

RIA Industry Transactions: First-Half 2016

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Transaction volume and value on track to surpass 2015 record as private equity permeates market

Transaction volume

- Transaction volume reached 52 deals in H1 2016, a 41% increase from 37 deals in H1 2015, and just two transactions short of both full-year 2013 and 2014 activity.
- There were 31 deals in Q1 2016, 72% more than the 18 transactions in Q1 2015, and 48% more than the 21 in 2015's record-setting Q3. Q2 2016 saw 21 deals, rising slightly from 19 deals in Q2 2015.

Transaction value

- Total deal value reached \$75 billion, jumping 50% from \$50 billion in H1 2015. Transaction value in the first six months of 2016 also surpassed full-year values for nearly each year of the past decade.
- Q1 2016 was an all-around standout quarter: deal values surged 122% to \$51 billion from \$23 billion in Q1 2015.

Transaction size

- Average deal size reached \$1.4 billion, outpacing the H1 2015 average value of \$1.3 billion and exceeding the average deal size for each full year since 2009.

Activity by buyer type

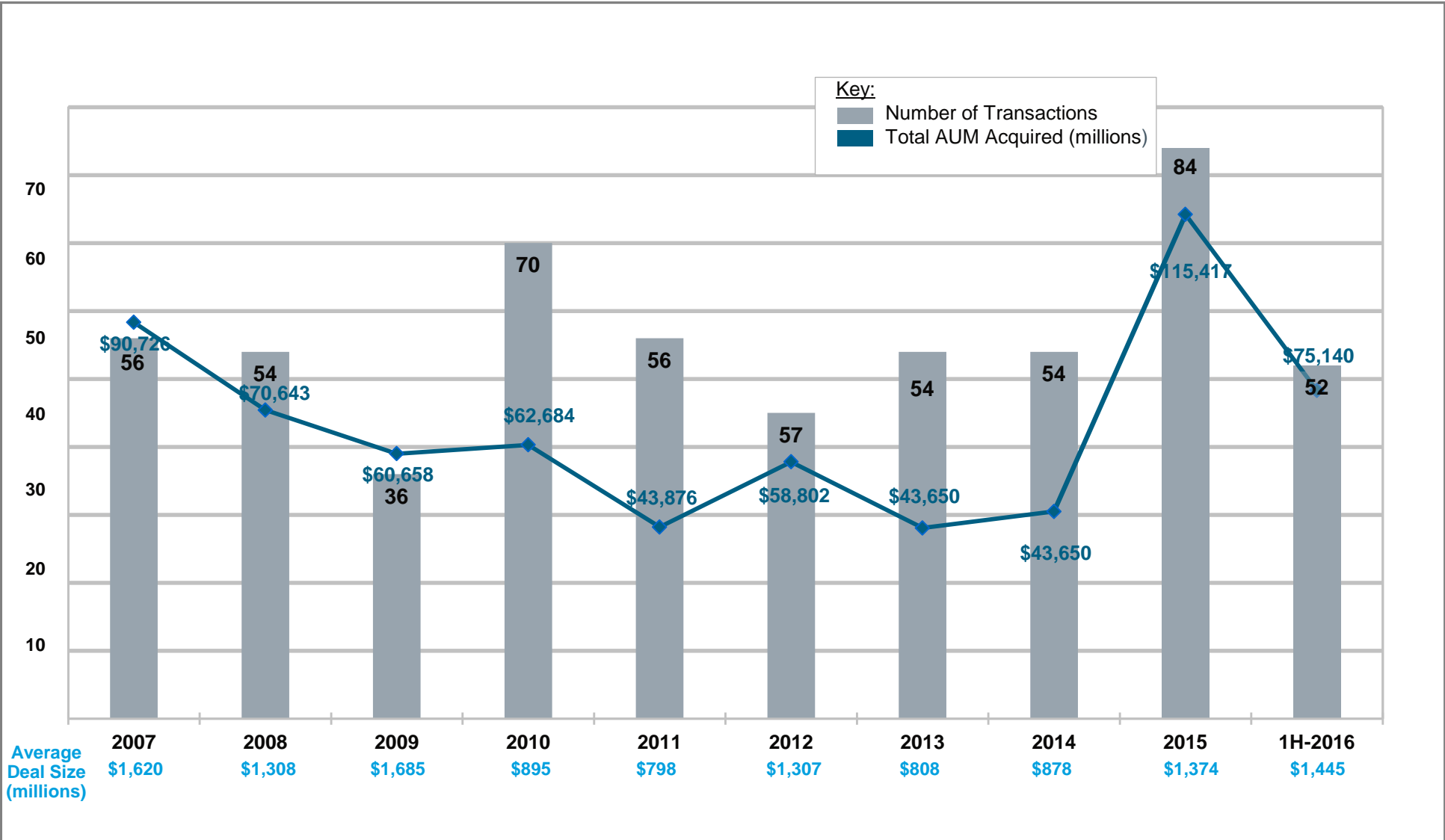
- Private equity (PE) made up over a quarter (26%) of buyers, more than doubling from just 11% in H1 2015, and topping PE activity in any full year over the past decade.
- RIAs (35%) and strategic acquiring firms (31%) continued to dominate, together making up two-thirds of all buyers.

Source: Schwab Advisor Services, Strategic Business Development – 2016

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Industry-wide M&A Transactions

as of June 30, 2016

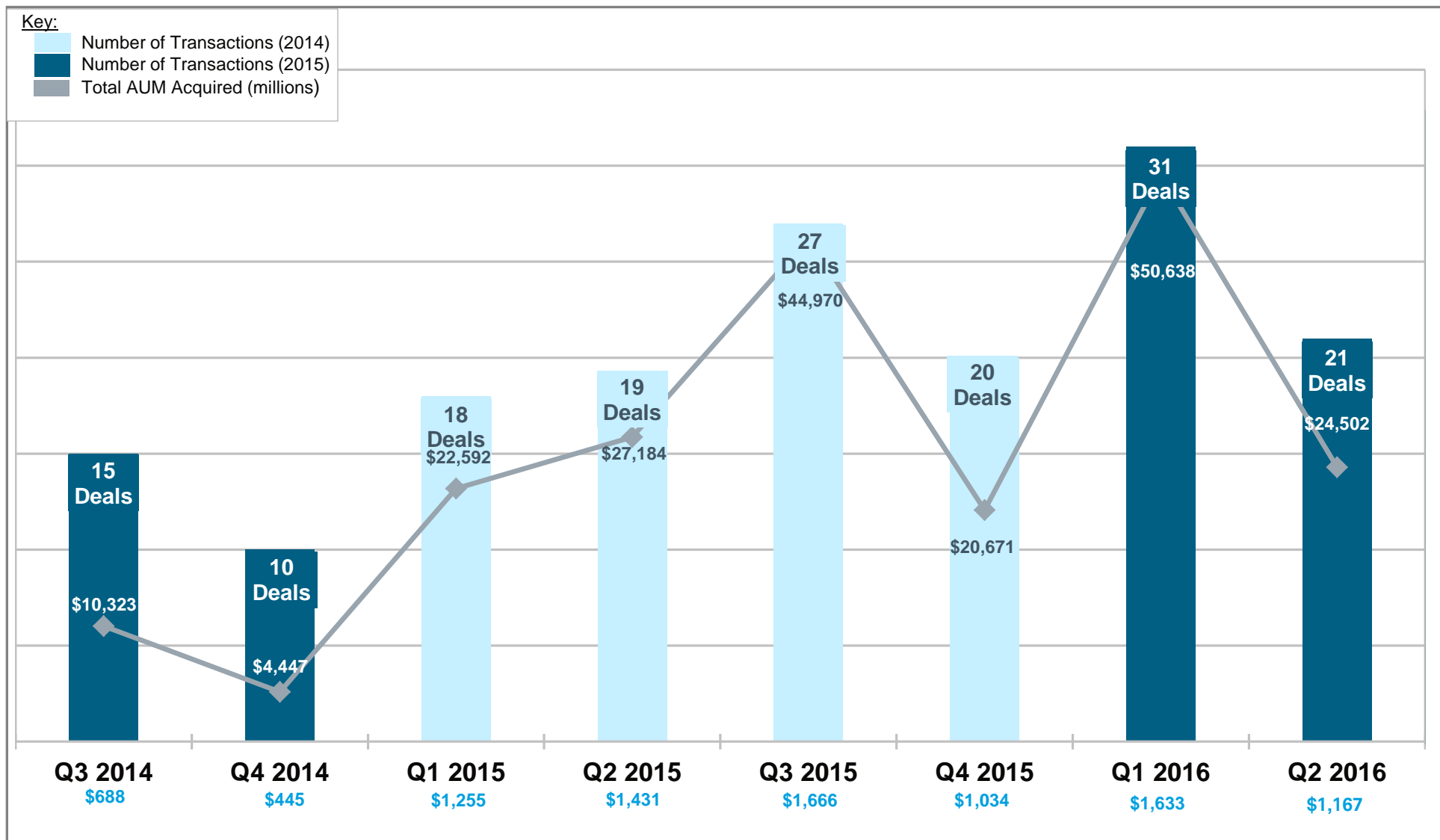


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Quarterly Industry-wide M&A Transactions

July 1, 2014 – June 30, 2016

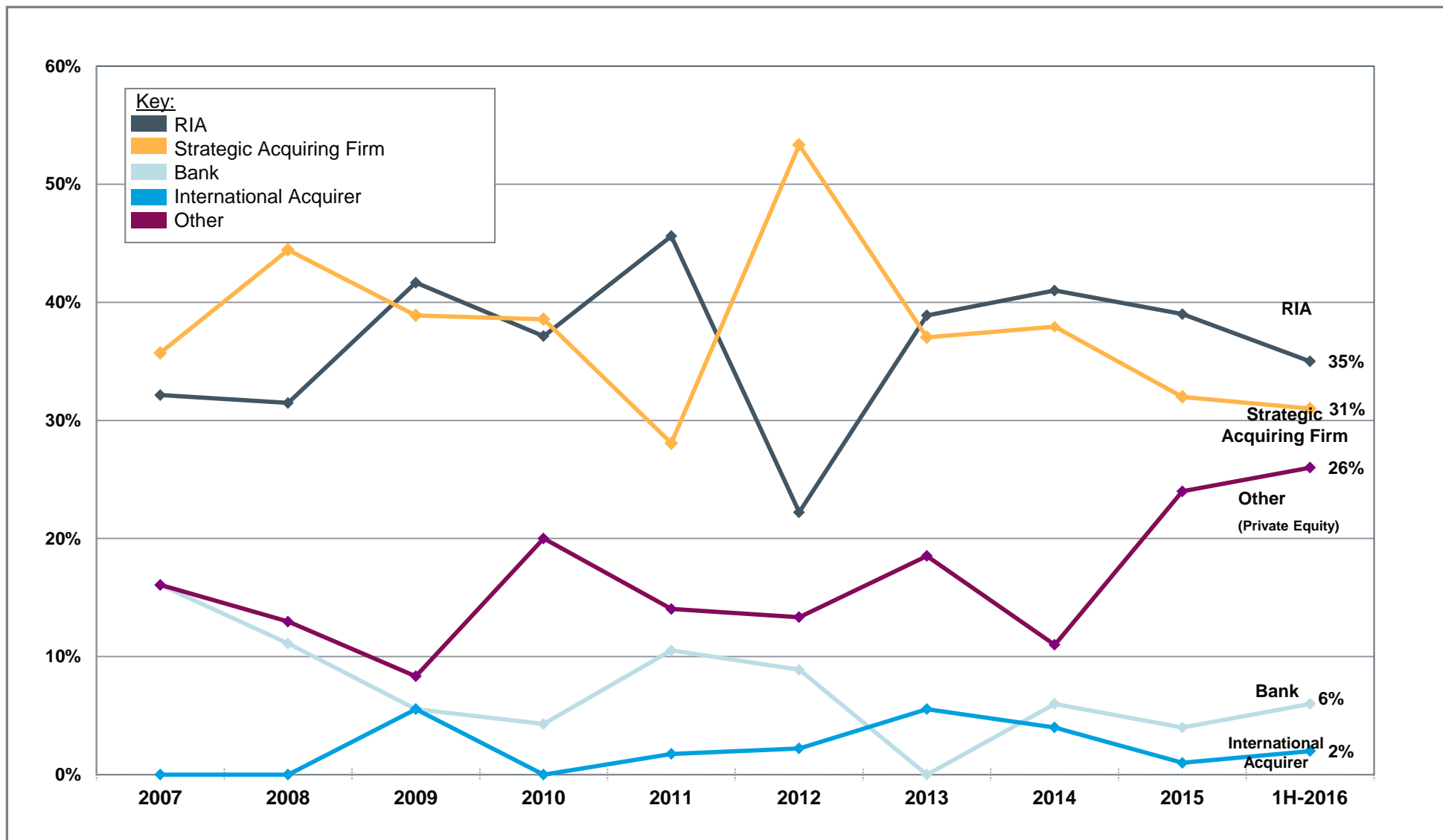


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M&A Transactions by Buyer Type

as of June 30, 2016



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Methodology

Schwab's M&A research data is compiled and analyzed by Schwab Advisor Services.

Schwab's data reflects transactions involving primarily high-net-worth- and endowment-focused RIAs with assets under management exceeding \$50 million.

The data also includes advisors in transition who joined an existing RIA and received equity consideration.

Schwab does not intend to track all financial-services industry deals or all industry deal types across all channels and the data is not intended to reflect the global landscape of industry transactions or transaction types.

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"First-half 2016" refers to January 1 – June 30, 2016.