# 'Their calculator doesn't have a battery': RIA execs take shots at CI in panel

By Andrew Foerch for CityWire

CI Financial has embarked on an unprecedented deal spree over the past year and a half, buying 18 RIAs and amassing $63bn in US assets.

The run has not gone unnoticed by the firm's US competitors.

In a virtual M&A roundtable discussion hosted by Phoenix RIA consultancy Advisor Growth Strategies, Mercer Advisors chief executive Dave Barton (pictured left), Captrust head of wealth management M&A Rush Benton (pictured center), and Mariner Wealth Advisors chief executive Marty Bicknell (pictured right) took a skeptical look at the Toronto-based asset manager.

Mercer Advisors chief executive Dave Barton namedropped CI Financial in explaining why RIAs should be cautious in choosing a buyer, especially when they want the deal's structure to include a heavy equity component.

'For sellers rolling a percentage of the purchase price into the buyer's equity, you better make sure they're growing,' Barton said. 'We've got a major player right now in the RIA space, CI, that is buying every firm in sight and paying, frankly, unheard of multiples. They're publicly traded … if you look at their historical stock price, in 2014 they were trading at $32 a share. This year, they're trading at $17 a share. Be careful what you're locking into regarding your potential partner.'

Captrust's Benton invoked the firm's acquisition history in responding to an audience question about how new entrants to the M&A market – like CI – have affected consolidation this and last year. Benton stressed that the plethora of buyers willing to pay high prices doesn't mean firms should sell for the sake of it, and if anything reinforces the importance of cultural fit and alignment in terms of business goals.

'Just make sure you know what you're trying to solve for. Why are you interested in doing a transaction? Then you'll find the partner that best solves that,' Benton said. 'CI, for example, has bought some really large firms that I think were just trying to solve for succession and liquidity, not necessarily looking for scale, as far as I know.'

Mariner's Bicknell elaborated, though he didn't call out the Canadian RIA by name: 'It's a competitive environment so valuations really will be what they are. … It really should be about what the culture of the organization is, what are the things it brings to you, and how you feel like you will operate inside that. As Dave and Rush indicated earlier, there may be a firm or two out there that their calculator doesn't have a battery in it. I would just be careful what you wish for.'

CI Financial declined to respond to the executives' comments.

Speaking generally about the state of the M&A market, Bicknell pointed to high (and growing) demand among sellers for equity in the buying firm as the biggest trend in terms of deal structure today. Benton said he expects this to continue as the industry braces itself for Biden's impending changes to capital gains tax rates.

The three execs agreed that the breakneck pace of RIA M&A isn't going to slow down in the foreseeable future and may even accelerate in the remainder of 2021. They concurred that valuations will stay in the sky as long as demand persists, and acknowledged the runway for consolidation volume is long – even the most purchase-prone RIAs haven't come close to the level of acquisitiveness seen in other professional services industries, namely insurance, Benton said. Plus, as private equity and venture capital money continues flowing into the space, serial buyers have access to more funding than ever to drive their inorganic growth plans.