Independent Advisor Industry Transactions

Deals completed in first half 2018

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Robust M&A activity continues in first half of 2018

<table>
<thead>
<tr>
<th>How Big?</th>
<th>How Much?</th>
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<tbody>
<tr>
<td>▪ Average deal size was $1.1 ($1.09) billion in H1 2018,(^1) on par with $1.1 ($1.14) billion in H1 2017.</td>
<td>▪ Total AUM acquired in H1 2018 was $42 billion.</td>
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<td>▪ In Q1 2018, average deal size was $1.13 billion, compared with $902 million in Q2 2018.</td>
<td>▪ Deal sizes ranged from $74 million to $7 billion.</td>
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<th>How Many?</th>
<th>Who’s Buying?</th>
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<td>▪ 39 deals were completed in H1 2018.</td>
<td>▪ Independent RIA firms made up nearly half (46%) of buyers, while strategic acquiring firms made up more than one quarter (28%) of buyers.</td>
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<td>▪ Q1 2018 was a standout quarter, with 31 deals completed.</td>
<td>▪ Other buyers (private equity, brokers) made up 21% of buyers, up from just 12% in H1 2017.</td>
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\(^1\) H1 refers to Jan. – June 2018.

Source: Schwab Advisor Services, Strategic Business Development – 2018
Average deal size holds steady as transaction volume shifts down a gear

Source: Schwab Advisor Services, Strategic Business Development – 2018
Q1 2018 is a standout quarter across deal metrics

Source: Schwab Advisor Services, Strategic Business Development – 2018
RIA acquirers maintain lead as top buyers, while gap closes between strategic acquiring firms and private equity

Source: Schwab Advisor Services, Strategic Business Development – 2018
Methodology

- Schwab’s industry transaction data is compiled and analyzed by Schwab Advisor Services.
- Data reflects transactions involving primarily high-net-worth- and endowment-focused RIAs with more than $50 million in assets under management.
- The data also includes advisors in transition who joined an existing RIA and received equity consideration as part of the transaction.
- 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.
- RIA refers to Registered Investment Advisor. RIAs are independent advisors and are not owned by, affiliated with or supervised by Schwab.