

FINANCIAL NEWS

Quilter Cheviot raring to reel in the wealthy

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Veteran wealth adviser Michael Kerr-Dineen is on the acquisition trail after merging Cheviot Asset Management group, which he bought from UBS in 2006 having sold it to them five years earlier, with rival Quilter & Co.



His quest coincides with a rash of deals across the wealth sector, seen by investment bankers as offering them a greater chance of earning advisory fees than deals in the institutional sector, which have proved difficult to pull off this year.

Quilter Cheviot, where Kerr-Dineen is senior adviser, is 70% owned by private equity firm Bridgepoint, which wants to finance wealth deals to achieve scale. Quilter was sold to Bridgepoint by Morgan Stanley for £175m last January.

Kerr-Dineen told Financial News: "I'd like to build our combined business from £12bn to £20bn through organic growth and deals. Equity and cash are available. Our performance is in the top decile, which helps us win referrals and scale."

Cheviot's conservative balanced and growth styles easily exceeded the top quartile performance of their peer group, according to analysis by data provider Asset Risk Consultants.



Kerr-Dineen is senior adviser to Quilter Cheviot. Martin Baines, from Quilter, will concentrate on running operations of the joint company as chief executive.

At the smaller end of the UK market, Jonathan Polin, chief executive of Ashcourt Rowan, the wealth advisory firm, told Financial News this month he expected "huge consolidation".

Data from a social networking site for portfolio advisers, run by Swiss-based Lombard Odier, shows 21% are ready to sell their business, 33% are looking to acquire and 14% plan mergers.

Tougher regulation, plus the costs involved in updating operational platforms, is encouraging wealth advisers to agree takeovers.

Six wealth deals ranging in size between £1m and £23m have been signed in the UK this year, on top of the two Quilter transactions, according to boutique adviser Pakenham Partners, which acted on two of them. Co-founder Kevin Pakenham said: "Rising regulatory demands make the management task too heavy for the smaller firms or firms which have not modernised."

Barclays' wealth division is currently reviewing ways it can boost its investment expertise. It sold its asset management business to BlackRock three years ago, and it will be free to compete again in that sector on Monday December 10, according to a spokesman.

Credit Suisse said last week that its private bank would absorb its asset management business. UBS, Royal Bank of Scotland and Morgan Stanley are investing heavily in the wealth sector.

Wealth adviser Julius Baer produced the biggest deal of this year through its \$900m purchase of Bank of America Merrill Lynch's non-US business. It bought 20% of Italian wealth manager Kairos this month.

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