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**E*TRADE ADVISOR SERVICES STUDY REVEALS RIAs POISED FOR GROWTH IN 2020
BUT CHALLENGES AROUND**



Advisors note market volatility, industry consolidation, and client retention pose challenges for the New Year

ARLINGTON, VA, December 24, 2019 — E*TRADE Advisor Services, a provider of integrated technology, custody, and practice management support for registered investment advisors (RIAs), today announced results from the most recent wave of its Independent Advisor Tracking study, which covers advisor views on the market, the industry, their business, and clients.

- **Volatility is the top market concern.** Advisors are actively managing market volatility risk (65%) in client portfolios, followed by interest rate (50%) and recession (47%) risks.
- **Industry consolidation has raised eyebrows.** Only three out of 10 advisors (30%) feel consolidation will have a positive effect on the industry.
- **Advisors' businesses are growing at a healthy clip.** More than four out of five advisors (82%) say their number of clients has increased this year and nearly nine out of 10 expect to see their AUM grow 6% or more in 2020 (87%).
- **Yet keeping clients is a critical challenge.** Two of the biggest challenges advisors face entering the New Year are client retention (28%) and technology improvements (21%).

“Between unprecedented industry consolidation and the fact that more than one-third of financial advisors are expected to retire over the next 10 years, we’re entering a significant period of transformation,” said Gabriel Garcia, Senior Vice President of E*TRADE Advisor

Services. “RIAs will no doubt double down on their attention to the client experience as global growth slows and service takes center stage. They will also turn to their custodian for highly personalized service—from the people they work with every day to the technology experience of their custodian’s platform.”

To learn more about E*TRADE Advisor Services, visit etrade.com/advisorservices.

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About the Survey

This survey was conducted in-house from December 3 to December 11, 2019, among a convenience sample of 262 independent RIAs.

About E*TRADE Financial and Important Notices

E*TRADE Advisor Services is a provider of integrated technology, custody, and practice management support for registered investment advisors (RIAs). E*TRADE Advisor Services is dedicated to helping RIAs realize their full potential and provide them the support they need to manage their practices and clients’ financial futures. More information is available at etrade.com/advisorservices.

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| What risks are you actively managing right now when it comes to client portfolios? Select all that apply. | |
|--|-----|
| Market volatility | 65% |
| Interest rates | 50% |
| Recession | 47% |
| Political instability | 41% |
| Inflation | 25% |
| Flattening/inverted yield curve | 23% |
| Armed conflict, war, or terrorism | 5% |
| None of these | 7% |
| Other | 4% |

| Do you think continued consolidation among custodians will have a... | |
|---|-----|
| Very positive impact | 4% |
| Somewhat positive impact | 26% |
| Neither positive nor negative impact | 22% |
| Somewhat negative impact | 41% |
| Very negative impact | 7% |

| Has your number of clients increased, decreased, or stayed the same this year? | |
|---|-----|
| Greatly increased | 16% |
| Somewhat increased | 66% |
| Stayed the same | 17% |
| Somewhat decreased | 1% |
| Greatly decreased | 0% |

| Do you anticipate growing your AUM in 2020? If so, by how much? | |
|--|-----|
| 1–5% | 12% |
| 6–10% | 36% |
| 10–15% | 26% |
| 15%+ | 25% |
| I don't foresee AUM growth | 1% |

| What do you see as the biggest challenge to your business in 2020? | |
|---|-----|
| Client retention | 28% |
| Technology improvements | 21% |
| Consolidation in the RIA industry | 16% |
| Succession planning | 5% |
| None | 8% |
| Other | 22% |