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**IAA and NRS Release 16th Annual Evolution Revolution Study:
Investment Adviser Profession Growing, Creating More Jobs, Serving More Clients**

Washington, DC/Lakeville, CT (August 23, 2016) – The universe of federally registered investment advisers continued to grow in 2016 – adding more firms and more jobs, while managing assets for a greater number of clients, according to the just-released [2016 Evolution Revolution](#) .

The 16th edition of this annual joint study by the [Investment Adviser Association](#) (IAA) and [National Regulatory Services](#) (NRS) paints a picture of a strong industry that has remained resilient despite flat markets.

Derived from Form ADV, Part 1 data filed by all SEC-registered investment advisers as of April 8, 2016, *2016 Evolution Revolution* is the most comprehensive profile of advisory industry metrics available. This year's key findings include:

- **The number of SEC-registered investment advisers continues to grow.** This year's report contains data on 11,847 federally registered advisers, a net increase of 3.3 percent over 2015.
- **The industry continues to be a powerful creator of quality jobs.** In 2016, advisers added 30,540 jobs to the economy, for a reported total of 781,335 non-clerical employees – a 4.1 percent increase over 2015. Of that total, 386,532 employees provide investment advisory services, including research – a healthy increase of 10,023 since 2015. Job growth is reflected in firms of all sizes.
- **Small businesses are the core of the federally registered investment adviser industry.** In 2016, 87.8 percent (10,404) investment advisers reporting employing 50 or fewer non-clerical individuals – while 56.8 percent (6,725) reported have 10 or fewer non-clerical employees. Industrywide, the median number of employees is nine.
- **Aggregate RAUM managed by SEC-registered advisers remains substantial – \$66.8 trillion – but is flat relative to last year.** Total RAUM grew by \$148 billion – a slight 0.2 percent increase over 2015's \$66.7 trillion – reflecting the generally flat markets in the past year.

- **Federally registered investment advisers now serve more than 36.4 million clients – up substantially from 2015.** Continuing a strong trend and underscoring the vitality of the investment adviser profession, the number of clients grew by 22.4 percent over 2015. The increase is primarily due to the rise of automated advice for retirement plan participants and the growing popularity of web-based and app-based savings and investment models. The number of advisers reporting that they provide advice exclusively through an interactive website rose by 47 firms – nearly 60 percent – to a total of 126.
- **The largest firms manage more than half the assets, but smaller firms are growing faster.** The 121 firms with RAUM over \$100 billion manage 53.7 percent of the total industry RAUM, but for the first time in recent history there are fewer of them (down from 128 firms in 2015), with less RAUM (down two percent from 2015). By contrast, the 8,565 firms (72.3 percent) with RAUM under \$1 billion manage just 3.4 percent of total industry RAUM, but their RAUM was up by 2.5 percent in 2016. Firms with RAUM between \$1 billion and \$100 billion saw their RAUM grow by 3.1 percent.
- **Individuals comprise the largest categories of advisory clients, with pension plans coming in second.** Almost 61 percent of advisers serve either high net worth or non-high net worth individuals or both, while 46.6 percent reported that at least one client is a pension or profit-sharing plan (not including plan participants or state or local pension plans).
- **Most advisers focus on one category of client.** More than 87 percent of advisers report that a majority of their clients are in a single category. For example, almost 51 percent of advisers report that more than half of their clients are individuals. Another 29 percent report that most of their clients are pooled vehicles (registered or unregistered).
- **The number of private funds and registered private fund advisers is growing.** This year, 4,448 advisers reported advising 32,445 private funds with total gross asset value of \$10.5 trillion – up from 4,350, 30,342, and \$10.4 trillion respectively in 2015. Hedge funds and private equity funds are equally represented, with 35.8 percent each, in this space.

“This year’s findings demonstrate that the investment adviser industry remains robust and continues to expand, serving significantly more clients than ever before and contributing to substantial job growth,” said IAA President & CEO Karen Barr. “The trend toward automated advice for retirement plan participants, and the growth in new and existing ‘robo-platforms’ and other web- and app-based investing tools, are major themes in this year’s report.”

“The number of SEC registered investment advisers continues to increase, though the growth was slower than last year,” said John Gebauer, President of NRS. “Remarkably, our report shows that the number of SEC registered adviser clients grew by more than 22% over last year, which represents a significant jump. Much of this growth is due to an increase in the number of retirement plan accounts and their participants, apparently attracted by advisers offering web-based and app-based investment tools. It appears that the rise of automated advice was well timed to correspond with the retirement savings plans of a generation comfortable with technology and technology based investment tools. Investors are increasingly relying on these automated services and it is likely that technology will continue to play a vital role in the financial industry.”

2016 Evolution Revolution provides a full portrait of the SEC-registered investment adviser profession, presenting data on these major themes as well as industry concentration, compensation, non-core business activities, financial industry affiliations, geographic concentrations, disciplinary information, and more.

2016 Evolution Revolution is available on the [IAA website](#) and on the [NRS website](#).

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About the Investment Adviser Association

The Investment Adviser Association (IAA) is the leading trade association representing the interests of SEC-registered investment adviser firms. The IAA's more than 600 member firms collectively manage nearly \$20 trillion in assets for a wide variety of institutional and individual investors. In addition to serving as the voice of the advisory profession on Capitol Hill and before the SEC, DOL, CFTC and other U.S. and international regulators, the IAA provides extensive compliance and educational services to its membership. For more information, visit www.investmentadviser.org or follow us on [LinkedIn](#), [Twitter](#) and [YouTube](#).

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