

## Circle Peak Buys Asset Manager WealthTrust

BY MATTHEW MONKS

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### FINANCIAL SERVICES

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11/14/2006 – Circle Peak Capital LLC has closed the acquisition of Morgan Keegan & Co. subsidiary WealthTrust Inc., with plans to use it as a platform for buying independent asset managers nationwide.

Financial terms of the investment weren't disclosed, although Falcon Investment Advisors LLC provided some junior capital. Circle Peak Managing Partner R. Adam Smith said WealthTrust has about \$30 million in annual revenue. WealthTrust manages more than \$6.5 billion and employs 125 people. Its services include asset allocation, retirement and estate planning, trustee selection and insurance analysis.

Circle Peak likes the business because it already has a track record of buying independent asset management businesses, making 10 acquisitions since it was founded in 1997. Asset management is an attractive investment opportunity because financial advisers will be in high demand in coming years as the baby boomers look to invest their money and manage their estates, Smith said. It also remains a highly fragmented industry with lots of opportunities for consolidation, Smith said.

WealthTrust, of Nashville, could own as many as 20 independent advisers down the road, Smith said. It currently owns 10 in St. Louis; Charlotte; Paducah and Louisville, Ky.; Bethesda, Md.; Memphis; Greenwood, S.C.; Chicago; San Francisco; and Richmond, Va.

New York-based Circle Peak looks to buy consumer products and financial services businesses worth \$10 million to \$100 million.

Cambridge International Partners Inc. was WealthTrust's financial adviser. Its legal counsel was Harwell Howard Hyne Gabbert & Manner. The buyer's advisers were investment bank Houlihan Lokey Howard & Zukin, law firm Proskauer Rose LLP, accountants KPMG LLP and Schwartz & Co., and risk management assessor Krauter & Co.

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