

Q2 2018 money manager M&A activity summary

Money manager M&A deals in the second quarter dropped 21% while assets involved fell 67% from the first quarter.

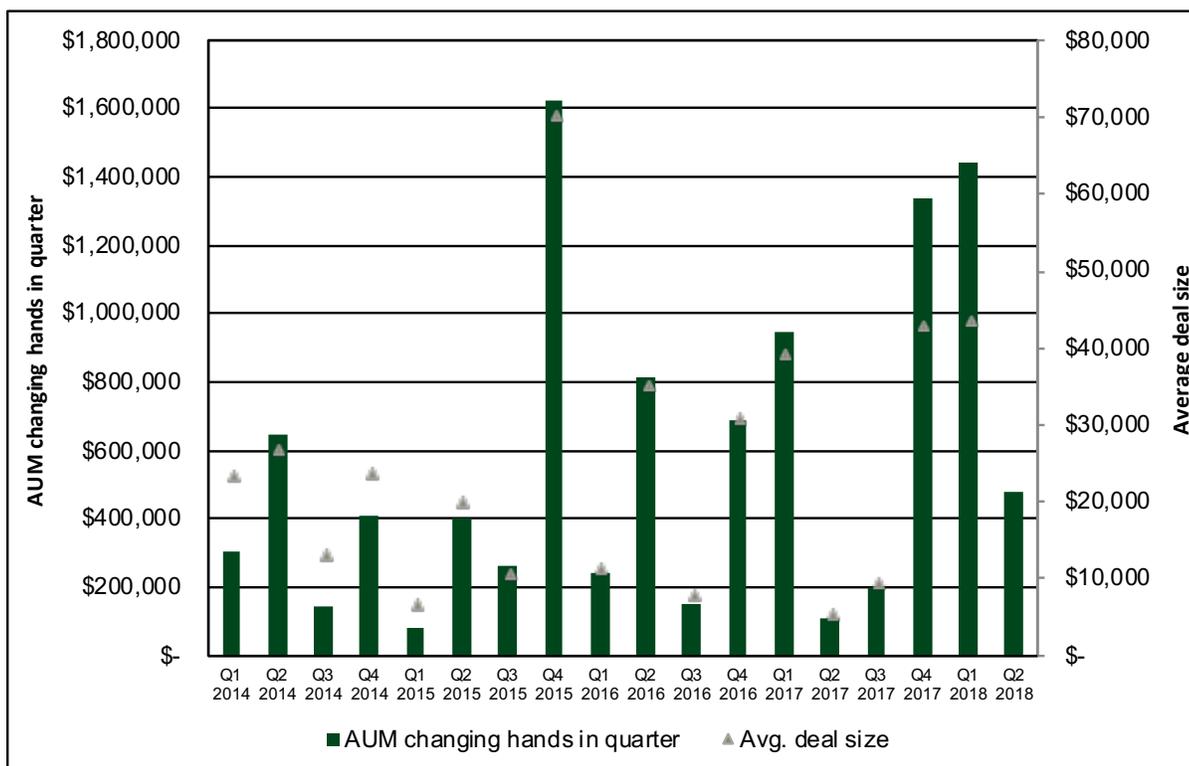
Twenty-six money management deals took place during the most recent quarter, down from 33 in the previous quarter. In the second quarter of 2017, there were 20 transactions. Total assets involved in the transactions were \$47.6 billion, down from \$1.4 trillion from the previous quarter.

The blockbuster deal in the quarter was the announced spinoff of CFS Group from Commonwealth Bank of Australia. Colonial First State Global Asset Management has A\$207 billion (\$154 billion) in assets under management. Commonwealth Bank of Australia said First State will be spun out as part of a wider group of businesses, CFS Group, that will also include Commonwealth Bank of Australia’s superannuation, investment and retirement platform, which has more than A\$135 billion in funds under administration.

BlackRock and Dyal Capital Partners both made two acquisitions in the quarter. Bank of Nova Scotia completed the acquisition of money manager Jarislowsky Fraser for about C\$950 million (\$740 million) and will now have C\$166 billion in assets under management. Hellman & Friedman agreed to acquire managed account provider Financial Engines in a deal worth \$2.8 billion.

During the first quarter, there were 12 deals that were retirement related but did not involve money managers. Ascensus completed three of those deals. It acquired QBI LLC, Swerdlin & Co., SES Advisors and Benefit Planning Consultants. Baidu's financial group will be renamed Du Xiaoman Financial and raise roughly \$1.9 billion from investors including TPG and Carlyle Group. Intercontinental Exchange agreed to buy the Chicago Stock Exchange.

AUM involved in M&A transactions \$ billions



Overviews of the four largest transactions by AUM (\$ amounts in millions unless otherwise stated)

Target: Financial Engines

Acquirer: Hellman & Friedman

Deal type: Acquisition

Percent sought: 100%

AUM: \$169,000

Price: \$2,800

Summary: Hellman & Friedman agreed to acquire managed account provider Financial Engines in a deal worth \$2.8 billion. The deal, for which Financial Engines shareholders will receive \$45 per share in cash, is expected to close in the third quarter pending shareholder approval. According to the news release, the offer per share creates a 32% premium above the April 27 closing share price of \$33.95. Financial Engines will be merged with Edelman Financial Services, a financial planning firm in which Hellman & Friedman owns a majority stake.

Company 1: CFS Group

Company 2: Commonwealth Bank of Australia

Deal type: Spinoff

Percent sought: 100%

AUM: \$154,000

Price: NA

Summary: Colonial First State Global Asset Management has A\$207 billion (\$154 billion) in assets under management across equities, fixed income, multiasset, and alternatives and real assets strategies. Commonwealth Bank of Australia said First State will instead be spun out as part of a wider group of businesses, known as CFS Group, which also will include the bank's wealth management and mortgage broking businesses, said a news release Monday. CFS Group will also include CBA's superannuation, investment and retirement platform Colonial First State, which has more than A\$135 billion in funds under administration.

Target: Hermes Fund Managers Ltd.

Acquirer: Federated Investors Inc.

Deal type: Acquisition

Percent sought: 60

AUM: \$46,200

Price: \$344

Summary: Federated Investors had agreed to acquire a 60% interest in Hermes Fund Managers Ltd. from the BT Pension Scheme, London. Hermes will operate as a subsidiary of Federated Investors. Federated will fund the deal through a combination of cash and an existing revolving credit facility.

Target: Jarislowsky Fraser

Acquirer: The Bank of Nova Scotia

Deal type: Acquisition

Percent sought: 100

AUM: \$31,158

Price: \$740

Summary: The Bank of Nova Scotia on Tuesday announced it completed the acquisition of Montreal-based money manager Jarislowsky Fraser for about C\$950 million (\$740 million). Scotiabank will now have C\$166 billion in assets under management, including the C\$40 billion managed by Jarislowsky Fraser. Jarislowsky Fraser will retain its brand name and management team.