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THE RIA DEAL ROOM

Back to the Future

2023

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2022 M&A REVIEW: A CHANGE IN TONE

For over a decade, the wealth management industry enjoyed a historically long bull market. As market gains became prolonged, industry participants speculated a sustained pullback in the stock market. In 2022, the pullback happened. While the year started on optimistic footing, a post-pandemic inflationary cycle drove interest rates to increase at a historic pace. RIA M&A set new records in volume and valuation multiples, but the story became nuanced as total valuation fell from market-driven asset values. Although RIA M&A success continued despite challenging conditions, the overall tone changed, requiring expectations to be reset.

On the surface, 2022 was a continuation of prior years' successes – private capital continued to chase the independent wealth management space and capital-backed RIAs grew through acquisitions. Cerity Partners took a new capital partner; Choreo Advisors was formed as a carve-out of RSM; and firms like Sanctuary Wealth, Hightower Advisors, and Mariner Wealth raised additional capital. Demand continued, and potential sellers tested the market to find better platforms for growth, scale, and succession.

Underneath the industry's success, the M&A tone changed as the industry grappled with fast-evolving requirements. The median-adjusted EBITDA multiple rose again in 2022, however, the rate of increase slowed. When paired with the rapidly increasing cost of capital, multiples may be poised for a pullback. Market volatility wasted no time impacting outcomes as a 19.4%ⁱ decline in the S&P 500 and a 15.3% decline in an index

moderate portfolioⁱⁱ had a profound impact on sellers' economics. For the first time in several years, deal expectations were not matching reality, and buyers and sellers had to collaborate to move transactions forward.

The Net Result

The net result was a year that included evolution and creativity to source, negotiate, and close transactions. Deal structures quickly became a focus as acquirers sought to remain competitive in an uncertain market. The first major downturn in over a decade prompted sellers to seek scale and resources by partnering through a transaction. This transition created tension, since many anchored to the high watermark financials of late 2021. Expectations recalibrated as the market transitioned toward more balanced deal structures to maintain momentum.

2022 raised reasonable questions about how collaborative and creative the industry can be to propel M&A success. The foundation for continued activity has long been established with tailwinds driving more and more sellers to market, and institutional capital and growth mandates propelling demand. However, increasing seller supply paired with challenging capital markets likely signal the beginning of a "the best and the rest" trend described in this report. The RIA M&A market has become more nuanced, and the rules of engagement continue to evolve. Contact the Advisor Growth Strategies (AGS) team at info@advisorgrowthllc.com to learn more about navigating the new playing field of RIA M&A.



Brandon Kawal

Principal

bkawal@advisorgrowthllc.com



John Furey

Managing Partner

jfurey@advisorgrowthllc.com

WHAT IS INCLUDED IN THIS YEAR'S REPORT

2023 Insights

Qualitative insights from dealmakers on what is ahead in 2023 (page 3-4)

Core Message

One-of-a-kind analysis based on 48 transactions closed in 2022 (throughout the report)

Survey Data

Insights from the Advisor Growth Strategies 2023 RIA Survey (n=85); 44.7% of respondents have >\$1B in AUM (throughout the report)

2023: CAUTIOUS OPTIMISM

In late 2022, Advisor Growth Strategies asked prominent dealmakers to provide insight into the current state of M&A. Over 20 of the industry's most active buyers expressed a cautiously optimistic tone for the year ahead and noted significant trends to watch as expectations in the market temper.

Busy as Ever!

Buyers described the current M&A market as "status quo" and "busy as ever." Surveyed acquirers expected to close nine transactions in 2023 on average. Half of all participants cited more inbound inquiries (more sellers coming to market) and increased investment in dedicated M&A resources (hiring corporate development staff). While all participants cited the same or more transactions in the year ahead, the majority foresee numbers equal to those of 2022 in light of challenging market conditions.

Nearly all surveyed acquirers noted that the cost of capital was not a current concern, but several highlighted a curiosity about competitors and key value creation strategies such as cash-on-cash returns versus using leverage to achieve the desired multiple of invested capital. While most cited increased diligence and financial modeling to account for more expensive debt capital, many also pointed to the opportunity to leverage strong balance sheets to capitalize on the opportunity. M&A will continue, but sophisticated buyers will be thoughtful about their ideal fit and deal structures.

Quickly Adapting

Buyers expressed a commitment to their acquisition strategy in the face of challenging conditions. M&A is a fundamental talent acquisition and geographic expansion strategy. The commitment to the overall strategy was mixed with an adaptive tone given market conditions. Several buyers noted heavy investment in transaction teams to source more opportunities and integration teams to ensure execution. Buyers believed the market would yield opportunities for M&A and most did not want to be late to the party.

Buyers did note that they were modifying mechanical components of their M&A strategy such as deal structures. More than half were finding ways to help sellers get to a desired headline valuation but also required better risk alignment. These adaptations reflect the surveyed buyers' concerns moving forward – how to find the win-win in an uncertain environment. Modified approaches to valuation, deal structures, and long-term growth incentives were likely from uncertainties in the capital markets (buyer capital) and market volatility (seller financials).

Highly Selective

Past surveys of active buyers stressed that most were remaining diligent in their selection process. Increased inquiries and market disruption in 2022 further raised sensitivities. Survey participants expected to close fewer transactions (20% of current pipelines) with the trend heading toward fewer closed transactions on a percentage basis. While buyers are committed to similar deal

volumes on an absolute basis, increased interest in M&A is forcing incumbents to be highly selective as pipelines swell. Most expected to pass on the same or more transactions as they sort through more opportunities.

Buyers candidly pointed toward the increased inquiries as a "mixed bag" of quality and

business models. Survey participants had over 20 opportunities in their current pipeline and noted consistent flow from direct inquiries and M&A advisers. The most common reasons for selectivity when passing on a deal were cultural fit (53%), business/operational fit (35%), and lack of growth (12%). M&A is here to stay but the maturation of the market requires a flexible approach.

BLACKROCK ON NAVIGATING THE ROAD AHEAD

Despite challenges throughout 2022, the pace of M&A activity in the RIA industry continues to break records with another industry record in deal volume, but the pace appears to be slowing with buyers having more options and being more selective in selecting business partners. With almost \$3 trillion in AUM set to change hands over the next 10 years because of retirements, succession, and growth-related challenges in the wealth management industry, both buyers and sellers need to be equally creative and adaptable in their approaches to succession planning and achieving sustainable business growth. As advisors evaluate their options and any possible implications in becoming active in M&A, it is paramount that they take the time, alongside their team, to first get their own house in order by having a clear value and growth story and being able to explain their WHY. In working with thousands of advisors across the world, we find that focusing on these activities is immediately accretive as it not only prepares the firm for future deal activity, but may also increase valuations, team morale, business efficiency, organic growth and retention.

At BlackRock, we pride ourselves on the holistic support we provide our clients and believe this research is valuable for independent advisors in running their business and planning for their next evolution of growth and success. Now more than ever, it is important to stay as close to the trends as possible to make informed decisions and navigate these dynamic times. For more information on how BlackRock can help, please visit [BlackRock's Advisor Center](#), or contact your local BlackRock Partner.

Liz Koehler

Head of BlackRock's US Wealth Advisor Insights Team

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YEAR OF UNCERTAINTY

In 2021, the RIA channel had tremendous success as total RIA assets grew by 24.7% to \$8.2Tⁱⁱⁱ, and Fidelity Investments reported more than 200 transactions. The industry rode a wave of confidence into 2022, but the general feeling was conditions were getting choppy. The confidence that defined 2021 eventually gave way to uncertainty because of record inflation, historic interest rate increases, and stock market declines. One quarter into 2022, the tone changed, and M&A became more difficult.

Despite the challenges, 2022 set another new record for transaction volume in the face of a 19.4%^{iv} decline in the S&P 500 and consistent increases in the Fed's benchmark rate. Among 85 surveyed firms, 85.9% indicated that market changes did not impact plans to look for a partner or pursue M&A as a seller. The new high watermark for transaction volume was an encouraging sign, but a look under the hood suggested a changing M&A landscape. The first half of the year contained more activity (52% of

2022 transactions) but the second half showed an early slowdown (48%). The third and fourth quarters saw declines in transaction volume and preceded a sluggish start to 2023. Given that most M&A transactions take six months or more to complete, these deal volume changes are a lagging signal that M&A became more difficult to complete because of changing seller economics (three straight quarters of revenue decline) and rapidly adjusting buyer preferences.

Nevertheless, the need for long-term succession and near-term scale and resources kept sellers engaged with the M&A market. Buyers remained active, and more than 30 Acquisition Brands completed multiple transactions in 2022. Transaction volumes could decrease in 2023 relative to 2022, but the RIA industry is committed to M&A as a growth strategy. Recent activity from an influx of outside capital created an M&A foundation that will propel RIA M&A for years to come. The key takeaway of 2022 for RIA owners is that M&A will continue, but creativity and flexibility will be key to finding durable partnerships moving forward.

2023 Trends Watchlist

1

Increased inquiries may not lead to increased deal volumes. 2023 may be the year of "selectivity" as the RIA industry normalizes.

2

Increased interest rates could put pressure on some buyers that rely heavily on debt. There is no evidence of default risk yet, but leverage could slow down some buyers.

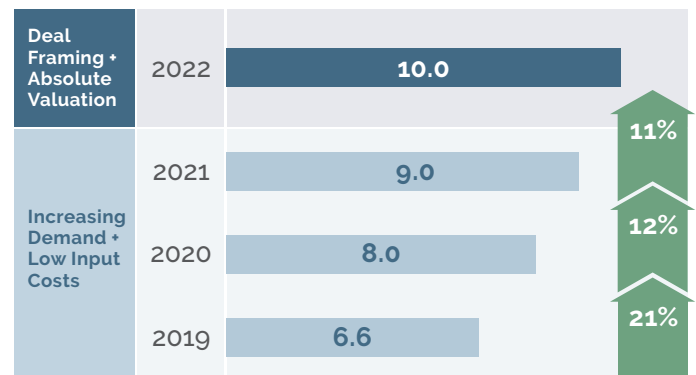
3

Creativity and collaboration will dominate RIA M&A in 2023 – watch for longer time periods for "deals to get done" and thus some chunkiness in deal reporting.

LEADING AND LAGGING

The median-adjusted EBITDA multiple increased by 11.1% from 2021 to 2022, and multiples remained resilient in 2022. But that did not tell the whole story. The median multiple increased for a fifth straight year, but median growth decelerated for the fourth consecutive year. The story was nuanced in 2022 as the average total tracked valuation decreased for the first time in three years. The increase in the median multiple with a simultaneous decrease in deal value reflected the challenging conditions in 2022. A moderate portfolio was down 15.3% in 2022, and the declines were consistent from quarter to quarter. Using a moderate portfolio's return as a proxy, many RIAs exploring a transaction would have to grapple with market returns plus traditional client withdrawals while negotiating a valuation. This situation led to more uncertainty and indicated the market would require collaboration to achieve an acceptable total valuation, and the multiple became a less important measurement. Fluctuating revenue and cash flow meant deal structures had to become the focus to reconcile valuation expectations.

Median-Adjusted EBITDA Multiple



The rapidly changing economy created an issue as the industry attempted to operate from the strong M&A foundation built over the past decade. Many sellers entered 2022 with a high-watermark reference point of 2021 year-end results. Acquisition Brands and emerging buyers alike preferred to continue completing deals but had to remain diligent as financials softened for the first time in recent memory. This dynamic could have created an impasse, but deal volumes set another record. The result was a more collaborative process between buyer and seller that required creativity in deal structure to achieve an acceptable valuation outcome on both sides. The last RIA Deal Room

Separating the Multiple from Outcome

RECLASSIFY ECONOMICS

What financials are we using?

For many years the market has used forward-looking financials to price transactions. 2022 raised questions as to how best to define revenue in the face of market declines.

QUESTION SYNERGIES

What expenses are realistic?

Pro forma expenses become a long conversation as the bar was raised in a tough environment. A special level of scrutiny was (and will be) placed on talent as the labor market remains tight.

ABSOLUTE OUTCOME

Can we align expectations?

2022 saw the beginning of catch-ups that included retention payments becoming growth payments and "earn more" incentives reverting to traditional earnouts. This recategorization is to match valuation expectations to reality.

report touched on the possibility that 2021 could have been a high point for valuations, and that prediction was true, but not from multiples. The average total valuation declined 24% in 2022 compared with 2019-2021 as revenue and cash flow endured at least three straight quarters of declines. This tension led to a quick evolution in how transactions were priced and placed a special emphasis on core performance drivers referenced through the RIA Deal Room series – organic growth and talent.

The evolution in deal-making quickly impacted the way the market thinks about valuation. Multiples once again became a means to work toward a target valuation and emphasized the tried-and-true adage, "You tell me the price, I'll tell you the terms." The industry had fewer M&As 10 years ago, and transactions were less sophisticated in creating a win/win through deal structure. Today, a foundation of motivated buyers and sellers exists for creative transactions that can evolve as circumstances change. AGS expects creativity and flexibility to dominate M&A over the next 12 months as the industry seeks to find the win/win in accommodating increased supply and persistent demand.

STRONG FOUNDATION

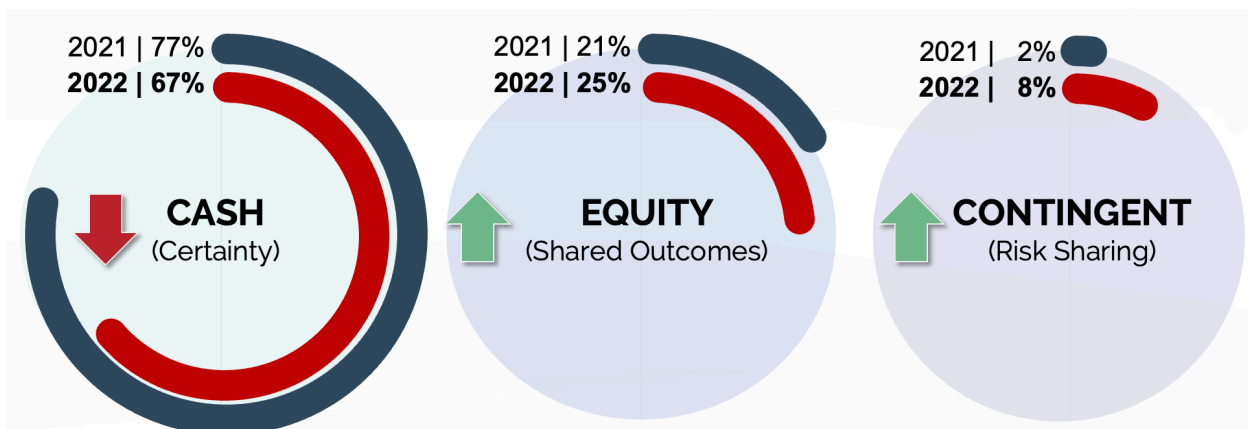
2022 demonstrated that RIA M&A is operating on a strong foundation of supply and demand, and increased sophistication. Activity remained

Hypothetical \$3M RIA based on 2021 and 2022 results

	2021	2022	
Revenue	\$3.00M	\$2.54M	-15.3% Rev.
Direct Expenses	\$1.05M	\$889K	Exp. % held constant
Overhead Expenses	\$1.20M	\$1.02M	
Profit	\$750K	\$635K	
Valuation @2021 Median - 9x	\$6.75M		6.3% higher valuation vs. 2022 / 8.5x 2021 results
Valuation @2022 Median - 10x		\$6.35M	8.5x 2021 results

healthy as the industry set another transaction volume record with 225 deals^v, but the valuation data is not the only nuance. The RIA industry's maturity allowed for a successful year even though conditions suggested deal-making should slow. That being said, the industry did face tradeoffs in transactions, and the start of recalibrating expectations showed up in the form of more deal structure.

Certainty in deal structures headlined 2019-2021. High closing payments, modest retention payments, and earn more/up incentives created a mostly upside, limited downside scenario for many sellers. 2022 brought early signs that the industry was reverting to historical norms that included more balance and risk sharing in deal structures. The initial normalization indicated that the market was hungry for deals but needed a more balanced path to keep momentum.



Deal structures did not fully shift in 2022, and instead started a back-to-the-future trend with early signs of moving away from the cash-intensive structures of 2019-2021. The average transaction in 2022 included a 10% drop in cash related to retention and transition of the business. This development is important: as the median multiple increased to get absolute valuations higher, buyers sought to space out the timing of cash payments and utilize more risk/upside-sharing methods like equity and earnouts. The average transaction contained 25% equity and 8% contingent payments in 2022. This early shift to long-term consideration (equity) and contingent payments (earnouts) signaled the market will become more collaborative as buyers seek to conserve cash and sellers look to make transactions less point-in-time.

The evolution in valuation methodology and early shifts in deal structure leads the AGS team to believe the market is adjusting in a sustainable way. Valuation trends suggest there is still a fantastic transaction out there for most prepared sellers, but buyers may require more time and performance to achieve the desired results. The best evidence comes from the use of "earn more" incentives. Past RIA Deal Room reports have noted the rise of earnouts designed to be solely "on top" of a largely certain base transaction. AGS data research and buyer pulse survey suggested 2022 demonstrated early signs of "earn more" incentives reverting to more traditional earnouts as they helped buyers reach a target valuation with shared growth outcomes. 2023 is likely to carry this trend further as buyers and sellers collaborate to find the win/win scenario in a hyper-competitive environment.

PRICE OF ADMISSION

The price of admission to the buy side of RIA M&A has been high in recent years. The flight to certainty, rising multiples, and increased revenue

+ cashflow created a challenging environment for aspiring buyers. 2022 may have provided an early indication that the playing field would even as the industry evolves in 2023 and beyond. 2022 recorded the most Acquisition Brands (33) with multiple transactions since AGS started the RIA Deal Room series four years ago. The solid foundation of buyers speaks to the increased choice for sellers and the diversity among active Acquisition Brands.

The recent increase in firms executing multiple transactions each year reinforces buyer feedback that inquiries are elevated. This increase in supply could reduce aspiring buyers' price of admission and open the door for an increasing number of firms to execute deals. Over 100 different RIAs have executed at least one transaction since 2016. There are over 70 opportunistic or reactive buyers in the industry today, and likely more that could emerge to meet the needs of the industry. The good news is the market seems poised for a wider range of buyers. Among surveyed firms, 28.2% indicated a preparedness to engage in an M&A opportunity on either the buy-side or sell-side and 9.4% expressed interest in taking on a minority partner. Survey results also showed a key departure from a historical preference for growth and scale in M&A. For the first time in four years, survey participants selected liquidity as the primary motivator if they were to explore a sale.

Will fortune favor the bold? AGS believes it is healthy to have the number of buyers increase, but 2022 demonstrated that competition will remain fierce as the 30+ Acquisition Brands have set a high bar. Aspiring buyers have a mix of factors to digest before becoming relevant among incumbent Acquisition Brands. Ensuring structural components of the business are healthy will increase the chances of success in a high-supply environment. Past RIA Deal Room reports focused on preparing for the

future, but recent rapid changes in the space signal that now is the time for aspiring buyers to be creative, and to start by asking critical competitive questions.

What is your vision for the business?

Most informed sellers who seek an emerging platform do so to achieve alignment and participate in a larger vision. Nearly three times as many firms are considering an acquisition compared to a sale in the next three years in AGS' 2023 RIA survey. The field is crowded, and Acquisition Brands have told their stories hundreds of times and have a vision for the future. This vision may be an enduring firm that lasts generations, a regionally dominant player, the next Acquisition Brand with a capital partner, or some combination. Whatever the vision, it must be clear and concise to build confidence.

What is your upside potential (e.g., what is your growth story)?

Potential sellers may choose an emerging or opportunistic buyer to have a voice and join a firm in the early stages of their ultimate journey, but this solution will not negate or replace the desire for growth. Aspiring buyers must address organic growth potential and demonstrate quality marketing, growth channels, and execution to compete with incumbent Acquisition Brands.

How much is centralized versus local (e.g., with the advisory teams)?

Many sellers are seeking upstart or opportunistic partners for the same reason as larger platforms – resources. Having a clear integration strategy that includes what is done centrally (e.g., one team that supports many) versus locally (resources within a team) is a critical question. Sellers understand their pain points and need to understand what resources exist and how they will function post-close. This list includes corporate functions, portfolio management, financial planning, client service, and operations.

What is the talent development and compensation strategy?

Whether merging with a firm with a bench of talent or positioning as a home for a retiring advisor, aspiring buyers need to address how they develop and retain talented contributors, including the compensation plan, career progression, and a path to partnership.

What is your capital structure?

Access to capital is table stakes given the industry's rapid rise in sophistication, and aspiring buyers have an opportunity to take a fresh take on financing transactions to achieve their desired goals. This flexibility requires a thoughtful approach but can be a differentiator when deployed correctly. Concerns around leverage and valuation may open the door for smaller firms to enter the space, and the increasing equity appetite and use of contingent payments (liabilities) provide a window for aspiring buyers to compete.

BACK TO THE FUTURE

The market remains encouraging for potential RIAs considering a partnership to access additional resources. However, it appears the opportunity to have all things has passed for now. 2019-2021 was a perfect storm of strong portfolio returns, low cost of capital, and a material imbalance between supply and demand. While those underlying factors have changed, the market remains hungry for quality transactions. Buyers have immense pressure to adapt their approach to succeed in deal-making, and sellers also must adapt expectations to achieve the desired outcome. Aspiring sellers must beware. If demand wanes in the coming years, the market could become "the best and the rest" and some sellers may not receive interest or settle for a far below-market transaction.

The 2021 RIA Deal Room report noted that tension was building for both buyers and sellers to clarify their stories. An aspiring seller's story became more critical as more teams test the market and struggle to stand out in a crowded field. Sellers are likely to find a willing buyer, but market pressures and increased supply could create a wider gap between the best opportunities and the rest. AGS believes the situation is similar for buyers and that the time is now for all firms to look inward and answer important questions. If the shift in 2022 is indeed an indication of what is to come, the road ahead contains a greater emphasis on post-transaction performance, and selective buyers will save premiums for potential targets with strong fundamentals.

Be Ready to Answer "Why?"

The diversity among the buy-side participants in RIA M&A has increased exponentially in the past five years. As buyers seek to differentiate, sellers will need to approach partners with a story that aligns with their strategy. Finding a premium requires alignment on multiple levels, including growth aspirations, operational fit, investing philosophy, and client experience.

Get Your House in Order

Data is an overlooked aspect of M&A. Sellers should ensure that there is quality access to business performance data. Due diligence can be a daunting process, and quality data is key to building confidence and reinforcing the unique qualities of the business. Sellers should prepare to answer questions about client growth and attrition, portfolio performance, and expense management. Whether on your own or with assistance, you must ensure clean data to demonstrate a commitment to tracking results and inspire confidence.

Clarify the Needs of Key Stakeholders

It is not uncommon for partners and key stakeholders to have differing aspirations in a

transaction. These differences could be different desires for deal consideration (cash and equity), post-transaction roles, and length of time in the business. Clarifying needs early in the process streamlines the process and raises the probability of the best fit and transaction.

Build an Internal Engagement Plan

Do not get surprised because a transaction was not communicated properly with all team members. Set positive expectations with all team members at the appropriate time, and prepare to explain why a partnership is better for all involved. Sellers need all professionals engaged and excited in an era that requires consistent performance to maximize deal outcomes.

Prepare to Perform

Engaging key stakeholders, setting the team's expectations, and accurate data all speak to a seller's ability to prepare and perform post-transaction. 2022 provided an early signal that more structure, and more performance, will be required to reach valuation aspirations. Sellers must prepare early to hit the ground running post-transaction to maximize transaction outcomes.

TICKET TO RIDE

The future remains bright for RIA M&A, and the rapid maturity in the industry indicates that the question is no longer "if" transactions will happen but "how" creative the industry will get to execute transactions. While 2021 redefined the limits of RIA M&A, 2022 reset expectations as the industry raced back to the future. RIA M&A remained active in 2022 but provided signs that the future could contain more of the past as deal structures shifted modestly to more balance, and valuations contained more risk-sharing to achieve results. AGS expects M&A volumes to remain steady given the strong M&A foundation in place, but 2021-2022 results may not be the

norm. Nevertheless, demand drivers appear healthy as outside capital continues to chase the RIA industry, and supply is increasing as more sellers seek near-term resources and long-term succession solutions.

Elevated inquiries noted by deal makers, and evidenced by record deal volumes, suggest the door is again open for opportunistic buyers to have success. While the price of admission to M&A is lower because of moderately shifting deal structures, the competitive bar has been raised by incumbent Acquisition Brands. Aspiring buyers must prepare to be creative

and answer key readiness questions before attempting to engage with more educated sellers. Teams seeking enhanced resources and succession solutions through a transaction still have a fantastic opportunity to find a great result. Like the buyers in the space, the field has become more crowded and pre-transaction preparation is key to standing out. Sellers engaging the market in 2023 also must consider their “why” and understand that not all buyers will align with their goals. Take time to prepare before entering the market to ensure the best possible outcome (both fit and financial outcome).

CONTACT US

Advisor Growth Strategies, LLC
3225 N. Central Avenue, Suite 100
Phoenix, AZ 85012

Office: 480.245.5094
Email: info@advisorgrowthllc.com
Website: advisorgrowthllc.com

ABOUT THE RESEARCH

AGS collected transaction data and surveyed industry participants from November 2022-January 2023. AGS added data on 48 transactions completed in 2022 to the 175 transactions from the last four reports (covering transactions from 2015-2021) and increased the total number of tracked transactions to 223 (excluding any removed data points). Overall, 2022 data included over \$60B in seller AUM and over \$1B in total valuation. To supplement transaction data, AGS surveyed a broader set of RIAs in early 2023, asking questions about valuation, business management and engaging in M&A. Although the survey was separate from collecting transaction data, it can be

used to gauge broader industry trends that are impacting M&A. The following methodology was used to secure and evaluate the transaction data:

- In late 2022, AGS contacted RIAs nationwide to ask for actual transaction data and included existing internal data.
- AGS also surveyed 21 active industry buyers to get feedback on the current market and what's ahead in 2023.
- AGS provided context and a data collection format. AGS secured the selling firm's AUM, revenue, EBITDA, consideration mix (cash, equity, other), post-transaction compensation and post-transaction success (both qualitative and growth).

- The number of transactions by seller revenue size:
 - 16 transactions under \$2M in revenue.
 - 22 transactions between \$2M-\$5M in revenue.
 - 10 transactions greater than \$5M in revenue.
- 2023 RIA Survey (n=85): AGS launched a 20-question survey in early 2023 to identify advisors' preferences on running, managing and growing their firms. The survey results have been used to complement the research but are an independent dataset from collected transaction research. Full survey results will be released in a separate report.
- 44.7% of survey respondents were greater than \$1B in AUM.
- 23.5% of survey respondents were between \$500M-\$1B in AUM.
- 25.9% of survey respondents were between \$100M-\$500M in AUM.

GLOSSARY AND DEFINITIONS

- Acquisition Brands: large RIA acquirers (financial or strategic) that have completed multiple transactions and make M&A a known growth objective.
- AUM/AUA: assets under management or assets under advisement. The total assets managed by an RIA on behalf of end-clients.
- RIA: independent registered investment advisor. For the purposes of this research, RIAs include fee-only and hybrid RIAs. Hybrid RIAs maintain a relationship with a broker/dealer.
- EBITDA: earnings before interest, taxes, depreciation and amortization.
- Adjusted EBITDA: EBITDA after adjusting for one-time expenses, non-operating expenses

or synergies in a transaction. Adjusted EBITDA may also include known income or cost events that impact a target firm's economics.

- Cash consideration: cash at closing (down), escrow payments or installments. Any current or deferred consideration solely related to the purchase of the business (e.g., excludes growth hurdles, earnouts or deferred performance incentives unrelated to transitioning the business).
- Equity consideration: any form of ownership used in a transaction (voting or non-voting).
- Contingent payments: ongoing revenue-sharing (earnouts), long-term variable notes or any form of consideration that is dependent on financial results beyond one year (12 months).

ⁱ Morningstar S&P 500 PR, 2022.

ⁱⁱ Morningstar US Moderate Target Allocation NR, 2022 data.

ⁱⁱⁱ Cerulli & Associates, 2022 RIA Report

^{iv} Morningstar S&P 500 PR, 2022.

^v Fidelity Wealth Management Transaction Report. Note: Fidelity reported 229 RIA transactions in 2022, and AGS removed transactions that did not apply to this analysis.