

Independent Advisor Industry Transactions

Deals completed
in first half 2020

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Transaction volume fell in the first half of 2020 amid the COVID-19 pandemic and market volatility

How many?

- 30 deals were completed in H1 2020, down 48% from 58 in H1 2019.
- Deal volumes dropped sharply in March, April, and May, but started to rebound in June.

How big?

- Average deal size was \$921M in H1 2020, down 25% from \$1.2B in 2019.
- Average deal size was \$1 billion in Q1 2020 and \$793 million in Q2 2020.

How much?

- Total assets under management (AUM) acquired in H1 2020 was \$28 billion.
- The total AUM acquired was down 48% from \$53 billion in H1 2019.

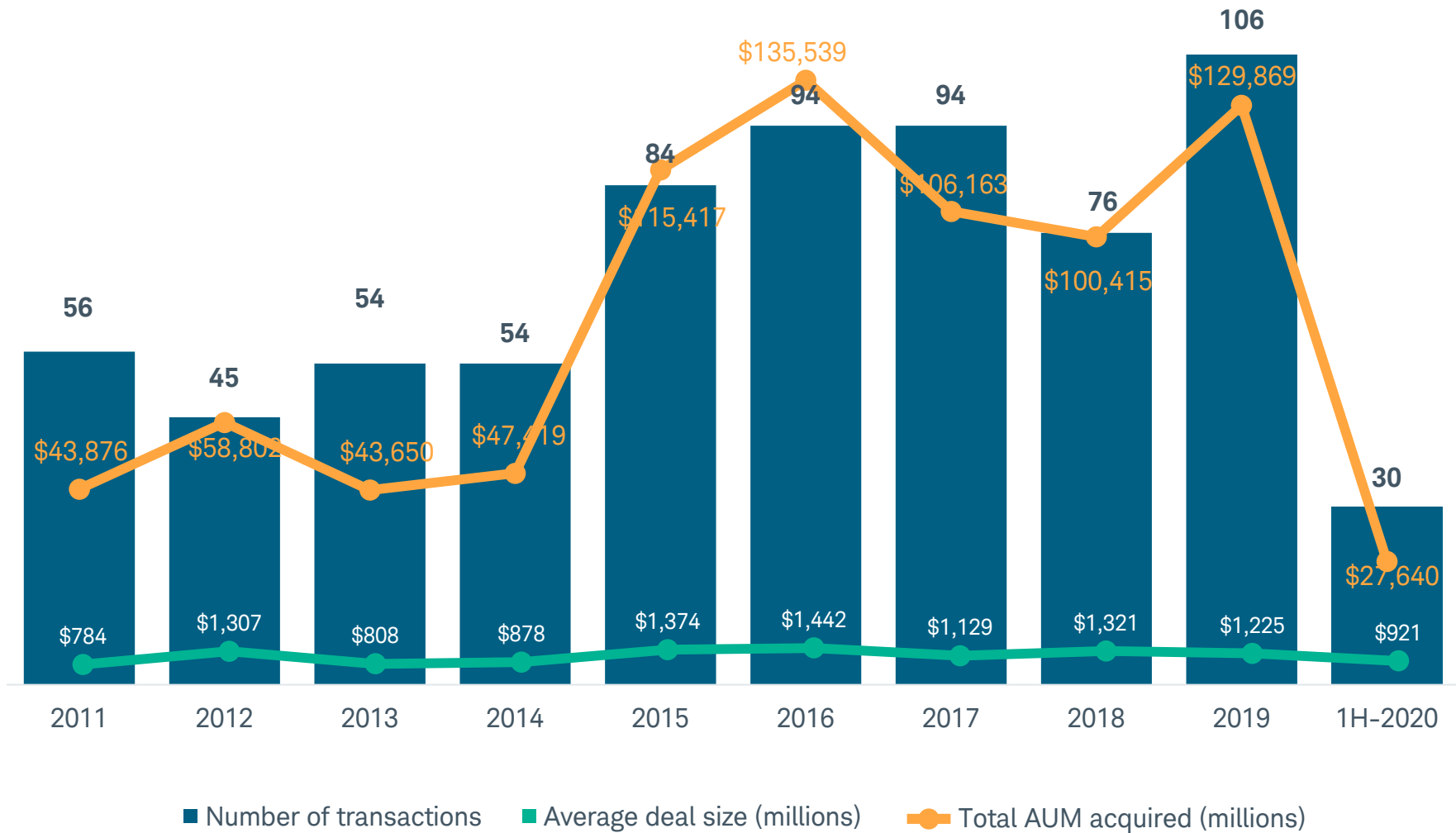
Who's buying?

- More than two-thirds (67%) of buyers were RIAs, accounting for 47% of all AUM acquired.
- Private equity firms made up less than one-sixth (16%) of buyers, completing fewer deals than RIAs but accounting for 38% of all AUM acquired.

1. H1 refers to Jan. - June.

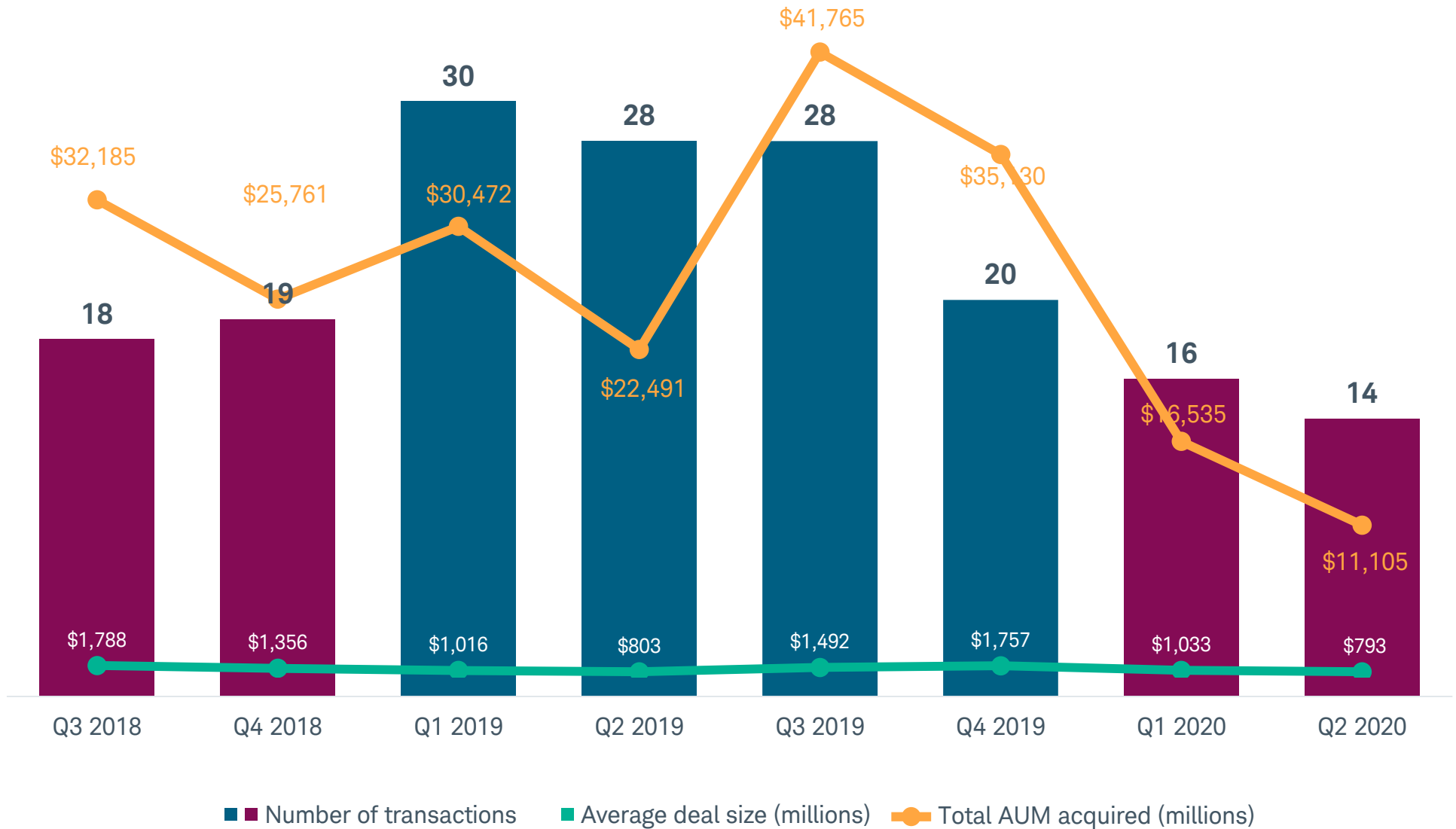
2. Refers to AUM acquired in transaction.

The pandemic and resulting uncertainty led to decreased M&A activity



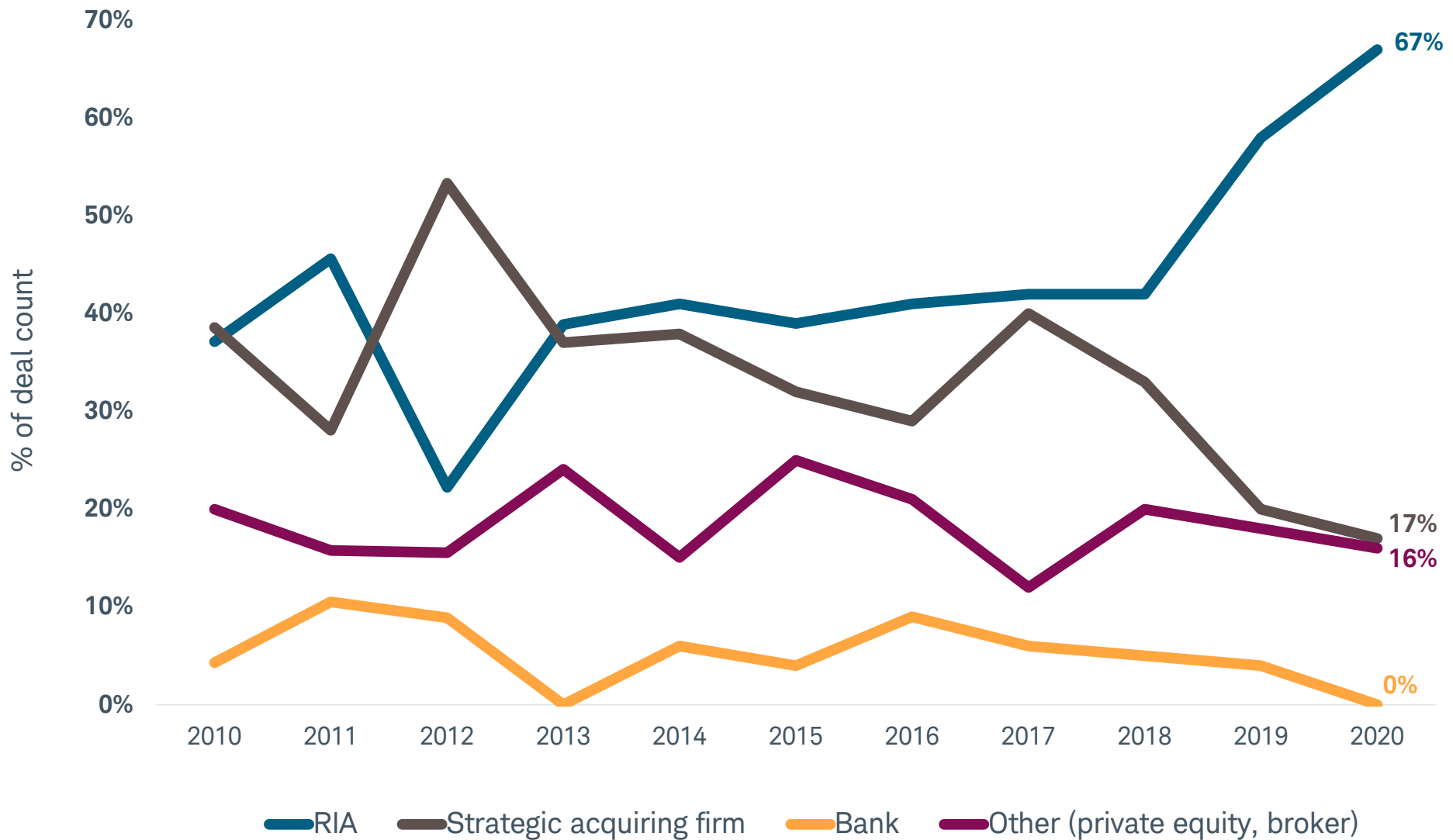
Source: Schwab Advisor Services, Strategic Business Development – 2020

Transaction volumes fell sharply between March and May this year



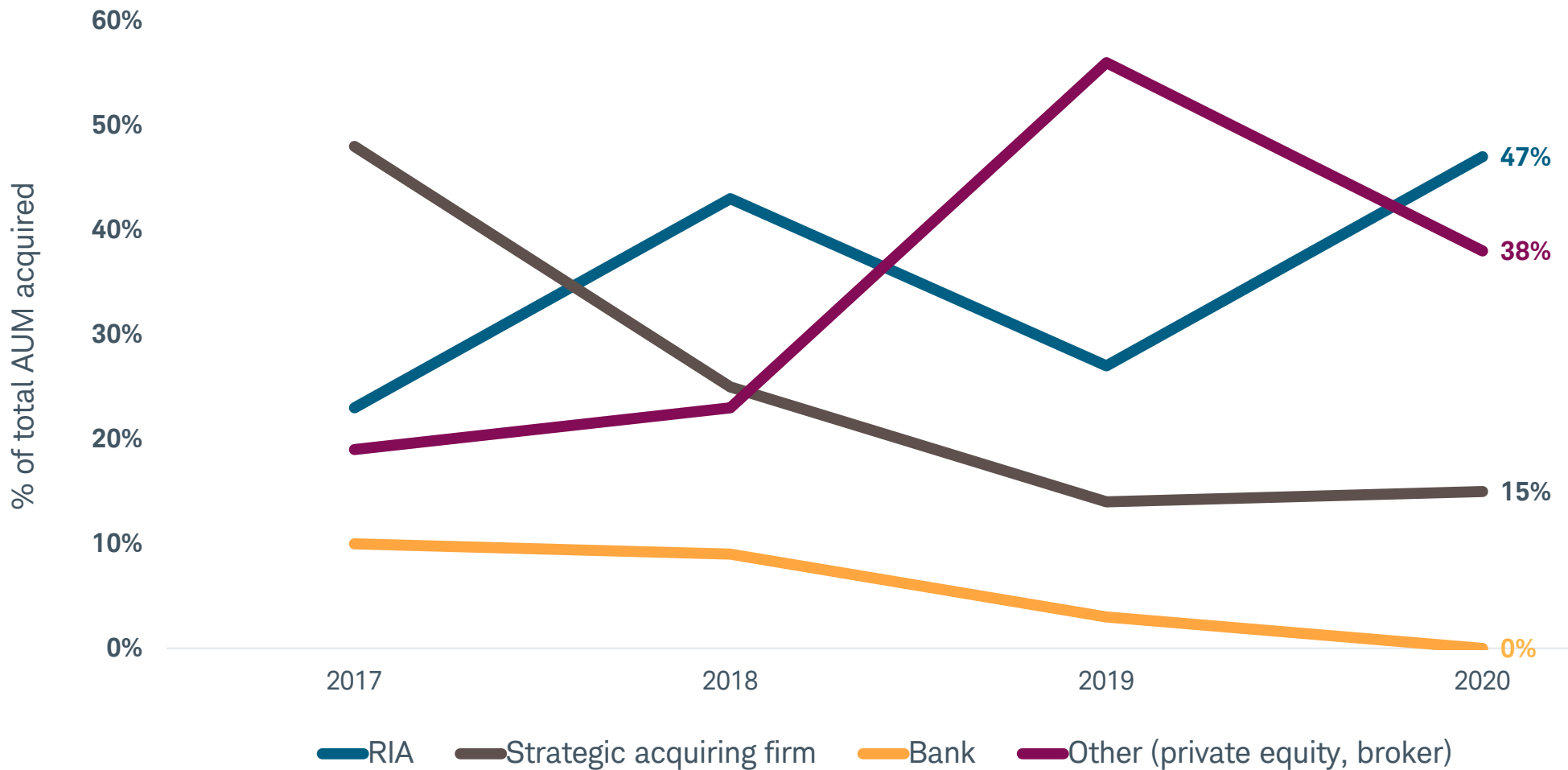
Source: Schwab Advisor Services, Strategic Business Development – 2020

RIA firms continue to be the most active buyers



Source: Schwab Advisor Services, Strategic Business Development – 2020

A larger number of smaller transactions by RIAs drove activity, while private equity firms completed fewer but larger deals



Source: Schwab Advisor Services, Strategic Business Development – 2020

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.

