

# Mergers & Acquisitions Among Independent RIAs

FA Insight *2017 Securing Your Firm's Future* survey highlights

March 2017

# Executive Summary

## Signs point to a surge in RIA mergers and acquisitions

- Survey indicates strong advisor M&A appetite to continue for a third year.
- 76 percent forecast at least one deal for their firms in the next five years.
- Solo advisors are the #1 M&A target.
- Buying books of business also has strong appeal.
- Bigger RIAs with deeper pockets plan to do more deals.
- However, smaller firms are also planning for more transactions.
- RIAs see M&A helping on many fronts – revenues, assets, expertise & clients.
- Succession planning is a growing concern among those considering deals.

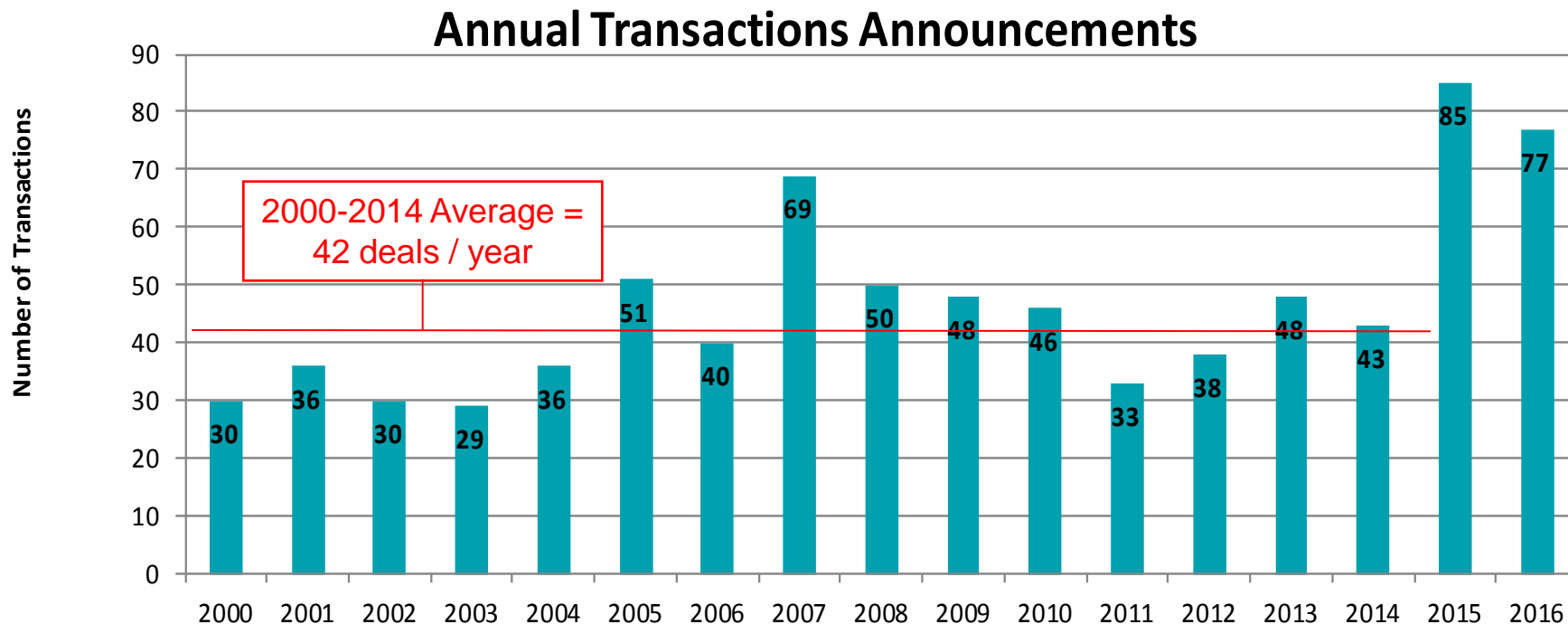
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# M&A Trends

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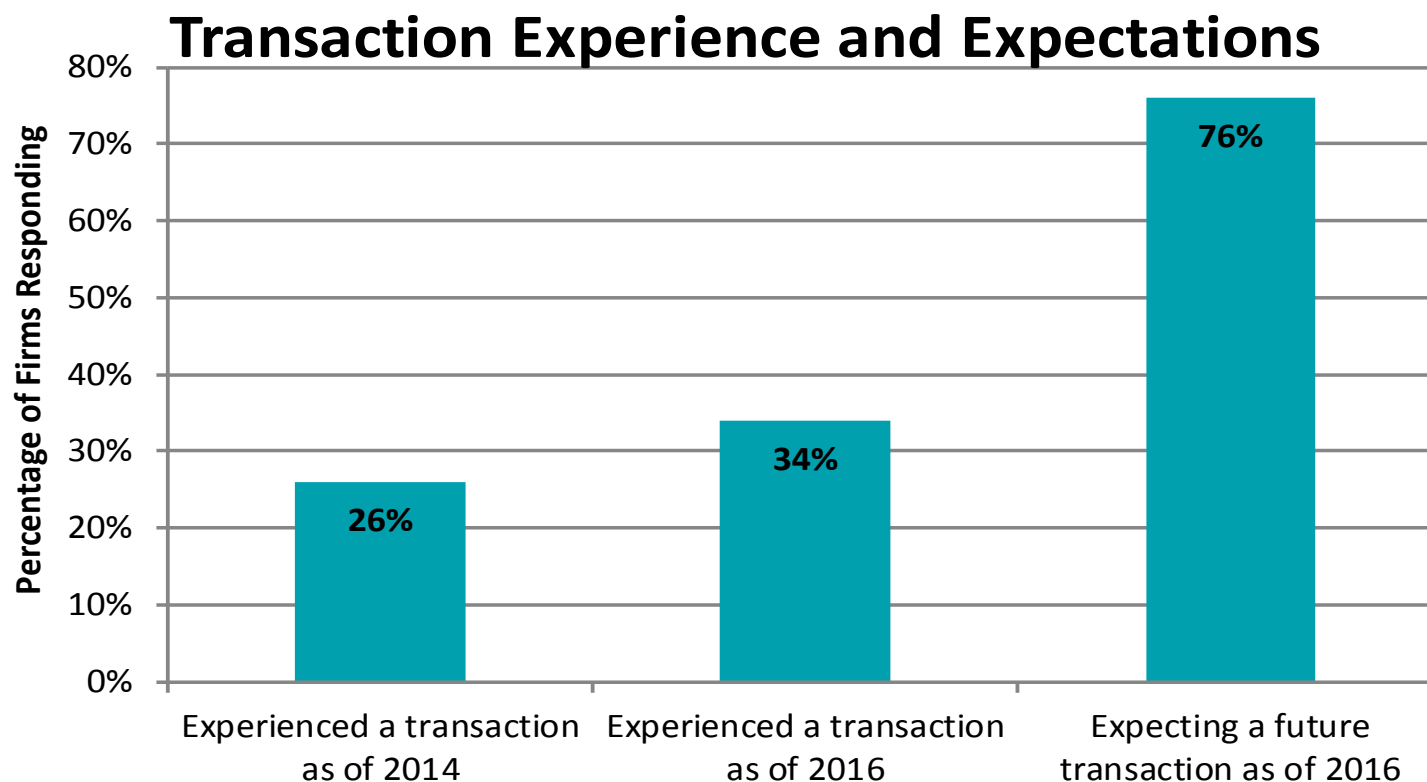
# M&A Activity Remained High in 2016

Though down from record 2015 levels, deal activity outpaces recent averages



# Pace of M&A Likely to Quicken

Interest in M&A engagement soars relative to prior periods



Source: The 2014 Insight Study of Advisory Firms: Growth by Design; and

Base: Total Respondents (n=234)

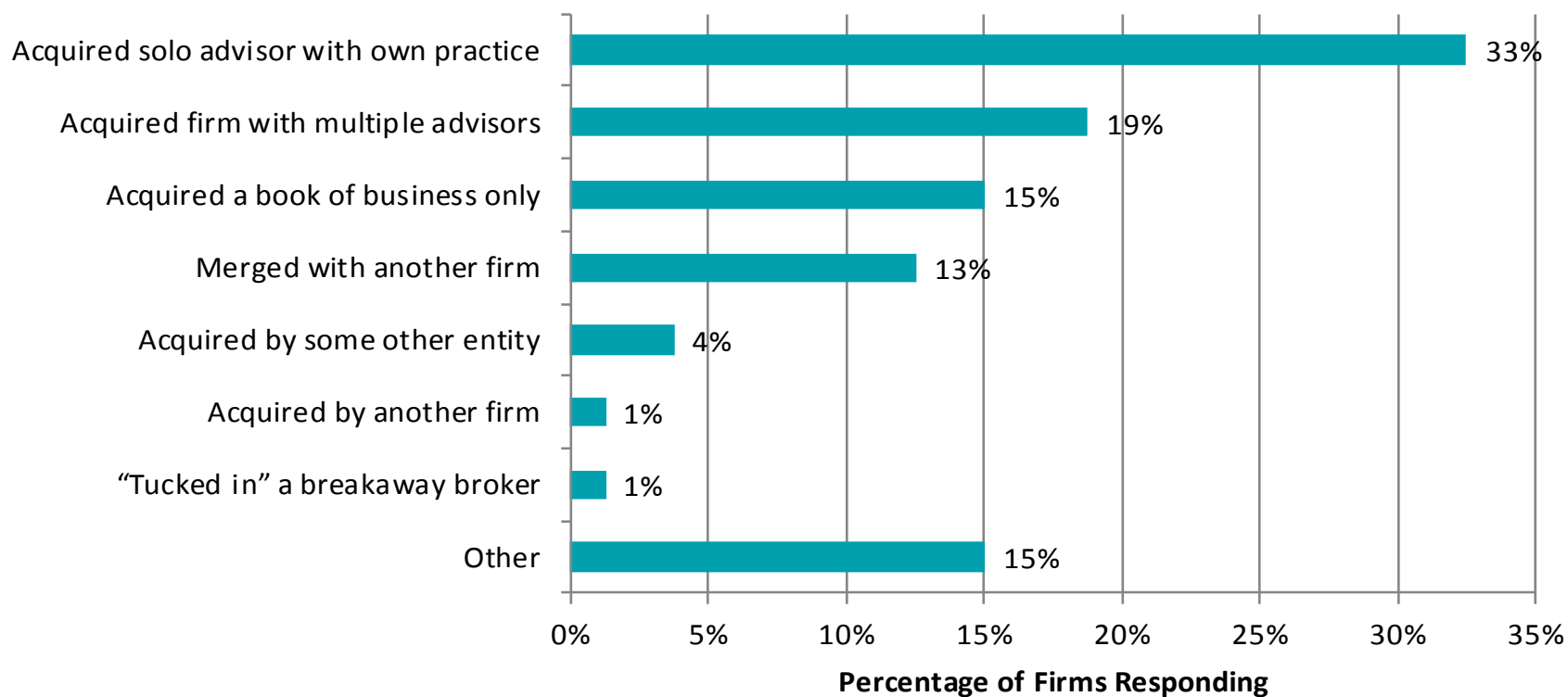
Q2: Has your firm been involved with a merger or acquisition in the past five years?

Q15: Is your firm considering at least one transaction in the next five years?

# One Third of Recent Deals Involved Solo RIAs

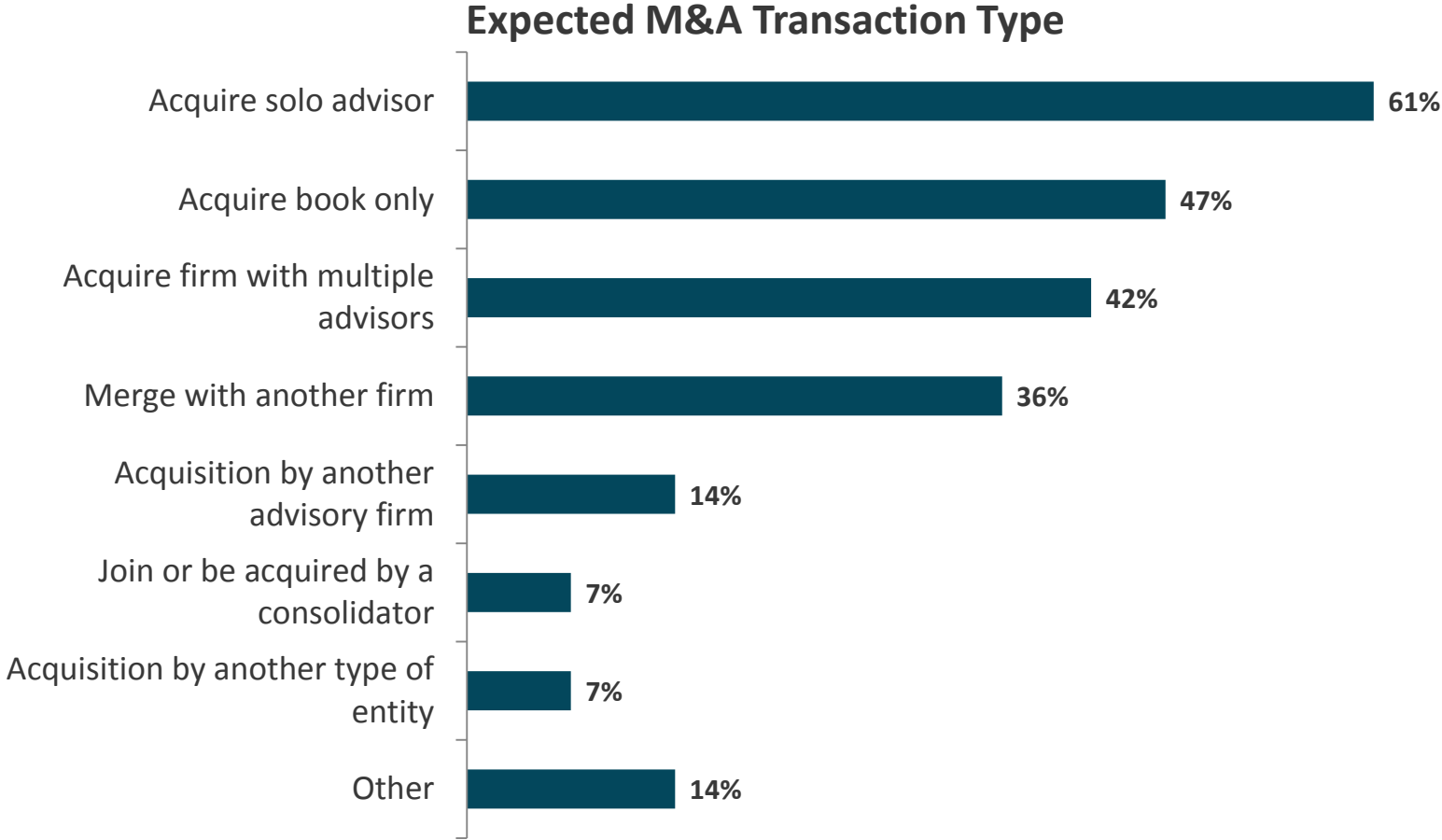
Industry M&A Activity from 2011-2016

## Transactions by Type



# Top target: Solo Advisors

Smaller deals top to-do list of most prospective acquirers

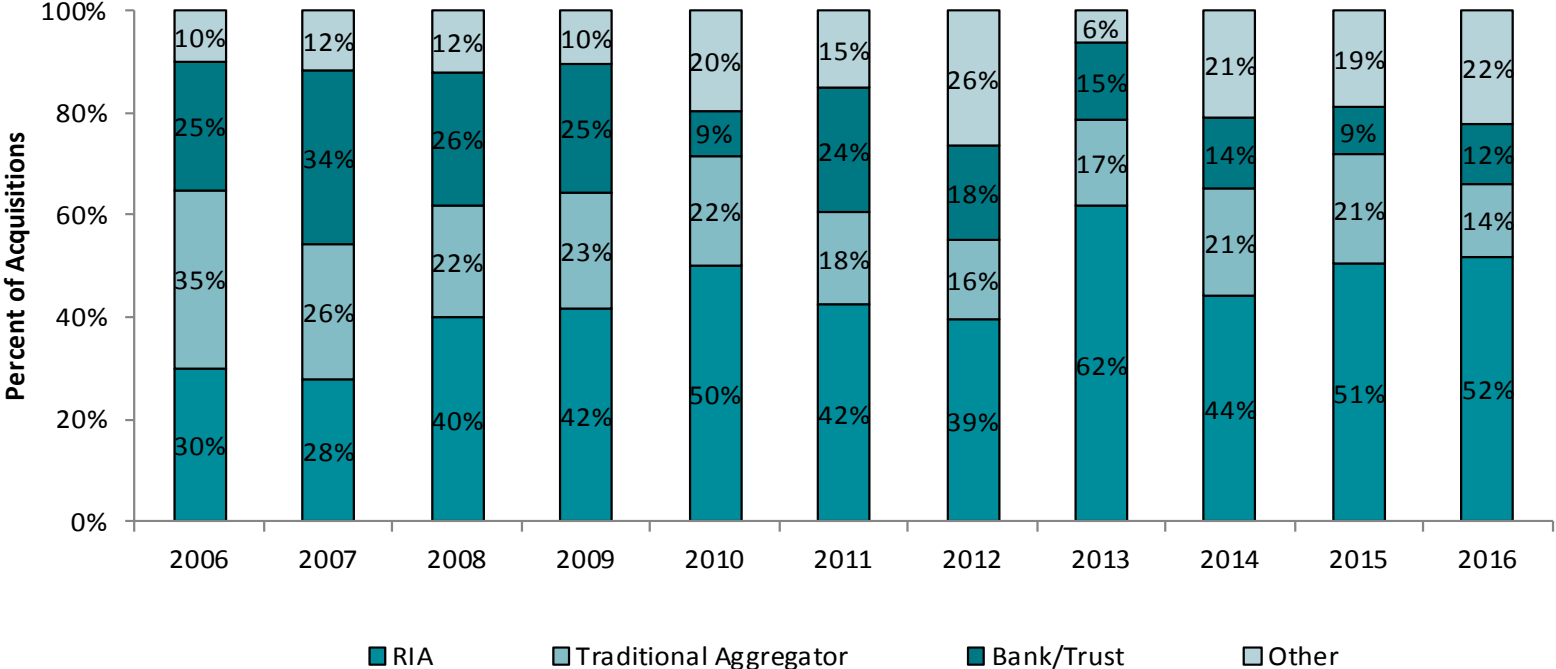


Q16: If you are considering a transaction in the near future, which best describes the transaction types that you are considering? (Select all that apply) (n=178)

# RIAs Are Leading the M&A Pack

The financial advisory industry's most active acquirers since 2008

### Acquirer Type by Year



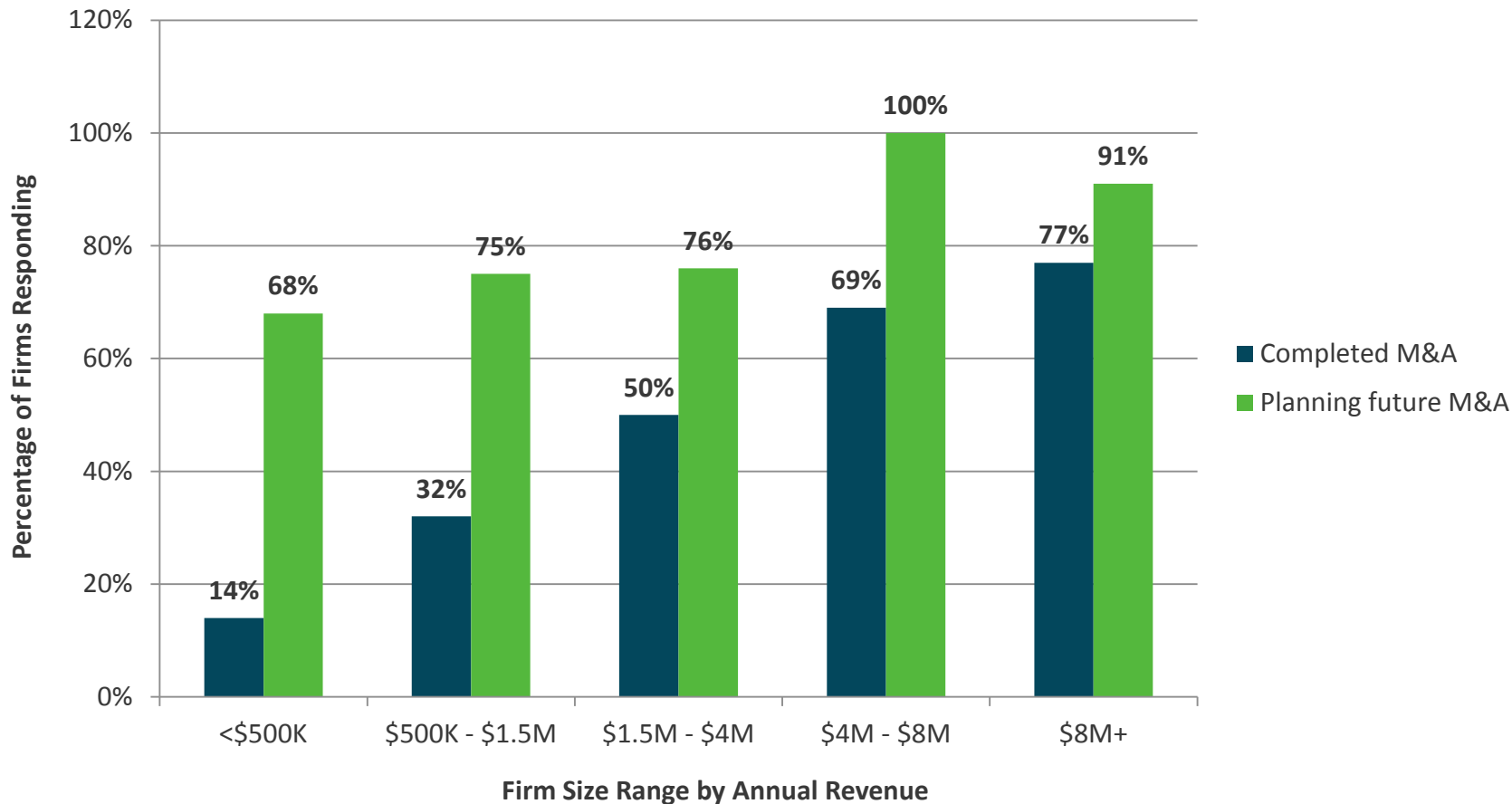
Source: The FA Insight M&A database



# Bigger RIAs Lead the Charge...

... While Smaller RIAs Expect the Biggest Jump in Deal Activity

## Transaction Experience and Expectations



Base: Total Respondents (n=234)

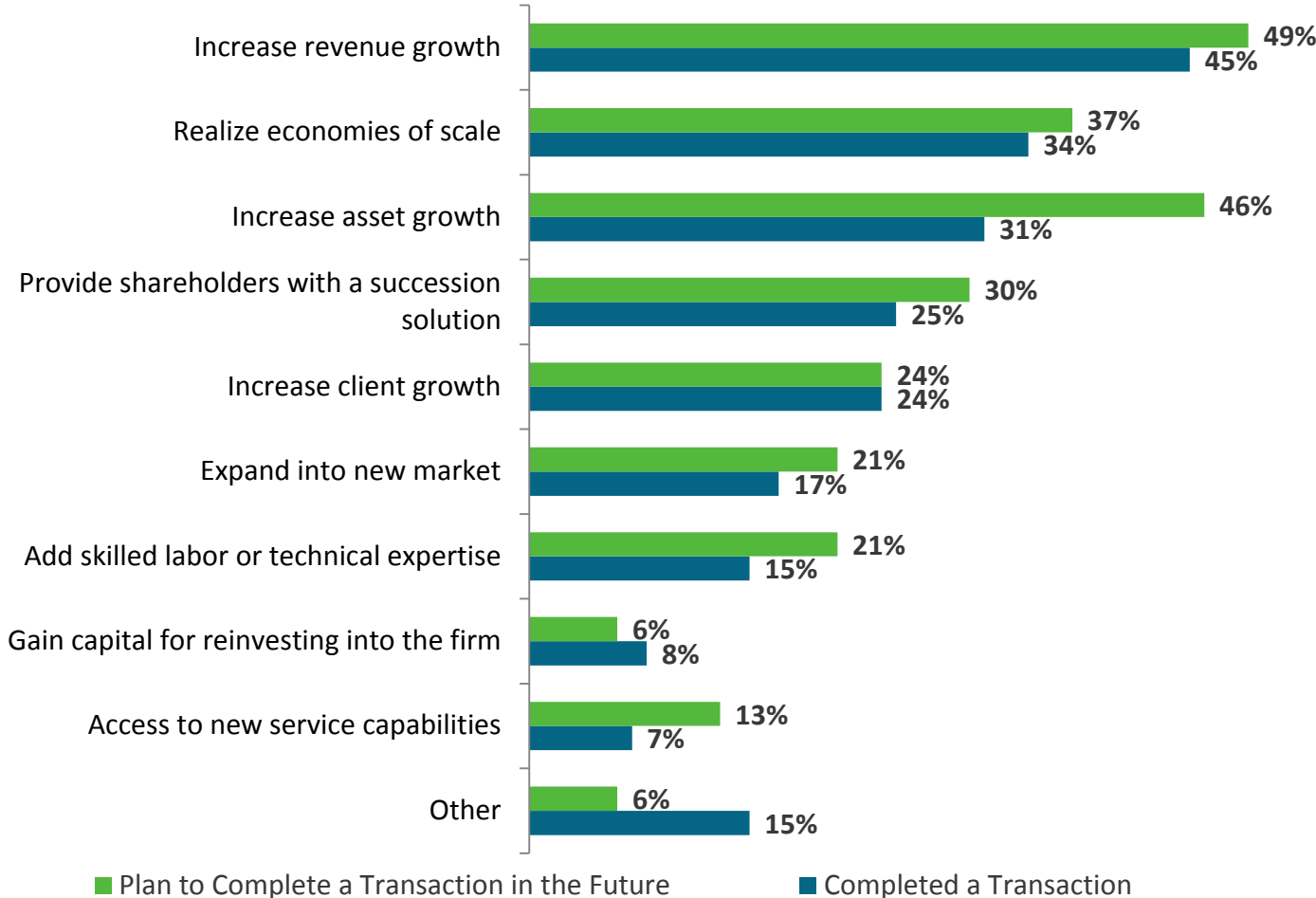
Q2: Has your firm been involved with a merger or acquisition in the past five years?

Q15: Is your firm considering at least one transaction in the next five years?

Q23: Which of the following ranges includes your firm's approximate total gross revenue over the last 12 months?

# Desire for Growth is Key M&A Driver

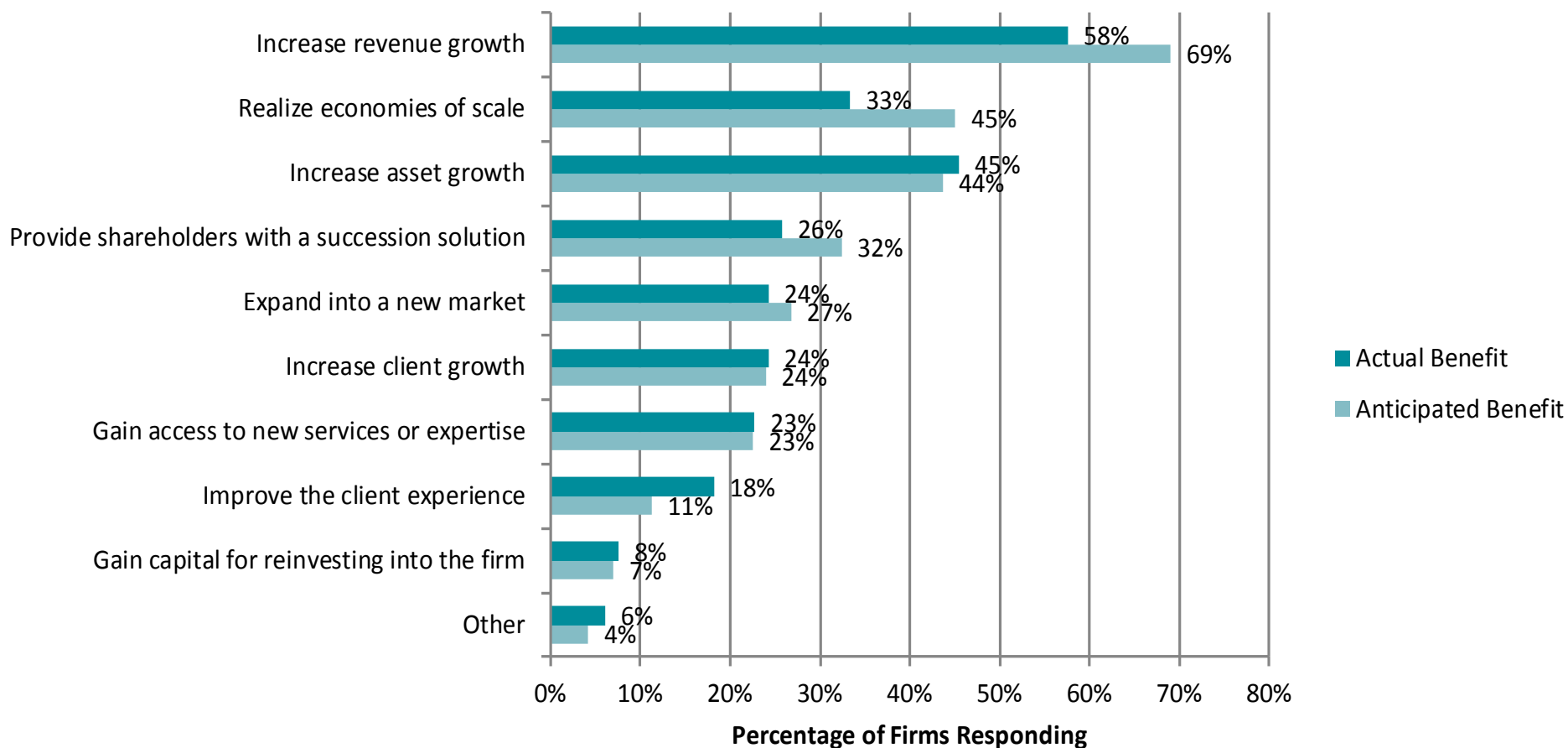
Succession planning likely to drive more deals



Q6: What were the primary reasons your firm implemented this transaction? (Select up to three) (n=80)  
 Q18: What are the primary reasons you are considering a future transaction? (Select up to three) (n=178)

# Managing Expectations

## Anticipated vs. Actual Benefits of a Recent Merger or Acquisition



# Methodology

Results are based on an online survey of 234 independent registered investment advisors (RIAs) conducted by FA Insight and TD Ameritrade Institutional, a division of TD Ameritrade, Inc., in December 2016. Survey respondents were clients of TD Ameritrade Institutional and non-clients.

All survey respondents have been in operation for at least one year, generating a minimum of \$100,000 in annual gross revenue and serve individuals or households as primary clients. The margin of error is  $\pm 5.6\%$ .

This slide presentation references data from the proprietary FA Insight M&A database (2000-present) and the *2016 FA Insight Study of Advisory Firms: Growth By Design* to draw conclusions about trends and provide context.

# Important Information

## About the Survey

The Securing Your Firm's Future survey was completed in December 2016 through an online survey with the owners / shareholders of 234 independent RIAs, followed by interviews and focus groups. The median size for RIA firms represented in the study was \$800,000 in annual revenue. The margin of error is +/- 5.6% based on a 90% confidence interval.

## About TD Ameritrade Institutional

TD Ameritrade Institutional is a leading provider of comprehensive brokerage and custody services to more than 5,000 fee-based, independent RIAs and their clients. Our advanced technology platform, coupled with personal support from our dedicated service teams, allows investment advisors to run their practices more efficiently and effectively while optimizing time with clients. TD Ameritrade Institutional is a division of TD Ameritrade, Inc., a brokerage subsidiary of TD Ameritrade Holding Corporation.

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