

UNDER EMBARGO

25 April 2016; 00.01 hrs

Synova commits to Fairstone

Synova Capital (“Synova”), an award winning investor into UK growth companies, is pleased to announce the completion of a **£25.0 million** commitment into **Fairstone Group Limited** (“Fairstone”, the “Company” or the “Business”), one of the fastest growing Independent Financial Adviser (“IFA”) consolidation platforms in the UK.

Founded in Newcastle in 2008 by CEO, Lee Hartley, Fairstone has grown to encompass over 260 IFAs throughout the UK offering tailored financial advice to in excess of 25,000 private clients with £5.8 billion of assets under advice.

The Company utilises a proprietary technology platform to streamline front and back office functions, underpinned by a robust compliance and regulatory framework. As a result, Fairstone offers a substantially reduced administration burden and faster execution to IFAs allowing them to focus more of their time on their core competence of providing bespoke financial advice to clients. The Company is also one of the largest Chartered Financial Planning firms in the UK.

The Company’s pioneering lead generation capabilities offer additional benefits to help accelerate the growth of each IFA once they have joined the platform. This unique acquisition model allows individual IFA firms to benefit from the growth as part of the Fairstone platform prior to their ultimate acquisition by the Business. To date over 40 IFA firms have joined the Fairstone platform together with over 50 individual advisers who have enjoyed average earnings growth of 17% per annum over the last 3 years.

The IFA market has been growing at c. 8% per annum with UK IFAs generating total revenues in excess of £3.8 billion. This ongoing growth is in response to increasing demand for financial advice, which in itself is driven by economic growth, pension reforms and an ageing demographic. The UK IFA market is highly fragmented with c. 11,000 firms of which c. 20% are in Fairstone’s target size, of between 3 and 16 advisers. The market continues to undergo increasing consolidation with many IFAs looking to join larger platforms due to increased regulation, and a corresponding rise in compliance costs, together with a generational issue as the average age profile of IFA’s continues to rise.

Synova’s investment will enable the continued acceleration of Fairstone’s consolidation strategy to create the leading independent IFA platform in the UK. Synova is backing the incumbent management team and will be working with them to shape the continued success of the Business over the next few years.

Alex Bowden, a Partner of Synova and a Director of Fairstone, commented: *“We have been tracking the continued development of Fairstone for the last three years and are delighted to be backing Lee and his team in the next stage of the Company’s evolution. The unique acquisition model and strong organic growth generated by membership of the platform will drive the continued success of the Business. Our investment in Fairstone furthers Synova’s commitment to partnering with great businesses in the UK Financial Services sector with recent investments including Defaqto and Stackhouse Poland.”*

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Lee Hartley, CEO of Fairstone, commented: *“Synova’s investment signifies an exciting gear change in Fairstone’s growth plans. Our entire management team is obviously delighted to be working with Synova and this project has taken several months of careful planning. Synova has a proven track-record in investing into highly scalable and technology leveraged businesses like Fairstone. This partnership with a leading mid-market PE house will allow us to accelerate our successful Downstream Buy Out acquisition model beyond our current forecasts.”*

–ENDS–

NOTES:

1. **Synova** invests in UK growth opportunities with a particular focus on companies valued at between £10m and £100m. Key verticals include Business Services, Financial Services, Technology, and Healthcare & Education. Further information is available from www.synova-capital.com or by email press@synova-capital.com.
2. Fairstone is Synova’s first investment from its latest fund, Synova Capital Fund III LP (“Synova III”) and follows the exit of portfolio company Kinapse earlier in the year for a return of 16x invested capital.
3. Synova Partner Alex Bowden and Investment Manager Matthew Charman have joined the Board of Fairstone.
4. Fairstone is one of the fastest growing financial services organisations and one of the largest CII Chartered Financial Planning organisations in the UK, with current revenues in excess of £32 million.
5. Based in Newcastle upon Tyne with offices in London and Bristol, the Group is made up of financial management, private wealth, corporate solutions, mortgage solutions and estate planning channels.
6. Fairstone integrates high quality financial advisory firms and IFAs throughout the UK, operating a unique Downstream Buyout Model for IFA firms, which has led to the incorporation of 40 firms since 2011.
7. Today, Fairstone is a national firm made up of 260 advisers and 60 staff, acting for over 25,000 clients. It has £5.8 billion of funds under advice, with £2.4 billion of funds under management. The firm’s investment management arm administers a range of model portfolios which operate under the Marketstar brand. These portfolios, which now hold over £100 million of client assets, are top-ranked in their peer group over a 5 year period for risk-adjusted returns.
8. The transaction was structured by Shawn Bone and Thomas Brusnes of Cavu Corporate Finance; PwC provided financial and regulatory due diligence to Synova with CIL and Intuitus providing commercial and IT due diligence respectively.

Pinsent Masons and Muckle provided legal advice with Deloitte providing tax structuring advice.

9. Please see www.fairstone.co.uk and follow **@FairstoneGroup** for more information on Fairstone.

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