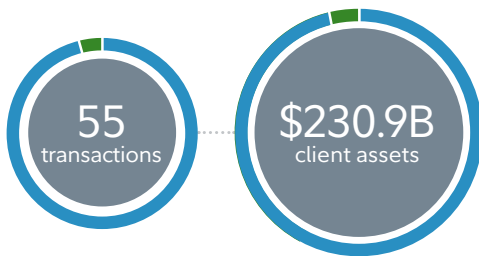


Fidelity Quarterly M&A Review

June arrived with steadiness and resilience to round out the first half of 2024. The month brought in 19 RIA M&A transactions amounting to \$41.3B in purchased assets. Compared to the prior month, transaction count was up by two and purchased assets were ahead by 25%. Compared with June 2023, the transaction count was up by three and purchased assets were ahead by 84%. June 2024 is the second strongest June we've recorded in terms of transaction count, and the strongest June on record for purchased assets. This follows the second strongest May for transaction count and the strongest May for purchased assets. The broker-dealer channel yielded one transaction in June totaling \$800M in purchased assets.

Transaction Overview

■ RIAs ■ IBDs ● Total



RIAs

Number of Deals	54
Client Assets (Billions)	\$230.1
Transactions*	▲ 10%
Client Assets*	332%

IBDs

Number of Deals	1
Client Assets (Billions)	\$0.8
Transactions*	0%
Client Assets*	▼ 95%

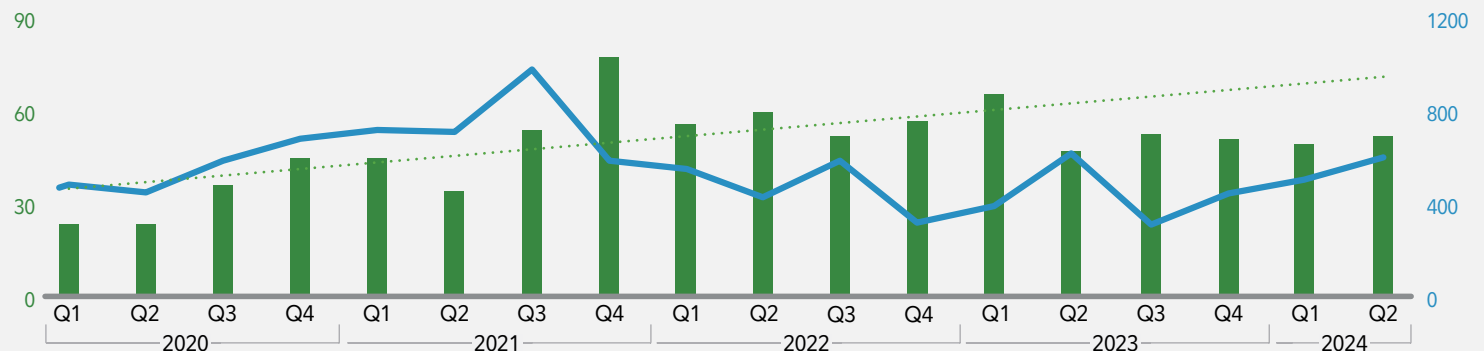
* Compared to Q2 2023.

Looking broadly, Q2 2024 yielded 54 RIA M&A transactions totaling \$230B in purchased assets. Comparing same period to 2023, transaction count was up by five and purchased assets more than tripled.¹ An even broader look to the first half of 2024 yielded 105 transactions totaling \$399.3B. Comparing 1H 2024 vs. 1H 2023, total RIA M&A transaction count was behind by 12% and purchased assets were significantly ahead.

¹ One important reminder is that we've lifted the \$30B cap on our reporting as transactions trend larger and we aim to accurately reflect market activity. 1H 2024 included the \$117B full private equity purchase of AssetMark, and Guardian Capital's acquisition of \$76B Sterling Capital Management. Excluding these two transactions, 1H 2024 purchased assets were ahead of 1H 2023 purchased assets by 49%.

RIA Transaction Summary

■ Number of Deals ● Linear Number of Deals — Median Deal Size



The data for the first half of 2024 points to 3 trends:

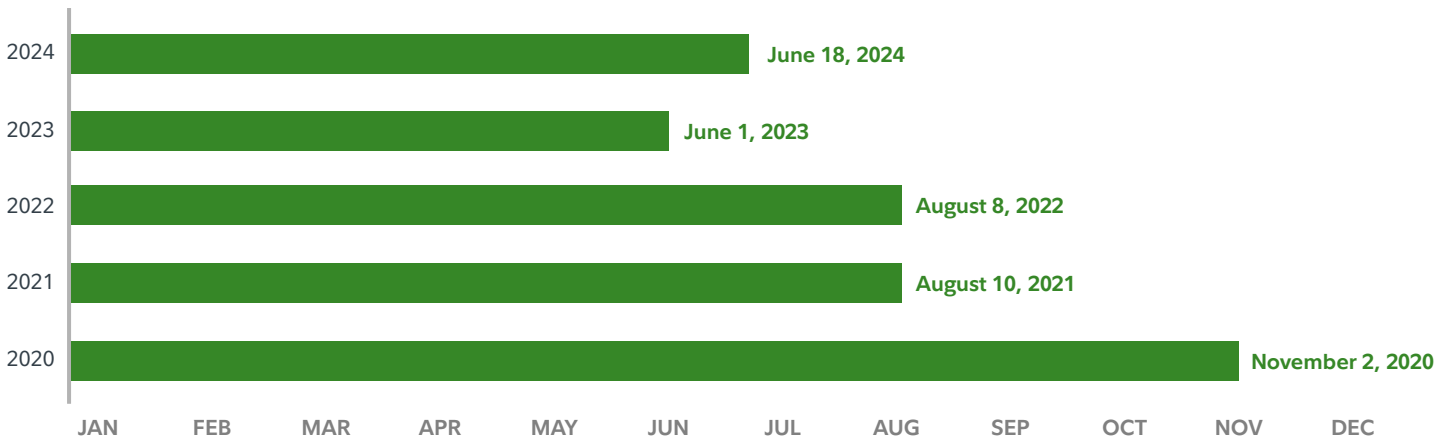
1. The median deal size is on an intentional upward trajectory, signaling a shift in the definition of what constitutes a “large, scaled RIA” compared to this time last year. In late 2021, we observed notably high median deal sizes, a trend that experienced a modest reemergence in Q2 2023. This period was characterized by a flurry of M&A activity fueled by lower interest rates and the appeal of successfully closing a deal. The percentage of transactions over \$1B in purchased assets matches this narrative. For the first half of 2024, 36% of transactions were in the \$1B+ AUM category. This is up from 27% for FY 2022, and 29% for FY 2023.

2. Deal pace appears strong, yet purposeful. When charting deal activity from January 2020 through Q2 2023, a trend line would point up in an exponential fashion, as our industry was witnessing a near carbon copy of record-breaking year 2022. Adding in activity

through Q2 2024 points a trend line up, but with a less dramatic rise. Our view is that 1H 2024 activity of 105 transactions is solid compared with the first half of record-breaking year 2022 with 118 transactions and its close replica of 119 transactions in 1H 2023. We continue to call the start to 2024 RIA M&A pace of activity—“strong yet purposeful.”

3. Purchased assets in Q2 2024 are the highest recorded in a Q2 period—even when excluding deals exceeding our former reporting cap of \$30B. Our 2023 Valuation and Deal structure study informed the industry that deal completion now averages 7.25 months; down from 9 months as reported in our 2019 study. With that said, that timing may help one assume that sellers made their decision to sell their firm toward the end of prior year. Q2 2024 may be the beneficiary of sellers who leveraged their firms’ FY 2023 EBITDA valuations and may have engaged with investment bankers at the beginning of this year.

The Race to 100 RIA M&A Transactions

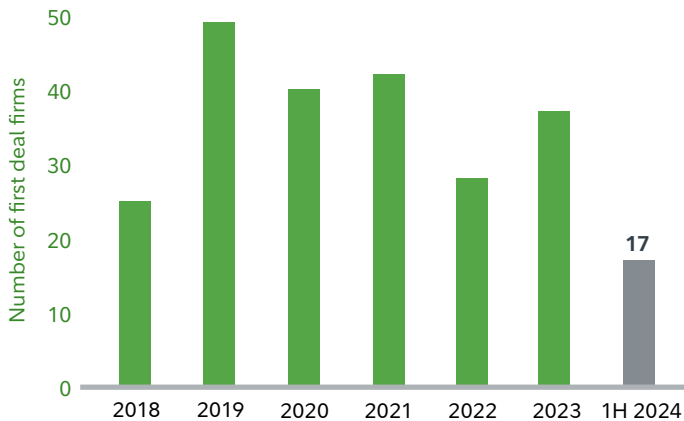


The Race to 100 RIA M&A Transactions

In last year’s Q2 report, we introduced a chart illustrating the race to 100 RIA M&A transactions highlighting the earliest reach ever recorded. Despite landing in second place with a mere 17-day lag, our marketplace still demonstrates solid transaction pace.

When translating this race into asset accumulation, 2024 stands out with the fastest pace to reach \$200B. We hit this milestone on April 23—the earliest on record. When excluding deals above our former \$30B reporting cap, we still hit a record with June 20 being the milestone date, compared to August and September in the previous three years.

Number of First-Time Buyers



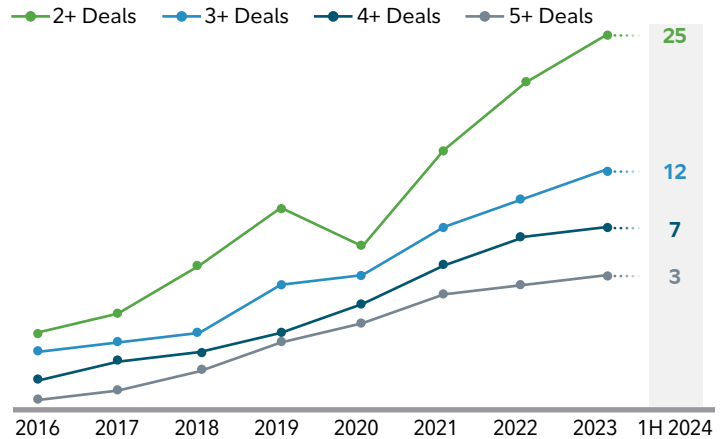
First-time acquirers continue to navigate their entry in our highly competitive M&A marketplace.

With the continued fragmented state of our industry, the diversity of M&A acquirer types remains a backbone of health in our M&A marketplace. Q2 2024 added to this diversity by bringing forward seven first-time acquirers, upping our YTD total to 17. If the current pace of new acquirer entrants continues, we may be roughly on par with last year's total of 37 first-time acquirers. Here are two notable insights we observe in the space of first-time acquirers in 2024:

Thirteen of the 17 first-time acquirer firms (76%) are backed by private equity (PE).

Recognizing that growth can be achieved farther and faster with the support of private equity, these acquirers may have involved PE to enhance financial stability, utilize earmarked capital for inorganic growth, and shape a more efficient firm through operational improvements. This trend is not "here for now," but rather highlights private equity's enthusiasm and confidence in the wealth management space relative to its youth, continued fragmentation, and potential for ROI. This trend may also be setting up the next generation of acquirers with private equity backing; cementing PE presence in the future M&A landscape.

Buyers completing 2+ deals



Three of the first-time acquirers rapidly moved on to secure their second, third, and fourth acquisitions.

This impressive momentum demonstrates the capabilities and support structure to make acquisitions part of the strategic growth plan for the firm and may position these acquirers as formidable players in the M&A marketplace.

In total, we count 96 firms who have executed two or more deals since we started our tracking in 2015, including the aforementioned first-time acquirers who executed multiple deals in 2024. We've observed a 44% increase in firms completing 2+ transactions, a count that increased from 27 firms in 2021 to 39 in 2023. The count levels out for firms executing 5+ deals, from 12 firms in 2021 to 13 in 2022, to 14 in 2023. Narrowing our focus to 1H 2024, we count 25 firms who acquired 2+ firms. Almost half of these firms (12) went onto execute at least a third deal. Seven firms executed at least 4 deals, and three firms closed at least 5 deals.

Serial acquirers are becoming increasingly active and competitive, raising the floor from three to four transactions

From July 1, 2023 to June 30, 2024, 128 of the 213 RIA deals (60%) were completed by 21 firms.

New firm	Private equity/capital backer	Count	AUM (\$)
Focus Financial Partners	Clayton, Dubilier & Rice	16	93,728
Wealth Enhancement Group	TA Associates, Onex, Stone Point Capital	14	5866
Mercer Advisors	Atlas Partners, Oak Hill Capital Group, Genstar Capital	9	6,345
Waverly Advisors	Wealth Partners Capital Group, HGGC, Aspire Holdings	8	4,214
MAI Capital Management	Oak Hill, Harvest, Carlyle Group, Wealth Partners Capital Group	8	3,714
Allworth Financial	Lightyear Capital	8	3,068
Creative Planning	General Atlantic	5	17,124
Corient Private Wealth	Abu Dhabi Investment Authority, Bain Capital, Flexpoint Ford, Ares Management and the state of Wisconsin	5	7,329
CAPTRUST Financial Advisors	GTCR, Carlyle Group	5	6,870
Modern Wealth Management	Crestview Partners	5	2,982
Perigon Wealth Management	JHBJ Holdings, LLC	5	1,225
Mariner Wealth Advisors	Leonard Green & Partners	4	6972
Hightower Advisors	Thomas H. Lee Partners	4	6,570
OneDigital Investment Advisors	Onex Corporation	4	5,965
Savant Wealth Management	Kelso & Company	4	3,162
Diversify Wealth Management	(Wholly owned subsidiary of Falcoln Park Capital LLC)	4	2,766
Edelman Financial Engines	Hellerman & Friedman	4	2,388
Sequoia Financial Group	Valeas Capital Partners, Kudu Investment Management	4	2,045
Dakota Wealth Management	Emigrant Partners	4	1,850
Merit Financial Advisors	Wealth Partners Capital Group	4	1,233
Carson Group	Bain Capital	4	826

The most active acquirers in the previous 12 months each completed four or more deals; representing ~ 2/3 of transactions, and ~1/3 of AUM.

60%
of deals

31%
of purchased assets

The bar for strategic acquirers has been decisively raised.

Our Q4 2023 report revealed pivotal moments in the natural business cycle where strategic acquirers pulled back to recalibrate and recapitalize. This strategic pause may have allowed first time acquirers to step in and make their mark. As strategic acquirers re-enter the marketplace, the data tells us that they are doing so with a higher intensity. For the first time, our data shows that the leading 21 acquirers who executed deals in the

previous 12 months (July 1, 2023–June 30, 2024) each closed a minimum of 4 transactions. This is a notable shift from previous quarterly analyses where the leading 20 acquirers each completed at least 3 deals. This new trend highlights a new level of activity and ambition to the already competitive landscape. The activity from this cohort comprised 60% of RIA M&A transactions, and 31% of purchased assets.

Minority staked investments

In the first half of 2024, we recorded 17 minority staked transactions representing \$418B AUM. Private equity was the investor in 76% of these transactions.

PE-Backed Minority Investments

Month	Selling RIA	AUM(\$B)	Buyer—Minority Stake	Buyer Type
January	Great Valley Advisor Group	5.1	LPL	IBD
	Perigon Wealth Management	6.5	Constellation Wealth Capital	PE
	Garrett Perkins & Horton Advisory Partners	0.5	Summit Financial	RIA
	Oracle Private Wealth	0.3	Summit Financial	RIA
	Lido Advisors	19.1	Constellation Wealth Capital	PE
	True North Advisors	3.3	Wealth Partners Capital Group and HGGC	PE
	Wilde Wealth Management	2.8	Cetera Financial Group	IBD
February	Garrett, Perkins & Horton Advisory Partners (GPH) and Brad Werner & Company.	0.725	Summit Growth Partners	PE
	AITi Global	68	Allianz and Constellation Wealth Capital	Insurance, PE
	Plancorp	6	TRIA Capital Partners	PE
March	Trilogy Financial Services	4	Peloton Capital Management	PE/Investor
May	Northside Capital Management	5.2	Rosemont	PE
	Dakota Wealth Management	5.7	Emigrant Partners	PE
	CV Advisors	9.7	Constellation Wealth Capital	PE
	Requisite Capital Management	2.3	Constellation Wealth Capital	PE
June	Avior Wealth Management	4.1	Constellation Wealth Capital	PE
	Fisher Investments	275.0	Advent International/Abu Dhabi Investment Authority	PE

Go farther as a team

We highlighted above that 13 of 17 first-time acquirers secured private equity backing prior to their initial acquisition. This paradigm is far from new as it replays a well-established trend where strategic acquirers leverage private equity to finance 100% of their transactions. Below are examples of strategic acquirers who sold stake to private equity prior to their first acquisition:*

New firm	Year of First Acquisition	First Year of Private Equity Investment	# Acquisitions Prior to PE	# Acquisitions After PE Investment	Comments
Cerity Partners	2016	2016	0	22	1/16/2018: Lightyear Capital buys stake from Emigrant Bank. 6/13/2022: Genstar Capital becomes an investor alongside Lightyear Capital
Mercer Advisors	2016	2015	0	77	3/25/2015: Genstar Capital bought stake from Lovell Minnick. 9/17/2019: Oak Hill Capital joins Genstar Capital. 2/28/2023: Harvest Partners stakes Mercer. 6/6/2023: Atlas Partners stakes Mercer
Wealth Enhancement Group	2016	2007	0	68	11/1/2007: Norwest Equity Partners stakes WEG. 4/21/2015: Lightyear Capital purchases stake from Norwest Equity Partners. 7/31/2019: TA Associates purchases stake from Lightyear Capital. 8/24/2021: Onex Partners joins TA Associates as equal capital partners
Allworth Financial	2018	2017	0	31	7/26/2017: Parthenon Capital invests in Allworth. 10/20/2020: Parthenon Capital Partners sold the stake to Lightyear Capital and Ontario Teachers' Pension Plan
MAI Capital Management	2019	2017	0	32	6/30/2017: Wealth Partners Capital Group invests in MAI Capital. 8/16/2021: Galway Holdings invests in MAI Capital

* Not an exhaustive list.

Closing thoughts

The landscape of wealth management is undergoing a profound transformation. The benchmark for what was referred to as a large firm has shifted, reflecting the evolving scale and ambition within our industry. The influence of private equity is helping to further fuel this transformation.

Our data points to a dynamic market where new entrants, backed by capital and strategic guidance may be making their mark. First-time acquirers, some of whom have swiftly made multiple acquisitions may be adding to the highly competitive landscape. Conversations with strategic acquirers reveal that they are seeing new names at the buy side of the acquisition table.

Our analysis of strategic acquirers reveals a notable increase in the baseline number of transactions. This heightened level of activity reflects a new era of competitive intensity and ambition. As strategic acquirers take in additional capital and work with more hands-on private equity firms, they are setting higher benchmarks for market performance. We, along with the industry at large, will continue to curiously watch how strategic acquirers may continue to raise capital and discover if there may be a turning point trend where majority ownership by private equity becomes more mainstream. We continue to hear from firm owners that maintaining control over their firms is paramount with their desire to steer their business strategies.

Conversations with investment bankers indicate that there may be an abundance of private equity firms eagerly awaiting their opportunity to invest in wealth management firms; including smaller private equity firms who understand their niche and are interested in competing in their tier.

We have intentionally included the Focus Financial and their newly minted hub firm buyouts of network firm management teams in our M&A activity reporting, as we view this activity as industry significant. The movement from the traditional aggregator model to a more integrated approach allows for the identification and alignment of synergy with the intention of providing advisors and those that serve them a more unified platform, technology offering, training, and access to centralized talent. While this new direction is gaining momentum within Focus Financial, it's important to recognize that the industry continues to value differentiated schools of thought relative to acquirer models, and value will continue to be in the eye of the beholder.

The first half of 2024 has set a solid precedent for the remainder of the year. Although not a record-setting pace of activity, the purposeful start to 2024 places the year in second place when tracking the pace to 100 transactions, and first in terms of reaching \$200B in purchased assets. We view this activity as an indication of the market's continued health, driven by strong investor confidence, and the fundamental reasons for M&A, which are anticipated to remain strong in the near future.

For more resources, including monthly M&A transaction reports, visit https://clearingcustody.fidelity.com/app/item/RD_13569_45452.html.



Fidelity compiled the data for this report from public information. Data for this report covers the period January 2016 through June 2024.

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.

The purpose of this report is to capture wealth management M&A deals involving:

- Wealth management firms registered with the SEC as registered investment advisors, including transactions identified as involving firms with over \$100 million, in assets under management/advisement.
- Independent broker-dealer firms registered with FINRA, including transactions identified as involving firms 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.

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The M&A Valuation and Deal Structure Study is based on data from firms consisting of M&A Leaders Forum members and other clients identified as doing M&A who participated in an online survey conducted by Fidelity Investments. Twenty-six RIAs and 4 COI (Center of Influence) firms participated in the survey. The study was fielded from February 13 through March 28, 2023, and covered M&A deals between January 2020 and March 2023. The 2019 study covered M&A deals between January 2017 and July 2019. Twenty-three firms participated in the study. Throughout the report, the approximate median has been calculated using the mid-point of the range where the actual median falls.

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