

## Best Buy founder among outsiders betting on financial advice firms

RIAs attracting unusual investors in their race to expand

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By Liz Skinner Investment News



The demand for advisory firms to grow larger and larger has some reaching out to strange bedfellows for financial support.

Best Buy founder Richard M. Schulze is among the investors who recently took a 25% stake in **Meristem Family Wealth**, a \$2.35 billion family wealth management firm seeking to expand.

Last month, advisory firm executive Ron Carson and the Vlastic family (of pickle wealth), were among the group **investing \$50 million into Savant Capital Management**, a \$5 billion registered investment adviser with an eye on acquisitions.

On Tuesday, **Manhattan West Asset Management**, a five-month-old advice firm with many entertainment clients, announced that Robert Trujillo, bassist with the rock band Metallica, had invested in the growing RIA.

This kind of investor interest in the advice space shows how far the industry has come over the last 10 to 15 years, when there wasn't capital available from any third-party investors, said John Furey, principal of Advisor Growth Strategies.

"Now you look at the investors in these firms and they are just viewing it as a fantastic investment opportunity," he said.

The Savant Capital Management and Meristem deals show that large firms like these that can attract such capital for growth now have the ability to negotiate with a variety of potential suitors and drive better terms, he said.

Of course, some banks lend to financial advisory firms, and private-equity firms increasingly have shown an interest. A crop of rollup firms also has emerged seeking to build giant advisory companies.

Advisory firm owners, though, often don't want to lose their independence by taking money from a rollup firm, nor do they want to be tied into a short timeframe for repayment as private-equity firms typically demand, with liquidity often sought within about five years.

"We only wanted to sell a modest amount of our ownership and we wanted investors who took a really long view," said Charlie Maxwell, chief executive of Meristem, about its financing deal. "We want to be a firm owned by professionals."

Meristem, which didn't disclose how much money the investor group injected, is still 75% owned by Mr. Maxwell and four others who work in the business.

The investor group that now owns 25% of Meristem includes Mr. Schulze, Kevin Bergman, president of the Schulze family office, and Michael Benson, chairman and chief executive of the wealth preservation consultancy Benson Blackburn.

The investor group in Savant Capital Management, whose employee group also retained at least 75% of its ownership, includes the Vlastic Group, the investment company of the family that sold the Vlastic Food Company; the Cynosure Group, an asset manager and adviser to the Eccles family and other large family offices; Kingsway Financial Services, a publicly traded merchant bank; Mr. Carson, chief executive of Carson Group Holdings; and Charlie Johnston, former president of Morgan Stanley Smith Barney, among others.

Brent Brodeski, chief executive of Savant Capital Management, said he sought investors that were "long-term oriented," and, under the deal, the firm can't be required to sell itself. Savant plans to use the \$50 million to acquire other advisory businesses, he said.

Mr. Trujillo is a client as well as an investor in Manhattan West Asset Management.

"Having experienced a range of their capabilities first hand, I'm excited to support Manhattan West's growth and expansion," Mr. Trujillo said in a statement. "Having an entrepreneurial streak myself, joining the firm as an equity partner made sense on a number of levels."