Strategic Shifts in the UK Wealth Management Market: A Deep Dive into Recent Trends and Future Outlook

The UK's addressable wealth management market is valued at over £2 trillion, with approximately 30% serviced through the financial advice sector.[1] Despite its considerable size, the industry is still in its nascency, offering significant headroom for growth driven by sustained tailwinds such as an aging population seeking retirement and wealth transfer solutions, sizeable advice gaps and an increasingly complex tax and regulatory environment. These factors underscore the growing demand for expert financial advice.

With a sticky retail client base, high level of recurring revenues tied to assets under management and a fragmented landscape, the financial advice sector has attracted an influx of private equity (PE) investments. Today, over 40 PE-backed independent financial advice (IFA) consolidators and platforms are active in the market.

[1] *Source: LEK*

Figure 1: Illustrative mapping of sponsor-backed wealth managers

1) *Wealth management franchise being one of the divisions of a professional services firm*

2) *Reflects UK AuA only – predominantly from minority stake acquisitions*

Key Trends in the Financial Advice Sector

1

Vertical integration

The financial advice value chain consists of three key verticals: the provision of financial advice, investment solutions (such as discretionary fund management or proprietary funds) and a platform to hold invested assets. Consolidators with an established presence across all three verticals focus on cross-selling and transferring assets to their own propositions. Meanwhile, less integrated players are pursuing vertical expansion through both organic and inorganic routes and white-label solutions. Vertical integration is a strategic priority for most consolidators, enabling firms to capture higher revenue share and enhance client engagement.

2

Adapting to regulatory changes

The industry continues to face an evolving landscape of regulatory measures and requirements designed to safeguard consumer interests. Notable developments include the introduction of Consumer Duty, the FCA's Thematic Review of retirement income advice and its ongoing advice services review.

To ensure compliance with these regulations, consolidators are optimizing their customer propositions and pricing strategies, reassessing their exposure to smaller clients and exploring light-touch digital propositions. Investments in data quality and continuous monitoring capabilities have become critical, as has the need to make provisions where necessary.

The increasing regulatory burden, coupled with the associated rise in operational costs, is pushing smaller IFA firms to partner with larger and more integrated firms to remain viable, paving the way for further consolidation in the market.

3

Operational integration

In response to Consumer Duty, consolidators have prioritized the integration of acquired assets to streamline brands, service propositions, fee structures and central and back-office infrastructure to develop a unified and scalable platform. In some cases, this focus has led firms to temporarily pause acquisition efforts to ensure acquired IFA firms are fully integrated before pursuing further inorganic growth opportunities.

4

M&A approach

In addition to traditional buyouts, consolidators are also exploring alternative structures like partnerships and minority investments. These transactions appeal to firms with ambitious growth plans and preferences to retain control. Additionally, some consolidators are seeking international expansion as an avenue for diversified growth.

5

Technology / AI

Technology-enabled services are increasingly relied-upon and penetrating the advisor ecosystem, from lead generation to financing planning assistance and back-office compliance support. Some IFA consolidators are leveraging AI-driven tech solutions to improve operational efficiency, which, if successful, could provide significant competitive advantages.

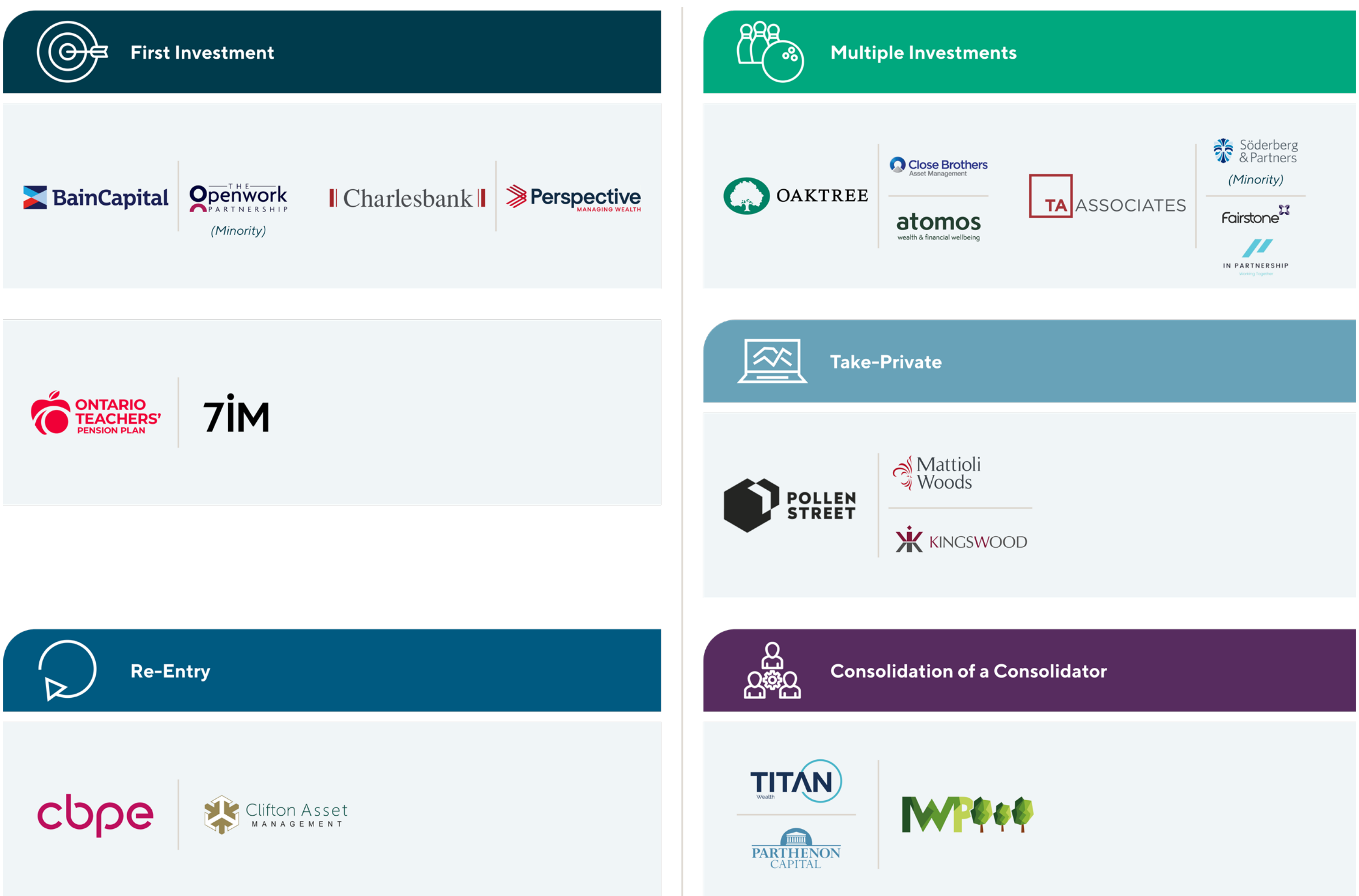
PE Activity: the Last 18 Months and Beyond

The IFA sector remains highly fragmented, with small firms employing 5 or fewer advisors representing approximately 90% of the market. This fragmentation continues to position the sector as ripe for consolidation, as evidenced by over 100 buy-and-build transactions completed by PE-backed consolidators in 2024 and Q1 2025.

Notable transactions highlighting the ongoing focus on vertical integration include Wealthtime (owned by AnaCap Financial Partners) acquisition of Craven Street Wealth (combined group has rebranded to Quanta) and Saltus' (owned by Preservation Capital Partners) acquisition of the Tavistock's advice network.

PE activity remains robust, with sustained interest from both American and European sponsors. New PE entrants such as Charlesbank and Bain Capital made their first investments in 2024, while CBPE re-entered the market through its investment in Clifton Asset Management after exiting Perspective in the same year. Established players also expanded their presence, with Oaktree acquiring Close Brothers Asset Management (rebranded to TrinityBridge), TA Associates increasing their investment in Soderberg & Partners and Pollen Street Capital leading the privatization of Mattioli Woods.

Figure 2: Illustrative recent PE activity



Looking ahead, several factors are poised to shape market activity.

- **PE firms nearing the end of their hold periods** are likely to test the market for exits or strategic partnerships.
- **PE owners could explore continuation vehicles** to capture longer-term growth prospects in the sector whilst creating partial liquidity, as evidenced by the transaction involving Evelyn Partners last year.
- **Investors will continue to seek an entry in the sector**, particularly those who have missed out on previous processes. Some PE investors have pivoted their entry point to smaller sized assets, generating a potentially more achievable growth profile and exit possibility.
- **Product manufacturers** such as asset managers, insurers and banks may explore opportunities in the sector from a distribution standpoint, though such partnerships are yet to be fully proven.

Consolidation of consolidators is not yet prominent in the sector, predominantly due to mismatch in valuation expectations and integration challenges. As more PE firms look to exit investments in smaller IFA consolidators and, correspondingly, more PE-backed IFA consolidators are looking to make larger acquisitions, we expect this activity to trend upwards over time.

In recent years, the sector has witnessed limited "change of hands" or PE exits at the large consolidator level. A successful transaction in this space would provide a critical pricing benchmark and validate the viable exit potential for mid-scale firms aiming to scale and compete in the upper echelons of the market.

Investor Focus Areas

- Investors are increasingly discerning in their evaluation of firms, prioritizing firms with **differentiated assets, a clear value proposition** and **a demonstrable "right to win."** Investors are targeting consolidators with high-quality propositions and appealing product sets that deliver positive outcomes for their clients.
- **Organic growth** has emerged as a pivotal factor for valuation and investor appetite. Key fundamentals such as advisor and client profile, quality of underlying client proposition and advisor incentivisation structure are some of the factors focusses by investors as part of due diligence. Firms demonstrating strong net inflows and topline revenue growth organically are highly sought after.
- **Management team quality is crucial**, as investors prioritize teams with deep industry expertise and a proven track record of delivering transformative change. A capable leadership team provides confidence that strategic initiatives will be executed effectively, whether through acquisitions, operational optimization or other factors.
- **Firms with a successful track record** of acquiring and integrating businesses while driving vertical integration and adhering to regulatory standards are better positioned to gain investor confidence and receive credit for their acquisition pipeline and associated synergies. With an increasingly educated investor base, data-backed proof points are increasingly essential for successful transaction outcomes.

Looking Ahead with Lincoln

Consolidators are aligning their strategic priorities to meet evolving investor expectations. As macroeconomic forces shift alongside regulatory changes, Lincoln International's dedicated team of bankers is uniquely positioned to deliver exceptional results for wealth management clients. Through tailored advisory processes and deep sector expertise, Lincoln helps clients navigate the dynamic UK wealth management market. Connect with our team today to learn more.

Ready to discuss the opportunities ahead for you?
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