

Circle Peak Capital's Adam Smith Advances To New Heights

By Kate McGregor

At first glance, **Circle Peak Capital** looks like every other private equity firm — a lofty name indicating a sky's-the-limit investing philosophy, an office with expansive views of Midtown and a portfolio of enviable deals. But speaking with managing partner and founder, a casually confident jeans and loafer-clad **Adam Smith**, it becomes apparent that the three-year-old firm, which is slated to close its fourth deal in 14 months on Oct. 1, isn't your traditional buyout shop. It has led and sponsored deals with over \$240 million in transaction value since last summer, but the firm doesn't yet have a closed-end fund.

"We just haven't had time to raise money," Smith jokes, adding that Circle Peak hopes to launch its first fund toward the end of this year with roughly \$100 million in investment capital.

But the lack of a fund isn't stopping Smith from buying companies. In fact, he hints that the firm's newest deal would be worth \$50-100 million and involves purchasing an organization with "several billion dollars" in assets under management. Smith declines to go into specifics about the target firm, saying only that it is an asset management firm that caters to high net-worth clients.

Circle Peak Capital isn't alone when it comes to snapping up

stakes in wealth management companies. Consolidation has become big business, with private equity firms viewing other asset managers, specifically hedge funds, as a legitimate revenue stream. In fact, just this week it was revealed that buyout shop **Palm Beach Capital** has acquired a 20% stake in Connecticut-based hedge fund **Weston Capital Management**, which has \$2 billion in assets under management.

Despite the trend of private equity firms snatching up other asset managers, Circle Peak's recent spate of activity has been largely focused on making investments in consumer products firms and middle market retailers. Circle Peak's six-member team is made up of growth investors focused on brand building, while the firm's advisors compliment the team with their decades of experience working for and with asset management companies.

"The goal is to build a premier sector-focused investment firm, and to focus on [a particular] sector only when we have the opportunity to back great executives," Smith says.

Despite tough competition for deals, Circle Peak doesn't court executives, tending only back operators "from its circle," which currently consists of between 30 and 40 executives.

"An operator will find us or we'll find a good deal without an

operator and [match] an operator from our circle," Smith says. One example of this is **Kerry Kramp**, an operating advisor to Circle Peak and **Shari's Restaurant**, which the firm acquired in December in a deal worth \$80 million. Smith worked with Kramp in the past and kept in contact, waiting for the right opportunity. Kramp now oversees investor relations and operations of the Beaverton, Ore.-based restaurant chain.

Finding the right relationship takes time, sometimes as long as four to five months, as was the case with **Hill & Valley Inc.**, a maker of sugar-free foods that the firm acquired in August 2005.

"It's not just having the operating partner, it's having the fit of the people, the culture, the roles," Smith said.



CIRCLE PEAK CAPITAL

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