

# U.S.-based Focus Financial to acquire Canadian wealth manager Cardinal Point

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New York-based **Focus Financial Partners Inc.** is acquiring its fifth Canadian wealth management platform on Thursday, snapping up cross-border advisory firm Cardinal Point Capital Management Inc.

Toronto-based Cardinal Point caters to wealthy individuals and families who live and work in both Canada and the United

States. The firm was founded 11 years ago and oversees \$1.2-billion of client assets, with 37 employees at offices in Calgary and Toronto, along with snowbird destinations Phoenix, and Palm Beach and Irvine, Calif. Cardinal Point co-founder and chief executive officer Jeff Sheldon said the decision to sell to Focus reflected the business's need to add resources for servicing and expanding, while preserving an independent culture.

"Our clients have increasingly complex cross-border estate and tax issues and accessing the resources of Focus and all its partner firms helps us to better meet those needs," said Mr. Sheldon, who grew up in households on both sides of the border, and has vivid memories of the amount of

paperwork his parents had with filing tax returns in two countries. He said Focus's support will allow Cardinal Point to continue expanding, likely through acquisitions in Canada and the U.S.

Nasdaq-listed Focus was founded in 2004 by veterans of the consulting industry and has acquired 78 wealth management businesses in six countries, typically keeping founders in client-facing roles while taking on back-office functions such as compliance and technology. Focus oversees more than US\$250-billion of client assets under management and a US\$3.8-billion market capitalization.

Focus is acquiring 100 per cent of Cardinal Point, which was launched by veterans of Assante Wealth Management, including

Mr. Sheldon. The two firms did not disclose financial details of the transaction, which is expected to close by the end of the year.

Focus's existing Canadian platforms are Gavin Hockey Wealth Specialists, acquired this summer, Nexus Investment Management and Prime Quadrant in Toronto and Dorchester Wealth Management in Montreal.

Focus co-founder Rajini Kodialam said she and her colleagues first met the Cardinal Point executive team in 2016 at a Portfolio Management Association of Canada conference. Cardinal Point's owners initially had no interest in selling the business, but as the firm tripled in size over the past five years, the Canadian team realized they could offer more to clients and keep growing if they

partnered with a deep-pocketed backer. Negotiations with Focus played out over 18 months, during the pandemic, with the two sides only meeting face to face once the U.S. border reopened in early August.

Focus expects to make additional acquisitions in Canada, and in regions such as Australia, Britain and the U.S. Ms. Kodialam said the wealth management industry is being reshaped by two major and opposing trends: the need for consolidation owing to rising compliance and technology costs at the same time the sector is fragmenting, with "entrepreneurial financial advisers striking out on their own to better serve clients, and avoid the conflicts that come with working at the largest firms."



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