INVESTMENT FIRMS UP IN SECOND QUATER

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The value of publicly traded U.S. investment companies -- manufacturers and distributors -- rose significantly in the second quarter of 2009, according to **Echelon Partners'** latest **Seivert Report**.

Across all investment-company sectors, the median enterprise value to EBITDA (earnings before interest, taxes, depreciation and amortization) multiple increased 47% for the run rate figures, from 5.3 in Q1 to 7.8 in Q2, and 11% for the trailing twelve month (TTM) figures, from 7.6 in Q1 to 8.4 in Q2. Median enterprise value to EBITDA hasn't been this high across all sectors since end of September 2008.

Little improvement in profitability

"There is no question that valuations have been recovering," says Echelon Partners' CEO **Dan Seivert**. "Over the past 18 months, there was a steady decline in valuation multiples, as well as the cash flows and revenues they are multiplied against."

Adds Seivert: "The vast majority of the increase in valuations over the past quarter can be attributed to these increased multiples, as we have yet to see much of an increase in revenues or profits at most of these publicly-traded companies."

Median enterprise value to revenue -- up 29% from 2.1 in Q1 to 2.7 Q2 -- has not been this high across all sectors since the end of 2008's third quarter. Latest-quarter ratios range from 0.6 for insurance companies with investment segments to 7.5 for regional and trust banks.

The median PEG, or price-to-earnings-to-growth, ratio for all sectors increased from 1.0 to 1.3 for the next fiscal year, an increase of 30%. Insurance companies with investment-management units again had the lowest ratio with 0.5 while asset managers had the highest with 1.9.

TD Ameritrade Institutional -- the RIA-support division of discount brokerage TD Ameritrade-- has turned Los Angeles-based Echelon for help with **AdvisorLink**, a newish program that helps RIAs find buyers, sellers or potential merger partners. -FWR

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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