

Billion-Dollar RIA Boosts Focus Financial's Footprint

BY [CHARLES PAIKERT](#) JUL 1, 2015 11:50am ET

Roll-up heavyweight Focus Financial Partners is packing a more powerful punch, expanding its numbers and its footprint.

Adding its third and fourth RIA partner firms since April, Focus also facilitated merger deals for two existing partners and added offices in Chicago, Pennsylvania and Texas.

With the addition of Relative Value Partners, a \$1 billion RIA based in Northbrook, Ill., Focus now has 34 partner firms nationally and three in the suburban Chicago market. Founded in 2004 by CitiGroup/Salomon Brothers veterans Maury Fertig and Bob Huffman, Relative Value joins Vestor Capital and Strategic Wealth Partners in Focus's growing Windy City stable.

One of Focus's largest and most active partner firms, St. Louis-based Buckingham Asset Management, expanded its footprint in Texas, merging with Posey Capital Management in Houston. Buckingham has already completed five mergers and strategic transactions in 2015, most recently adding Short Hills, N.J.-based Classic Capital in April.

JFS Wealth Advisors, a Focus partner based in Hermitage, Pa., expanded into suburban Philadelphia, adding sole advisor Thomas Paulus as part of a continuity plan.

RED HOT M&A MARKET

The latest Focus deals underscore a red-hot mergers and acquisitions market, experts say.

"We have tracked 32 deals for the year including these transactions," says David DeVoe who is managing partner and founder of DeVoe & Co, a San Francisco-based consulting firm specializing in M&A. "This is more than twice the number of deals during the first two quarters last year."

John Furey, principal and founder of Phoenix-based **Advisor Growth Strategies**, agrees.

"Expect more announcements in the future from Focus and others," Furey says, citing strong advisory firm growth and breakaway transitions. "The market for deals may be on a nice ascent, [which] makes sense given the market demographics."

The Focus deals are a testimony to Focus' ability to provide capital, Furey says, and the fact that "their affiliate firms are getting better at acquisitions."

Given the competition, why did Relative Value go with Focus?

"[It] came down to our ability to retain our identity and continue running the business in the way that we have been for more than 10 years," says Maury Fertig, the firm's co-founder.

IPO UPDATE

One of Focus's presumed calling cards is an eventual windfall from an initial public offering, but the aggregator insists it has all the cash it needs right now.

"For some time Focus has had the scale and profitability to tap into the public markets," according to Rudy Adolf, the firm's founder and chief executive. "However, we have a very strong balance sheet and all the resources to support our growth for years to come."

That works for Relative Value, says Fertig: "We are confident that their leadership team will make the right decision at the right time."

Deal terms for the Relative Value transaction followed Focus protocol, says Adolf. "Focus buys a percentage of free cash flow from the partner in exchange for consideration paid in cash and stock," he says. "Based on Focus's profitability and recently announced \$1 billion credit facility, we have tremendous flexibility to meet the needs of new partners."

Another Pennsylvania firm, Bethlehem-based Quadrant Private Wealth, also formally joined Focus this week, completing a transition process after being formed by a Merrill Lynch breakaway team last year.