

ECHELON PARTNERS RELEASES Q1 2018 RIA M&A DEAL REPORT SHOWCASING HEIGHTENED BREAKAWAY ACTIVITY AS BROKER PROTOCOL EXITS INDUCE DEALS

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ECHELON Partners, a leading investment bank focused exclusively on the wealth and investment management industries, announced today the release of the 1st Quarter, 2018 ECHELON RIA M&A Deal Report designed to capture the key transactions, trends and M&A activity in the US Wealth and investment Management industries.

RIA M&A Deal Making: As anticipated in the Q4 2017 edition of the ECHELON RIA M&A Deal Report, a continuation of the record setting deal volumes exhibited over the prior five years sustained through Q1 2018. This year began with a flurry of RIA M&A deal activity, with 46 deals consummated in Q1, supporting ECHELON's forecast of a total deal count in excess of 185 for the full year of 2018.

These first quarter transactions involving RIAs were a substantial 12% higher than the 41 deals in Q4 2017 and were the third highest quarter of RIA M&A transactions in history. For the third straight year, Q1 has proven to be a strong period for M&A activity in the industry, as the three most recent first quarters have represented the three highest quarterly deal counts over the past six years.

Breakaway activity remained rampant in Q1 2018, with 128 departures, as fears of an impending end to the broker protocol pact steadily come to fruition, with large wirehouses such as Morgan Stanley, UBS, and Citigroup ceasing their involvement in the program. The accelerated activity in Q1 2018 is noteworthy as, historically, Q1 has seen a lower volume of breakaways, averaging 100 since 2013.

ECHELON believes that the precipitous spike in breakaway activity will sustain over the coming months as advisors actively seek greener pastures while significant legal repercussions, for departing with firm clients, remain subdued. The first quarter's staggering 128 breakaways was 24% above the historic average of 103 quarterly breakaways over the past twenty quarters.

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

Additional and expanded findings from the Deal Report include:

- **Quarterly Deal Volume Surges by 12%:** Another pronounced first quarter of deals was realized in Q1 2018 with 46 transactions consummated. We believe that this volume of deals supports another likely record-setting year of RIA M&A activity.
- **Average Deal Size Exceeds \$1 BN for the Third Straight year:** The first quarter of 2018 achieved an average transaction size of over \$1.0 BN. 2017 saw an average of \$1.01 BN AUM per transaction, a 22% CAGR since 2013.
- **Consolidators Maintain Control of RIA Deal Activity:** In search of growth platforms and scale, well-capitalized, strategic buyers and consolidators accounted for 46% of RIA purchases in Q1 2018, consummating 21 deals.

- **RIA Breakaways Rally in the Face of Increasingly Restrictive Advisor Protocol:** Q1 2018 saw activity increase 6% relative to Q4 2017, with 128 breakaways. The risk of additional firms withdrawing from the broker protocol pact fostered this heightened breakaway activity.
- **\$1 BN+ AUM Deal Making Continues to Surge:** \$1 BN+ AUM wealth manager M&A is projected to surpass the 5-year average of 20 transactions by approximately 20% in 2018E – with 24 wealth manager M&A transactions – as buyers seek out these ideal, lower-risk platforms.

“The environment we are entering is creating a very bullish marketplace for RIA deal making and we fully expect to see these trends drive volumes of transactions, both in total numbers as well as in assets throughout 2018,” said **Carolyn Armitage**, a Managing Director at ECHELON Partners. “Our research is projecting a continued increase in M&A activity across the board and the momentum in our business is directly reflecting these results as advisors and industry participants are increasingly looking for expert advice to optimize their transaction results.”

To gain access to the ECHELON RIA M&A Deal Report, visit: <http://www.RIADealReport.com>

About ECHELON Partners

Founded over 15 years ago, ECHELON Partners <http://www.echelon-partners.com> combines the high quality expected of a large investment bank with the high-touch expected of a personal boutique. Compared to traditional investment bankers, ECHELON Partners offers a total platform approach of investment banking, valuation and management consulting services - bringing together financial advisory, strategic consulting, and senior-level operational experience to each engagement. ECHELON's keys to successfully serving clients are a deep understanding of the wealth and investment management industry, an extensive network of contacts and strategic partners, a powerful set of processes and databases, integrity, and trust. ECHELON Partners is committed to bringing all of these qualities to every client assignment. With a track record spanning hundreds of engagements, ECHELON's team understands the unique needs of owners and executives in the financial services industry.
