



Alex Bowden (left), Partner at Synova and newly appointed Fairstone Director with Lee Hartley, CEO.

Fairstone announces £25m investment from Synova Capital

Fairstone Group, one of the IFA market's fastest growing consolidators, today announces that it has secured a major investment from Synova Capital, the award winning Private Equity investor which focuses on UK growth companies.

Synova has become the lead investor in Fairstone by providing an initial capital injection of £25 million as part of the deal with further cash available to Fairstone in the future.

To date, Synova's funds represent in excess of £400million and this is the first transaction to be completed out of their third fund. This latest deal sees Synova continuing its strategy of investing in forward-thinking companies operating in attractive market sectors with clear prospects for earnings growth and value creation.

The transaction also sees a realisation by several early stage shareholders in Fairstone all of whom have received substantial returns on their primary investments. In parallel, Committed Capital, Northstar Ventures and two family offices have retained equity positions, meaning that Fairstone will continue to benefit from a suite of financial backers with significant depth and breadth of reserves.

Commenting, Lee Hartley, Chief Executive of Fairstone said:

“ Synova's investment signifies an exciting gear change in Fairstone's build plan and demonstrates our appetite to complete more and larger buy-out deals over the short to medium term. We are committed to working with high quality firms, with meaningful levels of assets under management, who want to drive their performance upwards and realise optimum value for their business.

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 (DBO) acquisition model beyond our current forecasts.

Alex Bowden, Partner at Synova and newly appointed Director of Fairstone, added:

“ Widespread change across the financial services sector has paved the way for new and innovative business models like Fairstone to develop. Against the backdrop of ongoing professionalization and technological advances, exciting opportunities exist for quality operators to evolve into real market leaders.

Fairstone already has a strong standing within the sector and now has one of the largest Chartered financial planning firms in the UK within the group. We are delighted to be partnering with Fairstone as the business builds upon its highly successful acquisition programme.

Founded in Newcastle in 2008 Fairstone has grown to encompass 260 financial advisers throughout the UK servicing 25,000 private clients with £5.8bn of assets. The company has current run-rate revenues in excess of £32m and aims to complete a sizeable number of acquisitions over the next 5 years.

David Hickey, Chairman of Fairstone also spoke about the Synova deal:

“ The combination of Fairstone and Synova is an exceptional fit on a number of fronts. From the outset it was apparent that Synova had been tracking the business for some time, understood the sector, and already had a high degree of knowledge of the Fairstone business model and its existing growth trajectory.

This transaction introduces very substantial expansion capital into Fairstone and the Board foresee a sizeable shift in the scale of the group’s activities.

About Fairstone

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.

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.

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.

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 managed 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.

About Synova

Synova invests in UK growth opportunities with a particular focus on companies valued at up to £100m at the point of investment. Key verticals include Business Services, Financial Services, Technology, and Healthcare & Education.

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.

Synova Partner Alex Bowden and Investment Manager Matthew Charman have joined the Board of Fairstone.

Further information on Synova is available from www.synova-capital.com

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