

**Inside  
the Deal  
M&A  
Newsletter**

**Q4 2021**

# A Brief Note from the Team

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Dynasty Financial Partners is pleased to share with you the fourth edition of our new quarterly newsletter, Inside the Deal, a proprietary publication which is aimed at educating our clients on trends in Wealth Management M&A. We hope to provide you with insights into specific deals and deal structures, answer important questions raised from our readers, and most importantly, empower our network to have the confidence to be successful in their M&A strategy. For our fourth issue, we reflect on the robust year of deal making in 2021 (as we continue the post-pandemic new normal). All indications continue to suggest that the robust M&A market is not going away anytime soon, as strong valuations combined with a strong buyer sentiment (many of whom have access to a significant amount of capital) will continue to create attractive opportunities on both the buy-side and sell-side alike.

We would like to hear from you! Please email us at [dcx@dynastyfp.com](mailto:dcx@dynastyfp.com). Let us know what you would like us to explore in upcoming issues and how we can better serve our network so you can pursue and close more M&A deals with confidence!

As always, everything you share with us will be held in the highest degree of confidentiality and discretion.



**Harris Baltch**  
Head of M&A and Capital Strategies

# 2021 Year End M&A Market: Executive Summary

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When taking a step back to assess the 2021 M&A market in totality, the primary takeaway is...**WOW**, what a year.

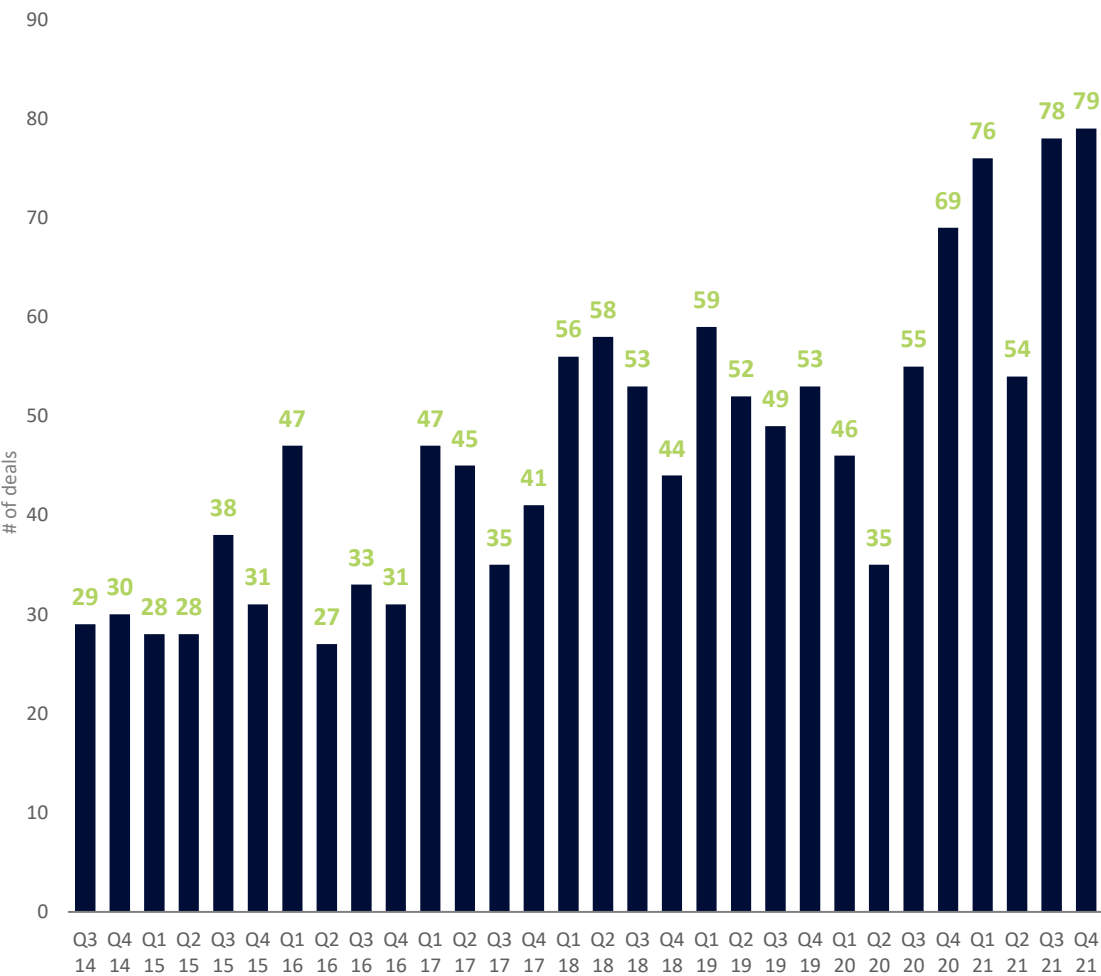
This section began 2021 questioning whether this year's M&A deal volume could possibly match the all-time highs of 2020, despite witnessing the scorching deal volume of January and February. A return in June and July to more 'normalized' M&A volume gave brief pause to the belief that all-time highs in deal volume could continue, before Q3 brought back the feelings of the McGwire/Sosa/Bonds homerun record chases. Entering Q4 we knew that 2021 taking the crown from 2020 for the most M&A deals of all-time was guaranteed, the only question was by how much and whether Q4 would continue at the torrid pace set by Q3.

We now have the answer, as Q4 continued what we might now call the 'new normal' in M&A deal announcements, hitting 79 total deals (+14% over 4Q 2020) and 287 YTD (+40% over full year 2020).

The story remains the same. We see the long-term drivers of outsized RIA deal volume we discussed in the beginning of 2021 continuing unabated: long-term advisor succession needs, the increasing RIA scale and scope needed to compete, and new private equity backed buyers entering the market. These factors in addition to the new drivers we explored throughout 2021 provided an additional push, including concerns of a possible long-term capital gains tax increases and the recapitalization of multiple major consolidators and aggregators.

With no signs of expected deal volume slowing down in 2022, we would not be surprised to see another attempt at an all-time record year of RIA M&A for a 10th straight year!

# RIA M&A Deal Volume Clinches Another Yearly High in Q4



Source: Echelon – ‘Q3 2021 Echelon RIA M&A Deal Report’ (2021), public information including press release,trade articles, and other secondary research

# Deal Summary and Key Themes Revisited

As we close 2021, we review and analyze the year:

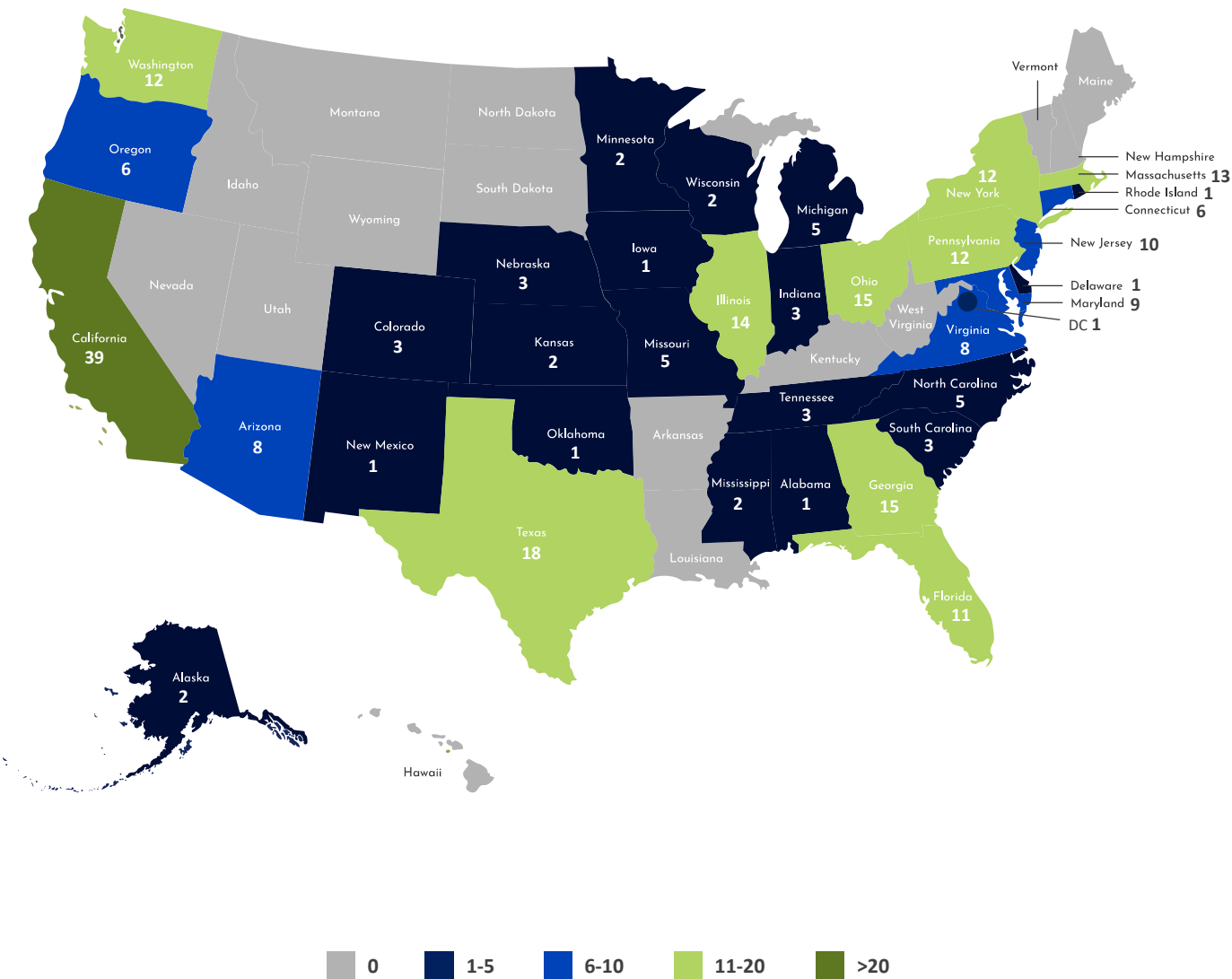


1. 2021 National Deal Data Breakdown
2. Top 10: States By Deal Count
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5. Capability Acquisition (Q2 and Q3)
6. Many Dimensions of Large RIA M&A (Q2)

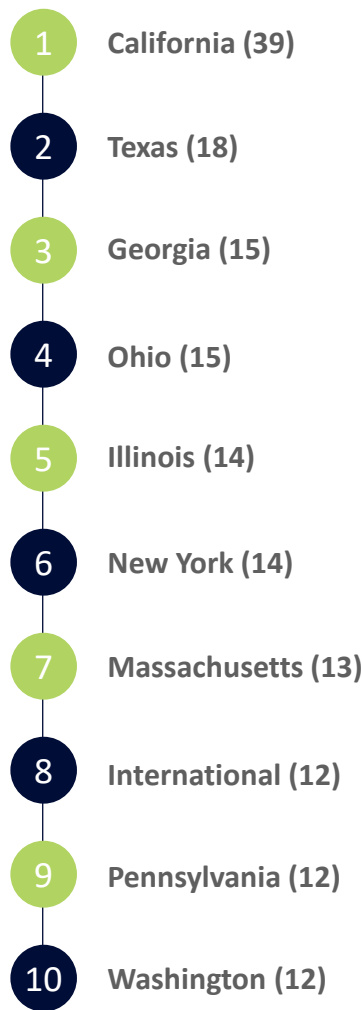
# 2021 National Deal Data Breakdown



Theme 1

# Top 10: States By Deal Count

## Top 10 By State

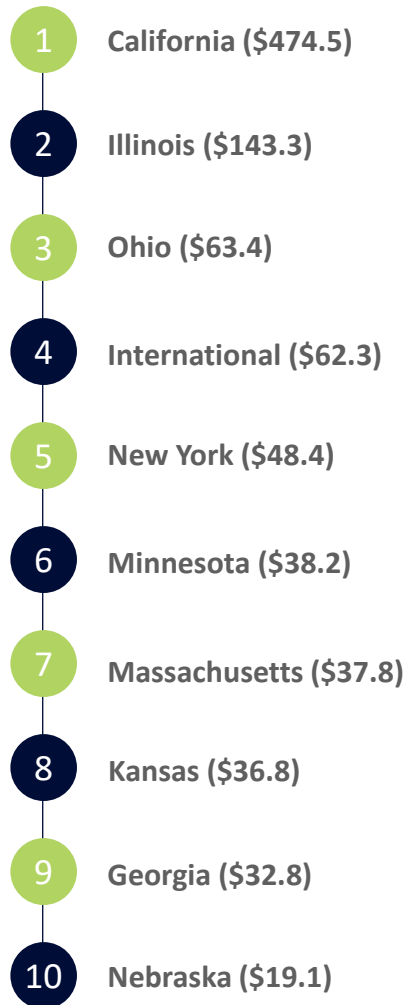


All in all, we tracked RIA M&A activity in 37 states. To no surprise, the largest states (by both population and RIA numbers), had the most total M&A activity. When drilling down into the RIA percentages by state however this represents 0.64% for California versus 1.3% for Washington and 1.7% for Georgia. The twelve deals that U.S. RIAs and aggregators made overseas (mostly in the U.K. and Australia) is another area explored later on in this newsletter.

Theme 1

# Top 10: States By AUM

## Top 10 By AUM (in billions)



In 2021, RIAs accounting for over \$1 trillion AUM were either acquired or accepted investment from a third party. It is not surprising that the state with the largest number of deals, California, also led for the largest AUM total (headed by Warburg’s recapitalization of Edelman and Aquiline’s investment into SageView). What is surprising is that the #2 state in overall deal volume, Texas, was omitted from the top ten in AUM, while Minnesota (led by Onex’s recapitalization of Wealth Enhancement Group) and Kansas (headlined by Leonard Green’s investment into Mariner Wealth Advisors) jumped onto the leaderboard. As RIA M&A continues to increase not only by volume but also by size, we expect to see higher AUM levels in 2022.

## Theme 1

# Buyer Type Evolution

## Top 5 By Buyer Type

- 1 Aggregator**  
136 total deals, \$299.4 bn. total AUM
- 2 PE**  
46 total deals, \$698.6 total bn. total AUM
- 3 Bank**  
9 total deals, \$70.1 bn. total AUM
- 4 Insurance**  
5 total deals, \$20.9 bn. total AUM
- 5 RIAs**  
62 total deals, \$37.1 bn. total AUM

This buyer breakdown tells the story of the dynamics in the RIA M&A market: aggregators are incredibly active and consummate most of the deals in the space, while private equity has been busy completing sizable AUM transactions and aggregator recapitalizations. Buyers such as banks and insurance companies continue to be peripherally involved. Both have remained steady year over year, and tend to complete bulkier transactions. RIAs will be discussed in further detail later, but their headline number is distorted by the number of firms who are backed by a third party sponsor.

## Theme 1

# Top 10 Buyers

Aggregator, AUM (in billions), number of deals in 2021

<b>Wealth Enhancement Group</b>	<b>\$24.0</b>	<b>17</b>	TA Associates and Onex Corp. (joined this year in August) are equal partners <sup>1</sup>
<b>Mercer Global Advisors</b>	<b>\$9.7</b>	<b>16</b>	Majority owned by P.E. firms Oak Hill Capital and Genstar Capital <sup>2</sup>
<b>CI Financial</b>	<b>\$75.1</b>	<b>13</b>	Public (CIXX): 28 acquisitions in 23 months <sup>3</sup>
<b>Mariner Wealth Advisors</b>	<b>\$13.2</b>	<b>12</b>	Recapitalized by Leonard Green in April, 2021
<b>Focus Financial Partners (standalone platform acquisitions only)</b>	<b>\$31.3</b>	<b>12</b>	Public (FOCS): historically largest acquirer in space
<b>Beacon Pointe Advisors</b>	<b>\$6.0</b>	<b>11</b>	KKR bought out former backer Abry Partners (November 2021) <sup>4</sup>
<b>Hightower Advisors</b>	<b>\$19.0</b>	<b>10</b>	Recapitalized by Goldman, Neuberger and Collier in October 2020 <sup>5</sup>
<b>Captrust</b>	<b>\$100.7</b>	<b>9</b>	Sold 25% stake to GTCR in 2020 <sup>6</sup>
<b>MAI Capital Management</b>	<b>\$3.0</b>	<b>9</b>	Galway Holdings purchases 70% stake, WPCG continues its minority stake (August 2021) <sup>7</sup>
<b>Focus Financial (Connectus Wealth)</b>	<b>\$2.9</b>	<b>7</b>	Public (FOCS): New bundled offering (no AUM available for majority)

While it is a given that the top 10 buyers in the market would be aggregators (hence their name), what is far more notable is what more than half have in common, that they were recapitalized in the past two years. Four of these capital injections occurred this year alone, in addition to two last year (additionally, Focus and CI Financial have access to the public markets for capital):

[1] Wealthmanagement.com – ‘Onex Makes Equity Investment in Wealth Enhancement Group’ (2021)

[2] Financial Advisor IQ – ‘Mercer Global Advisors Adds \$320M Wealth Mgmt Practice’ (2021)

[3] CityWire – ‘CI buys \$6bn RIA RegentAtlantic’ (2021)

[4] Financial Advisor IQ – ‘KKR Takes Stake in Beacon Pointe’ (2021)

[5] Secondaries Investor – ‘Goldman among trio of backers on TH Lee single-asset deal’ (2020)

[6] AdvisorHub – ‘RIA Roundup: Edelman Revs its M&A Engine as 3 Dealmakers Lace into Big Spender CI’ (2021)

[7] CityWire – ‘MAI Capital sells majority stake to Galway Holdings’ (2021)

## Theme 1

# Top 10 Buyers

**Wealth Enhancement Group:**

In August of this year, Onex Corporation purchased an 11% stake in Wealth Enhancement Group for \$226 million, valuing WEG at \$2.05bn.<sup>10</sup> This minority stake supplemented growth from WEG's current capital backer, TA Associates. The goal of the investment, and what we have already seen play out since, was to enable WEG's next stage of growth and M&A expansion. TA was not WEG's first capital backer, in fact TA Associates purchased its stake from Lightyear Capital, who itself originally bought its majority equity stake in the company in 2015.<sup>11</sup>

**Beacon Pointe:**

In November it was announced that KKR would fully buy out Abry Partners, who had originally taken a minority stake in March of 2020, which was only 18 months after their investment! Reportedly the Beacon Pointe team will maintain over 50% ownership. As with WEG, the investment enables further expansion and capital for organic growth.<sup>12</sup>

**Mariner Wealth Advisors:**

Leonard Green invested \$600 million in April 2021, valuing Mariner at \$1.8 billion. Since that announcement, Mariner has been on a tear of expansion acquiring 12 RIAs with \$13.2 bn in AUM in 2021.<sup>13</sup>

**MAI Capital Management:**

In August of this year it was announced that Galway Holdings (an insurance distribution firm formed by Carlyle and Oak Hill in 2020) would purchase a 70% stake in MAI and that MAI's current backer Wealth Partners Capital Group would stay on in a minority capacity. WPCG took a minority, non-controlling stake in 2017. MAI CEO Buoncore stated that WPCG and current MAI owners would continue their interest in MAI on a pro rata basis.<sup>14</sup>

**Push Pause To Power Up? (Q2)**

In a continuation of our theme touched on in the second quarter, it will be interesting to see how well it holds up in 2022 as two prominent firms who were recently recapitalized, Beacon Pointe by KKR and Carson by Bain, look to potentially rejoin or rise up the leaderboard next year.

[10] Wealthmanagement.com – 'Onex Makes Equity Investment in Wealth Enhancement Group' (2021)

[11] IBID

[12] Financial Advisor IQ – 'KKR Takes Stake in Beacon Pointe' (2021)

[13] Bloomberg Law – 'Leonard Green Said to Invest \$600 Million in Mariner Wealth' (2021)

[14] CityWire– 'MAI Capital sells majority stake to Galway Holdings' (2021)

## Theme 1

# Best (and Worst) Months of 2021

In a final (we think) thought provoking throwaway from Dynasty's 2021 propriety deal data wrap-up:

## Top two months by M&A activity

January (36 announced deals worth \$213 bn AUM)

December (29 announced deals worth \$37 bn total AUM)



## Bottom two

April (13 announced deals worth \$47 bn in AUM)

June (16 announced deals totaling \$44 bn in AUM)



Important historical context and level setting: the bottom two months of this year taken together would be enough to match or beat four separate entire quarters' total M&A deal volume going back to the start of our records in 2014 (Q3 '14, Q1 '15, Q2 '15, and Q2 '16), while the top two months taken together would rank 4th all-time in quarterly deal rankings.

## Theme 2

# 2021 Key Themes Revisited: Big Firms Get Bigger Through M&A (Q1)

As we look back at 2021 and the inaugural year of the Inside the Deal newsletter, we thought it would be worthwhile to look back at the themes explored in this space and see how they played out over the course of the year.

Some were prescient, others require significant updating. The summary takeaway: expect more of the same in 2022.

## Big firms get bigger through M&A (Q1)

A theme repeatedly explored, and not just in the first quarter explicitly, is how the RIA M&A market has been typified by big firms getting even bigger through a variety of factors.

Without rehashing the already explored above rise in \$1 billion dollar deals, the average RIA M&A deals has continued to get larger and larger.

When we began the year we noted that in all of 2020, 78 acquisitions were firms with over \$1.0 bn in assets, a record for any single year on record. This year's 117 blows that statistic out of the water, and to think that the average AUM transaction was under \$1.0 bn only five years ago.<sup>15</sup>

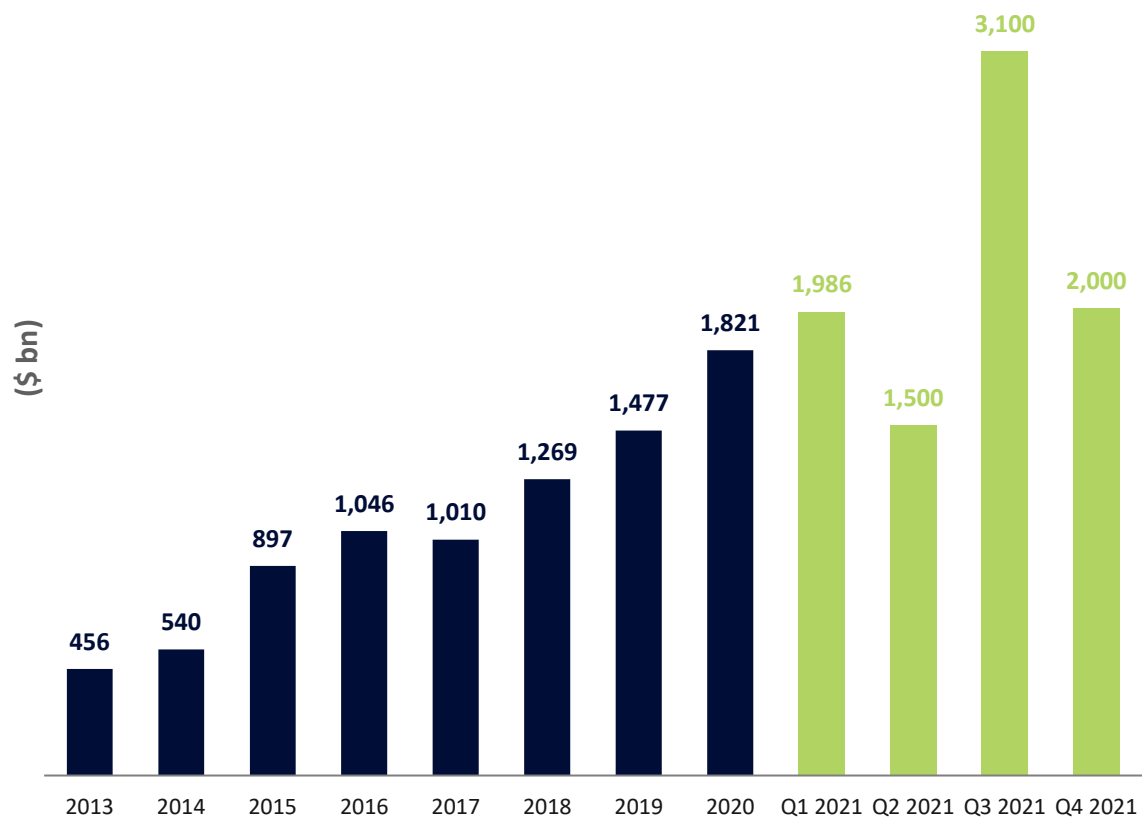
This growth in seller AUM size and deal quantity confirm our prediction detailed in the Q1 newsletter that the "early indications signal less 'continuing' size and sophistication growth than shifting into overdrive." As it turned out, the acquisitions of IRON Financial's retirement division by Creative Planning (at \$6.0 bn AUM it was the largest M&A deal ever for Creative Planning, which alone was more than the \$4.92 bn in AUM it added last year across eight total deals) and CI Financial's largest ever, Segall Bryant & Hamill (\$23.0 bn AUM), really were a harbinger of what was to come for the year as shown by the below graph.

[15] [Wealthmanagement.com](https://www.wealthmanagement.com) – "What's Behind Private Ocean's Sale to Wealthspire?" (2021)

Theme 2

# 2021 Key Themes Revisited: Big Firms Get Bigger Through M&A (Q1)

Average AUM per Deal Surpassed \$2.0 bn in 2021<sup>16</sup>



[16] Echelon – ‘The 2020 Echelon RIA M&A Deal Report’ (2021)

Q1, Q2, Q3 2021 AUM reflects median announced M&A AUM as of 12/31/21

## Theme 2

# 2021 Key Themes Revisited: Big Firms Get Bigger Through M&A (Q1)

As we have explored throughout this year, RIAs have also increasingly tested the cutting edge of M&A, SPACS, throughout 2021 and this represents perhaps the next stage in large RIA expansion.

First a few updates on those SPAC deals already discussed:

In the first quarter, the New York blank check company Kingswood Acquisition Corp entered into talks with one of the UK's largest wealth managers, Lombard International (owned by Blackstone since 2014), and a letter of intent was signed. Since then, the only new update is that the rumored price for Lombard is currently set at \$800 million, but there have been no other new developments.

In the second quarter, it was announced Apex Clearing Corporation (a digital wealth management custody firm) was set to merge with Northern Star Investment Corp II for \$4.7 billion. Apex, one of the relatively young tech-forward upstarts in the space, was set for a big splash. Unfortunately, that splash turned into more of a belly flop as it was announced December 8th that the merger agreement was terminated. Initial chatter was that it was Apex who canceled the arrangement due to multiple filing issues stemming from Northern Star.<sup>17</sup>

The third quarter saw its own major SPAC deal, as Tiedemann Group agreed to merge with Alvarium (an asset manager) and the newly combined entity would be acquired by Cartesian Growth Corporation, to form Alvarium Tiedemann Holdings. The combined company is set to have AUM of \$54 billion and have a post-transaction equity value of approximately \$1.4 billion.<sup>18</sup>

We believe SPAC acquisitions are not a temporary fad in the RIA space, and we predict 2022 will have several more deals announced. This is by no means much of a ledge or branch to go out on, as at the end of November a new wealth management focused SPAC, Everest Consolidator Acquisition Corp, began trading and explicitly is targeting one major RIA for acquisition using its newfound \$172.5 million as its 21 month countdown begins.<sup>19</sup>

[17] CityWire – 'Apex Clearing's SPAC deal scrapped' (2021)

[18] BussinessWire – 'Tiedemann Group and Alvarium Investments Announce Transaction to Form Alvarium Tiedemann Holdings and List on Nasdaq via Business Combination with Cartesian Growth Corporation' (2021)

[19] Wealthmanagement.com – 'Q&A: Adam Dooley on His New Wealth Management-Focused SPAC' (2021)

## Theme 2

# 2021 Key Themes Revisited: Minority and Succession Deal Drivers (Q1 and Q2)

## Minority deals (Q1)

Our first newsletter explored the differences and benefits of a minority partner vs. a majority partner. While the theory and structures remain the same, there has been an explosion of RIA minority investments in 2021. In Q3 alone 16% of total transactions were minority investments, which itself represents a dramatic increase after representing 5% of total transactions in 2019 and 12% in 2020.<sup>20</sup>

In the fourth quarter we saw a continuation of this trend as two of the two three largest deals, KKR's investment into Beacon Pointe (\$20.0 bn) and Kelso & Company's investment into Savant Wealth Management (\$12.0 bn) were minority investments

**This jump has been based on a variety of factors reflective of what we mentioned in the first quarter:**

Desire of RIA founders to take chips off the table, especially as we experience all time high valuation levels

Aggregators recapitalizing with the help of PE and insurance funds

RIAs outsourcing M&A expertise and gaining funds for desired M&A activity

The continuing effects of the RIA industry's ongoing succession crisis

As the above factors continue in 2022, we project another jump in minority deals in 2022.

## Succession (Q1 and Q2)

Expanding on succession being a major driver of M&A deals in 2021:

2021 saw 22 RIA transactions which were based all or partly on succession. The average AUM of these transactions was \$2.6 billion for a total AUM of \$57.3 billion.

[20] Barron's – 'Wealth Managers Scramble to Sell Minority Stakes, but Should They?' (2021)

## Theme 2

# 2021 Key Themes Revisited: Minority and Succession Deal Drivers (Q1 and Q2)

## The largest three deals were:

### Emigrant Partners investment into Gerber/Taylor Capital advisors (\$13.8 bn)

“

“The partnership will enable us to support our client mission and perpetuate a multi-generational firm for many years to come,” said Gerber/Taylor chief executive Charles Gerber.”<sup>21</sup>

”

### Kelso & Company investment into Savant Wealth Management (\$12.0 bn)

“

With 90+ employee owners, we solidified Savant's team to maintain long-term continuity for our clients...employee ownership attracts, retains and incentivizes key employees. In addition, the outside investors are providing Savant both capital and expertise to support our growth and keep us independent.”<sup>22</sup>

”

### New Mountain Capital investment into Homrich Berg (\$10.0 bn)

“

While this event helps ensure a strong succession plan for the future, all of our current owners will still be owners post-closing and we are excited about the future working with New Mountain as our partner.”<sup>23</sup>

”

As long as the RIA space's long term advisor succession crisis remains unaddressed, we expect to see more not less of succession being a key driver of M&A, for firms both big and small.

[21] CityWire – ‘Emigrant Partners takes stake in \$13.8bn OCIO shop’ (2021)

[22] Wealthmanagement.com – ‘Brent Brodeski's Savant Sells Minority Stake to Private Equity Firm Kelso’ (2021)

[23] CityWire – ‘\$10bn Homrich Berg sells stake to PE shop’ (2021)

## Theme 2

## 2021 Key Themes Revisited: International Expansion (Q1 and Q3)

International expansion and cross border deals were a key theme of 2021. While it is too early to analyze or judge the expansion of the larger bank entrances into the UK market or the success of the international RIA SPAC deals, we are able to gain some insight into the general contours of the cross boarder RIA M&A activity in 2021.

All in all, this space tracked twelve deals involving U.S. buyers overseas (not counting SPAC deals). These deals came in two primary flavors, a major expansion push by a large U.S. buyer or aggregators expanding internationally. Examples of the former include:

- Raymond James's acquisition of \$38.5 bn UK RIA Charles Stanley

- The multinational merger of LeoGroup, The Capital Company and BFT Financial Group to form a NY/Hong Kong/Dallas multinational office.

Examples of the latter include Connectus Wealth's acquisition spree in the UK, Canada, and Australia.

We see the theme of international expansion continuing in 2022 as banks like Wells Fargo continue to pull back and try to lower risk, RIAs with ever increasing size and scale will continue to fill the void and seek new markets. Not to mention the continued activity of international buyers like CI Financial with its 26 acquisitions in 22 months in the U.S. RIA space.<sup>24</sup>

[24] CityWire – 'CI says RIA consolidation is in 'first or second inning'; plans more buys' (2021)

## Theme 2

# 2021 Key Themes Revisited: Custodians Consolidation and M&A (Q2)

Three primary updates to a major theme explored in the second quarter:

1. The Schwab-TD merger continues to come together with some predictable growing pains (reports of jobs labeled redundant and anecdotal longer wait times for service) while other reports filter out into the market of increased hiring by the newly combined entity etc. Everything appears to continue toward a semi-uneventful completed merger between the two.

2. Goldman Sachs enters the arena. In one of the worst kept secrets, Goldman officially entered the RIA custodian space just days after the publishing of our second quarter newsletter and has made some key signings since, including adding Sanctuary<sup>25</sup> and Steward Partners as clients.<sup>26</sup>

3. Apex Clearing Corp's failure to launch via SPAC (already discussed)

This space will continue monitoring the custodian movements due to their outsized effect on the RIA ecosystem. If we were to guess, 2022 will see the integration of TD into Schwab continue and Goldman emerge as a popular custodian for RIAs seeking multi-custodial solutions and not keeping all their AUM in one proverbial 'basket'.



[25] Wealthmanagement.com – 'Q&A With Sanctuary Wealth's Jim Dickson' (2021)

[26] AdvisorHub – 'Goldman's Fledgling RIA Custody Biz Signs on Steward Partners–Sources' (2021)

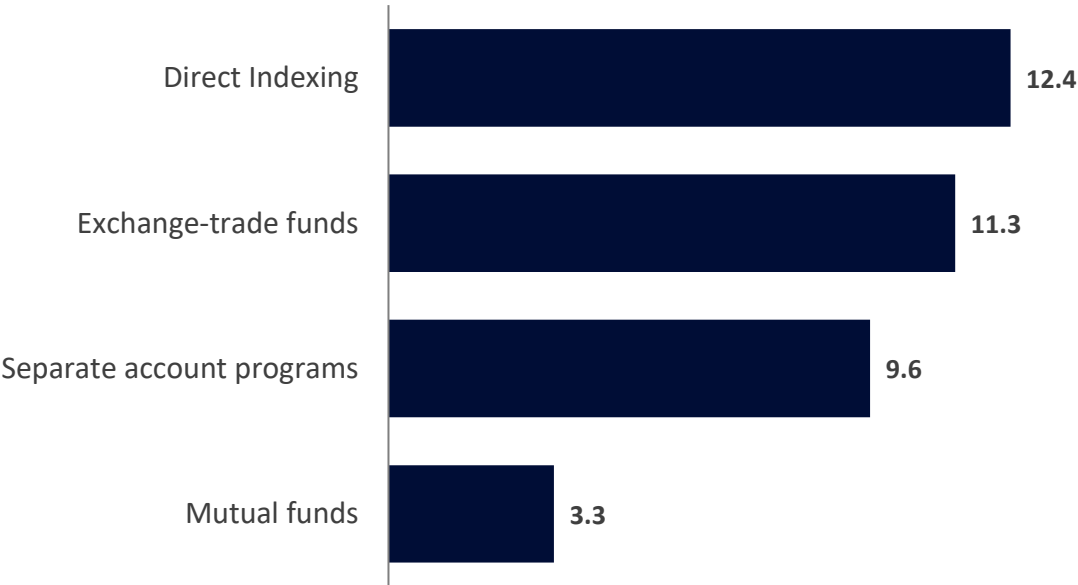
Theme 2

# 2021 Key Themes Revisited: Capability Acquisition (Q2 and Q3)

A theme explored throughout 2021 was how the broader RIA ecosystem continues its search to acquire new capabilities in an effort to differentiate themselves and enable further growth.

The acquisition of direct indexing capabilities was heavily explored in the third quarter’s newsletter (and continued heavily into Q4 with Pershing’s acquisition of \$1 billion AUM Optimal Asset Management)<sup>27</sup> and was driven by either ‘fear of missing out’ if you ask recent seller Patrick O’Shaughnessy of O’Shaughnessy Asset Management, or the long-term growth potential if you ask Cerulli Associates.<sup>28 29</sup>

Projected Five-Year Growth Rates by Product <sup>30</sup>



[27] CityWire – ‘Pershing buys \$1bn direct indexing shop’ (2021)

[28] CityWire – “Panic buying’: O’Shaughnessy on the wave of direct indexing deals’ (2021)

[29] Financial Advisor IQ – ‘Direct Indexing is Growing Fast. Is it Right for Your Clients?’ (2021)

[30] Financial Advisor IQ – ‘Direct Indexing is Growing Fast. Is it Right for Your Clients?’ (2021)

Theme 2

# 2021 Key Themes Revisited: Capability Acquisition (Q2 and Q3)

The fourth quarter saw a new capability acquisition come to the forefront as larger asset managers acquired alternative asset capabilities. Recent deals now include:

01

“Franklin Templeton (BEN.N) agreed on Monday to buy investment firm Lexington Partners, which is known for acquiring secondary stakes in private equity funds, for \$1.75 billion in cash.” (November, 2021) <sup>31</sup>

“As part of its effort to expand into alternative investment markets, T. Rowe Price has announced that it will acquire alternative credit manager Oak Hill Advisors for \$4.2 billion.” (October, 2021) <sup>32</sup>

03

Australia's Macquarie Group Ltd (MQG.AX) has agreed to acquire Central Park Group providing easy access to alternative assets such as private equity and real estate. "We see this market quadrupling in the next few years," Graeme Conway (Chief Commercial Officer) (October, 2021) <sup>33</sup>

02

Capability acquisition will always be a key feature of RIA ecosystem M&A, and this should continue as RIAs seek ways to enhance their value proposition to end clients.

[31] Reuters – ‘Franklin Templeton to buy Lexington Partners for \$1.75 bln as part of secondaries push’ (2021)

[32] Institutional Investor – “T. Rowe Price to Acquire Oak Hill Advisors for \$4.2 Billion” (2021)

[33] Reuters– ‘Macquarie Asset Management to acquire Central Park Group’ (2021)

Theme 2

# 2021 Key Themes Revisited: Many Dimensions of Large RIA M&A (Q2)

Not all M&A by ‘standalone’ RIAs is equal, as has been explored throughout this newsletter in 2021. While some mergers truly are what they seem (like Coldstream Wealth Management and Paracle Advisors), others happen only because of or is heavily financed by a backer. Many examples are seen each week as firms backed by Focus Financial, Hightower, Emigrant Partners, Kudu, Wealth Partners Capital Group and others create scale through acquiring other RIAs.

Of the 62 total acquisitions in 2021 ostensibly done by RIAs, 46 had the backing of one of the above listed firms.

See below for the top five largest examples from the fourth quarter of 2021

Buyer	Seller	Sponsor	Seller AUM (billions)	Announcement Date
SageView Advisory Group	Bloomfield Hills Financial	Aquiline Capital	1.8	10/21/2021
Sequoia Financial Group	NCA Financial Planners	Kudu Investment Management	1.7	11/15/2021
Colony Group	Derby & Company	Focus Financial Partners	0.7	11/22/2021
Fairport Wealth	FMA Advisory	Hightower	0.5	10/11/2021
MAI Capital Management	Hochman Cole Investment Advisors	WPCG and Galway	0.5	12/7/2021

# Q4 M&A Market Color

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## Q4 2021 M&A Activity: An Early Read

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After a record year in terms of total M&A deals in 2020, 2021 continued breaking records. At the end of 2021, there have been 272 announced pure RIA or RIA investor M&A deals, more than the 205 total announced in 2020. Of these 272 deals announced in 2021, aggregators were the most active announcing 136 (48 in Q4), with private equity (46 total, 11 in Q4) and RIAs (62 total, 19 in Q4) well behind (asset managers, insurance companies, banks and now one SPAC make up the remainder). Notably, in terms of AUM (in Q4), despite vastly fewer overall deals private equity buyers acquired \$50.8 billion in AUM in non-aggregator M&A deals (e.g. excluding KKR's investment into Beacon Pointe and Kelso & Company's investment into Savant) compared to \$62.8 billion by aggregators and \$9.8 billion by RIA buyers. This total of \$150.5 billion AUM and median deal size of \$2.0 bn are both an increase over Q4 2020 and a decrease from Q3 2021.

## Q4 2021 Top 10 Deal Summary

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Of the top deals in Q4 2021, the most interesting takeaway, other than CI Financial dominating the top 10 with four deals (after being shut out of the top 10 list for the first time in Q3), was private equity controlling 5 of the ten spots, including the top three. This was led by the recapitalization of aggregators and minority stakes in RIAs to alleviate succession concerns. Of the top ten transactions (by AUM), 8 fall all or partially into the capital rationale, with expansion, succession, and scale trailing. We see this trend continuing amongst the larger deals as larger RIAs and Aggregators continue to take minority stakes moving forward, and older backers are bought out at the higher multiples we see today. However, we expect that future lists will more heavily see scale as a motivator as larger acquirors continue to target increasing scale through M&A.

Several sources are used to create this report. M&A data is gathered from press releases, trade articles, and other secondary research sources. All publicly announced transactions involving the acquisition of an independent advisory firm are reviewed for inclusion. This data covers the period from January 1, 2021–September 30, 2021

# M&A Market Color: Q4 Top 10 Deals

 Buyer	 Seller	 Buyer Type	 Seller AUM (billions)	 Announcement Date	 Transaction Rationale
Flexpoint Ford	Clearstead Advisors	PE	29.0	10/12/2021	Capital, Capabilities
KKR	Beacon Pointe	PE	20.0	11/18/2021	Capital
Kelso & Company	Savant Wealth Management	PE	12.0	10/7/2021	Capital, Succession
CI Financial	Gofen and Glossberg	Aggregator	7.5	11/10/2021	Capital
CI Financial	Columbia Pacific Wealth Management	Aggregator	6.4	12/15/2021	Capabilities
CI Financial	RegentAtlantic	Aggregator	6.0	12/6/2021	Capital
Cerity Partners	Bingham, Osborn & Scarborough	Aggregator	5.0	11/22/2021	Capital
Focus Financial Partners	Cassaday & Company	PE	5.0	12/8/2021	Capital
CI Financial	R.H. Bluestein & Co	Aggregator	4.1	11/2/2021	Scale
HGGC and WPCG	Warren Averett Asset Management	PE	4.0	11/18/2021	Capital

Several sources are used to create this report. M&A data is gathered from press releases, trade articles, and other secondary research sources. All publicly announced transactions involving the acquisition of an independent advisory firm are reviewed for inclusion. This data covers the period from September 30, 2021–December 31, 2021

# Dynasty's M&A and Capital Strategies Team

## How we help RIAs grow

The Dynasty M&A and Capital Strategies team offers three primary service offerings to RIAs to help them reach their next level of growth.

The first service offering is **valuations**, which provides an objective view for an RIA owner's enterprise by leveraging Dynasty's experience and insight. These valuations have a variety of uses including: M&A level-setting, internal succession, performance benchmarking for founders, and ongoing governance.

The second key offering is **transaction support**. Our team offers objective buy-side M&A support to help an RIA originate, value, structure, and close any M&A deal. We do so by leveraging a deep bench of Wall Street professionals who have collectively over 50 years of M&A experience. Our team can provide expert help with any number of transaction support related tasks including deal sourcing, transaction structuring and negotiations, due diligence support, and finalizing and closing deals.

As a financial technology and value-add wealth management platform, Dynasty Financial Partners began its capital program nearly 8 years ago with our traditional debt program based on the needs of our clients.

Today, DCS has the premier diversified capital offering in the industry that is exclusively for its clients

# Dynasty's M&A and Capital Strategies Team

Finally, we can help RIAs access liquidity without giving up control of their business through three primary capital solutions, including our Traditional Credit, Revenue Participation Interest (RPI), and Minority Investment programs:



All of our capital programs are designed exclusively for RIAs to support a firm's strategic growth objectives. Please reach out to us and let us know how we can be helpful in tailoring a capital solution that is right for you and your firm.

# **Dynasty's M&A and Capital Strategies Team**



## Harris Baltch

### Head of M&A and Capital Strategies

Harris Baltch is responsible for leading Dynasty's M&A and Capital Strategies division. Prior to joining Dynasty, Harris spent nearly a decade at UBS Investment Bank where he was an Executive Director in the firm's Financial Institutions Group. While at UBS, Harris originated, led and executed over \$10 billion of strategic M&A and capital market transactions for companies in the asset and wealth management industry. Earlier in his career, Mr. Baltch worked at PricewaterhouseCoopers LLP in the Banking and Capital Markets Group. He has over 15 years of financial services experience and earned his M.B.A. from the Johnson Graduate School of Management at Cornell University. He also received a B.S. in Accounting at Binghamton University and is a certified public accountant, registered in the State of New York.



## Chris Marsh

### Vice President

Chris Marsh is a Vice President in Dynasty's M&A and Capital Strategies division. Prior to joining Dynasty, Chris spent four years at Evercore, a leading independent investment bank, where he was a Vice President in the Global Advisory practice. While at Evercore, Chris led and executed on over \$15 billion in M&A transactions and strategic advisory engagements for companies across a variety of industries. He received his M.B.A. from Columbia Business School and B.S. in Systems Engineering from the University of Virginia, where he was a Rodman Scholar.



## **Brett Dewing**

### **Assistant Vice President**

Brett Dewing supports Dynasty's M&A and Capital Strategies team. Prior to this role, Brett spent time as a Summer Analyst with Dynasty's Investments team and as a Summer Equities Analyst with Cowen Inc.'s Execution Services group. Brett graduated from the University of Virginia with a B.A in Economics and a Minor in Spanish. In his free time, Brett enjoys playing tennis and is a passionate supporter of teams from his hometown of Houston, Texas.



## **William Ross**

### **Senior Associate**

William Ross supports Dynasty's M&A and Capital Strategies team. Prior to joining Dynasty, William worked as an Associate for Emigrant Partners, focusing on sourcing and executing new investments. William was previously a Fixed Income Portfolio Management Associate at U.S. Trust, managing over \$1.0 bn of fixed income assets. Prior to U.S. Trust, he worked as an intern at Wolfe Research on the consumer staples team. William received his MA in Management from the University of St Andrews (UK) and was Vice President of the varsity ice hockey team.

# Important Disclosures

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## Get In Touch

We look forward to hearing from you, any questions may be subsequently featured in upcoming issues!



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