



## Advisor Services

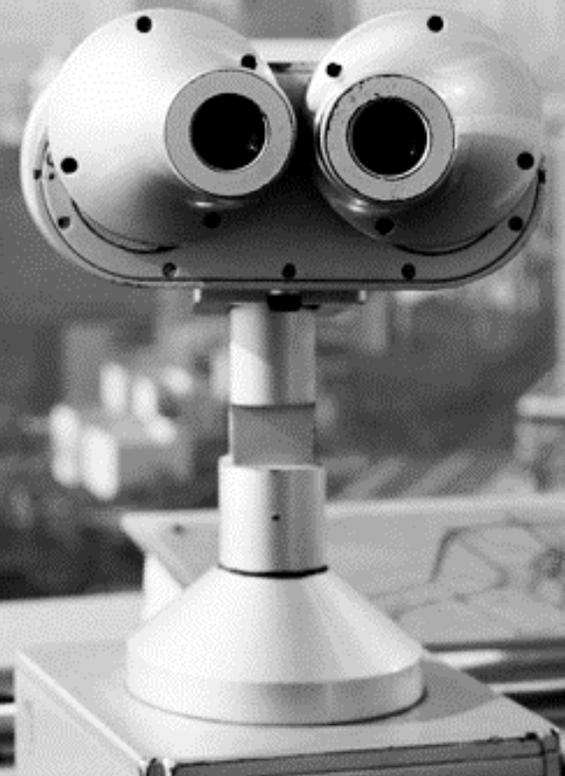
# 2016 Independent Advisor Industry Transactions

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# Vibrant independent advisor industry marketplace maintains transactions at record levels

## Transaction value<sup>1</sup>

- Total deal value reached \$136 billion, rising 17% from \$115 billion in 2015 and surging 186% from \$47 billion in 2014.
- 28 transactions involved more than \$1 billion in assets under management, up 22% from 23 deals in 2015 and up 250% from 8 transactions in 2014.<sup>2</sup>

## Transaction volume

- Transaction volume reached 94 deals in 2016, up 12% from 84 deals in 2015, and up 74% from 54 deals in 2014.
- Fifty-two deals occurred in H1 2016, and 42 took place in H2 2016.<sup>3</sup> There were 31 deals in Q1 2016, the most active quarter of the year.<sup>2</sup>

## Transaction size

- Average annual deal size was \$1.44 billion, 5% greater than \$1.37 billion in 2015 and 64% greater than \$878 million in 2014.
- Q4 2016 had a mean transaction size of \$1.7 billion, the largest average deal size of any quarter last year.<sup>2</sup>

## Activity by buyer type

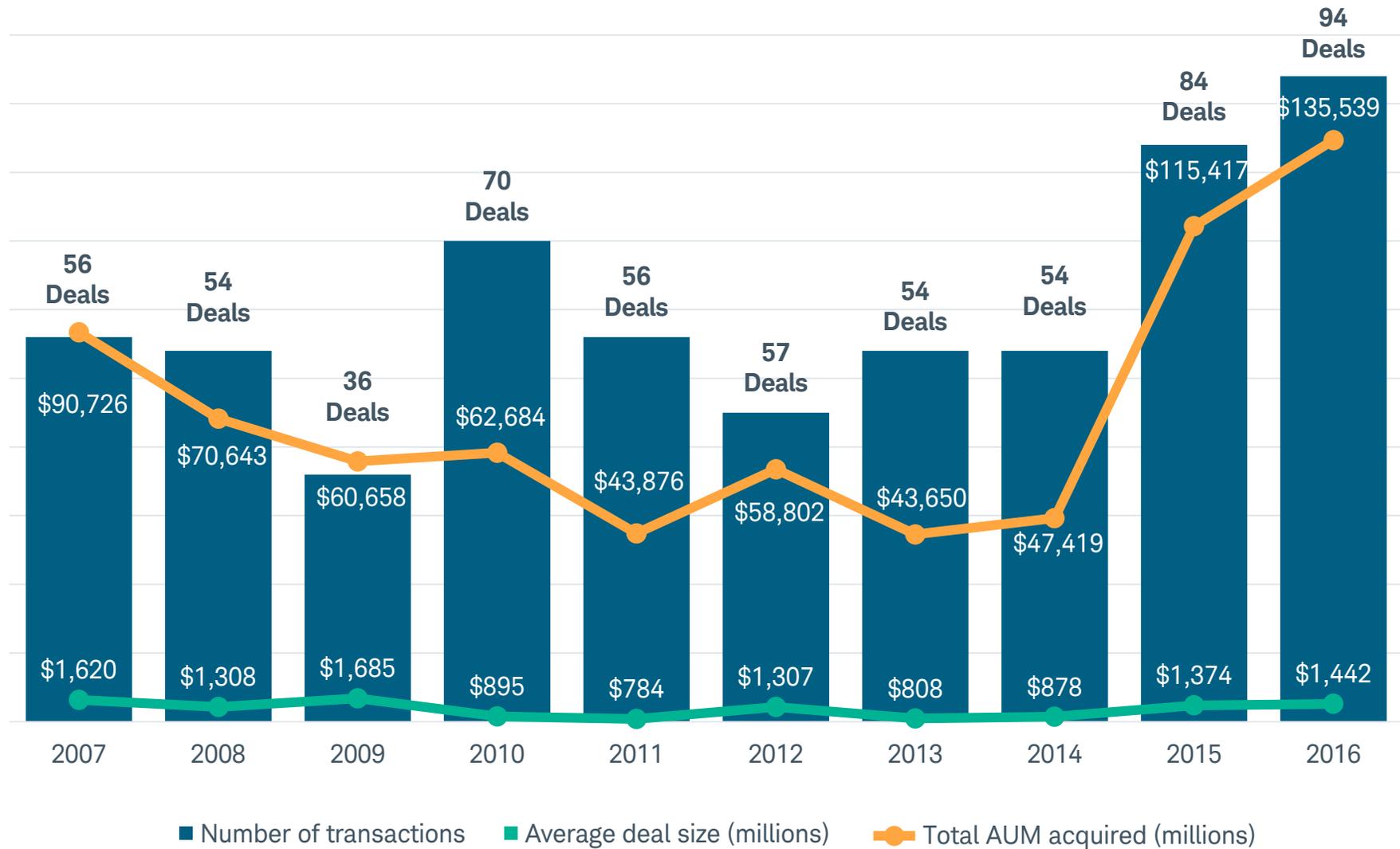
- Consistently with 2015, in 2016 independent registered investment advisor firms (41%) and strategic acquiring firms (29%) made up the majority of buyer types, while organizations like private equity firms made up a fifth (20%) of buyers.
- Other buyers included banks (9%) and international acquirers (1%).<sup>2</sup>

<sup>1</sup> Refers to AUM acquired in transaction

<sup>2</sup> Source: Schwab Advisor Services, Strategic Business Development – 2017

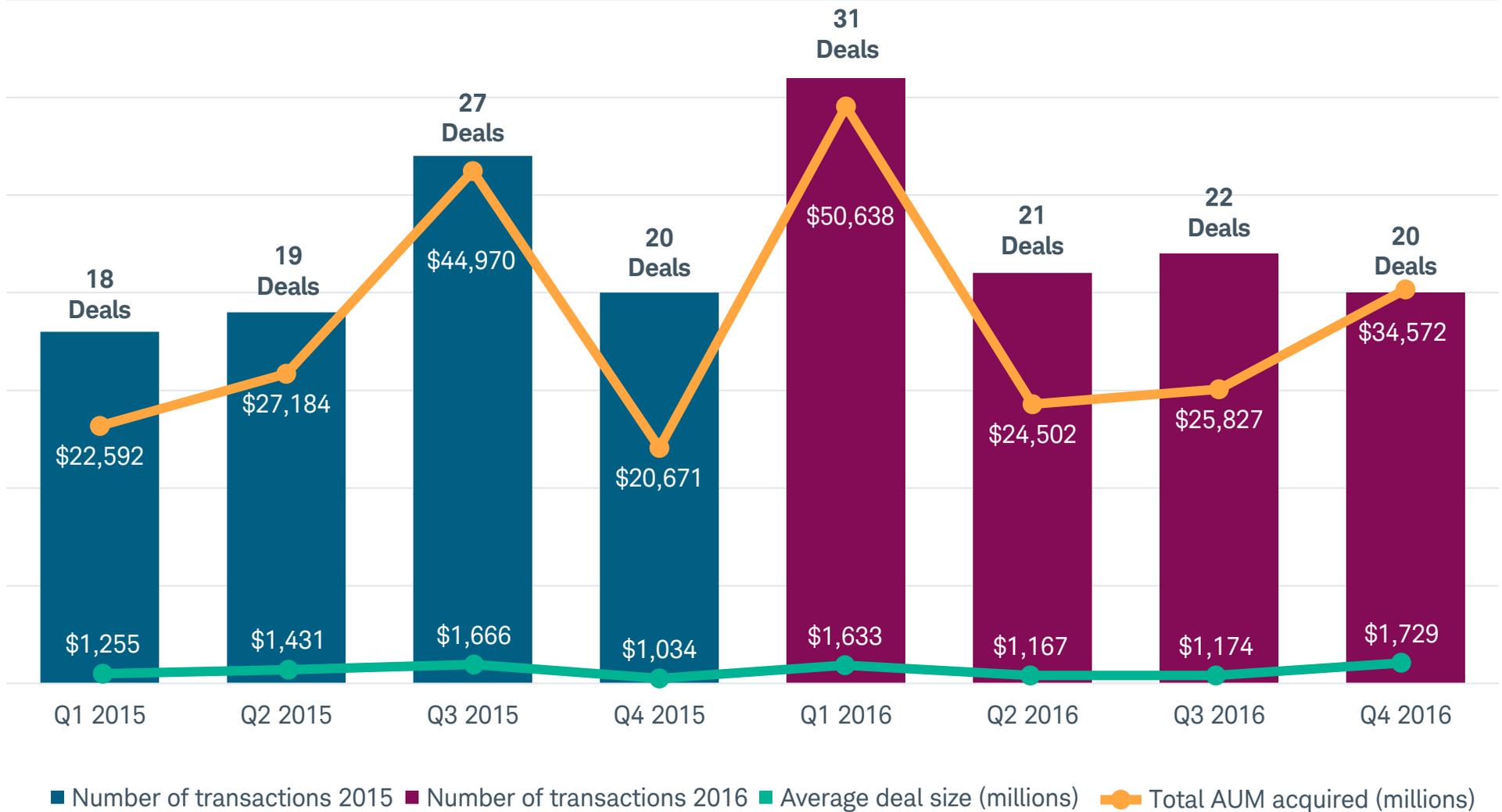
<sup>3</sup> H1 refers to Jan. – June 2016, and H2 refers to July – Dec. 2016.

# Deal values (AUM) increasingly surpass \$1 billion as transaction activity ticks upward



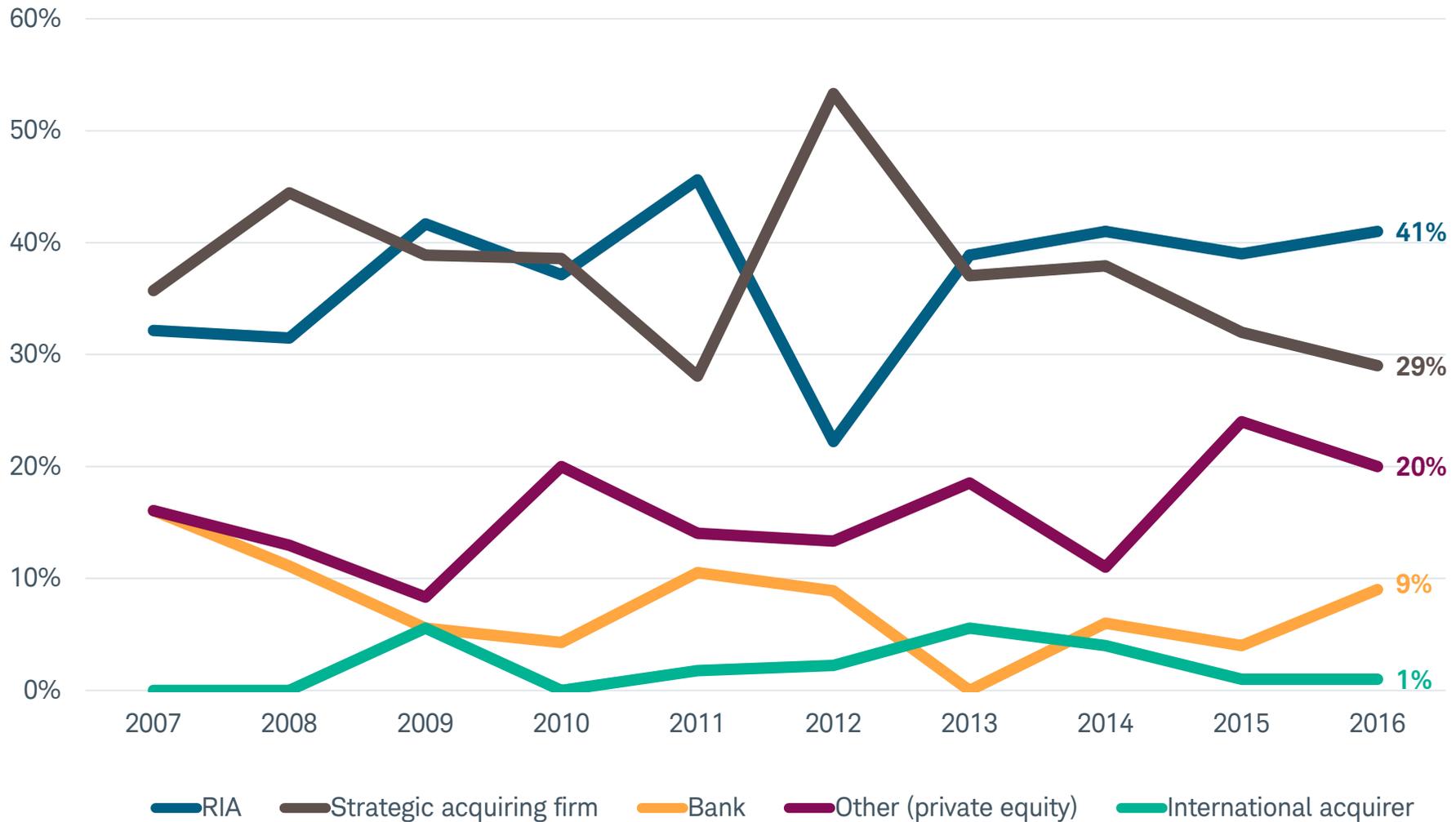
Source: Schwab Advisor Services, Strategic Business Development – 2017

# 2016: deal-making kicks off with a bang



Source: Schwab Advisor Services, Strategic Business Development – 2017

# RIAs and strategic acquirers dominate the deal scene



Source: Schwab Advisor Services, Strategic Business Development – 2017

# Methodology

- Schwab's industry transaction data is compiled and analyzed by Schwab Advisor Services.
- Schwab's data reflects transactions involving primarily high-net-worth- and endowment-focused RIAs with assets under management exceeding \$50 million.
- The data also includes advisors in transition who joined an existing RIA and received equity consideration.
- 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. Independent investment advisors are not owned by, affiliated with or supervised by Schwab.

