

Special Report

Exploring the Rise and Impact of US RIA



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Executive Summary

Registered Investment Advisory Industry



Global RIA Industry Overview

- A majority of registered investment advisors (RIAs) predominantly operate within the US borders.



US Regional Insights

- A significant concentration of investment advisor entities is situated in the Western region.



Global M&A in RIA Industry

- Overall M&A activity is deemed healthy in the current industry and macroeconomic context.



Clients in US RIA Industry

- SEC-registered investment advisers witnessed a 2.5% surge in client numbers in 2022, reaching an all-time high.



US RIA Industry Overview

- The sector grew 2.1% in 2022, with 15,114 fiduciary investment advisers managing USD 114.1 trillion in assets.
- 20 largest fee-only RIAs by AUM.

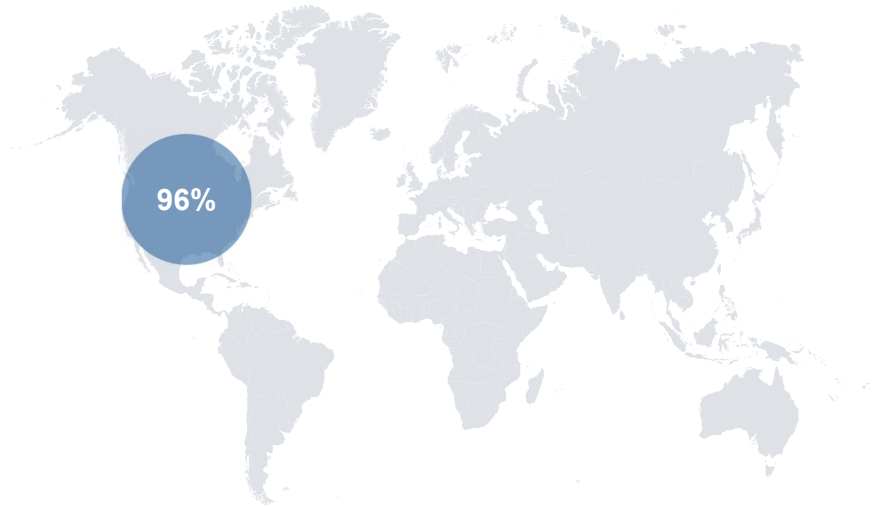


Upcoming Trends

- Strong M&A market for RIAs
- Emerging industry players, coupled with advancements in AdvisorTech
- Changing client expectations

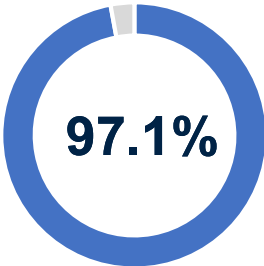
Global RIA Industry Overview

Majority of RIAs concentrated in US

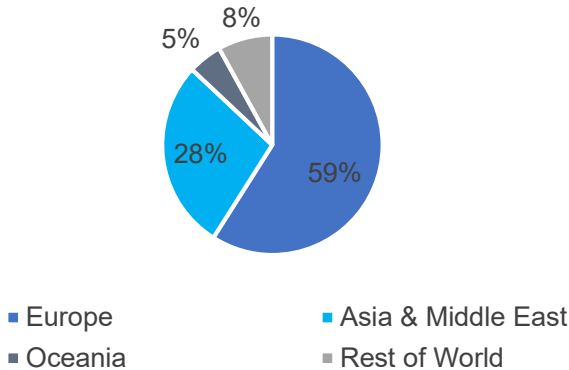


- A registered investment advisor is a financial firm that advises clients on securities investments and may manage their investment portfolios.
- Their services and advice may cover financial planning, estate planning, wealth management, retirement planning, investment management, budgeting, and insurance.
- RIAs are registered with the US SEC or state securities administrators.
- The US accounts for over 96% of firms and 90% of global managed assets.

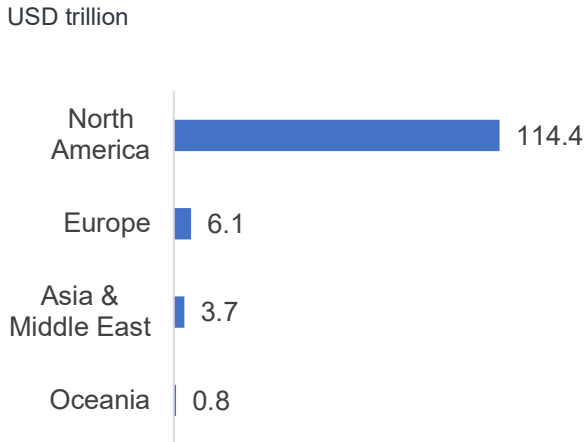
% of RIAs Located in North America



Regional Breakdown by Total Number of Firms (excl. North America)



Total AUM Breakdown



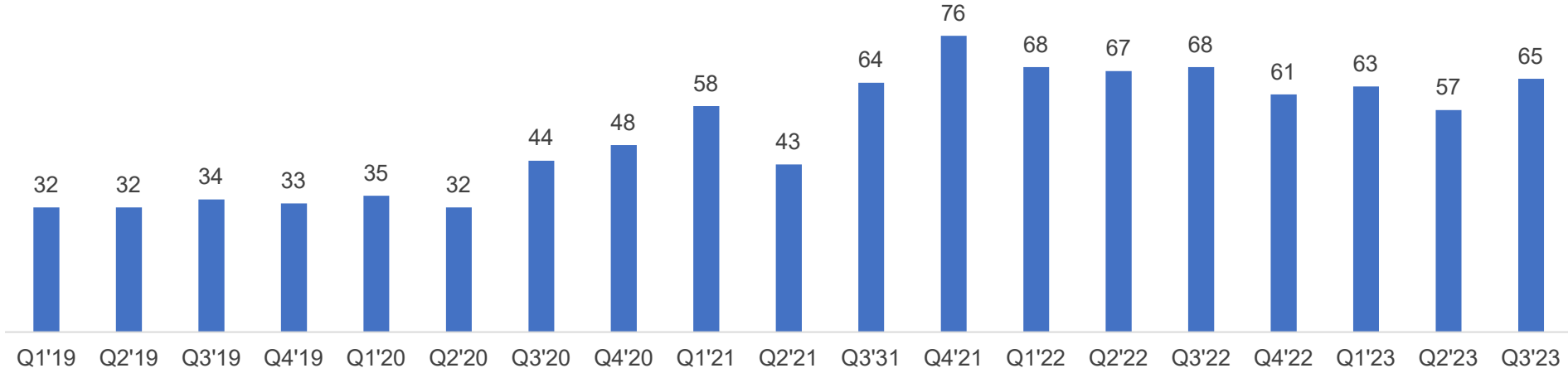
Source: Fintx RIA Regional Analysis 2023

Global M&A in RIA Industry

M&A activity surges in third quarter on active private equity participation

Q3 2023: A few transactions short of Q3 2022

Number of transactions executed per quarter



Date	Private Equity Investor	Seller	AUM (USD million)
7/12/2023	Abry Partners	Prime Capital Investment Advisors	22,500
8/1/2023	Long Ridge Equity Partners	RFG Advisory	4,000
8/31/2023	Clayton, Dubilier & Rice LLC	Focus Financial Partners	350,000
9/19/2023	Carlyle Group	CAPTRUST	143,000

Private equity firms were active, with four acquisitions in the quarter. All four transactions are significant examples of private equity’s continued interest in the RIA space for its growth potential.

Source: DeVoe & Company RIA Deal Book, Third Quarter 2023

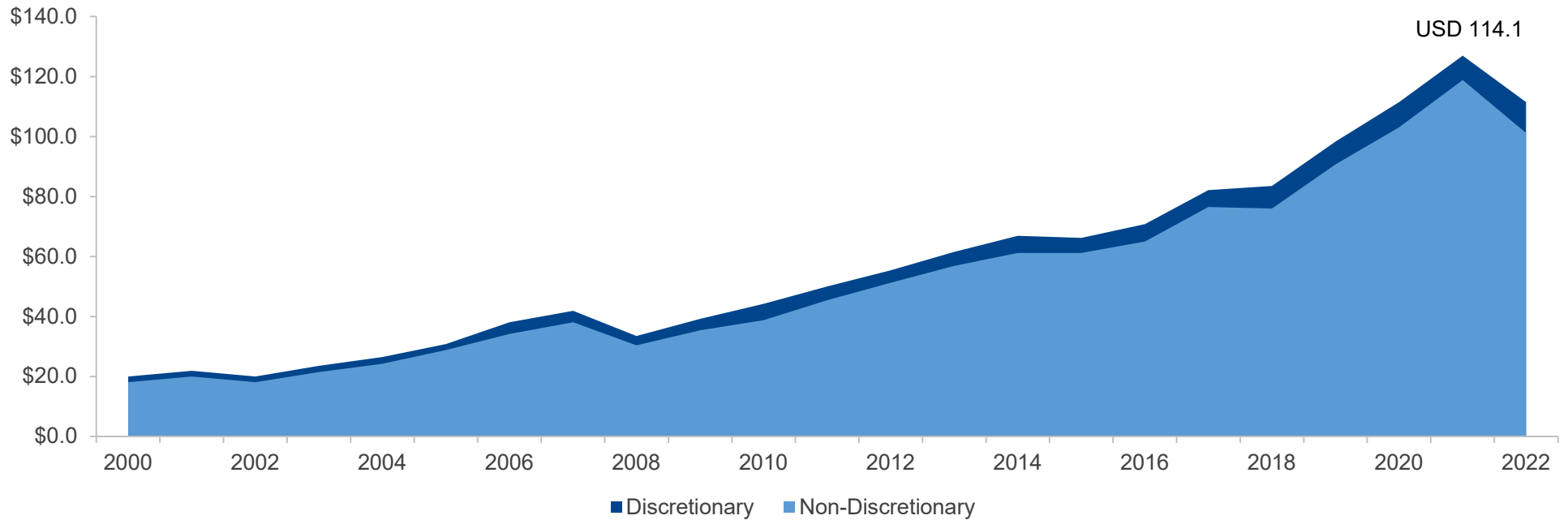


US RIA Industry Overview (1/2)

AUM records first decline in 2022 since 2008

Total Industry AUM

USD trillion



- While AUM declined for the first time since 2008 due to a vacillating economy, the investment advisory industry was resilient, with both the number of advisers and non-clerical employees climbing to a record high in 2022.
- With 15,114 fiduciary investment advisers managing USD 114.1 trillion in assets for 61.9 million clients, the sector grew by 2.1% in 2022. Even as an unstable global economy pushed the AUM value down for the first time since 2008, RIAs continued to thrive.

Source: Investment Advisor Industry Snapshot 2023

US RIA Industry Overview (2/2)

RIA industry is an industry of small businesses

Many investment advisors are small businesses:

- About 91.7% of advisers employed 100 or fewer employees.
- Around 70.2% of advisers managed less than USD 1 billion in assets and 88.5% managed less than USD 5 billion.
- Smaller advisers accounted for a high proportion of employees relative to their assets managed.
- Advisers focused on individuals as clients were likely to be small, with an average of just 9 employees, 2 offices, and USD 330 million in AUM.
- Advisers with less than USD 1 billion in assets accounted for almost all the new SEC registrations, with new registrations accounting for 10.0% of firms in this size range.

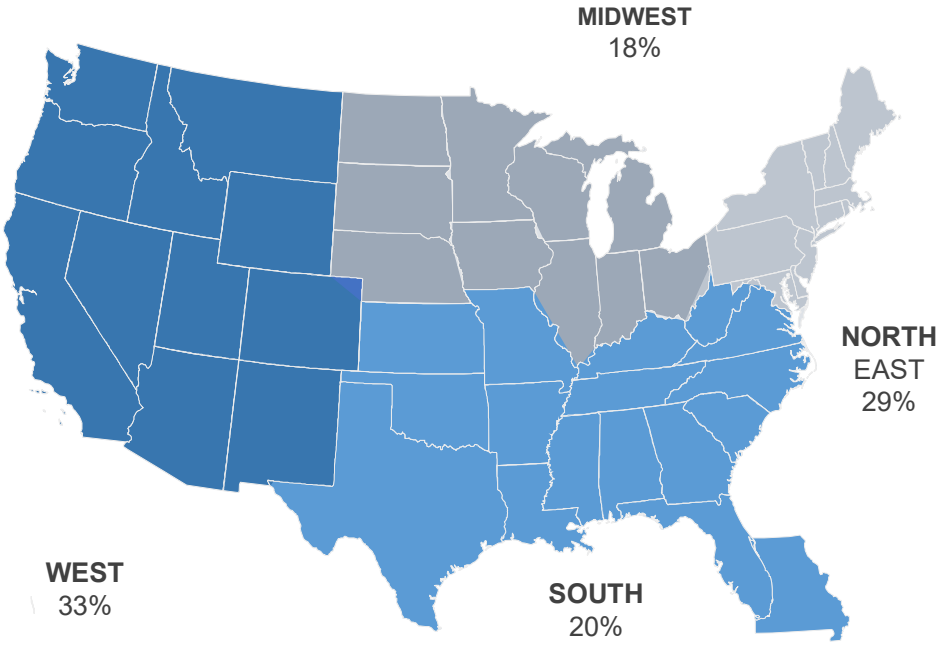
Date	2018	2019	2020	2021	2022
SEC registered advisers	12,993	13,494	13,880	14,806	15,114
Provide asset management for individuals	63.6%	63.7%	62.4%	63.1%	62.8%
Clients	43.6 million	51.9 million	60.8 million	64.7 million	61.9 million
Assets under management	USD 83.7 trillion	USD 97.2 trillion	USD 110.0 trillion	USD 128.4 trillion	USD 114.1 trillion
Employees	835,124	871,971	879,755	928,505	971,487
100 or fewer employees	93.0%	93.0%	93.0%	93.0%	91.7%

Source: Investment Advisor Industry Snapshot 2023

US Regional Insights

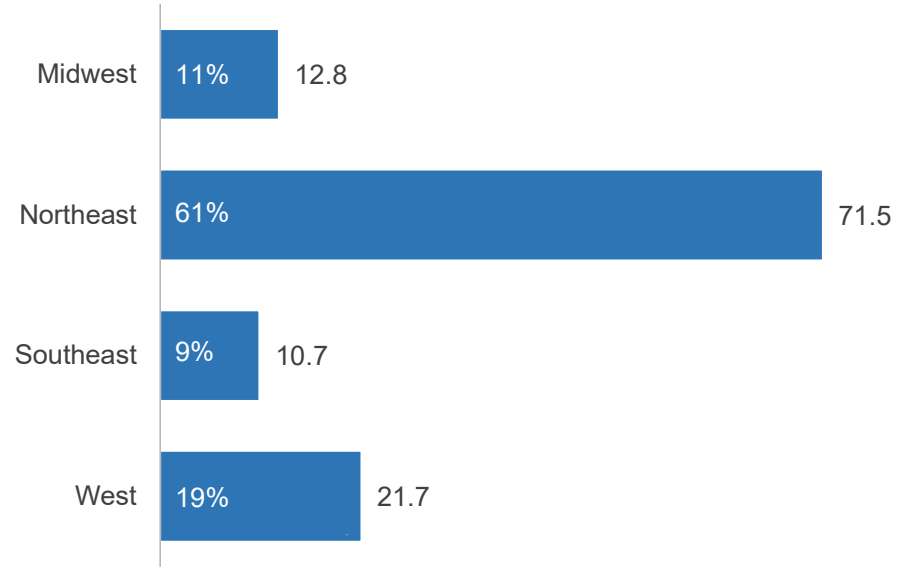
Western region houses most investment advisor entities

No of Firms in US by Region



Total Assets Under Management

USD trillion



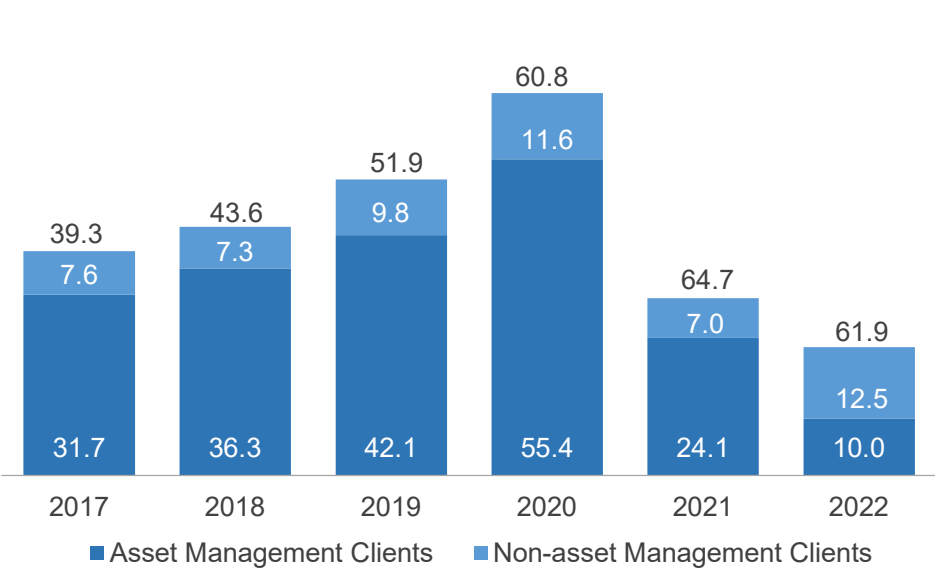
- A major concentration of investment advisor entities is situated in the Western region, constituting 33% of all US-based firms.
- However, the Northeast region hosts the majority of the country's capital, representing approximately 61% of the total AUM.

Source: Fintx RIA Regional Analysis 2023

Clients in US RIA Industry

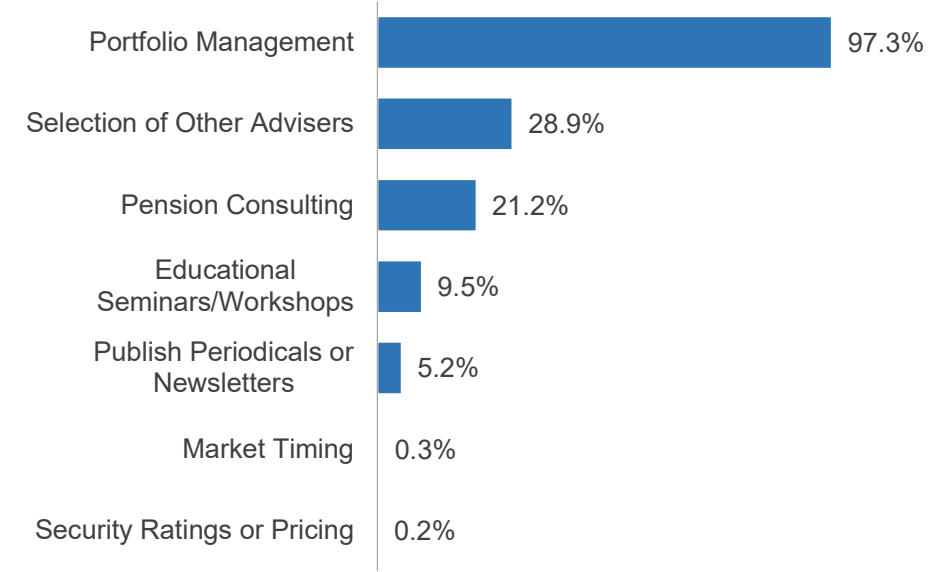
Record-high asset management clients in 2022

No. of Clients (Millions)



- In 2022, SEC-registered investment advisory firms experienced 2.5% growth in the number of asset management clients.
- Despite this increase, a substantial decline in non-asset management clients resulted in an overall decrease of 4.3% in the total number of clients served.

Percentage of Advisers Offering Service 2022












- Portfolio management stands as the core service provided by investment advisers, with 97.3% offering this service in 2022.
- About 60.8% of advisers also provided additional advisory services.

Source: Investment Advisor Industry Snapshot 2023

Competitive Landscape (1/2)

20 largest fee-only RIAs by AUM











Companies	AUM (USD Billion)	Client Accounts	Financial Advisors	Total Employees	Services Provided
 CHEVY CHASE TRUST INVESTMENT ADVISORS	32.0	4,695	34	103	<ul style="list-style-type: none"> Investment management Institutional investing Financial planning
 MONETA	30.7	37,339	188	460	<ul style="list-style-type: none"> Financial planning Retirement planning Finding an advisor
 PATHSTONE THE FAMILY OFFICE™	24.9	18,943	85	297	<ul style="list-style-type: none"> Portfolio management Financial planning Insurance and risk management Education seminars/workshops
Bahl&Gaynor	17.4	2,711	0*	41	<ul style="list-style-type: none"> Investment management Financial planning Retirement planning Wealth management
 CAP STRAT	17.3	1,013	6	25	<ul style="list-style-type: none"> Investment management Financial planning Retirement planning
 ep wealth advisors™	17.1	32,050	176	375	<ul style="list-style-type: none"> Investment Management Financial planning Retirement planning
SAVANT 	17.0	10,992	143	333	<ul style="list-style-type: none"> Investment management Financial planning Company retirement planning Wealth management
 ARIS Advanced Research Investment Solutions	14.7	362	3	7	<ul style="list-style-type: none"> Portfolio management Investment management Retirement planning
 ASPIRIANT	13.1	10,745	62	197	<ul style="list-style-type: none"> Investment management Financial planning Retirement planning Wealth management
 FCI ADVISORS	12.9	13,818	41	67	<ul style="list-style-type: none"> Investment management Wealth management

*Bahl & Gaynor is a portfolio manager that provides financial planning services, with 33 employees performing investment advisory functions but none of them registered as investment advisory representatives.

Source: Financial Planning, COMPLY, Company Websites, CapIQ

Competitive Landscape (1/2)

20 largest fee-only RIAs by AUM

Companies	AUM (USD Billion)	Client Accounts	Financial Advisors	Total Employees	Services Provided
 HOMRICH BERG® Wealth Management	12.5	15,429	64	171	<ul style="list-style-type: none"> • Investment management • Financial planning • Retirement planning
 WE® FAMILY OFFICES	12.1	106	30	49	<ul style="list-style-type: none"> • Portfolio management • Financial planning • Wealth management
 FCI	11.6	1,667	18	84	<ul style="list-style-type: none"> • Portfolio management • Financial planning • Finding an advisor • Educational seminars/workshops
 clearstead	10.2	5,102	11	126	<ul style="list-style-type: none"> • Investment management • Retirement planning • Wealth management
 LWC LORING, WOLCOTT & COOLIDGE	9.7	3,288	11	104	<ul style="list-style-type: none"> • Portfolio management • Financial planning
 BALLENTINE PARTNERS	9.3	5,764	74	89	<ul style="list-style-type: none"> • Investment management • Wealth management
 IRA GROUP	9.1	568	12	16	<ul style="list-style-type: none"> • Portfolio management • Financial planning • Wealth management
 TMG THE MATHER GROUP	8.7	16,761	88	167	<ul style="list-style-type: none"> • Financial planning • Retirement planning
 CV ADVISORS	8.4	1,806	0*	45	<ul style="list-style-type: none"> • Investment management • Financial planning
 MILL CREEK	7.9	385	24	39	<ul style="list-style-type: none"> • Portfolio management • Investment management • Financial planning

*CV Advisors is a multifamily office with 12 employees performing investment advisory functions but none of them registered as investment advisory representatives.

Source: Financial Planning, COMPLY, Company Websites, CapIQ

Upcoming Trends in RIA Industry



Strong M&A market for RIAs

- Fidelity's August 2023 Wealth Management M&A Transaction Report showed 157 deals, a 1% increase from August 2022. Despite the modest rise in deal volume, the total transacted AUM surged to USD 234.2 billion, marking a notable 10.5% growth from the same period in 2022.
- The industry remained resilient in the face of higher interest rates and maintained stability with valuations holding firms. Additionally, there is robust activity in private equity, as evident in 70% of deals involving a PE firm or PE-sponsored acquirer in 2022.



Entrants to the industry

- The RIA space attracts considerable interest, with many external entities contemplating entry. Entrants including digital advice and robo-advisors with robots observed growth from 0% to 2% of assets over seven years, reaching this milestone by the end of 2022.
- Emerging players such as custody firms with a tech-first mindset and companies that help advisors to find clients are set to provide specialized services in a rapidly evolving category, contributing to the growth of advisory practices.



Advancements in AdvisorTech

- Successful RIAs are embracing digital transformation, utilizing technologies, such as online client portals and virtual meetings, to enhance internal processes and deliver a more robust client experience.
- This digital shift is crucial for connecting with younger clients and serves as a differentiator, enabling RIAs to stay compliant, scale efficiently, and focus on building client relationships and business growth by automating manual tasks.



Changing client expectations

- A new generation of younger Americans, notably Millennials and Gen Z, is set to inherit USD 30 trillion in wealth over the next decades, reshaping expectations in wealth management.
- To appeal to these younger investors, RIAs must blend technological convenience with a personalized human touch to foster strong, competitive relationships and position themselves for remarkable growth.

Source: Envestnet, PreciseFP



2500+

Global Clients

500+

Strong professional team across multi-disciplinary domains

120+

Sectors and sub-sectors researched by our analysis

80+

Countries where we have delivered projects

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