Investment Advisory: The rise of the Robots?

June 2015
Agenda

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   - Current situation
   - Robo-Advisors & traditional advisors hand-in-hand
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Introduction
An introduction to Robo-Advisors

What is it?
A Robo-Advisor is an online wealth management service that provides automated, algorithm-based portfolio management advice.

More specifically, it is an **automated investment service** providing portfolio re-balancing, dividend reinvesting, compliant product solutions and, even harvesting tax losses.

Some Robo-Advisors require their clients to create a platform based portfolio which will be managed automatically while others provide tailor-made automated suggestions based on an external portfolio.

What is the current situation?
The Robo-Advisor space is **young**. Most entrants are not yet profitable, still reliant on significant venture capital funding.

The industry, however, is growing with several companies already have over USD1bn under management.

Investment Managers are taking notice. For example, Fidelity recently partnered with Betterment to offer Robo-Advisor’s tools to their investment advisors and Charles Schwab has recently announced its own automated investment tool ‘Schwab Intelligent Portfolios’.

Robo-Advisors are bringing down costs and introducing some pioneering tools that could change the investing landscape

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Key Information

- **Leading market**: USA
- **Main portfolio size target**: <USD200k yet new solutions addressed to professionals can target HNWI
- **Main Industry target**: B2C yet quickly growing into B2B and even B2B2C
- **Market penetration**: USD14bn

Current Market Leaders

- Wealthfront
- Betterment
- Charles Schwab
- Vanguard
- Intelligent Portfolios

Investment Managers initiating their own Robo-advisor platforms:
Robo-Advisors are expanding rapidly around the world and hold a combined USD14bn in AuM (as of September 2014).

The market leaders are Wealthfront (with over USD2.2bn in AuM and 20,000 investors) and Betterment (with over USD1.4bn in AuM and 70,000 investors).

Many Robo-Advisors that had only proposed B2C services, are now offering their digital expertise to traditional advisors so that they can enhance their end client services. For example, Fidelity Institutional Wealth Services (IWS) teamed-up with Betterment to provide Betterment Institutional services to their 3,000 Registered Investment Advisors (RIA) firms.

One of the supporting elements in Robo-Advisors’ success is that the funding and attention they receive from Venture Capital firms (e.g. Sequoia Capital is a shareholder of Future Advisor). Investment Managers have also expressed their support notably with BlackRock participating in the capital structure of Personal Capital.

Out of the 6 major internet companies in Asia, 5 have already entered the Wealth Management market. For example, TenCent has proposed a wealth management service through its famous App: WeChat. Existing users are now able to place their money into a money market fund.

The next phase is expected to be leveraging the success of Robo-Advisors in their market place.
Current situation

Robo-Advisors, targeting millennials segment, are still at a development stage, focusing on user experience & product distribution rather than the product itself.

Most Robo-Advisors are built with the same characteristics, that are as follow:

- **Accessibility**: Robo-Advisors can be helpful to any investor no matter the amount of wealth and are accessible 24/7
- **Low fees**: Robo-Advisors are transparent on fees, portfolios, trades, etc...
- **Transparency**: Without any human interaction, the fees are drastically reduced.
- **Efficiency**: Every change in the portfolio can be instructed efficiently
- **Diversified**: Robo-Advisors are based on the ‘Modern Portfolio Theory’ providing managed risk exposure through diversified portfolios
- **Well designed**: Easy and intuitive features allows a comfortable user experience
- **Target millennials**: Some Robo-Advisors are targeting millennials that are used to digital and are the potential wealthy clients of the future

Many internet companies and newly built start-ups are operating with large sets of ‘generic’ data of their customers and therefore have access to their way of living and needs.

We could imagine that existing Investment Managers using ‘big data analytics’ could leverage their customer behaviours and preferences in order to plan their future needs and tailor their products.
A way to understand the Robo-Advisors is to partner-up with them. Indeed it could generate new ways to work more efficiently. For example Fidelity’s teaming-up with Betterment.

Some Investment Managers are acquiring and/or launching their own automated advisor platforms. Vanguard, for example, officially launched its own on May 2015 after 2 years of Beta testing. It now has USD17bn in AuM (of which USD10bn were transferred from their existing customers).

Investment Managers are starting to invest in existing Robo-Advisors in order to leverage this opportunity. BlackRock and Schroders, for example, participated in the capital structure of Personal Capital and Nutmeg respectively.
Robo-Advisors and traditional advisors hand-in-hand

Today, traditional advisors are focused on HNWI and each advisor manages a limited number of clients. Robo-Advisors have the opposite positioning, targeting the mass affluent with unlimited client serving potential. However, the following three examples show a growing trend of traditional and Robo-Advisors collaboration to access both HNWI and mass affluent markets.

1. RoBo-Advisors are launching platforms dedicated to traditional advisors

These platforms are designed to make the advisors more effective in their work, take care of more clients and simplify the relationship between both of them.

2. Investment Management programs are expanding their services with RoBo-Advisors

Following the acquisition of Upside (a Robo-Advisor platform) by Envestnet in February 2015, the latter launched “Adviser Now,” a new digital advice portal helping independent advisors add value to their client services.

3. Traditional advisors are launching automated portfolio management platforms

Heron, a New-York based Wealth Advisor, is launching an automated advisory platform using an algorithm from Betterment.

Power Financial Corp., a Canadian AM, announced that it is going to invest up to USD30m into the Start-up WealthSimple (a Canada based Robo-Advisor) in 2015.

Ritholtz Wealth Management, a NYC Wealth Management firm, is launching its own a automated advisory platform (called Liftoff) using Upside’s technology.

User Experience will be the key for advisors to stay competitive in a market where customers want more transparency and responsiveness.
Key Takeaways

1 Geography differences

Most Robo-Advisors seek the mass affluent (< USD200k) by offering fully automated and affordable portfolio management service. However, multiple factors such as market readiness, competition versus traditional advisors and data accessibility differ significantly from one geographic region to another.

For example:

- The **US** allows open data accessibility and transparency making Robo-Advisors easy to implement, gather portfolio information and structure automatic investments.
- The **UK** which is widely focused on ETF’s, makes Robo-Advisors a potential competitive market.
- The rest of **EU** still poses market readiness and data accessibility difficulties for potential entrants.
- The **Asian** market is just beginning as it has launched its first Robo-Advisor in April 2015.
- **Switzerland** is probably one of the most challenging market for Robo-Advisors due to its banking secrecy.

2 Industry targets

Although Retail banks and the mass affluent could strongly benefit from fully automated solutions, the private banking sector, targeting HNWIs, could consider them as a substitute threat. Hence, some Robo-Advisors do not offer platform based automated portfolio structuring, but deliver an efficient tool to support compliant and optimised re-balancing suggestions based on each individual own portfolio and preferences.

3 Collaboration trend

Collaboration is the key way for Robo-Advisors to reach HNWIs and traditional advisors the mass affluent. Robo-Advisors can benefit from the established structure and heritage of traditional financial advisors and the latter can benefit from the pioneering automated low-cost services of Robo-Advisors.
1 **Robo-Advisors – Executive briefing**

- Introduction
- Key facts
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- Key takeaways

2 **10 inspiring case studies**

- Overview
- Differentiating factors
- Factsheets

3 **Annex**
## Overview

**Peer group of 10 Robo-Advisors** *(non-exhaustive sample)*

<table>
<thead>
<tr>
<th>Logo</th>
<th>Name</th>
<th>Country</th>
<th>Launch Date</th>
<th>Description</th>
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<tbody>
<tr>
<td><img src="image1" alt="logo" /></td>
<td>Wealthfront</td>
<td><img src="image2" alt="USA" /></td>
<td>2011</td>
<td>Wealthfront is targeting small investors who don’t have nor time nor expertise to invest their assets.</td>
</tr>
<tr>
<td><img src="image3" alt="logo" /></td>
<td>Betterment</td>
<td><img src="image2" alt="USA" /></td>
<td>2010</td>
<td>Betterment focuses on investors that are target oriented.</td>
</tr>
<tr>
<td><img src="image4" alt="logo" /></td>
<td>Personal Capital</td>
<td><img src="image2" alt="USA" /></td>
<td>2011</td>
<td>Personal Capital is a financial accounts aggregator that combines individualised and digitised advice.</td>
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<tr>
<td><img src="image5" alt="logo" /></td>
<td>Motif Investing</td>
<td><img src="image2" alt="USA" /></td>
<td>2010</td>
<td>Motif Investing helps investors who want to invest in trends or themes.</td>
</tr>
<tr>
<td><img src="image6" alt="logo" /></td>
<td>Future Advisor</td>
<td><img src="image2" alt="USA" /></td>
<td>2010</td>
<td>Future Advisor focuses on investors who want to plan for their retirement.</td>
</tr>
<tr>
<td><img src="image7" alt="logo" /></td>
<td>SigFig</td>
<td><img src="image2" alt="USA" /></td>
<td>2012</td>
<td>SigFig is an investment accounts aggregator that also includes asset allocation advice.</td>
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<tr>
<td><img src="image8" alt="logo" /></td>
<td>Stockspot</td>
<td><img src="image2" alt="UK" /></td>
<td>2013</td>
<td>Stockspot targets investors who are mainly cost ad risk driven.</td>
</tr>
<tr>
<td><img src="image9" alt="logo" /></td>
<td>Marie Quantier</td>
<td><img src="image2" alt="France" /></td>
<td>2014</td>
<td>Marie Quantier focuses on small investors that do not need any investment background. Investors do not need to spend more than 6min/year to manage their account.</td>
</tr>
<tr>
<td><img src="image10" alt="logo" /></td>
<td>InvestGlass</td>
<td><img src="image2" alt="Switzerland" /></td>
<td>2015</td>
<td>InvestGlass is a Swiss-based platform providing tailor made automated suggestions on asset re-allocation, compliant products and news feeds.</td>
</tr>
<tr>
<td><img src="image11" alt="logo" /></td>
<td>8Now!</td>
<td><img src="image2" alt="Hong Kong" /></td>
<td>2015</td>
<td>8 Now! is the first Robo-Advisor in Asia. Active in Hong Kong and Japan, it enables the mass affluent to easily invest any asset volume above USD1k.</td>
</tr>
</tbody>
</table>
Differentiating factors

4 Key Robo-Advisors differentiation points

1. Fees structure
The cost of automated investing services range from free to 50 basis points or more. Some also require flat fees. The fee level also often depends on the total invested amount. Robo-Advisors offer very different fee structures. Therefore, on a fees basis, traditional advisors are not able to compete.

2. Custody
Robo-Advisors commonly require you to transfer your money to their custodian and structuring a new portfolio on their platform. Some others have services which do not require custody but then provide you only automated re-balancing suggestions. A few exceptions such as Weatherfront does allow you to have automated re-balancing without requiring custody.

3. Flexible Investments
Some limit investors to ETFs selected by the service, whilst others offer more flexibility with stocks, clientnd bonds. The number of available securities on which one can invest varies significantly amongst Robo-Advisors.

4. Tax loss harvesting solutions
Only a few Robo-Advisors offer sophisticated tax loss harvesting features. Asset allocation is then not only based on diversification and risk, but also on minimizing tax liabilities.
## Differencing factors

### Fees structure & differentiators

<table>
<thead>
<tr>
<th>Players</th>
<th>Fees structure</th>
<th>Custody not mandatory</th>
<th>Flexible investments (Not restricted to ETFs)</th>
<th>Tax loss harvesting solutions</th>
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</thead>
<tbody>
<tr>
<td><strong>wealthfront</strong></td>
<td>0.25%</td>
<td>✓</td>
<td></td>
<td>✓</td>
</tr>
<tr>
<td><strong>Betterment</strong></td>
<td>Between 0.15% and 0.35%</td>
<td></td>
<td></td>
<td>✓</td>
</tr>
<tr>
<td><strong>PERSONAL CAPITAL</strong></td>
<td>0.49% to 0.89%</td>
<td></td>
<td></td>
<td>✓</td>
</tr>
<tr>
<td><strong>motif investing</strong></td>
<td>USD9.95 for up to 30 stocks</td>
<td></td>
<td></td>
<td>✓</td>
</tr>
<tr>
<td><strong>FutureAdvisor</strong></td>
<td>0.5%</td>
<td>✓</td>
<td></td>
<td>✓</td>
</tr>
<tr>
<td><strong>SIGFIG</strong></td>
<td>0.25%</td>
<td>✓</td>
<td></td>
<td>✓</td>
</tr>
<tr>
<td><strong>stockspot</strong></td>
<td>0.044% to 0.077%</td>
<td></td>
<td></td>
<td>✓</td>
</tr>
<tr>
<td><strong>MARIE QUANTIER</strong></td>
<td>5% on yields + flat annual EUR70.80 + broker’s cost</td>
<td></td>
<td></td>
<td>✓</td>
</tr>
<tr>
<td><strong>InvestGlass</strong></td>
<td>Yearly rates from CHF828 to CHF10,428 &amp; tailor-made rates.</td>
<td></td>
<td></td>
<td>✓</td>
</tr>
<tr>
<td><strong>8</strong></td>
<td>0.88%</td>
<td></td>
<td></td>
<td>✓</td>
</tr>
</tbody>
</table>
**VALUE PROPOSITION**

Wealthfront is a portfolio management system that targets small investors (the minimum account size is USD5k and the minimum withdrawal amount is USD2.5k)

- After determining the personal risk tolerance of the investor, Wealthfront puts together the assets mix which will remain constant regardless the size of the portfolio.
- The service aims to increase long term returns by recognizing losses on poorly performing index funds to manage the investor’s tax liabilities.
- Wealthfront builds diversified portfolios for its users, allocating seven or eight different asset classes depending on the risk tolerance of each investor. Wealthfront uses cost-effective, index-based Exchange Traded Funds (ETFs) to represent each asset class.

**PRICING & CONDITIONS**

- Wealthfront’s advice and management services are free of charge for accounts up to USD10k.
- For accounts with more than USD10k Wealthfront charges an annual fee of 0.25%.
- The minimum deposit is USD5k.
- Only available in the US.

**DIFFERENTIATION**

- Wealthfront does not hold its customers portfolio but simply manages it (the portfolio is held with Apex Clearing Corporation).
- Wealthfront is particularly efficient when minimizing its users annual tax expenses (tax optimization).

**ILLUSTRATION**

Wealthfront 30’ presentation video

Easy presentation of the benefits of Wealthfront for its users.

**KEY TAKEAWAYS**

- Wealthfront’s free service for accounts under USD10k is a way for sceptical investors to try out the service before they decide to invest more or not. It is also a way for Wealthfront to make sure that people will easily try out the service so they can spread the word on the Web.
- Wealthfront highlights to its users that investing is time consuming and that their service provides full visibility and power over users’ investments but will not require much time and efforts to manage it.
VALUE PROPOSITION

Betterment is a Robo-Advisor that targets people investing in order to achieve predefined goals (retirement, financing children studies, building a safety net, etc…). When a goal is considered unrealistic, Betterment make recommendations to modify it

- Betterment determines its users’ risk tolerance, asks them for goals (achieving a certain amount of money in a certain time) and makes a recommendation with a personalized asset allocation that the user can adjust it at his will
- Betterment automatically reinvests the dividends and rebalances the portfolio every quarter to keep the same asset mix
- It only selects low-cost, highly liquid, index tracking ETFs, to assure desired asset exposure at the lowest cost
- Betterment also launched a white-label robo-advisor for conventional financial advisors (www.bettermentinstitutional.com)

PRICING & CONDITIONS

- Betterment charges an annual management fee of 0.15% to 0.35% depending on the size of the portfolio
- No minimum deposit but users are required to auto-deposit USD100/mo for accounts under USD10k or pay a flat USD3/mo fee
- Only available in the US

DIFFERENTIATION

- Betterment is really focused on User Experience, everything is made simpler for its users (Web and App design, advices, videos, etc…)
- Betterment offers personalized services with a human advisor (for accounts above USD500k+)
- Betterment launched a B2B service to help RIAs (Registered Investment Advisors) enrich their customers’ user experience

KEY TAKEAWAYS

- Betterment is particularly client centric with a simplified experience both on their website and App. The objective is to be closer to their user with very little human interaction
- Betterment’s regular content updates including posts and videos tutorials make them very transparent to users. They establish a trustworthy relationship with the investors to strengthen customer loyalty.
- Betterment has teamed up with Fidelity IWS to launch Betterment Institutional. Fidelity offers information and education on Betterment to its 3,000 RIA firms
Value Proposition

Personal Capital is a free financial advice platform that lets its user aggregate his financial (and investment) accounts in one place:

- **Personal Capital targets wealthier people** than most of its competitors as the minimum to deposit is USD100k and every customer gets a complimentary consultation with an advisor in order to analyse his current investments and financial situation before using its Wealth Management service.
- It allows the users to have a full picture of his income, spending and investments performance.
- The premium service manages users’ wealth after determining their risk profile. Personal Capital offers then recommendations on their investment assets allocation.

Pricing & Conditions

- **Free to use** for managing one’s financials.
- **Personal Capital charges an annual management fee of 0.49% to 0.89% depending on the size of the portfolio**.
- **Users are required to deposit at least USD100k**.
- **Only available in the US**.

Differentiation

- **Personal Capital provides a “You Index”** that lets the user compare his performance against the Markets.
- **Every account gets a dedicated advisor**, that can be reached through video conferencing.
- **Personal Capital has a high level of security** (with a two-step identification process).
- **It targets wealthier people** than its competitors.

Key Takeaways

- The fact that Bill Harris (Former CEO of Intuit and PayPal) is the founder of Personal Capital is a good sign of the success of such a venture. It can certainly be believed that Bill Harris is well-versed with the industry trends.
- **BlackRock is a shareholder of Personal Capital**.
- The “You Index” feature helps gamify the experience of the user by letting him try to beat the Markets.
- **Personal Capital is convinced that customers still want a personalized relationship with an advisor as well as a digitized experience**. This is the reason why Personal Capital has a dedicated advisor for each account.
VALUE PROPOSITION

Motif Investing allows the user to invest in groups of 20 to 30 stocks or ETFs that share the same characteristics

- Instead of buying mutual funds that revolve around specific asset classes or investing styles, it enables retail investors to focus on current trends, or "motifs," such as cybersecurity, cloud computing or even 3-D printing
- Motif Investing lets the user build Motifs the way he wants or suggests already built Motifs that he can customize
- Just like on a social media, users can invite their friends from Facebook or e-mail to stay connected with them through the platform. They can share Motifs with them, give their opinion on others’ Motifs, etc...
- In 2014, Motif Investing launched a B2B version of its service to help Advisors better serve their clients (www.motifadvisor.com)

PRICING & CONDITIONS

- Users have to pay a flat transaction fee of USD9.95 for up to 30 stocks in a Motif
- Minimum deposit of USD250
- The investment service is available only in the US, however, people from all over the world can build Motifs

DIFFERENTIATION

- Motif Investing offers a social experience to its users by letting them interact, share motifs and get feedback from other investors
- Motif Investing also gamifies its user experience by creating competition and ranking among users.
- Users earn royalties when their Motifs are used by another investor (USD1 per user)

KEY TAKEAWAYS

- By letting users interact with one another and share ideas about upcoming or current trends, Motif Investing has created a community of people that are betting on a future they are convinced about. It is a way to engage people with their service
- By creating a Royalty Program, people can earn money just by building motifs. Not only this is a way to engage people on a continuous basis, but also to ensure that they will spread the word about the service by sharing their motifs
- The comparison on how Motifs are performing is also a way for Motif Investing to gamify the user experience
**Factsheet**

**Future Advisor** is a convenient online financial planning service that is free to use for Do-It-Yourself investors

### VALUE PROPOSITION

**Future Advisor** is a Robo-Advisor that focuses exclusively on people investing long-term and helps them manage their Individual Retirement Accounts (IRA), Roth IRA (Tax free on earnings and withdrawals) and taxable accounts.

- After answering a few questions about his age, income, the age at which he wants to retire and his risk tolerance, the user then connects his existing financial accounts. **Future Advisor** proposes changes on his current assets allocation in order to reduce taxes, have a more diversified portfolio and lower his risk.
- The service is free to use until the user wants his portfolio automatically managed by **Future Advisor**.
- **Future Advisor** performs the trades within supported brokerage accounts (currently TD Ameritrade and Fidelity).

### PRICING & CONDITIONS

- **Future Advisor** is free to use for DIY Investors.
- **Future Advisor** charges a fee of 0.5% of assets managed annually.
- Users are required to deposit at least USD10K.
- Only available in the US.

### DIFFERENTIATION

- **Future Advisor** focuses on retirement.
- It gives recommendations based upon existing portfolios (no need to transfer assets to their firm).
- **Future Advisor** has a **free to use version** that can be a way for users to test the service.
- **Future Advisor** has a highly user-friendly interface.

### KEY TAKEAWAYS

- The service of giving recommendation on all the users existing accounts is a way for **Future Advisor** to have a deeper knowledge on their customer’s wealth. The insight into user’s wealth can lead to new services or offers by **Future Advisor**.
- The **free service for DIY investors** is a way for users to try the service out, be convinced by its accuracy and go for the premium version.
- The fact that the service is so specialized on retirement also helps to have a very clear communication and segmentation of clients.

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**Country**

**Launched**

2010

www.futureadvisor.com | Live | Web & App

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**Type:** Robo-Advisor

**Size:**

- > USD450 M AuM
- > 200,000 families

**Targets:**

B2C

Families and Do-It-Yourself Investors

**Revenue Generation Model:**

Fees based on AuM (%)

**Number of employees:**

~40

**Money Raised as a Start-up:**

USD20M

**Leading shareholders:**

- Devonshire Investors
- Y Combinator
- Sequoia Capital

**ILLUSTRATION**

Presentation of Future Advisor in a short video

Future Advisor targets DIY investors and thus hold a blog with easy to comprehend articles

Please click on the hand to access the video

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CHAPPUIS HALDER & C
SigFig is an investment accounts aggregator that provides its users with a monitoring dashboard in order to optimize their portfolio.

**VALUE PROPOSITION**

SigFig is an investment accounts aggregator platform that offers three different services: Investment Management, Diversified Income and Portfolio Tracking

- Unlike competitors such as Mint.com or Personal Capital, SigFig can only import accounts from Brokers. The user cannot import his credit card of checking accounts. SigFig doesn’t manage ‘529’ plans or ‘401(k)’, but the users can add them to get a full picture of their net worth.
- After determining the investment profile of the user, SigFig comes up with recommendations in order to optimize the user’s portfolio.
- SigFig performs the trades within supported brokerage accounts (currently TD Ameritrade, Charles Schwab and Fidelity).

**PRICING & CONDITIONS**

- SigFig is free for the Portfolio Tracking service
- Under USD10k, the management service is also free
- SigFig Managed Account costs 0.25% of the assets for accounts above USD10k
- Minimum deposit of USD2k required
- Only available in the US

**DIFFERENTIATION**

- The mobile apps of SigFig are very user-friendly and offer similar functionality as the desktop version.
- SigFig allows its user to link accounts from more than 100 different brokers.
- SigFig offers a comparative analysis from the user’s portfolio versus a well diversified portfolio (using MPT).
- SigFig also emphasizes on educating their users.

**ILLUSTRATION**

SigFig has a really simplistic and aesthetic features that allows an enriched user experience.

**KEY TAKEAWAYS**

- SigFig offers a real dashboard for users to monitor their investments, the ability to have it all in one place allows SigFig to obtain the user relationship over the traditional Advisors.
- Offering a free tracking service to users helps SigFig to gain a broader understanding on how they invest and what they do with their money. It can then offer a premium service to the users that need it the most.
-SigFig builds trust with its users by identifying hidden fees, ranging from brokerage fees to overcharging investors.

**Revenue Generation Model:** Fees based on AuM (%)

**Number of employees:** ~40

**Money Raised as a Start-up:** USD15m

**Leading shareholders:**
- Bain Capital
- Union Square Ventures
- DCM

**Launched:** 2012
VALUE PROPOSITION

Very similar to Wealthfront or Betterment, Stockspot is an online Exchange-Trade Fund manager in Australia

- The platform determines the user investments profile based on a few questions and matches him with a portfolio. The user has the possibility to adjust the portfolio before proceeding to the investment
- Stockspot automatically manages the investor’s portfolio, rebalancing them and providing regular analytical report to users
- This Robo-Advisor is very clear and straight-forward to its investors, it does not try to beat the market, but only reduce the risk of investing and charges a smaller fee than traditional wealth manager
- Their targets are clearly the Generation Y clients who want to invest small amounts of money with full control over it

PRICING & CONDITIONS

- The service is free of charge for clients with less than USD8K
- Minimum investment of USD1,600
- Stockspot charges a flat management fee of USD60 per year and a variable fee of 0.044% to 0.077% depending on the size of the portfolio
- Only available in Australia

DIFFERENTIATION

- Stockspot only invests in 5 different Asset classes: Australian shares, Global Shares, Emerging markets, Bonds and gold
- Stockspot offers only 5 different portfolios to its customers with different assets mix depending on their risk tolerance
- It allows investors to share their portfolio with their accountant to avoid complications during the tax period

ILLUSTRATION

Short presentation video of Stockspot

Stockspot strongly insists on its philosophy on its website

KEY TAKEAWAYS

- Stockspot is very clear on its performances, its purpose is not to beat the market but to have low risk portfolios. Its portfolios are very simple and understandable to its customers
Marie Quantier (MQ) is a French portfolio advisor system that allows its user to build a perfectly diversified portfolio

- Very similar to other Robo-Advisors such as Betterment or Wealthfront, MQ determines the risk profile of its user and then constitutes a recommendation for building a balanced portfolio and place orders directly through diverse partners
- Other benefits for the user include: monitoring his portfolio at a glance, receiving financial information about the markets in a very simple way, crash-testing their portfolio, receiving push notifications via SMS and e-mail in case of changes
- Investors have access to 5 asset classes, 10 sectors and 80 sub-sectors. With a color-coding method, users can see at a glance on the diversification level of their portfolio

**PRICING & CONDITIONS**

- MQ requires a minimum deposit of EUR5k
- MQ charges a fee of 5% on earnings
- A flat annual fee of EUR70.80 applies
- The client is also charged with the broker’s cost
- Only available in France

**DIFFERENTIATION**

- MQ advertises an annual return of 5% to 10%
- MQ offers an easy-to-use website, and promises that the user does not need any financial background
- MQ is opposed to offering its service to Investment Managers as they argue that Gen Y do not trust the financial institutions
- Users have the ability to crash-test their portfolio to have a view of what could happen in the worst case scenario

**KEY TAKEAWAYS**

- MQ has graphic focused methods (animals, color-based, weather forecast) to explain how the markets work to their investors. It is a way to have a broader audience and to reassure novice investors
- Even though Marie Quantier is a Robo-Advisor, it is possible to call or chat online with them when the user has a question. This way, MQ bypass the only automated relationship with its users and is able to obtain feedback on their service
- The Crash Testing feature is really interesting on a cultural point of view. French consumers being particularly Cartesian in their way of investing, MQ has implemented a tool for them to simulate a worst case scenario
**VALUE PROPOSITION**

InvestGlass allows you to replicate your portfolio and preferences on their platform and receive tailor-made compliant and re-balancing suggestions as well as sensitive news to your positions. Based on the level of subscription, the advisor or end-client can receive the following services:

- **Individual subscription:** market quotes and global news wires, smart alerts and strategy tutor
- **Professional subscription:** compliant securities lists, white label investment proposals, call report dashboard, automated rebalancing and proactive suggestion
- **Enterprise subscription:** CRM integration, built-in account aggregation, client-facing on-boarding experience and built-in tax-loss harvesting

**PRICING & CONDITIONS**

- **Yearly subscription per user:**
  - CHF828 for individuals
  - CHF10428 for professionals
  - On demand for Enterprise

**DIFFERENTIATION**

- Geneva based company.
- Portal is designed in Switzerland and hosted in Swiss bank level security servers.
- Market feeds are provided by renowned professional providers.
- European and Swiss plug & play solution

**KEY TAKEAWAYS**

InvestGlass’s value proposition can be narrowed down to three main categories:

- Customer compliant products suggestions
- Asset re-balancing suggestions according to client profile, history and “peers”
- News feed according to investments in portfolio

InvestGlass is not targeting individuals which are seeking fully automated portfolio re-balancing platforms but people looking for automated tailor made information and suggestions to improve the management of their portfolio.

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**Factsheet**

*InvestGlass is an automated intelligent financial information platform enabling wealth managers and professional investors to navigate through clients’ investments, compliance, and investment convictions.*

**Type:** 
Robo-Advisor

**Size:**
1 Institution
50 Independent users

**Targets:**
B2B (tier 2 and tier 3) focus
With some B2C exposure

**Revenue Generation Model:**
Subscription fee

**Number of employees:**
4+

**Money Raised as a Start-up:**
CHF100k

**Leading shareholder:**
InvestGlass founder
Factsheet

8 Now! is the first Robo-Advisor in Asia. Active in Hong Kong and Japan, it enables the mass affluent to easily invest any asset volume above USD1k

Type:
Robo-Advisor

Size:
Several thousand users

VALUE PROPOSITION

- **8Now!** Provide users access to structure a personalised, globally diversified and automatically rebalanced ETF portfolio.
- It provides access to an automated portfolio for a low price with no hidden fees, free rebalancing and a relationship manager.
- Based on users answers it builds a customised portfolio of up to 15 ETFs investing in bonds, stocks, cash and others on which the platform can re-balance with any ETF listed on the US stock exchange.
- The portfolios are professionally designed and optimized by Morningstar Investment Management.
- It provides an instant view on features such as global or industry diversification or 1, 3 and 5 year portfolio historical performance.

PRICING & CONDITIONS

- 0.88% annual fee; charged monthly.
- Minimum deposit of USD1k required
- Available in Hong Kong and Japan

DIFERENTIATION

- First and only Robo-Advisor to operate in Asia.
- It is purely client centric and focuses on being as user friendly as possible in order to attract clients with no knowledge in portfolio structuring and investing.
- Portfolios are designed and optimised by Morningstar Investment Management.

KEY TAKEAWAYS

- It is the first Asian user friendly platform that allows anyone to invest in ETFs.
- 8Now! is partnered with Morningstar Investment Management.
- The platform can invest in any ETF listed on the US stock exchange.
- It doesn’t provide sophisticated tools such as Tax Loss Harvesting.

ILLUSTRATION

8Now! - A simple new way to own and automate a global investment portfolio.
Presentation video – May 2015

Celebrities using the platform
Advertisement - May 2015

Please click on the hand to access the video

Revenue Generation Model:
Fees based on AuM (%)

Number of employees:
11-50*

Money Raised as a Start-up:
USD26m*

Leading shareholders:
- Series B (USD9m)
- China Growth Capital
- Route 66 Ventures

* Data based on 8 Securities company
(Robo Investing and Mobile Trading company)
Agenda

1. Robo-Advisors – Executive briefing
   - Introduction
   - Key facts
   - Current situation
   - Robo-Advisors & traditional advisors hand-in-hand
   - Key takeaways

2. 10 inspiring case studies
   - Overview
   - Differentiating factors
   - Factsheets

3. Annex
Annex
Robo-Advisor’s AuM

Main source: http://investorhome.com/robos.htm