



Valuations Leap in RIA Deals, Reveals New Advisor Growth Strategies Study

BlackRock-sponsored 2020 RIA Deal Room Offers Deep Dive Into Competitive M&A Landscape

Business Wire

PHOENIX--([BUSINESS WIRE](#))--The pandemic has impacted RIA M&A transactions, but increased competition and the need for succession planning that drove a blockbuster 2019 for deals have not gone anywhere, according to [The 2020 RIA Deal Room study](#). [Advisor Growth Strategies](#), one of the industry's most trusted resources, researched 31 transactions that took place in 2019, surveyed 96 advisory firms and applied their own insights as leaders in RIA business management. With the support of their sponsor, BlackRock, Advisor Growth Strategies releases the most in-depth, quantitative study publicly available of why and how RIA industry deals succeed.

"We are excited to support ongoing research that challenges RIAs to consider where they want to add value for clients, employees, and owners," said Hollie Fagan, Managing Director, Head of RIA, Direct and Retail FIG Businesses at BlackRock. "The findings in this year's report will help all readers think critically about their next steps."

The most impactful findings:

- **Acquisition Brands know the clock is ticking.** Just 16 acquirers accounted for two thirds of 2019's M&A activity. While the pandemic has disrupted deal momentum, increased capital and competition combined with a greying workforce means more activity over the next decade.
- **Sellers will need to work harder to keep high valuations.** Median adjusted EBITDA multiples jumped by 30%, compared to deals evaluated in last year's report. But valuations are expected to remain stable in the future amid fierce buyer competition and interest in the wealth management space. Organic growth, talent, and location – the ingredients of long-term success – will have a more dramatic influence on value. Buyers will seek to align interest with sellers through greater transaction structure.
- **Firms that don't align interests may leave money on the table.** A "flight to certainty" for participants and the low cost of debt capital defied conventional market wisdom. When it comes to deal structures, cash is king, with equity consideration plummeting 50%. It is imperative for RIAs to know what they are worth if they want to play their cards more than once.
- **Forewarned is forearmed.** "Build or partner?" will be the most important question many RIAs face. Whichever path they choose, the pressures of scale and succession will drive a wedge between RIAs that understand the deal landscape and drivers of value, and those that do not.

"In this study, we put a landmark year for deal volume and valuations under the microscope. We created The RIA Deal Room to be an indispensable resource, whether you're a buyer

wondering how a boutique strategy can compete with acquisition brands, or a seller trying to do right by your team and your clients,” says [John Furey](#), Managing Partner of Advisor Growth Strategies, and the founder of the [alliance for Registered Investment Advisors](#).

“We know firsthand how challenging it is for RIAs to come to grips with the complexities and options in the M&A space,” says [Brandon Kawal](#), Principal of Advisor Growth Strategies. “Advisory firms looking for transaction partners need to know what works and what matters, to an exacting degree of detail. That demand guides our research from start to finish. We’re excited to see how RIAs use The RIA Deal Room as a starting point for their strategies in a competitive market.”

Receive your copy of The 2020 RIA Deal Room Report by [clicking here](#).

Advisor Growth Strategies will also host a four-part, weekly webinar series starting June 10 and concluding July 1 to further discuss the key findings from the research. More information on the upcoming webinar schedule, as well as archives of past events, can be found [clicking here](#).

ABOUT ADVISOR GROWTH STRATEGIES

Advisor Growth Strategies (AGS), a management consulting and transaction advisory firm, provides financial advisory firms and institutions with the tools and expertise to grow, develop, or exit a firm. AGS partners with the fastest-growing and largest firms across the country to support them in becoming better business owners. AGS has consulted with over 275 independent financial advisory firms, representing \$325 billion in managed assets. AGS services include assisting advisors in transition, compensation and equity design, strategic planning, M&A and succession planning. For additional information please visit www.advisorgrowthllc.com.

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