

PREMIUM

FINANCE

Why two of North America's richest families are coming together to fortify Greg Fleming's Rockefeller Capital Management

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- A firm owned by one of Canada's richest clans has invested \$622 million in wealth firm Rockefeller.
- The Desmarais and Rockefeller clans have close ties and both are known in politics and philanthropy.
- Both heirs are increasing their stakes in the wealth manager, pushing its valuation to \$3 billion.

Two of North America's richest families have partnered up to invest in wealth management powerhouse Rockefeller Capital Management.

The Desmarais family, one of Canada's richest families, began negotiations in earnest in November with the five-year-old firm, which was born from the family office of the Rockefeller heirs. But the family has known the Standard Oil heirs for decades. Both are prominent in their respective homelands for their politics and philanthropy.

The Desmarais family invested \$622 million through the Power Corporation of Canada, the financial services conglomerate the family controls, for a 20.5% stake in Rockefeller Capital Management. The Rockefeller family has also increased its stake by an undisclosed amount in the New York City-based wealth manager, which has \$100 billion in client assets as of the end of March.

The firm, run by Wall Street veteran Greg Fleming, is now valued at \$3 billion. It is still majority-owned by hedge fund Viking Global Investors.

Family patriarch Paul Desmarais, who bought Winnipeg-based Power Corp. in 1968 and turned it into a sprawling investment group, was declared the ["most powerful francophone in the country"](#) for his close ties to the Canadian prime ministers when he passed in 2013. The phrase "Rockefeller Republican" dates back to Nelson Rockefeller, who served as vice president in the Ford administration.

Paul's son and deputy chairman of Power Corp, Andre



COURTESY OF ROCKEFELLER CAPITAL MANAGEMENT

Rockefeller Capital Management CEO Greg Fleming.

Desmarais considered the late David Rockefeller Sr. as a mentor. He met David, who was the steward of the Rockefeller family fortune and chief executive of Chase Manhattan Bank, at 26 and they worked together via several boards including Chase Manhattan's international advisory board.

Andre told Insider he traveled globally with David who introduced him to Henry Kissinger, George Shultz, and several other prominent world leaders around the globe over the years. He taught him the importance of being enthusiastic and taking an active approach to his affairs, as well as humility.

"My brother and I both like to do business with people that share our values," said Andre, who is joining Rockefeller's board which has two Rockefeller heirs. "My history with David and David Jr. and our shared family values were important to us all, but the deal needed to make sense as well."



COURTESY OF ROCKEFELLER CAPITAL MANAGEMENT

Andre Desmarais is joining the board of Rockefeller Capital Management

The Desmarais family has worked with Rockefeller on big deals

Rockefeller chief executive Fleming also has a two-decade-long relationship with the Desmarais clan.

When he was president of Merrill Lynch, Andre's brother Paul Desmarais Jr. served on the wealth manager's international advisor board.

Fleming became a business advisor to the Desmarais family after he left Morgan Stanley in 2016, which he joined shortly after shepherding Merrill Lynch through its sale to Bank of America during the Great Financial Crisis. He got to know Andre and Power Corp. CEO Jeffrey Orr when he sat on the board of a few of the conglomerate's companies, which include US asset manager

Putnam Investments and online brokerage WealthSimple.

The Desmarais family is another family with a long-term strategic view "that thinks about the arc of the horizon," Fleming told Insider.

The Desmarais family has worked with Rockefeller for several years. The wealth firm's strategic advisory arm has advised on three multibillion-dollar acquisitions for Empower, a Power Corp. subsidiary, the most recent being a \$2.35 billion deal for Mass Mutual in January 2021. This past May, Rockefeller partnered with Empower on a joint retirement plan offering for employers.

The Desmarais family approached Fleming and Viking Global. Rockefeller has turned down outside investment before, including from other wealthy families, Fleming said, but echoed Andre's statement that the two families have "shared values."

Fleming aims to double Rockefeller's assets with this new funding

The Power Corp. investment was made through subsidiary IGM Financial, a financial advisor and asset manager to Canada's middle class and mass affluent.

There are currently no plans for IGM Financial or Rockefeller to collaborate or expand into each other's markets, according to James O'Sullivan, president and chief executive of IGM Financial,

"This was not about synergies," said O'Sullivan. "This was first and foremost an opportunity to enter the US market in a strategic way and a risk-smart way."

The investment will fuel [Rockefeller's growth plans in the US](#). The firm currently spans 44 offices across the US. Fleming has his eyes on more markets, including Orlando, Florida, and Charlotte, North Carolina, with an end goal of about 50.

Fleming aims to double assets under management to about \$200 billion and double its number of wealth management teams to 200 in the next three to five years.

The recent economic volatility didn't slow talks, said Sullivan. "This is not a trade," he said. "This is a keeper."