

Publication: [Financial Observer online](#)

Date: 7 April 2015

financialobserver

Structural triggers prompt M&A upturn

07 Apr 2015

By Kristen Crawford

Widespread structural change across the financial advice industry has triggered the recent surge in mergers and acquisitions (M&A) among mid-tier accounting, financial advice and funds management firms according to boutique investment banking business Chase Corporate Advisory.

“There are a number of reasons for the increased activity [in M&A], but the falling Aussie dollar, rising equity market and significant legislative change are chief among them,” Chase Corporate Advisory principal and managing director Jeff Singh said.

“US private equity firms eager to get a foothold in the Australian financial services sector see real opportunities at the moment, and they are aggressively pursuing an acquisition agenda,” he said.

The funds management sector had also played a significant role in the increased activity, according to Singh.

“Fund managers know that they must evolve and grow if they are to continue to remain competitive and keep their slice of the investment market – particularly as the great big pool of superannuation money grows ever larger,” he said.

“We are seeing fund managers take steps to identify boutiques which they can incubate and develop, with an eye to improving distribution on- and offshore, as well as diversifying their income streams.”

Further, demand for specialist advice had increased markedly as a consequence of changes in the industry, as he said good advice made the difference between a successful and an unsuccessful transaction.

“[Mid-size] financial services firms looking at buying, selling or merging their businesses understand that they need advisory firms which specialise in the mid-market level, and which can advise at every stage of the process, from origination of deals, right through to due diligence and execution,” Singh said.

“Chase is one of the few specialists in this area, and as a result we have been overwhelmed by demand for our services.”

The group’s funds under administration and funds under management now stood in the order of \$20 billion, “something we have never experienced before,” he said.

“At the smaller end of our deal book, we advised on the sale of Certitude Global Investments to Ironbark Asset Management this week, but our recent transactions are often much larger and more complex, such as the \$200 million sale of Crowe Horwath [to the Findex Group].”