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BOUTIQUE ADVISORY IN EUROPE: ACQUIRERS' CHOICE AND PERFORMANCE

JOÃO DIOGO ANDRADE GOMES 2595

A Project carried out on the Master in Management Program, under the supervision of:
Duarte Pitta Ferraz

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Abstract

This study analyses how European acquirers determine their choices between boutiques and full-service advisors, and how such choice impacts their announcement returns on M&A transactions. The only study on the impacts from boutiques expertize and independence was performed by Song et al. in 2013, in a US setting. This study attempts to fill a gap in the literature to what regards the value of boutiques in Europe, by focusing on acquirer side only but including both public and private acquisitions, for the period 2000 to 2016.

Using a probit model for the determinants in the choice of an advisor, this study' findings suggest that boutiques expertize and independence are greatly valued in more complex transactions and for acquirers with an inferior need for the funding capacity and reputation of full-service advisors. Yet, some results differ according to target's status.

Finally, using a 2SLS procedure to determine the impacts on acquirers' returns, the results propose that the European market does not significantly react to the choice of a boutique advisor.

Key words: Mergers and Acquisitions, Boutiques, Europe, Advisor choice

List of Abbreviations:

2SLS – Two-Stage Least Squares

BB – Bulge-brackets

CAR – Cumulative Abnormal Returns

M&A – Mergers and Acquisitions

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1. Introduction

M&A deal flow has substantially increased since the large drop caused by the financial crisis in 2008. Aligned with deal volume flow is the predominance of boutiques advising M&A transactions, with boutique advisors increasingly making part of M&A league tables highest places. This has been even more significant in Europe than in the US, with results from 2016 showing that advisory boutiques have captured 44 percent ($1.7 billion) of total completed M&A deals fees in Europe, against the 27.5 percent ($2 billion) reported in the US (Thomson Reuters, 2016).

Several research questions arise from the boutiques' rise phenomenon, such as: "what drives companies to hire a boutique?"; "do boutiques deliver superior performance?"; "do boutiques serve a specific market?". This report aims to answer those questions and provide an insight on how boutiques have gained market share across Europe.

Provided the following, the only evidence on the determinants and impacts of hiring a boutique advisor is the journal article from Song et. al (2013), in a US setting from 1995 to 2006. This study contributes to the existing empirical M&A literature, since it is the first one to hypothesise boutiques' expertize and independence in a European context, and the only one so far to equate boutiques' dynamics between private and public acquisitions, by focusing on the acquirers' choice between boutique and full-service advisors, and the respective impacts from such choice in terms of announcement returns for the period of 2000 - 2016.

Although this study follows the same general hypothesis as Song's in terms of the value of boutiques' characteristics, the analysis is isolated to the acquirer side only, leaving the target side out of the study scope and adding the analysis of acquirers' different choices in the acquisition of a private versus a public company. Therefore, the variables and subsamples are constructed differently, even though they're based on the same principals as Song.

To test the empirical hypothesis on the determinants in the choice of a boutique advisor, several multilinear probit regressions were performed, using observations from a sample of 1192 M&A transactions from European acquirers. Afterwards, the impacts resulting from advisor choice on acquirers' announcement returns, using Heckman's 2SLS procedure to control for endogeneity and self-selection bias, are studied.

2. Background, Literature review and Hypotheses development

2.1. Background - The rise of boutique advisors

Until today, there is no established definition for being considered a boutique investment bank. Still, their characteristics are distinct from full-service investment banks. Full-service banks are usually well-known, highly reputed, resourceful and with a full-range of services, from Investment banking, to Institutional Client Services, Investing & Lending and Investment Management. On the contrary, as Song et. al (2013) defined, boutiques are often not well-known small firms with a focus on corporate finance advisory. They usually specialize in certain industries and are independent from the conflicts of interest that derive from the inclusion of multiple service lines. Nevertheless, nowadays some boutiques have grown and detain certain characteristics from their full-service counterparties, like being large and having other areas than strictly corporate finance advisory, consequently, adopting a "one-size fits all" definition for boutiques is not reliable. According to Hall (2007), in Europe, boutiques became more noticeable in the early 2000's, following the dotcom bubble. Its emergence derived from the alignment of previous well-maintained relationships of bankers with clients and as a market response to numerous job cuts in major investment banks. Boutiques reshaped the advisory world that was previously designed by its bulge bracket counterparties, into an exclusive service of pure advisory, combined with research. By excluding the funding service, it allowed them to better break the market given lower capital needs.

Yet, as Deloitte (2013) suggested, the emergence of boutiques has followed M&A deal volume trends and after the financial crisis in 2008, boutiques' market share has become even more noticeable. The same report presented several reasons for boutiques' phenomenon: the decreased reputation from bulge-brackets with the peak of the crisis; the recognition of boutiques specialized industry and valuation knowledge; the focus on deal advisory, in opposition to the broad line of services offered by BB, such as funding and trading, which may often translate into conflicts of interest; the increase of firms' cash reserves and lower interest rates in Europe, making credit easily accessible, which in turn negatively impacted acquirers' demand for BB' funding capacity.

Given the conflicts of interest in BB, caused by its services' broad offer, that have been suggested in several papers (see for example: Bodnaruk, Andriy (2009), Ivashina and Sun (2011), Plaksen (2011)), it is easy to understand how boutiques' independence and advisory focus may play a significant role in their increasing demand. Additionally, as

Haushalter and Lowry (2011) suggest, the benefits an institution realizes from offering diverse activities, depends on its divisional incentives and information environment.

Finally, the resulting regulatory burden, the punishing political and media spotlight on full-service banks, have helped loosen the bonds between bankers and firms, consequently creating hiring opportunities for boutiques, which have capitalised on the independence of their business model, client relationships and specific industry expertise.

2.2. Main studies - Determinants in the choice of advisor

In 1996, Servaes & Zenner, found the first empirical evidence for the determinants in the choice of an advisor. From observing acquirers' motivation drivers of the decision to hire an investment bank, they found that acquirers tend to hire investment banks when the deal is more complex (i.e. when the target size is larger, the deal attitude is hostile and the payment method is totally or partially comprised by stock), when acquirers have less prior acquisition experience, when the target operates in more than one industry and when the acquisition involves the takeover of another company, especially if the acquirer has only a low equity stake in the targeted company.

In 2003, Kale, et al. investigated advisor's involvement in tender offers. Similar to Servaes and Zenner (1996), they found the choice of hiring an advisor to be positively affected when the deal is hostile, the bidder operates in more than one industry and the target has employed an advisor, but, negatively affected when the bidder has more prior takeover experience. Yet, Kale, et al. found evidence of a positive relationship to seek an advisor when the target is larger for its total sample, contrary to Servaes and Zenner (1996) who only found partial sample evidence.

Jong et al. (2008) contributed to the empirical evidence of the determinants in the choice of an advisor by focusing in cross-border M&A deals. Their study departs from the assumption that cross-border deals increase transactions' complexity, due to foreign economic and regulatory environments. Their findings revealed an acquirer preference for target-nation advisors, when the target nation is less open to foreign acquirers and has stronger bureaucratic processes, is more financially sophisticated and wealthy. Still, acquirers tend to choose advisers from their own nation, in case the former attributes are more prevalent in their own country.

Apart from the scope of deal characteristics, other papers have studied the influence from previous relationships in the choice of an advisor. Allen et al. (2014) highlighted the importance of financing and credit access for an acquirer in

mergers, by studying whether the degree of a previous lending relationship between a company and a commercial bank influences a company's future choice of advisor in succeeding deals. They found that it is the intensity of the prior lending relationship with the acquirer that determines the choice of the financial advisor. Having the amount of money borrowed for general business purposes prior to the merger announcement date, a positive effect on the likelihood of a specific commercial bank being chosen. In the same topic of the influence from previous relationships on advisor choice is the analysis made by Sibilkov and McConnell (2014), who found a positive relationship between advisor's previous performance on past M&A deals and the likelihood of such advisor being chosen in a subsequent deal.

Golubov, et. al (2012) focused on different bank tiers and target listing status. Their findings suggest that an acquirer's decision to hire a top tier advisor is positively affected in case such bidder has used the services of a top-tier bank in the past. They found the likelihood of bidders choosing a top-tier advisor to be positively related to their own size and to the acquisition of larger companies, but negatively related with pre-announcement stock price run-up. Finally, their findings support that firms with a higher book-to-market are more likely to retain a top-tier advisor in public acquisitions.

In 2016, Chang et al. introduced a new outlook on the choice of advisors in mergers, finding empirical evidence on industry expertise as a determinant factor. They found that firms take into consideration advisors' expertise in their own industries and in their counterparties industries when choosing an M&A advisor, especially for deals with a higher complexity and information asymmetry. Yet, concluded that acquirers are more likely to avoid certain advisors, as certain advisors' industry expertise on rival companies is subject to concerns with information leakage and product-market rivalry.

Bilinski and Yim (2016) studied accounting firms' growing presence in the global M&A advisory market. They hypothesised that accounting firms deliver independent advice and greater valuation skills, due to their experience in accounting manipulations recognition and better judgment of target's accounting practices. In terms of acquires' choice, accounting firms are preferred to advise deals with characteristics that increase target's valuation uncertainty, such as private and small targets, targets from industries with low accounting accruals quality, targets located outside the US and with a country's aggregate earnings management score higher than the one from the acquirer's nation.

In a more encountered approach to this report are the findings of Song et. al (2013), who have hypothesised the value of boutiques' independence and expertize for bidders and targets. Their study evaluated the determinants in the choice between boutiques and full-service investment banks as M&A advisors. For mergers, they found that dollar size significantly increases the likelihood of acquirers choosing a full-service investment bank, however, other characteristics, as deal attitude being hostile, higher target's change in sales and debt-to-equity ratio significantly increase the probability of hiring a boutique as an advisor. For tender offers, deal size negatively affects the likelihood of choosing a boutique, but the more related the target and acquirer's industry are, the greater acquirer's likelihood to hire a boutique.

2.3. Main studies - Advisor impacts on deal announcement returns

Prior research on the impacts caused by the use of different M&A advisors on shareholders' returns, can be characterized as inconclusive and contradictory, supported by studies focusing on the impacts from the choice of advisors with different reputations, types, levels of industry expertise and previous relationships.

The first studies to hypothesise a possible relationship between advisors' reputation and deal outcomes were in the early 90's. In 1990, Bowers and Miller found no evidence to prove the linkage between market value and advisor choice, for neither the acquirer or target. Yet, their results pointed towards a positive association between shareholder' wealth gains and reputation when both sides of the transaction employ a first-tier advisor. Moreover, Michel et. al (1991) also argued that investment banks reputation is not related with performance, as in their sample, the deals advised by the least reputable advisor (Drexel Burnham Lambert) delivered higher bidder cumulative abnormal returns than deals advised by other more reputable banks. Identical results were found by Servaes and Zenner (1996), given that when comparing US firms' acquisitions, no link was found between banks' usage, reputation and returns.

Further, Rau (2000) introduced the market share as a measure of reputation, which he found to be dependent on the fees charged and on the percentage of deals completed in the past, but not on performance. In fact, his findings presented controversial results between different sample sets. Bidders in mergers who had employed first-tier advisors earned significantly lower announcement abnormal returns than bidders advised by either second- or third-tier banks. Then, in tender offers, bidders advised by first-tier banks earned significantly higher abnormal returns in the announcement period in comparison to bidders advised by lower tier banks. Similarly, Walter, et al. (2008) defined adviser reputation

based on market share and shown that advisers' higher reputation is not reflected in terms of delivering greater abnormal returns to their clients. However, splitting the sample by consideration type, they found that high quality investment banks are able to differentiate through delivering greater abnormal returns to acquirers in deals involving stock payments. In 1992, McLaughlin added a new theoretical perspective by hypothesising an interconnection between fees, reputation and returns. His study exhibited that bidders with low reputation advisors offered considerably lower premiums and experienced significantly higher excess returns around the announcement date. He presented two explanatory perspectives for his results. Either high-reputation advisors charge higher fees as a payment for its superior service, and thus, encouraging bidding firms to higher bids, leading to lower returns. Or, more reputable advisors are associated with more difficult transactions, thus, requiring higher premiums and delivering lower benefits to bidding firms. Hunter and Jagtiani (2003) also found a negative relationship between reputation and returns, showing that the post-merger gains realized by acquiring firms decline when first-tier advisors are employed. In addition, Ismail (2010) found a negative relationship for reputation and returns, with lower announcement returns for bidders advised by tier-one banks.

Kale et al. (2003) was one of the first studies to find a positive relationship between advisors' reputation and wealth gains, for both the acquirer and target in a sample of corporate takeovers. They point out that the reason behind the lack of evidence from previous studies was the absence of control for the opponent's advisor reputation, hence, presenting a measure of relative financial advisor reputation to control the different relationships between opponents' advisors.

Moreover, Bao and Edmans (2011) also found a positive relationship between banks' reputation and future performance. Note that, they used a larger sample than Kale et. al (2003) and included both mergers and takeovers. Their study focused on past performance as a measure of reputation, rather than the market share approach employed by previous authors. They suggested that clients ignore past performance. Nevertheless, they argued that acquirers' inattention to past overall performance may be due to a lack of data availability rather than an irrational behaviour, or, certain banks may have the ability to identify good acquisitions and to refuse bad deals.

Golubov et al. (2012) take a different perspective, arguing that advisors' reputation impacts acquirers differently, depending on target's listing status. As in the presence of a public acquisition it is expected to require more skills and effort from an advisor, it is more difficult to capture gains in public acquisitions, particularly due to a greater bargaining

power and exposure of public targets compared to unlisted ones. Accordingly, their results show that financial advisor reputation positively affects bidder's returns on acquisitions of listed companies, but not on private or subsidiaries.

With a different focus, Allen et al. (2014) studied commercial banks as M&A advisors. They found the impact from previous lending relationships to be greater on acquirer's future credit access than on abnormal returns. Yet, acquirers are subject to conflicts of interest when guaranteeing post-merger lending, which can be negatively priced by the market.

Another focus is on the impact on returns from advisors' industry expertise. Wang et al. (2014) presents a study in this subject, finding that financial advisors with in-depth knowledge in targets' industry significantly increase acquirers' announcement returns. Prominent for acquisitions on which the acquirer has no prior acquisition experience in the target's industry, for acquisitions of targets that operate in more opaque industries and when the advisor has well performed in previous industry related deals. Chang et al. (2016) also studies the influence on the choice of an advisor based on industry expertise. However, they found no evidence for advisors' industry expertise affecting shareholders' value in acquire and target firms in terms of cumulative abnormal returns.

Other authors as Jong, et al. (2008) studied cross-border deals, focusing on multiple acquirer and target's nations. Their findings propose that acquirers, who engage with target or acquirer's nation advisors, that do not belong to global top players, generate the highest abnormal returns, suggesting that economy, law and risk from the target's nation may play a greater role on returns than advisors' reputation.

Bilinski and Yim (2016) hypothesised accounting firms' superior accounting knowledge and valuation skills on deal outcomes. Their findings suggest that accounting firms are able to generate higher cumulative abnormal returns, with a distinct edge over investment banks, especially for deals in which accounting plays a major role.

Finally, Song et al. (2013) studied the effects from different advisors' expertize and independence on deal outcomes, more specifically, the impacts on shareholder's wealth gains, resulting from choosing a boutique advisor versus a full-service investment bank. Their findings revealed that the use of boutiques positively affects firms' short-term performance and combined wealth in merger deals, signalling a positive reaction of the market when either side of the transaction employs boutiques. Still, no significant evidence was found for tender offers.

2.4. Hypotheses Development

Although the hypotheses are based on the same principles as Song et. al (2013), they will have different variables in their foundation, as the acquisition of private targets will be added and the sample will only be applied to European acquirers, leaving the target side out of the analysis. In general, Boutiques are expected to be chosen over full-service advisors when deal complexity increases, with acquirers assigning a higher value to independence, valuation skills, industry expertise and local market knowledge. However, full-service advisors are expected to be chosen over boutiques when advisor reputation has a greater impact in the market and when it is expected a higher need for additional services as funding and global markets coverage.

Lastly, it is expected for the market to react more positively to deals with boutiques as advisors than with full-service banks, due to fewer chances of having conflicts of interest and a higher ability to estimate a fair price for the target.

Hypotheses are defined[1] as follows:

Determinants in choice of an advisor (H1 – H12)

H1. *Acquirers are more likely to hire boutiques if the target is a private company.*

H2. *Acquirers are more likely to hire boutiques in mergers than in acquisitions.*

H3. *Acquirers are more likely to hire full-service advisors as deal value increases.*

H4. *Acquirers are more likely to hire full-service advisors as relative size decreases.*

H5. *Acquirers are more likely to hire full-service advisors as the percentage sought increases.*

H6. *Acquirers are more likely to hire boutiques in cross-nation deals.*

H7. *Acquirers are more likely to hire boutique advisors in cross-region deals.*

H8. *Acquirers are more likely to hire boutiques in cross-industry deals.*

H9. *Acquirers are more likely to hire boutiques in deals that involve stock as a form of payment.*

H10. *More leveraged acquirers are more likely to hire boutiques.*

H11. *Acquirers are more likely to hire boutiques as their own cash reserves increase.*

[1] As a guideline, in order to understand what are the variables underlying each hypothesis and how they were created, the reading of Appendix 1 is suggested. Additionally, to have a previous insight on how the variables are related with the use of each advisor type, the descriptive statistics (Univariate analysis) can be found in Book II – Support file 1.

H12. *Acquirers are more likely to hire a full-service advisor if they hired one in the past for an M&A deal.*

Deal outcome – Impact from advisor choice on announcement returns (H13)

H13. *Acquirers' announcement returns are higher when a boutique advisor is chosen.*

3. Data and Methodology

3.1. Data

By using an excel add-in from Thomson One Banker, a dataset was collected from both completed and withdrawn M&A transactions of public acquirers from countries[2] in the European Economic Area, between the period 2000-2016. To be included in this sample, observations must comply with the following criteria: as in Golubov et al. (2012), targets must have public or private status; all the acquirers must have employed at least one advisor, non-disclosed (or in-house deals, as Servaes and Zenner (1996) classified) were excluded; transactions must represent a transfer of control in which the acquirer's ownership in the target firm increases above 50% after the transaction[3] and must have a deal value higher than $5 million; acquirer identification[4] must be available and able to retrieve its financials[5] from DataStream platform. In case of unavailability in at least one of the variables, the deal observation is completely removed. After meeting all the described criteria, the sample collection provided a total of 1192 deals.

3.2. Methodology

3.2.1. Advisor classification

As in Song et al. (2013), advisers' classification[6] was mostly based on the services offered and strategy described on the advisor's webpage, among other sources, used in case the advisor did not have a website[7]. Consequently, advisors were classified as boutiques if its strategy's description reflected characteristics usually present in boutiques, such as: being independent, corporate finance advisory focused, having a determined industry focus or other specific skill set, as

[2] List of Countries included: Austria, Belgium, Denmark, Finland, France, Germany, Greece, Hungary, Italy, Luxembourg, Malta, Netherlands, Norway, Poland, Portugal, Republic of Ireland, Spain, Sweden, Switzerland, United Kingdom.

[3] To meet this criterion only deals classified as Acquisition of assets (AA), Acquisition of majority interest (AM), Merger (M) in Thomson One Banker Database were included (as in Bao and Edmans (2011)).

[4] To identify companies and retrieve its financial data in bulk from DataStream, the ISIN code (International Security Identification Number) was used, hand collected from online sources as Bloomberg, Business Insider, Google and Yahoo Finance.

[5] Financials used: daily adjusted prices, deposits and short-term investments, debt-to-equity ratio, market cap, assets book value.

[6] Please find in Book II – Support file 2 a more detailed list with each advisor classified individually.

[7] In case the advisor does not have a website, information about its strategy type and services offered using sources as Bloomberg's company profiles and Financial Times news were searched.

valuation techniques. Those who entitled themselves as global investment banks, claimed to offer a full range of services, or, those who were part of a large commercial or merchant bank were classified as full-service acquirers.

It is important to mention that some of the advisors classified as boutiques may actually offer services other than advisory (e.g. Wealth Management), however, that does not automatically exclude the advisor from being classified as a boutique, weighting the decision with other judgement factors as the main focus of their business and the above formerly described boutiques' characteristics. Additionally, observations of accounting firms acting as sole deal advisors were excluded from the sample, but taken into consideration in case the accounting firm was part of a team on a deal advised by a full-service or a boutique.

3.2.2. Econometric Methodology

To study the factors that play a determinant role on the choice of boutiques as advisors, several multilinear probit[8] regressions were performed using Stata. For each regression the dependent variable is a dummy variable for advisor type (boutique or full service) and the independent variables[9] are based on deal characteristics that may influence the choice of an advisor, as already proposed in the above section "Hypotheses development".

Furthermore, to understand the short term market's reaction from the choice of a boutique versus a full-service, acquirer's CAR - Cumulative Abnormal Return were used, with a 5-day event window (-2,2) in which 0 is the announcement day (as in Fuller et. al (2002)). Those were calculated[10] using the market model with an estimation window of 90 days, 2 days prior the announcement date. Identical to Song et. al (2013) approach, this study controls for the endogenous choice of an advisor, given some deal characteristics may influence the choice of an advisor (as it will be proven in section 4.2) and the announcement returns simultaneously. Additionally, Song suggested that to verify the impact of boutiques expertize and independence in announcement returns, it is necessary to account for the self-selection bias that could emerge from advisor versus firm selection. As argued by Golubov et. al (2012), the decision to employ a certain advisor is a choice that may be on the acquirer or on the advisor's side. In view of that, certain deals boutiques

[8] General Probit Econometric Model illustrated in Appendix 2.

[9] Complete list of Dependent and Independent variables with respective classification in Appendix 1.

[10] CARs were calculated according to the market model, with the support of eventstudytools.com, a website developed in partnership with Saint Galen University that provides useful research apps for the production of event studies. As a market return proxy MSCI country indexes for each of the acquirers' country were used.

advise may not be a matter of choice based on their intrinsic characteristics, but instead based on the fees imposed or conditions implied by a full-service advisor, that lead them to a cheaper alternative (Song et. al, 2013). The former mentioned problems imply the need for self-selection bias control and OLS estimates are inefficient, since it may not produce the isolated effect from the choice of an advisor on the cumulative returns.

To control for the endogenous choice of an acquirer and self-selection bias, an Heckman's Two Stage Least Squares procedure (as in Golubov et. al (2012) and Song et. al (2013)) was used. In a first stage it was regressed[11] the choice of a boutique versus a full service advisor by considering the predicted probabilities of the previously probit's choice regressions. Then used on the second stage as an instrument to account for the unobservable variables that influence the choice of an advisor, together with an exogenous variable[12] that influences the choice of an advisor but not the deal outcome (CARs), as suggested by Golubov et. al (2012).

3.2.3. Sample Partition

To better explore the results of the full sample, a separation into various sub samples was made, since some results may not present to be relevant in the full sample, but when divided, may indicate some valuable conclusions. Hence, the sample was first divided into two models according to target's listing status – i.e. "Public" or "Private". As Golubov et. al (2012) suggested, a transaction involving a public target is subject to a higher reputational exposure than a private one, with public deals being more followed by the market, acting as a mechanism to conduct financial advisors to act in the best interests of their clients. Therefore, it was taken into consideration that boutiques' expertize and independence may influence differently in terms of the impact on the acquirer's choice and returns according to the target's status. Secondly, inside each sub-sample two different models were analysed considering the deal form – i.e. Merger or Acquisition, due to the different types of interactions between advisors, acquirers and targets, when in presence of one or another.

Provided the above, it is expected that the number of observations and variables varies across each regression due to different sample selection criteria and data availability. In addition, although the sample was divided in accordance to Public versus Private targets, and Mergers versus Acquisitions, such classifications were taken into consideration as

[11] 2SLS Econometric Model illustrated in Appendix 3.

[12] Exogenous variable used: "Prev_Hired_Fullservice", as it is expected to affect the choice of an advisor but not deal's outcome.

being dummy variables in the full-sample model and total public/private samples, in order to understand whether they play a role in the choice of an advisor or not.

4. Results

4.1. Sample observations distribution

Table I summarizes the observations for all the models to be analysed, in accordance to each advisor type. The complete sample represents a number of 1192 deals, in which 290 (24%) of those deals are advised by boutiques and 902 (76%) are advised by full-service advisors. As expected, the number of boutiques is inferior across all samples analysed when compared to full-service advisors. Yet, it is evident that the percentage of deals analysed by boutiques is higher for the sub-samples (model 5, 6 and 7) in which the target is a private company.

Table I – Sample distribution

This table represents the observations and respective percentage for all the models analysed in accordance to advisor type, over the period 2000 - 2016. It first considers the sample division in Public target versus Private target, followed by a division between deal type, Merger and Acquisition. Each sub-sample corresponds to a model, from 1 to 7. N represents the number of observations in each model.

	Full Sample	Public Target			Private Target		
	Total (1)	Total (2)	Acquisition (3)	Merger (4)	Total (5)	Acquisition (6)	Merger (7)
Advisor type:	N = 1192	N = 590	N = 93	N = 497	N = 602	N = 324	N = 278
Boutique	290	88	16	72	202	109	93
	24%	15%	17%	14%	34%	34%	33%
Full-Service	902	502	77	425	400	215	185
	76%	85%	83%	86%	66%	66%	67%

While in public deals only 15% of the deals were advised by boutiques, on the private side, the percentage increases to more than double (34%), suggesting that boutiques are more likely to be chosen to acquire private targets and full-service advisors in public ones. In terms of deal form, contrary to hypothesis H2, the percentage of boutiques advising acquisitions is slightly higher than in mergers, 17% vs 14% in models 3 and 4, and, 34% vs 33% in models 6 and 7. Full-service advisors indicate the opposite; more present in mergers than in acquisitions and in public deals than in private ones, 86% vs 83% in models 4 and 3 and 67% vs 66% in models 7 and 6.

4.2. Determinants in the choice of advisor

In this section, the results from the multinomial probit regressions on the determinants in the choice of an advisor, applied on the full sample and respective sub-samples, were presented.

From the analysis of table II, the chi square' probabilities indicate that all models are significant, except the public acquisitions sub-sample, with a chi square probability of 0.2166, higher than 0.1, thus, the model is insignificant. As no conclusions can be drawn from an insignificant model, model 4 is left out of the analysis.

The choice of an advisor type may be determined by a series of factors, however, as the studies reviewed in section 2 demonstrated, some of the factors may be considered to be untraceable in an econometric model, while others, for example certain deal characteristics and the relationships' path between advisors and clients, may contribute to explain such choice. Accordingly, all the significant models regressed to explain the choice between boutiques and full-service advisors presented in general low r-squares, consistent with most of the studies in the choice of an advisor (see for example Bilinski and Yim (2016); Golubov et. al (2012); Song et. al (2013)).

In terms of the variables "PrivateTarget" and "Merger", exclusively used in the full-sample and total public/private samples, only the variable "PrivateTarget" has shown to be significant. Provided that and in accordance with hypothesis H1, the positive direction of the coefficient tells that when acquirers intend to acquire a private company, the probability of choosing a boutique compared to a full-service bank is greater, proposing that boutiques characteristics in terms of valuation expertize and market knowledge are highly valued in private acquisitions. As argued by Song et. al (2013) and concurring to this study's results, target's information availability contributes to valuation accuracy, thus, in the presence of scarce information, as with unlisted targets, the valuation is more complex. As Officer (2007) documented, Public targets are required by stock exchange listing requirements to publish company's information in a standardized form, contrary to unlisted targets that often lack the incentives for voluntary disclosure. Also, the reputation exposure from acquiring a private company is likely to be inferior to acquiring a public one (Golubov et. al, 2012), so, full-service's reputation will naturally have an inferior value than boutiques' expertize for acquirers in private acquisitions.

From the variables analysed across all the subsamples, "DealSize" is highly significant across all the models considered, showing that the likelihood of employing a boutique advisor decreases as the value of the deal increases. Such results are consistent with hypothesis H3, full-service' characteristics as funding capacity and reputation, are more likely to be appreciated in larger deals, in which the reputational exposure and the need for funding and other complementary services are higher, surpassing the value of boutiques' characteristics like expertize and independence. This is consistent

with Song et. al (2013), who also found deal size to be statistically significant across all the subsamples and demonstrated that deal size negatively impacts the likelihood of hiring a boutique. However, as Song et. al (2013) explained, this impact may be driven by deals' fee-structure, in the sense that full-service advisors may reject inferior deals due to the smaller amount of fees generated in smaller deals.

Table II – Determinants in the choice of advisor

This table represents the result from the probit regressions ran across all the samples. The values indicated are the coefficients for each of the variables, with *, **, ***, indicating the significance of the variable at 10%, 5% and 1% respectively. Each sub-sample corresponds to a model, from 1 to 7. Negative coefficients are indicated between brackets.

Variable	Total Sample (1)	Total Public (2)	Public Merger (3)	Public Acquisition (4)	Total Private (5)	Private Merger (6)	Private Acquisition (7)
Intercept	(0.0991)	(0.017)	0.1942	1.4977	(0.591)	(0.5184)	(0.8581)
LN_DealSize	(0.217) ***	(0.194) ***	(0.197) ***	(0.583) ***	(0.249) ***	(0.2571) ***	(0.2679) ***
LN_RelativeSize	(0.041)	(0.027)	(0.030)	(0.153)	(0.040)	(0.018)	(0.047)
Percent_Sought	0.059	(0.389)	(0.331)	(1.204)	0.751	0.809	0.925
PrivateTarget	0.1901*	N/A	N/A	N/A	N/A	N/A	N/A
Merger	(0.025)	0.088	N/A	N/A	(0.054)	N/A	N/A
CrossNation	0.3113 ***	0.3398 **	0.3768 *	0.3089	0.2934 **	0.2613	0.4826 **
CrossRegion	(0.167)	(0.155)	(0.109)	(0.307)	(0.171)	(0.055)	(0.437)*
CrossIndustry	0.0511	0.1578	0.1162	0.8396	0.0016	0.0628	(0.0524)
Hybrid	(0.197)*	(0.094)	(0.023)	(0.688)	(0.123)	(0.128)	(0.108)
StockOnly	(0.132)	(0.049)	0.0362	Omitted	(0.113)	0.066	(0.897)
Fin_Leverage	0.0001	0.0003 **	0.0003 **	-0.0056	0	0.0003	(0.002) ***
CashProportion	0.0331	(0.0778)	0.0507	(3.2650)	0.1913	(0.1759)	(1.2158)**
Prev_Hired_ Fullservice	(0.369) ***	(0.116)	(0.269) *	(1.939)	(0.610) ***	(0.612) ***	(0.665) *
Year effects	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Observations	1192	590	497	93	602	278	324
Prob > chi2	0.0000	0.0053	0.0046	0.2166	0.0000	0.0100	0.0000
Pseudo R2	0.1438	0.0938	0.1003	0.3101	0.1478	0.1579	0.2207

For cross-border deals, both hypothesis H6 and H7 suggest that boutiques' target environment knowledge and specific skills would be more valuable in cross border deals – i.e. both cross regional and cross national ones. From the significant models, all suggest that acquirers are more likely to hire boutiques when in the presence of a cross-nation deal, except for the Private Mergers sample (model 6) where no significance was found. These cross-nation results are in accordance with Jong et. al (2008) who indicated that deal complexity increases in cross-border deals due to different accounting policies, regulatory environment and bureaucratic processes. Nevertheless, when the deal is cross regional, evidence

was found only for private acquisitions. The variable cross-region is significant, but, negatively affecting the choice of boutiques, contrary to hypothesis H7.

A possible explanation is that this study contains European acquirers seeking to acquire targets across different regions in the world. Although in Europe there are differences among nations - due to the interconnection and similarities in the economic and political environment, imposed by the homogenization process of the European Union -, the connection between targets, acquirers and advisers is naturally greater than those in cross region deals. Hence, on a cross-region deal the uncertainty degree regarding target's nation environment is accentuated, possibly having cultural shocks and an inferior degree of homogeneity on deal's processes compared to the deals between European nations. This may lead acquirers to rely on global advisors, as they are the ones with a global presence across various regions, hence, the ones that may get the deal through and be known by acquirers. Contrary to boutiques from foreign regions, which may be unrecognized and lead acquirers to question their reputation and ability to provide valuable advice.

Furthermore, Servaes and Zenner (1996) associated the use of stock as a mean of payment to an increase in deal complexity. Additionally, Song et. al (2013) argued that target's information asymmetry increases when the payment is made with stock. Thus, as stated by hypothesis H9, boutiques' valuation and negotiation skills are expected to be appreciated by acquirers in deals involving stock. Although the variable "Hybrid" presents to be significant, it's only for the total sample and with a negative coefficient. Contrary to hypothesis H9, it proposes that the likelihood to choose a boutique decreases for payments involving a mix of cash and stock, compared to cash only deals. Nevertheless, this evidence is not robust, as it is only verified for the full sample, perhaps due to a mere aggregation of observations.

Regarding financial leverage, both the total public and public merger subsample suggested that, as acquirer's debt-to-equity ratio increases, the likelihood to hire a boutique increases, in accordance to hypothesis H10. As Song et. al (2013) proposed, a higher debt-to-equity may signal less information asymmetry and a greater ability to borrow. If the same perspective is taken, more leveraged acquirers signal a greater ability degree to borrow, thus, have an inferior need for the funding service of global advisors, leading them to choose a boutique advisor instead. Nevertheless, in the private acquisitions sub sample, financial leverage is highly significant, but with an opposed coefficient's sign, indicating a preference for full-service advisors as financial leverage increases. Such results may be related to differences in the roles

leverage and capital structure have for public versus private companies. As Huynh et. al (2012) argued, private firms' leverage ratios are generally higher, as they rely mostly on debt and cash flows to finance their activities, contrary to public firms, who have access to public equity markets. For instance, acting as a substitute for debt in their transactions' financing method.

For the analysis of the variable "cash reserves proportion", one can see that acquirers with a higher proportion of cash relative to its size are more likely to use boutiques than full-service advisors on private acquisitions, consistent to hypothesis H11, as acquirers with higher cash reserves will usually dispense the funding service of full-service advisors. Yet, no significant evidence was found for the public samples. Faccio and Masulis (2005) found that bidders of unlisted targets use cash significantly more often as a payment method, while bidders of listed targets use stock financing more often, indicating a greater seller preference for cash when a target is privately held, since in fact, the target company may refuse to receive stock from the acquiring company. This can mean that the relationship between cash and advisor choice is more relevant for private targets due to the higher value cash has for acquiring private companies.

Finally, in accordance to hypothesis H12, was found a negative relationship for the likelihood of hiring a boutique advisor, in case the acquirer has used a full-service advisor in the past five years across all samples, except for the total public one. Though, the total public's sample insignificance may be explained by the influence from observations in the public acquisitions subsample. In any case, these findings are in accordance to Sibilkov and McConnell (2014) study, who found that past acquirer's relation with an advisor has a major role in the choice of an advisor for succeeding deals.

4.3. Impact from advisor choice on deal announcement returns

To understand how the market reacts upon the choice of a boutique versus a full-service advisor, a 2SLS procedure was used, as presented in the next table III. From its analysis, it is possible to identify that the variable "Boutique" in the second stage equation, has no effect on CARs for any of the subsamples used, except for the full-sample. In the full-sample, the choice of a boutique versus a full-service advisor indicates that boutiques have a negative impact on European acquirers' announcement returns. This is contrary to Song et. al (2013) findings and hypothesis H13, since it was expected boutiques' independence, valuation and industry expertise to be highly appreciated by the market, in accordance to the increasing demand for boutiques in Europe.

Table III – Impact from Advisor choice on announcement returns (2SLS)

This table represents the result from the 2SLS regression for all the samples. The values indicated are the coefficients for each of the variables, with *, **, ***, indicating the significance of the variable at 10%, 5% and 1% respectively. Negative coefficients are presented between brackets. Below each subsample indicates the 1st stage for the choice of an advisor and the 2nd stage for the impact of the choice on CARs with the respective instruments (Inst.).

	Full-sample		Tot. Public		Public Merger		Public Acquisition		Tot. Private		Private Merger		Private Acquisition	
Regression Stage	1st	2nd	1st	2nd	1st	2nd	1st	2nd	1st	2nd	1st	2nd	1st	2nd
CAR	Coeff.	Coeff.	Coeff.	Coeff.	Coeff.	Coeff.	Coeff	Coeff.	Coeff.	Coeff.	Coeff	Coeff	Coeff.	Coeff.
Intercept 1st stage	(0.370)	-	(0.158)	-	(0.154)	-	(0.002)	-	(0.221)	-	(0.25)	-	(0.057)	-
Intercept 2nd stage	-	0.0048	-	0.042	-	(0.007)	-	(0.130)	-	(0.021)	-	(0.226)	-	0.052
Boutique	-	**(0.046)***	-	(0.131)	-	(0.022)	-	(0.047)	-	0.0024	-	0.0948	-	0.0334
LN_DealSize	0.04***	(0.01)**	0.016	(0.01)**	0.0123	(0.004)	0.0012	(0.006)	0.0473*	(0.001)	0.0442	0.0109	0.0104	(0.001)
LN_RelativeSize	0.0091	(0.001)	0.0021	(0.001)	0.0012	(0.001)	0.006	0.0037	0.0064	(0.002)	0.0018	0.0014	0.0007	(0.003)
PercentSought	0.0136	0.0203	0.0394	(0.005)	0.04	(0.007)	(0.001)	0.0259	(0.136)	0.0824***	(0.09)	0.195*	(0.002)	0.0266
PrivateTarget	(0.05)	0.01***	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Merger	0.0008	(0.004)	(0.01)	(0.018)	N/A	N/A	N/A	N/A	0.0048	0.0011	N/A	N/A	N/A	N/A
CrossNation	(0.072*)	0.0083	(0.032)	0.025**	(0.027)	0.007	(0.015)	0.082***	(0.065)	(0.005)	(0.058)	(0.023)	(0.022)	(0.004)
CrossRegion	0.0407	0	0.0133	0.002	0.007	0.0113	0.009	(0.040*)	0.0445	(0.002)	0.026	(0.006)	0.0229	0.0003
CrossIndustry	(0.02)	0.0063	(0.023)	0.016*	(0.015)	0.013*	(0.004)	0.0177	(0.004)	(0.001)	(0.019)	(0.008)	0.0015	(0.001)
Hybrid	0.0417	(0.004)	0.0007	(0.021)	(0.005)	(0.03**)	0.0023	0.0541	0.019	0.0049	0.0122	0.0117	0.006	0.0035
StockOnly	0.0272	0.0083	0.005	(0.004)	(0.002)	(0.01)	0	0	0.0154	0.044**	(0.019)	0.063*	(0.015)	(0.012)
FinLeverage	(0.000)*	0	0	0	0	0	0	0.0002	0	0	0	0	0	0
CashProportion	(0.009)	(0.004)	0.005	0.036**	(0.008)	0.033***	(0.011)	0.218***	(0.045)	(0.062*)	0.033	(0.018)	(0.039)	(0.12)*
Year effects	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Prev_Hired_ Fullserv	0.076**	Inst.	0.012	Inst.	0.0215	Inst.	(0.001)	Inst.	0.1217*	Inst.	0.1225	Inst.	0.0212	Inst.
Selection_hat	1.844***	Inst.	1.43***	Inst.	1.35**	Inst.	0.953*	Inst.	1.6685***	Inst.	1.65***	Inst.	1.1346***	Inst.
Adj R-squared	0.1577	-	0.0916	-	0.041	0.0632	-	0.2874	0.1459	0.0678	0.1115	-	0.1885	0.0715

Nevertheless, although both the first and second stage regressions prove to be significant in terms of the whole model applied with the full-sample, the coefficient's significance for advisor's choice ("Boutique" variable) is only verified at a 10% significance level. Such results point towards weak evidence and no robust conclusion can be drawn. Also, given that none of the other sub-samples indicated the choice between boutiques and full-service banks to have an impact on acquirers' returns., the result may be a simple aggregation of observations.

Findings of a weak relationship between advisor choice and announcement returns are in fact close at hand with other studies in the scope of advisor choice's impacts on CARs, as reviewed in section 2.3. Additionally, it may occur that, contrary to Song's study, applied in the US, the European market does not react to advisor choice with a relevant strength to be statistically noticeable. As already stated, the relationships prevalent in Europe between acquirers and advisors are influenced by the integration of a single market. Such relationships and other factors, like targets' characteristics, may not be fully accounted in the model due to the lack of data on private targets. Lastly, evidence for the difference on reactions of public versus private samples was expected to be found, as Golubov et. al (2012) did when hypothesising advisor reputation impact on deal outcomes, however, no conclusion can be drawn since the choice is not significant in any model other than the full-sample.

5. Conclusion

The aim of this study was to find evidence on how European acquirers determine their choices between boutiques and full-service advisors and how such choice impacts their announcement returns.

From the multinomial probit regressions used to understand what characteristics may determine the choice of a boutique advisor and what skills do acquirers value in each type of advisor some conclusions can be drawn. Firstly, like Song et al. (2013), this study was able to conclude that the choice of an advisor may be endogenously determined, as from the probit analysis several deal characteristics impact the choice of an advisor. In general, it was verified that Boutiques' skills are more valued in complex deals and when the reputational exposure is inferior. Accordingly, these findings suggest that boutiques are more valued to advise in private target's acquisitions, but not on larger deals, independently of the target's status. Not only the reputational exposure of a larger deal is higher, but also often requires other additional services such as funding due to the large cash amounts involved - characteristics from full-service advisors.

In terms of the cross-border deals, boutiques economic environment and local market knowledge were found to be valued in cross-nation deals but not in cross-region deals. Such findings may indicate a possible relationship between acquirers and advisors across different European nations, where boutiques' networking relationships may have an influence, contrary to cross-region deals, where acquirers will face an environment with higher uncertainty, leading them to choose a full-service advisor, since they are globally present and generally well-known across multiple regions.

Furthermore, acquirers seem to value the funding capacity from full-service advisors in public deals, since those with lower leverage ratios and low cash reserves indicate a preference for full-service advisors instead of boutiques. Yet, inverse conclusions were found for the private side on cash reserves and no evidence for leverage. Such results are possibly linked to differences on the roles cash and leverage play for public versus private targets. Finally, findings also suggest that acquirers who had a previous relationship with a full-service advisor seem to maintain the same advisor type on future deals. Such may be explained by the capacity of full-service advisors to maintain clients on succeeding deals, or, of certain acquirer characteristics that led them to choose a certain advisor type successively.

In terms of announcement returns, no robust evidence was found. Suggesting that advisor type, based on expertize and independence have no effect on short-term performance. Such findings differ from Song's study in the US, probably due to the different variables used to control for advisor's choice or the different dynamics between acquirers and advisors in Europe.

As a suggestion, further research is encouraged in order to overcome some of the limitations found in this study. Firstly, it may include more variables to account for target's characteristics, as some of the information available regarding the target was inconsistent and insufficient. Lastly, other studies can restrict the analysis to public companies and therefore, overcome the lack of private targets information and verify if there is an impact on short term performance when choosing a boutique in Europe to advise on the acquisition of public companies.

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7. Appendixes

Appendix 1 – Dependent and independent variables description with hypothesis matching

Corresponding Hypothesis	Variable	Variable Description
	Boutique	a dummy variable equal to 1 if the acquirer used a boutique advisor, and 0 otherwise
H1	PrivateTarget	a dummy variable equal to 1 if the target is a private company, and 0 if it is a public company
H2	Merger	a dummy variable equal to 1 if the deal form is a Merger, and 0 if it is an Acquisition
H3	LN_DealSize	value of the transaction in US$ million
H4	RelativeSize	Bidder market cap 4 weeks prior announcement day divided by target's asset size on announcement day
H5	Percent_Sought	percentage of the target company that the acquirer soughs to acquire
H6	CrossNation	a dummy variable equal to 1 if the deal is cross national, and 0 otherwise
H7	CrossRegion	a dummy variable equal to 1 if the deal is cross regional, and 0 otherwise
H8	CrossIndustry	a dummy variable equal to 1 if the deal is cross industry, and 0 otherwise
H9	Hybrid	a dummy variable equal to 1 if the payment method includes both stock and cash, and 0 otherwise
H9	StockOnly	a dummy variable equal to 1 if the payment method used is stock only, and 0 otherwise
H9	CashOnly	a dummy variable equal to 1 if the payment method used is cash only, and 0 otherwise
H10	Fin_Leverage	acquirer's debt-to-equity one year prior announcement date
H11	CashProportion	acquirer's deposits and short term investments 4 weeks prior announcement date divided by market cap 4 weeks prior announcement
H12	Prev_Hired_ Fullservice	a dummy variable equal to 1 if the acquirer used a full-service advisor in the previous 5 years to the deal announcement date for an M&A transaction, and 0 otherwise
H13	CAR	Acquirer's Cumulative Abnormal Return with a 5-day (-2,2) event window
N/A	Selection_Hat	Variable to be used in 2SLS, representing the predicted probabilities from the choice regressions

Appendix 2 – Regression 1: Probit illustration for the choice between boutique and full-service advisors

$$\text{Boutique}_i = c + \beta_1\text{LN\_DealSize}_i + \beta_2\text{RelativeSize}_i + \beta_3\text{Percent\_Sought}_i + \beta_4\text{PrivateTarget}_i + \beta_5\text{Merger}_i + \beta_6\text{CrossNation}_i + \beta_7\text{CrossRegion}_i + \beta_8\text{CrossIndustry}_i + \beta_9\text{Hybrid}_i + \beta_{10}\text{StockOnly}_i + \beta_{11}\text{Fin\_Leverage}_i + \beta_{12}\text{CashProportion}_i + \beta_{13}\text{Prev\_Hired\_Fullservice}_i + \mu i \quad (i = 1 \text{ to N, depending on the sample used})$$

Appendix 3 – Regression 2: 2SLS illustration for the impacts on acquirer's CAR from the choice estimated in regression 1

$$\text{CAR}_i = c + \beta_1\text{Boutique}_i + \beta_2\text{LN\_DealSize}_i + \beta_3\text{RelativeSize}_i + \beta_4\text{Percent\_Sought}_i + \beta_5\text{PrivateTarget}_i + \beta_6\text{Merger}_i + \beta_7\text{CrossNation}_i + \beta_8\text{CrossRegion}_i + \beta_9\text{CrossIndustry}_i + \beta_{10}\text{Hybrid}_i + \beta_{11}\text{StockOnly}_i + \beta_{12}\text{Fin\_Leverage}_i + \beta_{13}\text{CashProportion}_i + (\beta_1\text{Boutique}_i = \beta_{14}\text{Prev\_Hired\_Fullservice}_i + \beta_{15}\text{Selection\_Hat}_i) + \mu i \quad (i = 1 \text{ to N, depending on the sample used})$$

Book II – Support files

Support file 1 – Descriptive Statistics (Univariate Analysis)

This table represents the average values and percentages for each advisor type on all the variables used in the study. N = nº of observations. Additionally, it provides the mean difference t-test between full-service and boutique advisors with the respective significance, 1%, 5% and 10%, represented by ***, ** and * respectively.

Variables	N	DealSize (mil. $, average)	Relative size (average)	Percentage Sought (average%)	Cross Nation (%)	Cross Region (%)	Cross Industry (%)	Hybrid (%)	Merger
Total	1192	946.44	41.66	94.87%	54.95%	31.71%	38.67%	18.46%	65.02%
Full-Service	902	1136.99	43.01	94.46%	55.99%	33.81%	37.80%	18.63%	78.70%
Boutique	290	353.76	37.48	96.14%	51.72%	25.17%	41.38%	17.93%	21.30%
Mean difference, t-test: Full-service – Boutique		4.105	0.622	-2.079	1.264	2.880	-1.078	0.267	3.248
		***	-	-	-	***	-	-	***

Variables	N	Stock Only (%)	Cash Only (%)	Leverage ratio (average)	Cash Reserves (average)	Previous relationship with full-service (%)	CAR (average %)	Private
Total	1192	16.69%	64.85%	50.22	0.16	0.40	0.79%	50.50%
Full-Service	902	17.63%	63.75%	46.14	0.15	0.45	0.50%	55.65%
Boutique	290	13.79%	68.28%	62.93	0.17	0.24	1.69%	30.34%
Mean difference, t-test: Full-service – Boutique		1.579	1.428	0.495	1.113	7.174	2.030	7.982
		-	-	-	-	***	**	***

Support file 2 – Advisor classification: 1 for boutiques and 0 for full-service advisors

Advisor name		**Advisor name**		**Advisor name**	
Abax Bank SpA	0	BBB Capital Pty Ltd	1	CFI	1
ABG Sundal Collier	0	BCMS Corporate Ltd	0	Charles Stanley & Co Ltd	0
ABN AMRO Bank	0	BDO	0	Charles Stanley Securities	0
ABN AMRO Bank NV	0	Bear Stearns & Co Inc	0	Chase Manhattan Bank NA	0
ABN Amro Bank NV (Birmingham Branch)	0	Bear Stearns International Ltd	0	Chase Manhattan Corp	0
ABN AMRO Hoare Govett (UK)	0	Beaumont Cornish	1	CIBC World Markets Inc	0
ABN-AMRO Holding NV	0	Berenberg Bank	0	Cie Financiere Edmond Rothschild	0
Acsel Advisors Ltd	1	Beringer Finance AB	1	Citi	0
Aguirre Newman SA	0	BES INVESTIMENTO DO BRASIL	0	Citigroup	0
AIB Corporate Finance	0	BHF-Bank AG	0	Citigroup Global Markets Inc	0
Alexander David Securities Ltd	1	Blackstone Group LP	1	City Financial Associates Ltd	0
Alfred Berg A/S	1	Blue Corporate Finance	1	Clairfield International	1
Alfred Berg Norge AS	0	BMO Capital Markets	0	Clearwater International	1
Allenby Capital Ltd	1	BMO Nesbitt Burns Inc	0	Close Brothers Corporate Finance	0
Altium Capital Limited	1	BNP Equities	0	Collins Stewart Ltd	0
Ambrian Partners Ltd	1	BNP Paribas SA	0	Commerzbank AG	0
Amethyst Corporate Finance PLC	1	Brewin Dolphin Holdings PLC	0	Communications Equity Associates LLC	1
Angermann M&A International	1	Brewin Dolphin Securities Ltd	0	Conventum Oy	1
Apax Partners & Co Ltd	1	Bridgewell Ltd	0	Corporate Finance Group	1
Arbuthnot Securities Ltd	1	Bryan Garnier & Co	1	Corporate Synergy PLC	0
Arctic Securities ASA	1	BSCH International Ltd	0	Cowen & Co	0
Arctos Mergers & Acquisitions	1	Buckingham Corporate Finance Ltd	1	Credit Agricole Corporate & Investment Bank	0
Arden Partners Ltd	0	CA IB Securities	0	Credit Lyonnais Investissement	0
Argonaut Securities Pty Ltd	0	CA-IB Investmentbank AG	0	Credit Lyonnais SA	0
Arma Partners LLP	1	Cairn Financial Advisers Ltd	1	Credit Suisse	0
Asgard Partners Ltd	1	Caliburn Partnership Pty Ltd	1	Credit Suisse First Boston (Europe) Ltd	0
Astaire Securities PLC	1	Calyon Corporate and Investment Bank	0	Credit Suisse First Boston Corp	0
Atout Capital SAS	1	Canaccord Adams	0	Credit Suisse First Boston Ltd International	0

Avantus Corporate Finance AB	1	Canaccord Capital (Europe) Ltd	0	Credit Suisse Group	0
Aventum Partners	1	Canaccord Genuity	0	Cross Border SRL	1
B Riley & Company	0	Canaccord Genuity Ltd	0	CW Downer & Co	0
Banc of America Securities LLC	0	Canadian Imperial Bank of Commerce	0	Daiwa Securities SMBC Co Ltd	0
Banca d'Intermediazione Mobiliare IMI SpA	0	Canec International Ltd	1	Daniel Stewart Securities Plc	0
Banca IMI (Intesa Sanpaolo)	0	Cantor Fitzgerald Europe	0	Danske Bank	0
Banco Bilbao Vizcaya Argentaria SA	0	CapMan Oyj	0	Danske Markets	0
Banco Espirito Santo SA	0	Carlton Corporate Finance Ltd	1	Danske Securities AB	0
Banco Santander SA	0	Carnegie	0	Davy Corporate Finance	0
Bank of America Merrill Lynch	0	Carnegie Investment Bank AB	0	DBS Bank Ltd	0
Bank Sarasin et Cie	0	Catalyst Corporate Finance	1	Deutsche Bank	0
Banque Degroof Petercam SA	0	CatCap GmbH	1	Deutsche Bank Securities Corp.	0
Barclays	0	Cavour Corporate Finance SRL	1	Deutsche Bank Securities Inc	0
Barclays	0	Cazenove & Co	0	DnB Markets AS	0
Barclays Bank PLC	0	Cazenove Inc	0	Donaldson Lufkin & Jenrette Inc	0
Barclays PLC	0	CDC Marches	0	Dow Schofield Watts LLP	1
Baron Partners Ltd	1	Cenkos Securities PLC	1	Dowley Turner Real Estate LLP	0
Downer & Co.	0	Goldman Sachs International	0	JP Morgan & Co Inc	0
Dr. Ferber & Partner GmbH	1	Goodbody Corporate Finance	1	JP Morgan Cazenove	0
Dresdner Kleinwort	0	GP Bullhound Ltd	1	JP Morgan Securities Inc	0
Dresdner Kleinwort Benson (Germany)	0	Grant Samuel	1	Kaupthing Bank HF	0
Dresdner Kleinwort Wasserstein	0	Green Square Partners LLP	1	KBC Peel Hunt Ltd	0
E Ohman Jr Fondkommission	0	Greenhill & Co, LLC	1	KBC Securities	0
EC Hambro Rabben & Partners Ltd	1	Gresham Partners	1	Kempen and Co NV	0
EFG Hermes	0	Guggenheim Securities LLC	0	Keystone AB	1
EFG Telesis Finance	0	Handelsbanken AS	0	King Sturge & Co	0
Electa Financial Engineering SpA	0	Handelsbanken Capital Markets	0	Klecha & Co	1
Electra Partners LLP	0	Handelsbanken Investment Banking	0	Kon SpA	1

Endeavor Financial Corp	0	Hawkpoint Partners	1	La Merchant SpA	1
EnVent SpA	1	HC Securities & Investment SAE	0	Landsbanki Islands	0
EPL Advisory LLP	1	HDR Partners	1	Lazard	1
equinet AG	0	Herbert Smith, Wichita Falls	0	Lazard Brothers & Co Ltd	1
Erik Penser	0	Hines Associates Ltd	1	Lazard Freres & Co LLC	1
Erste Bank Der Oesterreichischen Sparkassen AG	0	Hoare Govett Ltd	0	Lehman Brothers International	0
Euroland Finance	0	Holland Corporate Finance	1	Leimdorfer AB	1
Eurosafei S.V.B., S.A.	0	Houlihan Lokey	1	Liberum Capital	1
Evercore Partners	1	HSBC Holdings PLC	0	Lincoln International	1
Evli Bank Plc	0	HSBC Holdings PLC (United Kingdom)	0	Lindenaar & Co Corporate Finance BV	1
Evolution Beeson Gregory Ltd	0	HSBC Investment Bank PLC	0	Lombard Odier International SA	0
Evolution Securities Ltd	1	HSBC Investment Banking Ltd	0	M&A International	1
Execution Noble	0	HSBC Securities (Canada) Inc	0	MacIntyre Hudson	0
FCF Fox Corporate Finance GmbH	1	HSH Corporate Finance	1	Macquarie Bank Ltd	0
Ferghana Partners Group	1	Hurst Morrison Thomson Corporate Finance LLP	1	Macquarie Capital Group Ltd	0
FIDEA	1	ING	0	Macquarie Capital Partners LLC	0
finnCap Ltd	0	ING Bank NV	0	Macquarie Corporate Finance	0
First Securities AS	1	ING Barings	0	Macquarie Group	0
Fleet Financial Group Inc,Boston,Massachusetts	0	Interfinanz GmbH	1	Mandatum & Co Oy	1
Fondsfinans AS	0	International Network of M&A Partners	1	MANGOLD FONDKOMISSION AB	0
Fortis	0	Invercaixa Valores SV	0	Marwyn Capital Ltd	1
Fortis AG	0	Investec Bank (UK) Ltd	0	Mazars LLP	0
Fortis Bank nv-sa	0	Investec Bank Ltd	0	MCF Corporate Finance GmbH	1
Fortis Finance NV	0	Investec Bank PLC	0	McQueen Ltd	1
FOX DAVIES CAPITAL	1	Investec Capital Alliance	0	Mediobanca SpA	0
FPKCCW	0	Investec Henderson Crosthwaite	0	Mediobanca-Banca di Credito Finanziario SpA	0
Fredericks Michael & Co. Inc.	1	Investec Holdings Ltd	0	Merrill Lynch & Co Inc	0
Gargoyle Partners	1	Investec Investment Banking	0	Merrill Lynch International Ltd	0

Genesta	1	Investec PLC	0	Merrill Lynch Pierce Fenner & Smith	0
George K Baum & Co	0	Jasper Corporate Finance LLP	1	Michel Dyens	1
Giuliani Capital Advisors LLC	1	Jefferies & Co Inc	0	Mitsubishi UFJ Morgan Stanley Securities Co Ltd	0
Gleacher & Co LLC	1	Jefferies LLC	0	Moelis & Co	1
Goldenhill Technology Advisors LLC	1	JMFinn Capital Markets Ltd	0	Mooreland Partners LLC	1
Goldman Sachs & Co	0	Jones Lang LaSalle Inc	0	Morgan Stanley	0
Morgan Stanley & Co	0	Petercam Securities SA	0	Strand Partners Ltd	1
MTS Securities LLC	1	Piper Jaffray Cos	0	Strata Partners	1
Mxc Capital Ltd	0	PKF International Limited	0	Strata Partners LLC	1
N+1	1	Pramex International SA	0	Strutt & Parker LLP	0
N+1 Singer Capital Markets Ltd	1	Rabobank	0	Summa Capital Oy	1
Natexis Banques Populaires SA	0	Raiffeisen Investment AG	0	Swedbank	0
National Bank of Greece SA	0	RBC Capital Markets	0	Swedbank Markets	0
Natixis	0	RBC Dominion Securities Ltd	0	TD Securities Inc	0
NatWest Advisory Group	0	RBS	0	Teather & Greenwood Holdings PLC	0
NCB Corporate Finance Ireland	0	RBS Hoare Govett Ltd	0	Torch Partners Ltd	1
Newgate Threadneedle Ltd	0	Redeye AB	1	Trigon Dom Maklerski SA	1
NIB Capital Bank NV	0	Regent Associates	1	Tudor Pickering & Co LLC	0
NIBC Bank NV	0	Rickitt Mitchell & Partners	1	Turkiye Sinai Kalkinma Bankasi AS	0
NIBC NV	0	Riva y Garcia	1	UBS	0
NM Rothschild & Sons Ltd	1	Robert Fleming Inc	0	UBS Investment Bank	0
Noble & Co Ltd	1	Robert W Baird & Co Inc	0	UBS Ltd	0
Noble Grossart Ltd	1	Robert W Baird Limited	0	UBS Warburg	0
Nomura	0	Rothschild & Cie Banque	1	Ulster Bank Ltd	0
Nomura International PLC	0	Rothschild & Co	1	UniCredit	0
Nomura Securities Co Ltd	0	Rothschild Inc. (UK)	1	UniCredit Group	0
Norddeutsche Landesbank Girozentrale	0	Rowan Dartington & Co Ltd	1	Unipol Banca	0
Nordea	0	Sal Oppenheim Jr & Cie KGaA	0	US Bancorp Piper Jaffray Inc	0
Nordea Bank Sverige AB	0	Salomon Smith Barney	0	Valentum Partners AB	1
Nordea Corporate Finance	0	Santander	0	VCP Capital Partners Unternehmensberatungs AG	1

Nordea Securities	0	Santander Central Hispano Investment	0	Viant Capital LLC	1
Norden Investment Banking	1	Sasfin Capital	0	Warburg Dillon Read Inc	0
Novum Securities Ltd	0	Savills PLC	0	Westdeutsche Landesbank Girozentrale{WestLB}	0
Numis Corp PLC	1	Schroder France SA	0	Westhouse Holdings PLC	0
Numis Corp PLC	0	Schroder Salomon Smith Barney	0	Westhouse Securities LLP	1
Numis Securities Ltd	0	Schroders	0	WestLB Panmure Ltd	0
Oakley Capital Ltd	1	Scotia Waterous Inc	0	WH Ireland Ltd	1
Oddo Corporate Finance	0	SEB	0	Wood & Co	0
OKOBANK Osuuspankkien Keskuspankki Oy	0	Sentio Partners LLP	1	Wood & Co Inc	0
OOO Northstar Corporate Finance	1	Seymour Pierce Butterfield Limited	1	Wyvern Partners	1
Oriel Securities Limited	0	Seymour Pierce Group PLC	1	Zaoui & Co	1
Orkla Finans AS	0	Seymour Pierce Ltd	1	Zeus Capital Ltd	1
Panmure Gordon & Co Ltd	0	Shore Capital & Corporate Ltd	1		
Panmure Gordon (UK) Ltd	0	Shore Capital Group	1		
Pareto Securities	0	Singer Capital Markets Ltd	1		
Parsec Finance Srl	1	Societe Generale SA	0		
Patria Finance	0	Socios Financieros SA	1		
Peel Hunt LLP	0	SPARK Advisory Partners Ltd	1		
Perella Weinberg Partners LP	1	Standard & Poor's Corporate Value Consulting	0		
Perez-Orive & Asociados	1	Standard Bank Group Ltd	0		
Perseus Group LLC	0	Strand Hanson Ltd	1		