

Assets in Motion

*Movement to Independence
& 1H 2021 RIA Industry M&A*

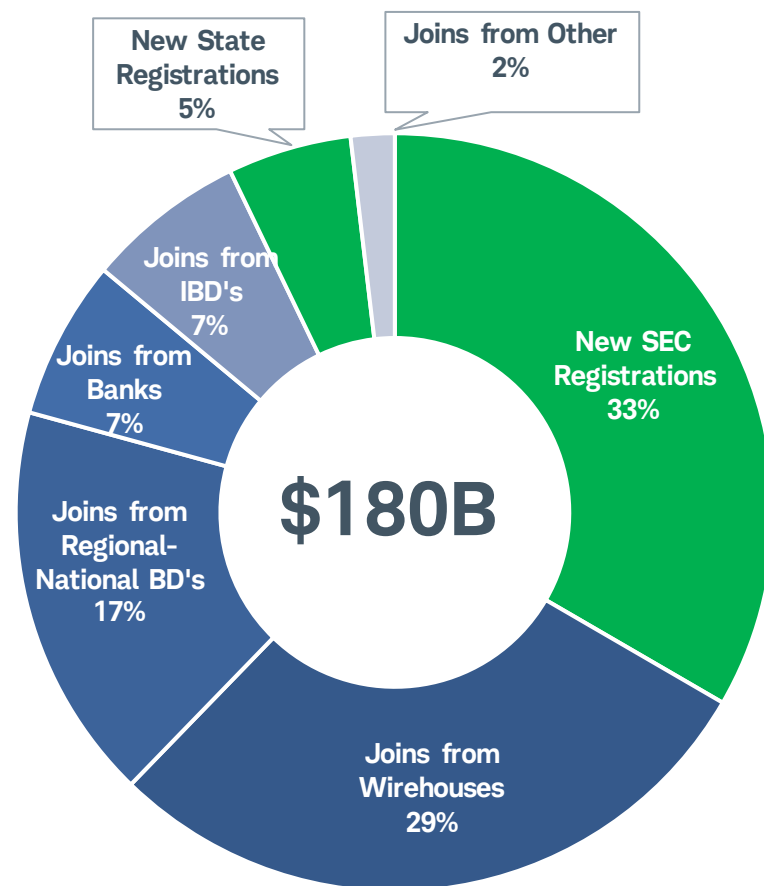
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I 2020 Movement to Independence

Asset movement to the RIA Industry | 2020



Note: New SEC and State registrations include advisor movements from all channels

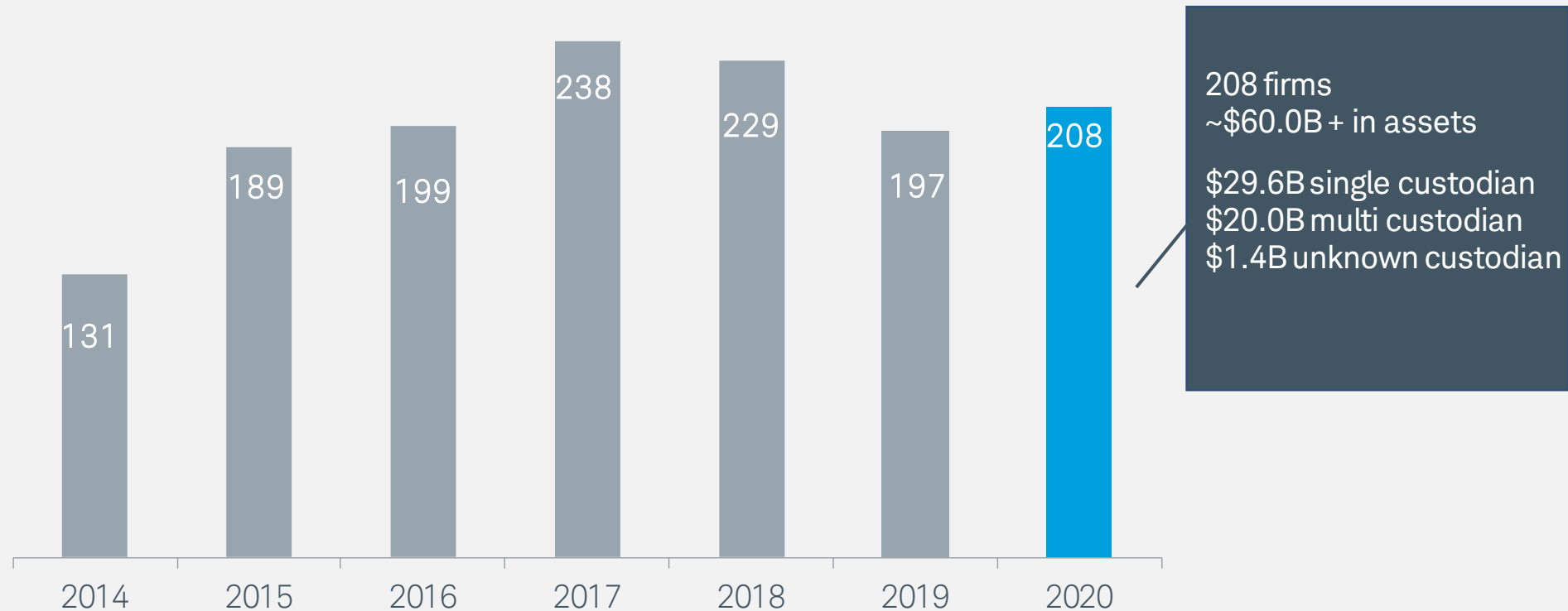
Source: Cerulli & Associates, SEC ADV Filings / Discovery Data

Advisors moving to the RIA channel represented \$180B in 2020

- New RIA firms represented **\$70B** in 2020 based on first time state and SEC registrations
- New advisors to the RIA industry joining existing RIA firms represented **\$110B** in 2020
- Wirehouse advisors are joining existing RIAs at a higher rate vs. starting their own RIA (~\$52B vs. ~\$10B)

New RIAs > SEC Registrations

Even in a challenging year, advisors continued to move to independence



Methodology

SEC: New RIA Filings

- All 2020 RIA filings from the SEC and Discovery database
- Any firm that started before 2020 was removed from the analysis
- Additional filters:
 - 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
 - Not an advisor to a private fund
 - Must have assets under management for HNW clients
 - Less than 50% of client AUM in Pensions or Profit-Sharing Plans
 - Less than 50% of client AUM in State or Municipal entities
 - Not a broker/dealer
 - Not a representative of a broker/dealer

208 firms
~\$51.0B+ in assets

\$29.6B single custodian
\$20.0B multi custodian
\$1.4B unknown custodian

State: New RIA Filings

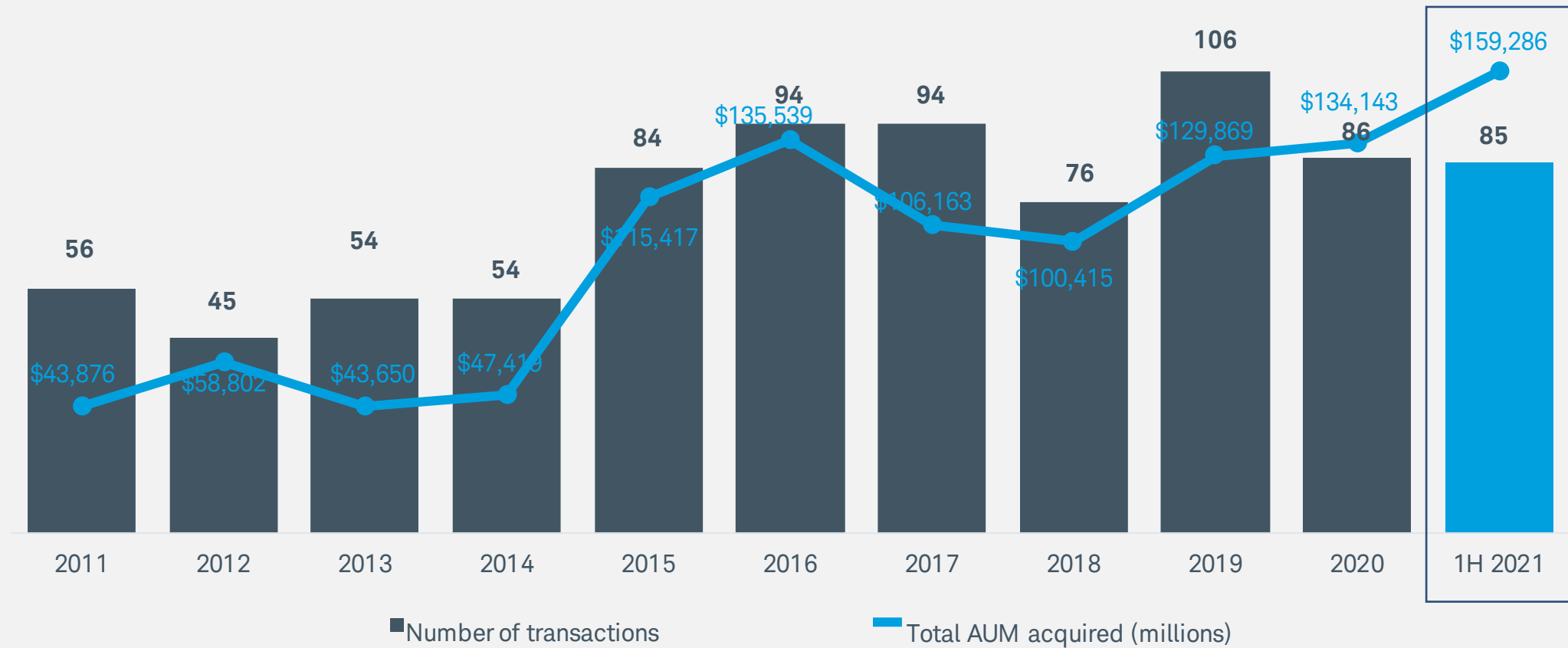
- 12 months of new RIA filings from Discovery database
- Doesn't include SEC registered firms
- Applied same additional filters as those applied to SEC filings (see column to left)

423 firms
~\$9.5B in assets

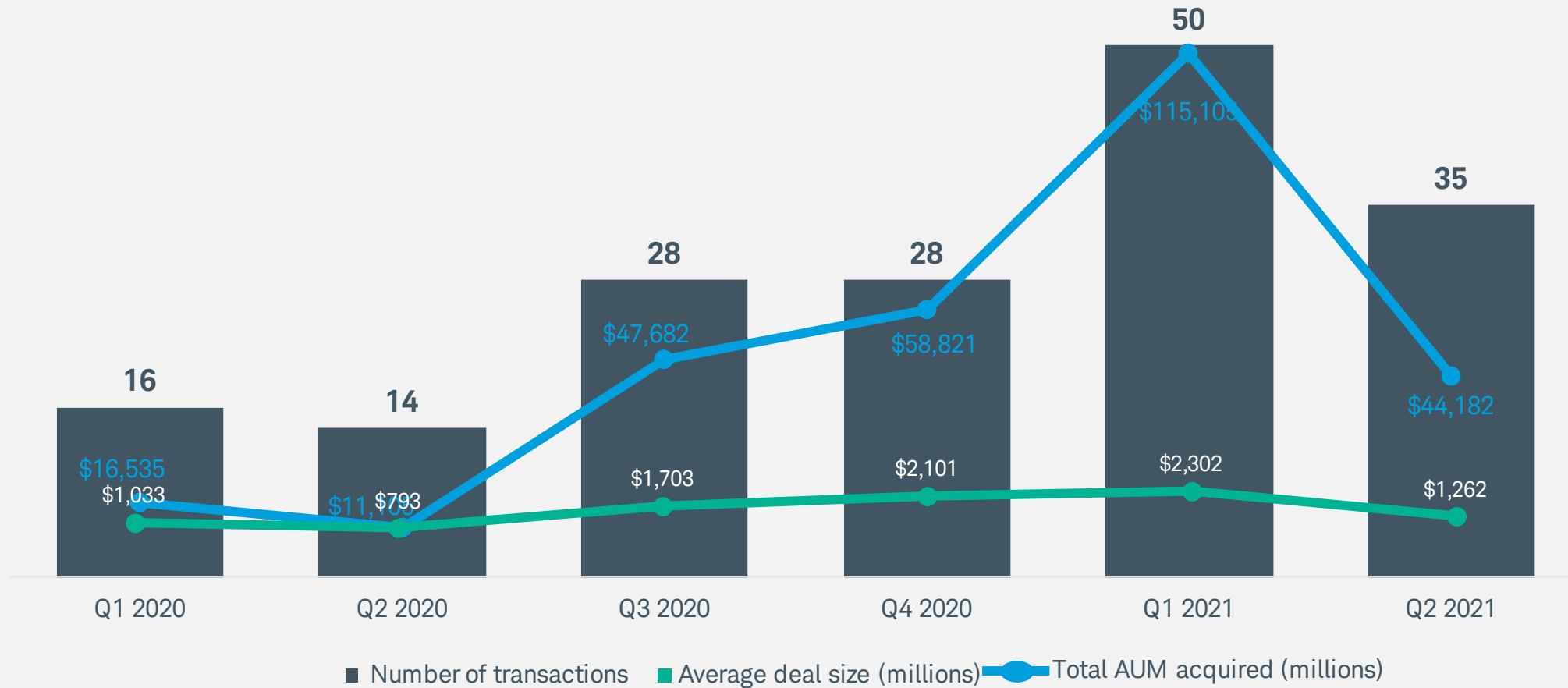
\$7.3B single custodian
\$2.1B multi custodian
\$0.1B unknown custodian

2 1H 2021 RIA Mergers & Acquisitions

M&A Volumes - Annual

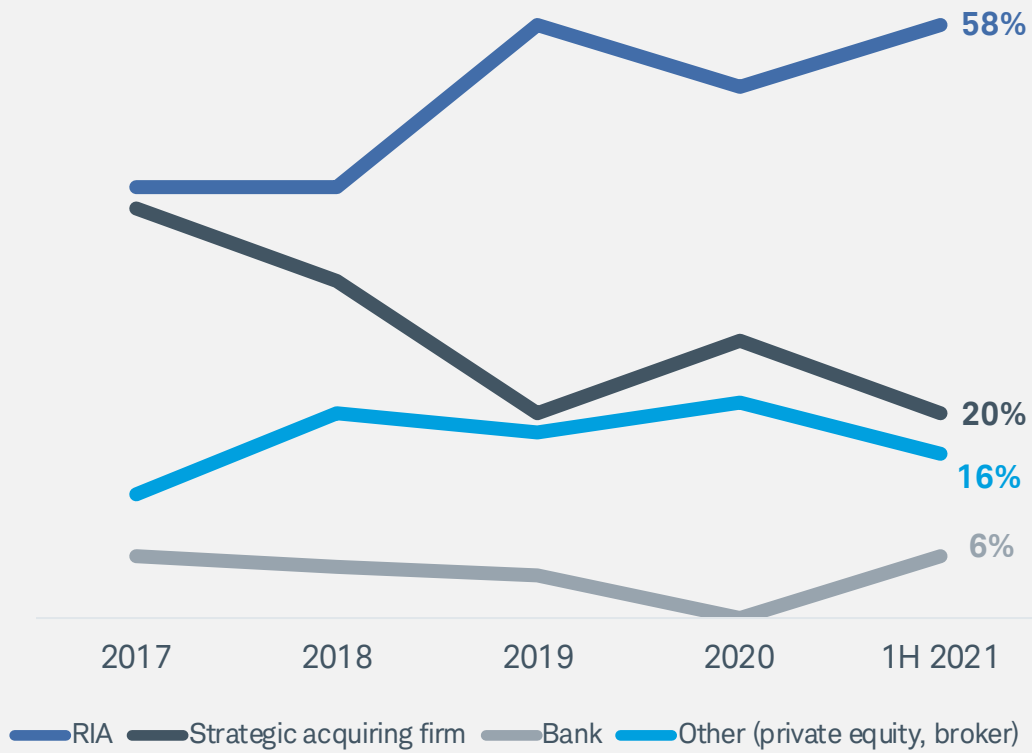


M&A Volumes - Quarterly

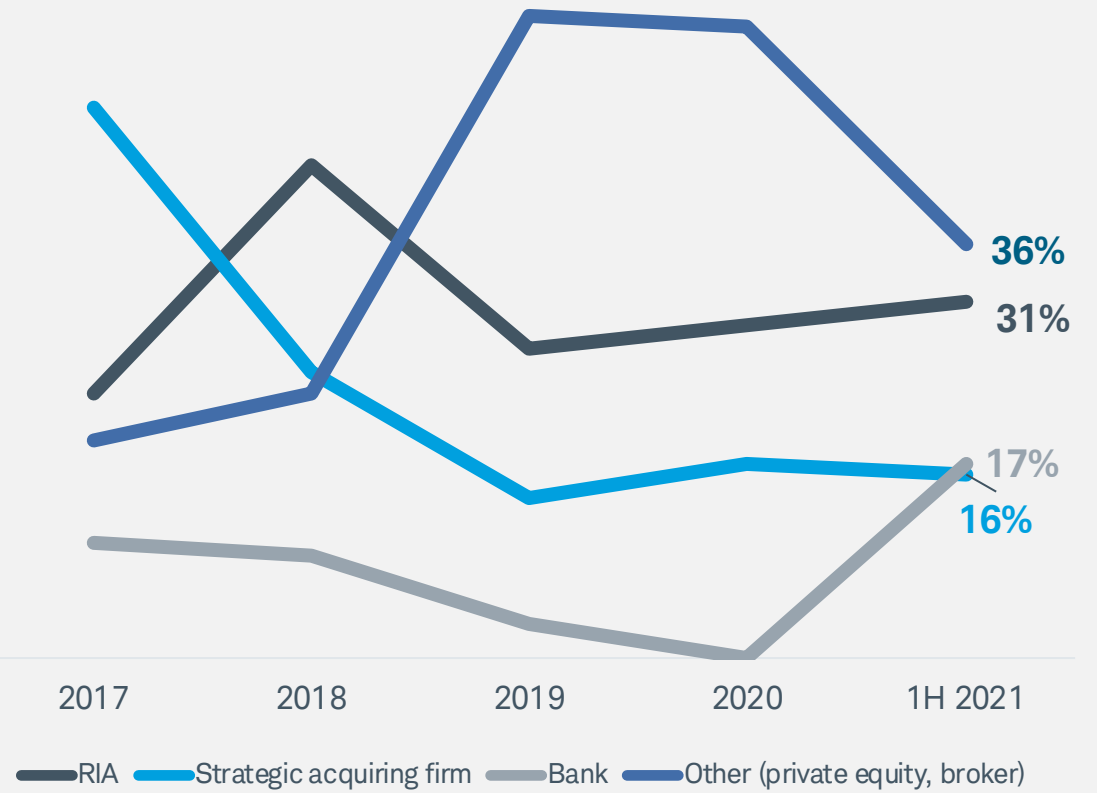


M&A Volumes – Buyer Type

% of Deal Count



% of Deal AUM



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 RIA's 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.

