Independent advisor industry transactions

Deals completed in first half 2019

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Transaction volume rebounded in H1 2019, as smaller deals by RIA buyers led the way

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<thead>
<tr>
<th>How many?</th>
<th>How big?</th>
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<td>▪ 58 deals were completed in H1 2019, up 49% from 39 deals in H1 2018 and up 57% from 37 deals in H2 2018.</td>
<td>▪ Average deal size was $913 million in H1 2019, down 31% from $1.3 billion in 2018.</td>
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<td>▪ Average deal size was $1 billion in Q1 2019 and $800 million in Q2 2019.</td>
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<tr>
<th>How much?</th>
<th>Who’s buying?</th>
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<td>▪ Total AUM acquired in H1 2019 was $53 billion, up 8% from $49 billion in H1 2018.</td>
<td>▪ More than two-thirds (67%) of buyers were RIAs.</td>
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<td>▪ Deal sizes ranged from $50 million to $10 billion in H1 2019.</td>
<td>▪ Strategic acquiring firms made up just under a quarter (22%) of buyers, completing fewer but larger deals than RIA firms.</td>
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</tbody>
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2019 is on track to have record number of deals if pace of M&A continues

Source: Schwab Advisor Services, Strategic Business Development – 2019
Transaction volumes bounced back in H1 2019 following a slowdown in 2018

Source: Schwab Advisor Services, Strategic Business Development – 2019
RIA firms, many of which purchased other RIAs, were the most active buyers.
Smaller transactions by RIA buyers drove activity, while strategic acquiring firms completed fewer but larger deals.

AUM acquired by buyer type

Source: Schwab Advisor Services, Strategic Business Development – 2019
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.