

RIA M&A Headline Considerations	What Sellers Should Know
High Headline Multiples	<ul style="list-style-type: none"> • Premiums are achievable for high-growth firms with portable talent. • Sellers will need to demonstrate strong business building skills to achieve premiums moving forward. • Sellers who get educated or work with a transaction advisor have the best chance at commanding higher value. • Sellers should be wary of headline multiples – what terms were used to calculate the “multiple?”
Seller Firm Size (AUM)	<ul style="list-style-type: none"> • While large firms will continue to drive M&A activity, buyers exist for every size segment. • What’s in it for both parties? Sellers may get a succession solution or scaled resources to grow. Buyers may be able to enter a target geographic market, or a seller’s unique niche.
Cash Deals	<ul style="list-style-type: none"> • Most sellers should not expect an all-cash deal structure. This trend is declining for the third year in a row. • Structures are shifting towards growth-sharing (more equity consideration) and earn more incentives (additional consideration for excess growth).
Private Equity Investment	<ul style="list-style-type: none"> • Private equity interest remains high. PE is now interested in firms \$2B in AUM and above with a compelling trajectory. • There are specialty investors willing to provide capital for smaller firms that have invested in the business and want to 5 – 10x their size in the next decade. • Sellers should be aware that PE and investors are “under the tent” in any transaction. A more intentional approach is needed versus full sales.
Undisclosed Details	<ul style="list-style-type: none"> • Sellers should know that deals are getting done in more creative ways. More buyers are entering the space, competition is heating up. We anticipate more diversification in how deals get done and how buyers differentiate themselves, which means less public deal disclosure.

Deals Focused on Service Expansion	<ul style="list-style-type: none">• Buyers are becoming more selective, and targets are evolving.• Sellers with specialization will gain interest. More buyers are building out specific capabilities or business lines. Sellers with a unique story should lead with that when going to market.
Talent Acquisition	<ul style="list-style-type: none">• The trend to acquire talent beyond firm founders will continue. Equity recycling demonstrates sustainable value, and sellers need to build that foundation or establish it through a deal.• Sellers with strong Next Gen talent are highly sought after as this industry continues to face a tight labor market.

Source: Advisor Growth Strategies, The RIA Deal Room 2024