

## INDIE WEALTH FIRMS SOUGHT BY ACQUIRERS

Originally Published By Charles Paikert, Investment News

Growing independent-wealth-management firms with strong local roots, charismatic managers and loyal high-net-worth clients continue to be coveted by acquisition-minded financial services companies.

The coveted firms are in California, or in the South or Southwest, and manage at least \$500 million in assets.

Among the most sought after are Trovena LLC of San Diego, Lydian Private Bank and Trust of Palm Beach, Fla., Albion Financial Group in Salt Lake City and Sentinel Trust Co. in Houston, said industry sources, who asked not to be identified.

Other strong regional firms that are considered attractive targets include Oxford Financial Group Ltd. in Carmel, Ind., and Threshold Group of Gig Harbor, Wash., said officials.

Financial heavyweights that have expressed interest in buying, or have recently purchased, wealth management firms include Barclays Bank PLC of London, Wells Fargo & Co. of San Francisco, Northern Trust Corp. of Chicago and UBS AG of Zurich, Switzerland. Also in the hunt are growing regional firms with national ambitions such as Fisher Investments of Woodside, Calif., Homrich & Berg Inc. in Atlanta, Aspiriant of San Francisco and Los Angeles, and Presidio Financial Partners LLC in San Francisco, as well as perennial buyers such as holding companies Focus Financial Partners LLC of New York and WealthTrust LLC of Nashville, Tenn.

Potential buyers are also paying close attention to geography, said **Daniel Seivert**, chief executive and managing partner of Manhattan Beach, Calif.-based **Echelon Partners**, an investment-banking and consulting firm.

"They want firms that are established in local markets, particularly fast-growing ones in California and the South," he said.

Brodie Cobb, chief executive of Presidio, said the firm is looking to buy or partner with firms in New York, Texas and California with \$500 million or more in assets.

"We think there are more and more of those types of firms out there who would be interested in joining us," he said.

Mark Sclazo, group vice president and head of mergers and acquisitions at Fisher Investments, which last month bought Houston-based Lighthouse Capital Management LP, agrees.

"[Local] firms have realized that being able to invest globally is becoming increasingly important to clients," he said. "And that that is a capability they don't currently have."

"We are seeing private banks looking to expand their geographic footprints," said Stuart Rutherford, a senior financial services analyst for Datamonitor in London. "And buying a wealth manager is a fast-track way of gaining scale in a particular geography."

Indeed, to kick-start its growth plans in the United States, Barclays would consider buying an American wealth management firm, Bob Diamond, its president, said last month.

Wells Fargo's chief executive, John Stumpf, has also publicly expressed interest in purchasing a wealth management firm, most likely in the Western United States, where the bank is strongest.

Potential buyers of wealth management firms, however, are wary of overpaying, while sellers, not surprisingly, want to maximize their price.

FAVORABLE MARKET

Mr. ScLAzo said that wealth management firms have been valued at two to three times revenue this year. However, he added, that number "has come down a bit because of concern where the market is going."

## 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.

**Daniel Seivert**

Managing Director

dseivert@echelon-group.com