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2024 Financial Services Industry Review

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2024 Market Commentary

For active managers, the road to riches is lined with a handful of stocks

As co-founder and senior portfolio manager at a small Chicago-area asset manager, Max Wasserman has a predicament he compares with one of life's more painful medical procedures. Referring to Nvidia at the end of the 2024 first half, he told the Wall Street Journal, "If you don't own that one stock, it really hurts. Every day feels like a root canal without novocaine."

Wasserman's firm, **Miramar Capital**, has around $500 million in AUM and counts high-net-worth individuals and institutions among its clients. As an investor in established dividend-paying growth stocks, Nvidia doesn't fit Miramar's strategy. The result, he says, is that "we can't keep up." Wasserman isn't alone among active managers, in particular those pursuing strategies such as value that may eliminate Nvidia and other high-flying technology companies.

For years, most active managers have been enduring a collective root canal as they fail to beat the S&P 500 and other indexes. But with the emergence of Nvidia, joined by a handful of other tech stocks that have been longer-term winners, the pain has only grown. In the **Vanguard** S&P 500 ETF, Nvidia and five other stocks made up 30% of the portfolio at midyear, but the "Magnificent Seven" accounted for more than 60% of the index's return, according to S&P Dow Jones Indices.

Active managers and ETFs benchmarking against the S&P 500 who failed to load up on those stocks had a predictable outcome: **Morningstar** reported that just 18% managed to outperform. By contrast, large-cap managers who bet big on Nvidia and other "Magnificents" fared well. One example is the **Alger** Capital Appreciation fund (AUM: $2 billion), which had 30% of its assets in Microsoft and Nvidia and returned 29% in the first half. But even the massive large-cap **Fidelity** Contrafund (AUM: $140 billion) managed to outperform, generating a 26% first-half return by concentrating 40% of its assets in six of the seven Magnificents.

Fund managers focused on technology also delivered — some spectacularly so. The **ProShares** Ultra Semiconductors fund (AUM: $850 million), with one-third of its assets in Nvidia, more than doubled in the first half, the performance enhanced by leverage. The truly adventurous struck gold with the leveraged single-stock **Direxion** Daily NVDA Bull 2X Shares, which rose 300% in the opening six months.

By summer, however, it appeared the fortunes of Wasserman and his peers may have begun changing, as Nvidia and the other Magnificents endured a correction: **Roundhill Investments**' Magnificent Seven ETF (AUM: $1 billion) dropped 17% between early July and early August. During the third quarter, the **BlackRock** Large Cap Value SMA returned 8.5% while the **Russell** 1000 Value index was up 9.4%. Alger Capital Appreciation was up by just 4% during that period. Still, pointing to the outsized influence of Nvidia in 401(k) plans laden with the S&P 500 index, **Apollo Global Management** CEO Marc Rowen told investors last October, "I jokingly say sometimes, we levered the entire retirement of America to Nvidia's performance."

Nvidia, which began to climb again in September, and the overall market, helped bolster the performance of asset managers last year, coming on the heels of an upbeat 2023. In its latest review of the industry, BCG highlights the rebound that occurred in 2023: AUM climbed 12% over 2022 (when AUM dropped 9%) to $120 trillion worldwide, led by North America (up 16%). Still, the consultant noted that industry revenues rose just 0.2% while costs climbed 4.3%. The result: profits dropped 8.1% and net revenue margin dropped by two percentage points to 30%. Within that context, passive funds, including ETFs, continued to gain at the expense of active managers, claiming 70% of global net flows in 2023. Significantly, market performance has accounted for 89% of revenue growth in the period from 2006-2023.

Bigger but fewer deals

Mergers & Acquisitions 2024, All Industries

Value of Announced Deals ($ billions)	2024	(vs 2023 +/-)
Worldwide	$3,170	(+10%)
U.S.	$1,436	(+5%)
Europe	$700	(+22%)
Asia-Pacific ex-Japan)	$611	(+1%)
Number of Announced Deals	**2024**	**(vs 2023 +/-)**
Worldwide	50,247	(-14%)
U.S.	12,268	(-20%)
Europe	16,289	(-14%)
Asia-Pacific ex-Japan)	12,964	(-8%)
Of Which (By $ Value Worldwide)	**2024**	
Cross Border	35%	
Private Equity-Backed	22%	
Financials	14%	
Megadeals ($5b+)	35%	

Source: LSEG

In 2024, strong markets in the U.S. in particular continued to smile on asset managers of all sizes. At BlackRock, AUM in the third quarter rose a stunning 26% over the 2023 period to $11.5 trillion while revenue and operating income climbed 15% and 23%, respectively. **Affiliated Managers Group**, with its diverse portfolio of affiliates, saw AUM increase 15% in the third quarter to $728 billion while its preferred metric of economic earnings per share was up 18%. Last year, the company added a minority interest in a European "green" investor, **Suma Capital**. Mid-size active manager **Artisan Partners Asset Management** delivered a 23% third-quarter increase in AUM to $168 billion and a 37% bump in GAAP net income. At alternatives manager **Hamilton Lane**, AUM ($131 billion) and management and advisory fees both rose 10% in the second fiscal quarter (ending September).

Investment Management Transactions

	2020	2021	2022	2023	2024
Majority Equity	195	277	251	227	**264**
Minority Equity	37	48	47	50	**82**
Management Buyout	9	4	7	1	**1**
Total	**241**	**329**	**305**	**278**	**347**
Total Transaction Value ($B)	$35.6	$53.8	$41.6	$42.8	**$90.8**
Total AUM Changing Hands ($B)	$3,006	$3,751	$1,683	$2,678	**$4,998**

Excludes acquisitions of managers with less than $250 million of AUM
Source: Berkshire Global Advisors

The M&A market for asset managers was also delivering last year, including 12 $1 billion-plus deals across various sectors, representing the largest such number in recent memory (a reflection as well of the larger size, and therefore value, of targets). BlackRock accounted for the two largest deals, the first involving a manager in the increasingly active infrastructure sector: **Global Infrastructure Partners**. BlackRock placed the nominal value in the cash-and-shares deal at some $12.6 billion. GIP triples BlackRock's infrastructure AUM to $150 billion, with Chairman and CEO Laurence Fink calling it "another truly transformational moment" in the company's history.

In a Wall Street Journal editorial piece last November, Fink wrote that artificial intelligence infrastructure in particular "could be our century's economic equivalent of the transcontinental railroad — a project that creates historic growth."

BlackRock's second megadeal targeted another hot alternatives arena, private credit, via the $12 billion all-shares acquisition of **HPS Investment Partners**. The deal creates a top-five private credit business with $240 billion in assets, more than half from HPS, which also adds its executive and investment teams. Scott Kapnick, CEO of HPS, called the deal "an important milestone in our drive to become the world's leading provider of private financing solutions."

Investment Management Transactions

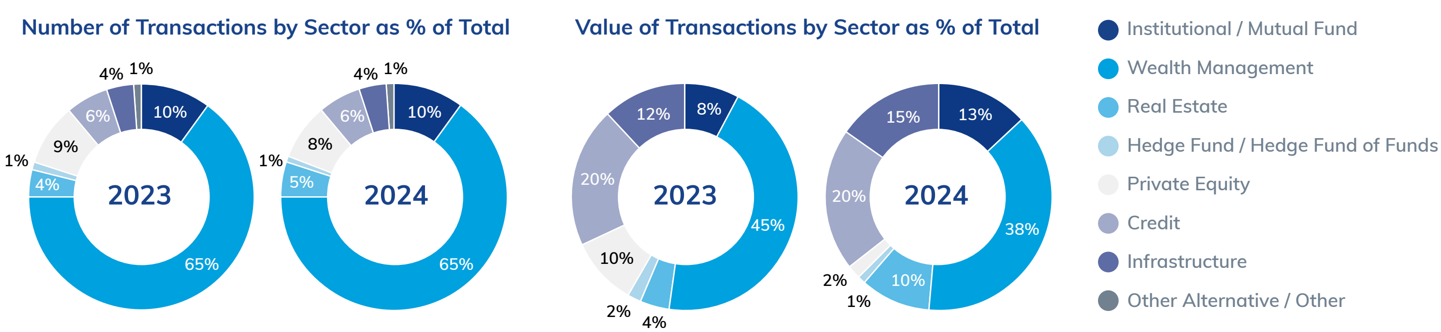
Who's Buying

	2020	2021	2022	2023	2024
Wealth Manager	84	125	137	146	**170**
Financial Buyer	31	32	36	25	**49**
Alternatives Manager	23	46	30	38	**48**
Traditional Investment Manager	45	54	25	24	**31**
Insurance	15	22	30	23	**16**
Securities Firm	7	13	13	5	**15**
Bank	7	16	8	5	**9**
Real Asset Manager	7	10	11	6	**5**
Other	13	7	9	5	**4**
Management Buyout	9	4	6	1	**0**
Total	**241**	**329**	**305**	**278**	**347**

Source: Berkshire Global Advisors   Excludes acquisitions of managers with less than $250 million of AUM

Investment Management

Who's Selling



Source: Berkshire Global Advisors   Data may not add up to 100%

In a whirlwind year, BlackRock also paid $3.2 billion for alternatives data firm Preqin and acquired **SpiderRock Advisors**, a provider of customized option overlay strategies in which it had held a minority stake since 2021.

The wealth and related wealthtech sectors weighed in with several major deals driven by private equity firms as well sovereign wealth funds (SWF) from Abu Dhabi. In the U.S., this included the $2.5 billion to $3 billion purchase of a minority stake in **Fisher Investments** by private equity firm **Advent International** and a subsidiary of **Abu Dhabi Investment Authority**. The deal valued the mass affluent and high-net-worth firm at $12.8 billion. Another Abu Dhabi SWF, **Mubadala Investment Co.**, cut a C$4.7 billion (US$3.4 billion) deal to buy Canadian serial acquirer **CI Financial**. The take-private deal, with an enterprise value of C$12.1 billion, includes CI's large U.S. wealth manager, **Corient Capital**. Through a subsidiary, Mubadala also acquired a minority stake in U.S. private credit manager **Silver Rock Financial** and plans to invest $1 billion in the firm's funds over time.

The private equity-backed consolidators in the U.S. continued to add to their portfolios, among them **Allworth Financial**, **Hightower** and **Wealth Enhancement Group**. In aggregate, the private equity-backed consolidators accounted for the lion's share of wealth management deals in the first 11 months, as tabulated by **Fidelity Investments** (Fidelity's database includes targets with more than $100 million or more in assets.) New firms are being minted to join the more established names, last year including **Rise Growth Partners**. Rise was launched by the former head of United Capital, Joe Duran, with $250 million in backing from **Charlesbank Capital Partners**. (United Capital was acquired in 2019 by **Goldman Sachs** and later sold to **Creative Planning**.)

Outside the U.S., the largest announced deal was also driven by a private equity firm, **CVC**, which led a consortium of buyers in a £5.4 billion ($6.9 billion) cash-and-shares offer for **Hargreaves Lansdown**. HL, which expects the deal to be concluded in the first quarter of this year, is the largest direct-to-consumer investment platform in the UK with assets under administration of £155 billion and 1.9 million active clients. Abu Dhabi Investment Authority was again among the investors.

In another significant European deal, **ABN Amro** paid €672 million ($730 million) in cash for German private bank **Hauck Aufhauser Lampe**, strengthening ABN's top-three position in that market by adding €26 billion in AUM to bring the total to €70 billion. In Asia-Pacific, **KKR & Co.** agreed to pay A$2.2 billion (US$1.4 billion) in cash for the wealth management and corporate trust businesses of Australia's **Perpetual**, although the deal faced tax-related complications. KKR also paid an undisclosed sum in the U.S. for **Janney Montgomery Scott**, which has both private client and capital markets businesses.

In the largest wealthtech transaction to date, **Bain Capital** and **Reverence Capital** paid $4.5 for publicly traded **Envestnet**, which has $6.1 trillion in assets on its platform. In a second take-private weathtech deal driven by a private equity firm, **GTCR** paid $2.7 billion for **AssetMark Financial Holdings**, with $117 billion in assets and 9,300 financial advisors as clients. GTCR, which also has an investment in U.S. wealth consolidator **Captrust**, said it will support "organic initiatives … [and] additional inorganic M&A opportunities to further expand" AssetMark's services to advisors.

The traditional investment sector was notable for the number of transactions involving outsourced chief investment officers, an area that has recorded annual average double-digit growth in assets over the past 15 years, according to Cerulli Associates, which projects a $3 trillion market by 2026. **General Atlantic**'s acquisition of a minority stake in **Partners Capital Investment Group** was one such deal. PCIG, which follows the Yale endowment model, has $50 billion in assets.

Mariner Wealth Advisors' acquisition of two such firms, **AndCo Consulting** and **Fourth Street Performance Partners**, is an example of the potential wealth managers and OCIOs hold to feed off their complementary businesses. "One of the synergies we both saw was the fact that Mariner hadn't focused on serving the institutional marketplace and we didn't focus on the individual marketplace," Mike Welker, former AndCo CEO and national managing director of Mariner Institutional, told PlanAdviser.

Amundi crossed borders to take a minority stake in **Victory Capital** as part of a larger "strategic partnership" that provides both firms with broader distribution and product platforms and through which Victory gained Amundi's U.S. business. In a major deal, **BNP Paribas** paid €5.1 billion ($5.6 billion) for **AXA Investment Managers**, part of the French insurance giant. If completed — the deal requires regulatory approval — AXA IM will more than double BNP's total AUM to €1.5 trillion, making it a top-five manager in Europe.

Cross Border Investment Management Transactions

	2020	2021	2022	2023	2024
U.S. - INTERNATIONAL					
Number of Deals	34	48	39	34	**37**
Value ($B)	$6.3	$12.8	$9.6	$11.2	**$21.2**
INTERNATIONAL - INTERNATIONAL					
Number of Deals	23	36	18	22	**25**
Value ($B)	$2.2	$9.7	$11.6	$4.8	**$8.3**
TOTAL					
Number of Deals	57	84	57	56	**62**
Value ($B)	$8.5	$22.5	$21.2	$16.0	**$29.5**

Excludes acquisitions of managers with less than $250 million of AUM
Source: Berkshire Global Advisors

Cross Border Transactions by Domicile and Type

2024	BUYER / SELLER	U.S. / INT'L	INT'L / U.S.	INT'L / INT'L	TOTAL
Wealth Management		7	2	7	**16**
Institutional/Mutual Fund		1	3	7	**11**
Private Markets / Other		13	11	11	**35**
Total		**21**	**16**	**25**	**62**

2023	BUYER / SELLER	U.S. / INT'L	INT'L / U.S.	INT'L / INT'L	TOTAL
Wealth Management		3	6	7	**16**
Institutional/Mutual Fund		2	2	6	**10**
Private Markets / Other		13	8	9	**30**
Total		**18**	**16**	**22**	**56**

Excludes acquisitions of managers with less than $250 million of AUM
Source: Berkshire Global Advisors

The UK played host to a number of small cross-border deals, including **iMGlobal Partner**'s purchase of a minority stake in boutique **Trinity Street Asset Management**, a global equity investor that pursues concentrated strategies. Deals for ETF managers slowed last year, but **Janus Henderson Group** was a notable buyer, the target a small UK manager, **Tabula Investment Management**. The ETF industry itself delivered another stellar performance: Global net inflows of $1.4 trillion in the first 10 months broke the full-year record of $1.3 trillion set in 2021, according to BlackRock. Fixed-income ETFs, an area where investors remain willing to bet on active managers, also set a new record for inflows, accounting for more than one-quarter of the total.

The marketplace for private credit managers remained red-hot, drawing such high-profile buyers as Janus Henderson Group and **Goldman Sachs**' **Petershill** permanent capital unit, in addition to BlackRock. But insurance firms were particularly noteworthy on the buy side, among them **Aflac**, **Dai-ichi Life Holdings**, **Guardian Life Insurance Company of America** and **MassMutual**. Anant Bhalla, former CEO of **American Equity Investment Life Insurance**, told McKinsey last year that private credit's long-term success involves a stable funding source. "Insurance and private credit fit together," he added. "If banks retrench from lending, someone is going to fill the void. Who better than another regulated industry like insurance? It's better for the economy when insurance and private credit come together in a responsible manner."

Another major insurer, **New York Life Insurance**, cut a deal for a diversified alternatives firm whose portfolio includes private credit, **Bow River Advisers**, as well as a private equity and venture capital investor, **Fairview Capital**. AXA Investment Managers acquired a private equity secondaries investor, **W Capital Management**, prior BNP Paribas' offer for AXA IM. In the first three quarters of 2024, secondaries funds raised $77 billion, according to Secondaries Investor, with half the total coming in the third quarter. In a 2023 interview with Buyouts, David Wachter, W Capital managing partner and co-founder, attributed the growth of the secondaries market to general partners' embrace of the structure as a "viable, strategic tool for sponsors to better manage cashflow, keep their best assets for longer, and generate liquidity for their [limited partners]."

Blue Owl Capital led alternatives buyers in the number of announced deals with four, including for private credit, infrastructure and property asset managers. Among them were **IPI Partners**, which has one the largest private portfolios of U.S. data centers, and private credit manager **Atalaya Capital Management**. Blue Owl Co-CEO Marc Lipschultz told investors the company is positioning itself "to be on the forefront of trends that will define the alternatives industry in the coming decade. We see both digital infrastructure and alternative credit as multi-trillion-dollar markets with transformational shifts happening in real time."

In addition to BlackRock's acquisition of GIP, the infrastructure sector recorded several other significant deals last year, continuing a trend that began in 2022 and reflecting the increasing attractiveness of the sector. Other notable buyers included **Commerzbank** and General Atlantic. Cleveland-based **Boyd Watterson Asset Management** joined those two by acquiring **Amber Infrastructure Group Holdings** of London to expand its real assets portfolio. "Institutional investors are seeking more exposure to the asset class, and large managers want to ensure that they have teams in place to fulfill those demands" wrote Peter Larsen, managing director for real assets at Hamilton Lane, last April. BCG estimates that infrastructure AUM grew by $700 billion between 2018 and 2023, or 18% a year, while delivering a 6.8% annual return.

The broad real estate market continued to adjust to the disruptions of the past few years, but the decline in interest rates in the U.S. could portend a revival. Stephen Schwarzman, chairman and CEO of Blackstone, told analysts last July that the drop in the cost of capital, combined with the sharp decline in new construction, is likely "creating the basis for a new cycle of increasing values in real estate." Blackstone invested or committed $22 billion in its real estate business in the first three quarters, more than double the amount during the previous year's period, and underlining the opportunities for real estate advisory firms raising funds or with dry powder.

In its midyear assessment of the global market, **JLL** saw "signs of progress," with "bidder activity in aggregate increasing significantly," pricing stabilizing, and investor "propensity to transact greater in markets where price adjustments are more transparent." While the soft deal-making environment for real estate asset managers that prevailed in 2023 continued into 2024, the sector did draw some high-profile investors and two large deals in the final quarter, with investors focused on areas with strong tailwinds.

Ares Management Corp. led the sector with the $3.7 billion purchase of the new economy-driven international business of **GLP Partners**, the largest deal for a real estate investment manager since **ESR Group**'s $5.2 billion acquisition of **ARA Asset Management** in 2021. Two permanent capital providers, **Almanac Realty Investors** (part of **Neuberger Berman**) and Petershill (part of Goldman Sachs), also tapped the market, acquiring minority shares. For Almanac, the target was **Dermody Propertie**s, an established investor in the logistics sector. In an interview with PERE, Almanac Managing Director Josh Overbay said there is a "large addressable market of [real estate] managers looking for a strategic minority partner," adding that the structure assists with succession planning, co-investment, and growth capital.

BGA Market Commentary

Artificial Intelligence became the rage among investors in 2023, a state of affairs that has proved particularly profitable for Nvidia's shareholders, who watched the share price more than triple that year and climb another two and half times in 2024. Fund managers who loaded up on Nvidia have been doing back flips, as we note in the introduction to this Summary.

Long-suffering value managers have been left wondering yet again when the light at the end of their tunnel would emerge. Morningstar's U.S. large value index returned 149% between July 2014 and June 2024 vs. 258% for large growth. Famed value investor Warren Buffet held a record $325 billion in cash and equivalents on the balance sheet of **Berkshire Hathaway** by the third quarter of 2024, an indicator of attractive interest rates but also his view on pricing in both the public equity and M&A marketplaces — as well as an inability to sensibly invest so much capital. (A portion of the cash horde is needed to backstop Berkshire's insurance business.) Indeed, Berkshire unloaded half its shares in Apple in the second quarter, though it remained the largest single stock in the company's equity portfolio.

Meanwhile, investors continue to gravitate to the private markets. In last year's shareholder letter, **JPMorgan Chase** Chairman and CEO Jamie Dimon noted that the number of U.S. public companies has dropped to 4,300 from the high of 7,300 in 1996. By contrast, the number of private equity-owned companies has climbed from 1,900 to 11,200 over the past two decades. "Is this the outcome we want?" Dimon asked.

Dimon cited the usual checklist of reasons behind the go-private trend, among them the focus on quarterly earnings, onerous and costly regulations, and the hijacking of annual meetings by activists. "I fear," he wrote, "we may be driving companies from the public markets." The concerns of the influential Dimon notwithstanding, institutions are voting with their capital, joined by an increasing number of high-net-worth investors.

In its latest report on private markets, McKinsey notes that while fundraising worldwide declined by 22% in 2023 from the previous year, the $1 billion raised still represented the sixth largest-ever total. AUM grew 12% to $13.1 trillion as of mid-2023, although dry powder rose and deal-making slowed. The consultant added that recent surveys show that limited partners "remain broadly committed to private markets" and the majority plan to "maintain or increase allocations over the medium to long term." The largest U.S. public pension plan, **Calpers** (AUM: $500 billion), announced last year that it will bump its private markets allocation from 33% to 40%, the increase driven by private equity and credit.

Bain & Co., which places alternatives AUM at $25 trillion worldwide as of 2022, projects that number could reach $60 trillion to $65 trillion by 2032. Bain expects infrastructure to grow most rapidly during the period through 2032, at 13% to 15% annually, and retail and sovereign wealth investors to provide the fastest growth among investors. Among the consultant's recommendations is to "improve M&A integration skills" involving people, culture and operations.

These trends are reflected in our business: The majority of our transactions involve private markets managers as well as wealth managers, accounting for a total of 81 and 36 transactions, respectively, over the last five years. In private markets, these transactions include credit, infrastructure, private equity and real estate managers. In wealth management, traditional RIAs, hybrids and independent broker-dealers. We also continue to broadly cover and advise on transactions in the traditional investment management and fintech sectors.

In closing, we trust you will find this Annual Review informative and readable. As always, we thank our clients, colleagues and friends in the industry for the faith they continue to place in our firm, and our employees for their commitment to the highest standards of excellence and ethical behavior.

Credit

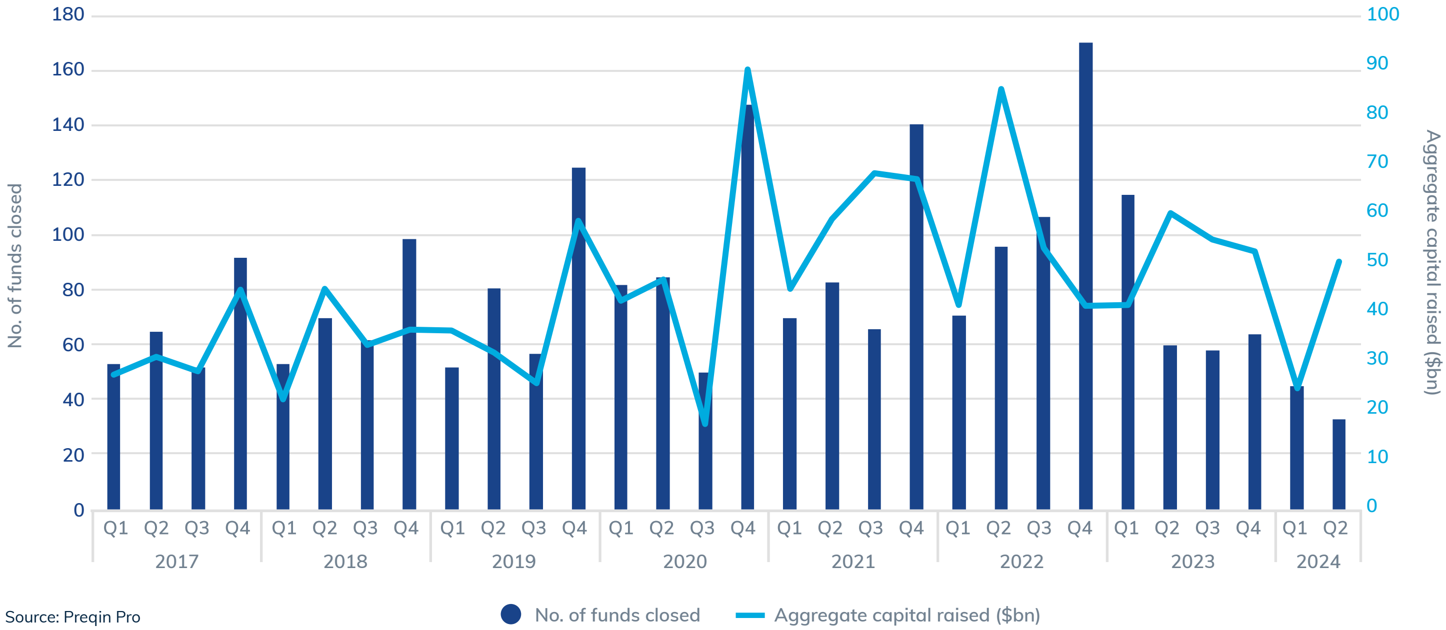
The private credit market began 2024 on a soft note: first-quarter fundraising of $25 billion was the slowest opening three months since 2018, according to Preqin. But by the second quarter the number doubled to $50 billion (88% in direct lending), although that still lagged the 2023 amount ($60 billion). As the number of second-quarter closings (33) halved from 2023, the average fund size was the highest over the past five years at $1.5 billion.

Credit Transactions

	2020	2021	2022	2023	2024
Number of Transactions	13	11	21	17	**22**
Combined Value ($B)	$1	$5	$7	$8	**$18**
Total Seller AUM ($B)	$68	$81	$276	$273	**$361**
Median Deal Size ($M)	$83	$85	$146	$135	**$175**
Median Seller AUM ($M)	$3,800	$2,600	$7,800	$4,400	**$5,550**

Excludes acquisitions of managers with less than $250 million of AUM
Source: Berkshire Global Advisors

Global Private Credit Fundraising



Source: Preqin Pro

In July, **ICG** and **Ares Management** boosted the market when they closed senior direct-lending funds of $17 billion and $15.3 billion, respectively. “It is a difficult fundraising market out there and what we have seen is that investors are looking to consolidate their own manager lists,” Jana Markowicz, an Ares executive in U.S. direct lending, told the Financial Times. “We’ve benefited from that with the size and scale Ares brings to bear on the right side of that equation.” In the fourth quarter, **Blackstone** closed a $22 billion U.S. direct-lending fund (including expected leverage) that was more than double the target.

Four funds above $10 billion, including those from Ares and ICG, helped the market reach a total of $208 billion at the end of the third quarter, by Private Debt Investor’s reckoning, a 7% increase from the 2023 period. The average fund size was $1.2 billion while senior debt made up 65% of the funds raised. In a report on private markets last year, McKinsey & Co. noted that institutions still remain underweight by 1.4% in private credit relative to their targets, suggesting that “investors must commit hundreds of billions in net new capital to the asset class just to reach current targets.”

Growth and the mainstreaming of the sector have made private credit one of the most active alternatives areas for M&A. Last year, BlackRock led the sector with the $12 billion all-share purchase of **HPS Investment Partners**, the largest-ever private credit transaction. The deal, announced in December, followed BlackRock’s earlier $12.6 billion acquisition of infrastructure asset manager **Global Infrastructure Partners** *(see Infrastructure)*. The addition makes BlackRock a top-five private credit manager with $240 billion in assets ($148 billion from HPS) and creates a broad platform for income solutions: BlackRock also manages $3 trillion in more traditional fixed-income products. As part of the deal, the HPS management and investment teams will join BlackRock, which placed the multiple around 30 times 2025 estimated post-tax fee-related earnings. (HPS is expected to deliver a post-tax margin of 50%.) Based on estimated pro forma 2024 results, BlackRock said private markets management fees would climb by 35% to $2.5 billion.

10 Largest Private Credit Funds Closed, 2024

Fund	Manager	Capital Raised ($bn)	Closing	Strategy
Blackstone Senior Direct Lending Fund	Blackstone	22.0	4Q	Senior debt
Ares Senior Direct Lending Fund III	Ares Management	15.3	3Q	Senior debt
West Street Loan Partners V	Goldman Sachs Asset Management	13.1	2Q	Senior debt
HPS Specialty Loan Fund VI	HPS Investment Partners	10.4	2Q	Senior debt
Silver Point Specialty Credit Fund III	Silver Point Capital	8.5	4Q	Senior debt
Carlyle Credit Opportunities Fund III	The Carlyle Group	7.1	4Q	Subordinated / mezzanine debt
Lone Star Fund XII	Lone Star Funds	5.3	2Q	Distressed
Benefit treet Partners Debt Fund V	Benefit treet Partners	4.7	1Q	Senior debt
Monarch Capital Partners VI	Monarch Alternative Capital	4.7	4Q	Distressed
Silver Point Distressed Opportunity Institutional Partners II	Silver Point Capital	4.6	3Q	Distressed

Source: Private Debt Investor

Founded in 2007, HPS has a diverse portfolio led by direct lending and asset-based finance and a client base that spans the range of institutions but includes $20 billion in retail assets. HPS also adds 120 insurance clients to the $700 billion in assets BlackRock already manages for that industry. "There is further opportunity [for HPS] to scale through BlackRock's existing relationships with our largest asset owners globally," BlackRock Chairman and CEO Laurence Fink told analysts. Scott Kapnick, CEO of HPS, called the deal "an important milestone in our drive to become the world's leading provider of private financing solutions."

Apollo is boosting its fi e-year annual private debt investment goal from

$150B → $250B

HPS had previously considered public offerings, but Kapnick said BlackRock's compatible culture, including a client-centric focus, "led us to come to this very powerful combination.... a real force in developing capital market activity around the world." BlackRock expects the deal to close by the middle of this year. Prior to this deal, **Guardian Life Insurance Company of America** had increased its minority stake in HPS, including shifting $30 billion of assets to HPS, with another $5 billion possible in the years ahead. BlackRock indicated that it expected Guardian to continue that mandate.

In aggregate, insurance companies such as Guardian Life were the most notable buyers last year, as they flipped the script on the trend in such deals: Between 2019 and 2023, alternative managers were on the buy side for 10 significant investments involving insurers, led by **Apollo Global Management**'s $8.2 billion acquisition of **Athene**. Last year's deals by insurers, all involving minority stakes, mirror the industry's embrace of private credit, which accounts for 36% of insurers' total investments in the U.S., according to **Moody's**, with 80% of those surveyed by the ratings agency saying they planned to increase those investments.

For insurers, private credit delivers fixed-income diversification and the potential for superior performance over traditional products. For credit managers, the alliances provide a perpetual capital base along with recurring fees. Anant Bhalla, CEO of **American Equity Investment Life Insurance** prior to its takeover by **Brookfield Reinsuance** in 2023, told McKinsey last year that private credit's long-term success involves a stable funding source. "Insurance and private credit fit together," he said. "If banks retrench from lending, someone is going to fill the void. Who better than another regulated industry like insurance? It's better for the economy when insurance and private credit come together in a responsible manner."

In a BlackRock survey of global insurers last year, 35% said they plan to increase their allocation to private debt over the next two years while 50% plan to maintain the same level. Within that market, insurers are eyeing increases in the range of private credit classes, including opportunistic (41%), private placements (40%), direct lending (39%), and infrastructure (34%). "This theme goes beyond the simple fact of insurers buying more alternative products and links to the mega force of the future of finance," wrote Mark Erickson, BlackRock's global head of the Financial Institutions Group. "There is a shift from bank to non-bank lending driven by competition for bank funding (deposits) and increased bank regulation. This is generating new investment opportunities for insurers."

Among the insurance deal-makers, **Aflac** acquired a 40% stake in **Tree Line Capital Partners**, with the transaction facilitated through its asset management arm, **Aflac Global Investments**. Based in San Francisco, Tree Line specializes in direct lending to lower-middle-market companies and has $2.7 billion in AUM. As part of the transaction, Aflac made a multi-year commitment to provide additional investment capital to Tree Line. Aflac said the deal is part of AGI's "growth strategy" leveraging "our outsourcing capabilities to generate additional value for Aflac and our stakeholders." Aflac has $100 billion in general account assets.

Tree Line, which has provided $5 billion for more than 360 transactions since its establishment in 2014, focuses on North American borrowers with between $5 million and $30 million in EBITDA. In its annual letter released last March, Tree Line noted that it has "consistently prioritized" senior-secured, full-covenant, sponsor-backed deals with low leverage, and credit structures that "cannot be replicated in the upper middle market where leverage is meaningfully higher and cov-lite structures prevail."

MassMutual acquired a minority stake in Apollo Global Management-owned **Atlas SP Partners**. Launched in 2023, Atlas SP has originated $24 billion in bespoke structured credit and asset-backed solutions, primarily investment grade, for more than 200 clients. Apollo CEO Marc Rowen called MassMutual "a like-minded" partner that "recognizes the opportunity to generate excess spread in the vast private investment grade market." Among the company's transactions last year was a $225 million debt facility for Radial Power, which supports clean energy development for real estate companies. Atlas SP also counts the **Abu Dhabi Investment Authority** among its investors. (To read about another Apollo deal, *see Private Equity.*)

Insurance companies were the most notable buyers last year, as they flipped the scri t on the trend in such deals

Separately, Rowen said during Apollo's February 2024 earnings call that the company is focused on boosting its five-year annual private debt investment goal from $150 billion to around $250 billion, noting that the company is benefitting from regulators' decisions worldwide to expand the role of private investors in debt capital markets. Speaking more generally about private markets, Rowen said, "I believe we are going to see a substantial pivot from institutions where they begin to think about private not just in a traditional alternatives context, but they think about private as just another investments that has a little less liquidity. And the question they'll be asking is, 'Am I being compensated for slightly less liquidity.'"

Apollo expects to gain some of that growth, including for its other alternative offerings, from retail investors via products distributed by asset managers and wealth advisors. Making note of the $12 trillion in U.S. 401(k) plans alone, Rowen joked before investors last October that the limited choices available in those plans such as the S&P 500 index have "levered the entire retirement of America to Nvidia's performance. It just doesn't seem smart. We're going to fix this." Last November, Apollo joined other investors in a $20 million fundraise for **Vega**, an alternatives platform for wealth advisors, while securing a position as an enterprise-scale anchor client.

In a transpacific deal, **Dai-ichi Life Holdings** paid $255 million for a 19.9% stake in **Canyon Partners**, with the option to increase ownership in two stages to 100% by 2029. Formed in 1990, Canyon (AUM: $25 billion) pursues a deep-value strategy across a variety of vehicles. Describing itself as "one of the few remaining independent credit firms," Canyon said its new partner delivers "skills, capital and competitive edges" and provides "next generation leaders with an incredibly well-capitalized platform." For Dai-ichi, the investment marks the second such deal it has cut in two years, having previously purchased a majority share in a Japanese private credit manager focused on small and midsize businesses. In discussing the Canyon deal, Dai-ichi highlighted the benefit in the form of "higher absolute and risk-adjusted returns" and "capital efficiency."

In an insurance-related transaction featuring an alternatives manager as buyer, **Blue Owl Capital** acquired **Kuvare Asset Management**, which provides asset management services for the industry. Blue Owl, which last year created a dedicated unit for the insurance industry, paid $750 million in cash and shares with a potential earnout of up to $250 million. The company also purchased $250 million in preferred equity in former parent **Kuvare UK Holdings**, creating "long-term alignment" between the two companies. This includes agreements that allow Blue Owl to deploy up to $3 billion of Kuvare UK insurance assets. For its part, KAM has $20 billion in assets in a variety of private credit vehicles managed for Kuvare UK and other insurance companies. The company has also entered the sports and entertainment arena across debt and equity investments "focusing on opportunities with predictable cash flows."

In a first-quarter earnings call, Marc Lipschultz, Blue Owl Co-CEO, said insurance adds "the third core leg" of a "stool" that already included other institutions and the wealth channel. "We don't have different products for different people, we have different entry ramps," he explained. "With Kuvare, we've added some complementary capabilities. But, most importantly, we now have a way of customizing solution[s] for that user [insurers] of capital." According to S&P Global, private-equity-backed alternative asset managers hold over $600 billion in U.S. life and annuity assets, but the addressable market is nearly $4 trillion.

Blue Owl cut two other credit-related deals, in the larger one paying $450 million in cash and equity for **Atalaya Capital Management**, an established New York manager with $10 billion in AUM. Atalaya targets asset-based debt across consumer and commercial finance, corporate, and real estate. Blue Owl called Atalaya "an early pioneer in private asset-backed finance" that complements its "leading position" in direct lending. In the second deal, Blue Owl also extended its capabilities by acquiring **Prima Capital Advisors**, a real estate lender focused on commercial mortgage-backed securities (see *Real Estate* for more on that deal and one other). Blue Owl had $166 billion in AUM prior to the deals, with credit accounting for half and private equity and real estate the rest.

AXA Investment Managers, part of insurer **AXA**, announced it will assume full ownership in **Capza** by 2026, adding to its majority shareholding. Capza, founded in 2004, serves the European middle market in private credit as well as private equity and has €9 billion ($9.9 billion) in AUM. AXA IM, which cut the deal through its alternatives unit, said Capza complements its existing private credit business with "global expertise" in mid-market direct lending. Capza also provides AXA IM with entry to the private equity leveraged buyout market, "a growth sector [AXA IM] has identified as of strategic importance." Citing a decade of growth that brought its business "to maturity," Capza called the deal timing "perfect," saying it will benefit from "the scale and reach of [AXA IM's] infrastructure as the leading European alternative platform."

AXA IM had more than €180 billion in alternatives AUM at the time of the deal last September. Last June, Capza closed its sixth private credit fund, having raised €2.5 billion, or around 50% more than its previous fund. In one transaction last year, Capza, joined by two partners, provided unitranche financing to support the acquisition by European private equity firm **IK Partners** of Qconcepts, a leading auditor in the Netherlands. In a second deal, AXA IM acquired a 20% stoke in **Rivage Investment**, a specialist in European infrastructure direct lending and French public sector financing with €7.7 billion in AUM. (For other AXA IM deals, *see Private Equity and Traditional Investment Management*.)

Ares Management, which manages some $65 billion in alternative AUM for insurers, mostly in private credit, acquired a private credit specialist, **Riverside Credit Solutions**. Part of middle-market private equity firm **Riverside Company**, RCS provides flexible cash flow financing for private equity-sponsored and non-sponsored companies in the lower middle market. The Boston-based company has deployed more than $700 million in some 60 diverse investments since its founding in 2016. In 2022, RCS closed a $280 million fund structured as a Small Business Investment Company licensed and regulated by the U.S. Small Business Administration. At the time, the company said it served companies that typically have less than $35 million in EBITDA. Ares called the addition of RCS a "natural enhancement" of its global direct-lending platform, which had $214 billion in AUM at the time of the deal last September.

Two permanent capital providers joined the buyers. **Hunter Point Capital** continued to make its presence felt among the major alternatives deal-makers, assuming a minority investment in **Pretium**, one of the largest investors in non-agency residential mortgage loans and the largest owner-operator of single family homes in the U.S. The firms said their partnership will support Pretium's existing strategies while facilitating expansion into "adjacent areas." In an interview with Bloomberg TV last April, Hunter Point co-founder and CEO Avi Kalichstein cited Pretium's leading position in single-family rentals. "We're facing a huge housing shortage — somewhere between four and seven million [units] — and that provides tailwinds to a firm like Pretium."

Founded in 2012, Pretium has $52 billion in AUM, an amount that has climbed more than threefold since 2019. In addition to its residential property-related business, the firm pursues corporate and structured credit strategies. In 2022, the firm closed its second residential credit fund with $1.7 billion in commitments, twice the size of its first such fund. The fund invests in U.S. residential mortgage loans "that fall outside the traditional mortgage system and are less able to be serviced by traditional banks." Hunter Point, formed in 2020, has invested in seven other alternatives firms, in addition to Pretium. Last March, the firm raised $3.3 billion for its inaugural GP Stakes fund, exceeding a $2.5 billion target and drawing capital from institutions as well as high-net-worth investors.

Goldman Sachs' Petershill permanent capital vehicle acquired a stake in **Kennedy Lewis Investment Management**, reportedly around 40% for $225 million. Kennedy Lewis has $14 billion in AUM in private funds, a business development company, and collateralized loan obligations (CLOs). Goldman said Kennedy Lewis has "distinguished itself through investing in compelling, often complex situations" that provided attractive returns and diversification from other credit managers. In 2023, the firm closed its third opportunistic credit fund, having raised $4.1 billion to provide capital to non-sponsored borrowers in industries countercyclical or less correlated to broader markets, among them life sciences, technology and telecommunications. Kennedy Lewis also teamed with platform **iCapital** in 2023 to extend its strategies to financial advisors.

Petershill acquired part of the stake from **Azimut Alternative Capital Partners**, the U.S. alternatives investor owned by Italian asset manager **Azimut Group**. AACP, which has four other affiliates, acquired the stake in 2020, when Kennedy Lewis had $2.1 billion in AUM. Azimut Group said the deal "demonstrates the potential to exit positions in AACP's target investment segment to esteemed, established GP stakes buyers." Petershill had 25 partner firms with more than $330 billion in total AUM as of last June, three times the level in 2018. Private credit accounted for 17% of the total, with private equity the dominant sector at 63%. In the fourth quarter, Petershill sold part of its stake in one of those firms, private equity investor **Accel-KKR**, for $282 million. (For another Petershill deal, *see Real Estate.*)

Janus Henderson Group acquired a 55% stake in an established global credit manager, **Victory Park Capital Advisers** (AUM: $6 billion). As part of the deal, **Pacific Current Group** of Australia sold more than half of its 25% interest in Victory Park, which has deployed a total of $10 billion across 220 investments. Janus has $36 billion in securitized AUM, or around 10% of total AUM. "Asset-backed lending has emerged as a significant market opportunity within private credit as clients increasingly look to diversify their private credit exposure beyond only direct lending," Janus said. Chicago-based Victory Park primarily serves a range of U.S. institutional investors. In one interesting deal last year, the company provided a $50 billion loan to private equity adult-beverage specialist **InvestBev** for loans to alcohol firms, backed by whiskey barrel collateral. (For a second Janus deal, *see Traditional Investment Management.*)

Sagard of Canada cut an alternatives deal for the third time in four years, acquiring a 40% stake in California's **HalseyPoint**, a manager of CLOs. Sagard, controlled by the billionaire Desmarais family, is seeking to expand beyond its Canadian roots to become a global brand. Toward that end, in 2023 the company welcomed investments from two Canadian financial services firms and Abu Dhabi's sovereign wealth fund. HalseyPoint, which since its formation in 2019 has raised seven CLOs with $3.2 billion in AUM, expands Sagard's credit business. The two firms rebranded their joint platform **Sagard/HalseyPoint.**

HalseyPoint cited its new partner's "impressive investor base and extensive network as a global multi-strategy alternative asset manager with a strong credit franchise." Sagard said it aims to merge HalseyPoint's "proven expertise with the power" of its distribution reach and access to CLO equity capital to accelerate growth in that market. In an interview with the Wall Street Journal following the deal, CLO veteran and HalseyPoint co-founder Lynn Hopton said the firm hopes to launch three CLOs annually in the years ahead, noting that while still small "we're starting to approach critical mass. Our goal is to get much bigger." Hopton and co-founder Yvonne Stevens retained 40% of equity in their business while insurance holding company **A-CAP**, an original investor, retained a 20% share.

Petershill had 25 partner firms with mo e than

$330B	**3X**
total AUM	2018 levels

In a cross border deal with a European target, **Clearlake Capital Group** acquired **MV Credit**, an established pan-European credit specialist with more than $5 billion in AUM that brings Clearlake's credit AUM to $28 billion (total AUM: $90 billion). Clearlake, based in the Los Angeles area, cut the deal with MVC owner **Natixis Investment Managers**. London-based MVC has a diverse portfolio including direct lending, hybrid and CLOs. In 2023, MVC closed its third CLO fund with €332 million ($345 million) in capital.

In an interview last year with Private Debt Investor, MVC CEO and co-founder Frederic Nadal emphasized the importance of a lengthy track record, given the "dramatic" growth of the market and the "many newcomers without any experience of severe downturns. The most important thing is downside protection, for which depth of experience is critical." Clearlake said the addition will "broaden our global direct-lending capabilities … while expanding product offerings for our investors." In 2020, Clearlake acquired a majority stake in **WhiteStar Asset Management**, a fast-growing CLO manager with $6 billion in AUM at the time.

In a second transatlantic deal, French private equity firm **Wendel Group** paid $1.1 billion for a 75% stake in Chicago's **Monroe Capital**, with management retaining the rest. (The sale included **Banaccord Capital Partners**' 25% stake.) Wendel placed the valuation at between 14.7 and 18.5 times Monroe's estimated 2025 pre-tax fee-related earnings (FRE). As part of the deal, Wendel said it will provide $1 billion in seed capital and general partner commitments to Monroe investments. At the time of the deal last October, Wendel was also in discussions with AXA

Investment Managers to join as a minority investor in Monroe. Founded in 2004 and with more than $19 billion in AUM, Monroe has registered 28% annual average growth in AUM since 2013. The company, which will continue to operate independently, targets the middle market in a variety of private credit strategies. Monroe said its new owner will "provide meaningful and stable capital to thoughtfully scale our platform." For Wendel, the addition of Monroe continues a shift into third-party asset management that began in 2023 with the purchase of a majority stake in London private equity firm **IK Partners** (completed last year). With Monroe, Wendel's third-party private markets portfolio will have €31 billion in AUM in the U.S. and Europe, in addition to its permanent capital portfolio of €9.5 billion in gross assets. Wendel has set a goal of reaching €150 million in third-party pre-tax FRE by 2027.

In Asia, Singapore's state-owned **Temasek** fund added to its private markets portfolio by assuming, via subsidiary **Seviora Holdings**, a minority stake in one of Asia's leading private credit managers, **ADM Capital**. For Seviora (AUM: US$52 billion), the deal marked its second investment in a dedicated Asian private credit manager. "With the private credit landscape in Asia growing rapidly, Seviora has been actively seeking opportunities to invest in asset managers that add scale and expertise to our private credit franchise," explained CEO Jimmy Phoon.

ADM Capital is an established Hong Kong manager with $1.7 billion in AUM invested across the region and a focus on the middle market — companies Seviora called "underbanked and underserved." Temasek also formed a dedicated credit platform. **Goldman Sachs**, with $110 billion in private credit AUM, targeted the region last year via a $1 billion partnership with Abu Dhabi sovereign wealth fund **Mubadala Investment Co.** to co-invest in private credit. Goldman said Asia-Pacific is in the "early stages of

Private debt grows Down Under

The U.S. spawned and remains the dominant player in the private credit market, accounting for three-quarters of the $2.1 trillion in global AUM as of mid-2023, by the IMF's reckoning. But other markets, notably Europe as well as Asia-Pacific, have been growing rapidly. Within the Asia-Pacific market, Australia recorded 23% average annual growth in AUM between 2015 and 2023 to total A$188 billion (US$125 billion), according to EY. By 2028, the market could reach A$345 billion to account for 18% of domestic corporate lending, according to a report from professional services firm Alvarez & Marsal.

But Nehemiah Richardson, CEO of Sydney-based **Pengana Private Credit**, told InvestorDaily (Australia) last July that Australia differs significantly from the more mature U.S. and European markets, noting that banks still provide 90% of credit. "As a result, the majority of loans are related areas where banks do not have credit risk appetite," he said. "For example, commercial property and subordinated positions in asset-backed structured finance vehicles." By the end of 2023, 60% of Australia's private debt AUM involved corporate lending with the rest in commercial real estate, according to EY.

Significantly, the nation's superannuation funds are upping their allocations to private credit globally. **AustralianSuper** (AUM: A$340 billion) plans to triple its exposure of A$7 billion through a mix of direct lending and external mandates. Elizabeth Kumaru, head of private corporate assets for the **Australian Retirement Trust** (AUM: A$300 billion), told Asian Investor last June that its private credit strategy "is driven by our ambition to build well-diversified portfolios of alternative and unlisted assets encompassing the full capital structure." ART had A$4.1 billion in private credit as of last June, mostly non-Australian, a 70% increase from 2023 and 9% of its indirectly held Level 3 alternative assets.

Deal-makers are naturally entering this attractive market. Last year, that included several all-Australian transactions. In one, private equity firm **Scarcity Partners** acquired a 35% stake in **Dinimus**, a 14-year-old firm that has deployed more than A$800 million in medium-term, senior-secured loans to businesses in Australia and New Zealand. Dinimus had A$214 million in AUM in two funds at the time of the deal last September. Although Dinimus' funds were initially aimed at institutional investors, the firm has opened its last two funds to wealth platforms. "To date our biggest handbrake really has been access to capital, so now we're getting the resources and distribution to grow," Ryan Donnar, Dinimus managing partner, told Capital Brief in describing the deal.

Alternatives manager **Regal Partners** expanded its existing private credit business with the A$235 million acquisition of **Merricks Capital**, an established credit investor in Australia and New Zealand with A$2.9 billion in AUM. "We've got over a billion dollars of unsatisfied borrower demand," Merricks founder and Chief Investment Officer Adrian Redlich told the Australian Financial Review. "The risk-adjusted returns really continue to be in favor of investors. The bottom up says this is a great time to keep deploying money."

In a third deal, another alternatives manager, **HMC Capital**, paid A$128 million upfront for **Payton Capital**, a commercial real estate lender with A$1.5 billion in AUM. The deal provides HMC with entry to the private credit market via a "highly profitable and scalable platform" that it aims to more than triple over the "medium term." HMC's chair of private credit, Matt Lancaster, who previously managed **Macquarie Group**'s private credit business in the U.S., said the firm plans to build a leading Australian private credit platform. "The private credit market in Australia is still at a very nascent stage of development, with significant parallels to what I experienced in the United States over a decade ago," he said.

a defining era for private credit." (Separately, Mubadala, through a subsidiary, also acquired a 42% stake in U.S. private credit manager **Silver Rock Financial** and plans to invest $1 billion in the firm's funds over time.)

In a third deal, Paris-based alternatives firm **Tikehau Capital** teamed with Singapore brokerage **UOB-Kay Hian** to launch an Asia-Pacific private credit strategy designed for mid-size companies in "resilient and defensive industries" in the region. Additionally, Tikehau established a strategic partnership with **Nikko Asset Management** that makes NAM the exclusive distributor of Tikehau's alternatives products in Japan, including private credit and private equity strategies. The two firms also formed a Singaporean private markets joint venture focused on "strong secular investment themes," including green initiatives.

Publicly traded Tikehau has €44 billion ($48 billion) in AUM, a number that has grown fourfold since 2016, but has virtually all of its deployed assets in Europe and North America. Private debt is the largest singly asset class (40%) — about half in direct lending and 41% in CLOs and leveraged loans — followed by real assets (33%). In 2023, private debt accounted for two-thirds of the €6.5 billion in new capital the firm gathered.

In a booming private credit market driven by the U.S., Asia-Pacific is a region of emerging opportunity. The area accounts for two-thirds of global GDP but just 7% of global private credit assets. The potential is spelled out in the proportion of bank to non-bank credit at 79%/21%, compared with 33%/67% in the U.S. and 44%/56% in Europe, according to the Bank for International Settlements and PWC.

The private equity industry provides another example of the market potential. In a 2023 study, **KKR & Co.** noted that the ratio of private equity to private debt AUM is nearly 31 times for Asia-Pacific vs. 5.2 times for the U.S. and 3.5 times for Europe. Asia-Pacific's private equity market has some $3 trillion in AUM. "We believe the current state of private credit in APAC is comparable to that of Europe at earlier stages of market development, when banks provided most of the capital for private equity buyouts," wrote KKR.

Private Equity

When one considers the home improvement chain Home Depot, private equity isn't a connection that comes to mind. Power tools, building materials, screws, nails and bolts — even flowers and plants — are the common associations. But last March, the publicly traded giant took part in one of largest private equity exits ever when it acquired a Texas building materials supplier, SRS Distribution, for $18.3 billion, including debt.

Private Equity Fund Transactions

	2020	2021	2022	2023	2024
Number of Transactions	11	16	12	25	**28**
Combined Value ($B)	$2	$6	$10	$4	**$2**
Total Seller AUM ($B)	$172	$130	$70	$248	**$74**
Median Deal Size ($M)	$120	$167	$185	$108	**$35**
Median Seller AUM ($M)	$5,500	$3,400	$3,151	$5,380	**$1,370**

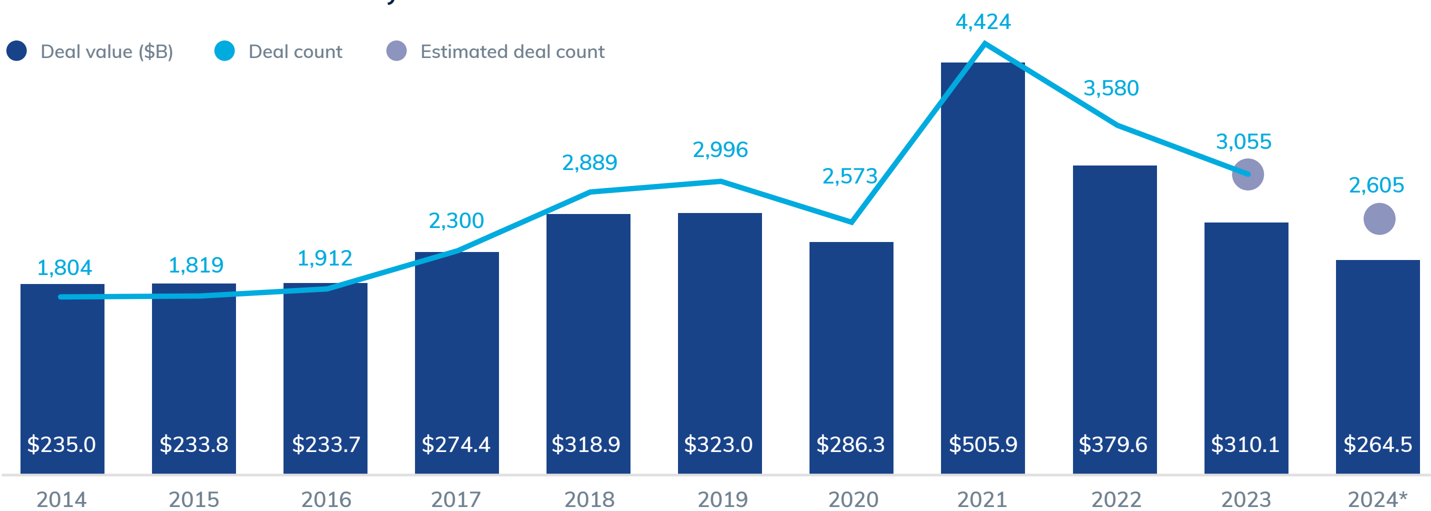
Excludes acquisitions of managers with less than $250 million of AUM
Source: Berkshire Global Advisors

The transaction provided a windfall for SRS' two private equity owners, among them majority owner **Leonard Green & Partners** — which reportedly acquired its stake for some $3 billion (including debt) in 2018. It was also a shot in the arm for an industry that had been struggling to conclude such profitable deals. Still, by midyear, Bain & Co. opined that while the private equity-led deal-making slump may have bottomed out, "we've yet to see anything resembling a 'normal' pace of investments and exits."

Buyout funds globally were on pace to match the 2023 deal count total, the consultant wrote, and while exits "appear to have arrested their freefall, activity has landed at a very low level."

Deals

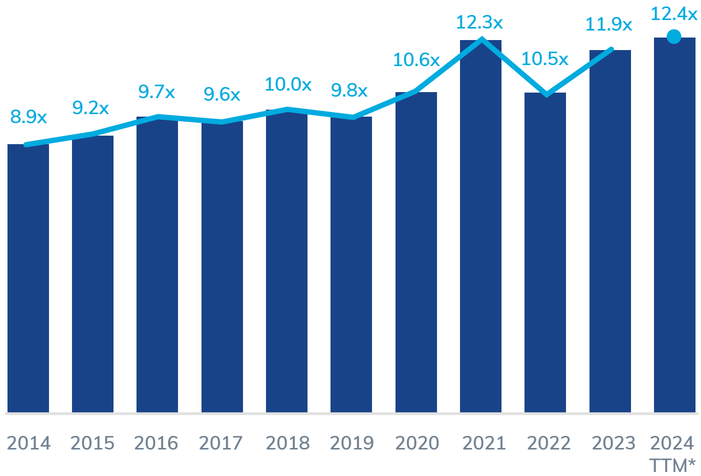
US PE Middle-Market Deal Activity



Source: PitchBook. * As of September 30, 2024

Deal Valuation Metrics

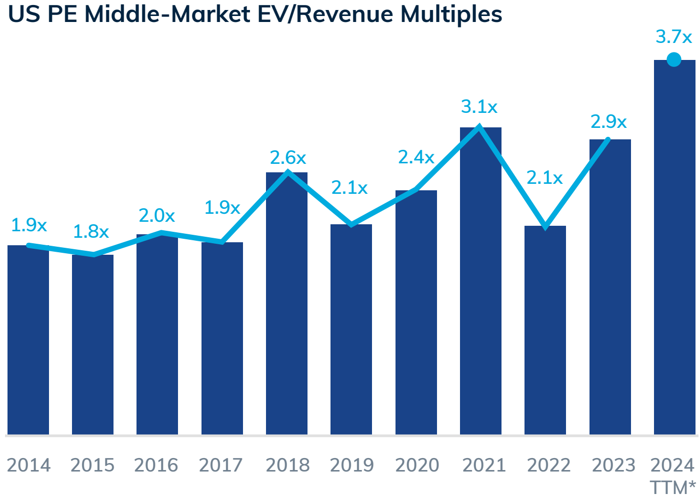
US PE Middle-Market EV/EBITDA Multiples



Source: DealEdge. *As of December 2, 2024

Deal Valuation Metrics

US PE Middle-Market EV/Revenue Multiples



Source: DealEdge. *As of December 2, 2024

Similarly, while deal value was on track to match the 2018 total, buyout funds were sitting on 1.5 times as much dry powder as in 2018. Bain blamed the macro environment for the torpid market, citing interest rates that by that point had failed to decline, as many expected, inflation, and geopolitical uncertainty, including the U.S. presidential election.

PitchBook applied a different perspective in its midyear interpretation, noting that the industry accounted for 41% of total global M&A value in the second quarter and writing that the "mild recovery" experienced in the first quarter is "firmly in place." PitchBook said the industry was tracking 10% to 15% ahead of 2023 for deal count and value. Although it noted that M&A multiples are 15% to 20% below the 2021 peak of 11 times EBITDA and 2.1 times revenue, the data firm said it sees a "firming trend" indicating that a "valuation reset may now be complete."

In the secondary market, there was no ambiguity: A record $68 billion in deals was recorded in the first half, according to **Jefferies Financial Group**, which expects the full-year total to be double that amount. For limited-partner deals, accounting for 57% of transaction volume, pricing climbed to 90% of net asset value, according to **Evercore**'s first-half review. That represented the highest level in two years. In a report on the secondary market last year, Bain wrote that "One Number — $3.2 trillion — goes a long toward explaining" the growth of the market. "That's the unrealized value represented by 28,000 unsold companies weighing down buyout portfolios globally, more than 40% of which are four year old or older. This backlog is massive by historical standards."

Coming off a particularly active 2023, when there were 28 deals for private equity firms, demand remained strong last year, drawing a range of mainly alternatives investors. One was **Apollo Global Management**, which placed its capital behind a new firm, **New Catalyst Strategic Partners**, an investor in "emerging, developing and diverse firms." New Catalyst was founded by Jason Howard, a veteran of **GCM Grosvenor** and Credit Suisse, where his private equity focus was on "next generation" companies.

New Catalyst said it will provide both new and emerging managers with "day-one capital and support that is often difficult" for them to access. The company is targeting funds of at least $250 million. Apollo said that while next-generation companies have faced challenges accessing growth capital, historical performance "suggests there is significant opportunity for attractive risk-reward, particularly for a platform that can address their unique needs." (To read about another Apollo deal, *see Credit.*)

The **Strategic Capital Group** unit of **Investcorp** made a growth investment in **Banner Ridge Partners**, a deal that followed the closing of the BRP's $2.2 billion fifth secondary fund, more than double the amount in the previous fund closed in 2021. New York-based BRP (AUM: $7.3 billion) called the timing propitious, as it seeks to "execute upon opportunities across distressed, special situations and credit strategies." In addition to capital, Strategic Capital delivers a network of investor relationships and "complementary expertise." The deal was SCG's 12th such minority investment in an alternatives manager. Based in Bahrain, Investcorp is an alternatives investor with $50 billion in AUM.

New York Life Insurance added to its alternatives platform with two U.S. deals, both involving minority stakes. The first, done through **New York Life Investment Management**, was for **Bow River Advisers**, which has $3.5 billion in AUM in private credit, private equity, real estate, and software growth equity. The company also manages the retail-oriented Bow River Capital Evergreen private equity fund, launched in 2020. The fund, with $460 million in AUM, requires a minimum investment of $50,000 for accredited investors, accepts new investment on a rolling basis, and has a management fee of 1.75% but no performance fee. NYLIM will provide distribution and marketing support for the fund. Subsequently, Bow River and **Thornburg Investment Management** announced a joint venture to provide flexible private credit solutions to lower- and middle-market businesses. NYLIM (AUM: $690 billion) has seven other boutiques in its portfolio, all of which provide at least some exposure to alternatives.

In the second deal, New York Life tapped **Fairview Capital**, a 30-year-old private equity and venture capital investor with $10 billion in AUM since inception. Since 2021, NYL has committed $200 million to Fairview as part of an initiative targeting next-generation portfolio managers, including minority-owned firms. In an interview with Bloomberg TV, Fairview co-founder Larry Morse explained that his firm is active in areas where NYL "has not been particularly prominent," such as venture capital and growth equity.

In addition to a private credit firm it acquired, **AXA Investment Managers** bought a private equity secondaries specialist, **W Capital Management** (for the other deal, *see Credit*). Based in New York and founded in 2001, WCM has $1.9 billion in AUM across a range of sectors. AXA IM will wrap W Capital into its private markets unit (AUM: €35 billion/$44 billion) and also committed $200 million to the firm's strategies. AXA said the transaction will strengthen its presence in North America while delivering scale to W Capital.

In a 2023 interview with Buyouts, David Wachter, W Capital managing partner and co-founder, attributed the growth of the secondaries market to general partners' embrace of the structure as a "viable, strategic tool for sponsors to better manage cashflow, keep their best assets for longer, and generate liquidity for their [limited partners]." Additionally, he said, "there are so many [general partner]-led structures available today that provide true solutions to the specific objectives of both GPs and secondaries investors."

In a North American deal, Canada's **Walter Global Asset Management** acquired a minority stake in **Madryn Asset Management**, a debt and equity investor in the healthcare sector. Based in New York, Madryn focuses on commercial-stage growth companies. One portfolio holding is a neurosurgical company, Monteris Medical, to which Madryn provided a $28 million debt facility in 2022 for a variety of business initiatives. Walter GAM praised Madryn's "investment expertise within this specialized sector" and its institutional relationships. For Walter GAM, Madryn represents the first acquisition in the U.S. The company's portfolio includes 10 other boutiques, primarily alternatives managers focused on Canada, with the UK the second-largest market. Part of the Montreal-based Walter Group, Walter GAM was formed in 2018.

Within Canada, the private markets business of **AGF Management** paid C$45 million (US$34 million) for a 51% stake in **Kensington Capital Partners**, an established firm with C$2.6 billion in AUM. Kensington employees retained 49% and could receive a further earnout payment. Established in 1996, Kensington pursues mid-market buyout and growth strategies, as well as venture capital, and employs fund of funds, co-investments and direct investment structures. Kensington said AGF can fuel growth by "open[ing] doors to new strategies, relationships and regions," including the U.S.

In the second quarter of 2023, Kensington completed the first close of its Venture Fund III, having raised half of its C$290 million goal. The fund invests in venture capital funds and directly into "promising" technology companies. Publicly traded AGF has C$43 billion in AUM, more than half in equity and fixed-income funds and C$2.1 billion in private capital fee-earning assets. AGF said it aims to build a diversified and "best-in-class" private markets business targeting financial advisors, family offices and institutions. Some C$260 billion in private capital was invested in 6,300 Canadian companies between 2013 and 2022, according to the Canadian Venture Capital and Private Equity Association. In a second deal, AGF made a minority investment in New York hedge fund **New Holland Capital**.

In Europe, **Amundi** expanded its alternatives platform with the acquisition of Zurich-based **Alpha Associates**, which manages a fund of funds portfolio of private equity, venture capital, private debt and infrastructure investments. Preqin News placed the undisclosed price at €350 million ($370 million). Alpha, which averaged 15% annual growth in AUM in the five years through 2023, adds €8.5 billion in AUM to the €12 billion in AUM Amundi already had in its multi-manager private markets portfolio. In total, Amundi will have €76 billion in private markets assets.

Amundi noted that the two firms have complementary geographic footprints in their alternatives clientele, with Alpha strong in such markets as Germany and Switzerland and Amundi in France and Italy. Amundi said the acquisition is expected to deliver a 13% return on investment by year three, including synergies. Amundi CEO Valerie Baudson told analysts Alpha's multi-manager orientation is attractive to institutional and individual investors, as both seek to "increase their diversification." Alpha also increases Amundi's exposure to the secondary private equity market. Europe's largest asset manager, Amundi has €2 trillion in AUM, half managed for institutions and one-third for retail investors; Europe accounts for three-quarters. (Amundi also concluded a deal last year with **Victory Capital**; *see Traditional Investment Management*.)

Amundi expanded its alternatives platform by acquiring Alpha Associates, which averaged

15% annual growth in AUM over **5** years

A transpacific deal saw Florida-based **GQG Partners** acquire the minority shares in three diverse U.S. alternatives firms held by Australian multi-boutique **Pacific Current Group**, which just prior to the deal also sold its minority ownership in GQG. Concurrently, GQG established **GQG Private Capital Solutions** as a private markets affiliate to complement its active global public equity business.

GQG paid $71 million for **Avante Capital Partners**, a private credit and structured equity investor in the lower middle market; **Cordillera Investment Partners**, which targets niche and non-correlated private investments; and **Proterra Investment Partners**, a natural resources private equity investor. As one example of Cordillera's strategies, the San Francisco firm in January closed a $62 million Whiskey Opportunities fund that will buy and age whiskey barrels as it seeks to capitalize on the "growing demand for premium whiskey products."

Founded in 2016, GQG is traded on the Australian Stock Exchange. Institutions account for the largest percentage of GQG's $140 billion in AUM, at some 40%. In a 2023 podcast, GQG Managing Director Mark Barker said the highly competitive asset management industry means "being measured for your 100-meter sprint and your marathon at the same time," adding, "It's also the only industry that I can think of where the average is free. So if you are not above average, it's very hard to justify demanding being paid for what you're delivering."

In Latin America, Nasdaq-traded **Vinci Partners Investments** of Brazil acquired **Compass Group**, a New York-based Latin American investor with offices throughout the region. The cash-and-shares deal, which concluded after a lengthy negotiation process, creates a significant regional player with $50 billion in AUM in alternatives as well as public equities. Compass accounts for three-quarters of AUM and has averaged 24% annual growth in assets since its founding in 1995. Combined, the firms derive nearly half their fee-related revenues from private markets. In an interview with Bloomberg, Vinci Partners CEO Alessandro Horta said the deal turns his firm "from having a dimension that was more Brazilian to a regional scope and also global relevance." In a second deal, Vinci Partners acquired a small Brazilian agribusiness asset manager, **MAV Capital**.

Real Estate

The market for real estate investment managers began an end-of-year rebound that also underlined the ongoing demand for sectors with strong tailwinds such as industrial and alternatives. In **Blackstone**'s second-quarter earnings call, Chairman and CEO Stephen Schwarzman described how artificial intelligence is driving the opportunity in one of the hottest such markets, data centers, calling AI "as profound as what occurred in 1880 when Thomas Edison patented the electric light bulb."

Real Estate Transactions

	2020	2021	2022	2023	2024
Number of Transactions	14	26	23	10	**16**
Combined Value ($B)	$2	$12	$5	$2	**$9**
Total Seller AUM ($B)	$71	$218	$156	$101	**$211**
Median Deal Size ($M)	$100	$110	$89	$100	**$164**
Median Seller AUM ($M)	$4,060	$2,977	$4,268	$1,678	**$9,056**

Excludes acquisitions of managers with less than $250 million of AUM
Source: Berkshire Global Advisors

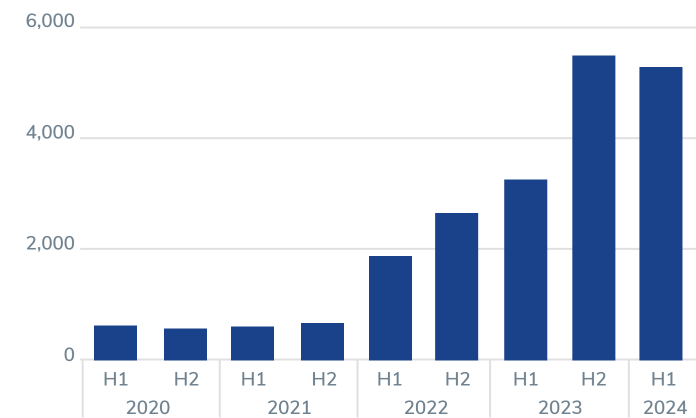
Schwarzman noted that capital spending on new data centers worldwide will reach around $2 trillion over the next five years, half in the U.S. The company has $55 billion in data center assets, including those under construction, with another $70 billion in prospective pipeline development. Blackstone's largest such holding, **QTS Data Centers**, has seen its leased capacity grow seven times since 2021, when Blackstone took the company private.

The U.S. colocation data center market doubled in size between 2020 and June 2024, according to **JLL**, but vacancy rates reached a record low of 3% "amid insatiable demand" as occupancy increased at a "staggering" 30% annual average rate. In the first half of 2024, absorption reached nearly 2.8 gigawatts (GW), nine times the level in 2020. McKinsey figures global demand for data center power will climb three to four times from the current level of 60 GW. "There appears to be no ceiling for how high this data center demand is going to reach," Andy Cvengros, JLL's managing director of U.S. data center markets, told Real Assets Adviser. "Nearly all existing data center capacity is leased up and pre-leasing currently stands at 84 percent."

In the larger picture, private real estate fundraising remained subdued in the first three quarters of 2024 at $96 billion, according to Preqin, the first time the nine-month number failed to reach $100 billion since 2012. But industry participants were sounding more upbeat as the year went along. During **KKR & Co.**'s third-quarter earnings call, Co-CEO Scott Nuttall told investors there has been a "sentiment shift on real estate equity. I think with [interest] rates starting to come down, you're going to hear more of that. So we've been leaning in, and I think there's beginning to be a perspective that this is a good time to invest."

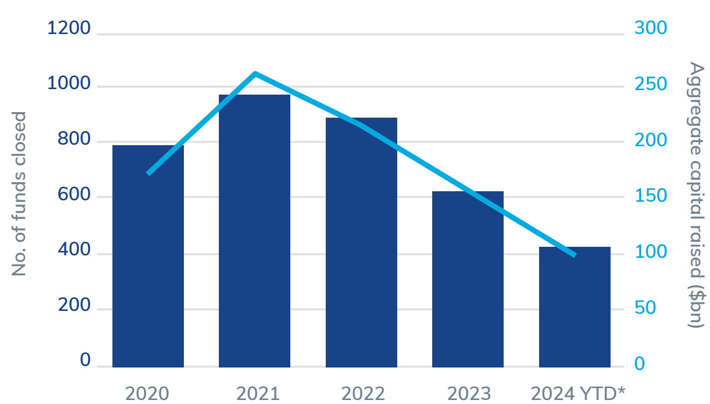
In the first three quarters, KKR deployed $12 billion into real estate, more than double the level during the 2023 period. Similarly, Stephen Schwarzman provided an optimistic note on the broader commercial real estate market in his third-quarter remarks, saying, "With the cost of capital moving lower, we've

U.S. Colocation Capacity Under Contruction (MW)



Source: JLL Research

Global Private Real Estate Fundraising



Source: Preqin Pro * YTD = end Q3

previously discussed our expectation of a new cycle of increasing values and improving investor sentiment toward the sector. One indication of this shift now under way is the renewed interest in the asset class from limited partners and financial advisors." Blackstone invested or committed $22 billion in capital in its real estate business in the first nine months, more than double the level during the 2023 period. Dry powder for commercial real estate overall was $394 billion as of last August, according to JLL.

Data centers factored into two major deals last year, both announced in October. One involved **Blue Owl Capital**'s $1 billion cash-and-shares (shares are 80% of the deal's currency) acquisition of **IPI Partners**, a digital infrastructure fund manager; it represented Blue Owl's second real estate deal last year and fourth overall *(also see Credit/Private Equity)*. Based in Chicago and founded in 2016 as a joint venture with private equity firms **Iconiq** and **Iron Point Partners**, IPI has $10.5 billion in AUM, having averaged annual growth of 53% between 2019 and 2023.

Noting the "massive opportunity to finance" data centers, Blue Owl said IPI provides "an ideal opportunity" to expand a digital infrastructure strategy that complements an existing net-lease business. IPI sports one of the largest private U.S.-based data center portfolios, with 82 centers and tenants primarily comprising investment-grade corporations. "The astronomical growth of data creation and storage, and more recently the proliferation of generative AI tools, have together catalyzed a massive demand for new data centers," Blue Owl Co-CEO Marc Lipschultz told analysts. "And with that comes the need for scaled, experienced partners ... who can finance, develop and operate these data centers. And IPI has clearly demonstrated that it is one of those partners of choice."

In another deal, concluded prior to IPI, Blue Owl acquired **Prima Capital Advisors**, principally a lender in the commercial mortgage-backed securities market. The suburban New York firm, established in 1992, has $10 billion in AUM. Blue Owl paid an initial consideration of $170 million, primarily in equity, with an additional earnout potential of $35 million. Prima was majority owned by **Stone Point Capital**, an investor since 2011. Simultaneously, Blue Owl launched a real estate finance strategy to join its triple net-lease business. In explaining the acquisition, Blue Owl cited the opportunity provided by the "growing lack of capital availability in real estate today" while praising Prima's "strong underwriting capabilities and track record" and noting the resources it can offer for expansion.

With $27 billion in AUM prior to the two deals, real estate was the smallest of Blue Owl's platforms but a fast grower, behind credit ($85 billion) and private equity ($54 billion). The portfolio includes triple net-lease investments that can offer attractive spreads over traditional bonds, backed by a real asset investments. In this structure, tenants pay taxes, insurance and maintenance. In 2023, Blue Owl raised $5 billion in a related fund. (For more on Blue Owl, *see Credit*.)

In the second key deal involving data centers and the largest last year, **Ares Management Corp.** paid $3.7 billion for the international business of **GLP Partners**. Ares cut the deal for **GCP International** employing cash and shares, about evenly split. (The deal excludes GCP's business in Greater China.) It represented the largest real estate investment manager deal since **ESR Group**'s $5.2 billion acquisition of **ARA Asset Management** in 2021. The transaction adds $44 billion in AUM with a new economy orientation — three-quarters in Japan and Europe — to bring Ares' real estate AUM to $96 billion. GCP also bumps Ares' real assets portfolio from 15% to 23% of its AUM (combined $490 billion) while credit drops six percentage points to 66%.

Referring to the industrial real estate sector as a $2 trillion market, Ares said it "continues to exhibit strong and resilient fundamentals across market cycles, accelerated by long-term demand tailwinds, including the growth of e-commerce." Ares also noted GCP's aggressive global data center investments, including "hyperscale development projects" comprising a total of one gigawatt of information technology capacity in Brazil, Japan and the UK. Ares said it expects GCP to deliver $200 million in fee-related earnings in the first 12 months after the deal closes and has the potential to generate 20%-plus annual average earnings growth over the next five years.

The GCP deal followed on the heels of Ares' acquisition of another new economy investment manager with a non-U.S. focus, **Walton Street Capital Mexico** and certain of its affiliates. Based in Mexico City and established more than 20 years ago, Walton Street (AUM: $2.1 billion) primarily targets industrial properties, employing a value-add and opportunistic strategy. Last year, Walton Street closed on the acquisition of a Mexican company with a portfolio of 61 Class A industrial properties as well as land for an additional 6.5 million square feet of gross leasable area. Ares has an industrial portfolio comprising 230 million square feet in the U.S. and Europe. Walton Street Mexico was part of Chicago-based **Walton Street Capital**, a diversified equity and debt real estate investor that also has an office in Hong Kong.

In explaining the deal, Ares pointed to a "meaningful shift in supply chain dynamics globally with Mexico emerging as an attractive location for skilled manufacturing." In a 2023 report, **Thornberg Investment Management** wrote that if just 3% of China's industrial gross leasable areas shifted to Mexico, the country's industrial footprint would double in size. But the asset manager notes there are risks to growth in such areas as tenant concentration and electrical generation in parts of the country.

Within the U.S., **Riverside Company**, joined by co-investors, acquired the **Townsend Group**, which provides real estate and real assets advisory services to firms worldwide. Townsend, which was part of risk and human capital consultant Aon, has some $220 billion in total assets, primarily under advisement. Riverside was joined in the deal by alternatives investor **Bluerock**, among others. Bluerock, with an established presence in the high-net-worth channel, said it will extend Townsend's "institutional investment capabilities" to that growing market. Founded in 1988, Riverside targets the "smaller end" of the middle market. The company praised Townsend as an established "market leader," saying it will "support the next phase of growth."

Through its **Petershill** permanent capital unit, **Goldman Sachs Asset Management** acquired a minority stake in **Pennybacker Capital Management**, an established Texas firm with $4 billion in AUM in middle-market real estate and infrastructure. Timothy Berry, Pennybacker co-founder and CEO, said the "value-add partner" and additional capital "marks the next phase" of his company's growth. In 2019, when Pennybacker received investments from **Kudu Investment Management** and **Pacific Current Group**, the company had $1.9 billion in AUM. As part of the Petershill deal, PCG sold some of its minority interest.

Petershill makes investments in the range of alternatives firms. In a portfolio dominated by private equity — 64% of its partner firms' aggregate AUM — private real assets made up 14% as of 2023. At that time, Petershill had investments in 19 firms. In addition to the capital it can provide, Robert Hamilton Kelly, co-head of Petershill, told Private Equity International last May that the firm also delivers "unique insight and data" derived from its extensive alternatives investments. "If a firm is thinking about expanding into a new product, sector or jurisdiction, we have the knowledge and intelligence to support them," he said. (To read about another Petershill deal, see *Credit*.)

In a second such U.S. deal, **Almanac Realty Investors**, the permanent capital provider for **Neuberger Berman**, acquired a minority stake in **Dermody Properties**, an investor in the logistics sector. For ARI, it marked the third holding in its portfolio. Dermody has committed more than $10 billion in capital throughout the U.S. during its lengthy history, including 110 million square feet of logistics and industrial properties. Last year, for example, Dermody reached a build-to-suit agreement to construct a 201,000-square-foot logistics facility in Georgia. In 2023, ARI closed a $2.2 billion fund providing growth capital to private and public real estate companies. In an interview with PERE, ARI Managing Director Josh Overbay noted there is a "large addressable market of [real estate] managers looking for a strategic minority partner," adding that the structure assists with succession planning, co-investment, and growth capital.

In a notable deal between two managers based in Singapore, **CapitaLand Investment** paid S$280 million (US$215 million) for a 40% stake in **SC Capital Partners Group** while committing another S$524 million to SC Capital funds. CapitaLand has the option to take full ownership over a period of five years. Although SC Capital (AUM: S$11 billion) is far smaller than CapitaLand, the company manages S$8 billion in Japan (the majority in a hotel REIT), tripling CapitaLand's funds under management in that market. SC Capital also delivers a network of 60 "mostly new" and diverse global institutional investors.

CapitaLand said the two firms' combined "deal sourcing, investment and asset management network, and capabilities across various thematic strategies" will provide investors with a broader menu of investments. A leading global real estate asset manager, CapitaLand has S$134 billion in AUM and another S$100 billion in funds under management via REITs, business trusts and private vehicles. In the first half of 2024, CapitaLand generated revenue of S$1.4 billion.

In a second transaction in Asia-Pacific spanning both real estate and infrastructure, **Manulife Investment Management** reached a strategic partnership with Indonesia's sovereign wealth fund to jointly invest in those sectors as well as in "natural capital" such as timberland. The two institutions plan to invest their own capital and raise money from outside investors. MIM, part of the giant Canadian insurance firm and a longtime investor in Indonesia, highlighted the nation's robust consumer and e-commerce markets, which it said required significant modernization. Established in 2020, the **Indonesia Investment Authority** has $9 billion in AUM. IIA announced a similar "strategic collaboration" with infrastructure asset manager **Global Infrastructure Partners**, which was acquired last year by **BlackRock** (see *Infrastructure*).

Infrastructure

Coming off a slowdown in 2023 when infrastructure fundraising dropped by half from 2022 to $89 billion, 2024 brought somewhat better news. In the first quarter, fundraising rose sharply from the moribund year-earlier period to $27 billion, though it remained well behind the levels of 2020-2022, according to Infrastructure Investor. The average fund size climbed to $1.8 billion, higher than the average during the five-year period ending 2023, "reflecting ongoing concentration in the infrastructure market."

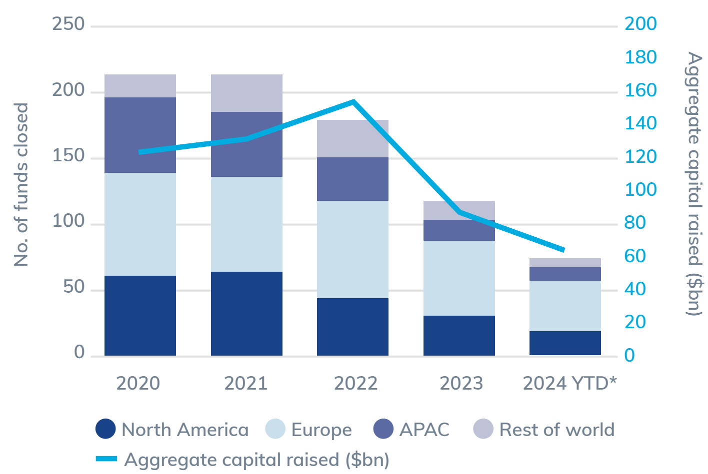
Infrastructure Transactions

	2020	2021	2022	2023	2024
Number of Transactions	4	5	5	11	**13**
Combined Value ($B)	$0.6	$0.9	$1.6	$5.1	**$14**
Total Seller AUM ($B)	$27	$81	$43	$287	**$179**
Median Deal Size ($M)	$5,500	$85	$374	$184	**$86**
Median Seller AUM ($M)	$3,103	$2,600	$6,459	$5,000	**$5,044**

Excludes acquisitions of managers with less than $250 million of AUM
Source: Berkshire Global Advisors

KKR & Co. accounted for the largest such vehicle in the first quarter, an Asia-Pacific fund with $6.4 billion in capital and a broad investment mandate. In its midyear appraisal of the market, KKR noted that its "own deal pipeline is growing, with some opportunities at more attractive valuations than we have seen over the past three years." The renewables sector experienced a particularly "dramatic decline in valuations," wrote KKR, following a spike in activity in 2021 driven by "recognition that a vast amount of capital formation will be required to meet the net zero targets."

Global Infrastructure Fundraising



Source: Preqin Pro * YTD = end Q3

But by the third quarter, fundraising had reached only $70 billion (one-third of the total in energy transition), according to Preqin. The data firm said the asset class would likely raise less capital in 2024 than it has in almost a decade while holding out hope

10 Largest Infrastructure Funds Closed, 2024

Fund	Manager	Capital Raised ($bn)	Closing	Strategy
Antin Infrastructure Partners V	Antin Infrastructure Partners	11.0	4Q	Value-add
KKR Asia Pacific Inf astructure Investors II	KKR	6.4	1Q	Core
DIF Infrastructure VII	CVC Capital Partners	4.8	1Q	Core
Energy Capital Partners V	ECP	4.4	2Q	Value-add
Stonepeak Asia Infrastructure Fund	Stonepeak	3.3	1Q	Core-plus
Stonepeak Opportunities Fund	Stonepeak	3.2	3Q	Opportunistic
EQT Active Core Infrastructure	EQT	3.1	3Q	Core
LS Power Equity Partners V	LS Power Group	2.7	3Q	Value-add
Global Infrastructure Partners Australia II	Global Infrastructure Partners, a part of BlackRock	2.6	2Q	Core-plus
Global Infrastructure Partners Emerging Markets Fund I	Global Infrastructure Partners, a part of BlackRock	2.1	1Q	Core-plus

Source: Infrastructure Investor

for a boost in this year's first-quarter from fund closings. "High interest rates and challenges in selling assets have affected fundraising activity," wrote **CBRE Investment Management** in its midyear review. "More certainty on asset valuations is needed for investment activity to rebound and unlock liquidity by institutional investors for the rest of the year."

BCG estimates that infrastructure AUM grew by $700 billion between 2018 and 2023, or 18% a year, while delivering a 6.8% annual return, based on a sample of 585 portfolio companies held by infrastructure investors. Preqin projects AUM will reach $2.5 trillion by 2027, more than double the amount in 2022. The "attractiveness" of the investment class is "evident in the willingness of all types of investors, even retail investors, to participate," the consultant notes. BCG also cited acquisitions as demonstrating that "infrastructure investments have become an essential part of multi-asset managers' offerings."

"Institutional investors are seeking more exposure to the asset class, and large managers want to ensure that they have teams in place to fulfill those demands," wrote Peter Larsen, managing director for real assets at **Hamilton Lane**, last April. Hamilton Lane's infrastructure business has itself been growing rapidly, by 35% in the two years through September 2023 to $58 billion in assets under management and supervision.

BCG reports that limited partners plan to boost their investments in the asset class by an average of 4% annually through 2026. Pension funds, as one example, plan to hike their asset allocation to 1.5% of total capital by 2026 and 1.9% by 2030, up from 1.1% in 2022. "You can achieve return, income stream, partial inflation hedge, and overall a good diversifier for the portfolio," Matthew Ritter, partner and head of real assets investments at consultant **NEPC**, told Pensions & Investments last year.

As noted by BCG and Larsen, the industry's growth has drawn the attention of asset managers, who have been targeting the sector for acquisitions for several years, including a half-dozen signification transactions in 2022-2023. Last year, **BlackRock** added its name to the list of buyers by acquiring an established infrastructure investor, **Global Infrastructure Partners**. The deal added more than $100 billion in AUM, a relatively minor number considering the BlackRock's total of $10 trillion at the time. But in an indicator of investor excitement about the sector, Chairman and CEO Larry Fink opened the company's fourth-quarter earnings call by discussing the transaction.

Describing the deal as "another truly transformational moment" in a corporate history driven by "a long-term view on what market forces will drive outsized growth for our clients and our firm," Fink said, "Growing public deficits, a modernizing digital world, advancing energy independence, and the energy transition are driving the mobilization of private capital to fund critical infrastructure."

The addition of New York-based GIP triples BlackRock's infra-structure AUM to $150 billion with complementary equity and debt platforms, and makes it the second-largest private markets infrastructure manager. GIP adds strategies in energy and transportation, accounting for two-thirds of assets, as well as digital and water/waste. GIP also doubles BlackRock's private markets management fees to $1.5 billion (with margins above 50%). Moreover, the addition of GIP enhances BlackRock's ability to provide institutional clients — and, increasingly, high-net-worth investors — with an A-to-Z menu of investment options.

BlackRock said the deal will be "modestly" accretive in the first full year and called the valuation of 25 to 29 times 2024 estimated fee-related earnings "in line with premium private markets franchises." The company placed the nominal deal value at some $12.6 billion, comprising 12 million shares as well as $3 billion in cash. The deal leaves GIP leadership as "meaningful shareholders" and in charge of the combined infrastructure business. (Based on BlackRock's diluted number of shares at the time of the deal, the stake provided GIP management would be around 8%, but some five million of the shares will be distributed in approximately five years based on performance.)

Founded in 2006, GIP manages both equity and debt, with its most recently closed flagship fund (2019) having raised more than $22 billion from 240 institutions. A fifth fund is seeking $25 billion. The company has 11 global offices and a portfolio that includes interests in London's Gatwick Airport, Australia's Gladstone LNG Project, and Terra-Gen Power, a renewable energy provider in California and the Southwest. GIP founder, Chairman and CEO Bayo Ogunlesi said the combined platform "is set to be the preeminent one-stop infrastructure solutions provider for global corporates and the public sector."

BlackRock was joined by several other major buyers in the sector. One was a transatlantic deal in which New York's **General Atlantic** acquired London-based **Actis**, a sustainable infrastructure investor. Actis added $12.5 billion in AUM, bringing General Atlantic's total to nearly $100 billion at the time of the deal last January. General Atlantic holds investments in more than three-dozen financial services firms. Founded in 2004, Actis has raised $25 billion in the years since in such areas as energy and digital transition and supply chain transformation where it can deliver "measurable positive impact." The company also focuses on emerging markets. For example, in 2022, Actis acquired a majority stake in a renewable energy provider in Southeast Asia, Levanta Renewables.

Noting that the shift to sustainability "requires an economic transformation and a capital investment on a massive scale," General Atlantic Chairman and CEO Bill Ford said the deal positions his firm to "capture this opportunity set for our investors." In a December 2023 interview with Real Deals (UK), Shami Nissan, an Actis partner, called climate "the big issue of our lifetime," adding that "early-stage and mature net-zero transition-aligned companies is the investment opportunity of a lifetime." In 2023, another major private equity firm, **CVC Capital Partners**, acquired infrastructure manager **DIF Capital Partners**. That deal also crossed borders but within Europe.

In a second transatlantic deal, Cleveland-based **Boyd Watterson Asset Management** and **Amber Infrastructure Group Holdings** of London merged to create a global diversified real estate, infrastructure and fixed-income shop. The combination has $36 billion in AUM, about evenly split between the two firms, and a presence in 12 countries. Texas-based **Hunt Companies**, whose businesses include infrastructure, real estate and financial services, owns stakes in both firms and facilitated the transaction. Amber's portfolio includes the range of infrastructure areas, with investments "characterized by a long-term investment horizon and robust, creditworthy counterparties."

One fund Amber manages is Mayor of London's Energy Efficiency, which aims to help the city achieve its zero-carbon emissions goal by 2050. Through the fund, Amber provides financing for "viable low carbon projects" throughout London. Boyd Watterson has more than half its AUM in real estate ($10.6 billion), with the rest ($7.6 billion) in fixed income. CEO Brian Gevry said the combination "will have greater reach and ability to build on each team's respective expertise to deliver products and performance to a global client base."

In Germany, **Commerzbank** acquired a 75% stake in **Aquila Capital Investment**, a Hamburg-based asset manager with a focus on renewable energy. The deal, which leaves Aquila management and investment autonomy in place, brings Commerzbank's real assets portfolio to €40 billion ($45 billion) in AUM, Aquila adding nearly €15 billion. The German bank said the deal allows it to "take a leading role in offering sustainable projects to our customers" while Aquila cited the opportunity to expand its client base and international presence and more rapidly develop new products.

Aquila's portfolio includes hydropower, solar and wind assets, as well as sustainable property investments such as green data centers. For example, an Aquila data center in Barcelona is supplied with 100% renewable energy, a project done in collaboration with **CBRE**. Commerzbank has a €9 billion renewable energy financing portfolio, 57% invested globally and 43% in Germany, with wind generation accounting for half.

Affiliated Managers Group continued to expand its alternatives platform through a minority investment in **Suma Capital**, a pan-European investor in the low-carbon emissions economy with $800 million in AUM. Suma, with offices in France and Spain, was founded in 2007. Following the deal, Suma completed the first close of a €125 million fund that will invest in technologies designed to "accelerate the energy transition." The deal marked the ninth private markets affiliate on AMG's platform. One other, **Ara Partners** of Houston, also focuses on decarbonization investments in "high-polluting areas of the industrial economy."

Wealth Management

In 1979, Ken Fisher set up an investment shop under his own name as a sole proprietorship and, with a flair for marketing, began building **Fisher Investments**. By 1993, with three investment books to his name and a high-profile column in Forbes, Ken Fisher's firm was managing $1 billion in assets, mainly for institutions. Two years later, he launched a private client unit, and by the turn of the century FI expanded into Canada and the UK.

Wealth Management Transactions

	2020	2021	2022	2023	2024
Number of Transactions	144	201	201	181	**227**
Combined Value ($B)	$10	$14	$12	$19	**$35**
Total Seller AUM ($B)	$891	$1,389	$621	$1,257	**$2,408**
Median Deal Size ($M)	$18	$25	$20	$19	**$20**
Median Seller AUM ($M)	$1,000	$1,097	$900	$840	**$900**

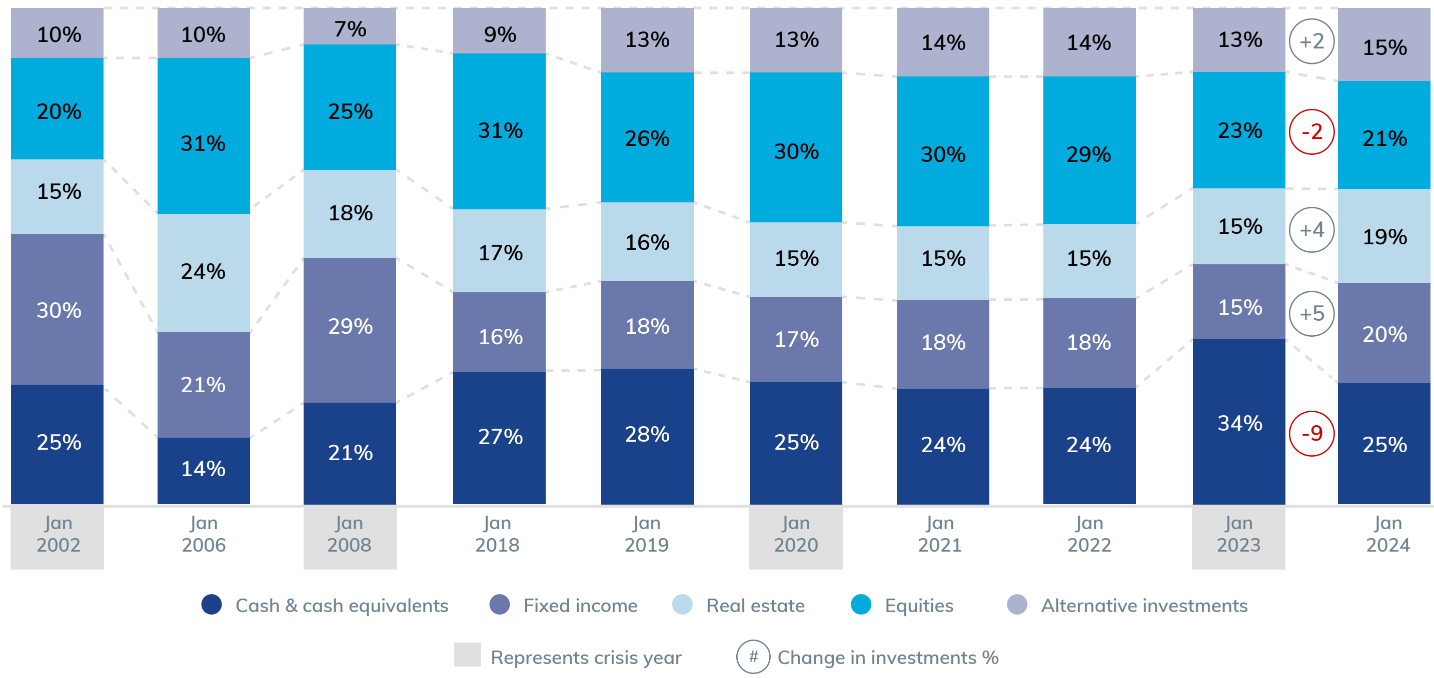
Excludes acquisitions of managers with less than $250 million of AUM
Source: Berkshire Global Advisors

As more books, columns, ads and media appearances followed in the U.S. and internationally, Ken Fisher became one of the most prominent figures and thought leaders for mass affluent and high-net-worth individuals (HNWIs). By the time FI celebrated its 25th anniversary in 2004, the firm had $25 billion in assets, a number that doubled by 2013 before climbing to $200 billion in 2021.

Last June, the 73-year-old Fisher, citing "estate tax and planning purposes," sold minority stakes to global private equity firm **Advent International** and a subsidiary of sovereign wealth fund **Abu Dhabi Investment Authority** (ADIA) The price tag, of between $2.5 billion and $3 billion, made it one of the year's top-three U.S. wealth management transactions and valued the firm at $12.8 billion. At the time of the transaction, FI had $275 billion in assets and 150,000 clients worldwide, including institutions, with 80% in the U.S.

Fisher, who serves as executive chairman and co-chief investment officer, said the deal involving his personal holdings "ensure[s] FI's long-term private independence and culture should anything

Shifting Asset Allocation Among High-Net-Worth Individuals Worldwide



Alternative investments include commodities, currencies, private equity, hedge funds, structured products, and digital assets.
Fixed income includes bonds, fixed annuities.
Cash and cash equivalents include savings deposits, money market funds.

Sources: Capgemini Research Institute for Financial Services Analysis, 2024; World Wealth Report 2024 Global High Net Worth Insights Survey
Note: Chart numbers and quoted percentages may not total 100% due to rounding.

untoward happen to me." Damian Ornani, CEO of Fisher, added that the transaction provides an "independent runway with truly exceptional institutional investors ... [who] want us to keep doing what we've always done, bigger and better."

For Advent, FI adds to its global portfolio a U.S. wealth manager "trusted by its clients for its personalized approach towards wealth management." Noting that wealth management is a "massive addressable market" and that Fisher holds a "very powerful incumbent position as a market leader," Advent Managing Partner David Mussafer told PE Hub, "There is a global opportunity for them to continue to grow for a very long time."

The growth experienced by Fisher Investments over the decades, and the sale, underline the significant wealth generated since the 1980s, the generational shift occurring in the industry, and the attractiveness of the firms managing that money: In FI's case, estimates of the valuation ranged as high as 20 times EBITDA. That rich valuation reflects, in part, FI's ability to create a massive business organically and without the assistance of private equity investors. "Fisher has built a firm with enormous enterprise value that is now being realized, all without taking significant outside investment," **Creative Planning** CEO Peter Mallouk told RIA Biz. "This is something the space has simply not seen realized to this point."

After a challenging 2022, when the number of HNWIs and AUM both declined globally, the ranks of the world's wealthy served by FI and thousands of other firms recovered in 2023: Individuals with $1 million or more in investible assets grew 5.1% to nearly 23 million while their wealth climbed 4.7% to $87 trillion, according to Capgemini's latest survey. North America led the gains, with asset and individual growth both above 7%. Within that large market, the consulting firm noted that ultra-HNWIs are the most lucrative clients, accounting for 34% of total wealth. They are also the most demanding: 78% of those surveyed "consider value-added services essential to wealth management firm relationships," including non-financial perks.

The profitability of the industry notwithstanding, it does face challenges, Capgemini writes. Importantly, management and performance-based fees, comprising 55% to 70% of total revenue, "will be under pressure" due to expected slower gains in asset prices. Net interest income from deposits, "typically" 15% to 25% of total wealth revenue, is also likely to decline as interest rates drop and clients shift money toward "higher-yield" products. Additionally, regulatory changes and technology costs "are putting pressure" on margins. To stay ahead, firms need to "deeply understand client behavior" to "deliver personalized value and value-added services" to increase wallet share and AUM.

Toward that end, sponsor-backed strategic buyers continue to add scale and capabilities, once more dominating M&A activity last year. Sponsor-backed strategic buyers accounted for nearly 80% of the 248 acquisitions (excluding financings) involving RIA sellers with $100 million or more in AUM, while the total number of RIA transactions reached a peak of 269. Last year, the median-size RIA deal by assets climbed 20% compared with 2023, from $500 million to $600 million.

According to **Fidelity Investments**, the number of first-time buyers was 26 through the first three quarters, which was on track to roughly match the five-year average of 36. Noting that the industry “remains fragmented,” Fidelity wrote in its third-quarter review that “it may be at least five decades” before it can be considered “consolidated.”

The largest transaction last year in the ultra-HNW space by assets involving a private equity-backed firm saw **Pathstone** add $45 billion via the acquisition of **Hall Capital Partners**. The deal created a firm with $100 billion in AUM and another $160 billion under advisement and administration. The combination also builds a larger footprint in Hall Capital’s bases in New York and San Francisco. Hall Capital, founded in 1994, called the deal “a natural next step” and said both firms “will benefit immensely from collaboration and sharing of resources.”

Discussing Pathstone’s post-M&A retention strategy in a DealMakers podcast last year, CEO Matt Fleissig noted that half the firm’s employees have ownership stakes that appreciate as new capital is raised every four to six years. “The shareholders that are here make great cash comp, but they also build net worth with these incentive unit programs we create with the private equity firms as part of the transaction,” he said. Pathstone has been backed by **Lovell Minnick Partners** since 2019 and **Kelso & Co.** since 2023.

> “Do we want to be CPAs? No. Do we want to be involved in tax planning and tax prep? Yes.”

Mercer Advisors, which executed eight transactions in the first 11 months of 2024, targeted a coveted market for one of those deals, Seattle. The seller, **MDK Private Wealth Management**, was formed just four years ago but has $2.5 billion in assets and an ultra-HNW clientele. In explaining the sale, MDK’s co-founders said that they had built a successful “white glove multi-family office” but were seeking a partner that could help them scale up and that “aligned with our vision of what a national family office offering could be.” Mercer said the deal bolstered its existing presence in the Seattle area and called “tailored services” for ultra-HNW clients one of its fastest-growing businesses.

Captrust cut one of the largest deals in its history, for **Boston Financial Management**. Established in 1976, BFM has $5 billion in assets and a minimum client relationship of $2 million. In its equity strategy, BFM pursues a concentrated and long-term approach with an “investment horizon of at least five years.” In an interview with Barron’s, BFM President and CEO Louis Crosier noted the lengthy process to finding a partner. “We met 23 firms, got 12 offers and reviewed them,” he said. “The economics were very consistent, infrastructure generally very strong, but what differentiated Captrust was our shared values.” Captrust, which passed $1 trillion in client assets last summer, has acquired five other wealth firms in Massachusetts since 2020. **Carlyle Group** and **GTCR** have been investors in Captrust since 2023 and 2020, respectively.

Allworth Financial completed multiple deals in its home state of California last year, adding to a total of some 40 acquisitions since 2019. The largest involved **Stewart and Patten**, a Northern California firm started in 1965 and with $1 billion in AUM. The company pursues a traditional stock-bond portfolio, with the equity portion (60% of assets) “conservative and income-orientated, concentrating on financially strong companies with large capitalizations.” Noting that the company has relied on outside specialists in areas such as tax and estate planning, Stewart and Patten management said the partnership with Allworth will provide access to such functions internally. Allworth has been backed by private equity firms since 2017 and current investors **Lightyear Capital** and **Ontario Teachers’ Pension Plan** since 2020. The firm’s assets have more than doubled to $22 billion since 2020.

Hightower, another private equity-backed serial buyer, began 2024 by acquiring a mid-size New York firm, **Capital Management Group**. Founded in 1992, CMG has $3.3 billion in assets and six partners. Founder Thomas Mingone cited its new parent’s “rich and robust suite of services and tools” as providing the “spearhead [for] the next evolution of our business.” In an interview with WealthManagement.com last March, Hightower Chairman and CEO Bob Oros noted the additional services his firm has added internally to support its advisors and attract targets.

“We’ve built out a centralized estate and financial planning team because many advisors just aren’t experienced enough to do sophisticated estate planning, and we wanted to have real depth of expertise,” Oros said. “We just acquired a CPA firm last May. Do we want to be CPAs? No. Do we want to be involved in tax planning and tax prep? Yes, it adds value and stickiness to the client relationship.” In a transformational deal, Hightower acquired a majority stake in **NEPC**, an investment consultant and outsourced chief investment officer with $1.7 trillion in total assets *(see sidebar)*.

Creative Planning, usually among the most active firms, had a subdued opening 11 months with just two deals (a total of nine since 2023). The largest involved a 25-year-old central Texas firm with $2.2 billion in AUM, **ML&R Wealth Management**, which was part of an accounting firm of the same name. ML&R said its new parent will provide “a comprehensive view of finances” for its 3,000 clients, along with “cutting edge technology and services.”

In an interview with Barron’s last summer, CP CEO Peter Mallouk explained that his M&A strategy involves “becom[ing] more localized.” If potential clients call from a particular area, “we want to have a team there that can serve them.” While Creative Planning “has a presence in almost every major market in the U.S.,” the purchase of generally “smaller firms that join our local office” makes it “easier to serve clients locally,” he explained. Creative Planning has $375 billion in assets under management and advisement.

CP also welcomed a new investor, **TPG**, which joined existing investor **General Atlantic**. The price was undisclosed, but Citywire placed the overall valuation at $16 billion. In a second transaction, TPG bought a stake in **Homrich Berg**, in which **New Mountain Capital** is an existing investor. HB subsequently acquired an established multi-family office with $6.4 billion in AUM, **WMS Partners**, driving total AUM above $24 billion. TPG’s two deals were made within days of each other last September. In TPG’s third-quarter earnings call, CEO Jon Winkelreid said the deals resulted from an 18-month evaluation process, noting that the firm views the “independent wealth advisory channel as a primary beneficiary of secular growth trends within the sector."

Wealth Enhancement Group cut its largest deal of the year in the fourth quarter, for **FinTrust Capital Advisors**, an RIA in Georgia and South Carolina with $2.4 billion in assets. WEG, which executed 12 deals in the first 11 months on top of 50 completed deals between 2021 and 2023, had an existing presence in both states. **Modern Wealth Management**, launched in April 2023 by former United Capital co-founders with a $200 million equity investment from private equity firm **Crestview Capital**, was another active buyer, with six deals in the first 11 months of the year (a total of 11 deals in its first 18 months).

The largest was for Idaho's **Petso Financial Consultants** (AUM: $1.4 billion), which provides Modern with entry to the Pacific Northwest and brings its total AUM above $6 billion. "We're building that scale that we set out to build, and we're finding exceptional talent and great operators across the country that are interested in joining." Jason Gordo, Modern co-founder and president, told WealthManagement.com. Noting Petso's "rapid client growth," founder David Petso said the deal provided an opportunity to join "a dynamic, fast-growing team where we could be an integral part of the journey."

Cresset Partners, which last November received a $150 million minority investment from **Constellation Wealth Capital**, cut two deals for multi-family offices prior to that. The largest involved **CH Investment Partners**, which added $6.2 billion in AUM to boost Cresset's total above $60 billion while providing expansion into several markets, including Dallas. In discussing Constellation's investment, Cresset co-founder and Co-Chairman Avy Stein said the firm "share[s] our vision to build a 100-year business" to serve clients "for generations."

One major publicly traded serial acquirer, **CI Financial**, was taken private by Abu Dhabi sovereign wealth fund **Mubadala Investment Co**. Mubadala paid C$4.7 billion (US$3.4 billion) for the Canadian firm, cutting the transaction through a subsidiary, with the pricing implying an enterprise value of C$12.1 billion. The all-cash deal represented a 33% premium over CI's share price prior to the offering and includes CI's large U.S. wealth manager, **Corient**. Subsequently, Corient made its largest deal of the year, buying **H.M Payson & Co.**, the leading RIA in Maine with $7.9 billion in AUM. CI has more than $500 billion in assets under management and advisement, half in the U.S.

CI CEO Kurt MacAlpine, who has led an aggressive buildout via acquisition of the U.S. wealth business in particular, said Mubadala "invests with a long-term outlook and represents long-term capital, providing stability and certainty for CI's clients and employees." MacAlpine, who will remain as CEO, and other senior managers will retain equity in the firm. In the Thinking Ahead Institute's latest survey of the 100 largest asset owners globally, sovereign wealth funds accounted for 39% of assets, behind pension funds (51%).

New buyers continue to emerge alongside the established ones. Idaho-based multi-family office **Caprock** was among them, making the first deal in its 19-year history by acquiring **Grey Street Capital.** Based in Chicago, Grey Street has $2.2 billion in assets and 80 clients, bringing Caprock's total assets above $11 billion and its client list near 400. Caprock said the deal reflects an effort "to drive strategic growth and enhance the bespoke services it provides to clients." For Grey Street, founded in 2017, the deal delivers enhanced services and a culturally compatible partner. The two firms also have complementary footprints in a total of 10 states. "This acquisition is likely to be the first of many," Caprock Co-CEO Bill Gilbert told Wealth Solutions Report.

IEQ Capital made the first deal in its five-year history, a significant one involving **EPIQ Capital Group** that adds $5.3 billion in AUM to bring IEQ's total to $32 billion. EPIQ, which serves an ultra-HNW clientele, enhances IEQ's presence in the San Francisco Bay area and adds offices in Reno, Nev., and Dallas. Before forming IEQ in 2018, CEO Chad Boeding was a co-founder of **Iconiq Capital**, which counts Facebook founder Mark Zuckerberg among its clients. In 2023, **Stone Point Capital** acquired a minority interest in IEQ, building off a prior financial relationship.

Newly formed **Rise Growth Partners** includes a high-profile participant in the wealth sector, Joe Duran, the former head of United Capital (acquired in 2019 by **Goldman Sachs** and later sold to Creative Planning). The firm quickly emerged as a formidable participant following $250 million in backing from middle-market private equity firm **Charlesbank Capital Partners**, which has interests in two other wealth firms: **Lido Advisors** of the U.S. and **Perspective Financial Group** of the UK.

In addition to the capital it can provide, Rise is positioning itself as "an experienced partner to help you grow who has been there and done that." Rise is targeting fast-growing firms with $1 billion to $5 billion in AUM, but in its first deal made a minority investment in an established firm with $10 billion in assets and offices in 13 states, **Bleakley Financial Group**. "What I realized is sub-$3 billion, these firms don't have the platform to scale and typically haven't made the necessary investments, don't have the leadership team," Duran told WealthManagement.com last August.

A major deal last year saw **LPL Financial** add 2,400 advisors and $100 billion in assets (20% advisory) through the acquisition of **Atria Wealth Solutions**. Launched in 2017 and backed by **Lee Equity Partners**, Atria accumulated a portfolio of seven subsidiaries in the years since. LPL paid $805 million upfront, with an additional $230 million possible based upon advisor retention ranging from 80% to 100%. The company placed the run-rate EBITDA multiple at 7.9 times based upon 2023 results.

LPL, an aggressive buyer and recruiter of financial advisors, was drawn in part by Atria's position in the enterprise market of banks and credit unions served by two of its companies (Atria's other five subsidiaries are broker-dealers serving independent advisors). Atria bumps LPL's assets in that market by 11% to $365 billion. LPL has $1.4 trillion in assets, double the level in 2018, and 22,000 advisors. "This transaction will give Atria advisors access to our differentiated capabilities, technology and service," Dan Hogan, former LPL President and CEO, told analysts.

In a second deal, LPL's target was **The Investment Center**, a New Jersey broker-dealer and RIA with $9 billion in assets and 240 advisors it serves with back-office support, investment tools, technology and nonproprietary products. "We quickly realized how aligned our firms are and how we can help them scale up and help their advisors grow," Rich Steinmeier, LPL's new CEO, told Barron's. Similarly, The Investment Center President and CEO Ralph DeVito said its new parent will "enhance our ability to support [our advisors] with access to even more robust resources and solutions."

Major consolidator adds a major OCIO

Last year was a particularly active one for M&A involving outsourced chief investment officers, with several notable deals taking place, including the largest by assets: **Hightower**'s purchase of a majority of investment consultant and OCIO firm **NEPC**. Hightower called the combination "transformational" and "the future of financial services and wealth management."

NEPC has some $1.7 trillion in assets under advisement while Hightower — an active buyer of wealth managers that has counted **THL Partners** as an investor since 2018 — has $156 billion in AUM directly and through its affiliates. But the significant gap in assets is not mirrored on the top or bottom lines. "If you look at [the deal] on an asset basis, it does look like the minnow's swallowing the whale," Hightower Chairman and CEO Bob Oros told RIA Biz. "From revenue and earnings, we are a much larger firm."

In addition to its institutional clients, NEPC also serves wealth advisors ($20 billion in private wealth AUA), a market it has targeted for expansion — and that can be fueled by the connection with Hightower. In particular, as traditional defined pension plans give way to individual ones, the retail market looms larger for OCIOs. "The size of the wealth market is now larger than the size of the U.S. defined contribution market," the U.S. head of investments at **WTW** told Pensions & Investments.

For its part, Hightower gains "investment management solutions [and] research capabilities," including access to alternatives such as private equity and credit that high-net-worth investors are increasingly seeking. "[NEPC] bring[s] us capabilities that would have been hard to build on our own," Oros told Institutional Investor. "The opportunity to make that available to our clients adds a lot of value."

Oros also told RIA Biz that NEPC will provide Hightower advisors with an OCIO option that can free up more time with clients on issues such as financial planning and for client prospecting. "It really is … a one plus one equals five [deal]," he said.

NEPC will retain its branding and autonomy, "ensuring no disruption to its existing business operations and client service." Wealth managers/investors **Cerity Partners**, **Elevation Point** and **Mariner Wealth Advisors** were also active in the OCIO market last year. (For more on OCIO deals, see *Traditional Investment Management*.)

Publicly traded **AlTi Global** added $5.6 billion to the $70 billion in assets it already held by acquiring a New York ultra-HNW firm, **East End Advisors**. AlTi paid $76 million upfront and will make additional payments over a five-year period based on performance. The acquisition followed an investment in AlTi of up to $450 million from **Constellation Wealth Capital** and **Allianz X**, an investment unit of **Allianz**. For AlTi, East End expands its operations within "key regions" of the U.S. while adding a significant outsourced chief investment officer business for charitable institutions. East End said its new parent "broaden[s] our solution set to meet the complex needs" of its clients. AlTi was formed via the 2023 merger of Tiedemann Group of New York and Alvarium Investments of London, facilitated via a SPAC.

KKR & Co. cut two major wealth deals in different parts of the world. In the U.S., the company acquired **Janney Montgomery Scott**, paying an undisclosed amount primarily through its North America Fund XIII. The Philadelphia firm, owned by **Penn Mutual Life Insurance**, has $150 billion in assets under administration, more than 900 financial advisors, and offices in 22 states. KKR praised Janney's "client-centric culture" and track record, saying the firm "is well-positioned to benefit from the significant tailwinds driving demand in the U.S. wealth management market." KKR said it will establish a "broad-based" employee equity ownership program at Janney. Janney also has a capital markets unit, a business KKR did not reference.

In Australia, KKR paid A$2.2 billion (US$1.4 billion) in cash for the wealth management and corporate trust businesses of **Perpetual**, valuing the pair at 13.7 times trailing 12-month EBITDA. Perpetual's wealth business has A$19 billion in assets while the corporate trust business has A$1.2 trillion in assets under administration. KKR, which said it will "invest behind" wealth management and corporate trust as two "independent standalone businesses," made a previous bid for Perpetual in 2010, but the two firms failed to reach agreement.

The May deal, which did face tax-related complications, followed a strategic review begun in December 2023 that led Perpetual to opt for a "pure-play global asset management" structure as opposed to a "complex diversified financial services conglomerate which is difficult for the market to value." Perpetual's asset management business has a diversified portfolio with some A$220 billion in AUM and a global presence via seven brands. Following completion of the deal, Perpetual said it will be debt free.

In the UK, there were two significant take-private deals, the largest of which was the £5.4 billion ($6.9 billion) cash-and-shares offer for investment platform **Hargreaves Lansdown** led by **CVC** and two partners, **Nordic Capital** and a subsidiary of Abu Dhabi Investment Authority. The price represented a 54% hike over the share price prevailing when the consortium made its initial approach to HL's board. HL is by far the largest direct-to-consumer investment platform in the £360 billion market, with assets under administration of £155 billion and 1.9 million active clients. The platform offers some 14,000 investment options.

Still, growth has slowed as lower-cost competitors such as **AJ Bell** and **Interactive Investor** (owned by **abrdn**) picked up share. HL noted that client and asset retention rates had declined by 3.6 percentage points to 88.5% since 2021 and that its marketing capability needed to "significantly evolve." The stock has also dropped sharply from the high reached in 2018. The consortium praised HL's "strong, trusted brand" but said the firm required "substantial investment in an extensive technology-led transformation" to generate growth. The consortium said it "brings extensive experience in supporting businesses undergoing transformation" and its members have "long records of investing in regulated financial services companies." CVC itself went public last year on the Amsterdam exchange.

In the second deal, one of the early and active consolidators in the UK, **Mattioli Woods**, was acquired by a London private equity firm, **Pollen Street Capital**, the deal done via a subsidiary. Pollen, which targets firms in the business and financial services sector "aligned with mega-trends shaping the future of the industry," paid £432 million. The price represented a premium of 34% to Mattioli's closing price on the day before the offer and a valuation of 16.3 times trailing 12-month earnings. The offer also represented a premium to the 11.4 multiple of Mattioli's peers.

Mattioli said going private will provide it with the "flexibility to take longer-term decisions to maximize the growth potential of the business," including "selective bolt-on and transformative" acquisitions. Mattioli said it lacked the "financial flexibility" to pursue these acquisitions "given the share price challenges" it has faced recently, noting that a capital-raising equity offer would have been "highly dilutive." Established in 1991, Mattioli, with £15 billion in assets and 20,000 clients, has concluded some three-dozen acquisitions since its 2005 IPO, spending a total of more than £250 million. In 2019, Pollen (AUM: £4.2 billion) acquired another UK wealth manager, **Kingswood Holdings**, whose AUM has grown more than fourfold since to £9 billion. Pollen remains an investor in the firm.

In a third major deal, **Oaktree Capital Management** acquired the wealth management business of **Close Brothers Group**; the sale was part of the merchant bank's effort to bolster its capital base. The deal for **Close Brothers Asset Management** was valued at £200 million, primarily cash, and 27 times after-tax profit for the year ended July 2024. During that period, CBAM's AUM jumped 18% to £19.3 billion, driven by net inflows and market performance, although operating profit decreased to £12.2 million (7% of Close Brothers' total) on higher costs, including hiring. The company has 15 offices throughout the UK and 150 investment professionals.

"Oaktree [is] really supportive of our plans to invest in technology and there is also going to be capital to develop our inorganic growth," CBAM CEO Eddy Reynolds told FT Adviser. Since 2021, Oaktree has been the majority owner of another UK wealth manager, **atomos**, which has £7 billion in assets. Last year, **WTW** acquired a minority interest in atomos, building on a prior relationship in which WTW provided the wealth manager with multi-asset investment solutions. In addition to providing capital to support atomos' growth, WTW said the investment "enhances our ability to shape how the industry services the needs and aspirations of savers in the UK." The deal is another example of the growing ties between wealth managers and outsourced chief investment officer firms. "The UK wealth market is very large at around £2 trillion," Mark Calnan, WTW's head of investments for Europe, told FT Adviser. "Demographics mean it is growing, and we want to be part of that."

There were two other notable wealth deals in Europe, both cross-border affairs. In the larger one, Switzerland's **UBP** paid €900 million ($990 million) for **Societe Generale**'s private banking businesses in Switzerland and the UK and Channel Islands. The acquisitions add €25 billion to the CHF150 billion ($170 billion) UBP already managed. UBP said the acquisition of the UK business, **SG Kleinwort Hambros**, will "accelerate its expansion" in that market, where it has operated for more than 30 years, while **Societe Generale Private Banking Suisse** extends its footprint in Switzerland.

A family-run bank, UBP has been a steady buyer over the years, concluding some 20 deals since 2000. But in a 2023 interview with finews.com, CEO Guy de Picciotto said he doesn't plan acquisitions. "It remains an opportunistic strategy. If there are candidates and they are affordable, then we will look into it intensively and move quickly." For SocGen, the divestitures are part of the effort to streamline the business. The bank said it will focus its wealth management efforts on the domestic French market and elsewhere, including Luxembourg and Monaco.

UBP has been a steady buyer over the years, concluding some

20 deals

since 2000

In the second cross-border deal, **ABN Amro** acquired German private bank **Hauck Aufhauser Lampe**, owned by Chinese conglomerate **Fosun International**. ABN paid €672 million in cash for HAL, a deal that strengthens the bank's top-three position in Germany's private banking market, adding €26 billion in AUM to bring the total to €70 billion. While HAL represents 37% of combined AUM, based on 2023 results, it accounts for 54% of operating income. ABN called the deal "a rare opportunity to add scale" in Germany and HAL a "very strong fit … both culturally and geographically." In 2023, ABN's wealth management business had €216 billion in total assets and accounted for 18% of operating income. Fosun has been divesting assets following a debt-fueled expansion.

A couple of major players cut strategic deals in Asia-Pacific. In New Zealand, **J.P. Morgan Asset Management** established a partnership with leading local private wealth manager **Craig Investment Partners**. The partnership will provide Craig with access to JPAM's "global capabilities and expertise." In Japan, **UBS SuMi Trust Wealth Management** acquired Credit Suisse's wealth management business in that market. **UBS**, which holds a 51% share in the joint venture with **Sumitomo Mitsui Trust Holdings**, called the deal "a solid vote of confidence in our joint venture business model."

Fintech

For years, **Envestnet** was an active participant in the M&A market, a strategy that helped it become one of the leading wealthtech firms. Most recently, the company completed eight bolt-on transactions in the three years through 2022 to enhance its comprehensive platform. One was the 2022 acquisition of Redi2 Technologies, a provider of revenue management solutions to the financial services industry.

Last July, Envestnet found itself at the negotiating table in a $4.5 billion take-private deal led by **Bain Capital** in the largest wealthtech transaction to date. Bain was joined by **Reverence Capital** and four major asset managers that took minority stakes, in the process deepening their ties to Envestnet. One of those managers, **Fidelity Investments**, has a 20-year relationship with Envesnet. Last year, the two firms collaborated to expand the capabilities of the Fidelity Managed Account Xchange used by wealth managers.

At the time of the deal announcement, Envestnet had $6.1 trillion in assets, 19.6 million accounts, and counted 109,000 financial advisors and 800 asset managers among its clients. But the company, which went public in 2010, has faced investor questions in recent years as it pumped capital into acquisitions and technology. Adjusted EBITDA in 2023 ($251 million) rose from 2022 but remained below the level achieved in 2021, while the net leverage ratio prior to the Bain deal stood at 3.1 times.

The deal also followed the decision by co-founder Bill Crager to step down as CEO but continue to serve as a senior advisor focused on client and partner relationships. "The real innovation is about integration, not the next whiz-bang feature that's being created," Crager told Think Advisor last year in discussing the "big trends" for TAMPs and wealth managers. "For example, it's about accessing alternative investments, insurance, traditional investments, 401(k)s from the same [integrated space]."

In the fi st half, wealthtech fundraising lagged the previous year, but the third quarter brought better news as funding doubled

For Bain, the deal marks its third investment in the U.S. wealth sector since 2021, with previous transactions involving **Carson Group** and **Corient**, the latter majority owned by **CI Financial** of Canada (see *Wealth Management for more on CI Financial*). Reverence holds investments in alternatives platform CAIS and asset managers **Allspring Global Investments** and **Russell Investments**. Bain cited Envestnet's "industry-leading platform that the largest wealth management firms, RIAs and broker-dealers rely on to power their businesses" while saying it would support growth "through organic and inorganic initiatives."

Envestnet wasn't the only major wealthtech deal last year. A second U.S. transaction also involved a private equity buyer: **GTCR**'s $2.7 billion take-private acquisition of **AssetMark Financial Holdings**. Founded in 1996 and publicly traded since 2019, California-based AssetMark has $117 billion in assets and serves 9,300 financial advisors. The company's platform enables advisors to create and manage customized portfolios for their clients. AssetMark's majority shareholder since 2016 was leading Chinese securities firm **Huatai Securities**, which said the deal delivered "a strong financial return" to its shareholders.

$4.5 billion

take-private deal for Envestnet is the largest wealthtech transaction to date

In its last full-year (2023) as a public company, AssetMark reported records in revenue ($709 million), adjusted EBITDA ($250 million) and net income ($123 million). The company has also been a steady buyer of wealthtech platforms, most recently in 2022 when it acquired **Adhesion Wealth Advisor Solutions**, which serves RIAs with overlay trading services and client engagement technology. Adhesion had $6.9 billion in assets at the time of AssetMark's purchase. As those acquisitions extended AssetMark's footprint among RIAs, they also created the thorny technological challenge of integration.

Although GTCR's offering price represented just a 1% bump over the share price at the time of the offer last April, AssetMark's stock had climbed some 30% since December 2023 when rumors began circulating about a potential sale. GTCR said it will support "organic initiatives … [and] additional inorganic M&A opportunities to further expand" AssetMark's services to advisors. GTCR has investments in several other financial services firms, including **Allspring Global Investments** and wealth consolidator **Captrust**. In 2023, the company closed an $11.5 billion fund. Separately, and soon after the April deal announcement, AssetMark acquired $12 billion in assets from **Morningstar**'s TAMP as part of a larger "strategic alliance." Financial advisors on AssetMark's platform will also gain access to Morningstar model portfolios and separately managed accounts.

Those two deals belied a wealthtech fundraising environment for startups and smaller firms that weakened in the first half, recording $1.2 billion in funding from 155 deals, down from $2.3 billion and 226 deals during the same period in 2023, according to CB Insights. But the third quarter brought better news, with funding doubling from the same period in 2023 to $1 billion.

One of the larger fundraising deals involved fast-growing **Altruist**, with a Series E fundraise of $169 million that valued the firm at $1.5 billion. Six-year-old Altruist is the third-largest custodian in the U.S., as measured by number of RIA clients, and generated

550% growth in revenues in 2023 while tripling assets in 2022 and again in 2023. Tech investor **Iconiq**, which last year closed its seventh growth fund of $5.8 billion, led the round, joined by three others.

There were two fundraising deals in the latter part of 2024 in an arena that generated considerable buzz last year: estate planning. **Vanilla** and **Wealth.com**, both based in the U.S. and providing estate planning platforms, raised $35 million and $30 million, respectively. Vanilla added investors such as **Allianz** and **Edward Jones Ventures**, which joined existing investors like **Vanguard**. Wealth.com's Series A fundraise was led by **GV** and included **Citi Ventures** and **Neuberger Berman**'s **Outpost Ventures**. "Half of all personal wealth in the U.S. will change hands over the next two decades," said GV. "As we navigate the largest wealth transfer in history, the need and opportunity for estate planning solutions has arguably never been greater."

Green shoots also began to emerge last year in the larger fintech industry, with transaction activity through the third quarter topping the full-year total for 2023. In the U.S., industry participants are hopeful that the drop in interest rates — albeit at a slower pace in 2025 than anticipated — and a favorable business climate under the new Trump administration, could portend a more robust environment in 2025.

iCapital introduced its fi st alternatives model portfolio for

100,000

U.S. financial adviso s

The wealthtech sector did record a number of notable if smaller deals than the ones concluded by Bain Capital and GTCR. A third private equity player, **Genstar Capital**, acquired a majority of **Docuspace**, an established firm that provides software for such back-office operations as new account opening, client onboarding and compliance. **FTV Capital**, an investor in Docuspace since 2020, remained a minority investor. Genstar praised Docuspace's "proven track record" for delivering back-office solutions and said it will "advance Docuspace's platform and accelerate growth, both organically and inorganically."

Genstar is also an investor in leading wealthtech firm **Orion Advisor Solutions**. In an interview with AdvisorHub last March, Ryan George, Docuspace's chief marketing officer, said the firm in 2023 saved its customers "more than two million hours in paperwork processing time, facilitated the opening of more than 2.5 million client accounts, and processed more than 16 million work items."

Within the wealthtech industry, steady buyer **iCapital** cut a deal last year for **Mirador**, a platform for investment data aggregation and financial reporting that serves traditional and alternative asset managers. iCapital, which serves the alternatives industry, praised Mirador's "exceptional financial reporting capabilities" and said the deal "enhances and broadens [our] service model." Mirador, founded in 2015, said the combination of its platform and iCapital's "scale, global reach, and industry-leading technology solutions" will benefit clients of both firms.

iCapital was busy on other fronts last year, partnering with **J.P. Morgan Asset Management** to expand access to JPAM's private markets investments among wealth managers in Asia-Pacific. JPAM has been an investor in iCapital since 2018. A second such partnership involved **Schroders**' semi-liquid global private equity strategy and markets in Asia and Latin America as well as Switzerland. iCapital also introduced its first alternatives model portfolio designed for the 100,000 U.S. financial advisors who use the platform. The portfolio includes five funds from "top-tier managers."

Digital marketing and branding platform **Yext** acquired **Hearsay Systems**, a client engagement and compliance platform serving 260,000 financial advisors and agents. Yext, which is publicly traded, paid $125 million upfront and could pay an additional $95 million based on performance. The firms said the combination of the two complementary platforms will enhance the services they provide customers across social media, websites, text and voice. This includes leveraging artificial intelligence to capitalize on Hearsay's compliance-related expertise and Yext's data bank.

In an interview with Financial Planning, Yext Chairman and CEO Michael Walrath explained that "you will have a huge library of brands' compliance-approved messaging, and you start mixing that up with generative AI and then you start thinking about, what do I want to talk about? Do I want to talk about a Roth IRA? Do you want to talk about fixed income?...And then you can actually generate ... content from an approved compliance perspective."

Outside the U.S., publicly traded **Fintel** of the UK continued its acquisitive ways by cutting two domestic deals, including with **abrdn** for **Threesixty Services**, a platform for regulatory and business services for the wealth industry. Fintel paid £14.6 billion ($19 billion) for the firm, which serves 900 clients. In a second deal, the target was **ifaDash**, a front- and back-office platform that provides advisors with customer relationship data, training and macro/micro management information. "Advisers need so much support nowadays with regulation, products, advice, running their business, back office, front office, quotation engines," Neil Stevens, joint CEO of Fintel, told FT Adviser last April. "And we want to be the first company that genuinely brings it all together in one place for them." In the year through last June, Fintel made nine acquisitions.

In a notable cross border deal, Italy's **Objectway** bought Toronto-based **Nest Wealth**, strengthening its minor footprint in North America and adding capabilities in client onboarding and financial planning. Nest Wealth, which began life as a roboadvisor before launching its platform for wealth advisors, counts three of Canada's big six banks as clients. Objectway serves banks, insurers and wealth and asset managers in 16 countries with digital client management and asset and wealth management solutions. Its platform supports 100,000 investment professionals managing €1 trillion ($1.1 trillion) in assets.

"The technology that's offered to financial services firms in Canada has not really kept up with what's available globally," Nest Wealth founder and CEO Randy Cass told the Globe and Mail. "Objectway brings an entire suite of advanced financial solutions that are tried and tested.... [and] opens the doors for our financial institutions to have access to those same tools and outcomes."

In Australia, financial planning platform **Dash Technology Group** acquired **Integrated Portfolio Solutions**, a portfolio administration platform with A$10.6 billion (US$7 billion) in funds under administration, bringing Dash's total above A$15 billion. Referring to Dash's "standout" technology stack, Integrated co-founder Darryl Johnson said, "We know that the next 10 years in the industry won't look anything like the last 10, and having the most modern functionality-rich technology on offer will position us and our clients at the forefront of that change."

The deal followed the close of Dash's A$22 million fundraising, largely driven by Sydney-based **Bailador Technology Investments**. In an interview last July with Startup Daily (Australia), Bailador partner James Johnstone noted that the investment platform market in Australia administers $1 trillion in assets and is continually growing with Superannuation contributions. "With financial advisor numbers declining 44% since 2018, technology will be required to bridge this gap and Dash is very well-positioned to be a beneficiary of this technology-led solution," he said.

Traditional Investment Management

Last May, package delivery company UPS tapped **Goldman Sachs Asset Management** to run its $43 billion North American pension plan, which was being managed internally. In the press release touting the deal as one of the largest-ever such mandates, GSAM said it "continues the trend of increasingly large and complex plan sponsors seeking robust outsourced solutions for the management of their pension portfolios." It took a further victory lap by noting that the mandate "affirms" its position as the largest outsourced chief investment officer in the U.S., with $325 billion in assets under supervision worldwide.

Institutional/Mutual Fund Transactions

	2020	2021	2022	2023	2024
Number of Transactions	42	60	39	27	**35**
Combined Value ($B)	$19	$13	$7	$4	**$12**
Total Seller AUM ($B)	$1,686	$1,863	$502	$453	**$1,729**
Median Deal Size ($M)	$32	$69	$29	$42	**$34**
Median Seller AUM ($M)	$2,576	$6,150	$3,630	$3,000	**$3,909**

Excludes acquisitions of managers with less than $250 million of AUM
Source: Berkshire Global Advisors

The dominant U.S. part of UPS' plan was 91% funded as of 2023, but among S&P 500 companies the rate in aggregate reached an estimated 106%, the highest level since 2007, according to GSAM. Referring to those well-heeled pension funds, GSAM wrote in its 2024 pension market review that "many are wondering what that end state or steady state portfolio should look like. In particular, crafting a split between liability hedging and returning-seeking assets and determining how large a role derivatives should play in the portfolio."

The implication of GSAM's commentary: Pension funds should consider the expertise and resources of an OCIO to navigate those questions. Increasingly, those funds — as well as endowments, foundations, and family offices — are doing just that while also unloading a non-core function and its associated internal costs. The global OCIO market has registered double-digit annual growth in assets over the past 15 years, according to Cerulli Associates, which projects a $3 trillion market by 2026. Cerulli also expects the percentage of non-corporate pension plan clients to increase by nearly five points to 63% by 2027.

"Markets are getting more and more complex and there are so many asset classes to invest in," Sona Menon, partner at **Cambridge Associates**, told Nasdaq TradeTalks last May in describing the growth. "Many organizations aren't equipped to make the investment decisions on all these asset classes and .... may not have the resources with which to identify the best-in-class investments.... [and] don't have the time to oversee the portfolio and make decisions on a timely basis."

The market size and growth has naturally drawn attention from asset managers of all sizes. In addition to GSAM, **BlackRock** and **Russell Investments** are among the leading asset managers in the market, joining such established and leading consulting firms as Cambridge, **Mercer** and **WTW**. BlackRock has more than $300 billion in such assets, and its online pitch highlights "the size and scale of our platform ... analytics powered by the Aladdin [technology] platform and BlackRock-exclusive share classes and negotiated terms with third-party managers."

In a survey of asset owners last year by Chief Investment Officer, 73% of respondents cited a lack of internal resources as their main reason for outsourcing. Faster decision-making and better returns were two other key factors. UPS said the decision to outsource will "place our focus more squarely on serving our customers while adding more oversight and expertise" through a "best in class" asset manager with "proven strength in liability-driven investing."

The OCIO market, which also incorporates wealth management, factored into several deals last year. Among the OCIO transactions, **General Atlantic**'s investment in **Partners Capital Investment Group** was notable, delivering to the private equity firm an interest in a London-based manager that follows the Yale endowment model and has $50 billion in assets. PCIG's global clients include endowments and foundations, as well as ultra-high-net-worth families.

The company, which spent two years searching for a partner, said General Atlantic's investment will "strengthen our firm for the next decade" by enhancing investment and technology capabilities. But in an interview with Bloomberg TV, CEO Arjun Raghavan emphasized the impact on employee retention, saying, "Talent is the lifeblood of a firm like ours, and we are of the firm view that this partnership will lock in our senior talent and really allow us to deliver great long-term outcomes for our clients."

In a September 2023 Capital Allocators podcast, co-founder and Chairman Stan Miranda explained that PCIG's customization strategy "is generally about asset allocation, not about which asset classes are included. Almost all asset classes are included in almost all client portfolios." General Atlantic called the market "one of the most attractive segments in asset management."

In another transatlantic OCIO deal, Mercer acquired **Cardano**, an established firm in the UK and Netherlands. Cardano (AUM: $66 billion), which offers direct investments in addition to external manager selection, provides a range of services for retirement plans, including liability-driven investments and derivatives solutions. Mercer said the deal positions it as a "pension provider of choice" in the UK and Netherlands. In a 2023 transaction, Mercer acquired **Vanguard**'s OCIO business, a deal completed last year. The Vanguard business added more than $50 billion in assets while delivering a menu of passive and alternative investment to clients.

Within the U.S., wealth manager **Cerity Partners** merged with OCIO firm **Agility**. Part of **Perella Weinberg Partners Capital Management**, which was spun out of **Perella Weinberg Partners** in 2019, Cerity has $15 billion in AUM and serves the range of institutions as well as family offices. Cerity, which rebranded as **Cerity Partners OCIO**, said Agility will "serve as a strategic complement" to its wealth management services.

Mariner Wealth Advisors, an aggressive buyer of wealth managers, expanded into the institutional space in a big way with the simultaneous acquisitions of **AndCo Consulting** and **Fourth Street Performance Partners**, two OCIO firms with a combined $104 billion in assets under advisement. Mariner merged the firms into a new unit, Mariner Institutional, offering a "comprehensive suite of complementary services catering to both institutional and individual clients." Florida-based AndCo, established in 2000, accounts for 90% of the acquired assets, primarily from public and private pension plans.

"One of the synergies we both saw was the fact that Mariner hadn't focused on serving the institutional marketplace and we didn't focus on the individual marketplace," Mike Welker, former AndCo CEO and national managing director of Mariner Institutional, told PlanAdviser. "We saw how Mariner served their clients very well — in part by providing services and not focusing on pushing product — and felt there was a good cultural fit." Mariner is now in a position to gain clients for the OCIO business from among its wealthy clients with businesses. Separately, **Neuberger Berman** acquired a "significant" minority stake in Mariner via its private markets platform, joining existing investor **Leonard Green & Partners**. (Mariner also acquired an investment bank; see *Capital Markets*.)

Nile Capital Group Holdings acquired a minority stake in another established investment consulting firm, **ABS Global Investments**. Niles bought the 23% stake owned by **Evercore**. ABS (AUM: $7 billion) specializes in sourcing small and mid-size managers across equities and emerging markets for institutions as well as private wealth platforms. Referring to its global equity strategy, ABS writes that it "often invest[s] early in a manager's life cycle, which has proven beneficial to investors as managers are highly motivated to build a strong track record and have modest assets under management, allowing for greater flexibility and upside potential." Based in Los Angeles, Nile invests in asset management boutiques "at a critical inflection point in their cycle."

Among more traditional targets, the largest announced transaction took place in Europe: **BNP Paribas**' €5.1 billion ($5.6 billion) cash offer for **AXA Investment Managers**. The bid, which requires regulatory approval, would represent the largest traditional investment management deal since **Morgan Stanley**'s $7 billion purchase of **Eaton Vance** in 2020. AXA IM would add €850 billion in AUM, bringing BNP's total to €1.5 trillion, making it a top-five manager in Europe and a formidable one globally.

BNP said the deal would also make it a "leading player" managing assets for pension funds and insurers. This includes adding a "large part" of **AXA** insurance assets under a "long-term partnership" to those it already manages for BNP's insurance business. AXA, which called the proposed sale part of a strategy to focus on its core insurance business, placed pricing at 15 times 2023 earnings.

BNP's **€5.1 billion**

cash offer for AXA IM is the largest traditional manager deal since 2020

Combined, the two firms would be the fifth-largest mutual fund and ETF provider in Europe, with AUM of €460 billion (€30 billion in ETFs, nearly all from BNP), according to LSEG. AXA IM also delivers an alternatives business with more than €180 billion in AUM, the lion's share about equally split between credit and real estate. In 2023, 83% of AXA IM's third-party alternative capital raised was for private credit and 41% of total capital raised was outside Europe. BNP's largest alternatives platform is real estate, with €26 billion in AUM. BNP CEO Jean-Laurent Bonnafe said his firm would be able to serve its institutional and other partners more efficiently and create a "strategic partnership entered into with AXA, the cornerstone of this project."

The U.S. weighed in with one major deal, a cross-border affair involving a second French player, **Amundi**, which exchanged its U.S. business for a minority stake in **Victory Capital** as part of the formation of a "strategic partnership." (See sidebar this section for more on this transaction as well as *Private Equity* for a second Amundi deal.). Other deals within the traditional investment management sector in the U.S. and around the world were of the tack-on variety while the normally active ETF market took a pause. **Lincoln Peak Capital** of Boston was one repeat buyer, acquiring a minority stake in Minneapolis-based **Riverbridge Partners**, a long-term-oriented investor with $11 billion in AUM.

Lincoln Peak, which has interests in asset managers with a collective $100 billion in AUM, also assisted Riverbridge management is obtaining a majority shareholding in their firm. Riverbridge manages eight diverse equity funds, including Concentrated Growth. That 22-year-old fund invests across all market capitalizations in no more than 15 stocks with long-term superior earnings and an "enduring strategic advantage in their marketplace." The portfolio's largest industry concentration is technology. In December 2023, Lincoln Peak invested in another long-term-oriented investor, **Troy Asset Management** of the UK.

Alger Group Holdings acquired **Redwood Investments**, an established growth equity manager primarily focused on non-U.S.

markets. Based on the Boston area, Redwood adds $1.6 billion in AUM, mostly institutional, to the $22 billion Alger already managed. Alger said Redwood pursues a bottom-up process that complements its own investment strategy, adding that Redwood will enhance its international expansion by providing global investment capabilities. For Redwood, which is operating as an Alger subsidiary, the new parent provides marketing, administrative and distribution muscle.

The deal tracks Alger CEO and Chief Investment Officer Dan Chung's plan to double the firm's size over the next five years, including via acquisition. "We are actively looking and continue to seek opportunities," he told InvestmentNews. "We get inbound interest far in excess of what we're going to do." The deal included the sale by **Estancia Capital Partners** of the minority stake it acquired in Redwood in 2015, when Redwood had $1 billion in AUM. An investor in "capital light" companies, Estancia is based in Arizona.

Madison Investments entered the deal market for the third time since 2019 to cement a "strategic partnership" with **XA Investments** that includes XAI's purchase of the Madison Covered Call and Equity Strategy fund. Madison will remain as subadvisor. The listed closed-end fund (AUM: $150 million), established in 2004, invests in "Growth-at-a-Reasonable-Price" stocks while employing call options on those equities to manage risk. Madison said it anticipates a "durable partnership" involving "additional investment strategies and products." Chicago-based XAI (AUM: $550 million) was formed in 2016 with the goal of providing individuals with access to institutional-quality alternatives.

Impax of the UK accounted for two cross-border deals to build its fi ed-income business

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That deal followed the December 2023 management buyout of Madison by executives and other employees involving the majority stake held by founder Frank Burgess. The deal is likely to be a harbinger of an increasing number of MBOs in the traditional investment management sector among smaller to mid-size independent firms, as founders retire. Based in Wisconsin and founded in 1974, Madison has $26 billion in AUM in a mix of bond and equity funds.

In a North American transaction, **Guardian Capital Group** of Canada paid $70 million for multi-asset manager **Sterling Capital Management**, cutting the deal with Sterling owner **Truist Financial Corp**. SCM, based in North Carolina, has $76 billion in assets under management and advisement for institutional and retail investors via funds, separately managed accounts and commingled vehicles. SCM said it will continue to "partner with Truist on shared relationships and opportunities."

Guardian had C$56 billion (US$42 billion) in AUM prior to the deal, more than half managed for institutions, with Canadian and international investors accounting for two-thirds and the U.S. the rest. Guardian said SCM "significantly enhances our overall scale" and growth prospects. Guardian has been a steady buyer of asset managers since 2018, cutting five such deals prior to SCM. Truist has been reorganizing its business around its core banking business, an effort that also included the sale last year of its insurance unit.

There were multiple cross-border deals involving European buyers. Publicly traded **Impax Asset Management** (AUM: £39 billion/$50 billion) of the UK accounted for two, both aimed at building a fixed-income business. In the first, Impax acquired the assets of Denmark's **Absalon Corporate Credit**, part of asset and wealth manager **Formuepleje Group**. Absalon manages established global high-yield and emerging markets corporate debt strategies with a total of €405 million ($450 million) in AUM. Impax added a second deal for the European corporate high-yield assets of a U.S.-based manager, **Sky Harbor Capital Management**. The transaction, for $2 billion (£1.6 billion) in managed and advised assets, brings Impax's total fixed-income portfolio to $4 billion, including two U.S.-based funds Impax ran prior to the deals.

The Sky Harbor funds include several "responsible" strategies, in line with Absalon's focus on "the transition to a more sustainable economy." In a 2023 interview with Investment Week (UK), founder and Chief Executive Ian Simm said the company has developed a "strong understanding of the social markets alongside the environmental markets" through its global equity strategies and now had "sufficient conviction around the scale and potential to make great profits from social markets." Impax hopes to double AUM by 2030.

An all-European deal saw **iM Global Partner** of Paris acquire a minority stake in UK boutique **Trinity Street Asset Management**. Trinity's partners retained majority control. Based in London and founded in 2002, Trinity (AUM: $8.6 billion) is a global equity investor that pursues concentrated strategies with no more than 35 stocks in each portfolio. The company's AUM has more than doubled over the past 10 years. Noting iM Global's "history of successful partnerships," Trinity said it is "committed to ensuring the longevity and stability of our firm." iM Global has nine other investment managers in its portfolio, eight based in the U.S., the largest by far being **Polen Capital**, an equity and credit manager with $66 billion in AUM.

A second Parisian firm, **Kepler Cheuvreux**, acquired the small convertible bond management business of **Edmond de Rothschild Asset Management**, cutting the deal through its convertible bond specialist, **Ellipsis Asset Management** (AUM: €3.9 billion). The deal includes a distribution partnership with **Edmond de Rothschild Private Bank** for Ellipsis funds. Kepler acquired Ellipsis in 2021, when it had €2.8 billion in AUM. Through the first seven months of 2024, issuance of convertible bonds worldwide was $69 billion, up 60% over the same period in 2023, according to **Bank of America**.

In the Nordic region, **Carnegie Holding** of Norway acquired Sweden's **Didner & Gerge Fonder**, an established equities manager with six funds and $5.3 billion in AUM. The deal did not immediately include the majority of Didner's assets that are part of Sweden's pension system. Carnegie (AUM: $11 billon), which operates in Norway and Sweden with a range of funds, called the deal "another big step in our work to be Sweden's most relevant and attractive platform for asset management." Sweden had $755 billion in total fund assets as of mid-2024, according to the Swedish Investment Fund Association. Carnegie Holding also has investment banking, securities and private banking businesses; Sweden accounts for the majority of revenues.

Within the UK, **Redwheel** acquired a London-based sustainable investment manager, **Ecofin**, which was part of U.S.-based energy investor **Tortoise Capital Advisors**. Redwheel said Ecofin (AUM: $1.4 billion) provides complementary strategies to its own "thematic sustainability capabilities" and also offers access to Ecofin's U.S. investors. Redwheel, which manages $17.6 billion in assets across a range of UK and global equity and convertible bond funds, has been ramping up its green strategies, including creating an internal "Greenwheel" ecosystem to inform its sustainable investments.

In a second all-UK deal, **Virgin Money** paid £20 million for **abrdn**'s 50% stake in **Virgin Money Investments**, the joint venture the firms formed in 2019. VMI has £3.7 billion in assets, a total it hopes to double within the next five years, and 150,000 retail accounts. Virgin Money said control over the investment manager will facilitate integration with its other financial services products. Richard Branson founded Virgin Money in 1995, maintaining the branding from his airline. Subsequently, **Nationwide Building Society** agreed to buy Virgin Money in a £2.9 billion deal that creates the second-largest provider of savings and mortgages in the UK.

Deals for ETF managers slowed last year, but one notable transaction occurring outside the dominant U.S. marketplace involved **Janus Henderson Group**'s acquisition of **Tabula Investment Management** (AUM: $500 million). Established in 2018 and based in London, Tabula focuses on fixed-income and sustainable investments, including multiple Paris-Aligned Climate vehicles. Last year, the company also introduced a physical gold fund that traces the commodity from mine to vault, using a small number of ESG-related mines.

Tabula CEO Michael Lytle was co-founder of former European ETF manager Source, which had $25 billion in AUM when it was acquired by **Invesco** in 2017. Janus Henderson has a small U.S. ETF business with a fixed-income focus similar to Tabula's, the largest fund being a triple-A CLO vehicle with more than $18 billion in AUM. The addition of Tabula provides Janus Henderson with entry to Europe's UCITS ETF market. In particular, Janus Henderson CEO Ali Dibadj told analysts the deal offers the company "early access to [the] growing market" for active ETFs in Europe. Janus Henderson is the fourth-largest provider of active fixed-income ETFs globally. (See *Credit* for a second Janus deal.)

In 2023, **ARK Invest** of Florida acquired a small thematic European ETF provider, following up last year by introducing its first UCITS ETFs. The initial three funds maintained ARK's focus on innovation, including a Genomic Revolution ETF. ARK CEO Cathie Wood called the launch a "declaration of our long-term commitment to Europe." In Blackwater's 2024 survey of European mutual fund managers, 46% said they see a "business case" for introducing ETFs, up from 27% in 2021, with 54% citing cost as their main concern for building the business. Between 2021 and 2023, the European ETF market grew 18% to €1.6 trillion ($1.7 trillion), according to Lipper, adding another €250 billion in the first half of last year. Lipper expects the number to top €2.5 trillion by 2030.

There were several interesting transactions involving emerging markets. First among them was BlackRock's deal with the Saudi Arabian sovereign wealth fund to establish a multi-asset platform covering public and private markets, **BlackRock Riyadh Investment Management**. The venture is anchored by an investment mandate of up to $5 billion from the Saudi **Public Investment Fund** (AUM: $925 billion). BlackRock launched the strategies while a Riyadh-based team manages them. BlackRock Chairman and CEO Laurence Fink called the venture "a really exciting milestone in terms of the development of Saudi capital markets." BRIM said it will seek to "support foreign institutional investment" into the nation as it "continues to transform its economy" while enhancing the local asset management industry.

J.P. Morgan Asset Management tapped one of Asia's less heralded asset management markets, Thailand, where it formed a "strategic partnership" with **Kasikorn Asset Management**. KAM, part of the leading Thai bank of the same name, has more than $40 billion in AUM, a number that has fluctuated in recent years but remained flat. Under the partnership, JPAM will help create products and services, including "innovations" designed to enhance global asset selection and allocation. KAM noted that local investors have grappled with "persistent market volatility" since Covid, making "smart investment decisions" challenging. JPAM, which has offices throughout Asia-Pacific, said the partnership "reflects our commitment to becoming the global manager of choice for Thai investors." In 2022, **Kasikornbank** reportedly placed KAM on the sale block but ultimately retained the unit.

Chilean financial services firm **LarrainVial** acquired a 25% stake in a UK active fund manager, **Aubrey Capital Management**. LarrainVial, whose asset management unit has $7 billion in diversified AUM, said the deal will strengthen its capabilities in emerging markets and provide both firms with the opportunity to expand their businesses in new markets. Aubrey's largest fund is an emerging markets strategy with $560 million in AUM launched in 2012. The fund is heavily tilted toward India, with Brazil and Mexico comprising the Latin American component and accounting for around one-quarter of assets. Separately, LarrainVal launched a third-party asset management distribution arm in the U.S. last year aiming to establish relationships with RIAs and family offices, among others.

Two Hong Kong asset managers, **Value Partners** and **Venture Smart Financial Holdings**, agreed to team up to create virtual asset funds for retail and institutional investors. Initially, the firms plan to launch an ETF tracking spot prices of bitcoin. In 2020, Venture Smart became the first asset manager approved by Hong Kong's Securities and Futures Commission to invest up to 100% of assets in crypto currencies; it launched a bitcoin fund that same year. The companies said they "aim to support Hong Kong to become an international virtual assets centre." Value Partners is a publicly traded and diversified asset manager with $5.6 billion in AUM, primarily in absolute return long-biased funds.

In a second such deal, **CoinShares International** of the UK exercised an option to acquire **Valkyrie Funds**, a cryptocurrency ETF manager based in the U.S. The deal followed SEC approval of Valkyrie's spot bitcoin ETF. (The SEC approved 10 other bitcoin ETFs at the same time in January 2024.) The deal adds a negligible amount of assets to the $4.5 billion CoinShares already managed, but provides the firm with expansion into the U.S. and its larger goal of becoming "a global leader in the digital asset space." The company will rebrand the acquired funds under its own name. Publicly traded CoinShares said it holds a 40% share of the European crypto ETP market, which reached nearly $9 billion at the end of 2023.

A transatlantic deal adds distribution muscle

A “strategic partnership” reached last April between **Amundi** and **Victory Capital** offers both firms broader distribution and product platforms while providing the foundation for “an enduring and mutually beneficial long-term relationship,” as described by Victory Chairman and CEO David Brown. As part of the non-cash deal, Victory gained Amundi’s U.S. business while Amundi received a 26.1% interest in publicly traded Victory and two board seats. Although neither firm placed a dollar figure on the deal, Victory’s market capitalization at the time was $2.7 billion, implying a $900 million value. The firms also signed 15-year reciprocal and exclusive distribution agreements.

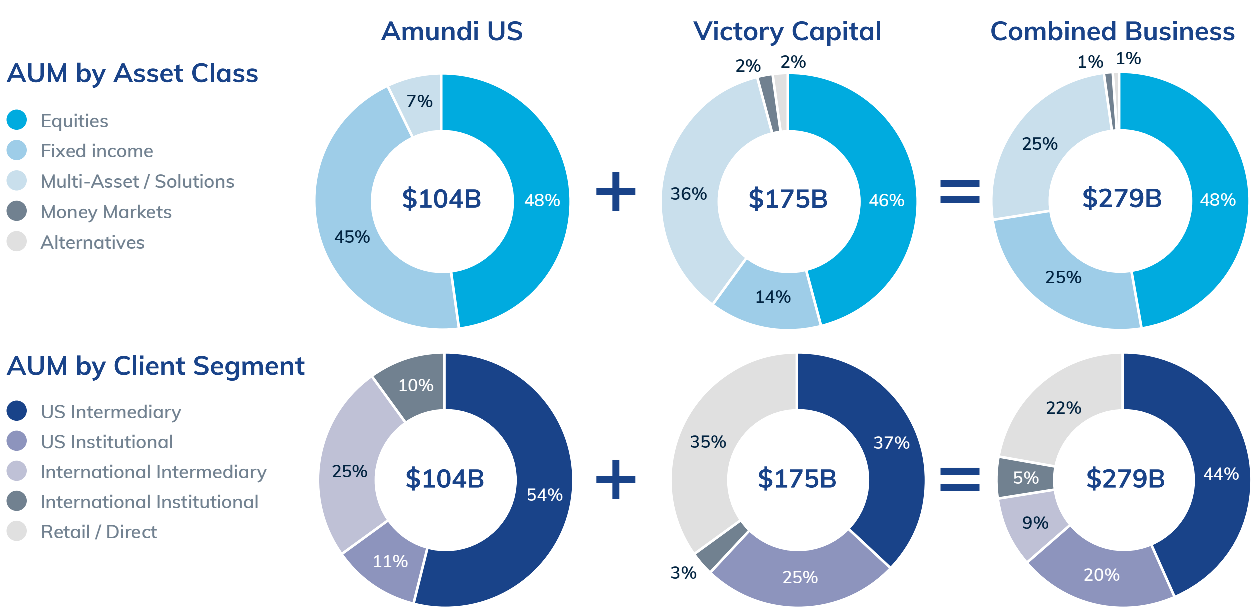
With more than €2 trillion ($2.2 trillion) in AUM, Paris-based Amundi is Europe’s largest asset manager, but France accounts for nearly half the total and Europe three-quarters. The U.S. business managed just $104 billion in assets at the time of the deal (Asia accounts for 20%), although it averaged $12 billion in annual gross inflows in the five years through 2023. But for Victory, the addition of Amundi’s US business increases its AUM significantly to $280 billion. This includes boosting the fixed-income portfolio by 10 percentage points to 24% of total AUM with complementary products. Amundi US, with one-third of its clients outside the U.S., also immediately diversifies Victory’s U.S.-driven client base.

Internationally, Amundi provides a distribution presence in 35 countries along with 1,000 third-party distributors reaching 100 million retail investors and 1,500 institutional clients. This includes strong relationships with European banks and in such Asian markets as China, India and South Korea. In a conference call with analysts, David Brown called the deal a “momentous day” in the company’s history that would generate “significant value creation for our shareholders by way of enduring profitable growth.” Victory anticipates the addition of Amundi US will generate double-digit accretion in earnings per share at the end of the first full year of ownership and $100 million in expense-related synergies by year two.

Brown also emphasized the positive impact of the deal on Victory’s balance sheet, with enhanced earnings but no associated debt leaving Victory with the resources to continue its M&A strategy. Brown added that the distribution partnership with Amundi is “likely to position us very well to be the platform of choice for high-performing investment organizations.” Victory, based in San Antonio, went public in 2018 and through 2023 expanded its multi-boutique structure via four acquisitions to encompass a total of 11 “investment franchises.”

Amundi CEO Valerie Baudson said the deal provides a “unique opportunity” to expand within the U.S. while becoming a “strategic shareholder” in a U.S. asset manager “with an excellent track record of growth.” Additionally, she said, Victory delivers “access to top-performing U.S. investment strategies for the benefit of our clients globally.” In a second deal last year, Amundi acquired a Swiss private markets multi-manager, **Alpha Associates** (see *Private Equity*).

Amundi-Victory Capital Tie-Up



As of 3/31/2024
Fixed income includes short-term investments
Source: Company press release and analyst presentations

Capital Markets

Could robots one day sit at the table between buyers and sellers to help negotiate deals? For the foreseeable future, that scenario isn't going to occur outside of the Hollywood dream factory. But deal-makers are already using generative AI — or data-driven deep-learning models — to inform transactions.

In a recent poll by Accenture of 750 M&A decision-makers worldwide, two-thirds said they are working with consultants to build generative AI tools for transactions. Four out of 10 say they have made acquisitions in the past three years to obtain those capabilities. "Dealmakers who get better intelligence and insights, faster — freeing up time along the way to exercise crucial judgment — will win in the end," Accenture writes.

At the moment, investment bankers are using the technology in pre-deal research-related activities. For example, the poll showed that 43% of the executives are investing around due diligence. But Accenture says the larger payoff involves employing generative AI to "develop strategies and chart an informed course for end-to-end investments to reap the rewards in M&A."

Going forward, 70% of those surveyed expect generative AI to drive higher alpha on their transactions while 84% say the technology holds the potential to help with planning and executing transactions "more reliably, efficiently and quickly." Still, in most of the one-dozen deal-related activities surveyed by Accenture, there is a significant gap between the percentage of executives who expect "high or very high value" from generative AI and the investments they are actually making. Post-deal performance assessment is particularly notable, with a 43 point gap between the number of executives who expect "high or very high value" (65%) and those currently investing for that benefit (22%).

Securities & Investment Banking Transactions

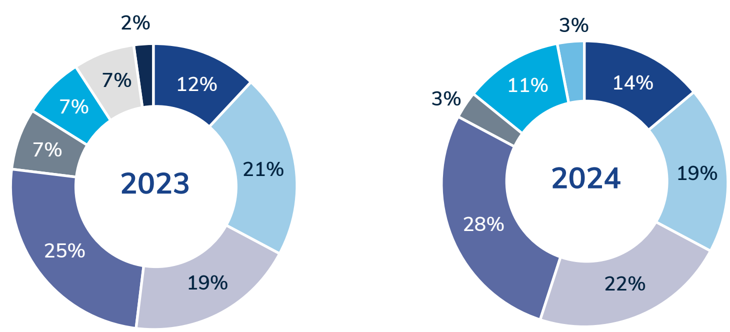
	2020	2021	2022	2023	2024
Majority Equity	48	52	39	24	36
Minority Equity	11	13	18	19	-
Total	**59**	**65**	**57**	**43**	**36**
Total Transaction Value ($B)	$25.2	$5.9	$4.7	$6.0	$1.8

Source: Berkshire Global Advisors

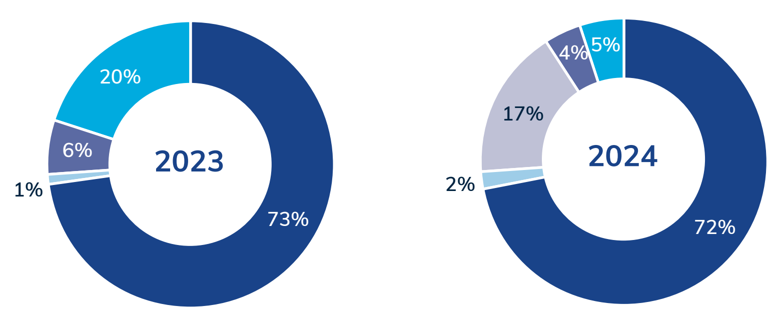
Securities & Investment Banking

Who's Selling

Number of Transactions by Sector as % of Total



Value of Transactions by Sector as % of Total



Source: Berkshire Global Advisors

In the M&A market as it currently exists — driven by longstanding contacts, track records and sector expertise — signs of life began to appear as 2024 dawned, following a rough couple of years. At **Goldman Sachs**, where advisory fees rose to $1 billion in the first quarter, Chairman and CEO David Solomon noted in the earnings call that engagement with private equity firms in particular had “meaningfully improved” in the first three months from the “incredibly muted” level of activity throughout 2023.

Investment bankers in general were in a bullish mood as the year began, with a global survey by Acuity Knowledge Partners showing that 77% of respondents expected “significant or at least marginal” revenue growth vs. 27% who answered that way in 2023. Respondents expected an upswing in M&A to lead the rebound, driven by “reasonable valuations, ample dry powder and strong corporate balance sheets.”

Indeed, by the third quarter M&A value worldwide had climbed 16% over the previous year’s period to $2.3 trillion, with the U.S. accounting for nearly half, although the number of deals declined 20% to an eight-year low, according to LSEG. Twenty-six deals over $10 billion and valued at $515 billion helped boost the total, along with increased activity from private equity-backed buyouts, which accounted for 24% of M&A activity as the value of such deals rose 40% from 2023. The financial services sector was notably robust: Deal value of $331 billion in the first three quarters rose 45% over the same period in 2023, when the full-year total was $322 billion, according to PitchBook.

Other parts of the investment banking universe were also delivering. Issuance of debt capital globally in the first nine months was up 18% over the same period in 2023 to $8.3 trillion, the highest nine-month total since 2020. Although a small part of the overall credit market, global high-yield issuance rose 86% to $321 billion while investment grade corporate climbed 19% to $4.1 trillion, the strongest such performance on record. Equity capital markets rose 8% to $445 billion, the highest level in three years. Global IPOs remained a soft spot, however, dropping 24% from 2023 to the lowest nine-month total ($70 million, excluding SPACs) since 2009.

M&A value worldwide climbed

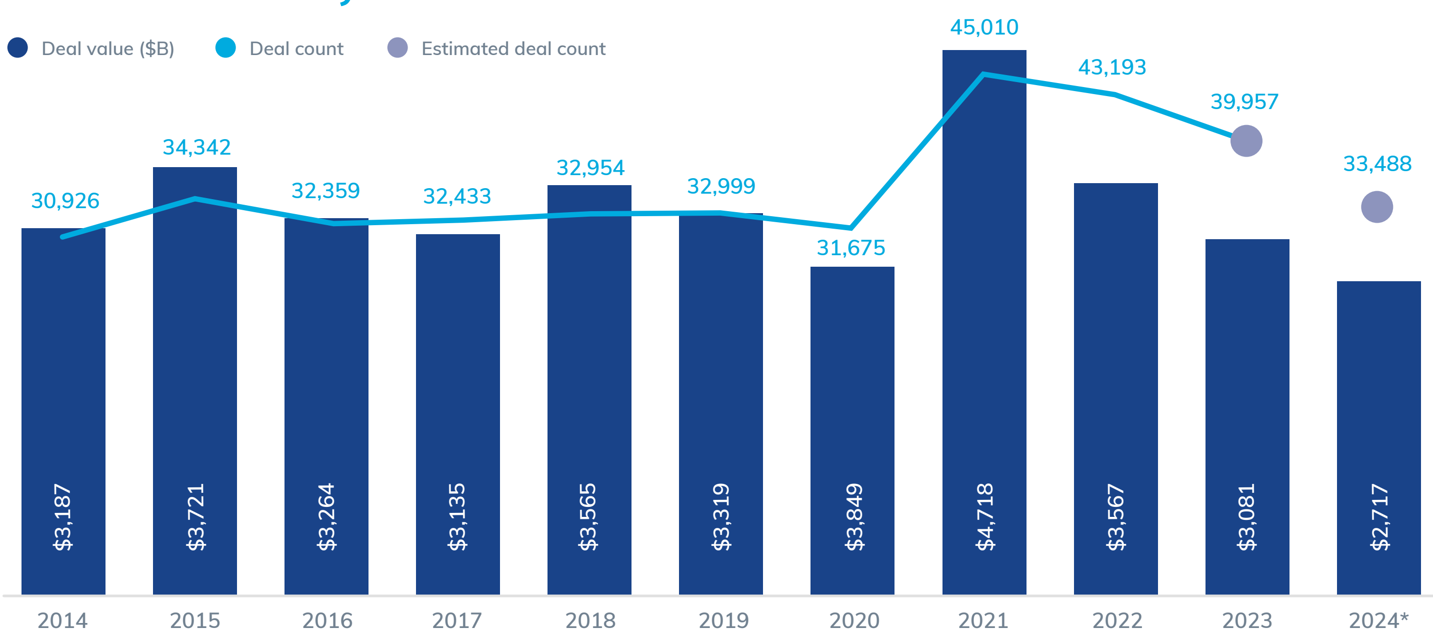
16%

by the third quarter,
although the number of deals declined

Global investment banking fees during the first three quarters period climbed 10% over the previous year to $85 billion, the strongest nine-month period since 2021, according to LSEG. North America accounted for 53% of the total while the wallet share of the top-10 banks globally climbed 4.6 percentage points to 40%. Completed M&A advisory fees were $23 billion, just a 3% increase from the year-earlier period, with debt capital market underwriting fees delivering the strongest gain of 25% to $31 billion.

Giants such as **Bank of America**, **Citigroup**, Goldman Sachs and **JPMorgan Chase** all reported sharply higher growth in investment banking fees during the year. At boutique **Lazard**, net revenue rose 31% in the first three quarters compared with the year-earlier period, with financial advisory fees climbing 38%. “M&A activity continues to rebound, with valuation multiples having returned to their 10-year average, narrowing the gap between buyer and seller expectations,” CEO Peter Orzag told analysts, adding that restructuring and liability management was also a “meaningful” contributor to Lazard’s revenue growth.

Global M&A Activity



Source: PitchBook’s Q3 2024 Global M&A Report * YTD = end Q3

In an interview with Bloomberg TV following the third-quarter reports, Gerard Cassidy, head of U.S. Bank Equity Strategy for **RBC Capital Markets**, noted particular strength in the debt capital markets following the Federal Reserve's September rate cut. "But," he added, "M&A advisory fees are also picking up, and I think there's evidence now that if the U.S. economy continues its growth.... M&A activity could pick up even further, especially if the Fed continues to lower rates [and] makes the financing of those M&A activities more attractive to the buyers."

M&A within the investment banking world itself was muted last year, led by a number of tack-on transactions but minus a headline deal. Several firms that are regular buyers were in the market. One of the busiest, **Houlihan Lokey**, added to the 17 deals it has concluded since 2012 by acquiring a specialist serving the insurance and asset management industries, **Waller Helms Advisors**. Houlihan said the addition doubles the size of its financial services group.

Founded in 2014, Chicago-based WHA provides capital raising, valuation and M&A services. Last July, Houlihan Chief Financial Officer J. Lindsey Alley told analysts the company is "game on" for acquisitions or hires in industry subsectors "in which we're underweighted.... And if an acquisition makes the most sense, we'll pull that lever." Last year, Houlihan also completed the 2023 acquisition of Triago Management Development, an advisory firm serving the private equity industry. Houlihan serves a range of industries, with industrials and business services the two largest based by revenues.

Jeffries Financial Group and Japanese financial services giant **SMBC Group** expanded their "strategic alliance" to incorporate Canada. New York-based Jeffries established full-service investment banking and capital markets capabilities in Canada in 2023, a presence it said SMBC will enhance with its "deep banking and debt capital markets expertise and strong balance sheet to support and serve clients." In noting the attraction of Canada, Jeffries has cited a "fast-growing" economy and such "standout sectors" as technology, healthcare and energy that "align perfectly" with its capabilities.

The two companies began their collaboration in 2021, when SMBC acquired a small stake (4.5%) in Jeffries, a shareholding it has since increased with plans to reach 15%. SMBC includes **Sumitomo Mitsui Financial Group** among other subsidiaries. Initially focused on the U.S. leveraged finance sector and Japanese cross-border M&A, in 2023 the two firms expanded the partnership to include equities and debt capital markets. In Jeffries' latest shareholder letter, CEO Richard Handler and President Brian Friedman noted that "several deals" it closed "wouldn't have happened without" the relationship with SMFG. Jeffries has been expanding its global footprint in recent years, establishing a network of 20 offices worldwide.

Mariner Wealth Advisors, which last year extended its business into the institutional space with two deals for outsourced chief investment officers (see *Traditional Investment Management*), broadened its portfolio even more with the purchase of an investment bank. The target, **Woodbridge International**, is an established Connecticut firm serving the lower and middle market. Mariner praised Woodbridge's "innovative approach to sell-side M&A transactions and its extensive experience across a wide range of industries." As with the OCIO acquisitions, Woodbridge provides another service Mariner's wealthy clients can tap but builds on a similar acquisition Mariner made in 2014.

"The integration of Woodbridge International into the Mariner family marks a transformative step in our mission to deliver comprehensive, client-focused financial services," said Marty Bicknell, Mariner CEO and president. Woodbridge said the deal could help it potentially double the business within a few years "as we aim to capture the anticipated wave of baby boomer business exits." Between 2021 and 2023, Woodbridge closed 83 deals unlocking $1.6 billion in liquidity. The sell-side deals Woodbridge has concluded range from a software provider to the energy industry with $3.4 million in revenue to a manufacturer and reseller of pet grooming products with $46 million in revenue.

In Europe, **Panmure Gordon** and **Liberum** did an all-share merger to create what the firms touted as the "largest independent investment bank" in the UK. The two firms, serving the small- and mid-cap market, called their businesses complementary with "minimal overlap across corporate clients and sector expertise." The combined **Panmure Liberum** will serve more than 250 public companies with an average market capitalization of £250 million ($330 million). On a pro forma basis, the enlarged company ranked No. 1 in the five years through 2023 in the UK IPO market for firms with less than £1 billion in market capitalization. The combination also has advisory, capital raising, trading, market-making and research businesses.

Mariner Wealth Advisors broadened its business with the purchase of an established investment bank

Panmure was acquired in 2017 by **Atlas Merchant Capital**, the financial services investment firm founded by former **Barclays** Chief Executive Bob Diamond. Atlas, which was joined by Qatari investment bank **QInvest** in that 2017 transaction, will retain an interest in Panmure Liberum and continue to provide financial backing "to support its long-term strategic ambitions." Diamond said the merger, which is viewed in part as a reaction to the slowdown in M&A and IPO activity in the UK, "will lift the level and quality of service to mid- and small-cap businesses and investors in the UK and beyond. These businesses are the lifeblood of the UK economy and require flexible and tailored solutions to enhance their productivity."

A cross-border deal saw **PJT Partners** acquire **deNovo Partners**, a Dubai-based advisory firm focused on the Middle East, building upon a strategic alliance the two firms started in 2020. Since its founding in 2010 by former **Morgan Stanley** investment banker

Securities Industry & Invstment Banking Transactions

Who's Buying

	2020	2021	2022	2023	2024
Discount/Electronic Broker	2	3	3	4	**9**
Other	4	18	5	10	**8**
Diversified Financial Se vices Company	4	3	12	10	**4**
Private Equity Firm	6	3	12	-	**4**
Full-Service Investment Bank	11	10	7	6	**3**
Investment Banking Advisory Firm	4	3	5	4	**3**
Institutional Broker-Dealer	7	10	2	1	**2**
Commercial Bank	8	5	3	4	**1**
Independent Broker-Dealer	3	5	5	1	**1**
Insurance Company	-	-	-	1	**1**
Exchange	7	5	1	1	**-**
Trading/Market-Making Firm	1	-	-	1	**-**
Retail Brokerage Firm	2	-	2	-	**-**
Total	**59**	**65**	**57**	**43**	**36**

Source: Berkshire Global Advisors

May Nasrallah, deNovo has advised on more than 100 transactions for a range of clients. One deal in which deNovo participated last year involved the purchase by a **Brookfield Asset Management**-led consortium of a Dubai-based private school provider. New York-based PJT was founded by another Morgan Stanley alumni, Paul Taubman, who worked with Nasrallah for many years at the firm.

"As we look at our region and where our region is going, and in particular our clients' ambitions, it made sense to globalize," Nasrallah told Bloomberg TV in explaining the deal. "We do a lot here, we've done a lot regionally and cross border, but with [the] multitude of skill set, expertise, track record and just sheer industry depth and connectivity that PJT has, the combination made absolute sense. It was a natural progression." PJT's revenues climbed more than threefold between 2015 and the 12 months through June 2024 to $1.3 billion. In the first half of 2024, the firm had record revenues for that period of $690 million, 26% above the same period in 2023, with advisory work accounting for 86% of the total. In the first nine months of 2024, investment banking fees in the Middle East rose 26% to $1.1 billion.

Full-Service Investment Bank Transactions

	2020	2021	2022	2023	2024
Number of Transactions	4	6	7	5	**5**
Combined Value ($M)	36	35	2,104	4,379	**1,262**
Average Deal Size ($M)	36	35	701	1,460	**631**

Combined Value and Average Deal Size upon available data, not total Number of Transactions
For 2020-21, Combined Value and Average Deal Size based on pricing for one deal
Source: Berkshire Global Advisors

Institutional Broker-Dealer Transactions

	2020	2021	2022	2023	2024
Number of Transactions	15	24	14	9	**7**
Combined Value ($M)	818	2,763	691	40	**37**
Average Deal Size ($M)	273	251	173	20	**18**

Combined Value and Average Deal Size are based upon available data, not total Number of Transactions
Source: Berkshire Global Advisors

Investment Banking Advisory Firm Transactions

	2020	2021	2022	2023	2024
Number of Transactions	17	19	17	11	**10**
Combined Value ($M)	4,338	806	279	372	**72**
Average Deal Size ($M)	868	161	93	372	**36**

Combined Value and Average Deal Size are based upon available data, not total Number of Transactions
For 2023, Combined Value and Average Deal Size based on pricing for one deal
Source: Berkshire Global Advisors

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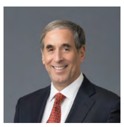

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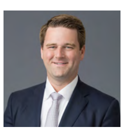

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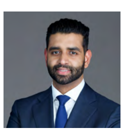

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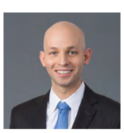

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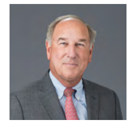

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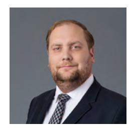

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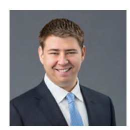

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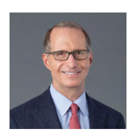

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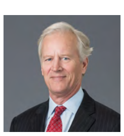

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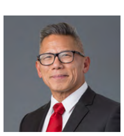

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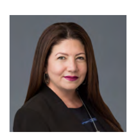

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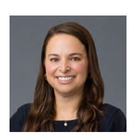

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