

RIA M&A Activity Soars to Historic Highs in 2024

Momentum likely to continue in the new year

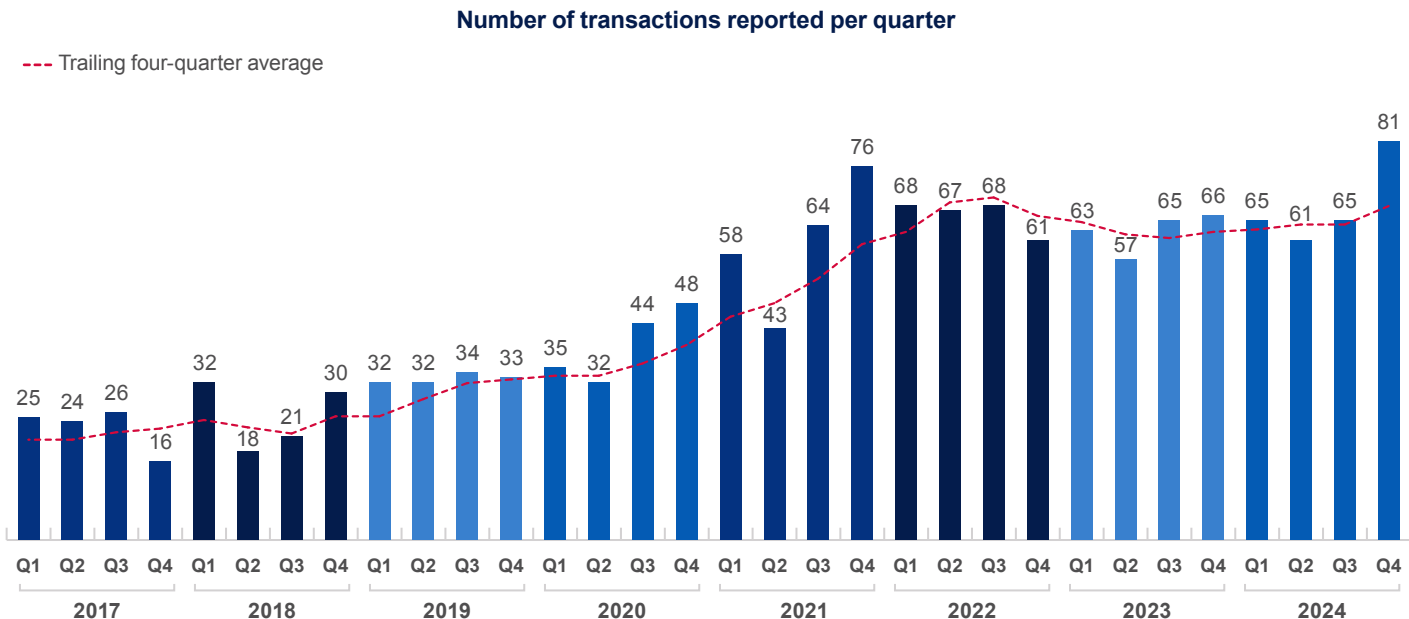
Merger and acquisition (M&A) activity in the RIA industry surged to new heights in 2024, setting records for the most-active year, quarter, and month in history. With 272 transactions announced, 2024 surpassed the previous record of 264 transactions set in 2022. This historic level of activity provides significant momentum going into 2025 after nearly three years of steady deal flow.

While RIA M&A activity tracked slightly above 2023 levels from January through September 2024, the reality of eclipsing the 2022 record seemed very unlikely. During 2022, RIA M&A activity settled into a consistent pace of

about 60 transactions per quarter. This steady state remained in place for 11 quarters.

However, 2024 ended with a quarterly high mark of 81 transactions, pushing the year into record territory. October was a breakaway month with 39 transactions, nearly doubling the 21-transaction amount recorded a year earlier and surpassing the previous monthly high of 33 transactions set in January 2021. Results in November and December 2024 were more closely aligned with 2023 levels, with 19 transactions in November and 23 transactions in December.

Quarterly Transaction Volume Reaches Record High



“For nearly three years, RIA M&A activity remained at a plateau. A blockbuster fourth quarter pushed 2024 to a new highwater mark,” said David DeVoe, Founder and CEO of DeVoe & Company. “This momentum is likely to continue through the new year, and the industry may well be back on track for a steady increase in M&A going forward.”

DeVoe & Company anticipates ongoing trends enumerated in this report to set the stage for a heightened RIA M&A environment, although other factors may influence activity.

M&A Trends Driving Activity

On the buyer front, increased activity was spurred primarily by interest rate cuts that began in September 2024. The cheaper cost of capital, implications on debt ratios, and expectation of more cuts to come resulted in debt-heavy acquirers loosening their purse strings. (See *Interest Rates Drive Consolidator M&A Activity*, page 3.) On the seller side, post-election market gains buoyed valuation expectations and dilated any openness to exploring potential sales.

For both buyers and sellers, several key trends drove RIA sector M&A activity throughout 2024.

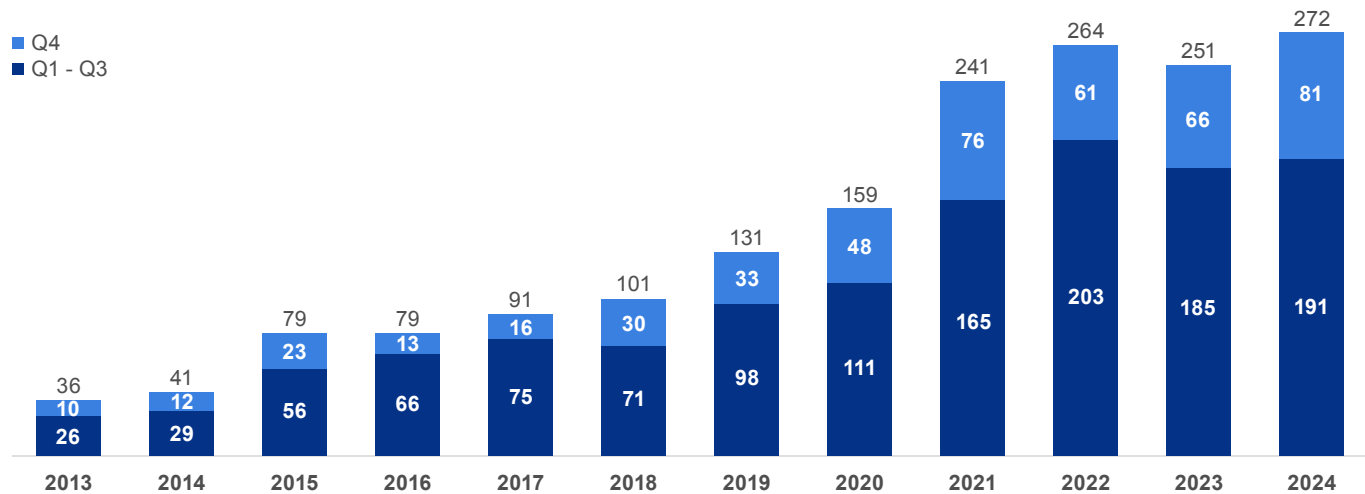
Succession Planning: The industry is facing a succession crisis, as many firm owners approach retirement without viable internal successors. DeVoe & Company’s soon-to-be released *Annual RIA M&A Outlook* indicates that only 20% of advisors believe their next-generation leaders can afford to buy out current shareholders, down from 38% just four years ago. This alarming trend is pushing more firms to seek external buyers or merge with larger firms to solve for succession and ensure continuity for clients.

Client Expectations and The Power of Scale: The demand for comprehensive financial services continues to rise as clients seek holistic wealth management solutions. The scale of consolidators and larger RIAs are increasingly attractive to buyers due to the turnkey breadth of services sellers can in turn offer their clients. And the operational efficiencies and advanced technology platforms available at larger firms offer the potential for improved client service through enhanced operational effectiveness.

High Valuations and Attractive Deal Structures: Over the past several years, RIA sellers have often benefitted from record high valuations. These valuations have been resilient, remaining high even through stock market volatility and a high-interest rate environment.

2024 Sets a Record for RIA Deal Activity

Annual and year-to-date M&A Transactions



Seller beware: sellers can become intoxicated by valuation expectations and their perceived ability to act as their own investment bankers, unknowingly leaving substantial economics on the table or selling to less-than-perfect partners. Too many advisors decide that selling their life's work and most valuable assets are appropriate 'do it yourself' (DIY) projects, despite counseling their own clients and prospects on the risks of utilizing DIY tools to manage their life savings.

Interest Rates Drive Surge in RIA M&A Activity

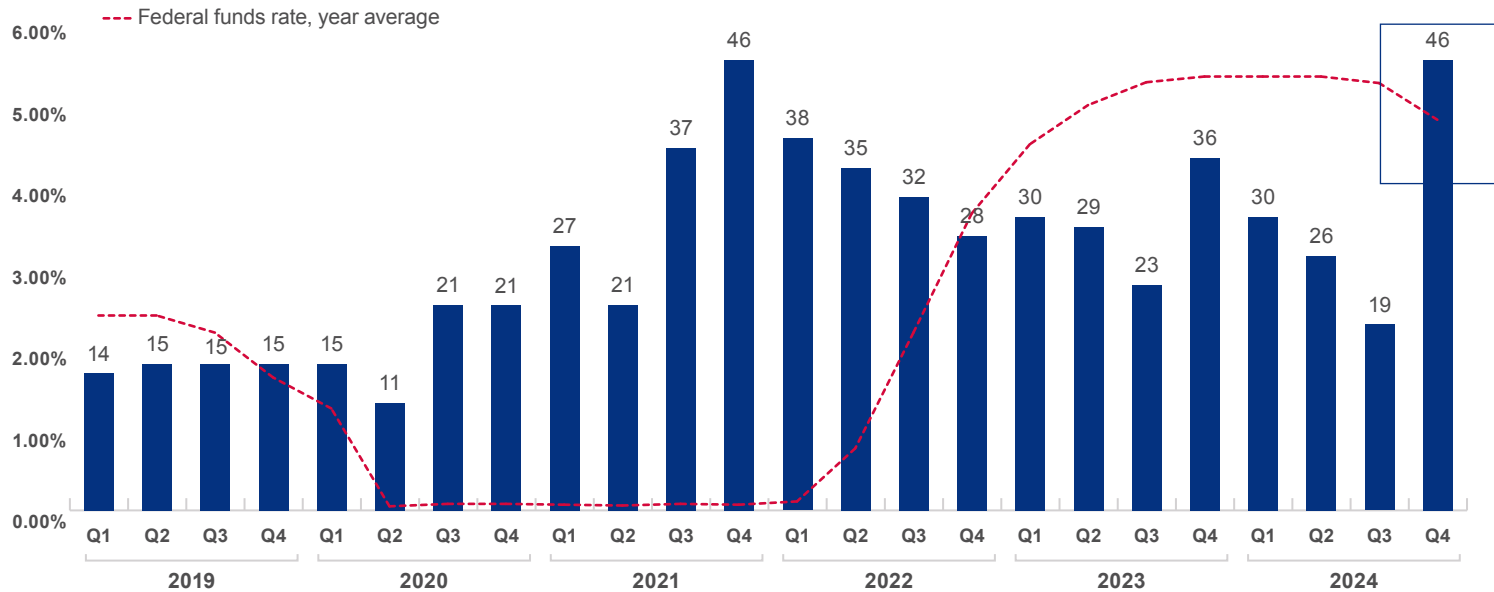
Record activity was largely driven by the Federal Reserve's decision to begin cutting interest rates in September 2024. As predicted by DeVoe & Company in the *Third Quarter 2024 RIA Deal Book*, lowering interest rates created a surge of activity amongst private equity (PE)-backed consolidators, which typically are leveraged with interest-rate sensitive debt.

Three widely anticipated consecutive cuts have now lowered the federal funds rate target range by 100 basis points to 4.25%–4.5%. The Fed also signaled in December that two additional reductions are possible in the coming year.

The impact of declining interest rates on M&A activity was swift and substantial. And the inverse correlation between interest rates and consolidator acquisition activity was underscored by the shift. Per the chart, "Interest Rates Drive *Consolidator* M&A Activity," consolidator activity (which is typically backed by private equity) swelled after interest rates dropped to near zero in the second quarter of 2020 and steadily increased to an all-time high in the fourth quarter of 2021. When the Fed began to raise rates in 2022, sophisticated buyers tightened their purse strings, modified their target criteria, and reimagined deal structures. *Consolidator* transactions compressed as interest rates increased, despite more private equity flowing into the space throughout 2023 and 2024. The decline in interest rates in the fourth quarter of 2024 was immediately followed by a spike in *Consolidator* transactions.

Interest Rates Drive Consolidator M&A Activity

Acquisitions by Consolidators versus interest rates



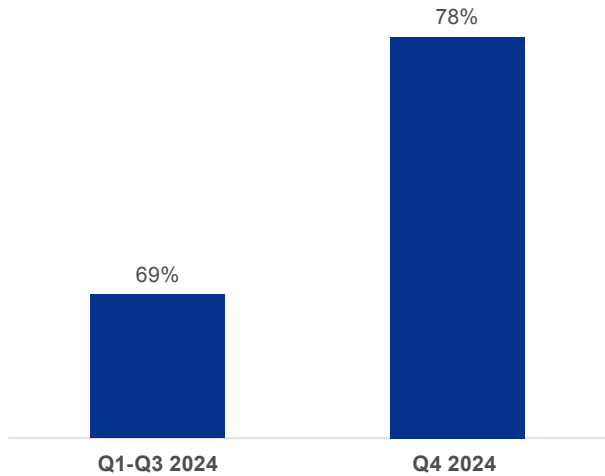
While they were consistently involved in a significant majority of all transactions, PE-backed consolidators and RIAs operated with restraint during the recent high-interest-rate environment. To maintain appropriate debt-related financial ratios, the leadership teams and PE backers of consolidators watch interest rate movements closely and tailor their M&A velocity accordingly. Declining interest rates can prove particularly beneficial to those parties with more debt, allowing them to pursue increasingly aggressive acquisition strategies.

The dynamic was especially noticeable in the fourth quarter of 2024, when serial buyers accelerated their activity even faster than anticipated. This move suggests consolidator leadership and M&A teams began acting early in anticipation of federal actions, expanding their pipelines and increasing their offers for sellers.

The fourth quarter spike in activity by PE-backed buyers was also evident in their share of transactions. Private equity firms were directly or indirectly involved in a record 78% of all RIA transactions in the fourth quarter of 2024. This marks a significant increase from the 69% share they held in the first three quarters of the year. Multiple acquisitions announced by major players like Beacon Pointe, Cerity Partners, and Waverly Advisors are examples of this surge.

Private Equity RIA Acquisitions Spike After Interest Rate Cuts

RIA acquisitions by private equity and private equity-backed buyers as a percentage of all transactions



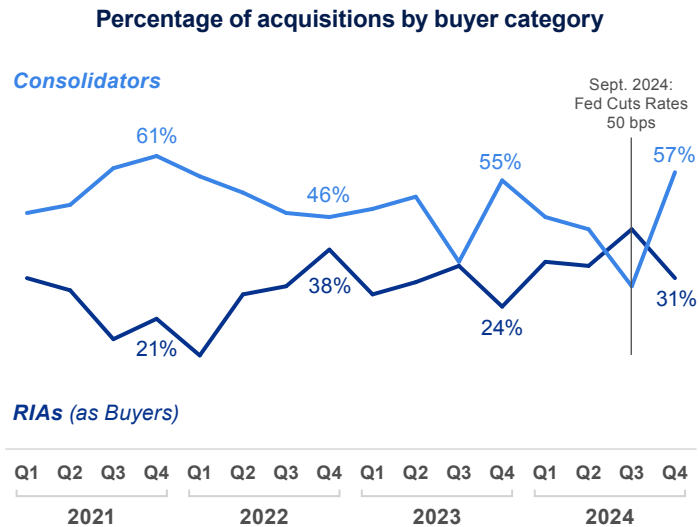
Looking ahead, we believe the momentum generated in the fourth quarter of 2024 should carry into 2025, provided interest rates remain stable or continue to decline. However, RIA buyers and sellers alike should remain cognizant of other macroeconomic factors, including potential regulatory changes and a host of persisting post-election uncertainties.

The end of year surge also raises questions about whether the market will return to the rapid growth seen in 2021 or settle into a new, elevated baseline for transaction activity. In either case, DeVoe & Company expects dedicated buyers will continue to modify their approach to M&A according to interest rate movements.

Consolidator Decline Broken by Impressive Q4 2024 Rally

The RIA M&A market experienced a significant shift in buyer dynamics during the fourth quarter of 2024, driven primarily by evolving market conditions and changing financial incentives.

RIAs and Consolidators Reopen the Gap



Consolidators Stage Fourth Quarter Rally

Consolidators, defined as serial buyers with acquisition strategies as a core pillar of their businesses, have long dominated the RIA acquisition landscape. They have been involved in a majority of RIA transactions since 2018, hitting a peak level of 61% of all transactions in 2021.

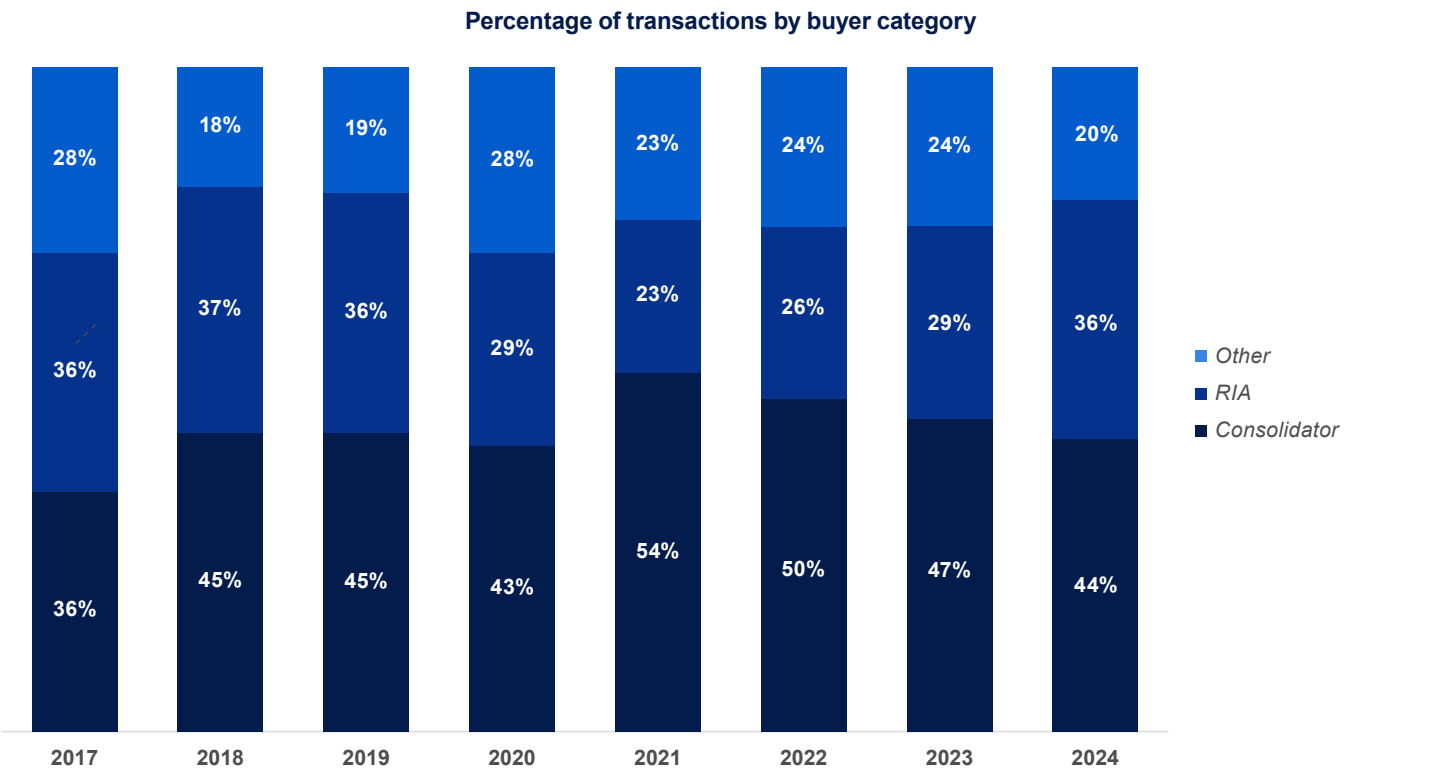
Since then, however, Consolidators have steadily lost ground while acquisitive RIAs accelerated their activity. By the end of Q3 2024, a 31-point gap between Consolidators and RIA buyers' transaction levels flipped to a 14% advantage for RIAs.

This trend reversed dramatically in Q4 2024, when Consolidators executed 57% of all transactions. This represented an increase of 28 percentage points in a single quarter. The rally widened Consolidators' market lead over RIA buyers to 26%.

Even so, Consolidator activity declined by three percentage points to 44% for full-year 2024 versus the previous year, continuing a downward trajectory that began in 2022 when interest rates started to rise.

The fourth quarter's resurgence can be directly attributed to the lower cost of capital resulting from the interest rate cut, which allowed debt-driven acquirers to pursue transactions more aggressively.

RIA Buyer Activity Surges with a 7-Point Jump



RIAs Maintain Strong Presence After Q4 2024 Setback

RIA buyers, which had been steadily gaining market share over the past few years, saw *Consolidators* crowd out their share in the fourth quarter. Despite this, they still finished 2024 strong with 36% of all transactions for the year. This represented a notable increase from 29% in 2023 and continued the upward trend not seen since 2021 when *RIA* buyers accounted for just 23% of transactions.

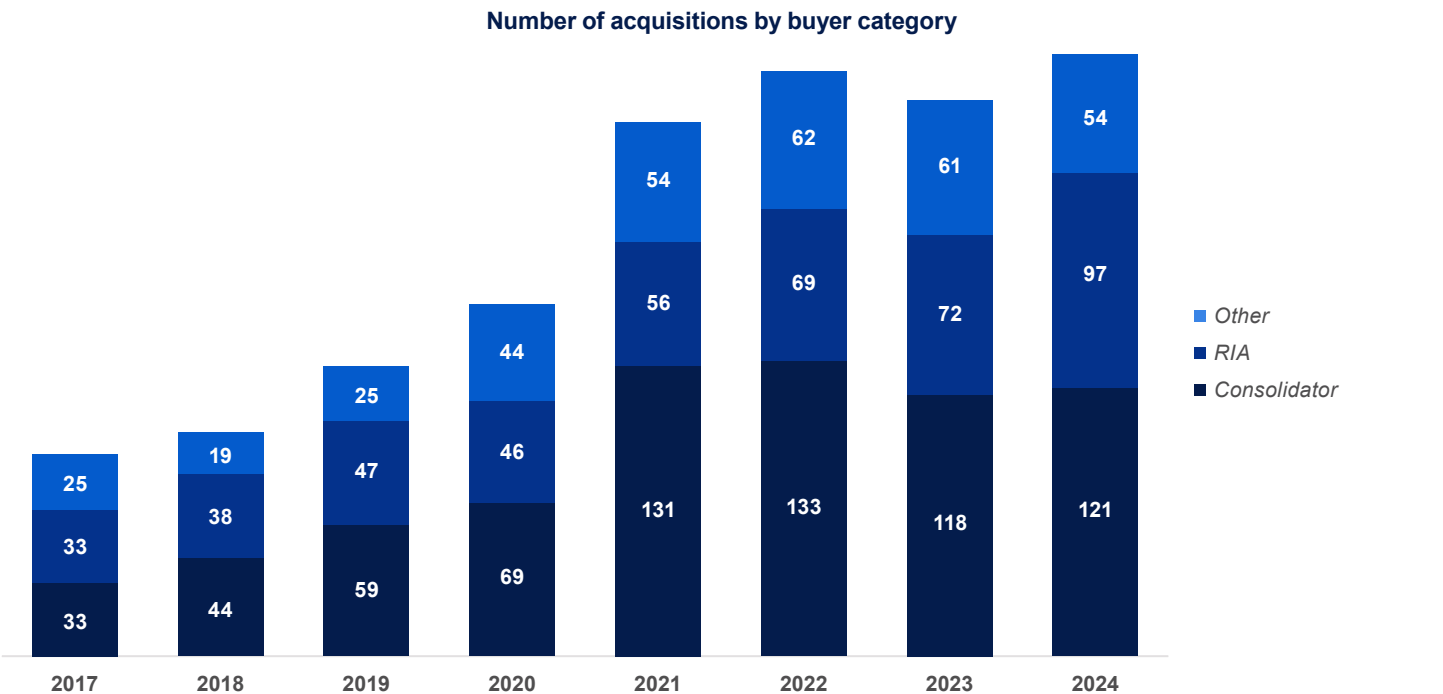
RIA buyers tend to be smaller in scale and less well-capitalized than *Consolidators* and typically target smaller firms than the latter. Sellers to *RIA* buyers typically appreciate the opportunity to sell to larger firms and gain some benefits of scale, while still ‘having a seat at the table.’ These sellers often note that they appreciate certain cultural attributes of *RIA* buyers versus major *Consolidators*.

Mission Wealth Management is an example of an acquisitive *RIA* buyer. With three acquisitions completed in 2024, the firm is now approaching the \$10 billion AUM milestone. DeVoe & Company recently advised JLFranklin Wealth Planning — a Bay Area *RIA* with a focus on Google employees and executives — in its merger with Mission Wealth. The transaction gave Mission Wealth its 39th equity employee owner, as Joyce Franklin determined that joining a large *RIA*, as opposed to a consolidator, was the best path toward achieving her company’s goals.

Other Buyer Category Share Shrinks

The *Other* buyer category, which includes private equity firms, broker-dealers, banks, and all other *RIA* acquirers, saw a slight decline in market share in 2024. This group accounted for 20% of all transactions in 2024, down from 24% in 2023.

RIA Buyers Drive Significant Growth in Total Transaction Volume



Top Acquirers in 2024: Familiar Names and New Entrants

The list of top acquirers in 2024 featured both established players and newcomers making their marks on the M&A landscape. Wealth Enhancement Group (WEG) remained dominant after executing 13 transactions in 2024. This brought WEG's total AUM to nearly \$100 billion by year-end and enhanced its position as one of the industry's most prolific acquirers.

MAI Capital Management also had a strong year, completing 11 transactions and significantly outpacing its activity in recent years. The firm's strategic focus on expanding its geographic footprint and specialized service offerings was evident in its acquisition choices.

New entrants to the top acquirers list included Kovitz Investment Group, which executed seven transactions as part of Focus Financial Partners' new hub strategy, and Diversify Wealth Management, with three acquisitions in its inaugural year. These new players demonstrate the evolving nature of the RIA M&A market and the increasing diversity of buyer types and strategies.

Other notable acquirers included Allworth Financial and Cerity Partners, each completing eight transactions in 2024. Both firms continued their steady growth trajectories, focusing on strategic fit and cultural alignment in their acquisitions.

The surge in *Consolidator* activity in Q4 2024 was reflected in the increased transaction volumes of several established players. Mercer, for instance, announced four transactions in the fourth quarter alone, reversing a notable trend of decreased activity earlier in the year, and finished 2024 with eight transactions.

The RIA M&A landscape appears poised for continued evolution going into 2025. The interplay between interest rates, private equity involvement, and the strategic imperatives of firms across the size spectrum will likely drive further changes in buyer dynamics. While *Consolidators* have reasserted their dominance, the increased competitiveness of *RIA* buyers and the strategic investments of *Other* buyers suggest a vibrant and diverse M&A market in the years to come.

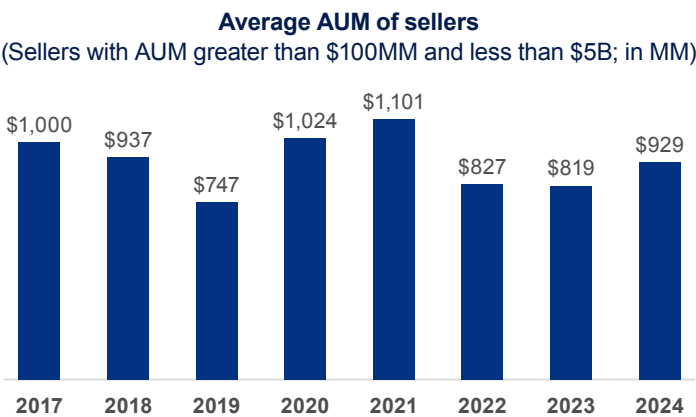
Top Acquirers with Five or More Transactions WEG and MAI hold onto number 1 and number 2 spots

Company	Number of Transactions
Wealth Enhancement Group	13
MAI Capital Management	11
Waverly Advisors, LLC	10
Allworth Financial	8
Cerity Partners	8
Mercer Advisors	8
Beacon Pointe Advisors	7
Constellation Wealth Capital	7
Kovitz Investment Group	7
Carson Wealth	6
The Colony Group	6
Corient	6
EP Wealth	6
Modern Wealth Management	6
Hightower Advisors	5
Merit Financial Advisors	5
Sequoia Financial	5

Larger Sellers Begin to Bounce Back

The RIA M&A market saw a 2024 resurgence in seller size, with larger firms selling at a higher velocity than small RIAs. The average AUM of sellers trended back toward the \$1 billion mark at \$929 million (for firms between \$100MM and \$5B), bringing transaction sizes closer to peaks seen before interest rates began climbing and buyers shifted their strategies. The uptick in average AUM was the result of *Consolidators* targeting larger acquisitions as they seek to move the needle on EBITDA in a friendlier market environment.

Average Seller Sizes Reach Highest Levels Since 2021



DeVoe & Company excludes seller transactions over \$5B in AUM.

Mega-Sellers (AUM of \$5B+) Maintain Market Share

Sellers with over \$5B in AUM maintained a strong presence in 2024, accounting for 13% of total transactions. A one percentage point gain over 2023, this performance nearly matched the all-time high of 14% set in 2017 and equaled 2018 as the second-highest year on record.

The consistent representation of mega-sellers, save for an aberrant 2022 dip in activity, demonstrates a sustained appetite for large-scale acquisitions, particularly driven by private equity interest.

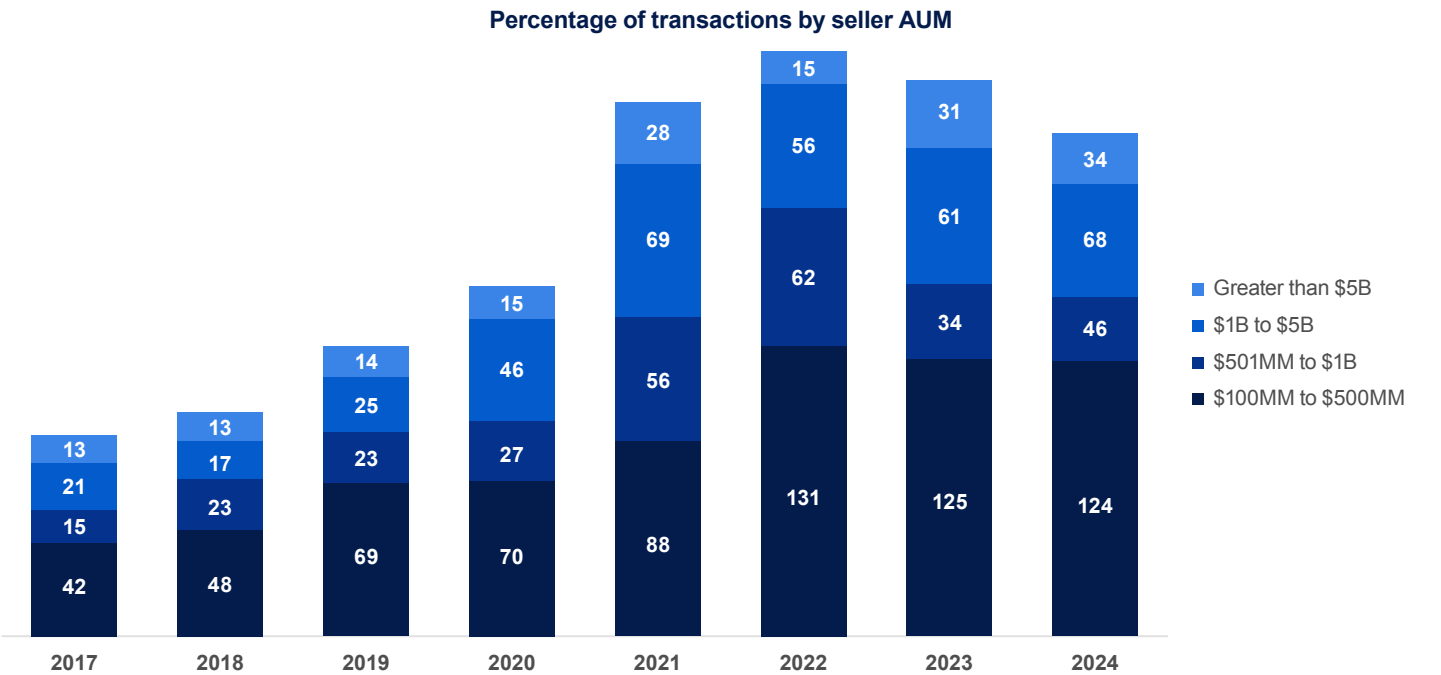
Large Sellers (\$1B–\$5B) Reverse Decline

Large sellers showed resilience in 2024, comprising a quarter of all transactions and reversing annual declines in 2022 and 2023. While their market share still falls short of the peak levels seen in 2020 and 2021, these firms should remain highly attractive to acquirers due to their established infrastructure, leadership teams, and growth potential.

Mid-Sized Sellers (\$500MM–\$1B) Pick Up Small Share

Mid-sized sellers experienced a modest uptick in 2024, gaining three percentage points compared with a level of 17% of transactions in 2023. This segment’s increased activity reflects growing interest from serial acquirers

Mid-Sized Sellers Accelerate Transaction Volume



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who find these firms appealing due to their more attractive pricing relative to larger sellers and their potential for both geographic expansion and ‘tuck-ins’ to established large offices.

Small Sellers (\$100M–\$500M) Lose Momentum

Despite announcing a similar number of transactions, the market share of small sellers shrank year-over-year as activity accelerated among larger sellers. This segment represents the majority of all RIAs and consistently comprises the largest percentage of total transactions.

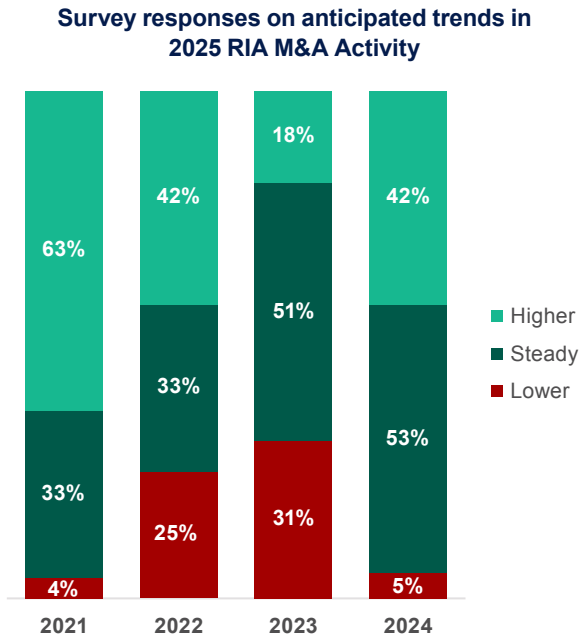
A prime example is a recent transaction advised on by DeVoe & Company: the sale of WhiteRock Wealth Management, a family-owned RIA managing \$263 million in assets, to Beacon Pointe Advisors, a nationally recognized firm with over \$36 billion in AUM. This marks Beacon Pointe’s seventh Texas location and seventh transaction of 2024. The California-based firm has grown rapidly through M&A and now advises on approximately \$40 billion in client assets. Transactions like this one can help a buyer strengthen its presence in a particular city or state.

Advisor Expectations for Future M&A Activity Surges

After three consecutive years of declining expectations, advisors are now anticipating an increase in RIA M&A activity in 2025. Key findings from the DeVoe Annual RIA M&A Outlook—conducted in late 2024 and scheduled for release in 1Q 2025—revealed that 42% of advisors expect M&A activity to increase in the coming year, representing a sharp 24 percentage point jump from 2023. The percentage of advisors anticipating lower M&A activity over the next 12 months saw a significant drop, falling sharply from 31% to just 5%.

This shift in sentiment marks a dramatic turnaround from the record low expectations observed in 2023, reflecting growing optimism for dealmaking in the RIA industry. This renewed optimism may be attributed to several factors.

Future Trends in M&A Volume



Advisors increasingly believe that valuations will increase in the near future. The recent stock market increase and interest rate declines are driving this expectation. And higher valuations would naturally contribute to an uptick in M&A volume.

Advisors are also increasingly aware of the succession crisis that is emerging in the industry. As RIA succession plans are in woefully short supply, advisors expect that they or others will see M&A as an increasingly viable off-ramp. And in a growing number of circumstances, M&A is the only option available at this time. Research from DeVoe & Company found that less than one fifth of RIA executives believe their next generation of leaders can afford to buy out firm founders at current valuations.

This optimistic outlook aligns with broader industry trends, including the ongoing consolidation at the top of the industry and the persistent challenges in internal succession planning. As the RIA landscape continues to evolve, M&A activity will play an increasingly important role in shaping the future of wealth management.

Conclusion

2024 was a landmark year for RIA M&A activity, with an unprecedented 272 transactions, greater levels of private equity participation, and the most active quarter on the books.

As we head into 2025, DeVoe & Company predicts this momentum will continue. The plateau of RIA M&A activity over the past few years was driven by compressed valuation expectations on the seller side and disciplined acquisition velocity on the buyer side. However, the structural underpinnings and key trends within the RIA industry continued to drive M&A momentum upward. DeVoe & Company expects M&A activity to increase steadily over the next five or more years, barring any unforeseen and potentially derailing macroeconomic conditions.

However, we believe sellers must recognize that buyer expectations are shifting. To position themselves advantageously, firms should focus on demonstrating sustainable above-average growth, strengthening their management teams, and optimizing their operations. Those sellers who proactively address these areas will command premium valuations and attract the most compelling buyers.

Our Methodology and the Focus of the RIA Deal Book™

The DeVoe RIA M&A Deal Book seeks to track and analyze the trends of RIA mergers and acquisitions. Leveraging our founder's experience tracking RIA M&A for 20 years — longer than anyone in the industry — DeVoe & Company reports on activities and analyzes the trends to bring you deeper insight.

The RIA Deal Book's purview is to focus primarily on the acquisitions and mergers of RIAs, and only on transactions of \$100 million or more in AUM. We limit our tracking to \$100MM+ RIAs to optimize the statistical accuracy of our reporting and seek to screen out the SEC-registered hedge funds, independent broker-dealers, mutual fund companies and other companies that aren't operating as traditional RIA firms. We also exclude the "advisors joining RIAs" category unless there are important developments.

Our goal is to provide the RIA community with the very best M&A data on the 5,000+ SEC-registered RIAs so that advisors like you can make more informed strategic decisions.

About DeVoe & Company

DeVoe & Company is a goal-based consulting firm and investment bank focused exclusively on guiding wealth management and investment management companies to a higher level of success. We provide consulting, M&A, and valuation services to help you accelerate the achievement of your business goals. Leveraging our team's 400 years of combined experience in RIA business consulting and management, we develop solutions tailored to your unique goals, needs, and situation. The wealth and investment management industries are highly dynamic and evolving at a fast pace. DeVoe & Company can help you better understand your options, determine your optimal path, and craft an implementable plan for you to capitalize on the opportunities.

What We Do

Our mission is to help you achieve success on an accelerated basis. Our services fall into three major categories:

BUSINESS CONSULTING
M&A GUIDANCE
VALUATIONS

Who We Are

Founded and led by RIA thought-leader David DeVoe, our team has grown to over 20 professionals with 400 years of combined experience. Our consulting approach is a reflection of the team's background: An ideal balance of analytically rigorous theory and real-world experience. Our team includes a McKinsey-trained management consultant and several former CEOs/COOs of \$1B to \$200B RIAs. As a result, we are positioned like no other consulting firm to provide you advice on any strategic challenge you may face. Our breadth of experience enables us to be your complete partner.

How We Do It

DeVoe & Company creates transformational change for our clients through a unique, highly focused approach. Most engagements begin with our proprietary strategic planning process: StrategicContext™. During the StrategicContext™ stage we gain a detailed understanding of your business, professional, and personal goals. Through this methodical approach a strategic "North Star" for the engagement emerges. This North Star provides the management team with a consistent point of alignment for the myriad decisions throughout the process. As a result, the outcome will be deeply rooted in the company's core goals and integrated into a cohesive plan.

DeVoe & Company executed more than 900 engagements in the last several years, supporting firms managing \$100MM to over \$250B in AUM.

Our Insights

We regularly publish white papers, are quoted in financial publications, and create other thought leadership pieces that we make available on our website at www.devoeandcompany.com.

A few of our most recent articles / white papers include:

- *The Heart of the Deal: Understanding and Overcoming the Emotional Barriers of Selling Your RIA*
- *It's Time for a Human Capital Revolution*
- *DeVoe RIA M&A Outlook Study*
- *Succession Planning: Planning Your Future*
- *Putting Strategic Context Around Your Succession Plan*
- *Tailor-Made Successor*
- *True Value: Learn to Focus on the Things that Drive Up the Value of Your Practice*

Engaging DeVoe & Company

For more information or to engage our services, call us at 415.813.5066 or send an email to info@devoe-co.com.

Capital Group's commitment to the RIA industry



Business management

We recognize the challenges facing RIAs. We stand ready to assist you with our wealth strategy solutions, benchmarking and elite engagement services.



Investment management

From due-diligence consultations to portfolio analysis to the latest market insights – we can equip you with information and solutions to help meet your clients' financial goals.



Client communications

Leverage our proprietary research on clients' attitudes and preferences. We have insights, tools and specialists to help improve your client relationships.



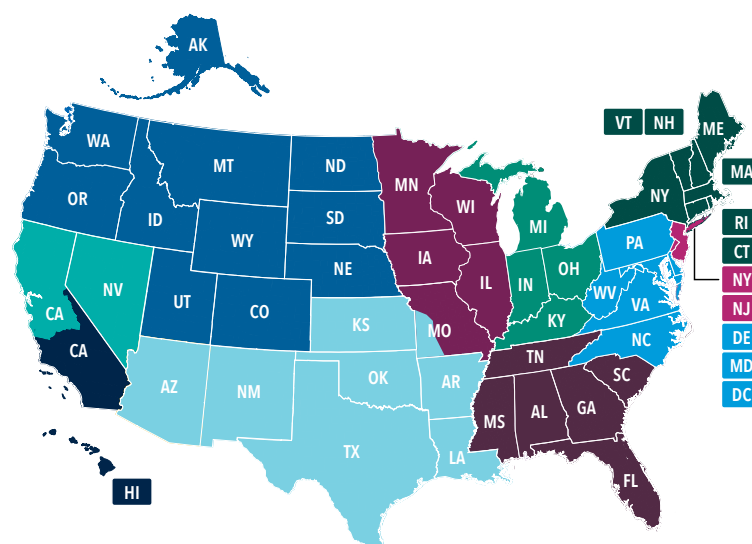
An online community exclusively for RIAs – RIAInsider.com

Enjoy curated insights and a community of peers and thought leaders. Access specialized tools relevant to RIAs, including advisor management platform Truelytics. And boost your brand with Marketing Lab, Capital Group's client-ready publishing tool.

A dedicated RIA team to collaborate with your practice

Contact your relationship manager or specialist directly, or call our RIA support line at (800) 421-5450.

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