Heligan
CORPORATE
FINANCE

Independent Financial Advisors M&A

UK Market Review 2024

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Contents

Executive summary: M&A activity remains robust

1

Continued high transaction volumes

M&A activity in the IFA sector has remained buoyant, underpinned by regulatory pressures, increasing compliance costs, and the retirement of aging advisors. Larger consolidators and mid-sized acquirers continue to expand aggressively, leveraging scale to drive operational efficiencies and margin improvements.

2

Private equity-backed buyers lead market consolidation

PE-backed platforms have continued to dominate the M&A landscape, deploying capital to acquire and integrate smaller IFAs. This has fuelled the growth of national-scale advisory networks, with secondary buyouts and recapitalisations further shaping the market.

3

High valuation multiples persist

Strong competition among acquirers has kept valuation multiples at historically high levels, with quality IFAs commanding a 9-12x EBITDA valuation. While rising interest rates have introduced some pressure, premium firms with strong compliance frameworks and geographically attractive locations continue to attract top-tier valuations.

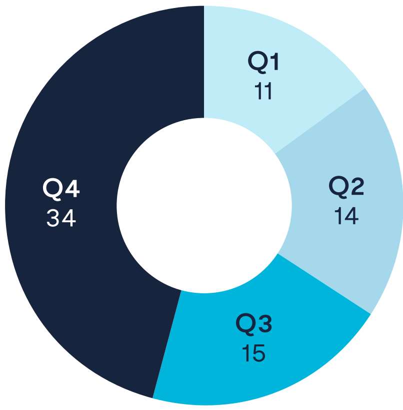
The UK IFA M&A market is expected to remain active as investors seek consolidation opportunities and firms position themselves for long-term regulatory and economic shifts.

> The high volume of transactions in 2024 underscored strong market activity. Looking ahead, M&A momentum is expected to persist into 2025, driven by strategic consolidation, with private equity continuing to play a pivotal role.
>
> **Greg Easter**
> Partner, Corporate Finance

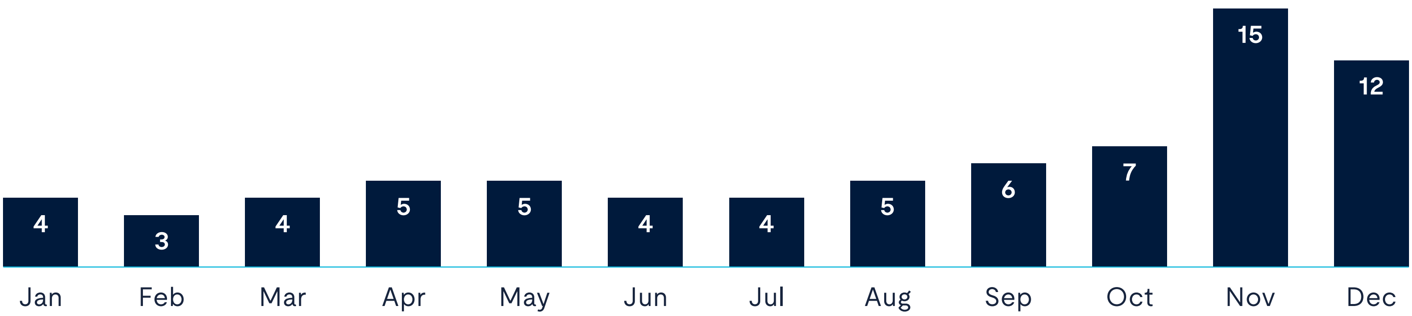
2024 in focus:
UK IFA and wealth management M&A

Total transactions by deal count

Number of transactions per quarter



Number of transactions per month



Key transactions in 2024

Buyer	Target	Date	HQ (UK)	Description
Craven Street Wealth	Punter Southall Group	26/01/24	Oxford, Bedford, Poole	Financial Planning
Finli	Clark Gillone	09/02/24	Scotland	Financial Advisor
Titan Wealth	Loveday & Partners	15/04/24	Norwich	Financial Planning
Shackleton	ellis bates	17/09/24	Harrogate	Financial Advisor
Brooks Macdonald	LIFT	08/10/24	Manchester	Financial Advisor
Perspective	springfield	05/11/24	Preston	Financial Advisor
Succession Wealth	true wealth group	18/11/24	Leeds	Financial Advisor
Shackleton	Fleming Financial	02/12/24	Cambridge	Financial Advisor

Key trends

Post-pandemic growth and valuation trends

Since COVID-19, IFA and wealth management firms have seen soaring valuations, driven by strong consolidation, favourable demographics, and sector resilience. Private equity and institutional investment have fuelled deal activity, pushing enterprise value (EV) and EBITDA multiples to record levels.

Market headwinds: Inflation, interest rates and regulation

Persistent economic challenges shaped deal dynamics in 2024. Although inflationary pressures eased, elevated interest rates continued to impact financing conditions, increasing the cost of leverage and leading to greater scrutiny on transaction structures. Asset managers faced revenue headwinds as fluctuating equity markets affected AUM, impacting performance fees and overall profitability. Regulatory developments also played a key role, with the FCA's Consumer Duty initiative – first introduced in 2023 – driving increased compliance costs and operational adjustments. Firms were forced to refine business models to align with evolving regulatory expectations, adding further complexity to M&A valuations.

M&A landscape: Caution amid consolidation trends

Despite economic and regulatory challenges, M&A activity remained robust in 2024, private equity-backed consolidators continued to be key market players, focusing on firms with strong recurring revenue models, scalable operations, and solid earnings quality. The emphasis on efficiency and cost synergies became increasingly important as market participants sought to optimise post-transaction performance and protect against inevitable reduction in future valuation.

Valuation drivers: Differentiating high-performing firms

The IFA and wealth management sector continues to exhibit a clear relationship between revenue growth, earnings quality, and enterprise value (EV). Firms with high recurring revenue, superior margins, and scalable operations attract higher valuation multiples, while those with weaker financials face more significant investor scrutiny.

Outlook: A more selective future?

Looking ahead at the IFA and wealth management sector, we expect to see continued high levels of M&A activity, but with greater selectivity in pricing and deal structuring.

- Firms with **scalable operations, efficient cost structures,** and **technology-driven solutions** will continue to command premium valuations.
- The role of **AI and automation** in driving operational efficiencies and improving client experience will become a differentiator.
- **Investor caution and a potential market recalibration** may moderate valuation multiples, though strong underlying sector fundamentals.

The consolidation of the IFA sector is a trend that shows no signs of slowing down. While smaller firms are exiting the market, larger firms and PE investors are stepping in to reshape the industry.

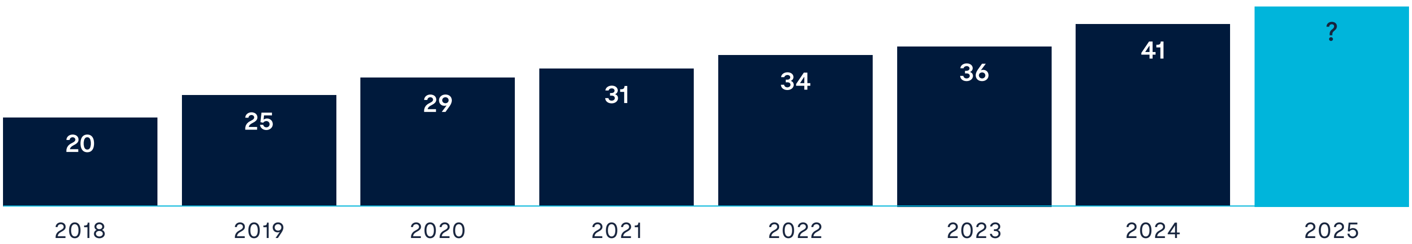
> For IFAs, the focus will now be on how to navigate this landscape - whether that means positioning for sale, strengthening internal capabilities, or exploring strategic partnerships.

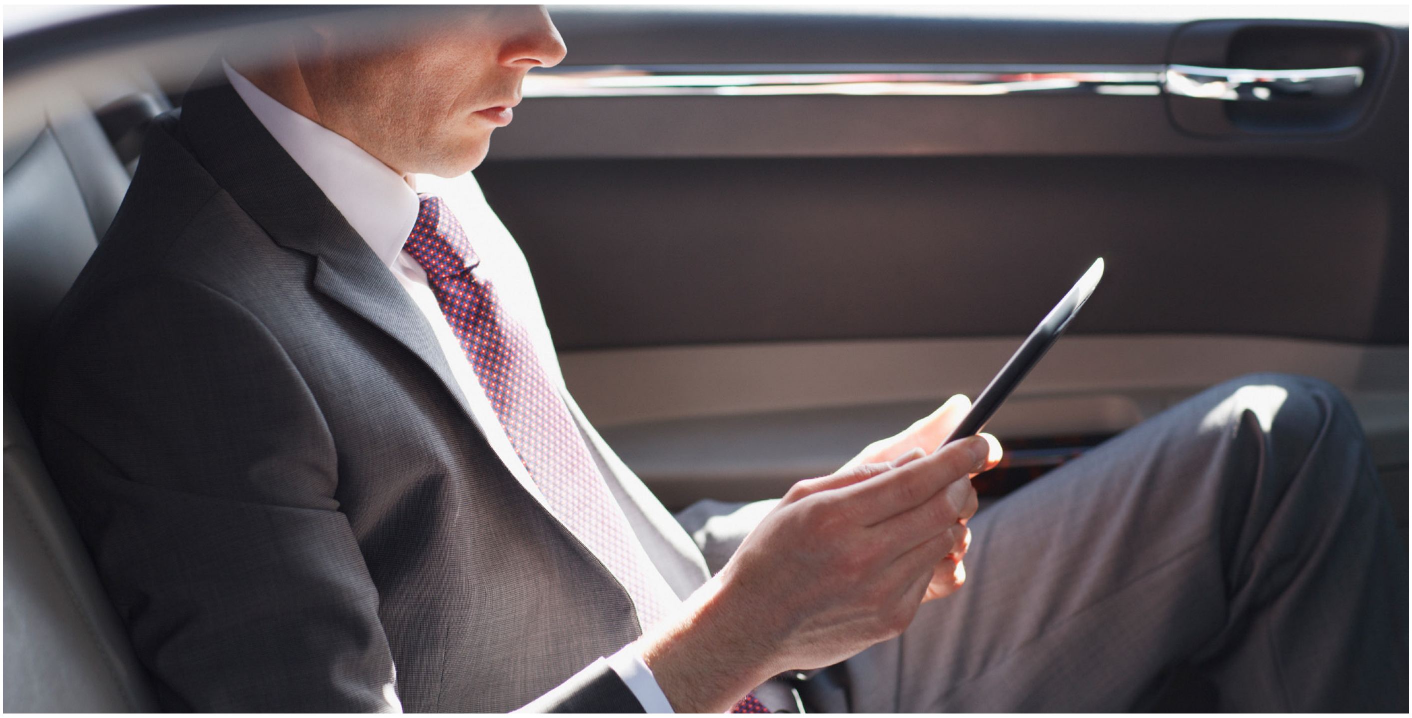
PE-backed consolidation: What is driving deal activity?

Private equity (PE)-backed consolidation in the IFA sector continues to accelerate, with the number of PE-backed firms increasing year over year. This trend shows no signs of slowing down, and 2025 is expected to see even greater activity as investors seek to scale their portfolios and drive efficiencies.

Shackleton's recent acquisition of a Norwich-based IFA signals ongoing appetite for deal-making in 2025, reinforcing PE's role as a key driver of consolidation. With each passing year, new entrants emerge alongside established consolidators, intensifying competition for high-quality assets. The question now is: how many more PE-backed firms will enter the market this year?

Number of private equity-backed financial advice firms in the UK





A sector reshaped by private equity

The latest data underscores how PE firms are reshaping the industry. According to Opinium's IFA Barometer, acquisitions by IFAs nearly doubled from 5% in February 2024 to 9% in December 2024, highlighting an accelerating trend. This surge is largely driven by private equity, which continues to inject capital into firms. Additionally, 17% of sole traders exited the market in 2024, creating further opportunities for PE-backed consolidators to expand their market share.

What to expect in 2025?

With PE investment continuing to flow into the sector, consolidation is unlikely to slow down. Larger firms will remain aggressive in their expansion strategies, leveraging private capital to acquire and integrate smaller IFAs. The competition for high-value targets will likely intensify, making 2025 another pivotal year for private equity-driven M&A.

For IFA firms, the key considerations will be:

- **Positioning for acquisition**
  Firms with strong financials and scalable operations will attract the highest multiples.
- **Strategic growth**
  Firms looking to remain independent must refine their operational efficiency and grow assets to compete with larger PE-backed groups.
- **Market evolution**
  As consolidation reshapes the industry, staying ahead of regulatory, tax, and economic changes will be critical. Will a new model of independence emerge?

One thing is clear: PE-backed consolidation is not a short-term trend but a fundamental driver shaping the future of the IFA sector. The key question is not whether acquisitions will continue, but rather the volume and pace at which they will unfold in 2025.

Transactions in 2025

A number of transactions have already taken place in 2025, demonstrating the market's continued appetite for consolidation.

Newcastle-based **Azets Wealth Management** has completed the acquisition of **Laurus Associates**, a well-established financial advisory firm. This strategic transaction strengthens Azets' presence in the North East and aligns with its broader growth strategy. Following the recent acquisition of Glasgow-based Milne Craig in August 2024, this move further underscores Azets' commitment to expanding its footprint and enhancing its service offerings within the UK wealth management sector.

London-based **Titan Wealth** has announced the acquisition of Jersey-based **Advisa Wealth**, a firm managing £525 million in assets and serving over 1,800 clients, with a 95% client retention rate. This acquisition complements Titan Wealth's recent purchase of Ravenscroft International, further strengthening its capabilities in financial planning and wealth management across Jersey and Guernsey. These strategic moves align with Titan Wealth's long-term objective of managing £100 billion in assets within the next five years.

London-based **Foster Denovo** has acquired Glasgow-based **Verum Wealth**, adding £87 million in assets under advice. This acquisition marks the firm's seventh in just over a year, further strengthening its presence in Scotland. In 2024, Foster Denovo secured a £100 million investment from Texas-based private equity firm Crestline Investors to support its growth strategy. Since then, the firm has deployed £54 million in acquisitions and related activities, including the purchase of Brian Mole Independent Financial Advisers in December 2024. This transaction added £300 million in assets under management and expanded Foster Denovo's presence in the Midlands.

London-based **Shackleton** has acquired Norfolk-based **Harrold Financial Planning (HFP)**, adding £300 million in assets under management. This acquisition expands Shackleton's presence into the East of England and aligns with its national expansion strategy. In 2024, Shackleton rebranded from Skerritts Group and launched as a unified financial advice firm following investment from Sovereign Capital Partners. Shackleton has acquired multiple firms, including Save & Invest, Fleming Financial, Robson Lister, and Shorts Financial Services, as part of its strategy to build a nationwide financial advisory group. The acquisition of HFP further consolidates its market position and enhances its client service capabilities.

Saltus has completed the acquisition of **Lowes Financial Management**, a Newcastle-based firm with £1bn in assets under management. This strategic transaction enhances Saltus' footprint in the North East and aligns with its broader expansion strategy. The move underscores Saltus' commitment to strengthening its presence in the UK financial advisory sector.

Lumin Wealth has completed the acquisition of **Professional Financial Centre**, a Reading-based financial advisory firm managing £50m in assets. This acquisition supports Lumin Wealth's growth strategy and enhances its ability to deliver comprehensive wealth management solutions to clients.

Benchmark Capital has successfully acquired **Robertson Baxter**, a Huddersfield-based wealth management firm with £200m in assets under management. This acquisition reinforces Benchmark Capital's growth ambitions and expands its regional presence, allowing it to provide enhanced financial planning services.

Corporate Finance IFA team

Our Heligan Corporate Finance team, seasoned across sectors and mid-market deal sizes, delivers exceptional, insight-driven results through deep expertise and a robust network.

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