

CAPTRUST ACQUIRES \$19BN RIA IN ITS SIXTH DEAL THIS YEAR

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CAPTRUST, one of the nation's largest diversified investment advisory firms, has completed its sixth acquisition of the year by folding in Tampa-based CapTrust Advisors, a \$19 billion firm.

The deal brings Raleigh, N.C.-based CAPTRUST to \$243 billion under advisement with 435 employees in 35 branch offices.

The two firms have similar names because they broke away from the same holding company, a subsidiary of Wachovia Securities known as CapTrust, in 1998.

Details of the transaction were not disclosed, but according to CAPTRUST chief executive Fielding Miller, CapTrust followed the requirement of taking at least half the cost of the deal in CAPTRUST stock.

"This deal gives us a lot more scale and more capital to invest back into the business," he said.

CAPTRUST, which specializes in retirement plans and had about \$350 million under advisement in 1998, has grown both organically and through 26 acquisitions over the past 10 years

But, as illustrated by the fact that it didn't make any acquisitions last year, Mr. Fielding said the company's growth strategy is patient and strategic, and relies heavily on organic growth.

"One thing you have to get right in an acquisition is a strong cultural match," he said. "We've known these (CapTrust) guys for a long time, and we knew their culture paralleled ours."

As with all CAPTRUST acquisitions, the acquired company will take on the CAPTRUST brand and become part of the larger company.

But, as Eric Bailey, principal of the former CapTrust company explained, this deal is not a one-way street.

"We have grown from about \$250 million in 1998 to develop pretty substantial niches that includes serving religious organizations, as well as endowments and foundations," he said.

According to Mr. Miller, of the 26 firms CAPTRUST has acquired, the average annualized increase in revenues post-acquisition has been 18%.

"This is either the biggest deal we've ever done, or right at it," he said. "More assets under management means more leverage with money managers, and more access to money managers for lower fees."

Daniel Seivert, chief executive at the investment bank **ECHELON Partners**, recognized CAPTRUST for its growth strategy while maintaining its independence,

"They've demonstrated a nice balance of organic and inorganic growth," he said. "The strength of their organic growth is a testament to the business model, and the number of deals they've done suggests they have the staff and resources to manage the integration."