

INVESTMENT ADVISER INDUSTRY SNAPSHOT 2025



A Snapshot of the Industry in 2024



15,870

SEC registered
investment advisers



63.4%

provide asset
management for
individuals



68.4 million

clients



\$144.6 trillion

in assets



1,032,455

employees



92.7%

employ 100 or fewer people



The IAA is the leading organization dedicated to advancing the interests of fiduciary investment advisers. For more than 85 years, the IAA has been advocating for advisers before Congress and U.S. and global regulators, promoting best practices and providing education and resources to empower advisers to effectively serve their clients, the capital markets, and the U.S. economy. The IAA's member firms manage more than \$35 trillion in assets for a wide variety of individual and institutional clients, including pension plans, trusts, mutual funds, private funds, endowments, foundations, and corporations. For more information, visit www.investmentadviser.org or follow us on [LinkedIn](#) and [YouTube](#).

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Investment Adviser Industry Snapshot 2025

Evolution Revolution Reimagined

We're very excited to be celebrating the 25th anniversary of the *Investment Adviser Industry Snapshot!*

Our annual look at investment advisers began back in 2001, the year that investment advisers started submitting Form ADV Part 1 electronically, via the Investment Adviser Registration Depository (IARD).

When we launched the report in 2001, we called it *Evolution Revolution*. As we explained in the introduction:

On the whole, the initial aggregate IARD data are extremely helpful in outlining some core characteristics of a diverse and rapidly evolving profession. Profound developments are revolutionizing the investment advisory business. Consolidations, globalization, and technology are transforming what was once a relatively stable and low profile profession.

This report has changed greatly since we made those observations. The 12 pages of that first edition have grown to 105 pages in this latest one, reflecting the increasing complexity of the industry – and of Form ADV itself – and the increasing depth and comprehensiveness of our analysis. In 2021, we completely reimagined the report, renaming it the *Investment Adviser Industry Snapshot* and adding more charts and tables along with downloadable data tables.

Yet our initial assessment of the dynamism of the industry – and of the environment that the industry operates in – has been remarkably persistent and remains true today.

Certainly, the industry has grown tremendously: the number of SEC registered advisers has more than doubled since the year 2000, even with an increase in the minimum asset threshold for SEC registration, while assets under management have grown sevenfold.

Business models have evolved. A significant number of advisers now have a national reach as mergers and acquisitions have increased their size and footprint. The competitive landscape is changing as brokerage, insurance and banking firms combine advisory activities with transactional services. Investment strategies have adapted to take advantage of new opportunities (such as the growing private markets), as have the investment vehicles that make them available to investors (including wrap programs and exchange-traded funds).

At the same time, the regulatory environment has become more challenging, with more prescriptive rules imposing new requirements – including additional Form ADV reporting.

However, underneath the tremendous change, there has been continuity, particularly in the way that advisers serve the interests of their clients.

Here are some of the constants that we have observed in the investment adviser industry over the past quarter century:

Investment advisers are aligned with their clients. Investment advisers are fiduciaries that must act in the best interest of their clients at all times. Adviser fee structures align advisers' interests with their clients' interests. Over the past 25 years, more than 94% of advisers offered asset-based fees; these fees increase as the value of client assets rises and decline should the value of client assets fall, aligning adviser compensation with investor returns.



Serving individual investors is at the heart of the industry. Since 2001, over half of SEC registered advisers have served individual investors, including non-high net worth investors. And virtually all state registered advisers work for individuals almost exclusively.

Non-high net worth individuals are the largest client segment. In 2024, the industry provided asset management services to 48 million non-high net worth individuals. This client segment has grown by 9.5% per year over the past 7 years, as the growth of digital platforms has made it easier for investors in this segment to access advice.

The industry is continually evolving to better serve client needs. Advisers are always adapting their services to address changing client needs. For example, more and more advisers are offering financial planning services, generally in combination with fixed and/or hourly fees. At the same time, a significant number of new firms enter the industry each year, injecting entrepreneurial energy and helping to ensure that the industry's business model evolves with investors.

Asset management is a Main Street profession, with advisers in all 50 states, the District of Columbia, Puerto Rico, and the U.S. Virgin Islands. In the past decade, growth has shifted away from traditional financial centers and is now strongest in the South and the West.

The industry serves a broad range of clients through a broad range of firms. The industry provides investment advice to everyone, from Main Street investors to sovereign wealth funds, and a wide range of firms has evolved to serve these very different types of clients. While most advisers are small businesses, the industry also includes asset managers with global brand names.

The next *Adviser Snapshot* may be reporting on a significantly changed industry. Unsettled markets and economic uncertainty could mean lower growth in 2025. At the same time, a dramatic shift in regulatory emphasis under a new administration could result in major changes in the landscape for advisers.

Whatever the opportunities and challenges, we believe that the investment adviser industry's core fiduciary strength – combined with its dynamism – means that it will continue to provide value to investors, the markets, and the economy.

We hope that the 25 years of the *Investment Adviser Industry Snapshot* have added to your understanding of this essential industry, and we look forward to continuing the analysis over the next 25 years.



Karen Barr
President & CEO
Investment Adviser Association



Jamila Mayfield
Chief Regulatory Services Officer
COMPLY



25
YEARS

New and Noteworthy in 2025

The number of advisers, clients, and employees, as well as assets under management, reached record highs in 2024 in a strong market environment. See Part 1 | Size and Growth, Part 2 | Clients, and Part 3 | Employees for more information.

The number of offices in private residences continued to rise despite reports that some advisers are encouraging or mandating a “return to office.” See Part 3 | Employees for more information.

Assets of the average non-high net worth client declined between 2017 and 2024. Strong growth in the total assets under management of non-high net worth clients slightly lagged behind growth in total number of clients. See Part 2 | Clients for more information.

There was a significant increase in reported disciplinary issues related to the SEC and CFTC reflecting increased SEC enforcement activity, including enforcement with regard to off-channel communications. See Part 6 | Business Insights for more information.

The growth in private equity funds has been strong, but hedge funds have maintained their lead in gross assets. The number of private equity funds increased by 8.1% in 2024, while the number of hedge funds decreased slightly. However, hedge fund gross assets increased 14.6% during the year, compared to a 9.2% increase in private equity fund gross assets. See Part 5 | Investment Insights for more information.

Insights from 25 Years of the Investment Adviser Industry Snapshot

Growth, Continuity, and Change*



Growth

- More than double the number of advisers (15,870 in 2024 versus 6,949 in the year 2000)
- Sevenfold growth in assets under management (\$144.6 trillion in 2024 versus \$20.3 trillion in the year 2000)
- Strong growth in private funds managed by SEC registered advisers (\$31.9 trillion in 2024 versus \$8.2 trillion in 2011)
- A record number of clients (68.4 million in 2024 versus 45.7 million in 2017)
- More than 1 million non-clerical employees (1,032,455 in 2024 versus 765,749 in 2009)



Continuity

- Most advisers are small businesses, with fewer than 50 employees (88.7% in the year 2000 and 87.7% in 2024)
- Since 2001, over half of advisers have served non-high net worth individuals
- Compensation structures for advisory services align an adviser's interests with their clients' interests. (Since the year 2000, over 94% of advisers offer fees based on assets under management.)
- Since the year 2000, over 80% of advisers reported no disciplinary history



Change

- Advisers are increasingly likely to offer financial planning services (45.2% in 2024 versus 32.6% in the year 2000)
- Social media use has increased dramatically. (Most notably, 61.5% of advisers had a LinkedIn account in 2024 versus 32.7% in 2016.)
- Growth has shifted to the South and the West from the East. (From 2014 to 2024, advisers in the South and West accounted for two-thirds of the increase in the number of advisers. In contrast, from 2001 to 2014, advisers in the East accounted for over half of the increase in the number of advisers.)
- Adviser offices are more likely to be located in private residences (17.3% of offices in 2024 versus 8.0% in 2018)
- Advisers are less likely to be dual registered as or affiliated with a brokerage firm (15.8% in 2024 versus 37.6% in 2001)
- Merger and acquisition activity has increased. In 2024, 29.3% of terminations of SEC registrations (as reported in Form ADV-W) were the result of transactions, as compared to 14.5% in 2014

*Starting dates vary based on data availability. Changes in Form ADV mean that some data points are not available for the full 25-year period.

An Industry of Small Businesses

Many investment advisers are small businesses. In 2024:

- 92.7% of advisers employed 100 or fewer employees
- Over two-thirds of advisers managed less than \$1 billion in assets, and nearly 90% managed less than \$5 billion
- Smaller advisers accounted for a high proportion of employees relative to their assets managed
- Advisers focused on individuals as clients were generally small, with an average of just 8 employees, 2 offices, and \$393 million in assets under management
- Advisers with less than \$1 billion in assets accounted for almost all of the new SEC registrations, with new registrants accounting for over 10% of firms in that size range

Investment Adviser Industry Trends

	2020	2021	2022	2023	2024
SEC registered advisers	13,880	14,806	15,114	15,396	15,870
Provide asset management for individuals	62.4%	63.1%	62.8%	63.0%	63.4%
Clients	60.8 million	63.3 million	62.0 million	64.1 million	68.4 million
Assets under management	\$110.0 trillion	\$128.4 trillion	\$114.1 trillion	\$128.4 trillion	\$144.6 trillion
Employees	879,755	928,505	971,487	1,006,471	1,032,455
100 or fewer employees	93.0%	93.0%	91.7%	92.7%	92.7%



About the Data

The data in this report is drawn primarily from Form ADV Part 1A filings made by SEC registered investment advisers.

Investment advisers meeting certain criteria must file Form ADV with the SEC annually. Form ADV has three parts.

- In Part 1A, investment advisers respond to specific questions and provide standardized data about the assets they manage, their clients, and their businesses. Advisers filing with state regulators must also complete Part 1B.
- Part 2 has two components:
 - Part 2A is a narrative description of the investment adviser's qualifications, investment strategies, conflicts of interest, and business practices. It is often called the "firm brochure."
 - Part 2B is the "brochure supplement" containing information on specific individuals providing advisory services. Part 2B is given to clients, but is not filed with the SEC.
- Part 3 is Form CRS (client or customer relationship summary) which provides information about services and fees to retail clients or customers.

Not all advisers are required to complete all parts of Form ADV. More information about Form ADV is available at sec.gov/about/forms/formadv.pdf.

Notes regarding the data in this report:

Sources. All data is from Form ADV Part 1A unless otherwise noted.

Advisers. This report focuses on Form ADV Part 1A responses from SEC registered investment advisers. While SEC exempt reporting, state registered, and state exempt reporting advisers also file Form ADV Part 1A, responses from these advisers are excluded, except as noted.

Tabulations for 2011 through 2024 exclude filings from advisers on older versions of Form ADV and data for advisers no longer eligible for SEC registration (typically their assets under management have fallen below \$90 million). Tabulations for state registered and state exempt reporting advisers exclude advisers without approved or active status.

Assets under management. More than one investment adviser may be involved in managing the same client assets. For example, a mutual fund may have both a primary investment adviser and a sub-adviser, or an investment adviser hired by an individual investor may invest that client's assets in funds managed by another investment adviser.

All of the investment advisers involved with a client's assets include the assets they oversee in their Form ADV reporting. Therefore, the industry asset total in this report is significantly larger than underlying client assets.

The methodology for calculating assets under management in Form ADV Part 1A was standardized in 2012, to a measure called regulatory assets under management (RAUM).

Clients. Advisers with fewer than 5 clients in certain categories are not required to report client numbers in that category. Responses of "fewer than 5 clients" are excluded from the tabulations of clients in this report. Therefore, client totals are slightly understated.

Comparability and reporting period. Because of changes in Form ADV, data for prior years may not be available or may not be comparable to data for the most recent year. Therefore, the period for historical analysis of Form ADV data varies by question.

Dates. Investment advisers must file an “annual updating amendment” to Form ADV with the SEC within 90 days of their fiscal year end. Advisers must also amend their Form ADV promptly if certain information becomes inaccurate.

Most questions in Form ADV Part 1A specify that the data reported must be as of the adviser’s most recent fiscal year end. However, assets under management can be calculated at any time within 90 days of filing; in practice, most advisers report asset data as of the firm’s fiscal year end.

For example, an investment adviser with a fiscal year end of December 31, 2024, must file Form ADV Part 1A by March 31, 2025, reporting data as of December 31, 2024, for most questions and reporting assets under management calculated within 90 days prior to the filing date.

Data for any given year includes information from the most recent Forms ADV Part 1A filed with the SEC as of a specified date in the second quarter of the following year. For example, data for 2024 includes information from the most recent Forms ADV Part 1A filed with the SEC as of April 4, 2025.

Because most advisers have a December fiscal year end, this data is heavily weighted toward calendar year end information. Over 95% of advisers have a December fiscal year end.

Responses. Responses that appear to be in obvious error are adjusted or excluded from the tabulations. For yes/no questions, blank responses are assumed to be “no” responses. For other questions, blank responses are excluded from the tabulations.

Note on Data Labeling

The *Investment Adviser Industry Snapshot* labels data with the date of the information in the Forms ADV being summarized. For example, the information in the Forms ADV on file with the SEC as of April 4, 2025, is almost entirely from 2024. This data is appropriately compared to 2023 data from other sources. Therefore, the *Adviser Snapshot* labels this data as “2024.”

Please note that the *Adviser Snapshot* (first published in 2021) uses a different data labeling convention than the *Evolution Revolution* reports published from 2001 through 2020. The *Evolution Revolution* reports labeled data with the date that the Forms ADV were on file with the SEC. For example, data from Forms ADV on file with the SEC as of May 25, 2020, is labeled “2020” in the *Evolution Revolution* reports.

To summarize, all “2020” data from the *Evolution Revolution* reports appears as “2019” data in this report and so on for all years prior to 2020.



A Short History of Form ADV

The questions in Form ADV, the instructions for compiling the data reported, and the criteria for SEC registration have changed over time. All of these changes affect the availability of data and the comparability of that data.

This timeline summarizes milestones in the evolution of investment adviser registration since 2001.

January 2001

Investment advisers begin submitting Form ADV Part 1 electronically, via the Investment Adviser Registration Depository (IARD). Form ADV is revised to accommodate the electronic filing requirement.

September 2001

The SEC unveils the Investment Adviser Public Disclosure (IAPD) website, which makes Form ADV information readily available to the public.

December 2002

Digital advice-only platforms (relying on the “internet adviser” exemption) may register with the SEC, even if they are below the assets under management threshold.

October 2004

Advisers are required to identify a chief compliance officer.

March 2010

Additional questions about custody are added to Form ADV.

May 2011

Form ADV Part 2 changes from a check-the-box format to narrative responses, consisting of a brochure and brochure supplements.

January 2012

The asset size threshold for SEC registration is increased to \$100 million from \$25 million. Private fund advisers (managing private fund assets over a specified threshold) are required to register as investment advisers and file Form ADV.

Form ADV is revised significantly. Advisers are required to provide more detail about (1) private funds they advise, (2) their advisory business (clients, employees, advisory activities), (3) potential conflicts of interest (affiliated brokers, soft dollars, compensation for referrals), and (4) non-advisory activities and financial industry affiliations.

The calculation of assets under management in Form ADV Part 1 is standardized as “regulatory assets under management.” The new methodology requires advisers to calculate assets on a gross, rather than net, basis. In addition, advisers must now include assets that were previously excluded (such as family or proprietary assets), assets managed without compensation, and assets of foreign clients. Therefore, the change results in an increase in reported assets.

January 2017

Form ADV Part 1 requires advisers to provide additional data about separately managed accounts. Advisers must disclose more information about their businesses, including data on clients, social media presence, branch offices, custodians, outsourced chief compliance officers, and wrap fee programs.

Umbrella registrations are permitted by filing Schedule R.

March 2020

Due to the pandemic, the SEC temporarily extends the deadline for filing annual updating amendments to Form ADV by 45 days.

June 2020

Advisers are required to provide retail clients with Form CRS (Form ADV Part 3). Form CRS provides summary information on services, fees and costs, conflicts of interest, required standard of conduct, and legal and disciplinary history.

November 2022

As part of the investment adviser Marketing Rule, Form ADV is revised to add questions about advertising practices.

March 2025

The internet adviser exemption is amended. Advisers using the exemption must now have an operational website; the *de minimis* exception for non-internet clients is eliminated.

Technical Amendments

In addition to the significant changes discussed above, the SEC made technical amendments to Form ADV in July 2003, April 2006, January 2008, July 2017, and April 2022.

A Short History of the Adviser Snapshot

2001 *Evolution Revolution*, the predecessor to the *Adviser Snapshot*, is launched. The new report summarizes Form ADV Part 1 data reported electronically to the Investment Adviser Registration Depository for the first time.

2016 *Evolution Revolution* is expanded significantly to report on newly available client data.

2021 The *Adviser Snapshot* is published for the first time. The report reimagines *Evolution Revolution*, adding additional charts, tables, and analysis, together with downloadable Excel files.

2024 Information about exempt reporting advisers is added, along with additional data on state advisers.

2025 The *Adviser Snapshot* celebrates its 25th anniversary.





Size and Growth

At the end of 2024,

\$144.6 trillion in assets were managed by

15,870 SEC registered advisers.

92.7% of advisers had 100 or fewer employees.

HIGHLIGHTS

Assets under management of SEC registered investment advisers gained 12.6% in 2024, to reach a record high \$144.6 trillion.

The number of SEC registered investment advisers gained 3.1% in 2024, to reach a record high of 15,870.

Most SEC registered investment advisers are small businesses: in 2024, 92.7% had 100 or fewer non-clerical employees, while 68.5% managed less than \$1 billion in assets.

New SEC registrants are likely to be small: in 2024, nearly 95% of new SEC registrants had less than \$1 billion in assets under management.

For SEC registered advisers in 2024, the median number of employees was 8, and the median assets under management were \$427.1 million.

Firms and Assets

In 2024, assets managed by SEC registered investment advisers rebounded from the prior year's decline. With a 12.6% increase driven by strong stock market returns, assets under management reached a record high.

Industry assets under management have increased in 21 of the past 24 years. Over the past 24 years, assets have increased by 8.5% per year on average. Approximately three-quarters of advisers experienced an increase in assets under management in 2024, while roughly one-fifth saw assets decline.

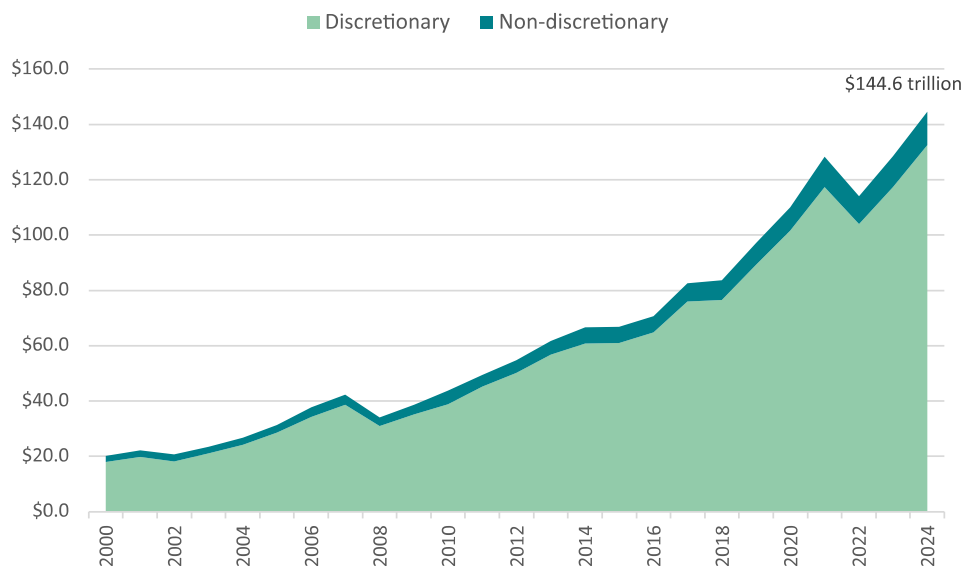
As in prior years, in 2024, almost all assets were managed on a discretionary basis (91.6%).

For detail see Data Table 1A ([available online](#)).

FIGURE 1A

Assets Under Management Reached a Record High in 2024

Assets Under Management of SEC Registered Advisers, \$ Trillions





A Fiduciary Responsibility to Clients

Investment advisers stand in a special relationship of trust and confidence with their clients. Put another way, they are fiduciaries to their clients. In 2019, the SEC released its interpretation regarding the standard of conduct for investment advisers.

In the SEC's view, as fiduciaries, investment advisers have an affirmative duty to act in the best interest of their clients with care, loyalty, honesty, and good faith. Fiduciary duty is overarching, broad, and applies to the agreed-upon advisory relationship.

An adviser's duty of care includes:

- The duty to provide advice that is in the best interest of the client.
- The duty to seek best execution of a client's transactions.
- The duty to provide advice and monitoring over the course of the relationship.

The duty of loyalty requires that an investment adviser must not place its own interest ahead of its client's interest. In other words, the adviser must put its clients' interests first.

To meet their duty of loyalty, investment advisers must make full and fair disclosure to clients of all material facts relating to their advisory relationship, including conflicts of interest. Full and fair disclosure of a conflict means that the disclosure should be designed to put the client in a position to be able to understand and provide informed consent to that conflict.

Advisers must also ensure that their conflicts do not prevent them from acting in their clients' best interest or otherwise compromise their advice. In some cases, this will require advisers to eliminate conflicts and in others to modify practices to reduce or mitigate conflicts, but advisers always need to identify conflicts, determine how best to manage them, and fully disclose them.

In addition to the duty of care and loyalty, advisers have other obligations under the fiduciary duty, including, for example, having a compliance program and keeping client confidences. Advisers may also have obligations under other federal laws, such as the Employee Retirement Income Security Act of 1974, and state law.

In recent years, the SEC has engaged in rulemaking to update the standard of conduct for brokerage firms, but the business models for brokerage firms and investment advisers differ significantly. An investment adviser's fiduciary duty is relationship-based, rather than transaction-based, and extends to all aspects of an advisory relationship.

In 2024, the number of SEC registered investment advisers increased by 474 firms (3.1%) versus the prior year – reaching a record high of 15,870 firms.

The number of SEC registered firms has increased in 22 of the past 24 years. Registrations declined in 2010 and 2011 when the minimum size threshold for SEC registration increased to \$100 million in assets under management (from \$25 million). Advisers with assets below the threshold were required to transfer their registrations to state regulators.

Note that in an April 2025 speech, then Acting SEC Chair Mark Uyeda stated that he has asked the SEC staff to conduct a “periodic evaluation” for the registration size threshold, suggesting that it might be appropriate to raise the threshold, thereby reducing the number of SEC registered advisers.

The compound annual growth rate in the number of advisers over the 24-year period was 3.7%.

Nearly three-quarters of advisers (73.4%) were structured as “pass-through” entities (limited liability companies, limited partnerships, limited liability partnerships, or partnerships). Almost one-quarter (24.4%) were corporations.

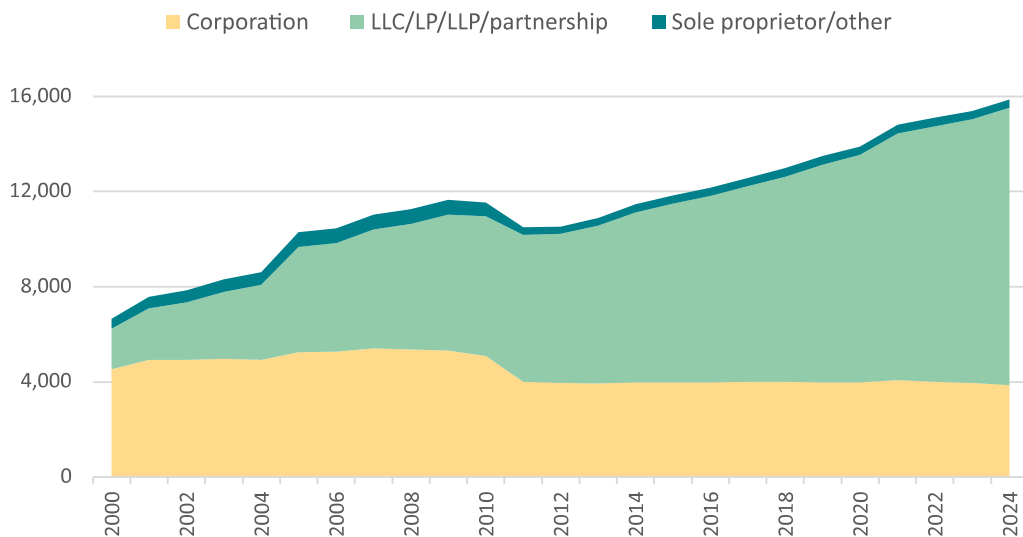
Advisers with longer tenure were more likely to be corporations. Roughly two-thirds of advisers registered with the SEC before 2000 were corporations (63.2%); advisers registered after that date were much more likely to be pass-through entities.

For detail see Data Table 1B ([available online](#)).

FIGURE 1B

The Number of Advisers Reached a Record High in 2024

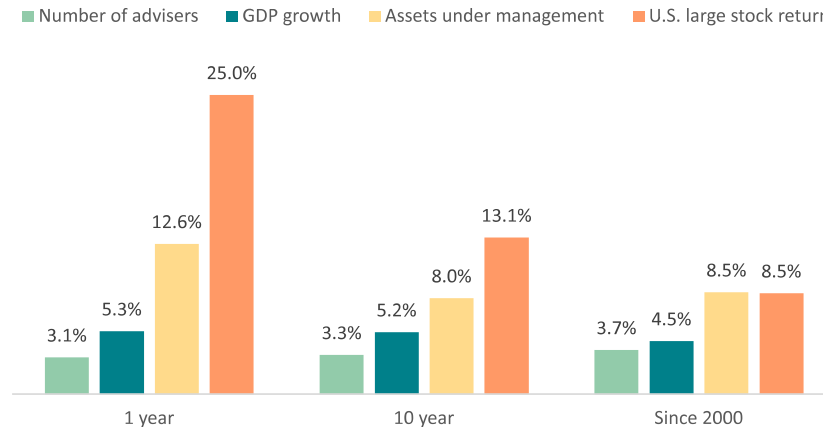
Number of SEC Registered Advisers by Form of Organization



Over the past 24 years, the growth in the number of SEC registered advisers has been generally consistent with economic growth as measured by GDP. Growth in assets under management has been broadly driven by market returns.

FIGURE 1C**Economic Growth and Market Returns Drove Industry Growth**

Periods ended 2024



Source: Form ADV Part 1A; Bureau of Economic Analysis; Duff & Phelps, CFA Institute Research Foundation and Morningstar, *Stocks, Bonds, Bills, and Inflation*.

Measuring Investment Adviser Assets

Investment advisers are often categorized by the amount of assets that they invest, called *assets under management* or AUM.

The SEC has established a standardized methodology for calculating assets under management known as *regulatory assets under management* or RAUM. All advisers must report their RAUM in Form ADV Part 1.

Advisers must include in RAUM the value of all securities portfolios for which they provide “continuous and regular supervisory or management services.” RAUM includes only those accounts where the adviser has the authority to implement investment decisions through trading, either on a discretionary basis or with the client’s approval.

However, RAUM may understate the adviser’s role in providing holistic financial planning advice. For example, if an adviser provides recommendations to clients on allocations in their 401(k) plans – advice that the clients must implement themselves – those retirement assets are not included in the adviser’s RAUM.

On the other hand, more than one investment adviser may be involved in managing the same client assets. For example, a mutual fund may have both a primary investment adviser and a sub-adviser, or an investment adviser hired by an individual investor may invest that client’s assets in funds managed by another investment adviser.

In other words, all of the investment advisers involved with a client’s assets include the assets they oversee in their Form ADV reporting. Therefore, the total RAUM reported in Form ADV is significantly larger than underlying client assets.

While RAUM is not a perfect metric, in aggregate it provides a consistent picture of the industry’s growth over time.

Assets that fall outside the definition of RAUM are often referred to as *assets under advisement*.

While advisers must use RAUM in Form ADV Part 1, they may include assets under advisement in Form ADV Part 2A. In 2024, 616 advisers (3.9%) indicated that they used a methodology other than RAUM to report assets under management in Part 2A.

A Varied and Dynamic Industry

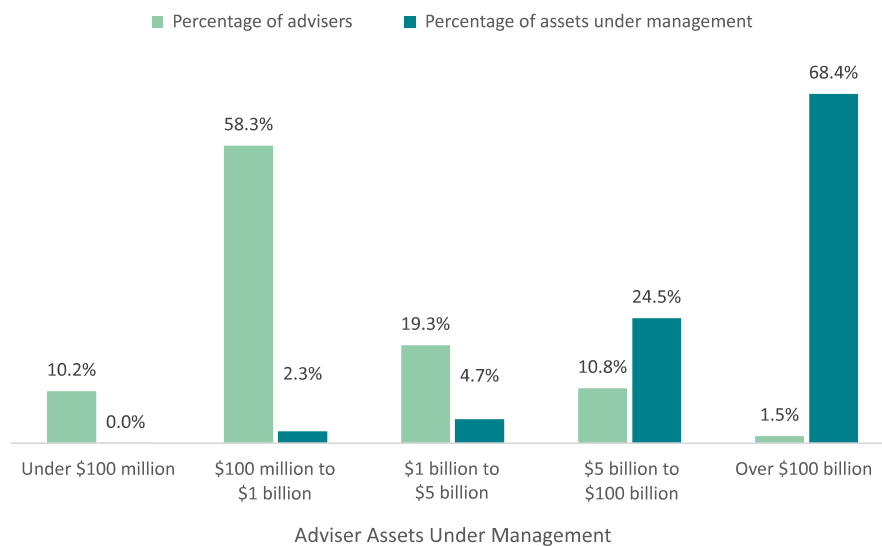
SEC registered investment advisers range in size from local Main Street businesses to multinational corporations.

In 2024, 87.7% of advisers had less than \$5 billion in assets under management, with more than half having between \$100 million and \$1 billion.

By contrast, in 2024, 92.9% of industry assets were managed by firms with more than \$5 billion in assets under management, with 68.4% of assets managed by the 231 largest firms.

For detail see Data Tables 1C and 1D ([available online](#)).

FIGURE 1D
Most Advisers Were Smaller, While Larger Firms Managed Most of the Assets
SEC Registered Advisers, 2024

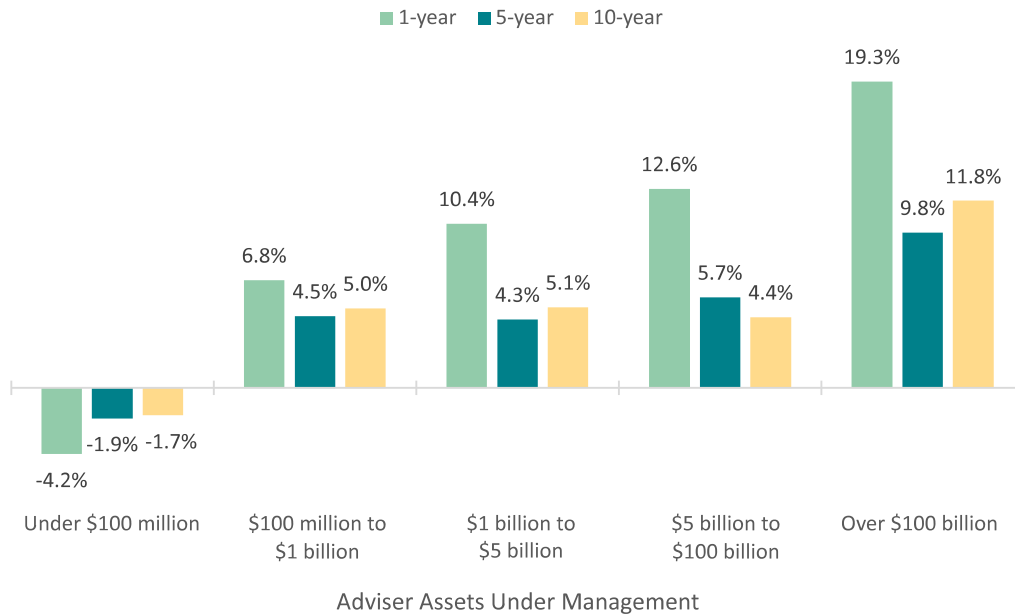


Advisers with more than \$100 billion in assets under management as a group experienced the strongest growth over the past 10 years, with compound annual growth in assets of 10.1%. Approximately one-third of this growth was the result of firms moving up into this size category during a period of generally favorable markets. The remainder was due to growth of firms in the category 10 years previously.

Conversely, as a group, assets of firms with under \$100 million in assets declined over all time periods shown. In periods of rising asset values, firms in this size range generally either move into larger size categories or terminate SEC registration.

FIGURE 1E**Asset Growth Has Generally Been Strongest for the Largest Firms**

SEC Registered Advisers, Periods Ended 2024



The investment adviser industry is dynamic, with a significant number of advisers entering and exiting the industry each year. For example, in 2024, there were 1,321 new advisers and 847 advisers that terminated their registrations with the SEC, for a net addition of 474 firms.

With regard to new advisers, some may be formed as part of new business initiatives (such as licensed professionals starting their own firm) or to support new fund launches. Other new advisers (especially larger new advisers) may be created as the result of mergers or other reorganizations. Advisers may also switch their registration from the state regulatory authorities to the SEC.

Absent an exemption, advisers must terminate their SEC registration when their assets under management fall below \$90 million.¹ If they remain in the investment advisory business, they may switch their registration to the states or become an exempt reporting adviser. (The latter is an option only if they advise private funds exclusively.)

SEC Registered Advisers in Context

In the United States, investment advisers are generally required to register with either the SEC or with state regulatory authorities.

Advisers that manage at least \$100 million in assets are generally required to register with the SEC (absent an exemption). In addition, certain advisers must register with the SEC regardless of size, such as advisers that manage registered funds. Some advisers have the option of registering with the SEC, such as those required to register in 15 or more states or those providing advice solely through digital platforms (using the “internet adviser” exemption).

¹The threshold for initiating SEC registration based on size is \$100 million, but firms are generally not required to terminate their SEC registration until assets under management fall below \$90 million.

Advisers with under \$100 million in assets are most likely to be exempted because they are related to another registered adviser with over \$100 million in assets or because they qualify for the “internet adviser” exemption. Many SEC registered firms with less than \$25 million in assets expect to be eligible for SEC registration within 120 days, anticipating that they will raise at least \$100 million in assets within that time frame.

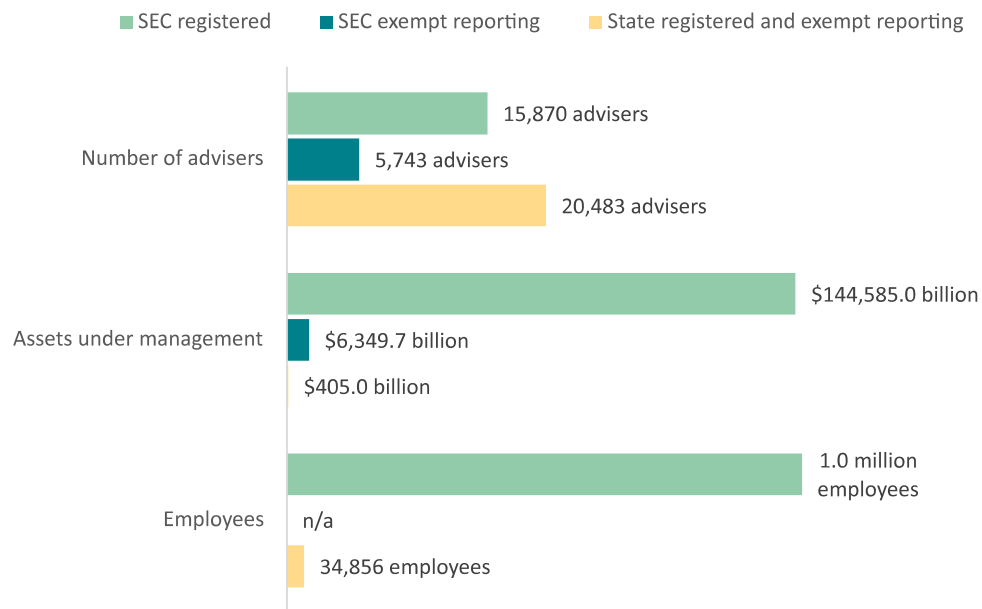
For detail see Data Table 1E ([available online](#)) on the reasons for SEC registration.

Investment advisers that are not eligible to register with the SEC must register in the states where they have a place of business and/or have more than a *de minimis* number of clients.

Some advisers to private funds may qualify for “exempt reporting adviser” status. Advisers that manage only private funds with less than \$150 million in the United States or that manage only venture capital funds are not required to register with the SEC, though they are required to file and answer certain questions in Form ADV Part 1. Some states have exempt reporting status for smaller advisers in the state, but others do not.

While state advisers represent almost half of the total number of advisers, SEC registered advisers account for most of the assets under management and employment in the industry.

FIGURE 1F
Relative Size of SEC and State Registered and Exempt Reporting Advisers
 Percentage of Total, 2024



Note: For SEC exempt reporting advisers, assets under management are gross assets in private funds; assets under management are not available for state exempt reporting advisers. Employees are not available for SEC and state exempt reporting advisers. In 2024, there were 16,046 state registered and 4,437 state exempt reporting advisers.





In addition to investment advisers, investors commonly use brokerage firms as a source of financial advice.

Brokerage firms are not fiduciaries to their clients; instead, they are subject to a standard of conduct defined in Regulation Best Interest, which requires that brokers act in their retail customer’s best interest at the time they make a securities recommendation to the customer. Brokerage firms must meet specified disclosure, care, conflicts, and compliance obligations with respect to their customer recommendations. Firms may be dual registered as both a brokerage firm and an investment adviser.

In 2023, there were 3,298 brokerage firms and 15,396 investment advisers. (As of the time of publication, 2024 data on brokerage firms was not available.)

TABLE 1A

Number of Brokerage Firms and SEC Registered Investment Advisers

Year	Brokerage Firms	SEC Registered Investment Advisers
2017	3,726	12,578
2018	3,607	12,993
2019	3,517	13,494
2020	3,435	13,880
2021	3,394	14,806
2022	3,378	15,114
2023	3,298	15,396
2024	Not available	15,870

Note: Number of SEC registered investment advisers and brokerage firms at year end.

Source: Form ADV Part 1A; *FINRA Industry Snapshot 2024*.

Licensed Financial Professionals

Most financial professionals who work with members of the public must be licensed. Here’s a brief look at the 3 most common types of licensed financial professionals:

Registered representatives work for brokerage firms. To become a registered representative, a financial professional must pass an exam and register with FINRA. Registered representatives are often called “brokers” or “financial advisors”; however, the North American Securities Administrators Association (NASAA), among others, has suggested that the term “adviser” or “advisor” should be limited to investment adviser representatives to avoid confusing investors.

Investment adviser representatives work for investment advisers. (“Investment adviser” or “registered investment adviser” refers to the firm, while “investment adviser representative” refers to an individual working for that firm.) Investment adviser representatives generally must be registered in the states where they have a place of business. All 50 states currently require that investment adviser representatives be licensed, though some states base their registration requirement on the number and type of clients in that state. States generally require that individuals pass a credentialing exam before they can be licensed.

Insurance agents work for insurance companies. They are licensed by the states to sell insurance products including some types of annuities.

Note that many individuals hold multiple licenses. Financial professionals are often *dual licensed* as both a registered representative and an investment adviser representative.

While there are fewer brokerage firms than investment advisers, brokerage firms are significantly larger than investment advisers in terms of employment of licensed professionals, both in total and on average. At the end of 2023, brokerage firms employed 628,392 registered representatives, or an average of 191 per firm, while SEC and state registered advisers employed 404,781 investment adviser representatives, or an average of 12 per firm. (As of the time of publication, 2024 data on licensed financial professionals was not available.)

TABLE 1B
Number of Licensed Financial Professionals

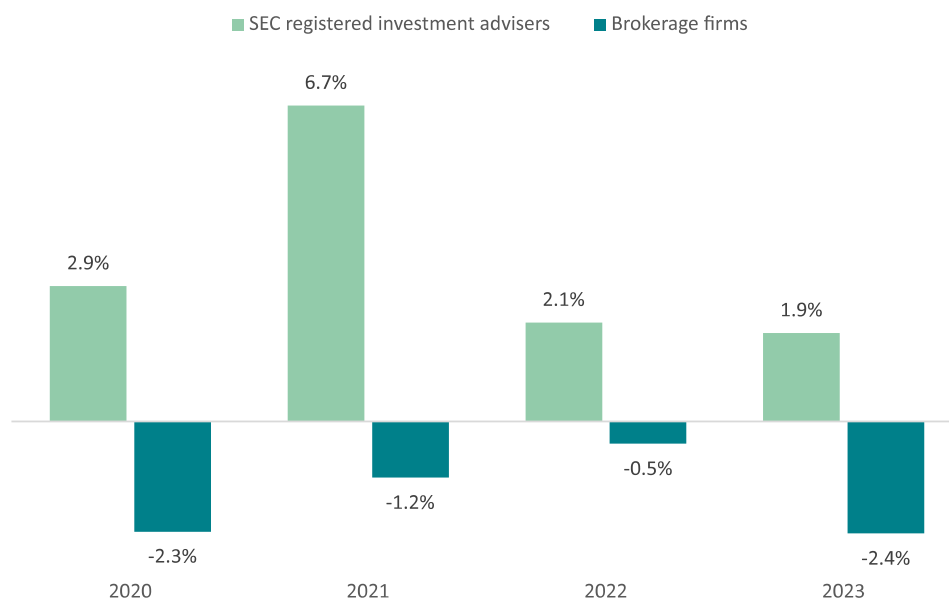
Type	2019	2023
Investment adviser representatives	65,514	85,184
Dual licensed representatives	296,677	319,597
Registered representatives	328,997	308,795

Note: Number of investment adviser representatives and dual licensed representatives include representatives for both SEC and state registered investment advisers. Number of investment adviser representatives, dual licensed representatives, and registered representatives are at year end.

Source: *FINRA Industry Snapshot 2024*.

The number of SEC registered investment advisers has been increasing, while the number of brokerage firms has been declining. However, despite their decline in number, brokerage firms play a critical and required role in the U.S. securities markets.

FIGURE 1G
Diverging Trends | Investment Advisers and Brokerage Firms
Percentage Change in Number of Firms



Note: Number of SEC registered investment advisers and brokerage firms at year end.

Source: Form ADV Part 1A; *FINRA Industry Snapshot 2024*.



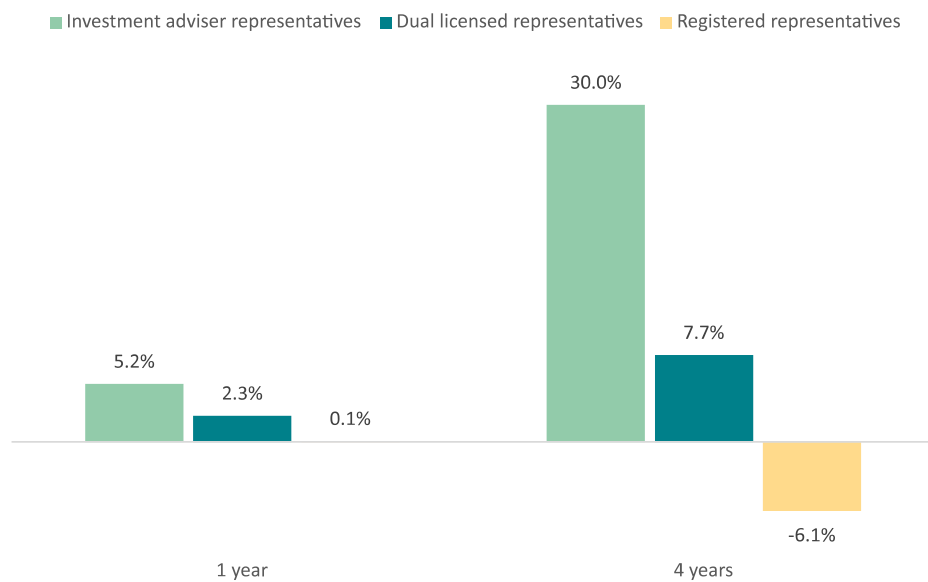
Similarly, over the 4 years ended 2023, the number of professionals licensed as investment adviser representatives (including professionals who are dual licensed) increased. By contrast, the number of professionals licensed solely as registered representatives declined over the 4-year period, despite increases in each of the past 2 years. The number of dual registered representatives exceeds the number of registered representatives.

The financial industry's shift toward investment advisory firms and investment adviser representatives has been a longer-term trend. Investors are increasingly seeing the value of the fiduciary advice offered by investment advisers. At the same time, investment professionals are seeing the benefits of the investment adviser business model.

FIGURE 1H

Growth in the Number of Investment Adviser Representatives Has Been Strong

Percentage Change, Periods Ended 2023



Note: Number of investment adviser representatives and dual licensed representatives include representatives for both SEC and state registered advisers. Number of investment adviser representatives, dual licensed representatives, and registered representatives are at year end.

Source: *FINRA Industry Snapshot 2024*.

Appendix | An Industry of Small Businesses

Most SEC registered advisers are small businesses.

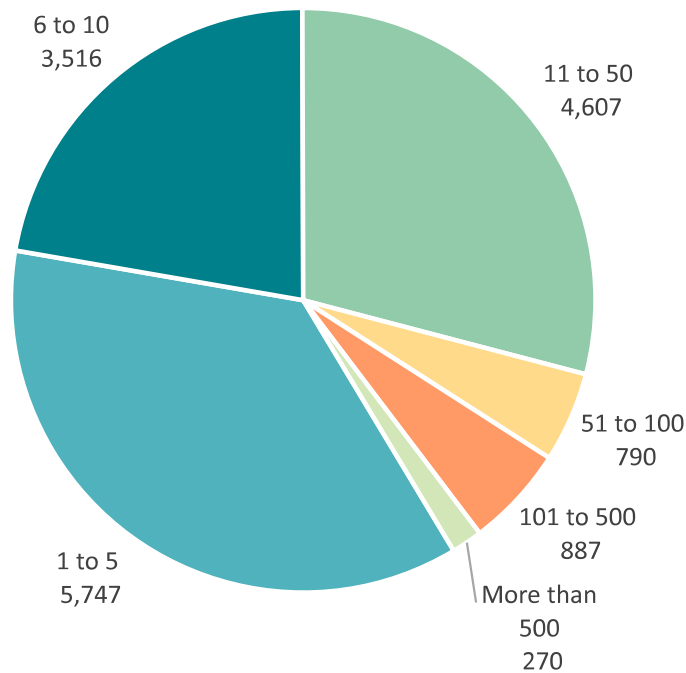
In 2024, 92.7% of SEC registered advisers employed 100 or fewer people. Only 1.7% had a workforce of over 500 people, while the median investment adviser employed 8 people.

For detail see Data Table 1F ([available online](#)).

FIGURE 11

Most Advisers are Small Businesses

Number of SEC Registered Advisers by Number of Non-Clerical Employees, 2024



Note: Excludes advisers reporting zero employees.

In 2024, 68.5% of advisers managed less than \$1 billion in assets, and 87.7% managed less than \$5 billion.

Smaller advisers accounted for a disproportionately high percentage of employment relative to their assets under management. For example, in 2024, advisers with \$100 million to \$5 billion in assets under management (77.5% of firms) managed 7.1% of total industry assets but accounted for 21.6% of employment.

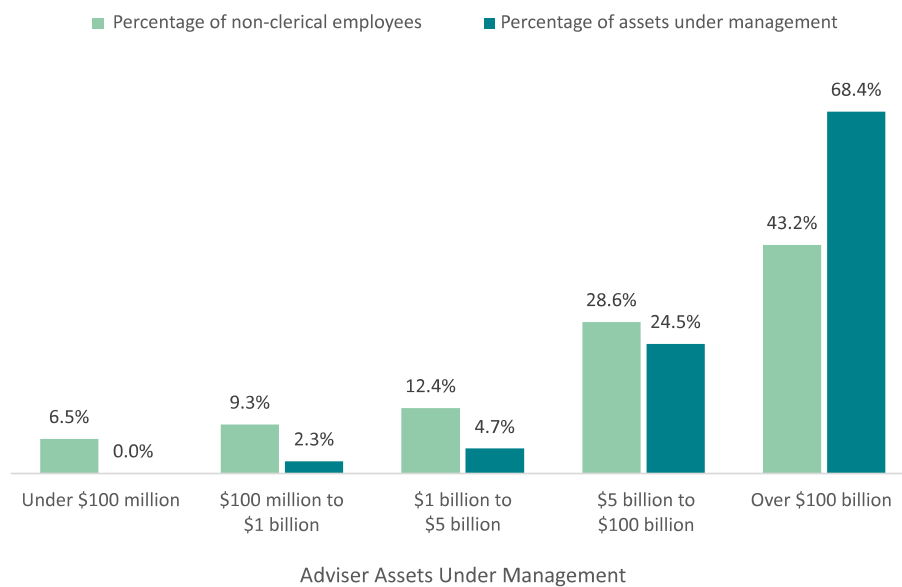
Note that over half of the employees in the under \$100 million category are employed by a single firm that is dual registered with the SEC as an investment adviser and a brokerage firm. This firm reports no assets under management but is affiliated with another adviser managing over \$1 trillion.



FIGURE 1J

Smaller Advisers Accounted for a High Proportion of Employees Relative to Assets Managed

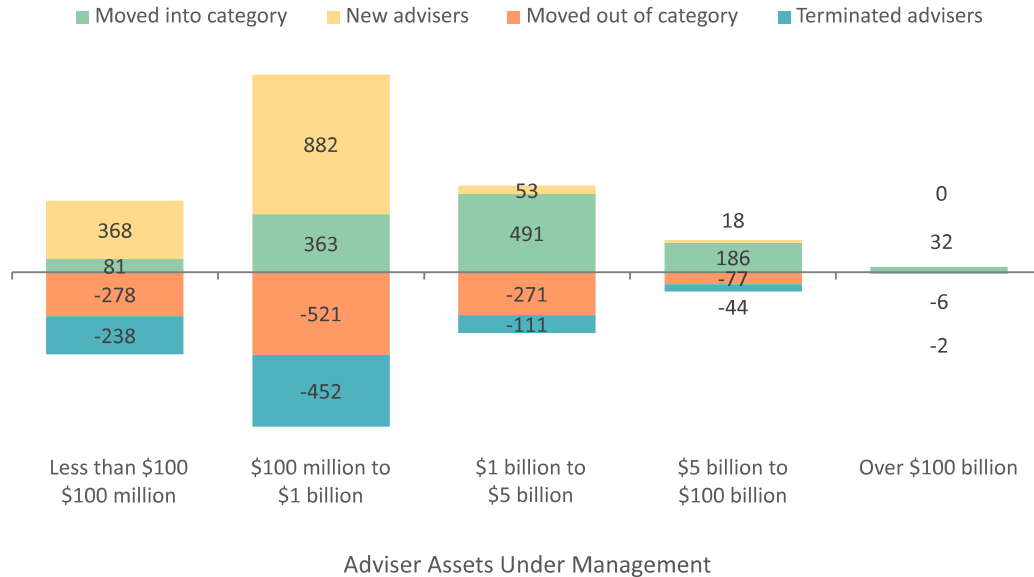
SEC Registered Advisers, 2024



New SEC registrants are likely to be small. In 2024, nearly 95% of new SEC registrants had less than \$1 billion in assets under management; these new firms accounted for 11.7% of the firms with under \$1 billion in assets.

The increase in the number of advisers in the over \$100 billion size category were largely due to firms experiencing an increase in assets under management and moving up into this category from smaller size categories. There were no new registrants in this category.

FIGURE 1K
New SEC Registrants Are Likely To Be Small
 Number of Firms, 2024



Overall, the data highlights that most advisers are quite small, although there are a few very large advisers. For example, while over half of advisers had just 1 office, and 90% of advisers had no more than 5 offices, the adviser with the largest number of offices had 18,524 of them.





Advocating for Smaller Advisers

The Investment Adviser Association has long urged regulators to rightsize their approach to smaller advisers, which represent the core of the investment adviser industry. A rightsized approach would tailor and tier regulation and align exam expectations with the size and nature of these firms.

At the same time, the SEC should more accurately consider the impact of regulations on smaller advisers.

Under the Regulatory Flexibility Act of 1980, federal agencies, including the SEC, must analyze the impact of their regulatory actions on small entities and seek less burdensome alternatives on those small entities if the regulatory impact is likely to be significant.

Therefore, a lot hinges on the definition on “small entity” adopted by the agency. The SEC’s definition of “small investment adviser” is an adviser with less than \$25 million in assets under management. This definition was established in 1998, when the minimum size threshold for SEC registration was \$25 million in assets.

But with the threshold for SEC registration now at \$100 million, the SEC’s definition means very few SEC registered advisers meet the technical definition of “small.”

The Investment Adviser Association has been advocating in Congress and at the SEC for a definition that would require the SEC to assess more realistically the economic impact of its regulations on the small advisers that provide important services to individual investors. To learn more about the IAA’s advocacy on this issue, visit <http://www.investmentadviser.org/>.

TABLE 1C
Most SEC Registered Advisers Are Small Businesses
2024

	Median	Top Quartile	Top Decile	Average	Range
Number of employees	8	21	68	65	0 to 37,893
Assets under management	\$427.1 million	\$1.5 billion	\$6.9 billion	\$9.1 billion	\$0 to \$10.2 trillion
Number of clients:					
Individuals	70	322	896	3,569	0 to 7.8 million
Pooled vehicles	0	4	14	8	0 to 2,982
Institutions	0	11	490	189	0 to 798,109
Number of offices	1	2	5	9	1 to 18,524

Note: When advisers report that they have no employees, it is likely that employees are shared with, and technically employed by, an affiliate of the firm. Only 53 advisers (less than 1%) reported zero employees in 2024. Advisers with zero assets are likely to be related to other advisers or they may be new entities. In 2024, 557 advisers reported zero assets.



Clients

In 2024, investment advisers served

68.4 million

clients, including 59.8 million asset management clients.

63.4%

of advisers provided asset management services for individuals.

HIGHLIGHTS

The number of clients of SEC registered investment advisers rose 6.8% in 2024, reaching a record high of 68.4 million.

The number of asset management clients of SEC registered investment advisers gained 5.4% in 2024, reaching a record high of 59.8 million.

The number of non-asset management clients of SEC registered investment advisers rebounded in 2024 after 2 years of declines, to reach 8.7 million.

Over the past 7 years, growth in the individual client group – for both number of clients and assets under management and for both non-high net worth and high net worth clients – has been especially strong.

In 2024, 56.7% of advisers served non-high net worth individuals.

In 2024, 45.2% of SEC registered investment advisers offered financial planning services to an estimated 4.7 million clients.

While it's difficult to describe a “typical adviser,” 67% of advisers managed \$1 billion or less in assets with 50 or fewer non-clerical employees.

A Growing Client Base

Investor demand for investment advisory services continued to grow in 2024, with the number of clients reaching a record high of 68.4 million.

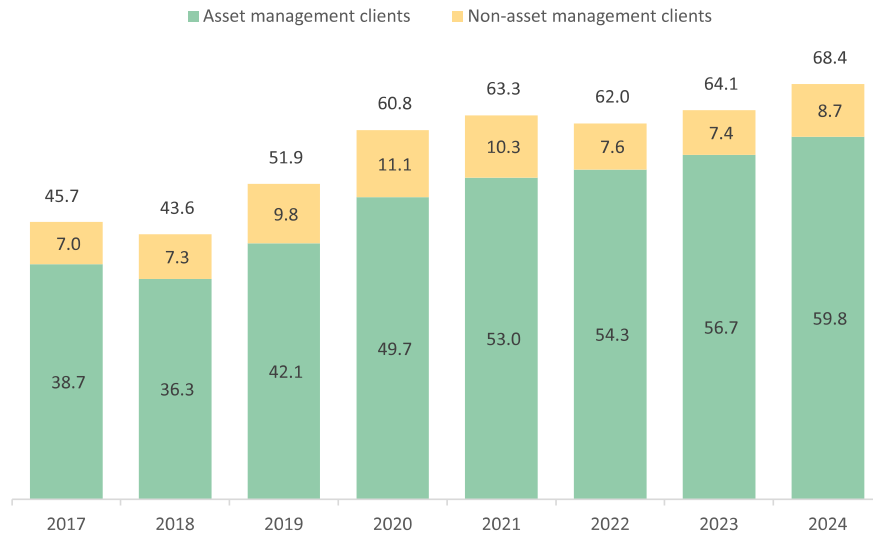
The number of asset management clients gained 5.4% to notch a record of 59.8 million clients, the sixth consecutive year of growth. At the same time, the number of non-asset management clients rebounded after two years of declines, to reach 8.7 million. Over half of advisers experienced an increase in the number of clients in 2024, while roughly one-quarter saw the number of clients decline.

In total, the industry provided advice to 74.9 million accounts. The average client had 1.3 accounts with an adviser.

FIGURE 2A

The Number of Asset Management Clients Reached a Record High in 2024

Number of Clients of SEC Registered Advisers, Millions



Advisory Services Offered to Clients

The primary service offered by investment advisers is portfolio management. In 2024, 97.6% of advisers offered portfolio management services.

However, 61.2% of advisers offered other advisory services to their clients as well.

The most common of these services is financial planning, which was offered by 45.2% of advisers in 2024, versus 44.3% in the prior year. The number of financial planning clients rose in 2024, to 4.3 million from 4.1 million in 2023, a 12.4% increase.

After financial planning, the most common additional services offered by investment advisers are advice on the selection of other advisers and pension consulting. Both were offered by over 20% of advisers in 2024.

In addition, 15.3% of advisers reported that they offered other advisory services. The most common of these services was some form of consulting or consultation.

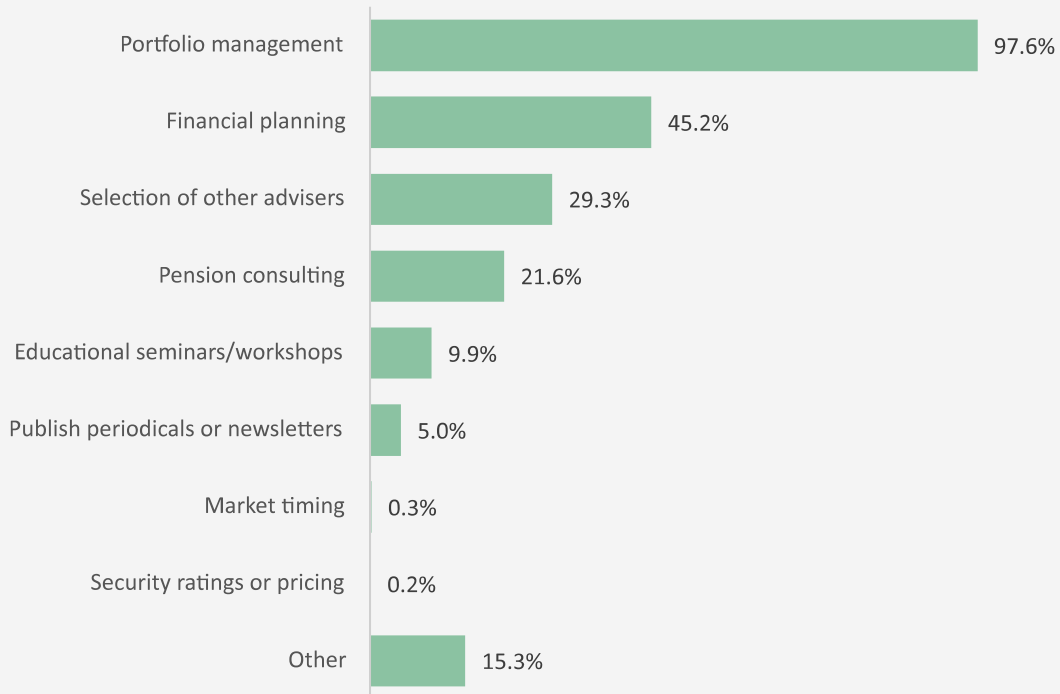
In Form ADV Part 2A, nearly one-quarter (24.3%) of advisers indicated that they provide investment advice only with respect to limited types of investments.

For detail see Data Table 2A ([available online](#)).

FIGURE 2B

Many Advisers Go Beyond Portfolio Management

Percentage of SEC Registered Advisers Offering Service, 2024



Note: Portfolio management includes portfolio management for individuals, businesses (including small businesses), investment companies, and/or business development companies.

A Broad Range of Clients

Investment advisers serve 4 groups of clients:

- Individuals
- Pooled vehicles, including investment companies and private funds
- Institutions, such as pension plans and corporations
- Other clients not included in the first 3 groups

Clients not using asset management services are not classified by client type and, therefore, are not included in this discussion. In 2024, over one-quarter of advisers (25.7%) had at least one client not using asset management services, and 103 advisers served non-asset management clients exclusively. The 18 largest firms in this category served over 100,000 non-asset management clients, which were roughly over 80% of the clients of this type.

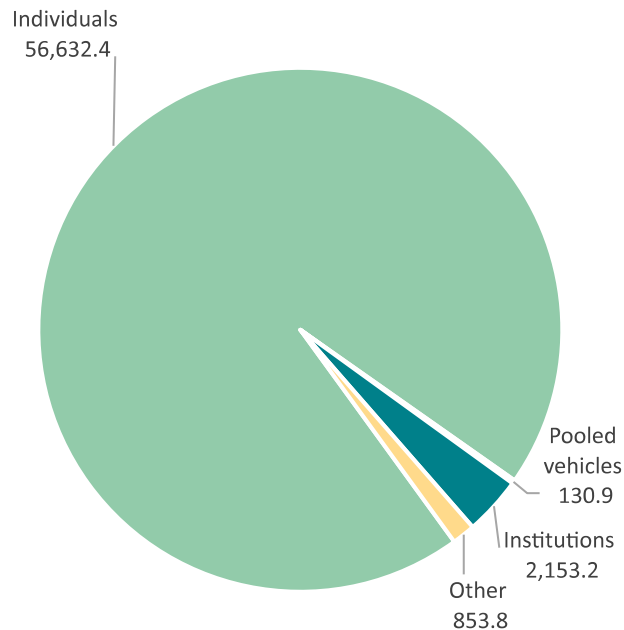
In 2024, individuals were the largest client group when measured by number of clients (56.6 million).

For detail see Data Tables 2B and 2C ([available online](#)).

FIGURE 2C

Individuals Are the Largest Client Group by Number of Clients

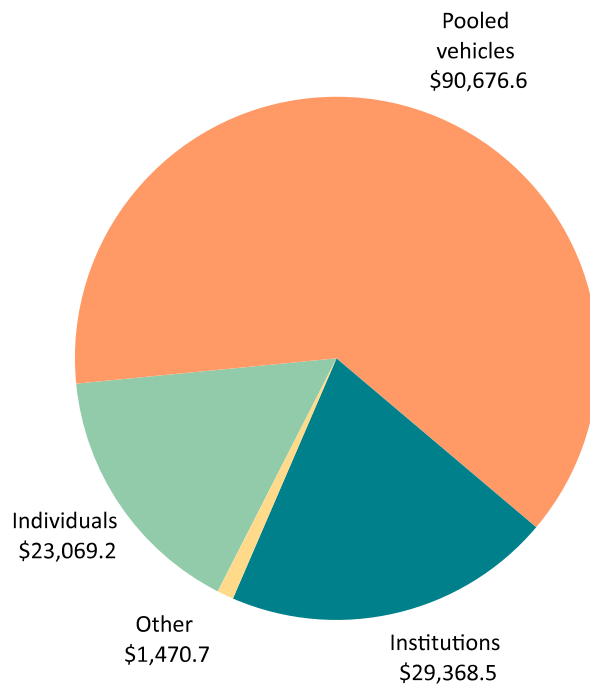
Number of Clients of SEC Registered Advisers by Client Group, Thousands, 2024



Pooled vehicles were the largest client group when measured by assets under management, with \$90.7 trillion in assets or 62.7% of the industry total. Even though a pooled vehicle serves more than one – and sometimes millions – of investors, each pooled vehicle counts as only 1 client in this analysis; as a result, the number of pooled vehicle clients was small.

Note that assets managed for clients other than pooled vehicles are called “separately managed accounts” (SMAs) by the SEC.

FIGURE 2D
Pooled Vehicles Were the Largest Client Group Based on Assets Under Management
Assets Under Management of SEC Registered Advisers by Client Group, \$ Billions, 2024



Note: Accounts managed for individuals, institutions, and other clients are “separately managed accounts” (SMAs).

Over the past 7 years, growth in both the number of clients and assets under management has been strong in all 3 groups. Growth in the individual client group – for both non-high net worth and high net worth clients – has been especially strong. This growth is likely the result of increased recognition of the value of fiduciary advice, while the proliferation of digital advice platforms has made it easier for individuals to access that advice.



FIGURE 2E

Growth in the Individual Client Group Has Been Especially Strong

Annualized Percentage Growth in SEC Registered Advisers by Client Group, 7 Years Ended 2024



Of the 3 client groups, advisers were most likely to have individual clients. In 2024, 63.4% of advisers served individuals, while 56.7% served non-high net worth individuals.

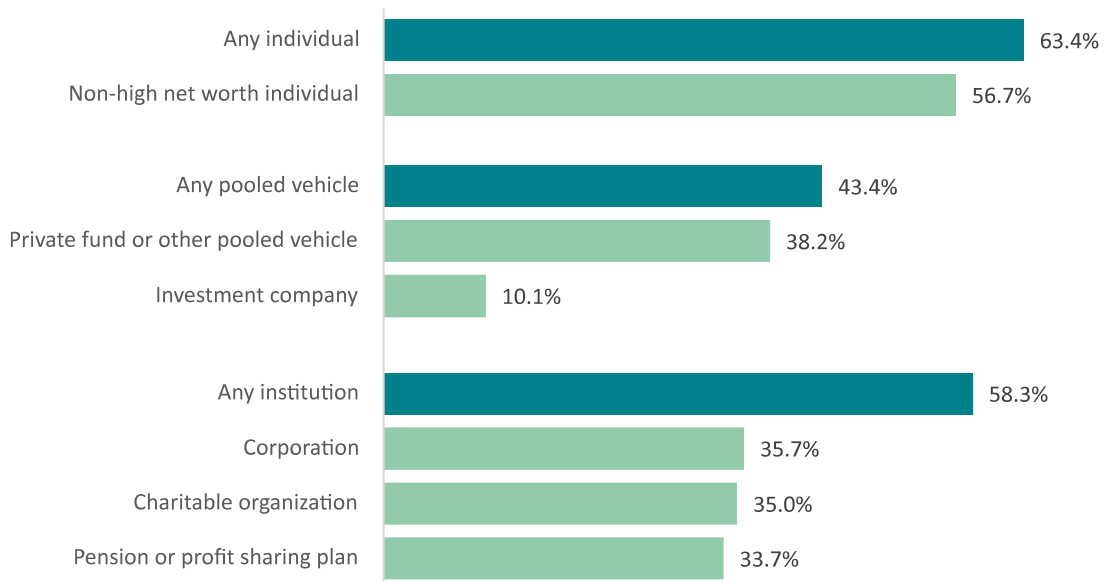
After individual clients, advisers were most likely to have institutional clients. The 3 most common types of institutional clients were corporations, charitable organizations, and pension and profit sharing plans, with over one-third of advisers providing services to each of these client types.

Advisers are least likely to have pooled vehicles as clients. Within the pooled vehicle category, only 10.1% of advisers have an investment company as a client.

FIGURE 2F

Percentage of Advisers With Client Type

SEC Registered Advisers, 2024



Individuals

In 2024, investment advisers provided asset management services to 56.6 million individual investors.

The bulk of these clients (84.7%) were non-high net worth individuals. Non-high net worth clients are generally individuals with less than \$1.1 million in assets under management with an adviser or with a net worth of less than \$2.2 million, excluding the value of a primary residence.²

On the other hand, 66.0% of the assets managed for clients in this group were from the 15.3% of individual investor clients who were high net worth individuals.

FIGURE 2G
Non-High Net Worth Individuals Are the Largest Client Type in Terms of Numbers . . .
 Number of Clients of SEC Registered Advisers, Millions

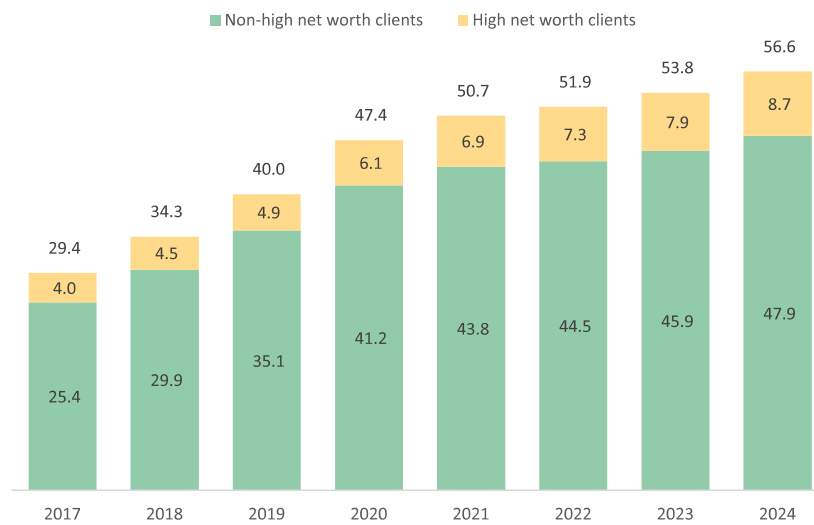
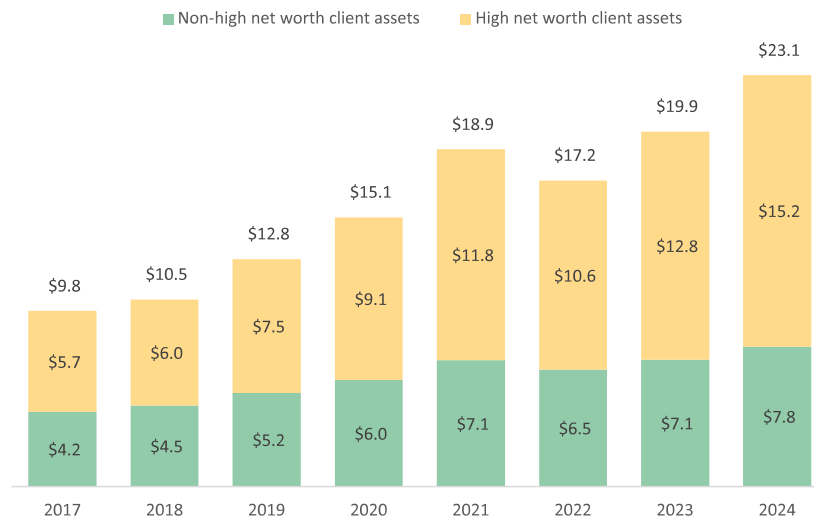


FIGURE 2H
. . . While High Net Worth Individuals Account for the Majority of Assets
 Assets Under Management of SEC Registered Advisers, \$ Trillions



²The SEC raised the threshold amounts for the definition of qualified client in August 2021. All else being equal, raising these threshold amounts increases the number of non-high net worth clients and decreases the number of high net worth clients.



A Look at State Advisers

While this report focuses on SEC registered investment advisers, advisers that have filed with state regulators play a critical role in the industry.

In 2024, there were 16,046 advisers registered with state authorities (rather than the SEC) and 4,437 state exempt reporting advisers that file Form ADV. The number of state registered advisers declined by 1.6% in 2024; the decline appears to be at least partly the result of advisers transferring their registration to the SEC with the strong market environment making it easier for advisers to meet the minimum assets required for SEC registration. The number of state exempt reporting advisers rose 12.6%.

Individual investors are particularly important to state registered advisers. These advisers managed assets for over 760,000 individuals, located almost entirely in the United States. Individual clients accounted for more than 97% of the advisers' total clients and over 90% of the advisers' \$405.0 billion in assets under management. Both the total number of clients and assets managed decreased in 2024, likely as the result of the decrease in the number of state registered advisers.

Two-thirds of state registered advisers offer financial planning services; almost all of these advisers offer hourly or fixed fees, which are often charged for financial planning work. In total, state registered advisers have an estimated 273,000 financial planning clients. They also have over 205,000 clients that use services other than asset management.

In addition to their focus on individual investors, the most notable feature of state registered advisers is that they are quite small. On average, a state registered adviser has 2 non-clerical employees, 49 clients, and \$25 million in assets under management.

Employment, client, and asset data is not available for state exempt reporting advisers. However, there is information about their organizational structure.

Looking at state registered and state exempt reporting advisers together, nearly three-quarters are organized as limited liability companies, and nearly all are based in the United States. These advisers generally provide investment advice as standalone entities: nearly three-quarters report having no other business activity, while nearly two-thirds have no financial industry affiliations.

Pooled Vehicles

The pooled fund group includes:

- Investment companies, including traditional open-end funds, closed-end funds, and exchange-traded funds (ETFs)
- Business development companies
- Private funds, such as hedge funds and private equity funds, and other pooled funds, such as collective investment trusts and European UCITS funds

In 2024, investment advisers provided asset management services to 130,928 pooled funds with \$90.7 trillion in assets. Private funds and other pooled funds were the most common client type in this group, while investment companies accounted for over half of assets.

FIGURE 2I

Private Funds and Other Pooled Vehicles Were the Most Common Pooled Vehicle Client Type . . .

Number of Clients of SEC Registered Advisers

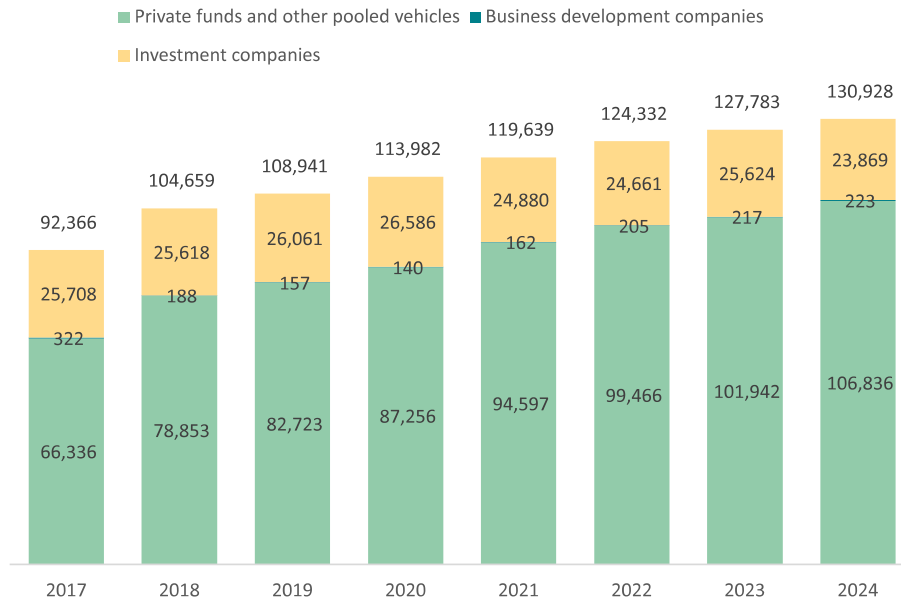
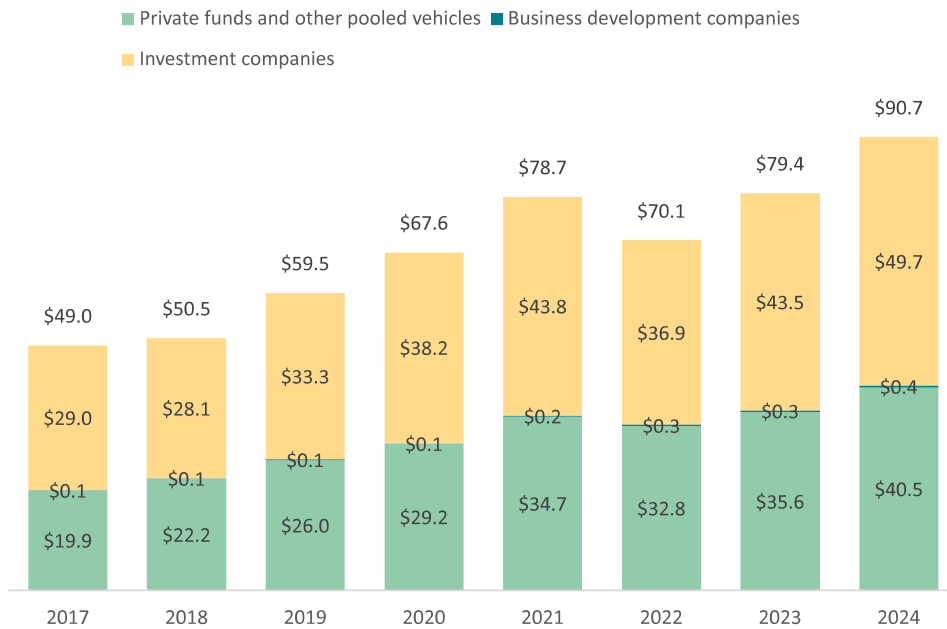


FIGURE 2J

. . . But Investment Companies Account for Over Half of Assets

Assets Under Management of SEC Registered Advisers, \$ Trillions



Communicating with Clients

Investment advisers are increasingly using multiple social media platforms to connect with clients and prospective clients.

The number of advisers using multiple websites or social media platforms rose to 67.3% of advisers, from 44.0% in 2016. A small number of firms (206 or 1.3%) have 20 or more websites, with one firm reporting 3,198 sites. Advisers with large numbers of websites often describe themselves as networks of investment advisers, each of which operates its own website.

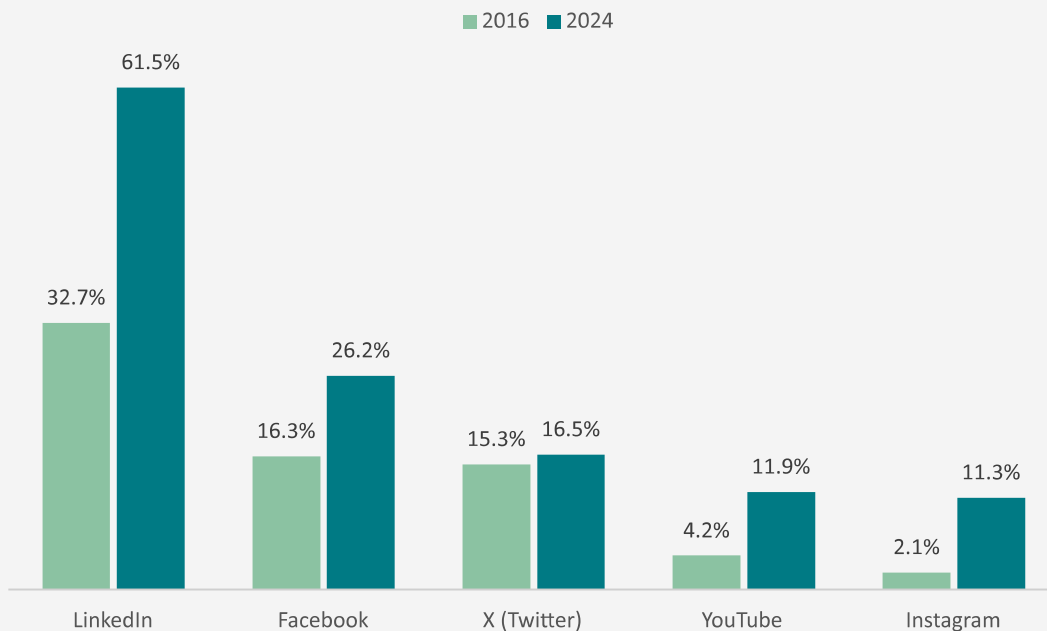
Social media use continued to increase in 2024. Among the social media platforms, LinkedIn was most likely to be used by advisers, followed by Facebook and X, formerly known as Twitter.

Only 8.0% of advisers reported no online presence in 2024. For comparison, in 2014, 15.3% of advisers reported no online presence.

FIGURE 2K

Advisers' Social Media Use Continues to Climb

Percentage of SEC Registered Advisers With Presence on Platform



Note: Most commonly used social media platforms.

Institutions

The institutional client group includes:

- Banking and thrift institutions
- Pension and profit sharing plans
- Charitable organizations
- States and municipalities
- Other investment advisers
- Insurance companies
- Sovereign wealth and other foreign official accounts
- Corporations and other businesses

Other investment advisers account for 40.2% of the clients in this group. In these client relationships, one investment adviser directs client assets to be managed by another investment adviser, typically as a sub-adviser or through a managed account or model portfolio arrangement.³

More than 90% of the other investment adviser clients were clients of a single adviser that provides services to retirement plans, including model portfolios and asset allocation services.

The number of other investment adviser clients declined again in 2024 for the fourth year in a row, partly reversing strong growth in 2019 and 2020.

The second most common client type in the institutional group was pension and profit sharing plans, accounting for one-third of clients. The number of pension and profit sharing clients experienced another strong increase in 2024. Longer-term growth has been strong, with an average annual increase of 12.8% over the past 7 years.

Corporations and other businesses ranked third in the institutional group. The number of clients rebounded in this group after 2 years of decline.

With regard to assets, pension and profit sharing plans and insurance companies combined accounted for over one-half of the assets in this group. Corporations and other businesses and states and municipalities together accounted for one-quarter of assets.

³Not all model portfolio relationships are reported in Form ADV. They are generally not included if the adviser does not have either discretionary authority or the responsibility for arranging purchases and sales.



FIGURE 2L

Institutional Clients Were Concentrated in a Few Client Types . . .

Number of Clients of SEC Registered Advisers, Thousands, 2024

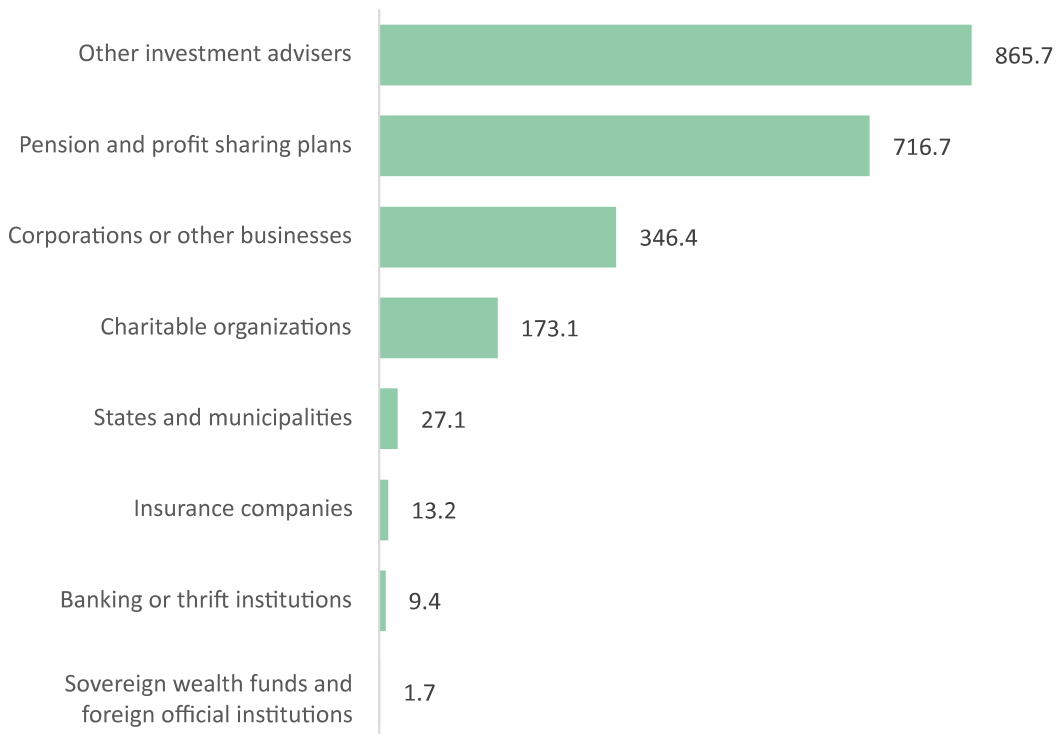
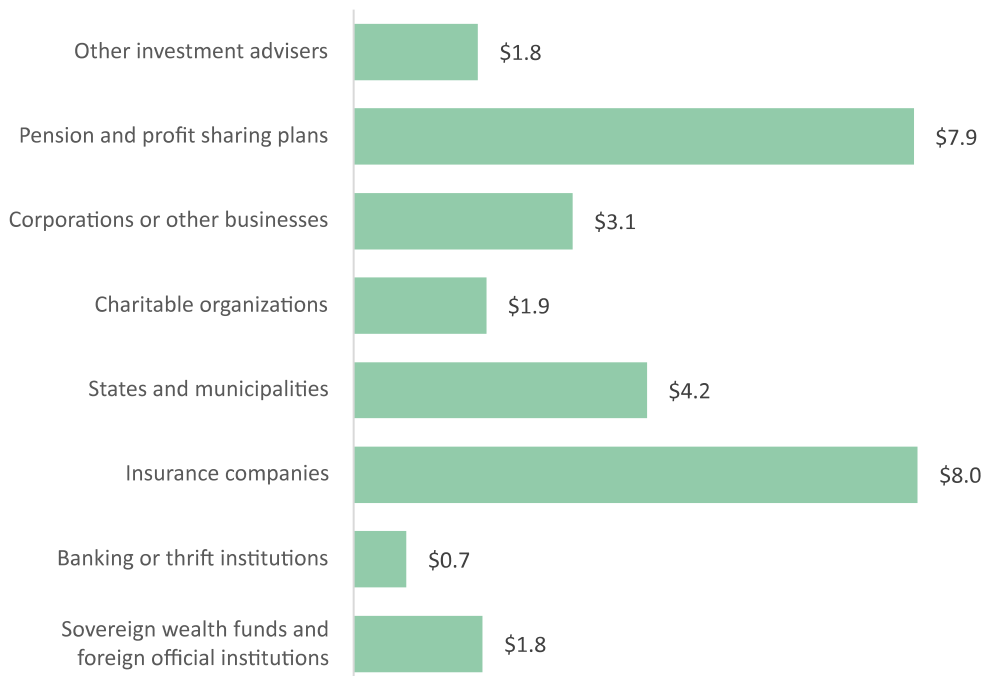


FIGURE 2M

. . . As Were Institutional Client Assets

Assets Under Management of SEC Registered Advisers, \$ Trillions, 2024



A Closer Look at Internet Advisers

In December 2002, the SEC adopted the “internet adviser exemption,” making it easier for advisers offering advice to investors through online platforms to set up their businesses. Under the exemption, advisers operating only through digital advice platforms are eligible to register with the SEC even if their assets are below the threshold for SEC registration. Without the exemption, small digital platforms would likely need to register in at least 15 states before becoming eligible to register with the SEC by using the multi-state exemption.

Though not widely used, the internet adviser exemption gradually increased in popularity. While only 17 advisers used the exemption in 2017, by 2022 it was being used by 263 advisers. The advisers using the exemption were increasingly likely to be managing assets, as opposed to only providing advice.

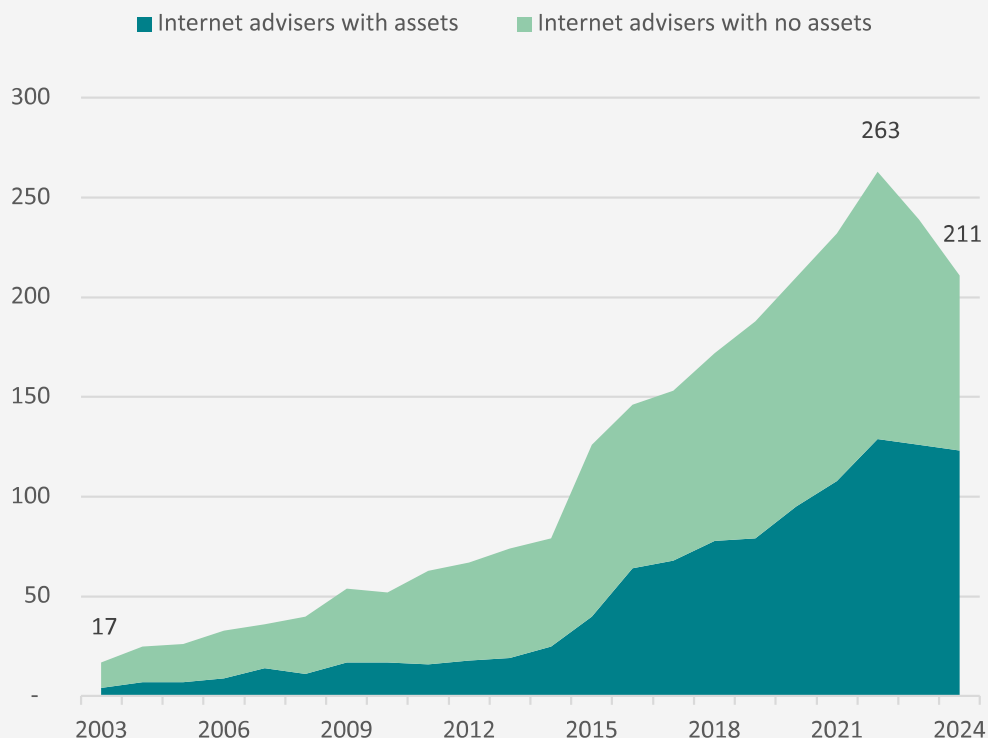
However, the SEC became concerned that some advisers were not using the exemption as intended. As a result, in 2023, the SEC proposed amendments to the exemption that were [adopted last year](#). The amendments require that an adviser using the exemption must provide advice exclusively through an operational interactive website and eliminated a *de minimis* exception that permitted internet advisers to have fewer than 15 non-internet clients. The revised rule requires that advisers using the exemption make representations in Form ADV that they comply with the requirements.

The number of advisers using the internet adviser exemption has declined since the peak in 2022 and appears likely to decline further. While 211 advisers registered using the exemption in 2024, only 119 responded affirmatively to the representations. Firms that responded negatively are required to change their registration status by the end of June 2025.

FIGURE 2N

The Number of Internet Advisers Grew Steadily Until 2022

Number of SEC Registered Advisers Using Internet Adviser Exemption



The Average Client

The profile of the average client varies significantly by client category.

Investment companies and business development companies are quite large, with the average fund in these categories holding \$2 billion in assets in 2024. Sovereign wealth and foreign institutional investors are also quite sizeable, with an average of over \$1 billion per client. Insurance company clients rank third in size, with an average of over \$600 million each.

Growth since 2017 in average client size has varied considerably by category. Assets in the average investment company have gained 84.9% over the period, while other pooled vehicles have added 26.4% on average. The average assets in the accounts of high net worth individuals also showed a considerable gain of 26.4%. (Assets in the average business development company showed the sharpest gains over the period, though, as noted, this is a very small category.)

In contrast, assets of the average non-high net worth client have declined as growth in the number of clients slightly outpaced growth in assets. Average account size for pension and profit sharing plans and charitable organizations also declined, though this might be the result of category changes.

For detail see Data Table 2D ([available online](#)).

TABLE 2A

Average Client Assets

Clients of SEC Registered Advisers, \$ Millions

	2017	2024	Change
Individuals			
Non-high net worth	\$0.2	\$0.2	-0.7%
High net worth	\$1.4	\$1.8	23.6%
Pooled vehicles			
Investment companies	\$1,126.8	\$2,083.6	84.9%
Business development companies	\$378.1	\$1,985.6	425.2%
Other pooled vehicles	\$299.8	\$379.1	26.4%
Institutions and other			
Sovereign wealth and foreign official institutions	\$894.3	\$1,086.1	21.5%
Insurance companies	\$527.0	\$606.6	15.1%
States and municipalities	\$132.5	\$153.3	15.7%
Banking or thrift institutions	\$75.1	\$79.6	6.0%
Pension and profit sharing plans	\$17.1	\$11.1	-35.4%
Charitable organizations	\$11.9	\$10.9	-8.9%
Corporations or other businesses	\$8.7	\$8.9	3.2%
Other investment advisers	\$1.7	\$2.0	20.8%
Other	\$4.8	\$1.7	-64.5%

A Global Industry

Many SEC registered investment advisers provide services to clients outside the United States.

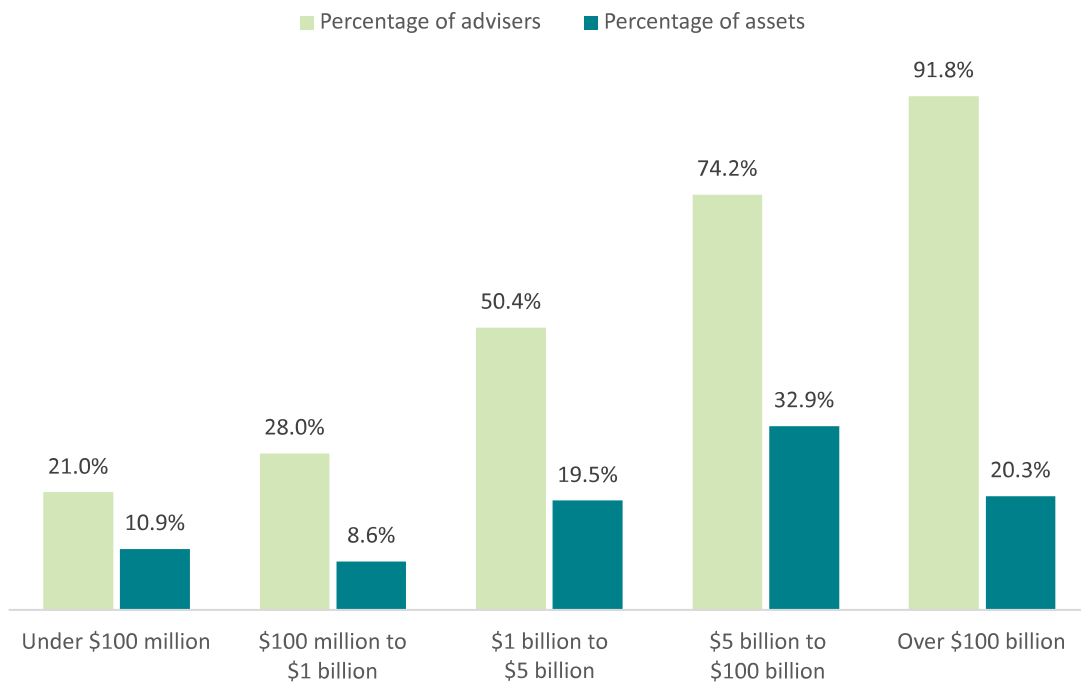
In 2024, 37.5% of advisers reported that they had non-U.S. clients or assets from non-U.S. sources. Assets from non-U.S. sources were \$33.3 trillion or nearly one-quarter of total industry assets.

For these advisers, nearly one-third of clients and over one-quarter of assets were sourced outside the United States in 2024. A small number of advisers (622 or 3.9%) have exclusively non-U.S. clients or assets.

Advisers to private funds were particularly likely to have non-U.S. clients or assets (59.6% of private fund advisers).

Non-U.S. assets as a percentage of total assets were significant for firms in all size categories, but especially for firms in the \$5 billion to \$100 billion range. This may have resulted from the higher-than-average representation of private funds in this size range.

FIGURE 20
Advisers of All Sizes Had Non-U.S. Clients and Assets From Non-U.S. Sources
Percentage of SEC Registered Advisers With Non-U.S. Clients, Percentage of Assets From Non-U.S. Sources, 2024



A Broad Range of Firms

The investment adviser industry has a broad range of firms to serve this broad range of clients. The profile of an investment adviser tends to vary significantly with its client profile.

For example, in 2024, advisers that manage money primarily for individuals were likely to be small businesses with, on average, 8 employees, 2 offices, and \$393.4 million in assets under management (34.4% of advisers).

On the other hand, advisers with pooled vehicle clients and more than 10 institutional clients tended to be large, with an average of 253 employees, 13 offices, and \$59.1 billion in assets under management (8.0% of advisers).

In 2024, over 90% of advisers fell into one of the following 4 categories in terms of client focus:

- Pooled Vehicles and Institutions Together
- Individuals and Institutions
- Pooled Vehicles Focus
- Individuals Focus



TABLE 2B Adviser Profile Varies With Client Profile SEC Registered Advisers, 2024	
<p>Pooled Vehicles and Institutions <i>(Average for 1,223 firms)</i></p> <ul style="list-style-type: none"> • \$59.1 billion assets under management • 253 employees • 13 offices • 13,191 individual clients <ul style="list-style-type: none"> — (72.5% of the firms in this category have individual clients) • 508 pooled vehicle clients • 894 institutional/other clients 	<p>Individuals and Institutions <i>(Average for 2,393 firms)</i></p> <ul style="list-style-type: none"> • \$6.2 billion assets under management • 147 employees • 4 offices • 10,708 individual clients • 595 institutional/other clients
<p>Pooled Vehicles Focus <i>(Average for 5,366 firms)</i></p> <ul style="list-style-type: none"> • \$8.8 billion assets under management • 47 employees • 2 offices • 3 individual clients • 12 pooled vehicle clients • 1 institutional/other client 	<p>Individuals Focus <i>(Average for 5,452 firms)</i></p> <ul style="list-style-type: none"> • \$393.4 million assets under management • 8 employees • 2 offices • 2,567 individual clients • 2 institutional/other clients

Notes: Criteria for categorization:

- Pooled Vehicles and Institutions: Pooled vehicle clients. More than 10 institutional clients.
- Individuals and Institutions: More than 100 individual clients. No pooled vehicle clients. More than 10 institutional clients.
- Pooled Vehicles Focus: Pooled vehicle clients. No more than 100 individual and 10 institutional clients.
- Individuals Focus: Individual clients. No pooled vehicle clients. No more than 10 institutional clients.

In 2024, 91.0% of advisers were included in 1 of these 4 categories.



Employees

In 2024, the number of employees at SEC registered investment advisers grew by

2.6%

to reach

1,032,455

non-clerical staff.

HIGHLIGHTS

The number of non-clerical employees at SEC registered investment advisers gained 2.6% to reach a record high of 1,032,455 employees.

Asset management is a Main Street profession. Investment advisers have addresses in all 50 states, the District of Columbia, Puerto Rico, and the U.S. Virgin Islands.

In the past decade, growth in the number of advisers has shifted to the South and the West.

In 2024, 17.3% of adviser offices (principal office and largest 25 branch offices) were located in private residences. The percentage of offices located in private residences has been steadily increasing.

In 2024, over half of SEC registered investment advisers operated from a single office, while over three-quarters had no more than 2 offices.

A Growing Employer

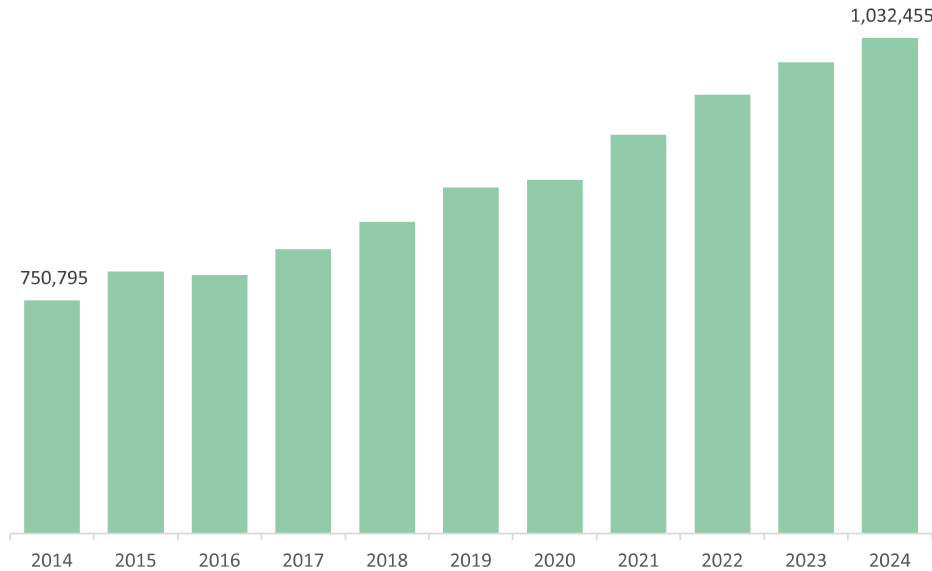
In 2024, employment in the investment adviser industry reached a record high. The industry added 25,984 jobs (an increase of 2.6%) to reach total non-clerical employment of 1,032,455.

This was the eighth consecutive year of increases in the number of jobs in the industry, though the rate of increase slowed from 2023. Job gains since 2014 have averaged 3.2% annually.

FIGURE 3A

The Number of Non-Clerical Employees Reached a Record High in 2024

Non-Clerical Employees of SEC Registered Advisers



Over half of non-clerical employees perform investment advisory functions.

A significant proportion of adviser employees were licensed with regulatory authorities as registered representatives of a brokerage firm, investment adviser representatives, or insurance agents.

The percentages of employees licensed as brokerage firm registered representatives or insurance agents have declined significantly over the past 10 years. However, the absolute number of registered representatives and insurance agents increased over the period.

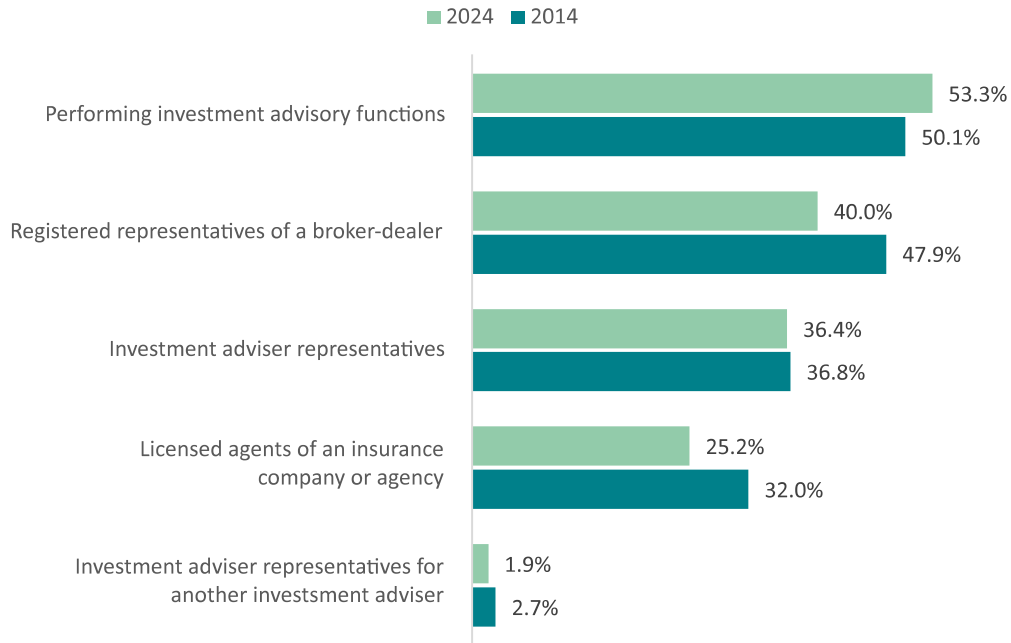
In contrast, the percentage of employees who are investment adviser representatives held steady over the past 10 years.

For detail see Data Table 3A ([available online](#)).

FIGURE 3B

The Majority of Employees Are Involved in Providing Investment Advice

Percentage of Non-Clerical Employees of SEC Registered Advisers

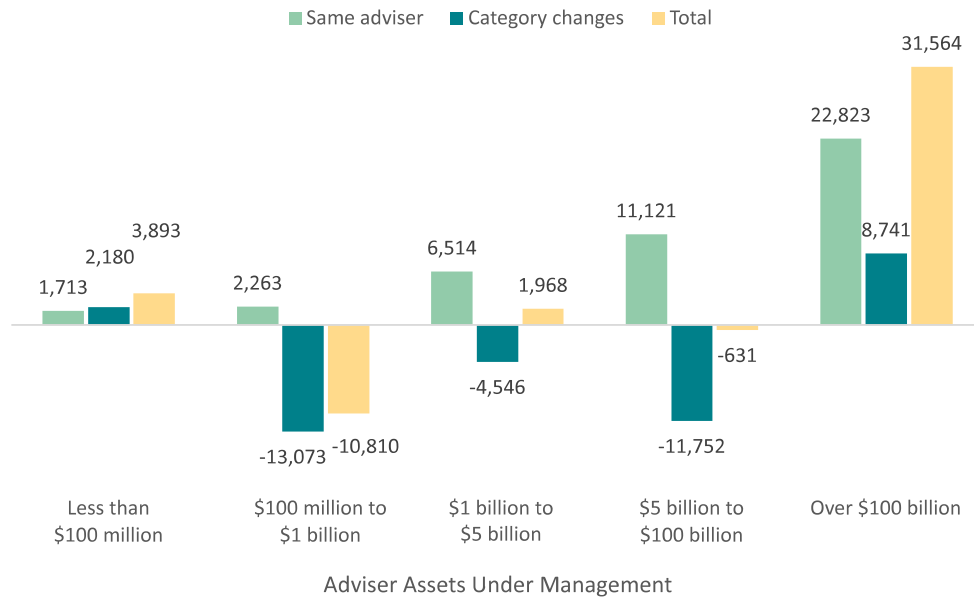


In 2024, growth in employment was strongest at the largest firms. Advisers with over \$100 billion in assets under management added 22,823 jobs.

FIGURE 3C

The Largest Advisers Experienced the Greatest Employment Growth

Change in Number of Non-Clerical Employees of SEC Registered Advisers, 2024



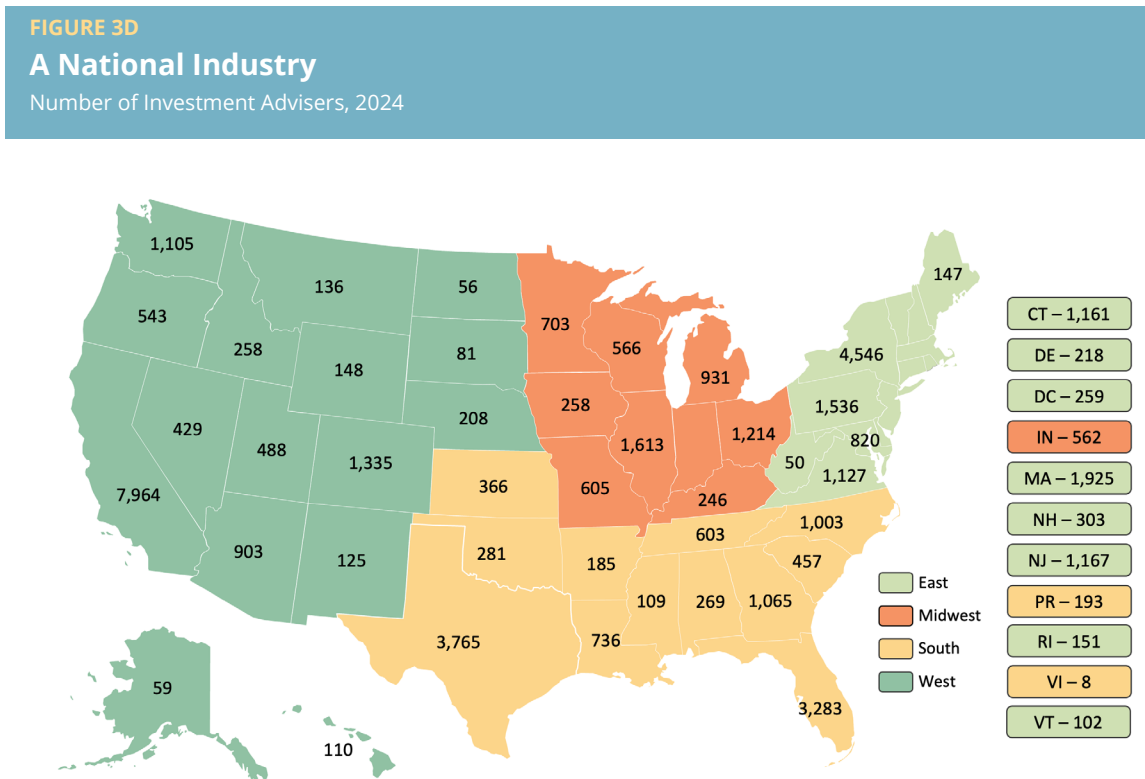
Note: "Same adviser" change is the net change in employment at advisers remaining in the assets under management size category in 2024 versus 2023. "Category changes" is the net change in employment resulting from advisers moving into or out of the category for any reason.

A Wide Geographic Scope

Asset management is a Main Street profession. Investment advisers have addresses in all 50 states, the District of Columbia, Puerto Rico, and the U.S. Virgin Islands.

The data in Figure 3D includes SEC exempt reporting advisers (ERAs), state registered advisers, and state ERAs in addition to SEC registered advisers. State registered advisers and state ERAs may have more than one state license. (While one state adviser has 43 state licenses, three-quarters of state advisers have a single license, while 9 out of 10 have 2 or fewer.) Figure 3D includes all licenses for state advisers.

For detail see Data Table 3B ([available online](#)).



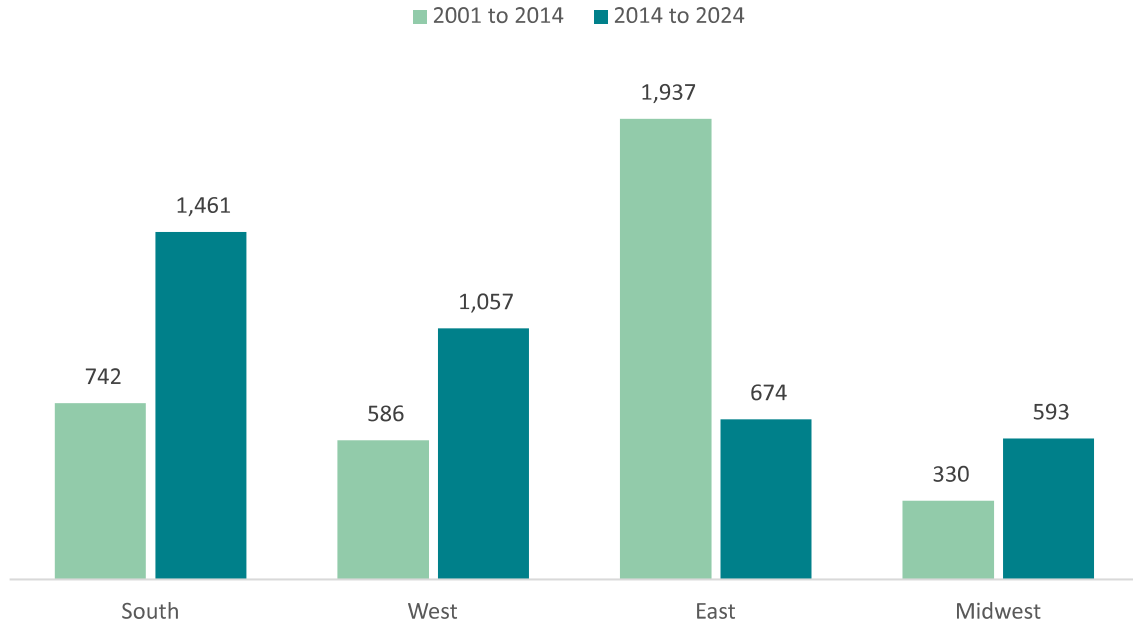
Note: Includes SEC and state registered and exempt reporting advisers. Address for SEC advisers; license(s) for state advisers.

Focusing on SEC registered advisers, in the past decade, growth in the number of advisers has shifted to the South and the West. In contrast, from 2001 through 2014, growth was strongest in the East.

FIGURE 3E

Growth Has Shifted to the South and West

Change in Number of SEC Registered Advisers

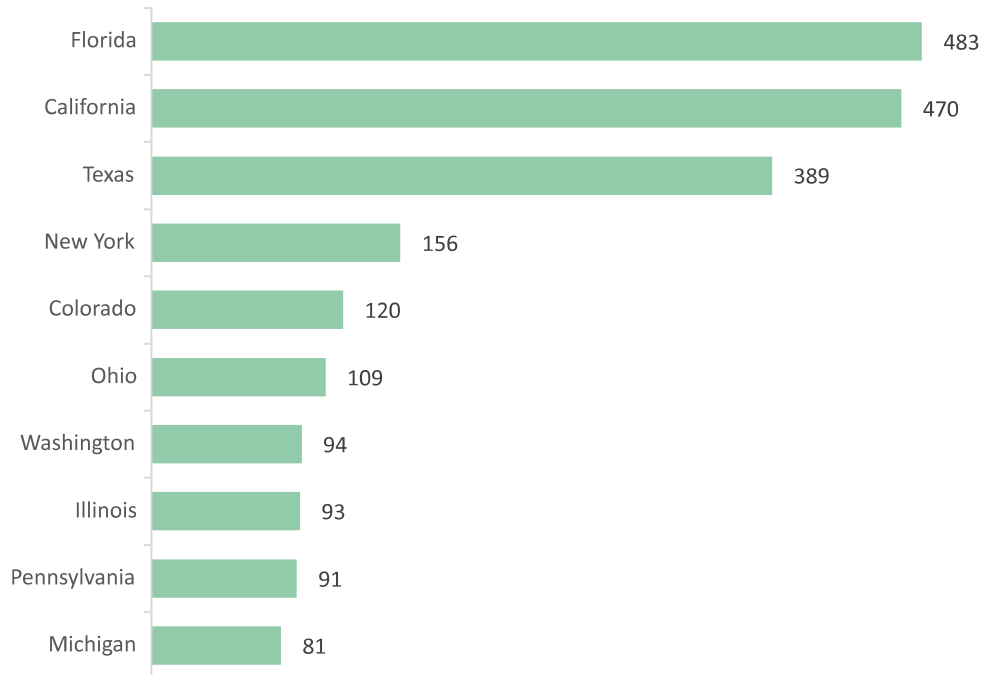


More granularly, in the past 10 years, Florida, California, and Texas saw the largest gains in the number of advisers. Gains in traditional financial centers such as New York were more modest.

FIGURE 3F

Growth Has Shifted Away From Traditional Financial Centers

Largest Changes in Number of SEC Registered Advisers by State, 2024 versus 2014



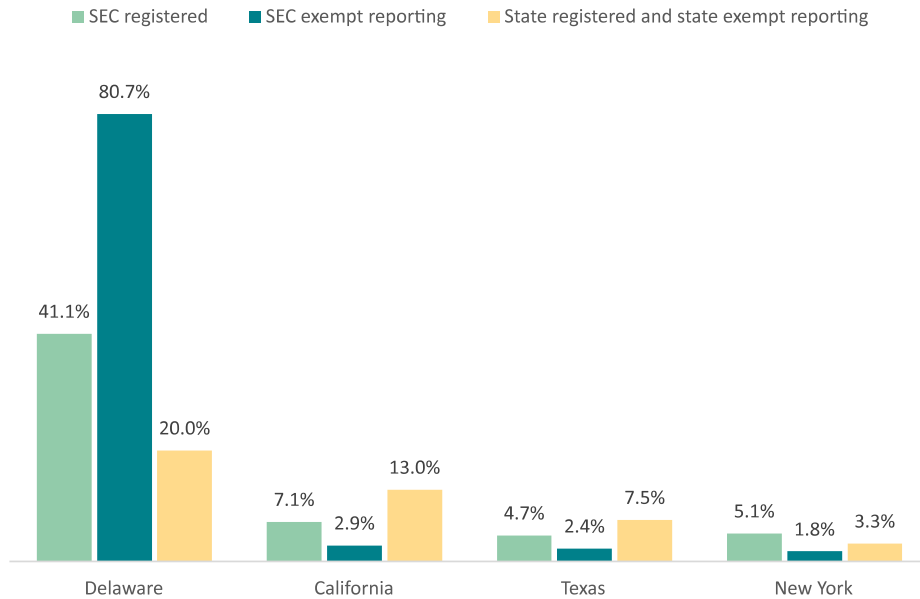


Investment advisers are most likely to be organized in Delaware. However, there are significant differences among SEC registered advisers, SEC ERAs, and state advisers with regard to state of organization. In 2024, over 80% of SEC ERAs were organized in Delaware, while states of organization for SEC registered and state advisers were more broadly distributed throughout the country. As private fund advisers, ERAs are more likely to be organized in Delaware because of its business friendly regulatory and tax treatment of private funds.

FIGURE 3G

Advisers Are Most Likely To Be Organized in Delaware

Percentage of Advisers Organized in State, Top States of Organization, 2024



While most advisers are based in the United States, 853 SEC registered advisers are located in other countries (5.4% of advisers). Approximately half of these advisers are based in either the United Kingdom or Canada.

SEC ERAs are more likely than SEC registered advisers to be domiciled outside the United States, likely because the private funds they manage are commonly domiciled outside the United States. In 2024, over 40% of SEC ERAs were non-U.S. based. The most common domiciles were the United Kingdom, Hong Kong, the Cayman Islands, and Singapore, in that order; combined, these domiciles were home for nearly half of the non-U.S. SEC ERAs.

Offices

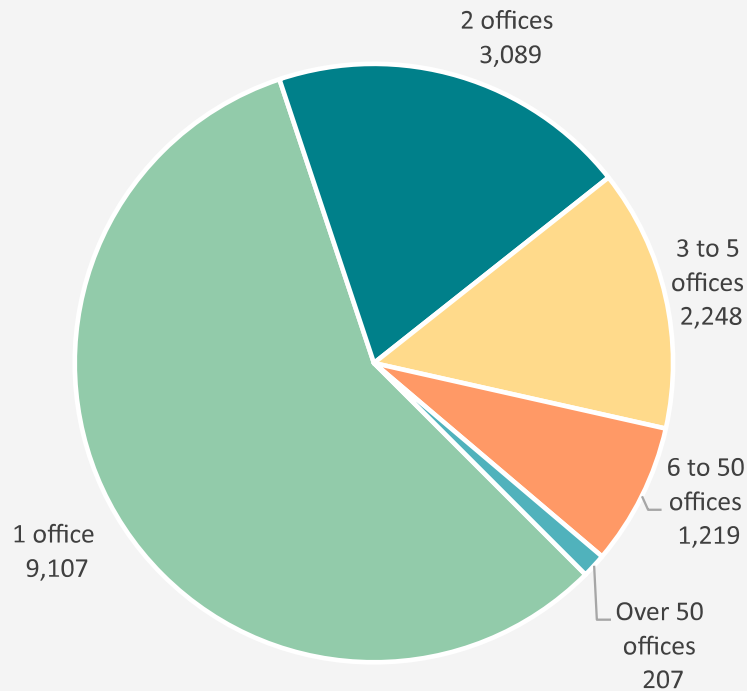
In 2024, over half of SEC registered investment advisers operated from a single office, while over three-quarters had no more than 2 offices.

In 2024, 9.0% of advisers had 6 or more offices, with just 1.3% having over 50 offices. There are 7 advisers with over 3,000 offices each; all but one of these advisers are dual registered with the SEC as both an investment adviser and a brokerage firm.

FIGURE 3H

The Majority of SEC Registered Investment Advisers Operated From a Single Office

Number of Advisers by Number of Offices, 2024

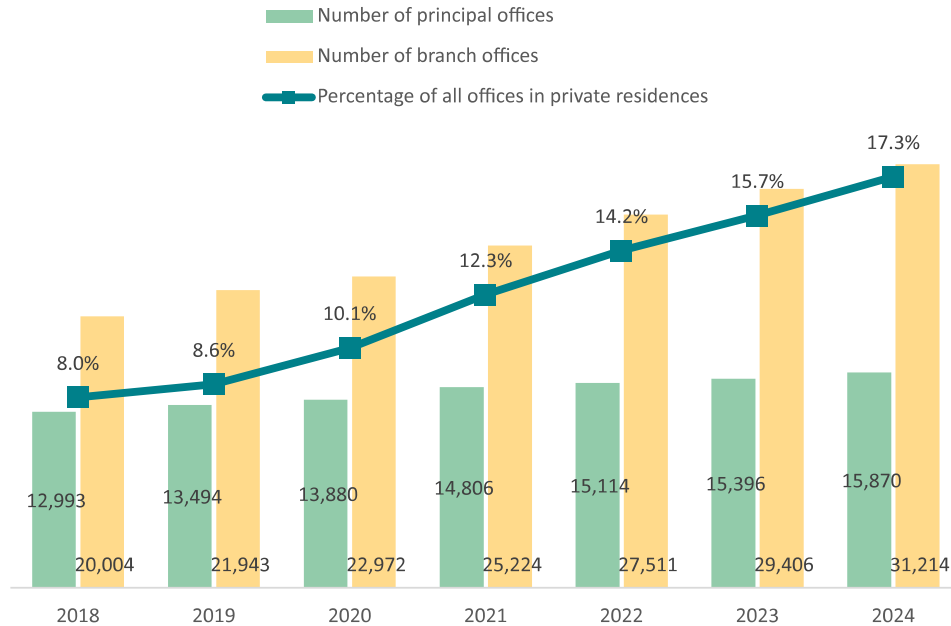


In a trend that accelerated with the pandemic, more SEC registered advisers are reporting offices located in private residences. This trend continued in 2024 despite reports that some advisers are encouraging or mandating a “return to office.”

FIGURE 3I

Adviser Offices Are Increasingly Located in Private Residences

SEC Registered Advisers



Note: 25 largest branch offices only.

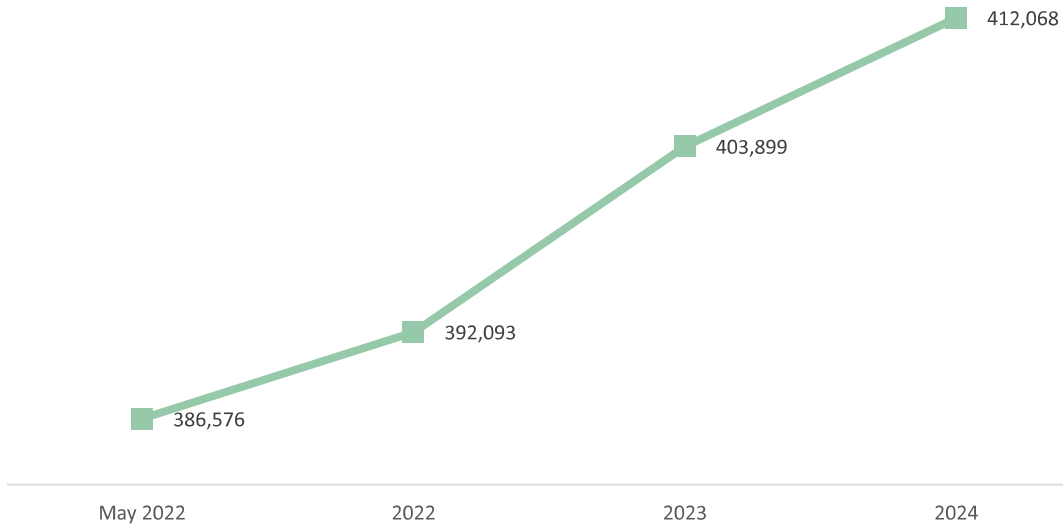
Appendix | Investment Adviser Representatives

Investment adviser representatives (IARs) work with members of the public on behalf of investment advisory firms. Investment advisory firms initiate the registration process by filing Form U4 with FINRA. The data in these forms provides an overview of the IAR community. Except as noted, all data in this section is from forms on file with FINRA at year end.

SEC registered and state registered investment advisers employed over 412,000 IARs at year end 2024. Since May 2022, the number of IARs has increased at a 2.4% annualized rate, roughly in line with the rate of growth in the number of SEC registered advisers.

FIGURE 3J

The Number of Investment Adviser Representatives Has Grown Fairly Steadily Since May 2021



Note: Data at year end, except as noted.

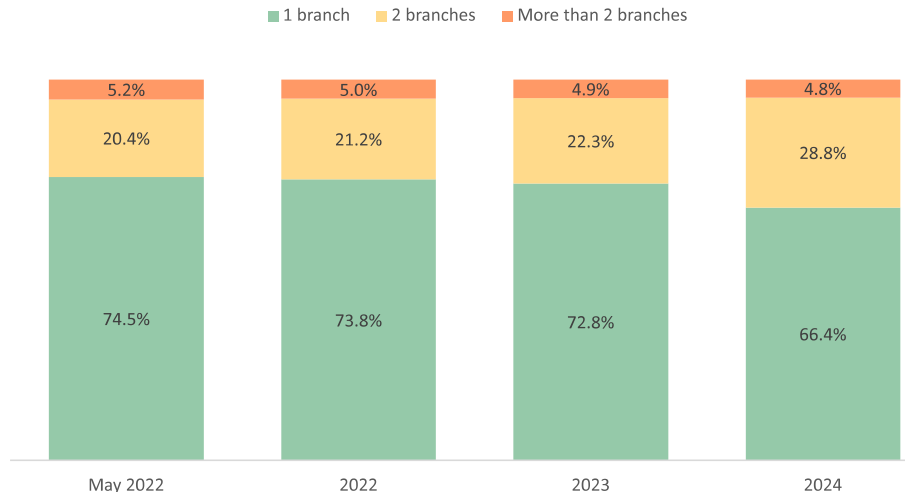
IARs generally work for only one firm; in 2024, 98.3% of IARs were affiliated with a single firm each.

However, IARs are increasingly likely to work in more than one branch office. At year end 2024, roughly one-third of IARs worked from 2 or more branch offices, compared to approximately one-quarter in May 2022. The increase may be the result of the growing popularity of hybrid work, leading to more IARs working from both home and the office.

FIGURE 3K

Investment Adviser Representatives (IARs) Are Increasingly Likely to Work in More Than One Branch Office

Percentage of IARs

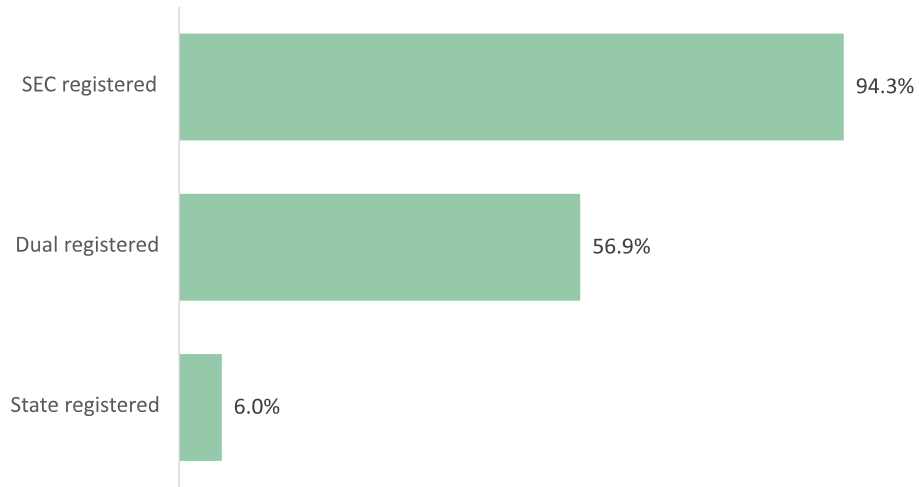


Note: Data at year end, except as noted.

Most IARs are affiliated with SEC registered advisers: in 2024, 94.3% of employment relationships were with SEC registered firms. More than half of employment relationships were with firms that are dual registered with the SEC as both an investment adviser and a brokerage firm.



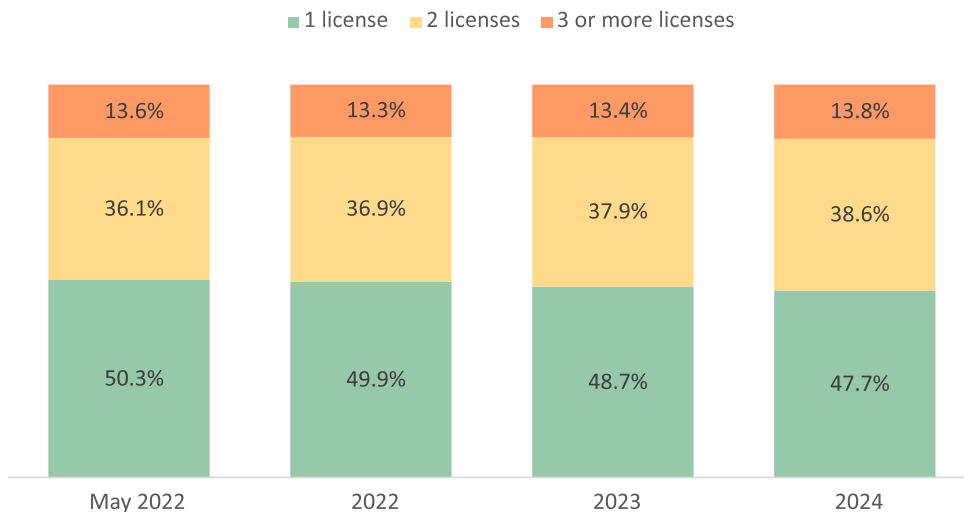
FIGURE 3L
More Than Half of Investment Adviser Representatives (IARs) Were Affiliated With a Dual Registered Firm
 Percentage of Employment Relationships, 2024



Note: Data at year end, except as noted.

IARs generally must be licensed in the states where they work. On average in 2024, an IAR had 2 state licenses. IARs are increasingly likely to be licensed in more than one state; at year end 2024, 52.3% of IARs were licensed in more than one state, compared to 49.7% in May 2022.

FIGURE 3M
Over Half of Investment Adviser Representatives (IARs) Were Licensed in More Than One State
 Percentage of IARs



Note: Data at year end, except as noted.

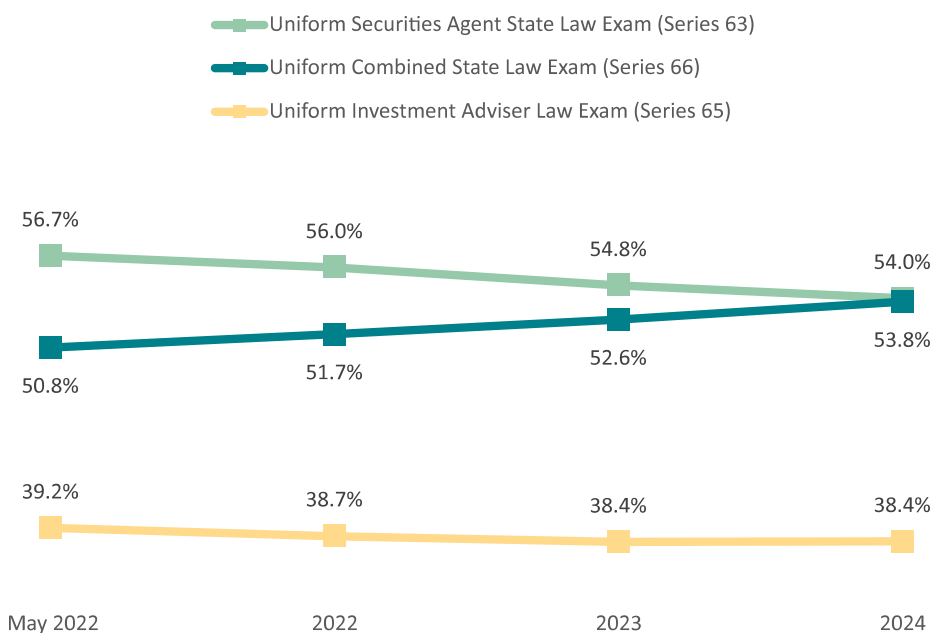
In terms of geographical location, the distribution of IAR licenses among the states was roughly similar to the distribution of investment advisory firms, with 2 notable exceptions:⁴

- 16.8% of IAR licenses were in Texas. For comparison, only 8.1% of investment advisers had their address in the state. Advisers registered in Texas are required to license at least 1 IAR in the state.
- Just 8.0% of licenses were in California, even though 17.1% of advisers reported an address there.

With regard to qualifying exams, IARs are increasingly likely to have taken the Uniform Combined State Law Exam (Series 66), which, along with a General Securities Representative Exam (Series 7), qualifies an individual to be licensed as a representative of both an investment adviser and a brokerage firm. At year end 2024, 53.8% of IARs had taken the exam, compared to 50.8% in May 2022. In contrast, IARs were less likely to have taken the Uniform Securities Agent State Law Exam (Series 63) or the Uniform Investment Adviser Law Exam (Series 65).

In line with prior years, at year end 2024, 97.4% of IARs had taken at least one exam.

FIGURE 3N
Investment Adviser Representatives (IARs) Were Increasingly Likely to Have Taken the Series 66 Exam
 Percentage of IARs



Note: Data at year end, except as noted.

Some IARs hold additional designations. The most common designation is the Certified Financial Planner (CFP) designation, which is increasing in popularity. At year end 2024, 13.9% of IARs held the designation, versus 12.2% in May 2022.

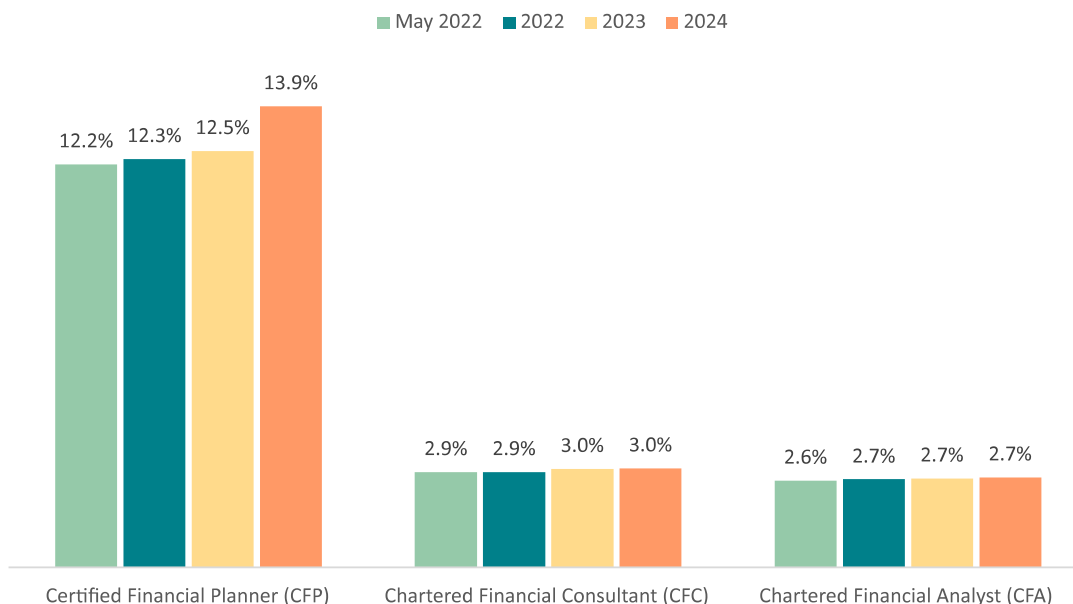
Only 3.0% of IARs were Chartered Financial Consultants (CFCs), and just 2.7% were Chartered Financial Analysts (CFAs).

⁴Excludes registrations with restricted/limited status.

FIGURE 30

Investment Adviser Representatives (IARs) Are Increasingly Likely To Be Certified Financial Planners (CFPs)

Percentage of IARs; Most Common Designations



Note: Data at year end, except as noted.

As part of the information required in the IAR registration, firms disclose certain events, including criminal convictions, regulatory actions, civil judicial actions, customer-initiated actions, termination of employment, and bankruptcy.

At the end of 2024, 85.2% of IARs had no disclosures. For comparison, in May 2022, 83.3% of IARs had no disclosures. Both consumer complaints and bankruptcy filings decreased over the period.

Of the IARs making a disclosure, 86.6% reported an issue in only one category. Over half of disclosures are from consumer complaints.

TABLE 3A

Consumer Complaints Were the Most Common Type of Disclosure

Percentage of Investment Adviser Representatives (IARs)

Disclosure Type	May 2022	2024
Consumer-initiated complaint, arbitration, or civil litigation	11.1%	10.0%
Criminal conviction	1.8%	1.8%
Filed for bankruptcy	2.4%	1.6%
Employment terminated	1.5%	1.5%
Regulatory action	1.5%	1.4%
Unsatisfied judgments or liens	1.0%	0.9%

4

Compensation

In 2024,

95.5%

of SEC registered investment advisers offered a fee based on a client's assets under management.

49.9%

of advisers offered a fixed fee or an hourly fee (or both).

HIGHLIGHTS

Compensation structures for advisory services align advisers' interests with their clients' interests.

In 2024, 78.1% of advisers offered asset-based fee arrangements in combination with other fee types, such as fixed fees, performance fees, or hourly fees.

Only 4.7% of advisers did not offer a fee based on assets under management; these advisers accounted for nearly one-quarter of the industry's non-asset management clients and over one-fifth of the industry's non-high net worth clients.

The percentage of advisers that report receiving soft dollar research reached a new low in 2024, falling to 34.7% of advisers.

In 2024, over 94% of advisers had discretionary authority to determine securities to buy and sell in their clients' portfolios and in what amount. In other words, almost all advisers had the authority to manage their clients' investments on an ongoing basis.

Alignment With Client Interests

Compensation structures for advisory services align advisers' interests with their clients' interests. Through asset-based fees and performance fees, advisers link their compensation to the success of their clients' investments. By charging fixed and hourly fees for some services, advisers can provide services other than portfolio management, such as financial planning, in a cost-effective manner.

Almost all SEC registered advisers receive compensation in the form of asset-based fees. These fees are structured as a percentage of client assets under management, which result in adviser compensation increasing or decreasing with the value of the assets under management.

TABLE 4A

Asset-Based Fees Are the Most Common Form of Compensation

Percentage of SEC Registered Advisers Offering Fee Type, 2024

Fee Type	% of Advisers
Based on assets under management	95.5%
Fixed	45.2%
Performance	36.1%
Hourly	28.9%
Other	14.3%
Commissions	2.0%
Subscription	1.1%

However, only 17.4% of advisers were compensated through fees based on assets under management alone. Most advisers offered asset-based fees along with other types of fee arrangements, such as fixed fees, hourly fees, and performance fees (78.1% of advisers in 2024).

Most commonly, advisers earn fixed fees and/or hourly fees in addition to asset-based fees, which are typically charged for portfolio management services (34.8% of advisers in 2024). Fixed or hourly fees are often charged for discrete, one-time services such as the development of a financial plan. In 2024, approximately half of advisers (49.9%) – and over 85% of advisers offering financial planning services – offered either a fixed fee or an hourly fee (or both).

The second most common fee combination was an asset-based fee together with a performance fee (23.7% of advisers in 2024). This compensation arrangement is particularly common in private funds; in 2024, 58.1% of advisers that manage one or more private fund were compensated only through asset-based fees and performance fees.

In 2024, only 4.7% of advisers did not offer a fee based on assets under management. While this is a small group of firms, they accounted for nearly one-quarter of the industry's non-asset management clients and over one-fifth of the industry's non-high net worth clients.

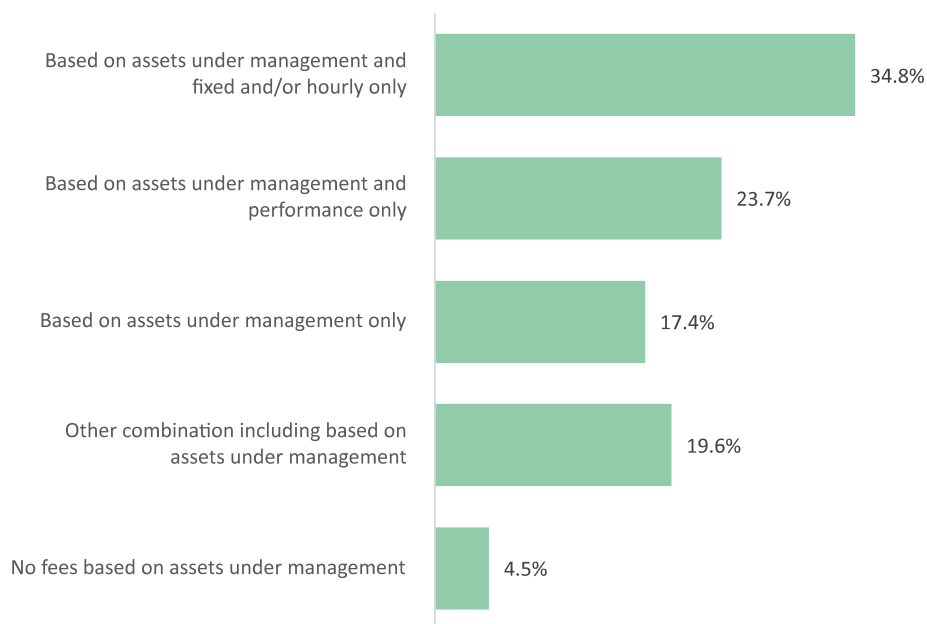
Of the firms that don't charge an asset-based fee, over half offered a fixed fee or a subscription fee. Many large digital advice platforms charge fixed or subscription fees, but not asset-based fees.

The largest firms (in terms of assets under management) that did not charge fees based on those assets were compensated under cost or “cost-plus” reimbursement arrangements. In these arrangements, the adviser’s fee equals its costs of providing advisory services or its costs plus a fixed percentage. Cost or cost-plus arrangements are most common among affiliated entities. For example, an investment adviser provides asset allocation advice for an investment program managed by an affiliated brokerage firm. For providing these services, the investment adviser receives a fee from the brokerage firm that equals its costs plus a fixed percentage.

FIGURE 4A

Most Advisers Offer Asset-Based Fees in Combination With Other Fees

Percentage of SEC Registered Advisers Offering Fee Type(s), 2024



Looking at trends over time, over the past 24 years, performance fees have become more common (+13.7% as a percentage of advisers); most of this increase occurred in 2011, when private fund advisers, which generally charge performance fees, were required to register with the SEC for the first time. The use of performance fees has actually declined in the past decade; while performance fees are almost universally offered by private fund advisers, they have become less popular with other advisers.⁵

Fixed fees have also become more common since the year 2000 (+9.0%, including +3.7% within the last 10 years). The growth in digital advice platforms is likely a factor driving this increase.

In contrast, commissions have become less common since 2000 (-10.0%), with usage declining fairly steadily over the 24-year period.⁶

For detail see Data Table 4A ([available online](#)).

⁵Advisers may only offer performance fees to “qualified clients” who have assets or net worth above a specified threshold.

⁶To be able to offer commissions as a fee option, investment advisers must be dual registered as a brokerage firm or licensed to sell insurance products such as fixed annuities.

Interest and Participation in Client Transactions

Advisers may have a financial interest in or participate in client-related transactions. These interests or participations may create conflicts of interest and must be disclosed in Form ADV.

For detail see Data Table 4B ([available online](#)).

Buying or selling securities recommended to clients

Buying or selling securities recommended to clients is the most common interest or participation in non-trading transactions. In 2024, 77.5% of advisers reported that their firm, their employees, or other related parties engage in this practice, with the percentage of advisers engaging in this practice reaching a new high.

When an adviser buys or sells securities that it recommends to clients, the adviser's interests are aligned with client interests, including where portfolio managers are investing alongside their clients. However, investing in securities recommended to clients has the potential to result in a conflict of interest if the adviser gains an advantage over the client in some way, perhaps by front-running the client's transaction or by preferentially allocating trades.

Soft dollar research

In 2024, 34.7% of advisers reported that they received soft dollar research, meaning that they used client commissions to purchase research or brokerage services. However, adviser use of soft dollar research has been declining, reaching another new low in 2024. Fewer soft dollars are available because equity commission rates have fallen (to zero in some instances). In addition, regulatory action in Europe has made the use of soft dollars more cumbersome for advisers with European clients.

Over 90% of advisers receiving soft dollar research in 2024 reported that the research is eligible for the "safe harbor" under Section 28(e) of the Exchange Act.



TABLE 4B

Interest and Participation in Client-Related Transactions (Except Trading-Related)

Percentage of SEC Registered Advisers

	2014	2024
Investments in Recommended Securities		
Buy or sell securities recommended to clients	75.4%	77.5%
Soft Dollar Research		
Receive soft dollar research	44.2%	34.7%
Interest in Investments Recommended to Clients		
Recommend proprietary products	25.4%	19.8%
Recommend securities underwritten by related brokerage firm	23.8%	16.0%
Sales interest in recommended investments	10.5%	7.7%

Recommend proprietary products

Advisers have also become less likely to recommend proprietary products (meaning investment vehicles that are owned or managed by the adviser or an affiliate and therefore generate revenue for the adviser or an affiliate). The percentage of advisers making these recommendations has fallen 5.6% since 2014. This trend is at least partly driven by the decline in the percentage of advisers that are dual registered as or affiliated with a brokerage firm, but increased regulatory focus on the sale of proprietary products likely also played a role.

Recommend securities underwritten by a related brokerage firm

The percentage of advisers that recommend securities underwritten by a related brokerage firm declined significantly over the past 10 years. This decline is likely the result of the decrease in the percentage of advisers affiliated with brokerage firms. In 2024, only 15.8% of advisers were dual registered as or affiliated with a brokerage firm, down from 22.2% in 2014.

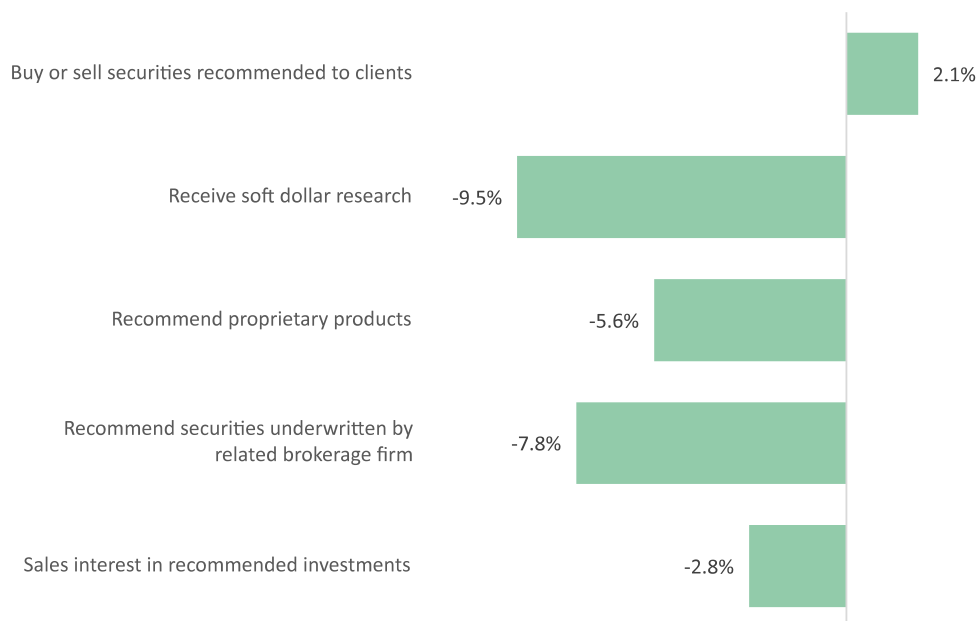
Sales interest in recommended investments

The percentage of advisers with a sales interest in recommended investments also declined, by 1.6% over the 10 years ended 2024.

FIGURE 4B

Adviser Interest and Participation in Client Transactions Has Declined

Change in Percentage of SEC Registered Advisers, 10 Years Ended 2024



Note: Excludes trading-related transactions.



Interest and participation in trading transactions

Advisers continue to play an important role in arranging purchase and sales transactions in their clients' portfolios as part of their portfolio management services.

In 2024, over 94% of advisers had discretionary authority to determine which client securities to buy and sell and in what amount. Over 90% of advisers either determined or recommended the brokerage firm to execute those buys and sells, and, of those firms, over three-quarters had the discretionary authority to determine the commission rate to be paid on those transactions. (Note that advisers reporting that they have discretionary authority over trading transactions may have that authority in some, but not all, client accounts.) In other words, almost all advisers had authority to manage their clients' investments on an ongoing basis.

TABLE 4C
Interest and Participation in Trading Transactions
Percentage of SEC Registered Advisers

	2014	2024
Discretionary authority to determine client securities to be bought and sold	92.4%	94.3%
Discretionary authority to determine amount of client securities to be bought and sold	92.4%	94.2%
Determine or recommend broker for client transactions	91.2%	90.9%
Discretionary authority to determine commission rate on client transactions*	86.8%	78.4%
Engage in principal transactions with clients	7.8%	7.5%
Use or recommend affiliated broker for client transactions	9.8%	6.0%
Execute agency cross transactions for clients	3.8%	2.2%

*As a percentage of advisers determining broker for client transactions.

Adviser involvement in client trading has remained relatively stable over the past 10 years, with 2 exceptions:

- Over the past 10 years, the number of advisers using or recommending affiliated brokerage firms has declined by 3.8%, reflecting the decline in the share of advisers with affiliated brokerage firms.
- In addition, the percentage of advisers with discretionary authority to determine the commission rate on client transactions has fallen sharply. The decline is likely the result of changing business models, including greater use of custodial arrangements that include predetermined commission rates or “manager of manager” investment approaches where a sub-adviser handles transactions.



Investment Insights

In 2024,

73.3% of SEC registered advisory firms provided asset management services for individuals and institutions in separately managed accounts.

11,413 SEC registered and exempt reporting advisers managed

\$31.9 trillion in gross assets in

111,786 private funds.

HIGHLIGHTS

In 2024, only 10.7% of advisers managed registered funds such as mutual funds and exchange-traded funds (ETFs).

The number of SEC registered advisers managing private funds has increased in every year since 2011 (from 3,979 to 5,670 in 2024) though the percentage of advisers managing private funds has declined (from 37.9% in 2011 to 35.7% in 2024).

The number of hedge funds managed by SEC registered advisers declined for the second year in a row, though the 2024 decline was small (65 funds or -0.5%). In contrast, assets in those hedge funds experienced a strong gain of 14.6%. Hedge funds remain the largest private fund category in terms of assets, while private equity and venture capital funds were the most common in terms of number of funds.

Most private funds are small. In 2024, over two-thirds of private funds had less than \$100 million in gross assets.

In 2024, the number of advisers participating in wrap programs fell for the third year in a row, falling by 1.0% to 1,980 advisers. Assets in wrap programs that advisers participated in gained 18.5%.

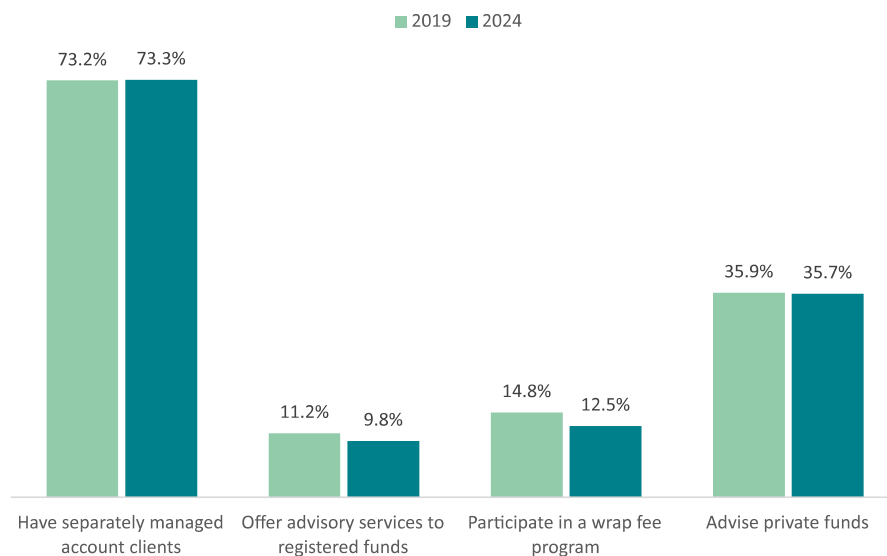
Overview

Form ADV Part 1 provides insights into separately managed accounts, registered funds, wrap fee programs, and private funds.

In 2024, SEC registered advisers were most likely to have separately managed accounts or advise private funds (73.3% and 35.7% of advisers, respectively). Only 9.8% advised registered funds, and only 12.5% participated in a wrap program.

Compared with 5 years previously, advisers were less likely to offer advisory services to registered funds or participate in a wrap fee program.

FIGURE 5A
SEC Registered Advisers Are Most Likely to Have Separately Managed Accounts
Percentage of SEC Registered Advisers



Separately Managed Accounts

Separately managed accounts (SMAs) are all portfolio management accounts except pooled investment vehicles. In other words, SMAs are the accounts that advisers manage for individual and institutional investors.

In 2024, 11,636 SEC registered advisers managed SMA assets (73.3% of all advisers). Of these advisers, 594 managed at least \$10 billion in SMA assets (3.7% of all advisers). The percentage of advisers managing SMA assets has been steady since 2018.

The investment approach for SMAs differs significantly between larger and smaller advisers. Compared to advisers with at least \$10 billion in SMA assets, in 2024, smaller SMA advisers (with less than \$10 billion in SMA assets) were likely to:

- Use registered funds more extensively. (Registered funds include open-end mutual funds and exchange-traded funds (ETFs).) In 2024, 31.3% of smaller SMA advisers invested more than half of client assets in registered funds, compared to 17.8% of larger SMA advisers.

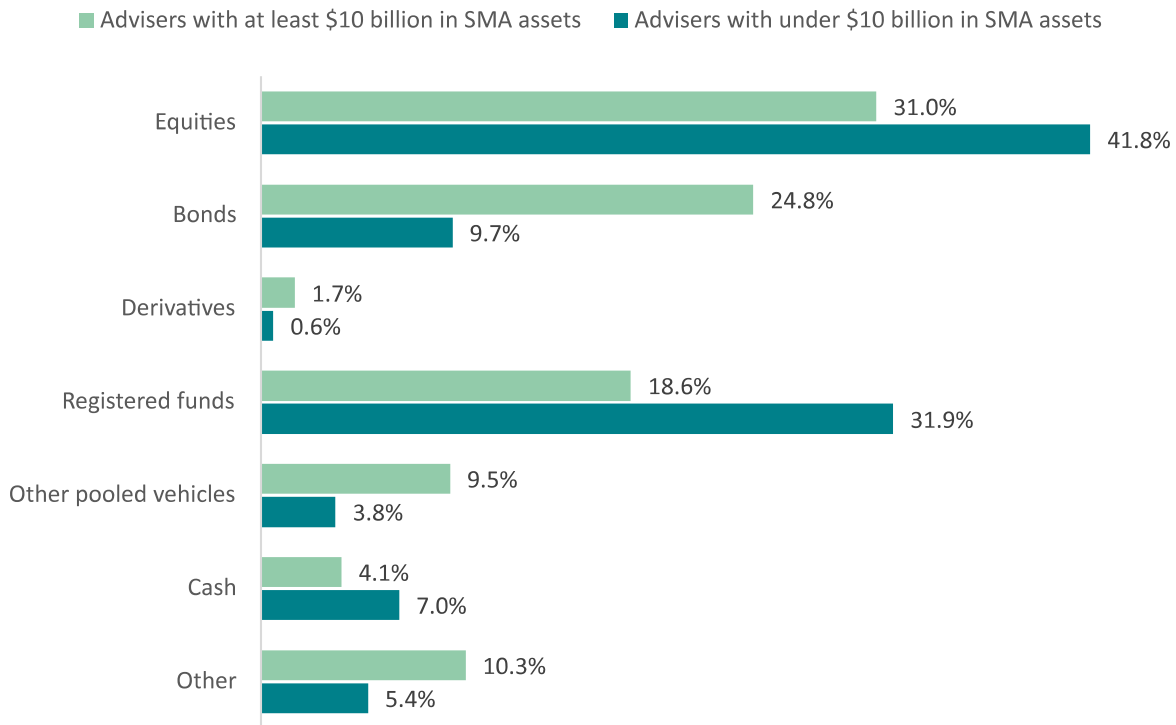
- Have a lower exposure to bonds. The difference between larger and smaller SMA advisers is largest in corporate bonds, but smaller advisers have lower weightings in all bond categories.
- Invest more heavily in listed equities.

In 2024, roughly 70 advisers indicated that they invested in cryptocurrencies or other digital assets in SMA accounts, compared to 35 advisers in 2023.

FIGURE 5B

Larger and Smaller Advisers Had Different Approaches to Investing Separately Managed Accounts (SMAs)

Asset Allocation of SMA Assets Under Management for SEC Registered Advisers by Size of SMA Assets, 2024



Note: Fiscal year-end data.

In Form ADV, advisers provide information on the use of borrowings and derivatives in SMAs. In 2024, 2,049 advisers used borrowings in separately managed accounts, while 2,232 advisers used derivatives (17.6% and 19.2% of advisers with SMA assets, respectively). These percentages have been stable over the past 4 years.

Advisers using borrowings and derivatives report gross notional exposure in Form ADV. This data shows that larger SMA advisers (those with at least \$10 billion in SMA assets) use borrowings and derivatives more extensively in SMAs than smaller SMA advisers (those with under \$10 billion in SMA assets). At larger advisers, a greater percentage of SMA advisers use borrowings or derivatives, and gross notional exposure tends to be higher. However, over the past 5 years, larger advisers have become less likely to use borrowings and derivatives in SMAs, while smaller advisers have become more likely to do so.



TABLE 5A

Use of Borrowings and Derivatives in Separately Managed Accounts (SMAs)

Percentage of SEC Registered Advisers in Size Category

	2019	2024
Advisers with at least \$10 billion in SMA assets		
Use of borrowings in SMAs	37.8%	35.5%
Use of derivatives in SMAs	61.5%	54.7%
Advisers with under \$10 billion in SMA assets		
Use of borrowings in SMAs	11.3%	12.0%
Use of derivatives in SMAs	11.5%	12.4%

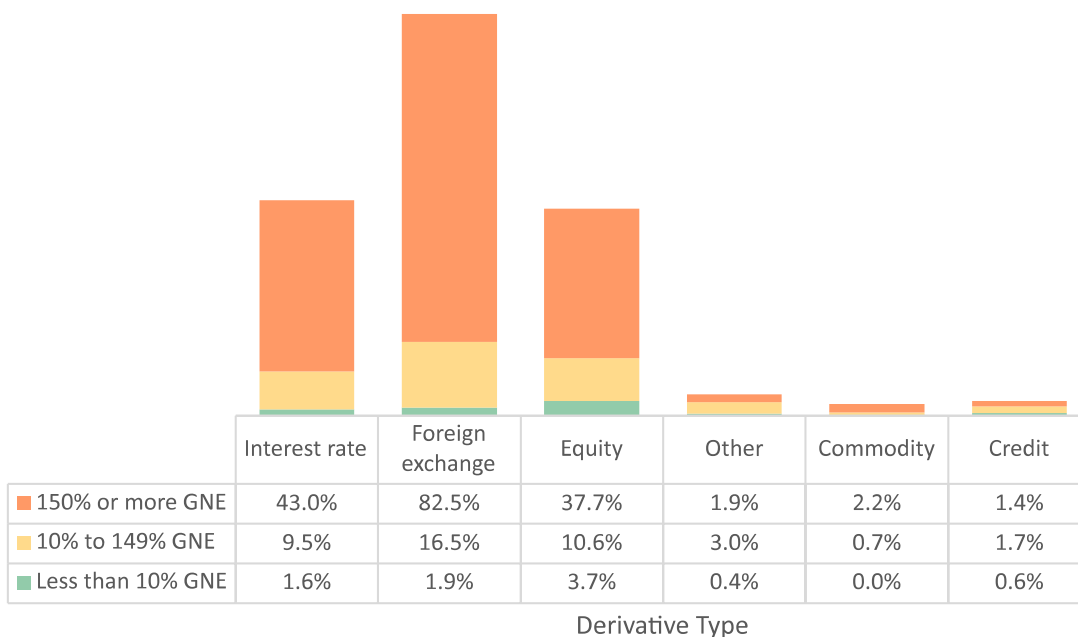
Advisers also provide information on the dollar value of borrowings in SMAs. Borrowings represent a higher proportion of gross notional exposure for smaller advisers.

Larger advisers are also required to provide data on the usage of different types of derivatives. (Smaller advisers are not required to provide this data but sometimes do.) In 2024, advisers were most likely to use interest rate and foreign exchange derivatives, especially in accounts with over 150% gross notional exposure. Their use of equity derivatives was also significant.

FIGURE 5C

Advisers Used Interest Rate and Foreign Exchange Derivatives Most Extensively

Gross Notional Value as a Percentage of Assets Under Management for Accounts of SEC Registered Advisers in Gross Notional Exposure (GNE) Range, 2024



Note: Advisers are not required to provide this information for separately managed accounts with less than \$10 million in assets.

Registered Funds

Registered funds are funds registered with the SEC under the Investment Company Act of 1940, most commonly investment companies and business development companies. Investment companies include open-end mutual funds, exchange-traded funds (ETFs), closed-end funds, and unit investment trusts.

In 2024, the number of advisers reporting that they had registered fund clients fell slightly to 1,699 (10.7% of advisers), from 1,702 in 2023. The number of advisers with registered fund clients has been relatively steady over the past 7 years.

Of the 1,699 advisers with registered fund clients, 1,558 provided portfolio management services to registered funds. Other advisers provided other types of advisory services to registered funds, such as securities ratings services. Only 425 advisers had registered fund clients exclusively.

In Form ADV, advisers reported managing \$49.7 trillion in assets for 24,092 registered fund clients. These asset numbers are significantly higher than the \$39.2 trillion in assets at year end 2024 reported by the Investment Company Institute (ICI).⁸ More than one adviser may manage assets for the same fund, either as a sub-adviser or as part of a fund of funds structure; the ICI data excludes these overlaps from asset totals.

The 24,092 registered fund clients reported in Form ADV are also significantly higher than the 16,338 funds offered to the public at year end 2024 as reported by the ICI. Again, more than one adviser may manage assets for the same fund, and only a portion of these overlaps is reflected in the number of funds in the ICI data. In addition, advisers may report funds as clients when they provide advisory services other than portfolio management.

Advisers managing registered fund assets reported \$58.1 trillion in parallel managed accounts in 2024, compared to \$56.6 trillion reported in 2023. A parallel managed account is another account managed by the adviser that pursues substantially the same investment objective and strategy and invests side by side in substantially the same positions as the registered fund.

Wrap Fee Programs

In a wrap fee program, a client receives a combination of services for an all-inclusive wrap fee. The services generally include brokerage, trading of securities, custody of assets, and administrative services in addition to investment advice. The wrap fee is normally based on assets under management, and brokerage costs are included.

An investment adviser may sponsor a wrap fee program of its own, or the investment adviser may be a portfolio manager in another firm's wrap fee program, or both.

In 2024, the number of advisers participating in wrap fee programs (as a sponsor or portfolio manager or both) fell for the third year in a row, while the percentage of advisers participating in these programs declined for the sixth year in a row.

The decline in the percentage of advisers may be at least partly attributable to the increasing number of advisers managing private funds. These advisers are less likely to participate in wrap programs.

⁷There is an inconsistency with regard to registered funds. In 2024, 1,558 advisers (9.8%) reported that they offered advisory services to registered funds, while 1,699 (10.7%) reported that they had at least 1 registered fund client. Additionally, the number of advisers with registered fund clients in 2022 was understated in the 2024 edition of the *Investment Adviser Snapshot*.

⁸ICI data in this section is from Investment Company Institute, 2025 Investment Company Fact Book. Includes funds of funds. ICI data does not include business development companies.

The decline may also be attributable to the increasing use of unified managed accounts (UMAs) as an alternative to wrap fee programs. In UMAs, advisers provide portfolio recommendations rather than directly manage client funds. Advisers are not required to report their participation in UMAs in Form ADV.

The introduction of zero-commission trading at some of the largest custodians may also be making wrap accounts less attractive.

Assets in the wrap fee programs that advisers participated in increased by 18.5% in 2024, reflecting strong stock market returns. Longer-term asset growth has been solid, with average annual growth over the past 5 years of 11.4%.



FIGURE 5D

Adviser Participation in Wrap Programs Has Been Declining

Number and Percentage of SEC Registered Advisers That Participate in Wrap Fee Program

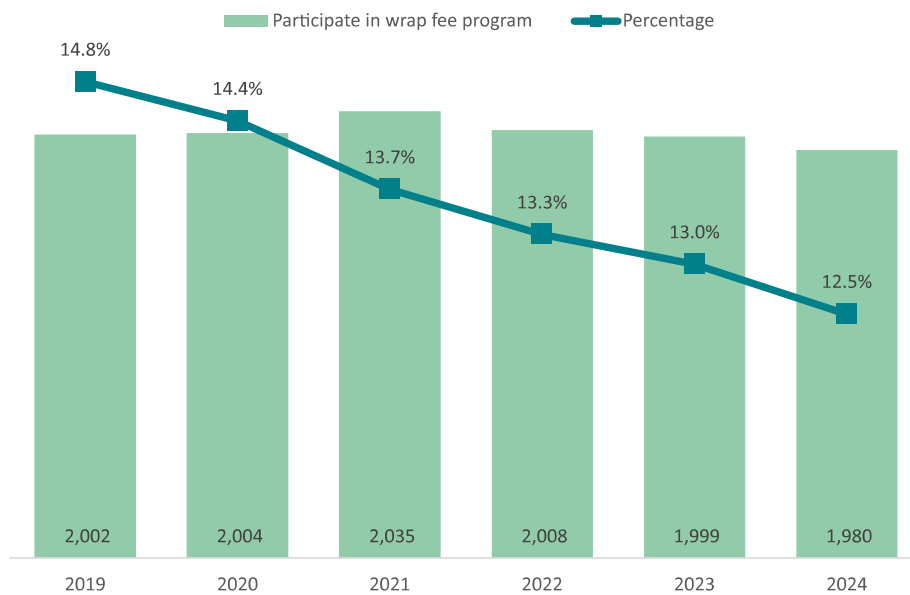
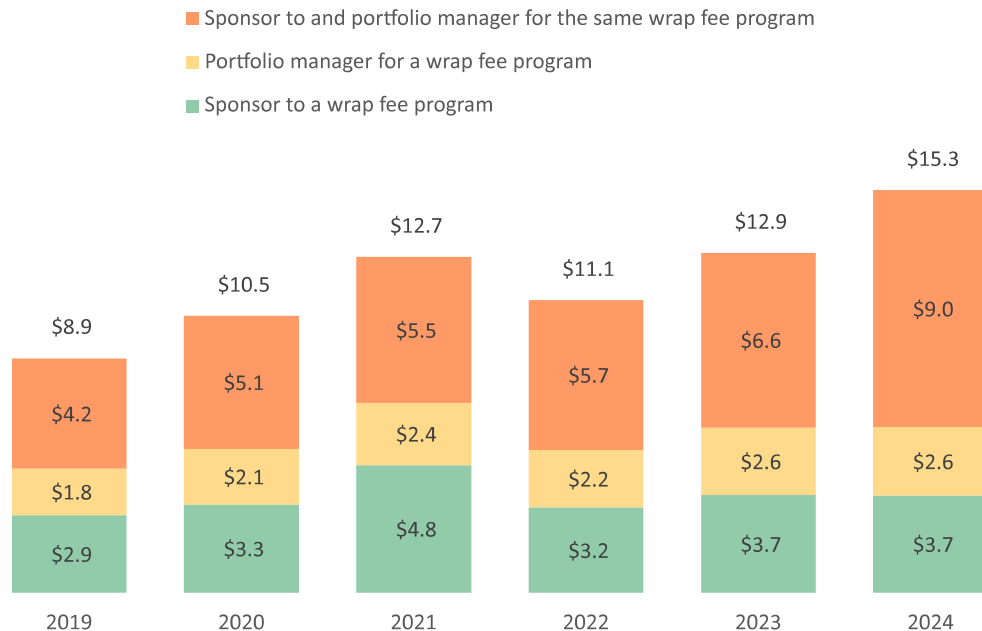


FIGURE 5E

Longer-Term Asset Growth Has Been Solid

Assets in Wrap Fee Programs for SEC Registered Advisers, \$ Trillions



Private Funds

A private fund is a pooled investment vehicle that would qualify to register with the SEC under the Investment Company Act but that is exempt from registration because it limits the number or type of its investors.

However, while the fund itself is exempt from registration, the adviser to the fund may be required to register. In 2024, 5,670 advisers to private funds were registered with the SEC. These advisers managed \$25.6 trillion in 62,203 private funds. The number of SEC registered advisers managing private funds has increased in every year since 2011 (from 3,979 to 5,670 in 2024) though the percentage of advisers managing private funds has declined (from 37.9% in 2011 to 35.7% in 2024).

Other advisers to private funds may be exempt from registration if they advise less than \$150 million in private funds or only venture capital funds (and have no other clients). These “exempt reporting advisers” (ERAs) must file and answer certain questions in Form ADV Part 1 but are not required to complete the other sections of Form ADV. In 2024, there were 5,743 ERAs reporting to the SEC. These advisers managed \$6.3 trillion in gross assets in 49,583 private funds. Over one-third of these advisers are exempt because they are advisers only to venture capital funds, while approximately two-thirds are exempt because they advise private funds with less than \$150 million in assets.

A single ERA that provides an online platform for launching a venture capital fund accounted for 19,028 of the funds managed by ERAs. The funds on this platform are generally quite small, with an average size of \$1.2 million in gross assets.



Excluding this online platform from the ERA data provides a better comparison with the private funds managed by SEC registered advisers. On average, ERAs excluding the online platform managed fewer funds (5 versus 11 for SEC registered advisers), and the average fund managed by an ERA was smaller (\$207.1 million in gross assets versus \$411.4 million for SEC registered advisers).

In total in 2024, 11,413 SEC registered advisers and ERAs (including the online platform) managed \$31.9 trillion in gross assets in 111,786 private funds.

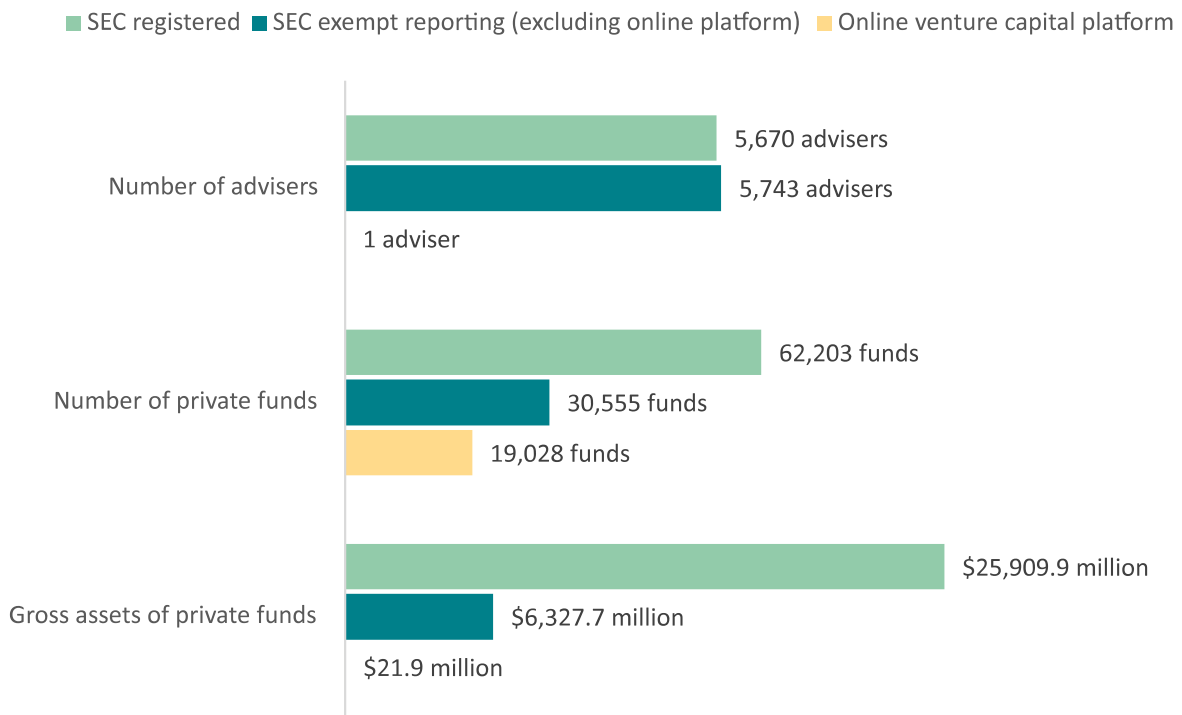
Note that an additional 4,871 advisers reported that they manage private funds; these are advisers that are registered with state regulators or that have filed with state regulators as ERAs (23.8% of state registered advisers are exempt reporting advisers). Information about the funds they manage is not available, and they are not included in this discussion.

SEC registered advisers managing more than \$150 million in private fund assets must provide additional information about those funds to the SEC by filing Form PF. Large hedge fund advisers and liquidity fund advisers must file Form PF quarterly, while other advisers must file annually. The SEC regularly publishes summary information from Form PF filings, but detailed information about advisers and funds is not publicly available. All the data in this report is from the information about private funds provided as part of an adviser's filing of Form ADV.

FIGURE 5F

SEC Registered Advisers Managed the Majority of Private Funds and the Bulk of Private Fund Gross Assets

Percentage of Advisers to Private Funds, Number of Private Funds, and Gross Assets of Private Funds by Type of Adviser, 2024

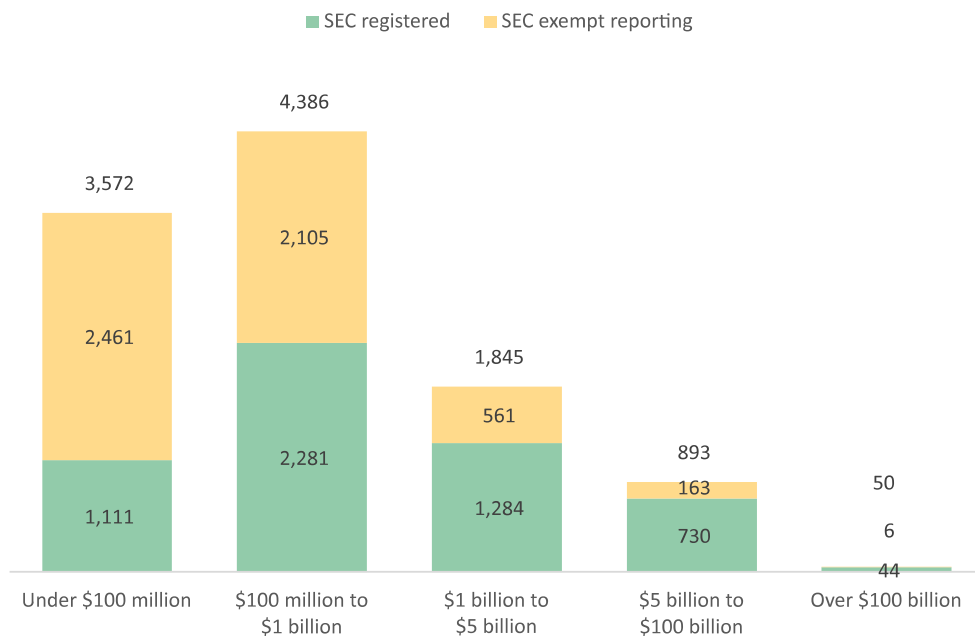


Looking at private fund assets managed, ERAs are generally smaller than SEC registered advisers. However, some ERAs are sizeable, with 13.8% managing at least \$1 billion in gross assets in 2024.

ERAs may report more than \$150 million in gross assets in private funds and not be registered with the SEC for 3 reasons:

- The ERA manages venture capital funds exclusively and, therefore, is not required to register.
- The ERA is based outside the United States. Non-U.S. ERAs can only manage up to \$150 million private fund assets at a place of business in the United States, but non-U.S. ERAs must still report non-U.S. managed funds in Form ADV.
- Assets under management have increased, and the adviser is required to register but has not yet done so. In 2024, 173 advisers reported that they were no longer eligible for ERA status because they manage more than \$150 million in private funds (other than venture capital funds).

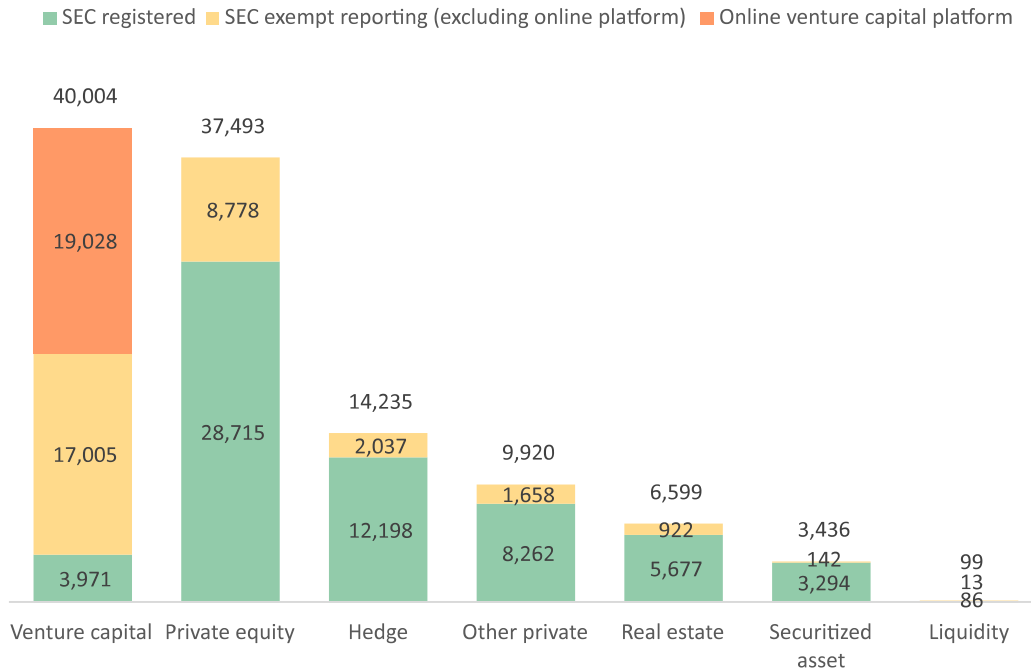
FIGURE 5G
Exempt Reporting Advisers (ERAs) Can Be Sizeable
 SEC ERAs by Private Fund Gross Assets, 2024



Private equity funds and venture capital funds are the most common types of private funds, with hedge funds ranking third.



FIGURE 5H
Venture Capital and Private Equity Funds Were the Most Common Types of Private Funds
 Number of Private Funds, 2024



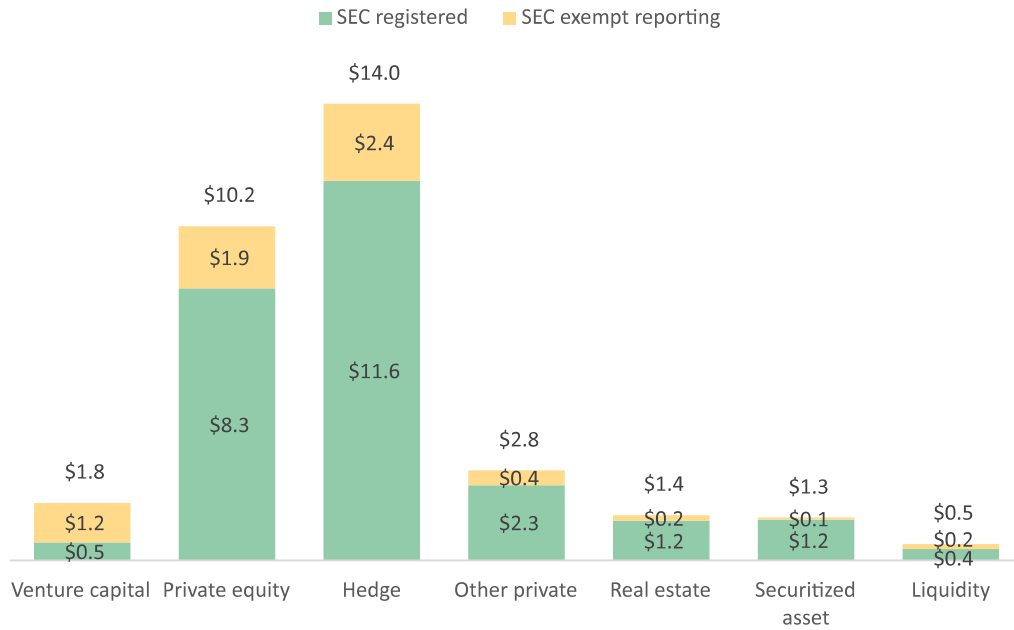
Hedge funds account for a significantly larger proportion of gross assets. While hedge funds account for only 2.7% of the number of funds, they make up 43.7% of private fund gross assets. The average hedge fund has \$981.5 million in gross assets, compared to an average of \$184.2 million for other types of private funds combined.

In terms of average fund size, liquidity funds are the largest, with average gross assets of \$5.1 billion.

FIGURE 5I

Hedge Funds Were Largest in Terms of Gross Assets

Gross Assets of Private Funds, \$ Trillions, 2024

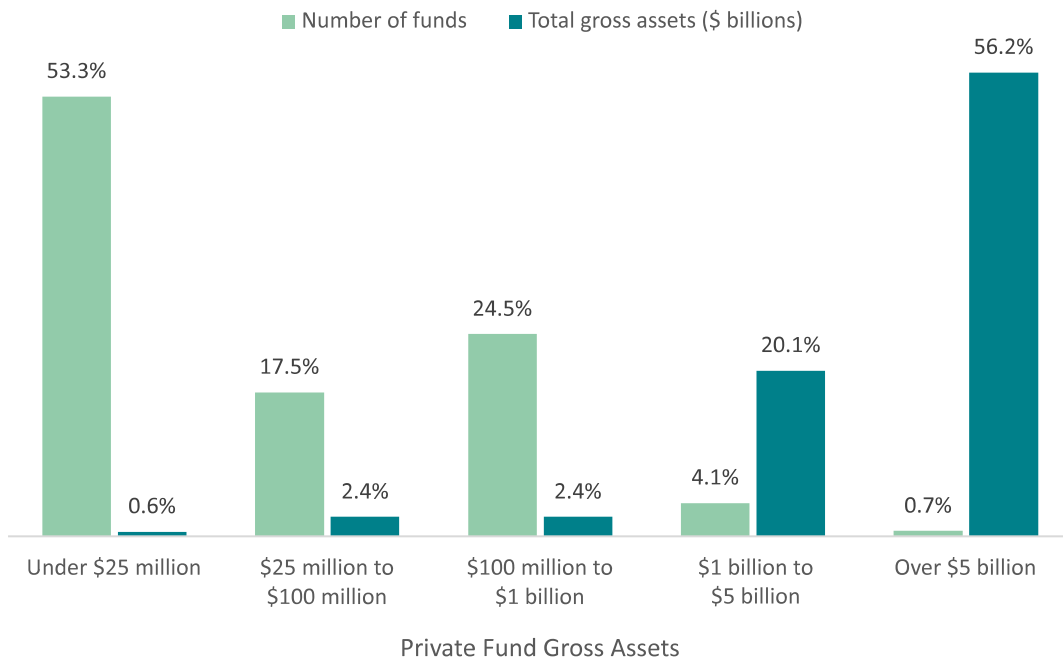


Most private funds are small. In 2024, over two-thirds of private funds had less than \$100 million in gross assets.

FIGURE 5J

Most Private Funds Are Small

Number and Gross Assets of Private Funds, 2024





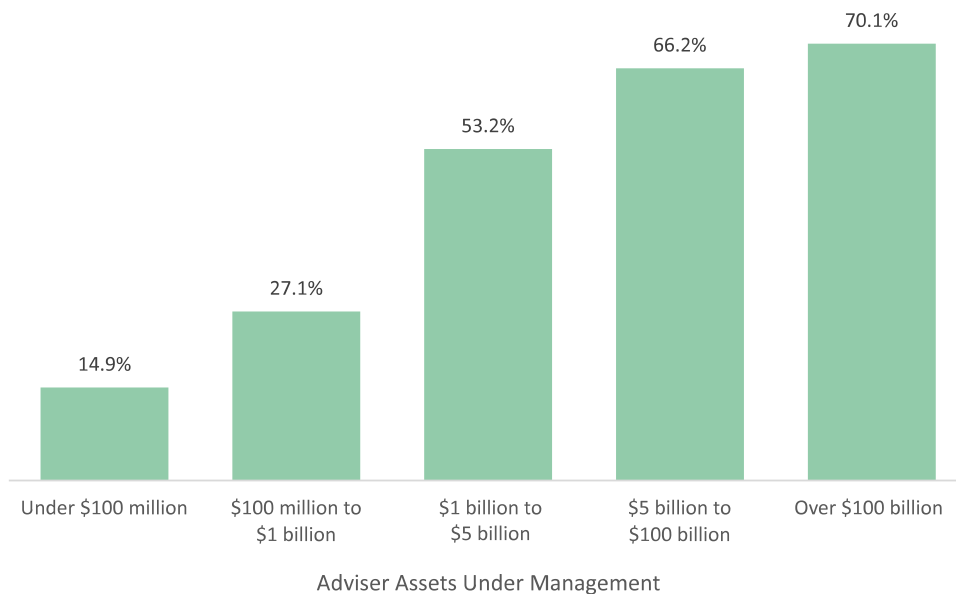
Focusing in on SEC registered advisers, in 2024, 5,670 SEC registered advisers managed private funds (35.7% of all advisers). The percentage of advisers managing private funds has been stable over the past decade. Over 30% of SEC registered private fund advisers manage private funds exclusively.

Larger SEC registered advisers are more likely to manage private funds. For example, in 2024, over two-thirds of advisers with more than \$100 billion in assets under management managed private funds, compared to 27.1% of advisers with \$100 million to \$1 billion in assets. Smaller advisers that wish to manage private funds may elect to specialize so that they may become an exempt reporting adviser.

FIGURE 5K

Larger Advisers Are More Likely to Manage Private Funds

Percentage of SEC Registered Advisers Managing Private Funds, 2024



In 2024, the number of private funds managed by SEC registered advisers increased by 6.6%, to 62,203, a more moderate rate of growth than the 10+% gains in the preceding 2 years.

The number of funds increased in all categories except for hedge funds. The number of hedge funds declined only slightly (by 65 funds or -0.5%), though it was the second year in a row of a decline in the number of hedge funds.

Gross assets in private funds managed by SEC registered advisers also increased in 2024, gaining 11.8% to reach \$25.6 trillion. Roughly half of this growth was from gains in existing funds in a favorable market environment.

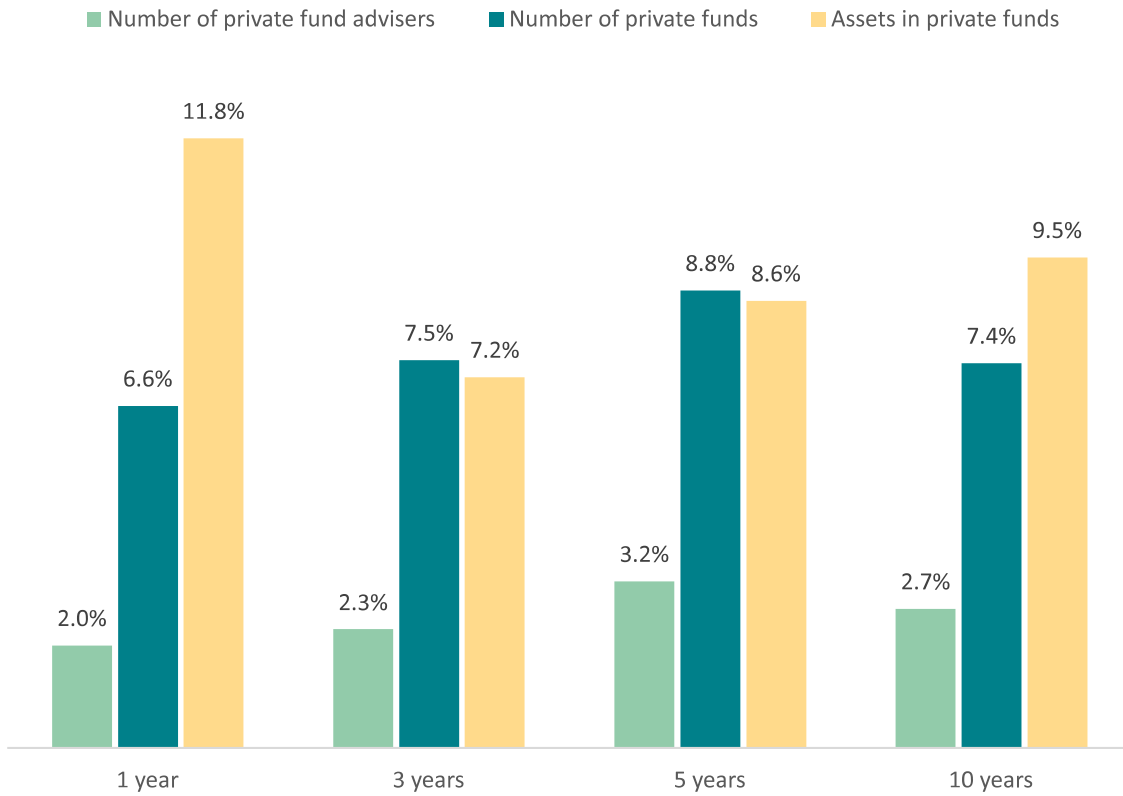
The remaining growth in gross assets resulted from the net new issuance of funds. Approximately 8,400 private funds were introduced in 2024 compared to over approximately 7,500 funds introduced in 2023. Roughly half of the new funds introduced in 2024 were private equity funds. Approximately 4,500 funds were closed in 2024.

Over the past 10 years, the number of SEC registered advisers offering private funds, the number of private funds, and the gross assets in private funds have grown consistently.

FIGURE 5L

Growth in Private Funds Managed by SEC Registered Advisers Has Been Steady

Annual Growth Rates, Periods Ended 2024

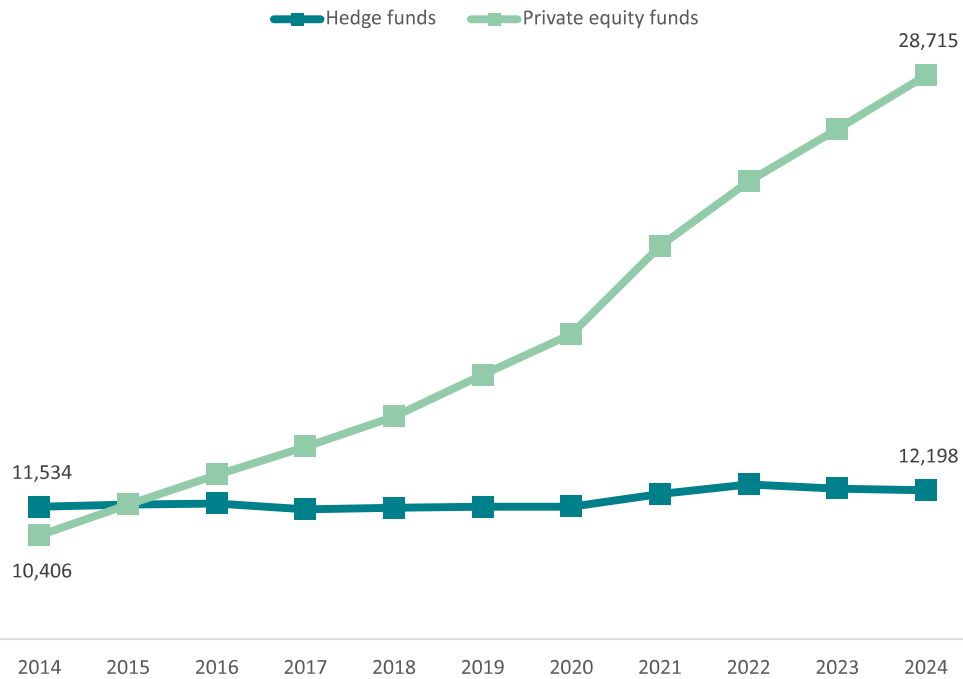


The number of private equity funds has increased by more than 2.7 times in the past 10 years. Private equity managers often raise assets by starting new funds rather than accepting additional investment in existing funds. As a result, private equity funds are nearly half of all private funds, compared to roughly a third in 2014.

In 2024, the number of private equity funds increased by 8.1%, while the number of hedge funds declined slightly.



FIGURE 5M
Growth in the Number of Private Equity Funds Has Been Strong
 Number of Hedge Funds and Private Equity Funds Managed by SEC Registered Advisers



At the same time, gross assets of private equity funds have increased as a percentage of total private fund gross assets, to 32.5% in 2024 from 20.6% in 2014.

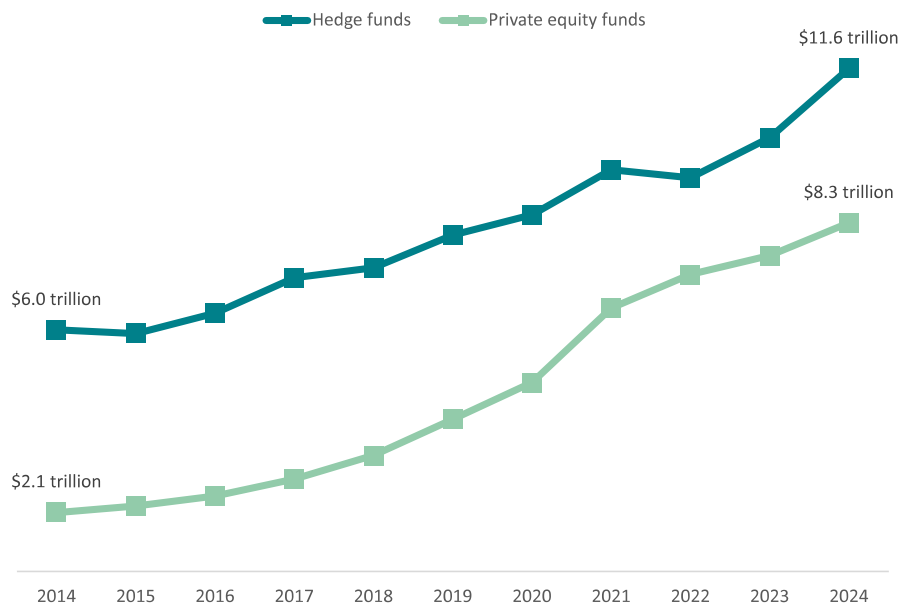
In contrast, the share of private fund gross assets invested in hedge funds declined over the past 10 years, to 45.4% of private fund gross assets in 2024 versus 58.3% in 2014.

However, hedge funds remain the largest category of private funds, with gross assets of \$11.6 trillion, compared to \$8.3 trillion in private equity funds. Hedge funds had a particularly strong year in 2024, with gross assets increasing 14.6%. compared to a 9.2% increase in private equity fund gross assets.

FIGURE 5N

Hedge Funds Have Maintained Their Lead in Gross Assets

Gross Assets of Hedge Funds and Private Equity Funds Managed by SEC Registered Advisers



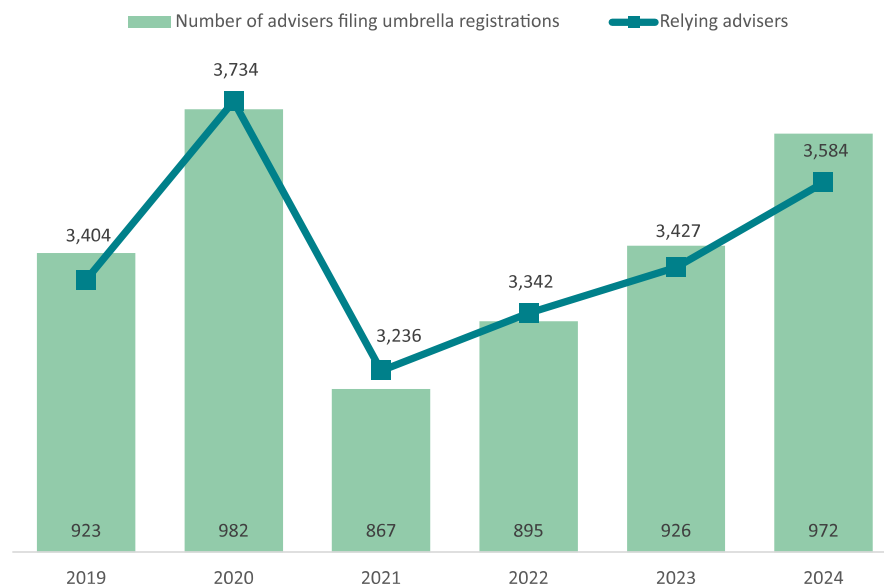
Since 2017, certain groups of private fund advisers have been permitted to file a single Form ADV with the SEC even though each is a distinct legal entity that would otherwise be required to register separately. A single adviser files an “umbrella registration” that covers it and its affiliated “relying advisers.”

The number of advisers filing umbrella registrations increased again in 2024.

FIGURE 5O

The Number of Advisers Filing Umbrella Registrations Increased Again in 2024

Number of SEC Registered Advisers



Appendix | Insights Into Private Fund Operations

Form ADV Part 1 provides detail on the structure and operations of private funds.

The analysis that follows includes private funds managed by SEC registered advisers and exempt reporting advisers (ERAs) but excludes 19,028 funds managed by a single ERA that provides an online platform for launching a venture capital fund.

These 19,028 funds are all registered in the United States; almost all rely on the 3(c)(1) basis for exemption (maximum of 100 investors). The median fund in this group has a \$1,000 minimum investment and 21 owners, with 14% of assets held by non-U.S. persons. Approximately one-third of the funds have another adviser. Only a few are subject to an annual audit. All of the funds use a custodian, administrator, and third-party marketer; assets are valued by a related person.

With the exception of these 19,028 funds, the practices of registered and exempt reporting advisers are generally similar, outside of the basis for exemption. Private funds of registered advisers are more likely to use the 3(c)(7) (qualified purchaser) exemption, while funds of ERAs are more likely to use the 3(c)(1) (number of investors) exemption.

For more detailed information, see Data Tables 5A and 5B ([available online](#)).



TABLE 5B

Private Fund Operational Practices

Percentage of Fund Type (Unless Otherwise Noted) Managed by SEC Registered Advisers and Exempt Reporting Advisers (ERAs) Excluding Online Venture Capital Platform, 2024

Country of Organization			
<i>Fund Type</i>	<i>All</i>	<i>Hedge</i>	<i>Private Equity</i>
United States	69.8%	54.0%	69.7%
Cayman Islands	17.2%	36.7%	14.4%
Other	13.0%	9.3%	15.9%
Basis for Exclusion From Registration			
<i>Fund Type</i>	<i>All</i>	<i>Hedge</i>	<i>Private Equity</i>
3(c)(1) Maximum 100 investors	42.5%	25.2%	38.7%
3(c)(7) Qualified purchasers only	67.0%	79.4%	73.0%
Specialized Fund Types			
<i>Fund Type</i>	<i>All</i>	<i>Hedge</i>	<i>Private Equity</i>
Master fund (in master-feeder arrangement)	11.7%	32.1%	10.6%
Feeder fund (in master-feeder arrangement)	4.1%	9.6%	3.4%
Fund of funds	18.3%	16.5%	19.7%
Fund of funds investing in related fund (of funds of funds)	4.5%	7.4%	5.3%

TABLE 5B, CONTINUED

Private Fund Operational Practices

Percentage of Fund Type (Unless Otherwise Noted) Managed by SEC Registered Advisers and Exempt Reporting Advisers (ERAs)
Excluding Online Venture Capital Platform, 2024

Investments by the Fund			
<i>Fund Type</i>	<i>All</i>	<i>Hedge</i>	<i>Private Equity</i>
Invests in registered funds	3.0%	14.3%	0.4%
Investments and Investors in the Fund			
<i>Fund Type</i>	<i>All</i>	<i>Hedge</i>	<i>Private Equity</i>
Minimum investment			
— Median	\$100,000	\$1 million	\$100,000
— Average	\$5.3 million	\$7.6 million	\$7.4 million
Beneficial owners			
— Median	15	13	15
— Average	209	69	43
Ownership by adviser and related persons			
— Median	1%	1%	1%
— Average	12%	12%	11%
Ownership by funds of funds			
— Median	0%	0%	0%
— Average	12%	11%	16%
Sales limited to qualified clients (of funds relying on 3(c)(1))	25.6%	20.6%	26.9%
Ownership by non-U.S. persons			
— Median	3%	3%	7%
— Average	28%	32%	32%
Clients solicited	14.2%	21.1%	11.8%
Percentage of adviser's clients invested in fund			
— Median	0%	0%	0%
— Average	4%	5%	3%
Relied on exemption under Regulation D	72.3%	74.0%	74.3%
Advisers and Sub-Advisers			
<i>Fund Type</i>	<i>All</i>	<i>Hedge</i>	<i>Private Equity</i>
Sub-adviser to the private fund	1.9%	1.9%	1.8%
Fund has other advisers	8.4%	10.0%	8.0%
Audits and Auditors			
<i>Fund Type</i>	<i>All</i>	<i>Hedge</i>	<i>Private Equity</i>
Financial statements subject to annual audit	78.4%	96.2%	87.3%
Financial statements prepared in accordance with U.S. GAAP	70.1%	89.0%	77.9%
Audited financial statements are distributed to investors	72.0%	90.6%	80.8%
Received unqualified opinion or report not yet received	77.6%	95.4%	86.6%

**TABLE 5B, CONTINUED****Private Fund Operational Practices**

Percentage of Fund Type (Unless Otherwise Noted) Managed by SEC Registered Advisers and Exempt Reporting Advisers (ERAs) Excluding Online Venture Capital Platform, 2024

Service Providers

<i>Fund Type</i>	<i>All</i>	<i>Hedge</i>	<i>Private Equity</i>
Uses prime broker	9.9%	47.4%	3.3%
Uses custodian	82.5%	96.6%	83.7%
Uses third-party administrator	69.1%	88.1%	63.9%
Uses third-party marketer	16.5%	23.9%	18.4%

Percentage of Fund Assets Valued by Non-Related Person

<i>Fund Type</i>	<i>All</i>	<i>Hedge</i>	<i>Private Equity</i>
100%	29.0%	62.5%	18.6%
0%	67.7%	28.8%	79.0%
Median	0%	100%	0%
Average	31%	66%	20%

Note: Table excludes 19,028 funds managed by a single exempt reporting adviser that provides an online platform for launching a venture capital fund.

TABLE 5C**Private Fund Auditors**

Percentage of Auditors Reported by SEC Registered Advisers and SEC Exempt Reporting Advisers (ERAs), 2024

Independent public accountant	99.1%
Registered with Public Company Accounting Oversight Board (PCAOB)	96.6%
Subject to regular inspection by PCAOB	95.9%



Business Insights

66.8%

of SEC registered investment advisers reported that, in 2024, they had no financial industry affiliations or had no affiliations outside investment management.

68.7%

of advisers reported that, in 2024, their only business activity was providing investment advice.

HIGHLIGHTS

Since 2001, the percentage of advisers dual registered as a brokerage firm or affiliated with a brokerage firm has declined (15.8% in 2024 versus 37.6% in 2001).

Since 2001, the percentage of advisers involved in insurance as a broker or agent or affiliated with a broker or agent has increased (22.1% in 2024 versus 13.1% in 2001).

In 2024, 40.7% of advisers included performance results in advertising.

In 2024, for the third year in a row, the number of advisers registered with a foreign financial regulatory authority declined, to 7.2% of all advisers.

The percentage of advisers reporting that they or a related person were deemed to have “custody” has been steadily rising.

In 2024, 87.6% of advisers reported no disciplinary history. However, in 2024, there was a significant increase in reported disciplinary issues related to the SEC and CFTC, reflecting increased SEC enforcement activity focused on infractions not involving investor harm, such as cases related to off-channel communications.

Affiliations

In Form ADV Part 1A, advisers are required to provide information on affiliations (i.e., related persons) in the financial industry.

In 2024, 27.8% of SEC registered advisers had affiliations in the financial industry, but only with entities that engaged in investment management-related activities. Specifically, these affiliated entities are sponsors of pooled investment vehicles, other investment advisers, commodity pool operators (CPOs), or commodity trading advisers (CTAs).

Approximately one-third of advisers (33.2%) had affiliations with firms in the financial industry that are not investment management-related (such as brokerage firms, insurance companies, or accounting firms).

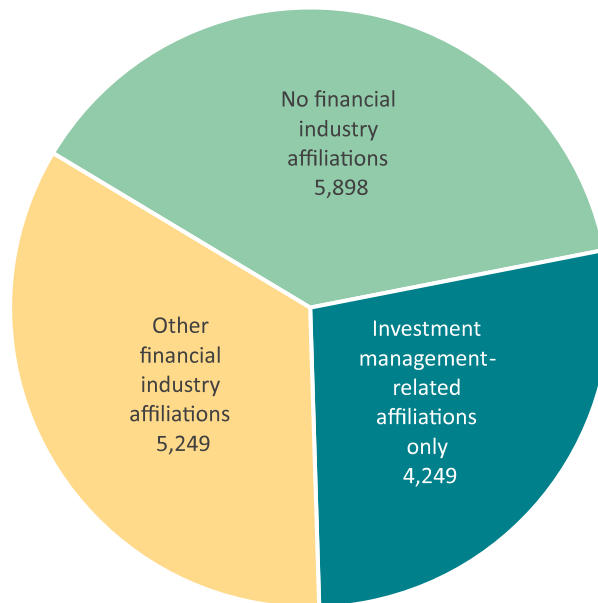
The remaining advisers (39.0%) had no affiliations in the financial industry.

For detail see Data Table 6A ([available online](#)).

FIGURE 6A

Financial Industry Affiliations

Number of SEC Registered Advisers by Type of Financial Industry Affiliation, 2024



In 2024, advisers were most likely to be affiliated with a sponsor, general partner, or managing member of pooled investment vehicles.

TABLE 6A

Most Common Financial Industry Affiliations

Percentage of SEC Registered Advisers with Affiliation

Financial Industry Affiliation	2024
Sponsor, general partner, or managing member of pooled investment vehicles	36.4%
Other investment adviser (including financial planners)	28.6%
Insurance company or agency	16.7%
Brokerage firm, municipal securities dealer, or government securities broker or dealer	15.0%
Commodity pool operator (CPO) or commodity trading advisor (CTA)	15.0%

Of the advisers reporting an affiliation with another investment adviser, approximately 2 in 5 reported that they had an affiliation with an SEC registered adviser (18.0% of all advisers).

Advisers affiliated with other SEC registered advisers were larger, with average assets under management of \$36.1 billion, compared to an average of \$2.8 billion in assets for “standalone” advisers without an affiliation with an SEC registered adviser.

There were 1,009 “affiliated adviser groups” (i.e., groups of advisers reporting an affiliation in Form ADV). On average, affiliated adviser groups consisted of 3 advisers and had assets under management of \$109.7 billion. However, while these groups were large on average, they varied significantly in size, and standalone advisers could also be quite large.

TABLE 6B

Affiliated Adviser Groups Tend to Be Large

SEC Registered Advisers, 2024

	Standalone Advisers (see Note)	Advisers Affiliated With SEC Registered Adviser(s)	Affiliated Adviser Groups
Number of advisers or affiliated adviser groups	13,021	3,066	1,009
Assets under management			
— Average	\$2.6 billion	\$36.18 billion	\$109.7 billion
— Median	\$348 million	\$1.8 billion	\$5.9 billion
— Range	0 to \$2.8 trillion	0 to \$10.2 trillion	0 to \$11.6 trillion
Employees			
— Average	23	247	749
— Median	7	25	72
— Range	0 to 7,056	0 to 37,893	0 to 45,897

Note: Standalone advisers are not affiliated with other SEC registered advisers. When advisers report that they have no employees, it is likely that employees are shared with, and technically employed by, an affiliate of the firm.

Other Business Activities

In Form ADV Part 1A, advisers must provide information on business activities conducted within the firm (as opposed to activities conducted by an affiliated entity).

In 2024, over two-thirds of SEC registered advisers (68.7%) reported that their only business activity is providing investment advice.

Another 12.6% of advisers acted as commodity pool operators (CPOs) and/or commodity trading advisors (CTAs) in addition to providing investment advice about securities.

The remaining 18.7% of advisers are engaged in other business activities outside of providing investment advice or acting as CPO/CTA.

For detail see Data Table 6B ([available online](#)).

FIGURE 6B

Most Advisers Are Focused on Providing Investment Advice

Number of SEC Registered Advisers, 2024

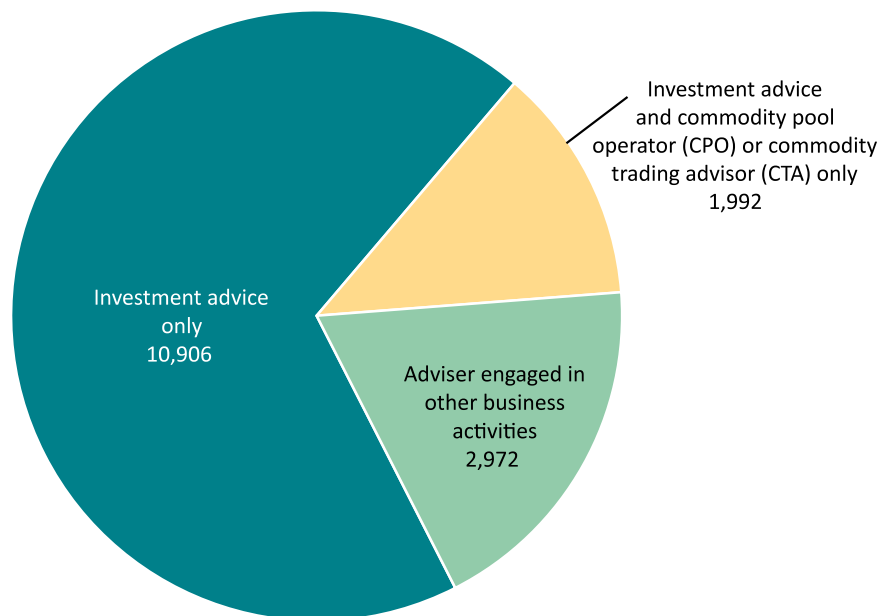


TABLE 6C

Most Common Other Businesses

Percentage of SEC Registered Advisers with Other Business

Other Business Activity	2024
Commodity pool operator (CPO) or commodity trading advisor (CTA)	14.1%
Insurance broker or agent	8.2%
Other (non-financial)	7.6%
Brokerage firm	2.5%
Registered representative of a brokerage firm	2.4%
Other financial product salesperson (most commonly credit, cash management, and/or insurance solutions)	1.8%
Accountant or accounting firm	1.8%

In 2024, 241 advisers (1.5%) reported that another business was their primary business, while 16.9% of advisers reported that they sell other products or services to advisory clients.



Beyond Investment Management

Advisers may engage in non-investment management activities using 2 approaches: they may affiliate with another firm engaged in that business or they may engage in that activity themselves. Some firms use both approaches.

Looking at both affiliations and other businesses provides a more complete picture of the industry's involvement in activities beyond investment management. For example, in 2024, 16.7% of advisers were affiliated with an insurance broker or agent, while 8.2% were an insurance broker or agent themselves; in total, 22.1% of advisers were either affiliated with or were themselves insurance brokers or agents.

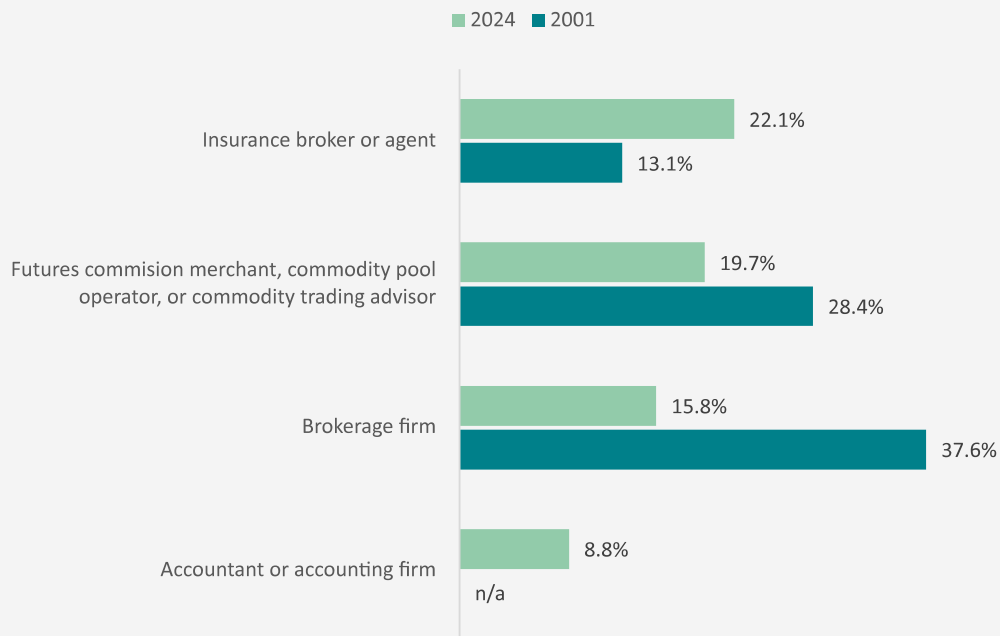
Since 2001, the percentage of advisers engaged in non-investment management activities has generally declined. For example, in 2024, only 15.8% of advisers were affiliated with a brokerage firm or were dual registered as a brokerage firm, compared to 37.6% in 2001. In contrast, the percentage of advisers involved in insurance has increased, to 22.1% in 2024 from 13.1% in 2001.

Note that in 2012, the CFTC removed certain registration and compliance exemptions for commodity pool operators (CPOs) and commodity trading advisors (CTAs). As a result, more advisers were required to register with the CFTC as CPOs and CTAs. However, even with this change the percentage of advisers that were registered as or affiliated with CPOs, CTAs, or futures commission merchants (FCMs) declined significantly between 2001 and 2024.

FIGURE 6C

Advisers Engaged in Non-Investment Management Activities

Percentage of SEC Registered Advisers



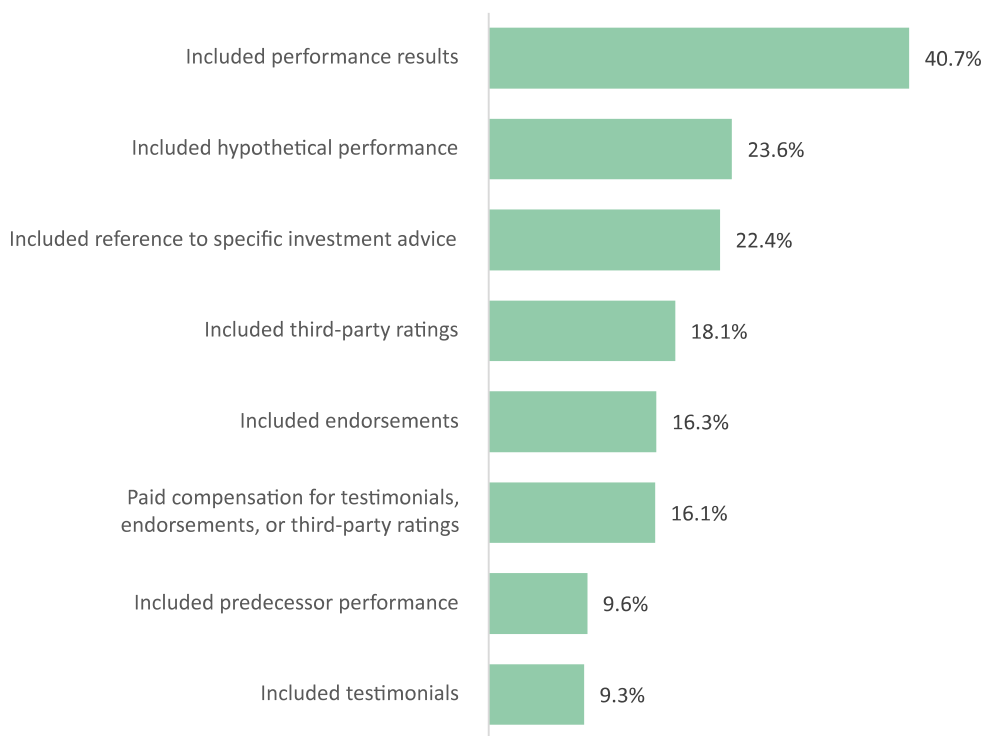
Note: Advisers reporting affiliation and/or other business activity. Most common affiliations and/or other business activities.

Advertising

Form ADV Part 1A asks advisers about their advertising practices. Advisers must provide yes/no answers to questions about an adviser’s use of performance results, references to its specific investment advice, testimonials, endorsements, and third-party ratings in its advertisements, among other practices.

In 2024, over half of SEC registered advisers (52.5%) reported that they engaged in at least one of the specified advertising practices. Inclusion of performance results in advertisements is the most common practice (40.7% of advisers). Nearly a quarter of advisers included hypothetical performance in advertisements, the second most common practice.

FIGURE 6D
Advisers Were Most Likely to Include Performance Results in Advertisements
Percentage of SEC Registered Advisers, 2024



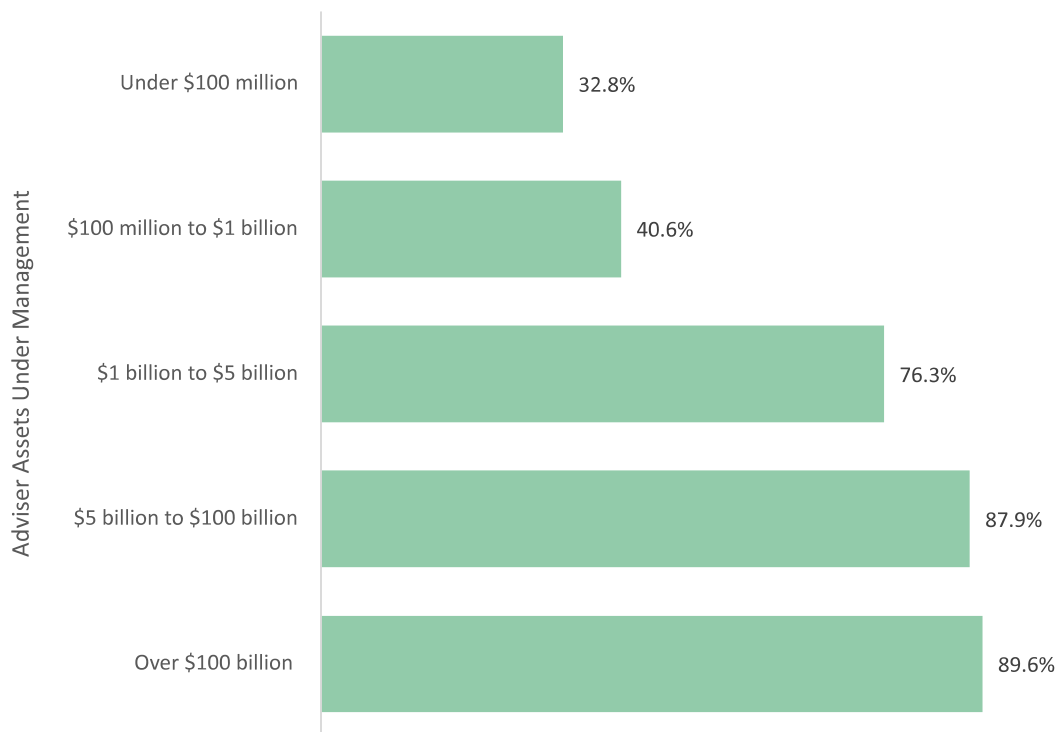
Larger advisers were more likely to engage in the specified advertising practices than smaller advisers. For example, 89.6% of respondents with more than \$100 billion in assets answered “yes” to at least one question, while only 40.6% of advisers with \$100 million to \$1 billion in assets indicated that they engaged in any of the specified practices.



FIGURE 6E

Larger Advisers Are More Likely to Engage in the Specified Advertising Practices

Percentage of SEC Registered Advisers Responding “Yes” to Any of the Advertising Questions, 2024



Advisers to certain pooled investment vehicles were more likely to engage in one of the specified advertising practices. Approximately 4 in 5 advisers to investment companies and private funds answered “yes” to at least one question.

For detail see Data Table 6C ([available online](#)).

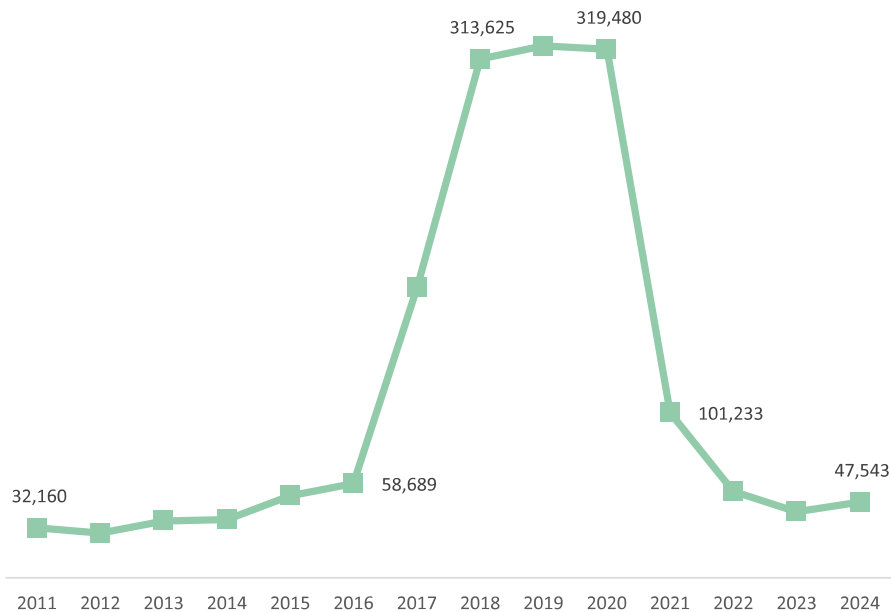
Solicitors and Referral Compensation

The number of third-party solicitors used by SEC registered advisers rebounded somewhat in 2024 after sharp declines in the previous 3 years. The declines experienced from 2020 to 2023 reversed gains from 2013 to 2018. The earlier gains were driven by “refer a friend” programs on digital advice platforms, which gave clients a small cash credit for making a referral to the platform.

FIGURE 6F

The Number of Third-Party Solicitors Rebounded in 2024

Number of Third-Party Solicitors of SEC Registered Advisers, 2024



With regard to client referrals, in 2024:

- 24.8% of advisers paid third parties for client referrals
- 16.4% of advisers compensated employees (other than through salary) for obtaining clients
- 6.2% of advisers received compensation for referrals

These percentages were in line with the previous year.

In 2024, nearly two-thirds of advisers (65.6%) neither paid third-party solicitors nor compensated for referrals.



Focus on Dual Registration

In 2024, 396 SEC registered firms had dual registration, meaning that they were registered with the SEC as both an investment adviser and a brokerage firm.

These dual registered firms make up only 2.5% of investment advisory firms. However, they provided advisory services to over 20 million individuals, fully 36.0% of the individual investors served by advisers, which is consistent with their most notable feature: they are on average quite large.

TABLE 6D

Comparison of Dual Registered Firms to Investment Adviser Only Firms

SEC Registered Advisers, 2024

	Dual Registered as Investment Adviser and Brokerage Firm	Registered as an Investment Adviser Only
Number of firms	396	15,474
Average assets under management	\$28.0 billion	\$8.6 billion
Average number of employees	945	43
Average number of registered representatives	749	8
Average number of investment adviser representatives	581	9

Significant differences in size make comparisons between the average dual registered firm and the average investment adviser-only firm potentially misleading.

Note that dual registered firms are uncommon. Investment advisory firms are more likely to be affiliated with a brokerage firm that is a separate entity than they are to be dual registered.

Books and Records

In 2024, 7,633 SEC registered advisers (48.1%) maintained at least some of their required books and records somewhere other than their principal offices (versus 49.7% in 2014).

Legal Entity Identifier

In 2024, 2,879 SEC registered advisers (18.1%) reported a Legal Entity Identifier (LEI). For comparison, in 2019, 2,209 advisers (16.4%) reported a Legal Entity Identifier. The LEI system was launched in 2014.

Foreign Regulatory Authority

In 2024, for the third year in a row, the number of SEC registered advisers registered with a foreign financial regulatory authority declined, to 1,138 advisers (7.2% of all advisers). For comparison, in 2014, 8.8% of advisers were registered with a foreign authority.

Advisers were most likely to be registered in the United Kingdom (31.4% of advisers registered with a foreign regulatory authority), Canada (20.8% registered with a province or territory or operating in Canada under an exemption for international advisers), or Ireland (12.0%). Most advisers registered with a foreign authority have registrations in only 1 country.

Note that advisers may conduct business in other countries by establishing affiliates in those countries rather than by registering directly.

Chief Compliance Officer

In 2024, the chief compliance officer (CCO) of 7.6% of SEC registered advisers was compensated or employed by a third party not related to the adviser. (Investment companies advised by the firm are not considered third parties for purposes of this question.) The percentage of CCOs compensated by unrelated third parties has increased for 3 years in a row, from 5.9% in 2021, and the percentage of advisers with a CCO compensated by an unrelated third party increased versus 2021 in all size categories.

However, larger advisers are less likely to have a CCO who is compensated by an unrelated third party (3.8% of advisers with more than \$5 billion in assets under management in 2024).

In Form ADV Part 1A, advisers are required to disclose any additional titles held by the CCO. Looking at titles that are mentioned at least 10 times (covering approximately 80% of SEC registered advisers):

- For more than half of advisers in this group, the CCO does not have a title that indicates functional responsibility beyond compliance (i.e., no additional title that does not include “compliance” other than “vice president” or similar titles). The average size of firms with specialized CCOs is \$14.1 billion in assets under management, which is significantly larger than the average firm size.
- At roughly 1 in 5 advisers, the CCO is also the president, CEO, or principal or has another title that is suggestive of firm leadership. These firms are likely to be smaller, with average assets under management of \$684.2 million.
- At over 10% of advisers, individuals in operations or finance (often the chief operating or chief financial officer) served as CCO. The average assets under management of these firms was \$1.7 billion.
- At approximately 10% of advisers, the managing member or partner was the CCO (average assets under management of \$834.4 million).
- A member of the legal team (often the general counsel or chief legal officer) was the CCO at approximately 5% of advisers (average assets under management of \$10.4 billion).
- A member of the investment or wealth management team was the CCO in less than 2% of cases. These firms were small on average, with \$506.4 million in average assets under management.
- At 12 firms, the CCO also served as the chief risk officer. These firms were generally large, with an average of \$35.8 billion in assets under management.

Custody

Advisers increasingly report that they are deemed to have custody of client assets. In 2024, 58.9% of SEC registered advisers reported that they or a related person were deemed to have custody of client assets.

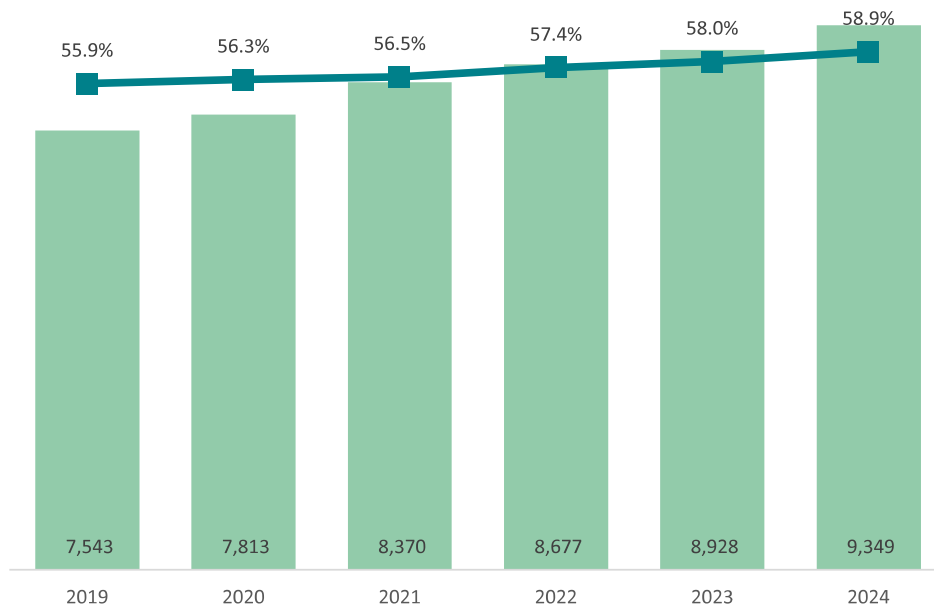
The percentage of advisers deemed to have custody has been steadily rising. Advisers are more likely to report that they are deemed to have custody given the difficulty of interpreting a complex regulation, combined with increased SEC attention to this issue. These advisers are not custodians, but the SEC uses the term “custody” to encompass a broad range of authorities conferred by clients.

Of those advisers deemed to have custody in 2024, 97.3% were deemed to have custody of cash or bank accounts, while 87.9% were deemed to have custody of securities.

In total, advisers and related persons were deemed to have custody of 38.1% of industry assets in 2024.

For detail see Data Table 6D ([available online](#)).

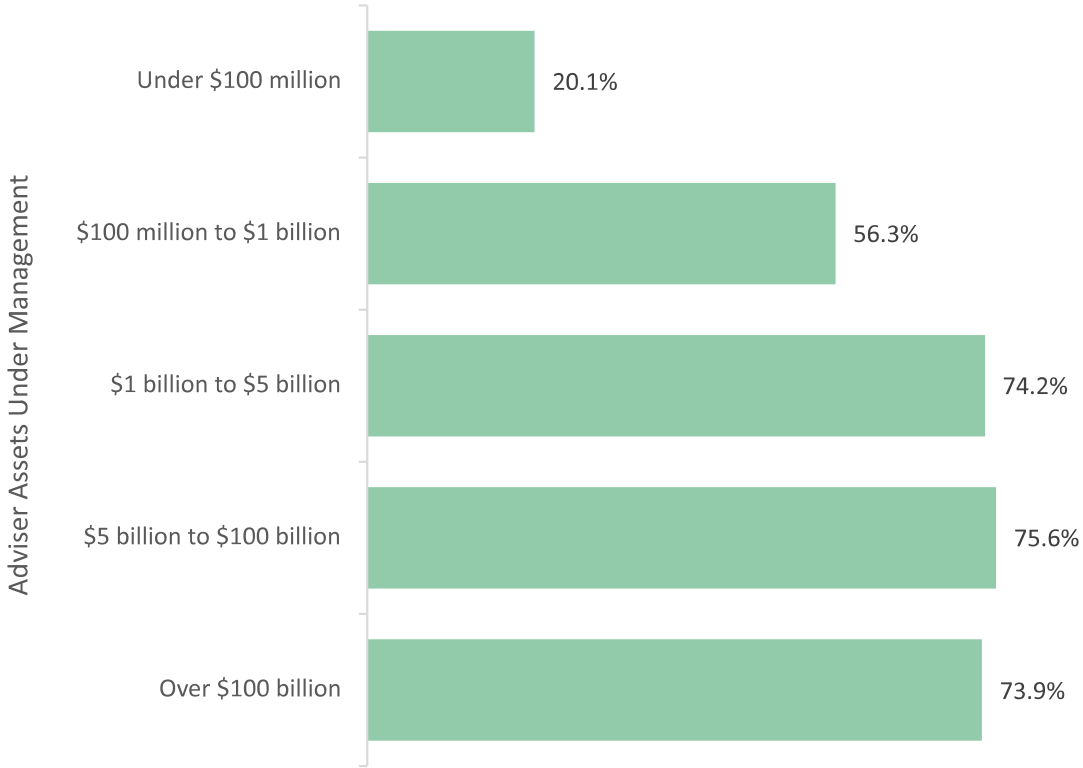
FIGURE 6G
Advisers Were Increasingly Likely To Be Deemed to Have Custody of Client Assets
Number and Percentage of SEC Registered Advisers



Note: Custody of cash and/or securities by adviser and/or related person(s).

Advisers with assets under management of \$1 billion or more were most likely to be deemed to have custody (70+% of advisers). However roughly 1 in 5 of the smallest advisers (with under \$100 million in assets) were also deemed to have custody.

FIGURE 6H
Advisers of All Sizes Were Deemed to Have Custody of Client Assets
Percentage of SEC Registered Advisers, 2024



Note: Custody of cash and/or securities by adviser and/or related person(s).



Private Funds

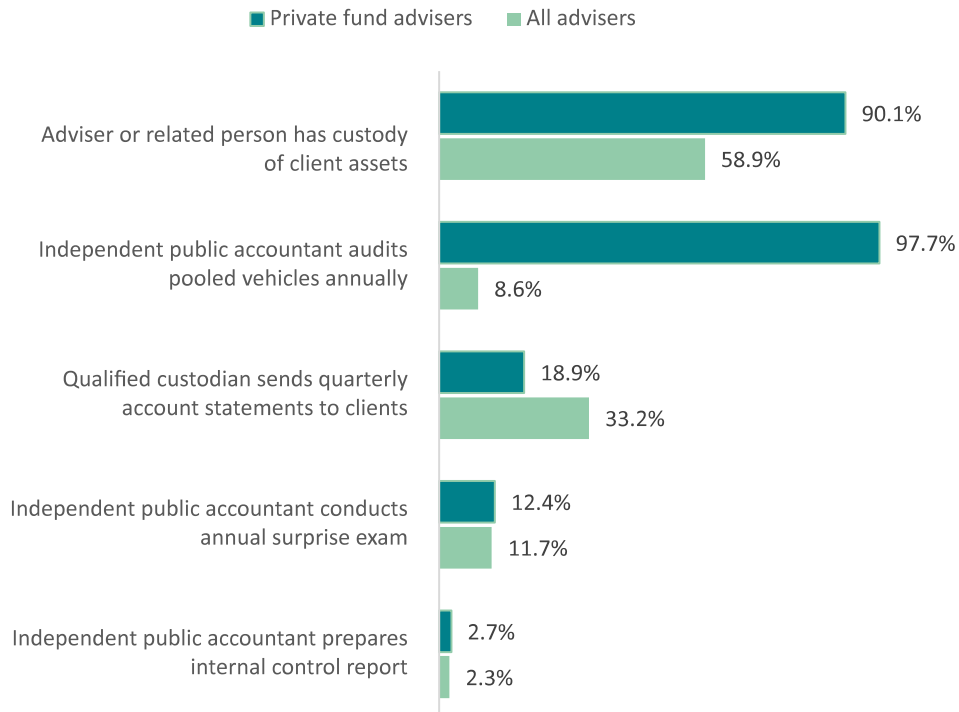
Because of the way that private funds are commonly structured, advisers to those funds are more likely to be deemed to have custody of client assets (90.1% in 2024). Many private funds are structured as partnerships or limited liability companies with the adviser (or a related person) acting as general partner or managing member. In the SEC's view, an adviser (or a related person) serving in one of these capacities is deemed to have custody because the general partner or managing member has access to or legal ownership of client assets.

In 2024, 20.0% of private funds used a broker-dealer as a custodian (versus 21.4% in 2020), while 0.9% of private funds used a custodian related to the adviser (in line with 2020).

FIGURE 6I

Private Fund Advisers Are More Likely to Have Custody of Client Assets

Percentage of SEC Registered Private Fund Advisers, Percentage of SEC Registered Advisers, 2024



Note: Adviser or related person has custody of client assets as percentage of all advisers. Otherwise, percentage of advisers with custody. Requirements related to audits, statements, surprise exams, and internal control reports do not apply equally to all advisers.

Separately Managed Accounts

Advisers to separately managed accounts (SMAs) are increasingly likely to report that over 10% of their SMA assets are with a single custodian. In 2024, 88.7% of advisers to SMAs reported that over 10% of assets were held by a single custodian, a new high. For comparison, the percentage was 81.2% in 2019.

Many advisers to SMAs use a technology platform provided by a brokerage firm to manage their advisory practice. These platforms provide custody services in addition to trading capabilities, portfolio analysis tools, and other tools and services. As a result, custody of client assets tends to be concentrated with these brokerage firms. In addition, there has been consolidation among brokerage firms. The result is that the percentage of SMA assets held by a brokerage firm with custody of more than 10% of an adviser's SMA assets has risen to 52.7% in 2024 from 31.8% in 2019.

The value of assets held by a custodian with more than 10% of an adviser's SMA assets increased by 7.1% in 2024, to \$36.6 trillion, reflecting the growth in industry assets.

TABLE 6E

Some Custodians Hold 10% or More of Advisers' Separately Managed Account (SMA) Assets

SEC Registered Advisers

	2019	2024
Custodian holds 10% or more of SMA assets (% of advisers with SMA assets)	8,244 advisers (81.2%)	10,325 advisers (88.7%)
SMA assets held by custodian with 10% or more of SMA assets (% of industry assets)	\$25.9 trillion (26.7%)	\$36.6 trillion (25.3%)
SMA assets held by custodian with 10% or more of SMA assets that is a related person (% of SMA assets held by a custodian with more than 10% of SMA assets)	\$5.4 trillion (20.6%)	\$10.4 trillion (28.4%)
SMA assets held by custodian with 10% or more of SMA assets that is a brokerage firm (% of SMA assets held by a custodian with more than 10% of SMA assets)	\$8.3 trillion (31.8%)	\$19.3 trillion (52.7%)

Qualified Custodians

In 2024, 311 advisers reported that they or a related person acted as a qualified custodian for client assets, in line with the previous year. Because qualified custodians hold physical custody of assets, they must be a bank, brokerage firm, futures commission merchant, or qualifying foreign financial institution.

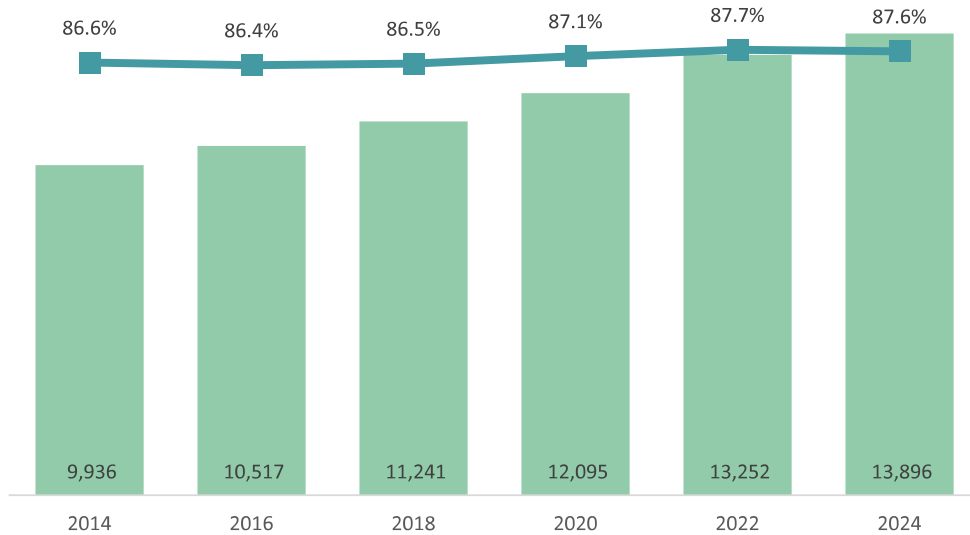
Of the related persons acting as a qualified custodian in 2024, 58.8% were able to demonstrate that they were operationally independent of the adviser, which means that they were not required to have a surprise exam.



Disciplinary Information

The percentage of advisers with no disciplinary history was in line with the prior year, at 87.6%.

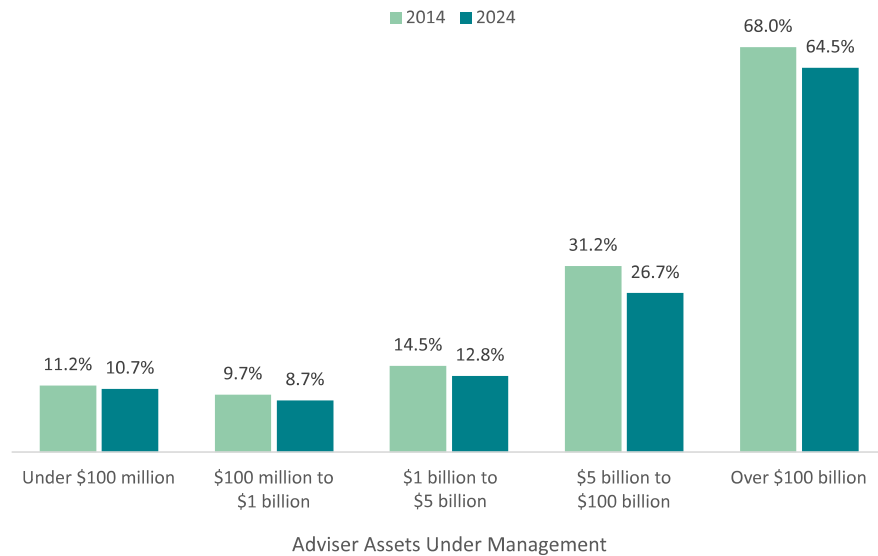
FIGURE 6J
Advisers With No Disciplinary History
 Number and Percentage of SEC Registered Advisers



Larger advisers are more likely to report a disciplinary history. This higher reported rate is likely principally attributable to these firms’ greater complexity, wider scope of activities, larger number of employees, and larger number of affiliates.

However, greater firm longevity may also be a factor, since larger firms are, on average, older than smaller firms. Firm longevity is relevant to disciplinary history because advisers are required to report many disciplinary issues going back 10 years, and, for some categories, advisers must report issues since the firm commenced operations.

FIGURE 6K
Larger Advisers Are More Likely to Report Disciplinary Information
 Percentage of SEC Registered Advisers



In 2024, there was a significant increase in reported disciplinary issues related to the SEC and CFTC. The number of advisers reporting that they were found to have violated regulations or statutes or that paid a civil money penalty or were ordered to cease and desist rose to 794 from 713 (+11.4%) in each category. Similarly, in 2024, the number of advisers reporting that an order was entered against them rose to 710 from 641 (+10.8%). The increases reflect increased SEC enforcement activity, including activity focused on infractions not involving investor harm, such as cases related to off-channel communications.

TABLE 6F

Most Common Disciplinary Issues Reported by Advisers

2024

Disciplinary Issue	Number of Advisers Reporting (% of All Advisers)
A regulator other than the SEC or CFTC found that adviser was involved in a violation of investment-related regulations or statutes	939 (5.9%)
The SEC or CFTC found that adviser was involved in a violation of SEC or CFTC regulations or statutes	794 (5.0%)
The SEC or CFTC imposed a civil money penalty or ordered adviser to cease and desist from any activity	794 (5.0%)
A regulator other than the SEC or CFTC entered an order against adviser in connection with an investment-related activity	733 (4.6%)
The SEC or CFTC entered an order against adviser in connection with an investment-related activity	710 (4.5%)
A self-regulatory organization or commodities exchange found that adviser was involved in a non-minor violation of its rules	623 (3.9%)



Form ADV-W

Advisers file Form ADV-W with the SEC to terminate their registrations.

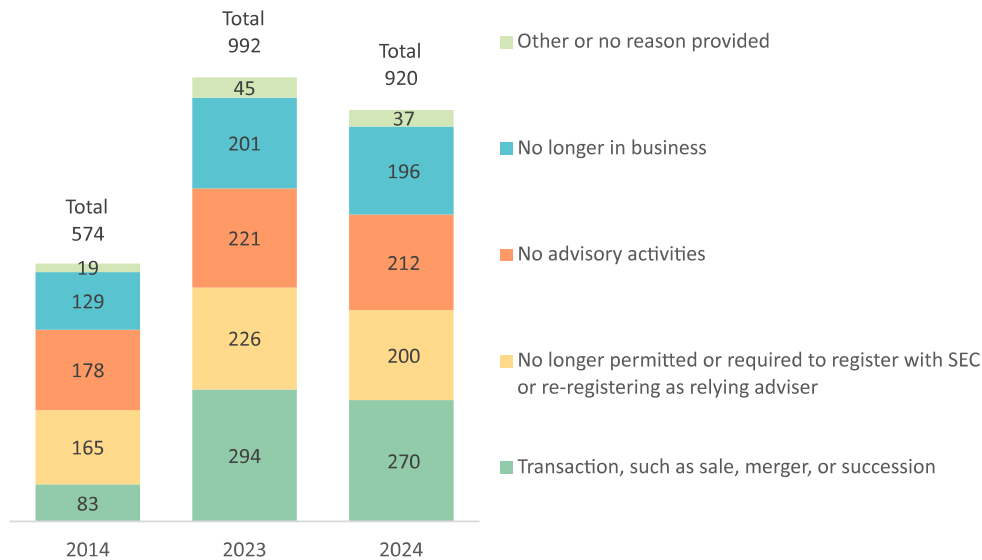
In 2024, 920 advisers filed Form ADV-W, a decrease from filings in the previous year.

In each of the past 2 years, advisers were most likely to file Form ADV-W as the result of a transaction. An adviser may have been sold, acquired, or merged with another firm, or its advisory contracts may have been transferred to another firm. These transactions may be reorganizations involving affiliated firms. In 2014, advisers were significantly less likely to file Form ADV-W for one of these reasons. Merger and acquisition activity in the investment adviser industry has increased in recent years.

The second-most common reason advisers filed Form ADV-W was because they were no longer permitted or required to register with the SEC. For example, they may no longer advise an investment company, or they may be switching from SEC registration to state registration. Note that, in this category, the Form ADV-W filing may be prompted by the loss of clients or a decline in assets under management.

Advisers may also file Form ADV-W because they did not engage in or are no longer conducting advisory business or because they are no longer in business.

FIGURE 6L
Form ADV-W Filings Decreased in 2024
 Number of Filings by SEC Registered Advisers



Note: Calendar year filings.

Appendix | The Long View

Firms that were in existence when the system of SEC registration first began, after the passage of the Investment Advisers Act of 1940, are still operating today.

Indeed, 89 firms will be more than 75 years old, while 124 firms will have passed the 50-year mark (as of June 30, 2025).

FIGURE 6M
A Long-Term View of Industry Growth
 Number of SEC Registered Advisers With SEC Registration Effective Prior to Date

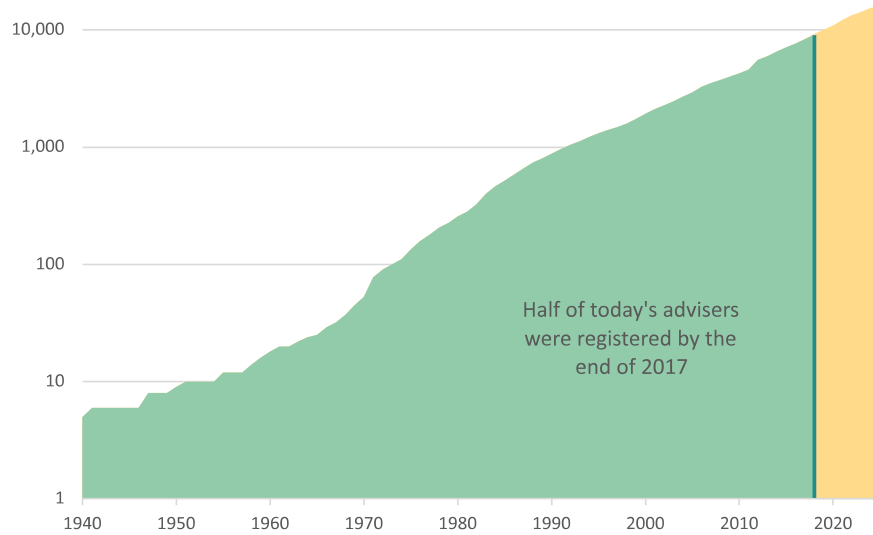


TABLE 6G
The 25 Longest-Tenured Investment Advisers

Investment Adviser	Registration Effective Date
Barings LLC	November 1, 1940
Beck, Mack & Oliver	November 1, 1940
DWS Investment Management Americas, Inc.	November 1, 1940
Everett Harris & Co.	November 1, 1940
St. Denis J. Villere & Co., LLC	November 1, 1940
Howe and Rusling, Inc.	January 3, 1941
T. Rowe Price Associates, Inc.	March 29, 1947
William Blair & Company LLC	December 24, 1947
Bishop & Associates Inc.	March 1, 1950
Meyer Handelman Company LLC	August 19, 1951
Oppenheimer & Co. Inc.	February 9, 1955



**TABLE 6G, CONTINUED****The 25 Longest-Tenured Investment Advisers**

Shufro, Rose & Co., LLC	April 7, 1955
Invesco Investment Advisers LLC	April 6, 1958
Fayez Sarofim & Co.	July 16, 1958
Dodge & Cox	March 14, 1959
Baxter Investment Management	May 1, 1959
J.M. Forbes & Co. LLP	May 6, 1960
Argus Investors' Counsel, Inc.	December 16, 1960
The Winthrop Corporation	February 24, 1961
Mairs & Power	November 15, 1961
Pegasus Asset Management Inc.	May 25, 1963
Edward Jones	October 24, 1963
Citigroup Global Markets Inc.	February 23, 1964
Chase Investment Counsel Corporation	March 5, 1964
J.P. Morgan Securities LLC	April 3, 1965

Note: Effective date of registration from Form ADV data based on continuity of CRD number. Mergers or restructurings can result in a new CRD number and a new registration effective date. As a result, this table does not capture all firms in existence by April 1965.

Larger advisers are, on average, older than smaller advisers.

TABLE 6H**Average Age**

SEC Registered Advisers by Size Category, 2024

Assets Under Management	Average SEC Registration Effective Date
Over \$100 billion	August 1997
\$5 billion to \$100 billion	April 2007
\$1 billion to \$5 billion	October 2010
\$100 million to \$1 billion	September 2015
Under \$100 million	December 2017

Definitions

advisory affiliate Includes (1) an adviser's officers, partners, or directors, (2) companies that control the adviser, (3) companies that are controlled by the adviser, and (4) an adviser's employees.

agency cross transaction Execution of securities trades in which advisory client securities are sold to or bought from a brokerage customer.

asset-based fee Fee calculated as a percentage of client assets managed by the adviser.

asset management Continuous and regular supervisory or management services for securities portfolios.

assets under management (AUM) Assets managed by an adviser. The measurement of AUM in Form ADV Part 1 was standardized as regulatory assets under management (RAUM) in 2012.

borrowings For the purposes of Form ADV, borrowings include:

- traditional lending activities such as client bank loans and margin accounts;
- secured and unsecured borrowings;
- synthetic borrowings and transactions involving synthetic borrowings (such as total return swaps);
- short sale transactions; and
- certain transactions involving unpaid variation margin and reverse repos.

Borrowings exclude:

- leverage embedded in derivatives, securities lending, or repos.

brokerage firm, broker, broker-dealer Company in the business of buying and selling securities (trading) on behalf of customers.

business development company A closed-end fund organized pursuant to Section 54 of the Investment Company Act of 1940 that is a way for retail investors to invest in small- and medium-sized private companies.

commodity pool operator (CPO) Operator of a pooled fund that trades futures or options on futures, retail off-exchange forex contracts, or swaps, or that invests in another commodity pool. The CPO solicits funds for the commodity pool. CPOs must register with the Commodity Futures Trading Commission (CFTC).

commodity trading advisor (CTA) Advisor on buying and selling futures contracts, commodity options, retail off-exchange forex contracts, or swaps. CTAs must register with the Commodity Futures Trading Commission (CFTC).

control The power to direct the management or policies of an individual or entity, either directly or indirectly. An adviser is generally presumed to control a corporation, partnership, or limited liability company if it owns or has the right to vote at least 25% of the shares or capital.

credit derivative Single name credit default swap, credit default swap referencing a standardized basket of credit entities, and credit default swap referencing a bespoke basket.

custody Holding, directly or indirectly, client funds or securities, or having any authority to obtain possession of or withdraw them.

derivatives transactions Include interest rate, foreign exchange, credit, equity, and commodity derivatives.

digital advice platform An interactive website or app through which advisers provide investment advice to clients.



discretionary authority Authority to decide which securities to purchase and sell for a client or authority to decide which investment advisers to retain on behalf of a client of the primary adviser.

endorsement Recommendation from someone other than a current client or investor.

equity derivative An equity derivative listed on an exchange or derivative exposure to unlisted equity securities.

exempt reporting adviser An investment adviser that qualifies for an exemption from registration because it is an adviser solely to one or more venture capital funds or because it is an adviser solely to private funds and has assets under management in the United States of less than \$150 million.

felony For the purposes of Form ADV, for jurisdictions that do not differentiate between a felony and a misdemeanor, an offense punishable by a sentence of at least one year imprisonment and/or a fine of at least \$1,000. The term also includes a general court martial.

foreign exchange derivative Any derivative whose underlying asset is a currency other than U.S. dollars or is an exchange rate.

gross assets Gross assets are used in reporting on private funds. They are equal to the amount included under regulatory assets under management for the private fund. If the private fund has a balance sheet, the adviser may use the gross assets reflected on the balance sheet.

gross notional exposure Gross notional value (of derivatives or borrowings) divided by regulatory assets under management.

gross notional value The gross nominal or notional value of all transactions that have been entered into but not yet settled as of the reporting date. For contracts with variable nominal or notional principal amounts, the basis for reporting is as of the reporting date. For options, the basis for reporting is the delta adjusted notional value.

hedge fund Any private fund that:

- may be paid a performance fee calculated on the basis of unrealized gains;
- may borrow in excess of one-half of its net asset value;
- has gross notional exposure in excess of twice its net asset value; or
- may sell short.

high net worth (HNW) individual An individual who is a qualified client as defined in Rule 205-3 of the Investment Advisers Act of 1940 or qualified purchaser as defined in Section 2(a)(51)(A) of the Investment Company Act of 1940.

hypothetical performance Includes performance of model portfolios, backtested performance, and targeted or projected performance returns.

interest rate derivative A derivative whose underlying asset is the obligation to pay or the right to receive a given amount of money accruing interest at a given rate.

internet adviser exemption Exemption that permits advisers that provide investment advice to clients exclusively through an interactive website to register with the SEC even if their assets under management are below the minimum threshold. Advisers relying on the exemption must have an operational interactive website through which they provide advisory services on an ongoing basis to more than one client.

investment adviser Under Section 202 of the Investment Advisers Act of 1940, “any person who, for compensation, engages in the business of advising others, either directly or through publications or writings, as to the value of securities or as to the advisability of investing in, purchasing, or selling securities, or who, for compensation and as part of a regular business, issues or promulgates analyses or reports concerning securities....” Banks, broker-dealers, and publishers are excluded from the definition in certain circumstances.

investment adviser representative Representative of an investment adviser who provides investment advice to clients of the investment adviser and may be licensed by state regulatory authorities.

investment company Investment company registered under the Investment Company Act of 1940. Includes traditional open-end mutual funds, exchange-traded funds (ETFs), closed-end funds, and unit investment trusts (UITs).

liquidity fund A private fund that seeks to generate income by investing in a portfolio of short-term obligations to maintain a stable net asset value or to minimize volatility.

mid-sized adviser Adviser with assets of \$25 million or more but less than \$100 million that is either:

- not required to register with the state securities authority of the state where the adviser maintains its principal office, or
- not subject to examination by the state securities authority of the state where the adviser maintains its principal office.

multi-state adviser exemption Exemption that allows advisers with less than \$100 million in assets under management to register with the SEC if they are required to register as an investment adviser with state securities authorities of 15 or more states.

non-high net worth (non-HNW) individual An individual who is not a high net worth individual.

parallel managed account With respect to any registered fund, a managed account or other pool of assets that pursues substantially the same investment objective and strategy and invests side by side in substantially the same positions as the registered fund.

pension consultant Adviser that provides investment advice to employee benefit plans, governmental plans, or church plans with combined assets of \$200 million or more.

performance fee An investment advisory fee based on a share of capital gains on, or capital appreciation of, client assets.

predecessor performance Performance of investments that were not advised by the investment adviser for the entire period shown in an advertisement.

principal transaction Purchase of a security for its own account from a client by an adviser or related person, or sale of a security from its own account to a client by an adviser or related person.

private equity fund A private fund that is not a hedge fund, liquidity fund, real estate fund, securitized asset fund, or venture capital fund and that does not provide investors with redemption rights in the ordinary course.

private fund A pooled investment vehicle that would be an investment company under the Investment Company Act of 1940 but for Section 3(c)(1) or 3(c)(7) of the Investment Company Act, meaning funds that are distributed to a limited number of investors or only to qualified purchasers.

proprietary product Investment vehicle owned or managed by the adviser.

qualified client Investor who is exempt from the provision of the Investment Advisers Act of 1940 that prohibits private investment funds from charging performance-based fees. In 2021, the requirement for a qualified client was raised and is now at least \$1.1 million in assets with the adviser immediately after participating in the investment or a net worth of at least \$2.2 million (excluding the value of a primary residence).

qualified custodian A bank, registered broker-dealer, or futures commission merchant that maintains client funds and securities in a separate account for each client under that client's name or in accounts that contain only client funds and securities under the name of the investment adviser as agent or trustee for the clients. Certain foreign entities may be qualified custodians.



real estate fund A private fund that is not a hedge fund, that does not provide investors with redemption rights in the ordinary course, and that invests primarily in real estate and real estate related assets.

registered fund Investment company or business development company registered under the Investment Company Act of 1940.

registered representative The employee of a brokerage firm who is licensed with FINRA.

Regulation Best Interest The standard of conduct for brokerage firms and their registered representatives. It requires that brokerages and their representatives act in the best interest of retail customers at the time a recommendation is made and to address conflicts of interest.

regulatory assets under management (RAUM) Standardized method of calculating assets under management. RAUM are gross assets under management, including proprietary assets, assets managed without compensation, and assets of foreign clients. RAUM was mandated in Form ADV Part 1 beginning in 2011, although advisers may use other methodologies in Part 2A.

related person Any advisory affiliate and any person that is under common control with an adviser.

relying adviser An investment adviser eligible to register with the SEC that relies on a filing adviser to file (and amend) a single umbrella registration on its behalf.

securitized asset fund A private fund whose primary purpose is to issue asset backed securities and whose investors hold primarily debt securities in the fund.

separately managed account (SMA) An advisory account that is not a pooled investment vehicle (investment company, business development company, private fund, or other pooled investment vehicle).

soft dollar research Investment research that is obtained as part of an arrangement under which products or services other than execution of securities transactions are obtained by an adviser from or through a brokerage firm in exchange for the direction by the adviser of client brokerage transactions to the brokerage firm.

soft dollar safe harbor Regulatory safe harbor under Section 28(e) of the Securities Exchange Act of 1934 for advisers that use the commission dollars of advised accounts to obtain research and brokerage services.

testimonial A recommendation of an investment adviser given by a current client or investor.

third-party rating Rating or ranking of an investment adviser by an unrelated person that provides ratings or rankings in the ordinary course of its business.

umbrella registration Single registration by a filing adviser and one or more relying advisers that advise only private funds and certain separately managed account clients and that collectively conduct a single advisory business.

venture capital fund A private fund that says that it pursues a venture capital strategy, limits redemption rights, limits investments other than direct equity holdings, and limits borrowings.

wrap fee program Arrangement under which a client receives a combination of transaction and advisory services for an all-inclusive wrap fee. This fee is generally based on assets under management.

INVESTMENT ADVISER INDUSTRY SNAPSHOT 2025

