

Fidelity Quarterly M&A Review

THIRD QUARTER 2019

Combined M&A activity across both independent wealth channels is up year-over-year. Compared to the same period in 2018, the total number of transactions increased 43% (from 72 to 103) and the client assets increased 13% (from \$487.8B to \$551.4B). At the end of Q3 2019, activity in the RIA channel has already surpassed the number of transactions and total AUM that channel saw in all of 2018. In addition, RIAs completing multiple transactions accounted for two-thirds of total activity in 2019, pointing to the growing concentration of AUM among the largest firms.

Transaction Overview

Q3 YTD 2019

RIAs IBDs Total



RIAs

Number of Deals	94
Billions Transacted	\$116.8
Transactions ¹	▲ 42%
Assets Transacted ¹	▲ 35%

¹Compared to YTD 2018

IBDs

Number of Deals	9
Billions Transacted	\$434.6
Transactions ¹	▲ 50%
Assets Transacted ¹	▲ 8%

¹Compared to YTD 2018

Key Highlights



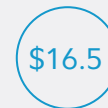
17 RIAs completed multiple deals in 2019, accounting for 64 deals and **67%** of activity

YTD 2019

RIAs With the Most Transactions (2019)

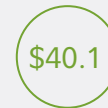
RIA Firm Name	# of Deals
Focus Financial Partners	19
Dynasty Financial	6
Mercer Advisors	5
Mariner Wealth Advisors	5

Largest Deals in Q3 (\$B)



RIA Acquisition

Oak Hill Capital Group
Mercer Advisors



IBD Acquisition

Hub International
Global Retirement Partners

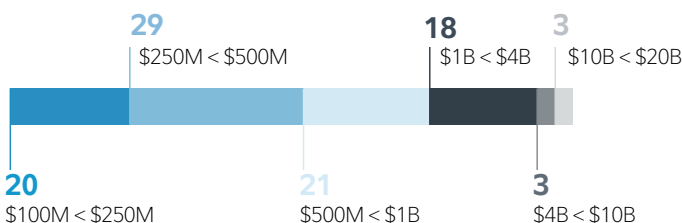
RIA Transactions

Transacted RIA AUM (\$B) Median Transaction (\$M)



RIA Seller Sizes

RIA Transactions YTD September 2019



Compared to YTD September 2018, there were 14 more deals where the seller had client assets of \$500M+.

\$500M
48% of deals had client assets over \$500M

Compared to YTD September 2018, there were 7 more deals where the seller had client assets of \$1B+.

\$1B
26% of deals had client assets over \$1B

Quarter in Review

What's the deal for RIAs?

The sale of two prominent strategic acquirers, Mercer Advisors (\$16.5B) and Wealth Enhancement Group (\$11.8B), to new private equity investors led RIA activity in the third quarter. Year-to-date, there have been 94 transactions representing \$116.8B, numbers that have already surpassed activity for the full year 2018, which saw 88 deals representing \$109.8B. Compared to the same period in 2018, year-to-date September activity saw 42% more transactions and a 35% increase in AUM. While only 10% of RIAs have client assets greater than \$500M¹, nearly half of RIA firms sold in 2019 had client assets of \$500M+, and 26% had \$1B+. Deal activity continues to be driven by the need to achieve scale, invest in technology and people, improve productivity, and address succession challenges.

What's the deal for IBDs?

Year-to-date, broker-dealer transactions are up 50% with 9 deals (compared to 6 YTD 2018), and the AUA represented an 8% increase to \$434.6B. M&A in this channel is at a more advanced stage than the RIA channel, as the largest broker-dealers control a high percentage of advisors and AUA. While much of the activity has been scale plays, independent broker-dealers have been launching new platforms and business models to enhance their platform's attractiveness to leading advisors. As an example, LPL Financial bought Allen & Company, an employee-model broker-dealer, to broaden its platform and appeal to both brokers and advisors.

For more resources, including monthly M&A transactions reports, visit go.fidelity.com/mergersandacquisitions.



Fidelity compiled the data for this report from public information. Data for this report covers the period from January 2016–September 2019.

The acquirer models referenced herein are for illustrative purposes only and are not meant to be exhaustive of all business options or models a wealth management firm may consider for its particular situation.

This report seeks to capture wealth management M&A deals involving:

- Wealth Management firms registered with the SEC as a Registered Investment Advisor including transactions identified with over \$100 million in assets under management/advisement, but less than \$20 billion.
- Breakaway advisors and/or advisory teams who are leaving a financial institution to join a Wealth Management RIA and who are expected to bring over at least \$100 million in AUM/A to the new business, as this transition would likely include remuneration.
- Independent Broker-Dealer firms registered with FINRA including transactions identified with over \$1 billion in assets under administration.

If you are aware of a transaction that fits the criteria and is not listed in this report, please contact your Fidelity representative.

1. Source: Cerulli RIA Marketplace 2018 Report

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