

New York's Focus Financial Partners' \$1.3b mid-tier warchest

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While Australia has a blossoming mid-tier accountancy and legal firm sector, it is much harder to find mid-tier financial advice firms, with the highly-competitive space dominated by mammoth financial services institutions.

Rajini Kodialam, the co-founder and managing director of New York's Focus Financial Partners, has pledged to redress this situation by investing in local wealth management firms and in turn giving more consumers access to "unbiased" advice.

[<http://www.afr.com/business/accounting/new-yorks-focus-financial-partners-shopping-for-aussie-advice-firms-20160513-goucfe>]

"We don't have to leave the US, it's a very big market and there is plenty of runway for us in the US ... but we always wanted to build a global company. We look for markets where there is scale and Australia does have scale," she told *The Australian Financial Review*.



Focus Financial Partners co-founder Rajini Kodialam says Australia is a market with "scale". **Darrian Traynor**

"There is a consolidation trend here with older advisers looking to retire and monetise their life's work, but at the same time wanting to make sure their clients are taken care of in the same caring, fiduciary focused fashion and they don't want to send them to a bank. [They] are saying 'I am going to make some money, but I'm going to kill everything I've built'."

Focus acquired a minority stake in MW Lomax last year and the Melbourne-based firm in turn has acquired Brisbane-based wealth manager Westwood Group for an undisclosed sum.

Ms Kodialam said her focus was on investing in high-quality advice firms in Australia.

"We have \$US1 billion [\$1.33 billion] at play which we can help fund our partners," she said.

"Mid-tier firms are standing clearly on the side of the client and by partnering with firms like MW Lomax we can create larger partnerships with scale, strength and geography."

The new unified – and yet to be renamed – Westwood and MW Lomax outfit has 83 staff across Queensland, Victoria and NSW and \$800 million in assets under management. It is MW Lomax's tenth acquisition.

A 'breath of fresh air'

Jon White, group managing director at MW Lomax, said that while he could name a mid-tier accounting firm or a mid-tier legal firm, he would struggle when trying to do that in the mid-tier financial services space.

"Whilst we have a huge opportunity with all the money in superannuation, it's controlled by the product-driven banks and you ask today, where are the mid-tier financial firms and you'd probably struggle to name them," he said.

US-based Focus was founded by Ms Kodialam and two other former American Express executives in 2006.

It generates over \$US500 million in revenue a year from more than 45 partner firms and affiliates which employ more than 1500 people. It provide network partners with access to capital and back office services, including help with human resources and succession planning.

Mr White called Focus a "breath of fresh air". "They have the ability to build mid-size businesses that are not an institution. When they came to Australia, and we are a much much smaller market, it was a very good opportunity," he said.

Ms Kodialam said the firm was looking at other Australian businesses after testing the water outside the US by inking partnerships with Canada's Dorchester Wealth Management and Greystone Financial Services in Britain.

"We are actively interested in quality opportunities both as direct partners for Focus and as acquisitions or mergers for MW Lomax," she said.

Alice Uribe writes on Financial Services and Insurance