

Harbourfront Wealth says it will return \$1-billion to shareholders after U.S. private equity deal

RUDY MEZZETTA
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Harbourfront Wealth Group will distribute about \$1-billion to its advisers, employees and other shareholders after a strategic investment from Boston-based private equity firm Berkshire Partners, says Danny Popescu, founder and executive chair at the Vancouver-based wealth manager.

Harbourfront didn't provide details about the size of Berkshire's investment or stake in the independent wealth manager, but Mr. Popescu says, "We're comfortable sharing that approximately \$1-billion will go to shareholders."

Advisers have been given the option of selling their shares to Berkshire in exchange for cash or rolling them over "so they can continue to grow their business," he says.

The deal also allows Harbourfront to invest further in technology and human resources from operating cash, he adds.

Harbourfront's goal is to seek partial share sales to private equity investors roughly every five years to give its advisers an opportunity to cash out their shares, Mr. Popescu says.

In the past two years, the firm has received multiple offers from private equity and pension plan suitors, he says.

"We chose Berkshire because we felt it was the best fit to support our growth plans, in addition to obviously getting a valuation that we were very comfortable with."

The Berkshire deal gives Harbourfront, which has \$22-billion in assets under administration (AUA), a valuation of \$1.78-billion.

The investment is a second validation that Harbourfront's "model of firm ownership and the importance of independence truly does work," Mr. Popescu says.

Boston-based Audax Private Equity provided Harbourfront with its first private funding in 2022. At that time, Harbourfront had about \$4-billion in AUA and was valued at \$425-million.

Audax will keep “a significant interest” in Harbourfront following the completion of the Berkshire agreement, according to a release announcing the deal.

Harbourfront, which employs 600 people in more than 60 branches, offers clients financial services through a Canadian Investment Regulatory Organization-regulated investment dealer, an investment counsel portfolio manager, an asset management arm, an estate planning services firm and a U.S. registered investment adviser (RIA).

Founded in 2013, the firm has seen a more than five-fold increase in AUA over the past four years driven by organic growth, adviser recruitment and acquisitions of investment firms, Mr. Popescu says. Earlier this year, it hired Richard McIntyre as chief executive officer.

On June 4, before the Berkshire deal was announced, Harbourfront acquired Toronto- and Calgary-based wealth and investment manager Cumberland Partners Ltd., representing \$5-billion in AUA. It was Harbourfront’s fifth acquisition since 2023.

Joe Millott, partner with investment banking advisory firm Fort Capital Partners in Toronto, says Berkshire’s investment in Harbourfront is the latest evidence that Canadian independent wealth managers have become attractive targets for U.S. private equity firms.

Last year, Winnipeg-based Wellington-Altus Financial Inc. sold a 25-per-cent stake to Kelso & Co., a U.S. private equity firm, for \$388-million, representing a valuation of more than \$1.5-billion.

“Canadian independent wealth managers have generally traded at lower valuation multiples than comparable U.S. businesses, while still offering attractive growth characteristics,” Mr. Millott says. “That combination can make Canada an attractive market for U.S. investors.”

New York-based Focus Financial Partners, a U.S. RIA consolidator, is using Toronto-based Cardinal Point Wealth Management, which it acquired in 2021, as its hub for expansion in Canada.

In April, Miami-based RIA consolidator Corient Private Wealth LLC said it was expanding its existing family office business in Canada.

Mr. Popescu says he believes Canada is about 15 years behind the U.S. market in terms of advisers shifting from traditional brokerages to working as independent advisers.

“A lot of the wealth [in Canada] is still held by the banks, but the move to independence is growing rapidly,” he says.

Mr. Popescu says he believes Harbourfront can increase its enterprise value by about four times in the next five years by continuing to woo advisors disenchanted with the “big conglomerates.”

“I want [Harbourfront] to be a leader in the independent space 20 years out,” he says.

The Berkshire transaction is subject to regulatory approvals and is expected to close in the second half of 2026.

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