



## Virginia Wealth Firm Joins RIA-Buying Spree

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By Tom Stabile

A small Norfolk, Va., wealth manager with a multi-family office model has jumped into the acquisition-happy market for independent advisors by acquiring a smaller, two-office firm. The deal creates a combined outfit with more than \$1.5 billion in client assets and comes on the heels of a busy 2007 in which nearly two dozen smaller wealth advisor firms were scooped up by larger organizations.

**Signature Financial Management**<sup>1</sup> joined the buying fray in a deal that closed last month to acquire **W. L. Achenbach and Associates**, which had \$400 million in assets under advisement at its offices in Charlottesville, Va., and St. Charles, Ill., a Chicago suburb. It is the first acquisition for Signature, which was founded in 1994, but won't be the last, says **Randy Webb**, the firm's president.

"There aren't many geographic boundaries to deliver the service we can provide," he adds. "We'll stretch to other geographies, as long as we can continue to provide top-notch quality services to our client base, and we'll grow both organically and through acquisitions."

Webb says the firm's six partners don't have a specific growth target or schedule in mind, but instead will "keep our eyes on the horizon and we'll continue to look around for companies or partners that are a great fit."

Signature may well cross paths with competitors on that horizon, given an active season for acquisitions. A variety of firms are on the hunt to buy independent wealth advisor firms outright or to obtain ownership stakes or cash flows. In 2007 alone, several billion dollars worth of client assets were in the mix in deals closed by **WealthTrust**<sup>2</sup> of Nashville, Tenn.; **Boston Private Financial Holdings**<sup>3</sup> of Boston; New York-based **Focus Financial Partners**<sup>4</sup>; Fiduciary Network of Dallas; New York-based **Asset Management Finance**<sup>5</sup>; and **United Capital Financial Partners**<sup>6</sup> of Newport Beach, Calif.

Even the higher-end multi-family office market has been active, says **Thomas Livergood**, CEO of **Family Wealth Alliance**<sup>7</sup> in Wheaton, Ill., a national organization for high-net-worth investors and advisors. Signature, which markets itself as a "private investment office," is a member of the Family Wealth Alliance and has a client base similar to the group's membership.

Livergood cites the acquisitions last year of two wealth advisors by **GenSpring Family**

**Offices**<sup>8</sup>, which is the multi-family office arm of **SunTrust Banks**<sup>9</sup>, and the merger of **Quintile Wealth Management**<sup>10</sup> and **Kochis Fitz**<sup>11</sup> to create the new San Francisco-based Kochis Fitz/Quintile.

“We predicted that M&A activity would heat up, and it has,” Livergood says. “We see it continuing and valuations will continue to be robust. It’s somewhat shielded from all of this stock market turmoil at the higher end.”

At least two more family-office acquisition deals wait in the wings, says **Elizabeth Bloomer Nesvold**, managing partner of New York-based **Silver Lane Advisors**<sup>12</sup>, an investment bank and consulting firm. “It’s an awfully large market in terms of the independents,” she adds.

Several factors are driving the acquisitions push, particularly for multi-family offices, which often are looking to buy smaller wealth managers, such as financial planners or registered investment advisors, Livergood says. One is the chance to “grab talent” and the relationships that those advisors have in an existing market. Another is to expand their geographic footprints into new markets. And yet another is to achieve greater scale and efficiency of operations in a combined business structure. “Any time you can pool talent and resources, it helps,” he adds.

Stretching out to new regions was an effective multi-family office strategy for **U.S. Trust** when it was building its business more than a decade ago, Nesvold says. The “hub-and-spoke” system allowed it “to create a national platform to leverage the mothership’s infrastructure with outposts established by acquisition in selected regions,” she adds. “It was a much more efficient way to build a national client base without a national presence.” U.S. Trust was sold to **Charles Schwab**<sup>13</sup> in 2000 and last year sold again to **Bank of America**<sup>14</sup>.

Signature is now positioned to expand in a new market in Virginia as well as in the Midwest, Webb says. Achenbach, which has taken on the Signature name, had a similar client base and model. “We were actually introduced by a client,” Webb says.

Signature’s “DNA” is first-generation wealthy investors, Webb says, but it is making inroads to the next generation as well. “Our clients have tremendous buying power individually and collectively,” he adds.

Signature approaches family client portfolios with a strategy similar to endowments – using multiple asset classes, global breadth, and an effort to take advantage of illiquidity and inefficient markets. The strategy includes direct hedge fund and other alternative investments. “We go direct, and we speak to the manager in their home countries and home investment markets,” he says. “We always want to be as close to the manufacturing of the strategies as we can.”

All employees from Achenbach are staying on board, including **Bill Achenbach**, who had been CEO and is now a partner of Signature.

Nesvold says a benefit of the Signature deal is that the two firms have not been “rolled up” into a much larger organization that basically just absorbs the acquired outfit. By remaining an independent, Signature is positioned to acquire again.

“It’s very difficult to do a merger of equals,” she adds. “You have to solve many challenges like who leads it, what name will you use, what fee schedule and investment platform do you offer, and how do you serve clients. But once it’s done, you’re equipped to handle the next one.”

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