The Move to Independence
2017 New Independent Advisor SEC Registrations
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The independent movement continues to be strong

- New firms that registered with the SEC in 2017 represent $84B in AUM
- 59% increase in number of new SEC registrations since 2013

Larger firms are fueling the movement

- The percentage of $300M+ firms with new SEC registrations has increased from 12% in 2013 to 29% in 2017
- Average assets for new SEC registered firms increased 28% year-over-year to $352M as large firms are on the move to independence

Schwab continues to be the leader

- Schwab has 41% market share of the newly registered SEC firms making a single custodian selection
- Schwab was named in 55% in multi-custodian deals in 2017

Source: SEC ADV Filings / Schwab Analysis 2013-2017
Move to independence is stronger than ever with more firms going independent

Number of new SEC RIA registrations YOY

Source: SEC ADV Filings / Discovery Data 2013-2017
New filings by firms with more than $300M in AUM continues to increase YOY and represents 29% of new firms in 2017

Single and multi-custodian firms by size

<table>
<thead>
<tr>
<th>Year</th>
<th>$1B+</th>
<th>$500M-$1B</th>
<th>$300-$500M</th>
<th>$100-$300M</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013</td>
<td>88%</td>
<td>6%</td>
<td>2%</td>
<td>4%</td>
</tr>
<tr>
<td>2014</td>
<td>83%</td>
<td>5%</td>
<td>7%</td>
<td>4%</td>
</tr>
<tr>
<td>2015</td>
<td>77%</td>
<td>7%</td>
<td>9%</td>
<td>7%</td>
</tr>
<tr>
<td>2016</td>
<td>75%</td>
<td>14%</td>
<td>5%</td>
<td>6%</td>
</tr>
<tr>
<td>2017</td>
<td>71%</td>
<td>15%</td>
<td>8%</td>
<td>5%</td>
</tr>
</tbody>
</table>

- Does not include firms under $100M or firms that did not disclose their AUM
- Due to rounding, some values may not add up to 100

Source: SEC ADV Filings / Discovery Data 2013-2017
Most firms are selecting a single custodian

New firm custodian selection types

Source: SEC ADV Filings, Schwab Analysis 2013-2017

Schwab has 41% market share of newly registered SEC firms making a single custodian selection

Schwab was named in 55% of multi custodian deals in 2017
Baseline SEC filtering criteria/methodology

- Currently approved by the SEC
- Organized under US Law
- Actively engaged in ongoing supervisory or management of securities portfolios
- Less than 50% client AUM in pooled investment vehicles, pensions or profit sharing plans, or in state or municipal entities
- Not an advisor to a private fund
- Must have assets under management for HNW clients
- Not a broker/dealer
- Not a representative of a broker/dealer