

2019 RIA Benchmarking Study

Selected insights for firms
with under \$100M in AUM

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2019 RIA Benchmarking Study: Key metrics across peer groups

Metrics (median)	All firms \$250M+	Peer Groups					
		Under \$100M	\$100M- \$250M	\$250M- \$500M	\$500M- \$750M	\$750M- \$1B	\$1B- \$2.5B
2018 ending AUM (\$M)	\$672	\$70	\$171	\$343	\$604	\$870	\$1,433
5-year AUM CAGR ¹	7.5%	8.0%	7.8%	7.6%	6.5%	8.4%	7.8%
2018 organic growth ² (\$M)	\$24	\$3	\$7	\$17	\$26	\$48	\$45
5-year organic growth ² CAGR ¹	5.1%	6.0%	5.3%	5.7%	4.6%	5.8%	5.0%
2018 revenues (\$K)	\$4,193	\$501	\$1,280	\$2,449	\$4,052	\$5,523	\$9,000
5-year revenue CAGR ¹	9.4%	10.3%	9.1%	9.7%	9.0%	10.4%	9.5%
2018 ending number of clients	380	85	170	256	358	380	668
5-year client CAGR ¹	5.4%	4.7%	4.9%	5.8%	5.5%	6.0%	5.9%
Average assets per client (\$M)	\$1.90	\$0.78	\$1.08	\$1.41	\$1.97	\$2.54	\$2.30
Standardized operating margin	28.2%	24.2%	28.9%	26.6%	29.9%	26.6%	30.0%
Age of firm (years)	22	10	15	20	21	20	25

¹ Median compound annual growth rate (CAGR) over the five-year period from 2014 to 2018. Past performance is not an indicator of future results.

² Organic growth from net asset flows is the change in a firm's assets from new, existing, and lost clients before investment performance is taken into account, and it excludes the growth from acquisition or divestiture and from advisors joining or leaving.

Median results by peer group (AUM) unless otherwise noted. 2019 RIA Benchmarking Study from Charles Schwab, fielded January to March 2019. Study contains self-reported data from 1,310 firms. Participant firms represent various sizes and business models categorized into 12 peer groups—7 wealth manager groups and 5 money manager groups—by AUM size.

Firms with under \$100M in AUM have a slightly stronger 5-year growth rate than many peers

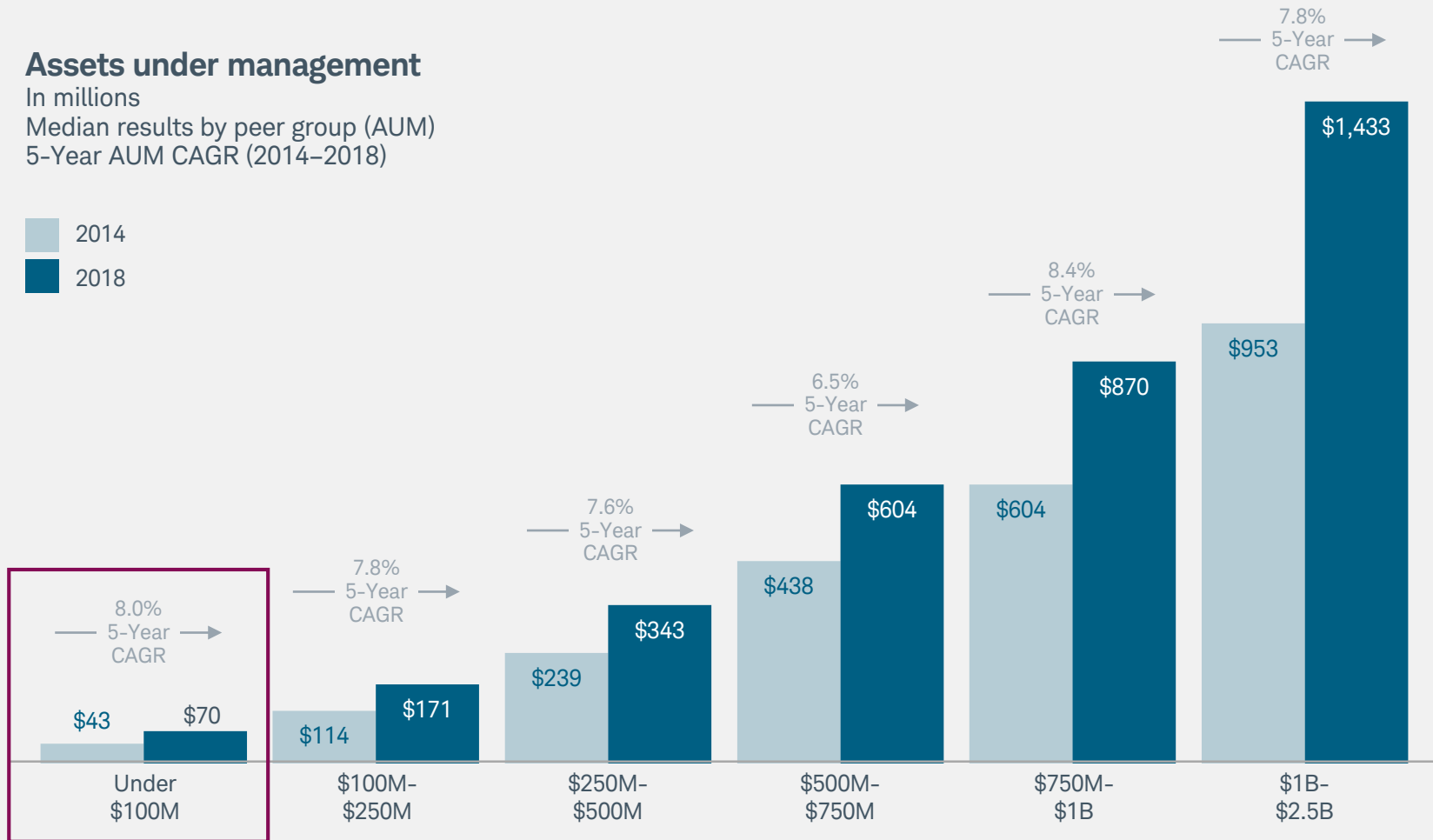
Assets under management

In millions

Median results by peer group (AUM)

5-Year AUM CAGR (2014–2018)

2014
2018



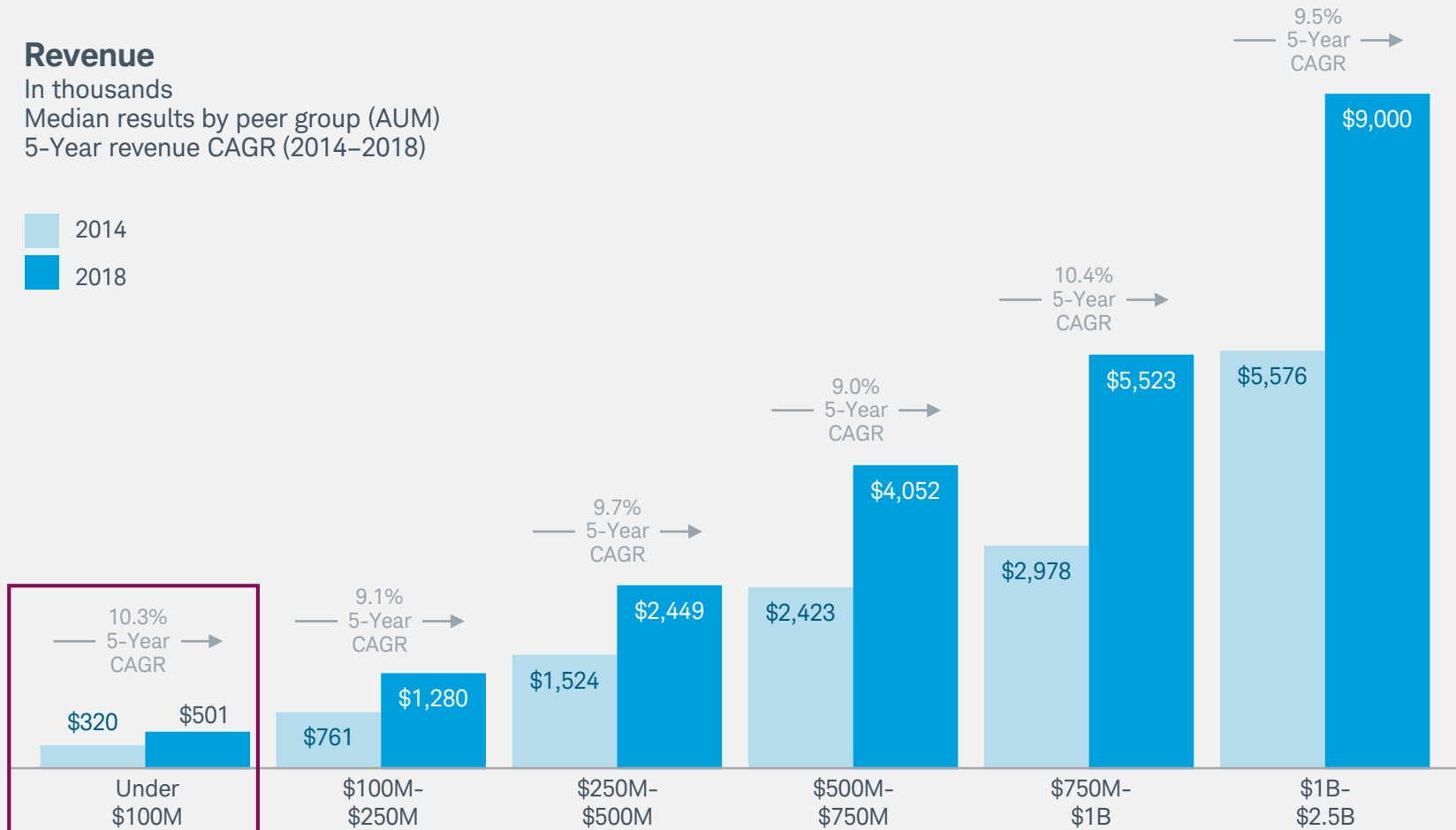
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Revenue grew at a healthy rate in 2018 across the board, and firms with under \$100M in AUM had one of highest growth rates over five-year period

Revenue

In thousands
 Median results by peer group (AUM)
 5-Year revenue CAGR (2014–2018)

2014
 2018

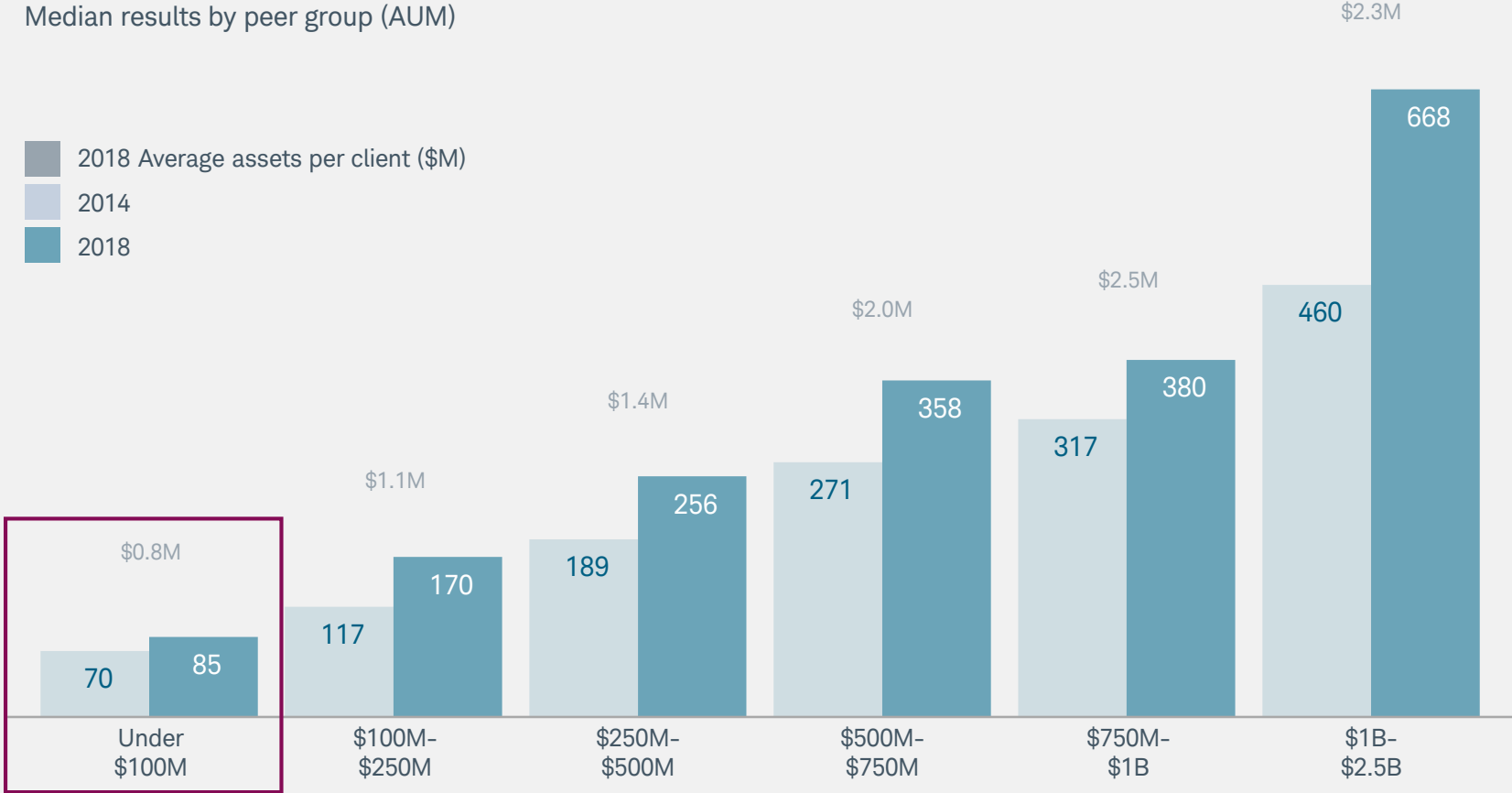


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Across the board, advisor firms continue to add new-to-firm clients

Total clients

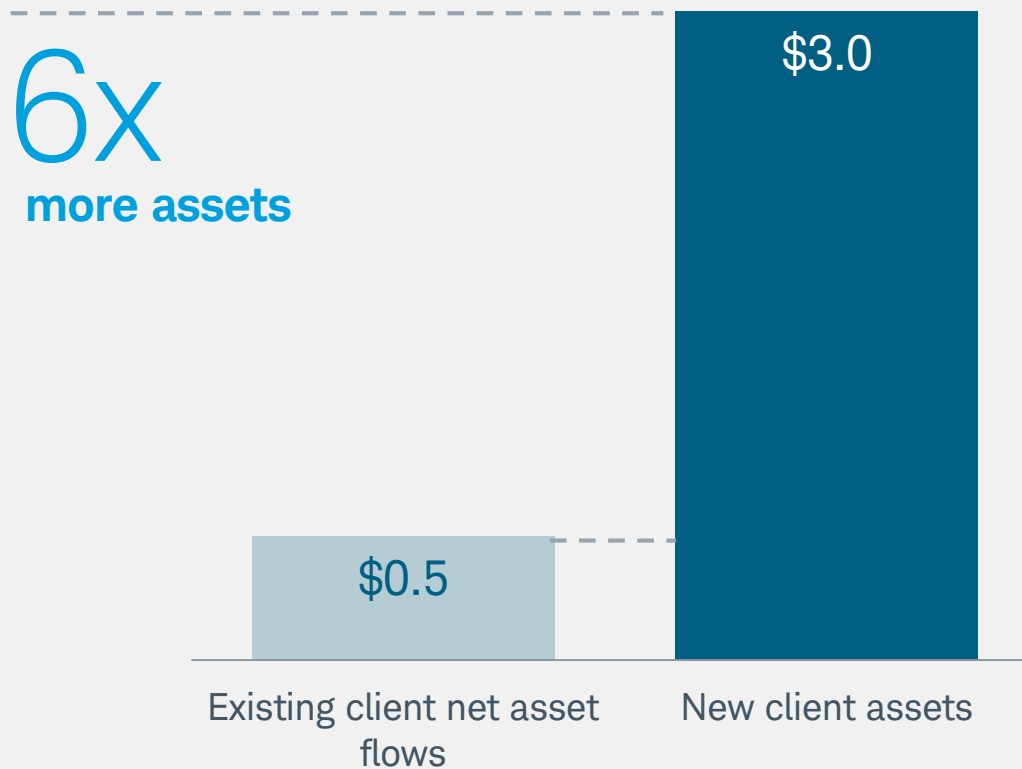
Median results by peer group (AUM)



Past performance is not an indicator of future results. 2019 RIA Benchmarking Study from Charles Schwab, fielded January to March 2019. Study contains self-reported data from 1,310 firms. Participant firms represent various sizes and business models categorized into 12 peer groups—7 wealth manager groups and 5 money manager groups—by AUM size.

For firms with under \$100M in AUM, new client assets are six times greater than net assets from existing clients

2018 assets from existing and new clients (\$M)

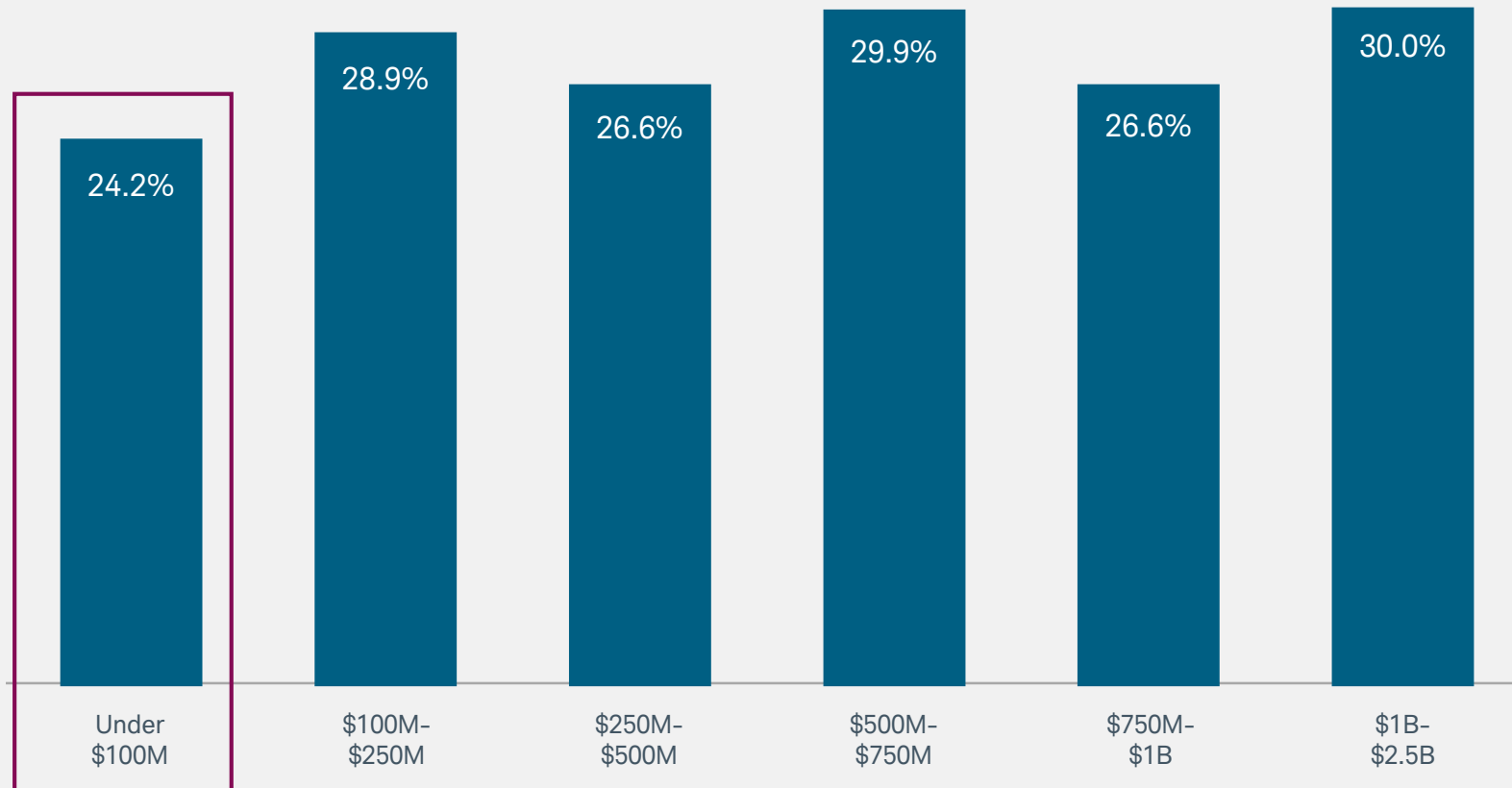


Median results for firms with under \$100M in AUM. 2019 RIA Benchmarking Study from Charles Schwab, fielded January to March 2019. Study contains self-reported data from 1,310 firms. Participant firms represent various sizes and business models categorized into 12 peer groups—7 wealth manager groups and 5 money manager groups—by AUM size.

Small firms maintain pace with peers in terms of profit margins

Standardized operating income margin

Median results by peer group (AUM)



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Methodology

- Schwab designed the RIA Benchmarking Study to capture insights in the RIA industry based on study responses from individual firms.
- Fielded from January to March 2019, the study contains self-reported data from 1,310 firms that custody their assets with Schwab Advisor Services and represent \$1.1 trillion in AUM, making this the leading study in the RIA industry. This self-reported information was not independently verified.
- Since the inception of the study in 2006, more than 3,600 firms have participated, with many repeat participants.
- Participant firms represent various sizes and business models. They are categorized into 12 peer groups – seven wealth manager groups and five money manager groups – by AUM size.
- The fastest-growing firms are the top 20% of firms as determined by net organic growth (five-year net organic compound annual growth rate). This cohort includes 154 firms out of 768, all of which have \$250 million or more in AUM.
- Net organic growth is the change in assets from existing clients, new clients, and assets lost to client attrition before investment performance is taken into account, and it excludes the growth from acquisitions, divestitures, and advisors joining or leaving a firm with assets.

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