

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

How many?

- 58 deals were completed in H1 2019, up 49% from 39 deals in H1 2018 and up 57% from 37 deals in H2 2018.

How big?

- Average deal size was \$913 million in H1 2019, down 31% from \$1.3 billion in 2018.
- Average deal size was \$1 billion in Q1 2019 and \$800 million in Q2 2019.

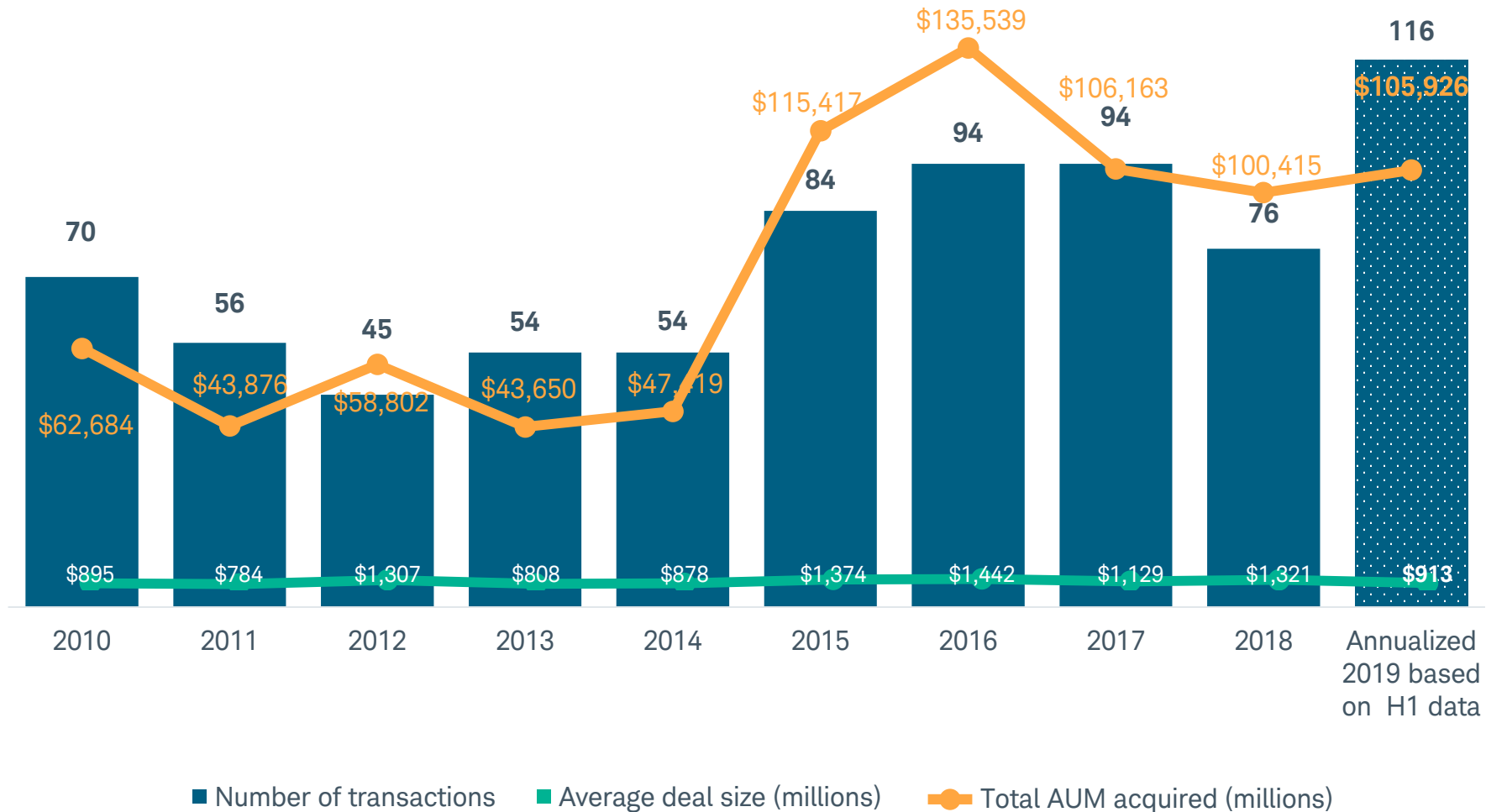
How much?

- Total AUM acquired in H1 2019 was \$53 billion, up 8% from \$49 billion in H1 2018.
- Deal sizes ranged from \$50 million to \$10 billion in H1 2019.

Who's buying?

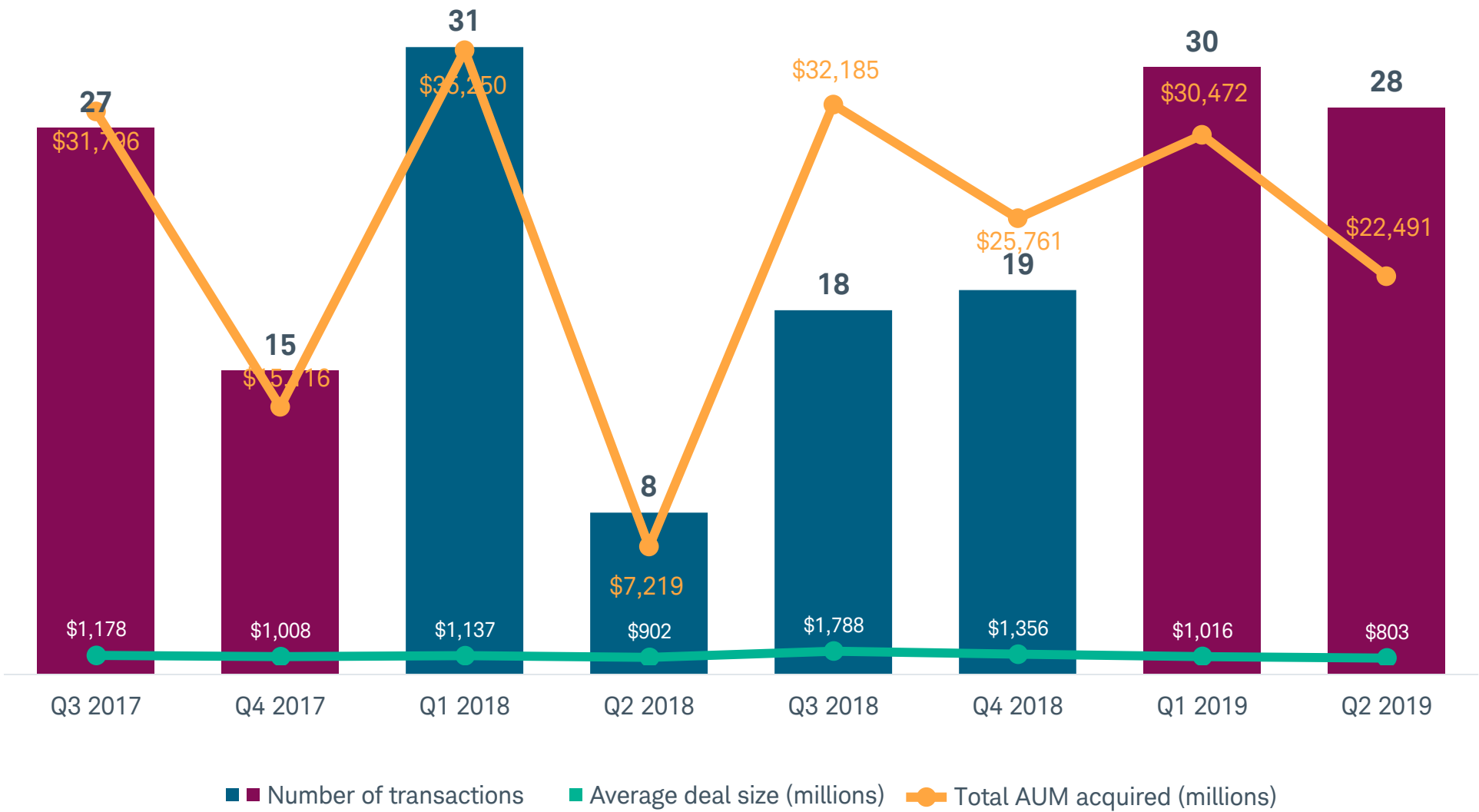
- More than two-thirds (67%) of buyers were RIAs.
- Strategic acquiring firms made up just under a quarter (22%) of buyers, completing fewer but larger deals than RIA firms.

2019 is on track to have record number of deals if pace of M&A continues



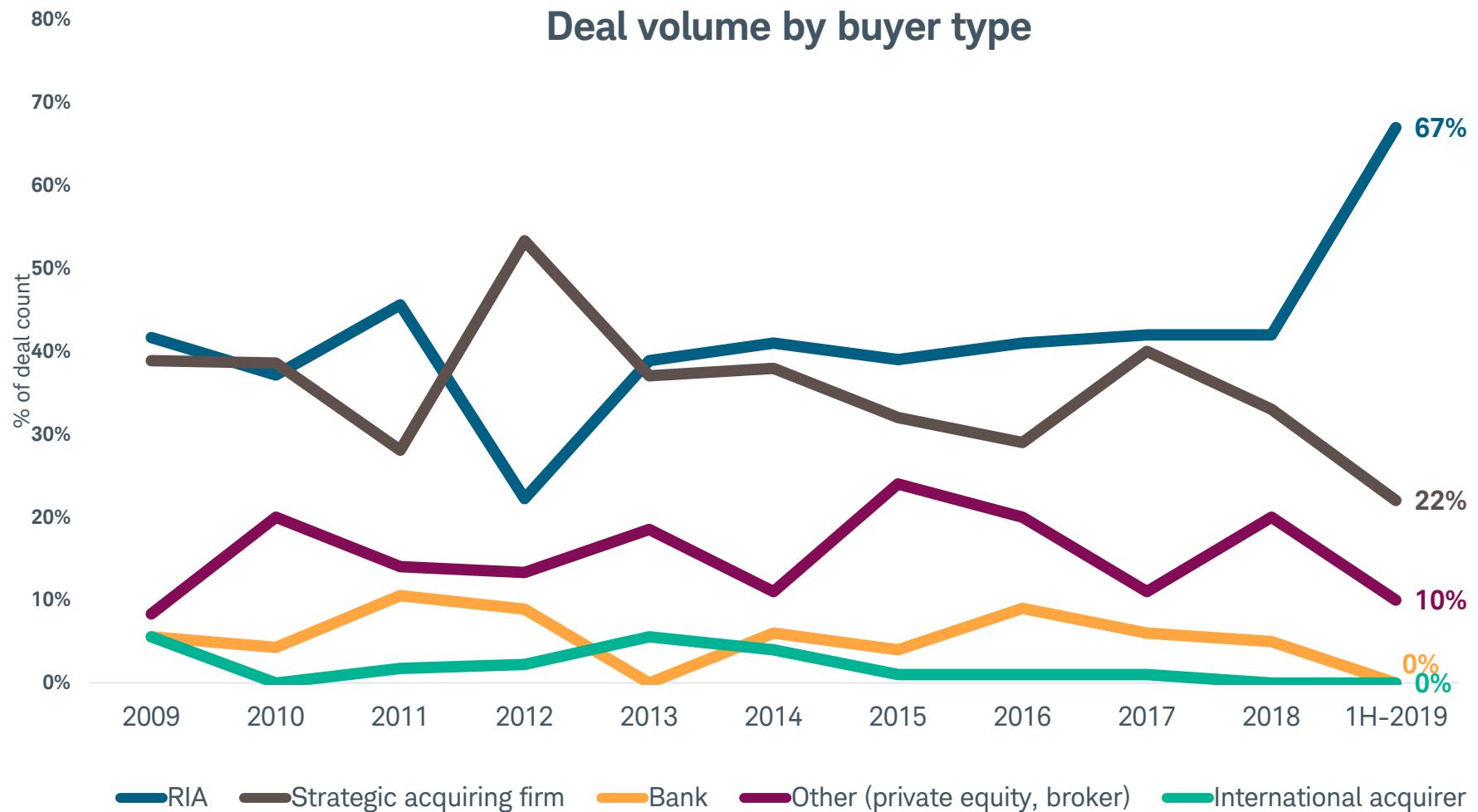
Source: Schwab Advisor Services, Strategic Business Development – 2019

Transaction volumes bounced back in H1 2019 following a slowdown in 2018



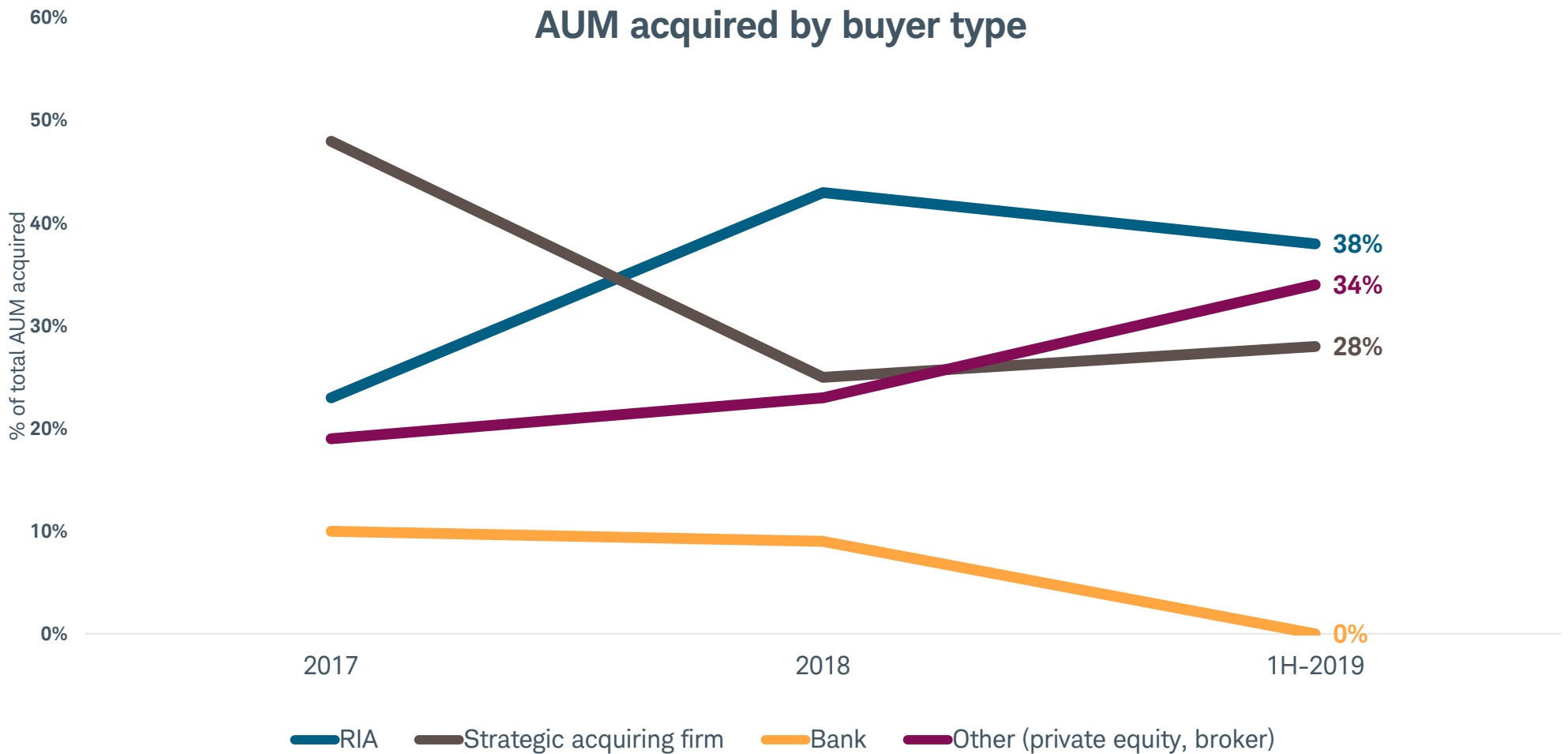
Source: Schwab Advisor Services, Strategic Business Development – 2019

RIA firms, many of which purchased other RIAs, were the most active buyers



Source: Schwab Advisor Services, Strategic Business Development – 2019

Smaller transactions by RIA buyers drove activity, while strategic acquiring firms completed fewer but larger deals



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.



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