

Behind CI Financial's purchase of a \$23bn RIA and asset manager

By Ian Wenik / 2 March 2021

Find out what led to the RIA mega-deal, which was announced in late January.

Segall Bryant & Hamill didn't want to play another round of private equity musical chairs.

As 2020 was coming to a close, the \$23bn RIA and asset manager's existing private equity backer, Thoma Bravo, was finishing its seventh year invested in the firm.

Private equity shops rarely stay invested in a company past seven years, but Segall Bryant & Hamill wasn't ready for the next song to start playing after the chair got taken away.

'We didn't put ourselves on the market. We were fielding calls because we've been very successful. We had a lot of inbound interest,' said Philip Hildebrandt, Segall Bryant & Hamill's chief executive. 'I was really looking for a permanent capital solution, not another private equity firm, because I didn't want to do this again seven years down the road.'

Hildebrandt hopes he's found a permanent partner in CI Financial, the Canadian asset manager that has gone from 0 to 14 RIA transactions in a little more than a year. David Abbott, president of wealth management investment bank Cambridge International Partners, sourced CI as a potential partner.

CI emerged as a strategic fit for Segal Bryant & Hamill, Hildebrandt said, because CI wanted to invest in the Chicago-based company as a whole instead of picking



between its institutional asset management business and its high net worth-focused RIA division, which oversees roughly \$6bn in assets.

'I think they were more interested in our wealth management business at first, because [CI Financial CEO] Kurt MacAlpine has been very consistently acquiring geographically diverse, strong RIAs throughout 2020 to build their US presence,' Hildebrandt said. 'The thing that's different about us is he gets a wealth management business that is one of the larger ones in the country as a boutique, but he also picks up our \$17bn institutional business, which is going to be the platform for [CI's] institutional growth in the United States.'

CI did not disclose the financial terms of the transaction with Segall Bryant & Hamill, while Hildebrandt declined to comment on deal terms beyond indicating that it was primarily financed with cash.

MacAlpine placed the transaction within the context of his overall vision for CI.

'It demonstrates continued progress for us against the three strategic priorities that we had laid out shortly after I joined the company [in September 2019],' MacAlpine

said. 'Modernize asset management, expanding wealth management and globalizing our company.'

But the impact of Segall Bryant & Hamill on CI's US asset figures shouldn't be understated. CI said that the transaction with Segall Bryant & Hamill will double its total US asset and wealth management assets to about \$46.1bn.

'I'm pretty sure prior to this transaction, we had built the fastest-growing RIA platform ever. Prior to this deal, we had added essentially \$22bn in [RIA] assets in a nine-month period,' MacAlpine said. 'We're now nine-and-a-half months in. When this closes, we'll be north of \$28bn just in the RIA space itself, plus all of the other capabilities that we get as part of this acquisition as well.'

With some excess cash on hand after it used a \$960m bond sale to retire some of its upcoming debt maturities, CI might be making a slew of additional acquisitions in the near future.

'I think we're the most well-capitalized buyer in the space,' MacAlpine said.

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