# Inside the Deal

## M&A Newsletter

Q4 2024

# A Brief Note from the Team

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Welcome to the close out of 2024 and the sixteenth edition of **Inside the Deal!**

Dynasty Financial Partners aims to educate our clients and our readers on the key trends we are seeing in Wealth Management M&A. We hope to provide you with specific insights into key trends, 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 chosen M&A strategy.

For our sixteenth issue, we reflect on the entire year of dealmaking. 2024 was best characterized by M&A resilience in the first half and renewed growth in the second half. Many market participants took the opportunity to recapitalize and double (and in some cases triple) down on their acquisition strategy. Several more have now decided to throw their hat in the ring, either for the first time or coming back after a hiatus for more (including sovereign wealth buyers now). We do not foresee the M&A market changing anytime soon. By all accounts, capital continues to flow into the space and deal multiples remain competitive. This has created a sustained positive buyer sentiment (many of whom continue to have access to a significant amount of capital) and will continue to create attractive opportunities on both the buy-side and sell-side.

We would like to hear from you! Please email us at DIB@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.

Kind regards,

**Harris Baltch**
Managing Director, Head of Investment Banking

Sources: Dynasty Financial Partners, public information including press release, trade articles, and other secondary research. Specific sources can be produced upon request.

# Market Review

The primary theme this year has been the resilience of the wealth management M&A market. Interest rates have leveled off and major historic buyers CI Financial (now Corient Private Wealth) and Focus Financial Partners have only now begun to dip their toes back into the market. However, nothing has seemingly shaken RIA M&A buyer or seller sentiment.

This section ended 2021, 2022, and 2023 with the open question of whether the next year's M&A deal volume could surpass the all-time highs seen the prior year. The 2023 M&A market might not have sustained the multi-year acceleration, but the underlying fundamentals and drivers of the market provided sufficient resiliency. 2024 continued this resilience throughout the year, until Q4 saw the strongest finish seen yet in a recent history of exceptionally strong deal flow - setting the stage for an optimistic view of a sustained acceleration of M&A activity in 2025.

Demand to acquire RIAs continues to be strong and valuation levels remain healthy, and given the recapitalizations and renewed deal growth we do not expect this to change anytime soon.

In Q4 2024, Dynasty tracked 101 total deals, for a total of 296 for the year, blowing past 2023's total deal count of 276 by 6.5% year over year. Despite some industry participants commenting on M&A deal volumes slowing down meaningfully throughout the year, 2024's total deal count was the highest all-time per our records, aided by the highest quarterly deal count of all time to end the year according to our records. Noticeable too was the continued recapitalization of aggregators and the higher median seller AUM deal size, particularly reflective in the Creative Planning, Mariner, Corient, Cresset, and Homrich Berg deals.

So, as we look to 2025, we believe the primary considerations regarding the general health of the M&A market are:

1. **Will the leverage levels of serial buyers challenge their ability to continue making acquisitions at the current pace?**
2. **How will the recent spate of recapitalizations affect the legacy serial acquirers?**
3. **Will new buyers continue to enter the market, and at what pace?**
4. **How will the new class of buyers (sovereign wealth funds) affect the market moving forward?**

Our hypothesis is the overall health of the market will remain strong given the amount of dry powder available in the market to consolidate what continues to be a highly fragmented industry. We now have a consistent and more mature class of RIA investors (with a number of new up and comers), with many firms who have recapitalized and set their sights on new inorganic growth initiatives.

Sources: Dynasty Financial Partners, public information including press release, trade articles, and other secondary research. Specific sources can be produced upon request.

# Q4 2024 RIA M&A Deal Volume

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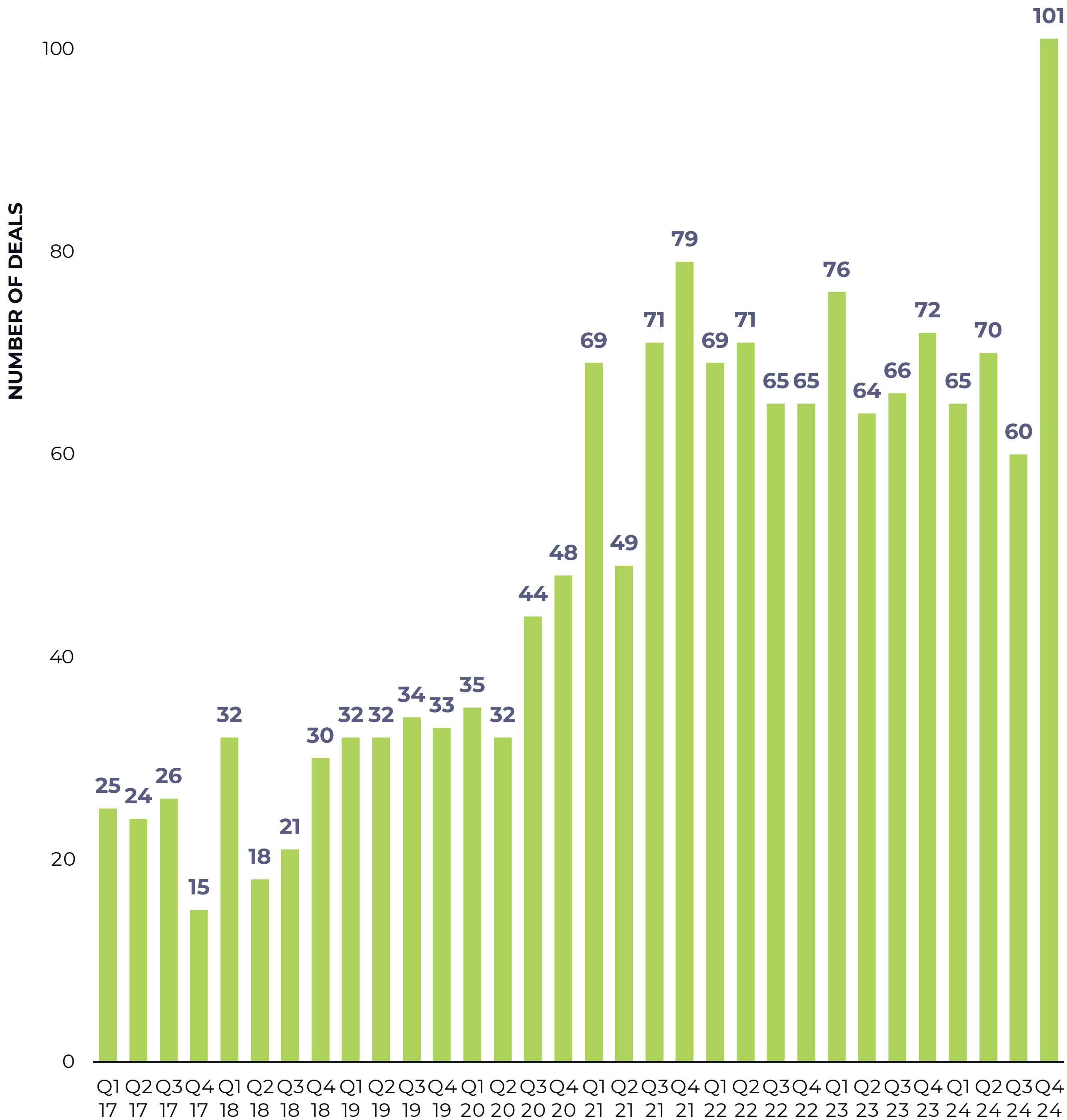


Sources: Dynasty Financial Partners, public information including press release, trade articles, and other secondary research. Specific sources can be produced upon request.

# Q4 2024 Key Themes

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1. **2024 Deal Stats**
2. **Here's the Deal: 2025 Market Outlook**
3. **Behind the Scenes of a Succession Plan**
4. **Are you Wired for a Sale?**
5. **Who Wants Capital?**

# 2024 National Deal Data Breakdown

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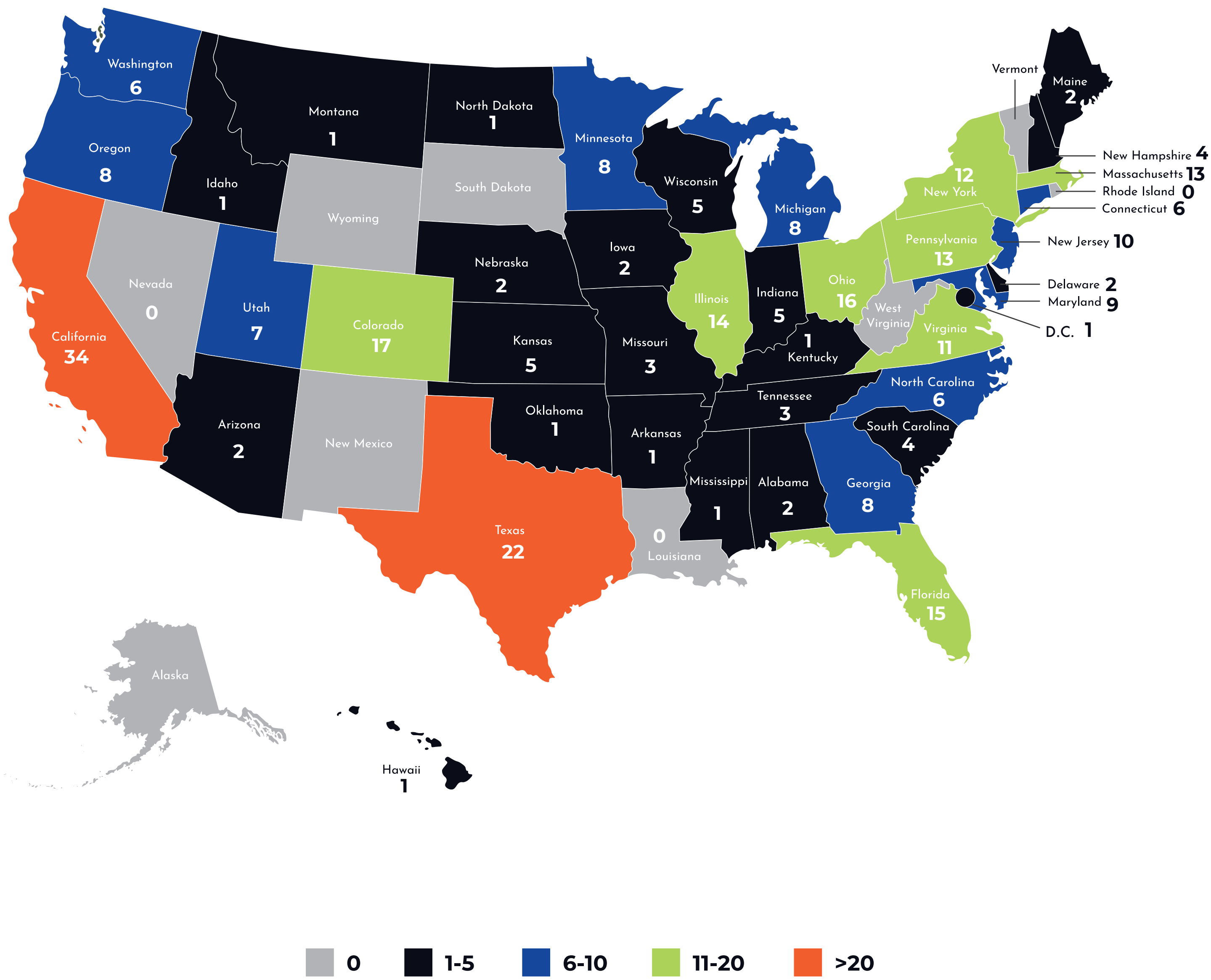


Sources: Dynasty Financial Partners, public information including press release, trade articles, and other secondary research. Specific sources can be produced upon request.

# 2024 Dynasty Representative Transactions

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| | | |
|---|---|---|
| Advised<br>Jenkins Wealth<br>*On its sale to*<br>MARINER<br>2024 | Advised<br>FCF Advisors<br>*On its sale to*<br>ABACUS LIFE<br>2024 | Advised<br>GCG Grand Central Investment Group<br>*On its valuation*<br>2024 |
| Advised<br>Cyndeo Wealth Partners<br>*On its recruitment of*<br>**Project Jiles**<br>2024 | Advised<br>ABACUS LIFE<br>*On its acquisition of*<br>Carlisle Management<br>2024 | Advised<br>Americana Partners<br>*On its acquisition of*<br>**Americana International**<br>2024 |
| Advised<br>Towerpoint Wealth<br>*On its valuation*<br>2024 | Advised<br>Cyndeo Wealth Partners<br>*On its recruitment of*<br>**Project Kemp**<br>2024 | Advised<br>DayMark Wealth Partners<br>*On its acquisition of*<br>**Project Aspetuk**<br>2024 |
| Advised<br>Summit Trail Advisors<br>*On its acquisition of*<br>**The Key Client Group**<br>2024 | Advised<br>Cyndeo Wealth Partners<br>*On its recruitment of*<br>**Project Bilby**<br>2024 | Advised<br>Legacy Financial Group<br>*On its valuation*<br>2024 |

Sources: Dynasty Financial Partners, public information including press release, trade articles, and other secondary research. Specific sources can be produced upon request.

# Dynasty Investment Bank Served as Exclusive Financial Advisor to Jenkins Wealth on its Sale to Mariner

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## Transaction Details

- On January 13th, 2025, Mariner announced it has entered into a definitive agreement to acquire Jenkins Wealth
- Majority sale will provide Jenkins Wealth additional resources to scale its operations while enhancing its client experience
- Provides Mariner with an enhanced geographic footprint in the Denver, CO market

MARINER

*Announced the Acquisition of*

Jenkins WEALTH

dynasty INVESTMENT BANK

**Served as Exclusive Financial Advisor to Jenkins Wealth**

*December 2024*

## Strategic Rationale

1. Opportunity for Mariner to partner with a scalable, sophisticated, independent wealth management firm dedicated to providing financial innovation, values and excellence to individuals through a comprehensive flexible service offering tailored to clients need
2. Enables Jenkins Wealth to join a national, well-respected brand with the capital, extensive in-house capabilities, and a proven track record to foster a successful partnership and drive continued growth and innovation
3. Shared culture with a focus on client service that will allow the combined firm to enhance its service delivery to its clients

Jenkins WEALTH

## Overview of Jenkins Wealth

- Founded in 2011, Jenkins Wealth is a Denver-based RIA with $250 million in assets under management
- Built on the foundation of a life's passion to provide individuals financial confidence through trust and transparency, Jenkins Wealth represents a premier independent RIA specializing in comprehensive financial planning and investment strategies
- With a deep commitment to client success, Jenkins Wealth is designed to support its clients through every stage of their life's journey

MARINER

## Overview of Mariner

- Founded in May 2006 by Marty Bicknell and his family office, Mariner is a Kansas-based RIA offering comprehensive wealth management solutions
- Backed by Leonard Green & Partners, Penfund, and most recently Neuberger Berman, Mariner has evolved into a nationally recognized brand with over 1,600 employees
- With an opportunistic growth strategy, Mariner has expanded to over 100 client-facing locations across the United States and Puerto Rico, overseeing more than $258 billion in assets

Sources: Dynasty Financial Partners, public information including press release, trade articles, and other secondary research. Specific sources can be produced upon request.

# 2024 Top 10:
# States By Deal Count

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1. California (34)
2. Texas (22)
3. Colorado (17)
4. Ohio (16)
5. Florida (15)
6. Illinois (14)
7. Massachusetts (13)
8. Pennsylvania (13)
9. New York (12)
10. Virginia (11)

Overall, we tracked RIA M&A activity in 42 states and three countries (Canada, Australia, and the United Kingdom) for an all-time record of 296 total M&A deals in 2024. We have gone into further detail in the Q4 2023 newsletter, but although some states are not included in the 2024 public M&A record, including Nevada and West Virginia, this does not mean that smaller RIAs and advisors are not 'quietly' transacting in those states.

Unsurprisingly, the largest states (by both population and RIA numbers) had the most total M&A activity. When drilling down into the percentage of transactions versus total RIA population by state, however, this represents 0.73% (up from last year's 0.33%) for California versus 2.25% for Colorado. Interestingly enough this year includes Massachusetts and Virginia jumping onto the list, and Texas and California maintaining their top two place rank from 2023

In summary, these high M&A numbers-even amongst the most active areas-are still just a drop in the bucket relative to the total RIA population in these respective states.

Sources: Dynasty Financial Partners, public information including press release, trade articles, and other secondary research. Specific sources can be produced upon request.

# 2024 Top 10: States By AUM Count

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1. Kansas ($621 bn)
2. Texas ($321 bn)
3. California ($218 bn)
4. Illinois ($114 bn)
5. New York ($84 bn)
6. Massachusetts ($63 bn)
7. Missouri ($42 bn)
8. Georgia ($35 bn)
9. Florida ($27 bn)
10. Colorado ($27 bn)

In 2024, 296 RIAs totaling over $606 billion AUM' (non-aggregators) were either acquired or accepted investment from a third party according to our records. The 2024 list was dominated by recapitalizations of aggregators (as seen by Kansas being number one on the above list and not even making the top 10 total deal count). The states with the largest number of deals, California, was only the third highest AUM totals by state. Finishing in first place was Kansas, which was headline by TPG's recapitalization of Creative Planning and Neuberger's recapitalization of Mariner.

What is surprising is that the #4, #7 and #10 states in overall deal volume,  Virginia, Pennsylvania and Ohio, were both well outside the top ten in AUM by state, while Missouri (led by Colony's acquisition of Buckingham) jumped into seventh on the leaderboard. As RIA M&A continues to increase not only by volume but also by size, we expect to continue to see historically high AUM levels in 2025, particularly pushed by the larger investments by private equity, insurance companies, sovereign wealth funds and other strategic firms, in addition to the elevated market levels.

Sources: Dynasty Financial Partners, public information including press release, trade articles, and other secondary research. Specific sources can be produced upon request.

# 2024 Top 5: By Buyer Type

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**1 Aggregator**
**210 total deals ............................ $340.6 bn total AUM**

**2 RIA**
**35 total deals .......................... $17.8 total bn total AUM**

**3 PE**
**36 total deals ............................ $1,340.7 bn total AUM**

**4 Broker**
**5 total deals ................................. $19.1 bn total AUM**

**5 Bank**
**1 total deal .................................. $1.0 bn total AUM**

This buyer breakdown tells the story of the current 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 transactions with large RIAs and aggregator recapitalizations. It cannot be understated the number and percentage of firms who are backed by a third-party sponsor.

Buyers such as banks, brokers and insurance companies continue to be peripherally involved, though the latter was only involved through portfolio companies in 2024.. All three tend to complete bulkier transactions versus RIAs and Aggregators.

The real story is how brokerages are beginning to buy RIAs to diversify their business (and revenue quality) and attempt to obtain the 'RIA multiple' as well as more atypical buyers entering the space.

Sources: Dynasty Financial Partners, public information including press release, trade articles, and other secondary research. Specific sources can be produced upon request.

# 2024 Top 10: Buyers

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| Aggregator, AUM (in billions), number of deals in 2024 | | | |
|---|---|---|---|
| **Wealth Enhancement Group** | **$8.6 bn** | **13** | Onex and TA Associates |
| **Waverly Advisors** | **$5.7 bn** | **10** | WPCG and HGGC |
| **MAI Capital Management** | **$5.7 bn** | **10** | Galway and WPCG |
| **Allworth Financial** | **$5.0 bn** | **10** | Lightyear and Ontario Teachers' Pension Plan |
| **Mercer Global Advisors** | **$5.9 bn** | **9** | Atlas, Genstar, Oak Hill and Harvest |
| **Summit Financial** | **$3.9 bn** | **9** | Merchant |
| **Cerity Partners** | **$20.3 bn** | **8** | Genstar and Lightyear |
| **Corient (CI Financial)** | **$20.4 bn** | **7** | Mubadala |
| **Constellation Wealth Capital** | **$101.7 bn** | **6** | Black Owl |
| **Merit Financial Advisors** | **$2.5 bn** | **6** | Neuberger, HGGC and WPCG |
| **Carson Wealth** | **$1.4 bn** | **6** | Bain |

While it is no surprise that the top 10 (in this case 11) buyers in the market are aggregators or serial minority buyers, what is far more notable is that the vast majority were recapitalized in the past few years or are in the process of seeking new capital (according to Q4 reports). Ten have gained access to new capital in the last three years. Only Allworth has not recapitalized and is not reported to be looking.

What is also notable is that although Focus is on this list, it was the source of more than a dozen deals this year as it combines its individual RIAs into hubs.

Sources: Dynasty Financial Partners, public information including press release, trade articles, and other secondary research. Specific sources can be produced upon request.

# The Best and Worst Months of 2024

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| Month | Number of Deals | Count of Seller AUM ($bn) |
|---|---|---|
| January | 29 | 61.6 |
| February | 18 | 83.8 |
| March | 18 | 53.3 |
| April | 21 | 170.1 |
| May | 25 | 77.9 |
| June | 24 | 304.9 |
| July | 22 | 49.5 |
| August | 16 | 43.3 |
| September | 22 | 407.5 |
| October | 42 | 372.8 |
| November | 28 | 628.3 |
| December | 31 | 28.3 |

Note: monthly AUM figures include large aggregator recapitalizations

**Important historical context and level setting:**

The bottom two months of this year, taken together, would be enough to match or beat every quarter before Q3 2020, while the top two months taken together would rank 4th all-time in quarterly deal rankings according to our records.

This is worth highlighting when multiple recent quarterly commentaries in the industry over the last few years have grumbled about the potential for the 'wheels falling off' in M&A deal volume, which is clearly not the case.

Sources: Dynasty Financial Partners, public information including press release, trade articles, and other secondary research. Specific sources can be produced upon request.

# **Here's the Deal:**
# 2025 RIA Market Outlook

**By Harris Baltch**
Managing Director,
Head of Investment Banking

### Here's the deal...

**If the Wealth Management industry is a unicorn, the RIA market is its horn.**

Despite interest rates higher than historical averages over the past 5 years, the wealth management industry is extraordinarily healthy. Deal activity is steady, and valuations are holding up. Capitalizing on the fact that the registered investment advisor (RIA) space is the highest-growing segment of all wealth management channels, firms are confident in their futures and willing to invest in them – whether through expansion, succession planning, or professionalization.

This truly is a golden age in the RIA space where activity has the potential to accelerate across multiple fronts:

- Private equity (PE) firms amplifying their focus on platform investments
- PE-backed aggregator recapitalizations
- Mergers and acquisitions (M&A) among aggregators and integrators
- Traditional wire houses trying to "buy back" into wealth management through acquisitions of RIA platforms
- Potentially large national RIAs going public
- Fragmented RIAs looking to partner to scale and/or solve for succession in the absence of internal solutions

### The mantra for 2025: Differentiation

Differentiating your RIA in this vigorous, competitive landscape is key. Today, the most strategic RIAs are those that take a holistic approach to financial planning - meaning, offering not only investment management but also tax planning, retirement planning, estate planning, and more. This shift is driven by three primary factors:

- Clients are demanding comprehensive service, and the more internalized/centralized that approach is on the part of the RIA, the more value advisors can deliver to their clients and the more valuable they are to potential clients.
- The regulatory landscape is more complex, requiring substantial resources from firms to ensure compliance.
- Intensifying competition from both established firms and fintech disruptors is compelling RIAs to set their services and offerings apart to retain and attract clients.

### Professionalizing

In the spirit of differentiation, RIAs are increasingly adding capabilities such as business development, Chief Investment Officer, and Chief Operating Officer. The market rewards such initiatives to 'corporatize' your RIA. Having a strong, in-house business development function, for example, gives your firm an edge on the inorganic growth front.

### The Retiring and Hiring Conundrum

The RIA industry is at an inflection point. A wave of retirements is looming, but succession planning at many firms is non-existent and the industry is experiencing a talent shortage, making it increasingly difficult to support the next generation of firms. This alone is reshaping the industry and altering its competitive dynamics.

Sources: Dynasty Financial Partners, public information including press release, trade articles, and other secondary research. Specific sources can be produced upon request.


Going forward, RIAs need to recognize this dilemma as an opportunity to differentiate themselves by building strong cultures, brand values, and overall experiences for both employees and clients.

## Recapitalization is Hot Hot Hot

In an industry prime for disruption and continued growth, is there a middle-ground solution for owners who are growth-minded, but adverse to handing over the ownership keys to their entire business?

The answer is yes, it is called recapitalization, and it might be the most strategic decision an RIA in this situation can make in today’s market.

The upside of a recapitalization is that it is not a black or white, “all or nothing” approach. It involves reallocating a portion, usually a minority stake, of a company’s ownership to an institution that can provide capital, sales support, and operational efficiency. It is a way for active owners to maintain control over their firm while benefiting from objective outside perspectives to help them align on growth goals and execution strategies. In particular, private equity and RIA aggregators are eager to dip a toe (or all 10) in the RIA space given its ongoing profitability makes it a lucrative investment opportunity.

That said, when evaluating whether it makes sense to bring on an equity partner to catalyze progress, make sure that your infrastructure can support that growth. Do you have a blueprint for operations once you reach your goal? Will you be able to maintain the same level of client service when you expand the size of your firm and/or the services you offer? Will you have enough employees to manage demand from clients? Will you have enough desks and office space?

Looking ahead to 2025, scale is reshaping the RIA ecosystem and influencing client expectations. RIAs should think critically about and explore ways to excel in areas such as personalized financial planning, holistic wealth management, regulatory compliance, and in-house professional support. While transforming your advisory business can be challenging, enhancing your firm’s effectiveness, and accelerating your go-to-market strategies are the holy grail worth hunting.

# Behind the Scenes of a Succession Plan, Part 1

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**A Q&A with Bradley Kowalczyk**
Partner, Ascent Wealth Partners

Dynasty Investment Bank recently advised Ascent Wealth Partners, a New York-based independent RIA, to help structure its succession plan. When a longtime advisor and equity owner of the firm decided to retire, Ascent viewed it as an opportunity to enable the next generation of leadership to become owners of the firm. Specifically, three next-gen advisors and leadership team members succeeded the retiring advisor, funding their buyout with a combination of bank debt and seller notes, based on an agreed upon valuation.

In the transaction, each next-gen advisor entered into a purchase agreement with the retiring advisor to fund the purchase. Advisor compensation (excluding distributions) was normalized to an equity ownership salary cap, and on a go-forward basis, the team of next-gen advisors would receive ownership distributions and remit seller note interest expense and principal to service the liability back to the original equity owner.

We recently caught up with Brad Kowalczyk to dive into some of the lesser talked about components of the succession process.  We appreciate his candor and hope that his experience and insight might be of help to other advisors considering a similar exercise.

Here are excerpts from part one of our discussion about the process, in his own words.

## About the Succession Process...

**Q What prompted Ascent's succession event, and how was the process managed?**

The primary prompt for our succession event was two-fold: one of our founding partners wanted to sell and then fade from the business post-sale over a period of years; and at the same time, three G2 (next generation) members of our firm were interested in becoming partners with the full endorsement of the remaining partners.  The process was primarily managed through me as a founding partner serving as an intermediary discussing and negotiating deal terms/structure between the two groups, and, to their credit, they managed it all with fairness and respect for each other.

**Q Was the succession part of a long-term plan, or was it a more immediate need?**

The succession was part of a long-term plan and we set it into motion once the time was right for all parties.

**Q What challenges did the firm face during the succession, and how were they addressed?**

There were a variety of challenges, none of which threatened the outcome but instead may have impacted the structure.  Some of the challenges included, price, payment terms - including affordability, client retention, transition of workplace roles and responsibilities, and timing of the deal, to name a few.

For example, when solving for "affordability" for the G2, it was important to both create payment terms for them that they could reasonably handle, yet with such payments being large enough to be satisfactory from the seller's standpoint. This

Sources: Dynasty Financial Partners, public information including press release, trade articles, and other secondary research. Specific sources can be produced upon request.

was achieved through the combination of three factors: first, with a separate down payment from each G2 to the selling partner; second, with a 10-year amortization schedule for payments to the seller (permitting lower payments); and third, with a balloon payment of the balance due to the seller due in 5 years.

This "hybrid" of negotiated factors worked to create both an affordable payment structure for the G2 and a satisfactory proceed receipts structure for the seller (down payment + 5-year balloon + quarterly payments on a ten-year amortization prior to the balloon).

**Q What measures were taken to ensure continuity for clients and staff during the transition?**

Continuity for staff was not really a problem in that the founding partner is motivated to stay around for a variety of reasons including a potential "claw back" based upon client retention. He also can be paid as a "producer" if he sources new business. Further, he committed to a plan for the continued introductions for his book of business to G2 and other firm members which will help avoid a claw back for him while creating a more secure transition for his book to the G2. We also structured enough notice on the timing of the deal to hire new staff to fill gaps ultimately forthcoming due to the selling partner's departure.

**Q What was the rationale behind the transaction structure? Did it achieve specific goals for the parties involved?**

The rationale behind the transaction structure was to create what I refer to as a "win-win-win-win" deal. First, a "win" for our clients: A seamless transition within firm leadership during succession maintaining full operating heft for our clients' benefit including for example, securing younger partners to serve the client base for a longer timeframe. Second, a win for a selling partner in providing a fair price upon favorable payment terms with an opportunity for future income as well as an environment to proudly hand off his roles and relationship as he transitions away from the business; Third, a win for the G2 partners as they come in at a fair price with reasonable protections and a growing firm to manage and further benefit from; and Fourth, a win for the balance of the firm as a whole as a significant succession event has occurred in an agreed upon manner upon favorable terms to all involved that permits the firm to secure its future in part and carry on its business from a new position of strength.

**Q How did Dynasty support Ascent during the process? What was their role and how did they manage different stakeholders in the process?**

Dynasty provided support in a variety of important ways throughout the transaction. First and foremost, Dynasty was a good outside party to discuss the deal and process with. More specifically, Dynasty helped to justify the purchase price that we proposed for the transaction through assisting us with determining the logic behind the valuation process. Additionally, significant Dynasty support came from modeling different projected cash flows that were integral to the final structure we were able to negotiate and agree upon. In addition, Dynasty generally remained as a "neutral" party working primarily with me on behalf of the "firm" rather than advocating directly for either the seller or the buyers. This neutrality was important to the ability for the buyers and seller to come to an agreed upon middle ground.

***Stay tuned for Parts 2 and 3 of our discussion with Brad. Next up in our Q1 2025 Newsletter, he will address Client Relationships and the Future Direction of the firm during and following the succession process.***

# Are You Wired for a Sale?



## 生き甲斐

*(iki-gai)*

**Ikigai,** a Japanese concept meaning "a reason for being," refers to the source of value in one's life or the things that make one's life worthwhile. At its core, Ikigai is the intersection of what you love, what you are good at, what the world needs, and what you can be paid for. This concept is often used to indicate the source of value that makes one's life truly meaningful.

As an independent registered investment advisor (RIA), and especially if you are the owner of your firm, the business you have built and the clients you work with are the focal point of your daily professional life. Pivoting from that focus, whether through retirement or the sale of your firm, can cause psychological strain above and beyond the stress and emotion inherent in a deal process. Transitioning from day-to-day work obligations to a reimagined Ikigai – perhaps more time with family, new hobbies, travel, or charitable endeavors – can be a difficult adjustment, and one that is not often considered or discussed.

*"There's a deep psychological conflict behind every transaction," according to **Casey Jorgensen, Senior Vice President, and Head of the Dynasty Institute for Adaptive Leadership (DIAL)**. "That's why it is so important to take the time to honestly consider and envision how you'd like the next chapter of your life to unfold – before you engage in or consider the next chapter for your business."*

***"Your business represents one of your most significant and valued assets, encompassing both financial and identity aspects. The psychology underlying any major change or milestone is intricate, influenced by a multitude of professional and personal factors that can ultimately determine the success of a transaction."***

**-Casey Jorgensen**

If you are at this point in your career, you are not alone. According to Cerulli's latest report, U.S. Advisor Metrics 2024, advisor retirement and an ongoing succession crisis continue to drive consolidation across the RIA industry. Over the next decade, 37% of advisors plan to retire—yet more than one-quarter (26%) are unsure of their retirement plans. Almost one-third of financial advisors (28%) are open to an acquisition but not actively searching for one, while 19% are actively searching for acquisition opportunities.

Financial advisors who are thinking about selling their firms are confronted by a wide variety of concerns: What am I going to do with the free time?

Sources: Dynasty Financial Partners, public information including press release, trade articles, and other secondary research. Specific sources can be produced upon request.

How will I keep my mind sharp? What do I need to replace my income stream? Who is going to hang out with me? How will I stay relevant? Planning for your next phase of Ikigai prior to exiting your business will give you the time to mentally prepare for your life beyond the office – and, in so doing, you will be clear-headed about your business' goals and how best to achieve them.

Jorgensen continued: "Your business represents one of your most significant and valued assets, encompassing both financial and identity aspects. The psychology underlying any major change or milestone is intricate, influenced by a multitude of professional and personal factors that can ultimately determine the success of a transaction."

**Psychological factors that can impact RIA transactions include:**

- **Fear of Change**
  I am reluctant to give up the business I've built because I'm unsure of who I am outside of what I do
- **Emotional Reluctance**
  I poured my blood, sweat, and tears into building this business and I still feel I have more to contribute
- **Financial Ambiguity**
  I'm nervous about not having a known, regular income stream
- **Social Upheaval**
  My clients and industry contacts are my friends – I enjoy working with them
- **Family Dynamics**
  My significant other doesn't want me around all the time, I'm afraid I will annoy him/her
  My kids and grandkids are busy with their own lives, I don't want to be a burden
- **Client Reactions**
  I'm worried how my clients will react
  What if my successor offers services I should have offered my clients years ago

### Value Obsession

Emotion can rear its head when it comes to determining a valuation. Sellers can become overly fixated on achieving a certain number, irrespective of more favorable deal terms, tax-efficient structures, etc. On the flip side, in an effort to drive down the purchase price, buyers can strain negotiations with unrealistic value expectations.

When evaluating a transaction, it is critical to consider current market trends and all aspects of what comprises a valuation to objectively assess a business. Whether eying a merger, planning for retirement, or developing a growth strategy, a valuation provides crucial insights into your business's worth and the key factors that drive its value. Sellers should work with their M&A advisors to understand the full financial picture, not just the headline price. Buyers should focus on the overall deal structure, balancing price with favorable terms that ensure a smooth transaction and long-term success.

***"If you think about it, a large part of a financial advisor's responsibility is to help clients manage the behavioral aspects of investing and finance; when markets go down, we counsel them to 'keep the discipline: remember, we planned for this,'" said Jorgensen. "So why, then, are advisors often the ones unable to separate emotion from reality when it is their time to plan for the future?"***

Keep in mind, as well, that buyers and sellers view deals differently, and thus react differently. If a deal falls through, it is an inconvenience for the buyer, but they can move on to the next target. For the seller, however, the loss of a suitable and advantageous opportunity may elicit a more emotional response. For many sellers, the value

of their business is tied closely to their retirement, their legacy/ego and their family's livelihood for years to come, so a lost opportunity can hit on a more personal level.

Acknowledging that change is ahead for your RIA is the first step toward success for you, your employees, and your clients. An advisor like Dynasty Investment Bank not only works with you to identify the value and growth potential of your business, but we guide you through the psychological barriers and help you redefine your Ikigai, as well. Such a fulsome approach will not only do your business justice but will ensure that raw emotion does not cloud the future potential of your life's work. An experienced investment banking team can help you clearly articulate your financials, uncover equity options, prepare for a succession, sale, or negotiation, and pinpoint growth drivers – all to demonstrate that you are leading a formidable business for whatever the next step may be.

*"One aspect that should not be understated is the value and support of community when working through milestone decisions involving your business – and your life," added Jorgensen. "That's what makes the Dynasty Network so powerful. You have access to other like-minded executives who very often are considering similar next steps in their careers and lives. It makes a big difference just to be able to talk about it all – the good, the bad, and the uncomfortable."*

What sets your firm apart does not end with you but will continue as a legacy to be proud of – while you explore your new Ikigai.

***As the Head of the Dynasty Institute for Adaptive Leadership (DIAL) within the Service Team, Casey Jorgensen collaborates with some of the wealth management industry's largest and most sophisticated firms, helping them optimize operational efficiencies, maximize growth, and expand margins. Casey has been instrumental in the build-out of DIAL, which includes the Advisor to CEO, Whole Family Advisor®, and Emerging Advisor Programs.***

***She has also expanded the reach of the Dynasty Women's Network and established herself as a thought leader in the independent wealth management space. Casey is currently studying for an advanced degree as a Certified Financial Therapist, which she looks forward to bringing to her daily work with Dynasty Network Partners.***

Sources: Dynasty Financial Partners, public information including press release, trade articles, and other secondary research. Specific sources can be produced upon request.

# Shhh....
# Who Wants Capital?



In the first quarter of 2024, we explored the increasing number of "leaks" in the market of companies seeking capital infusions. Historically, this process has been shrouded in secrecy, guarded by lawyers and confidentiality restrictions, with firms only formally announcing secured capital after a deal is reached and closed. However, the current surge of activity in the registered investment advisor (RIA) space has fueled a red hot, newsworthy acquisition environment, igniting both substantiated news and anonymous sourcing. With the RIA M&A market showing no signs of slowing down, and firms continuing to use capital from their investors to get more deals done, where are those deals now? And who still wants capital, 'according to sources familiar with the situation?' **Hint: Don't be fooled by headlines.**

### Let's check back in with the four firms we analyzed in Q1:

## Successful

### Cresset Asset Management

News of **Cresset's** capital search broke in November 2023 when it was reported that the firm engaged **Moelis** and **Goldman Sachs** as financial advisors. On November 27, 2024, Cresset announced it had closed a $150 million minority, long-duration investment from **Constellation Wealth Capital**.

Cresset will utilize this investment to 'further enhance its platform, technology, and recruitment of high-caliber teams.'

### Merchant Investment Management

While initial reports in August 2023 indicated that **Merchant** was targeting a $250 million capital raise, subsequent rumors in the market speculated $400 - $500 million. On October 22, 2024, an unnamed source told industry publication, CityWire, which regularly carries unconfirmed news, that private equity firm **Sixth Street Partners** invested $500 million in Merchant, as part of a $750M capital raise by the firm. The identities of the other investors were not revealed, and Merchant did not issue a press release announcing the transaction.

# Failed / Halted

### Snowden Lane Partners

In Q1, we explored PE firm **Estancia Capital Partners'** ongoing effort to sell **Snowden Lane**, which it has backed since 2013. Two attempts in a four-year span were unsuccessful. Since the sale effort was abandoned in 2022, Snowden Lane announced a $30 million term loan extension from **Orix Corporation**, and a $100 million credit facility from **Apogem Capital** and **Monroe Capital**.

In April 2024, PE firm **Coalesce Capital** reportedly held talks to acquire Snowden Lane; however, a source told CityWire that the two sides could not come to an agreement and that Snowden Lane's investment bank, **Ardea Partners**, announced that it would pursue a new buyer for the firm.

In Q1 2025 it was announced that Snowden Lane shareholders bought back a majority stake from PE backer Estancia.

### Hightower Advisors

In December 2023, PE firm **Thomas H. Lee Partners (THL)** engaged **Raymond James** to assist in divesting its majority stake in Hightower. On May 3, 2024, 'sources with knowledge of the situation' reported to CityWire that THL halted its sale efforts.

Instead of exiting its investment, THL reportedly raised between $700m-$800m for the company through a single-asset secondaries sale.

Hightower reportedly has repriced its $1.45bn term loan in Q1 2025 to support its further growth.

## Capital Raises and Sales in 2024 – What Made Them Successful?

### Hall Capital Partners

In June 2024, 'sources in the know' reported to CityWire that San Francisco-based RIA, **Hall Capital Partners (HCP)**, was pursuing the sale of a majority stake and had hired **UBS** to advise. HCP was one of the largest RIAs to pursue a sale of a majority stake in 2024. Merely three months later, on October 16, 2024, **Pathstone** announced that it acquired HCP in one of the largest-ever purchases of an RIA by a strategic acquirer. The deal likely succeeded, and announced in such a timely manner, due to the strategic fit.

At the time of the announcement, Simon Krinsky, one of three managing partners at HCP told CityWire: "Before we even got to the starting point, we said no to any firm that has investment product to sell. None of the banks that have asset management businesses were of any interest to us." HCP manages money for both wealthy individuals and families and serves as an outsourced CIO for endowments and foundations. Pathstone focuses on ultra-wealthy investors. Upon announcement, Pathstone Chief Executive Officer Matt Fleissig told Citywire: "We're really just carving out this extreme specialization and niche that sets Pathstone, I'll say, to be a first-of-its-kind company."

## Three other deals in 2024 came to fruition in short order following published rumors:

On July 1, 2024, sources told CityWire that **Homrich Berg**, an Atlanta-based RIA, was pursuing a new investor. When contacted by Citywire, CEO Thomas Carroll confirmed that the company was looking for a new minority investor and that PE firm **New Mountain Capital** was looking to partially exit its minority position. Skip ahead to September 26, 2024, and sources again told Citywire that **TPG** had joined New Mountain Capital as a co-investor in Homrich Berg's. Neither TPG nor Homrich Berg commented.

Sources: Dynasty Financial Partners, public information including press release, trade articles, and other secondary research. Specific sources can be produced upon request.

## **Shhh….Who Wants Capital?** *(cont.)*

On October 9, 2024, a source told Citywire that **Warburg Pincus** retained **Evercore** to advise it on the sale of a majority stake in **Kestra Holdings**, a $117bn network of RIAs and broker-dealers. On October 15, PE firm **Stone Point Capital** (who previously controlled Kestra from 2016-2019) announced it would buy out Warburg Pincus's stake. In a statement, Kestra said that Stone Point's reinvestment in the company "represents a strong vote of confidence in the management team, its mission and financial services platform."

On December 16, 2024, Chicago-based **Constellation Wealth Capital** announced the close of its first fund a little more than a year after the firm's launch. In August 2023, before publicly debuting Constellation, its owners filed with the SEC to disclose that they aimed to raise roughly $1bn.

As we discussed in this newlsetter's 2025 Outlook, the RIA industry is undergoing significant disruption which is spurring growth, and recapitalization is a strategy many firms are pursuing to take advantage of opportunities in one of the strongest markets our industry has experienced to-date. With so much activity underway, leaks are an unfortunate occurrence; however, one could argue that they do more to encourage deal-making than hinder it. Perception guides our thoughts and attitudes, and it can also guide our behaviors. While confidentiality is to be respected and upheld to the best of our efforts, information is, at times, inevitably bound to slip through loose lips. In the situations we explored above, leaks did not squash deals. Other factors such as dead-end negotiations or the lack of a strategic fit killed deals.

Looking ahead to 2025, many firms are already in the news - reportedly - contemplating deals or seeking capital. Sources say **Steward Partners** is considering a majority sale. **Stratos Wealth Holdings** is pursuing a capital raise, and **Merit Financial Advisors** is seeking a new investor, both according to sources, among no less than a dozen others.

If you are considering M&A, a recapitalization, or another event for your firm, don't be fooled by the headlines. It is important to remember that a deal is not always successful, nor is it tied up in a bow in two weeks. A thoughtful, strategic process takes time, and the guidance of an experienced advisor to educate you on all your options is indispensable - for example, it is much more convincing for an independent advisor protecting your interests and your interests alone to recommend that you halt a process rather than settle for the wrong partner.

Whatever your plans are in the new year and beyond, our Dynasty Investment Bank team is here to help – and a bonus – as a Dynasty client, you have access to a seasoned Public Relations team who can help you harness the wild world of media!

Sources: Dynasty Financial Partners, public information including press release, trade articles, and other secondary research. Specific sources can be produced upon request.

# M&A Market Color
## Q4 Top 10 Deals Announced

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| Buyer | Seller | Buyer Type | Seller AUM (billions) | Announcement Date | Transaction Rationale |
|---|---|---|---|---|---|
| Mubadala Capital | CI Financial (Corient) | Sovereign Wealth | 532.0 | 11/25/2024 | Capital |
| Neuberger Berman | Mariner Wealth Advisors | PE | 245.0 | 10/29/2024 | Capital |
| Constellation Wealth Capital | Cresset | PE | 60.0 | 11/27/2024 | Capital |
| Pathstone | Hall Capital Partners | Aggregator | 45.0 | 10/16/2024 | Scale & Capabilities |
| Cetera | Concourse Financial Group Securities | Broker | 12.0 | 10/8/2024 | Scale |
| Bain Capital | Openwork | PE | 11.5 | 10/28/2024 | Capital |
| Emigrant Partners | F.L.Putnam Investment Management Company | PE | 10.0 | 11/6/2024 | Capital |
| Lovell Minnick | Americana Partners | PE | 8.5 | 10/24/2024 | Capital |
| Corient (CI Financial) | H.M. Payson & Co | Aggregator | 7.9 | 12/17/2024 | Expansion |
| Colony Group | GYL Financial | Aggregator | 6.6 | 11/4/2024 | Other |

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 October 1, 2024–December 31, 2024 and is ordered by AUM.

Sources: Dynasty Financial Partners, public information including press release, trade articles, and other secondary research. Specific sources can be produced upon request.

# Q4 2024 M&A League Tables

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| RIA Investment Banking M&A Deal Count | | |
|---|---|---|
| 1 | Park Sutton Advisors (WHA) | 17 |
| **2** | **Dynasty Financial Partners** | **15** |
| 3 | Ardea Partners | 10 |
| 4 | Turkey Hill Management | 9 |
| 4 | DeVoe & Company | 9 |
| 6 | Gladstone Associates | 8 |
| 7 | Advisor Growth Strategies | 6 |
| 8 | Advice Dynamics Partners | 5 |
| 8 | Berkshire Global Advisors | 5 |
| 8 | Houlihan Lokey | 5 |

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, 2024 - December 31, 2024 and is ordered by number of M&A transactions announced.

Sources: Dynasty Financial Partners, public information including press release, trade articles, and other secondary research. Specific sources can be produced upon request.

# Dynasty’s Investment Banking Team

## How we help RIAs grow

The Dynasty Investment Banking team offers three primary service offerings to RIAs to help them reach their next level of growth.

The first offering is transaction support. Our team offers objective sell-side and buy-side M&A support to help an RIA find a succession partner. With 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 sell-side M&A, deal sourcing, transaction structuring and negotiations, due diligence support, and finalizing and closing deals.

The second 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 third way we can help is by providing liquidity to founders to achieve a certain business objective without giving up control of their business through three primary capital solutions, including our Traditional Credit, Revenue Participation Interest (RPI), and Minority Investment programs.


Sources: Dynasty Financial Partners, public information including press release, trade articles, and other secondary research. Specific sources can be produced upon request.

# Dynasty's Investment Banking Team

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

Today, Dynasty's Investment Banking team has the premier diversified capital offering in the industry that is exclusively for its clients.

## 01 Traditional Credit

- Primarily term loan structure with revolving credit facility and guidance facility also available
- Covenant lite
- Interest only feature available
- Minimum term
- Amortization payments required
- Origination fees apply
- No use case restrictions

## 02 Revenue Participation Interest (RPI)

- Preferred equity structure that monetizes a percentage of revenue
- Innovative "true up" feature offers incremental capital to support growth
- Principals may repurchase revenue interest after a fixed period of time
- Minimum payment thresholds
- No use case restrictions

## 03 Minority Investment

- Noncontrolling, passive equity structure with minimum 6-year investment period
- Favorable liquidity options – ability for RIA to sell additional equity upon Dynasty exit
- Limited governance terms
- Minimum dividend
- No use case restrictions

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.

Sources: Dynasty Financial Partners, public information including press release, trade articles, and other secondary research. Specific sources can be produced upon request.

# Dynasty's Investment Banking Client Referral Program

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- Do you have a client that is getting ready to sell their business in the near term?
- Do they have a trusted relationship with an investment banker that knows their industry to help them?

**Help your client's business prepare for and execute a sale by leveraging our deep investment banking referral network**

## Benefits of Program Include

- Multiple partnerships to choose from
- Evaluation of different investment banking alternatives in partnership with Dynasty's investment banking team
- Run an effective 'bake off' for your client to help identify the best investment banking team to support your client and their business
- Potential for advisor to receive compensation upon transaction close with applicable brokerage licenses

## Select Investment Banking Partners


**If you are interested in learning more, please reach out to us at DIB@dynastyfp.com**

Sources: Dynasty Financial Partners, public information including press release, trade articles, and other secondary research. Specific sources can be produced upon request.

## Harris Baltch

**Managing Director, Head of Investment Banking**

Harris Baltch is responsible for leading Dynasty's Investment Banking 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.

## Sam Anderson

**Managing Director, Chief Capital Officer**

Sam Anderson is Chief Capital Officer at Dynasty Financial Partners LLC. Prior to joining Dynasty, Sam was Senior Managing Director and a member of the Management Committee at Medley Management Inc. Prior to joining Medley, Sam was Head of Commercial Finance M&A within the Financial Institutions Investment Banking Group at Goldman Sachs. Prior to joining Goldman Sachs, Sam was a member of the Investment Banking Financial Services Group at Bank of America. Prior to his time at Bank of America, Sam held various positions at Citi Smith Barney.

## Jamie Gardiner

**Director, Business Development**

James is a member of Dynasty's Network Development team, focusing on existing RIAs and M&A/Capital. He consults with existing RIAs looking to leverage Dynasty's scale to identify synergies that lead to more profitable businesses.

Prior to joining Dynasty, James was Co-Founder and COO of TPW Investment Management. James helped lead JFG from a startup to one of the industry's leading ETF Strategists, which was acquired in late 2017.

## Dylan Dierig
**Vice President**

Dylan spent 4 years as a M&A investment banker between Raymond James Financial and Falls River Group focusing on financial technology and healthcare industries. Executing on over $2 billion in sell-side M&A transactions for both private and public companies. Dylan received a Masters of Science in Finance from Villanova University and a B.A. in Finance from the University of Kentucky.

## William Ross, CFA
**Assistant Vice President**

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.

## Victoria Cangero
**Senior Associate**

Victoria worked as an Associate for Dynasty, focusing on supporting client inquiries and quality assurance. Victoria held internships with UBS' Investment Banking group in New York and JP Morgan's Corporate Banking group in Miami. Victoria graduated from Florida Southern College, majoring in economics and finance and minoring in accounting. She was also a starter on their women's golf team.

## Amelie Russo, CFA
**Senior Associate**

Amelie worked as a Treasury Analyst for Intertape Polymer Group. She was previously a Corporate Banking Analyst at International Finance Bank, monitoring a portfolio of syndicated leveraged loans and sourcing investment opportunities. Amelie swam for the NCAA Division I team at West Virginia University where she received a M.S. and B.S. in Finance.

# Important Disclosures

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Sources: Dynasty Financial Partners, public information including press release, trade articles, and other secondary research. Specific sources can be produced upon request.

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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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