

Robo-Advice 3.0

Hybrid Tech Reinventing Wealth Management

Thursday, March 22nd, 2018 12:00pm (New York)

*Hashtag on Twitter: **#betasmartz***

Your speaker today



John James

CEO & Founder @ BetaSmartz

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What you will learn today

- Where Robo Advice started
 - The Market
- Where Robo Advice is going – the Hybrid model
 - The implications for Advisors
- Positive outcomes to apply to wealth management

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ROBO ADVICE

/'rəʊ.bəʊ/

/əd'vaɪs/

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Big Players

- Vanguard
- Schwab
- Fidelity
- Blackrock



Vanguard

>\$100 billion AUM in just 3 years*



\$25 billion in AUM

 **Betterment**

\$10 billion in AUM

* As of Dec 31, 2017. 90% of the platform's AUM are existing Vanguard clients
Source: <https://www.financial-planning.com/news/vanguard-digital-advice-platform-hits-100-billion>

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Digital Advice estimated growth by 2020

\$4.1 Trillion
AUM

\$25 Billion
Revenues

Source: Nick Maynard, Fintech Futures, Juniper, 1 Dec 2017.

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Robo-Advice 1.0

entrepreneurial FinTechs

technology to re-invent traditional processes and **disrupt**

more **transparent** / solid longer-term **returns** / lower **cost**

initially targeted **millennials**

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Next Gen...

*platforms that can augment
the advice being given by
humans*

*platforms that help
advisors retain and manage
'sticky' money – that is,
multi-generational assets to
be managed over the
long-term*

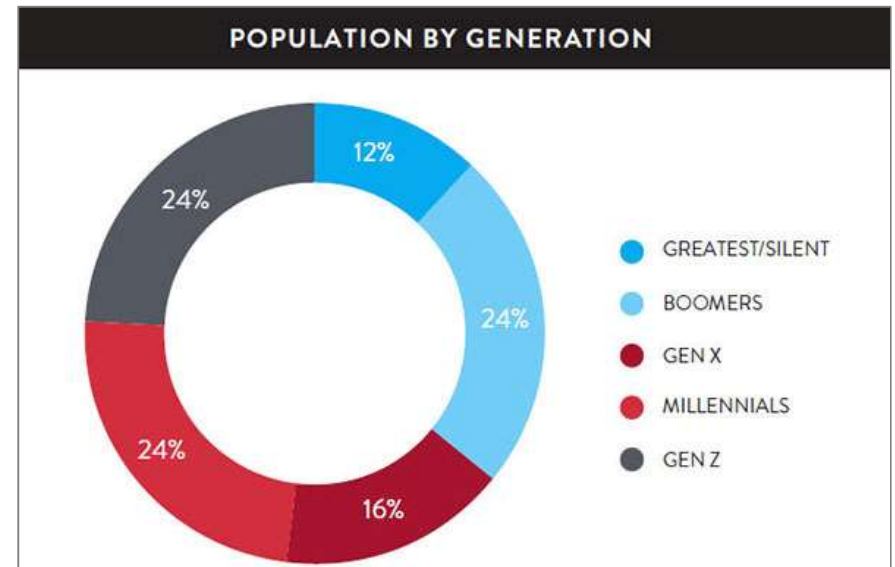
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"the average age of clients at many robo advisors is between 40 and 50, not between 20 and 30 like many people believe."

Source: Robo Report, BackendBenchmarking

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- *Older clients embracing tech*
- *Millennials nearly largest living adult generation*



Source: <http://www.nielsen.com/us/en/insights/reports/2014/millennials-breaking-the-myths.html>

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Who can you trust?

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Robo-Advice 3.0

'hybrid advice'

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Robo-Advice 3.0

- Technology important in **enabling advisors**
 - better **manage** clients
 - Reduce **cost** and **labor**
 - manage **compliance** obligations
- **optimize** advice being given: **big data** and **AI**

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Paradigm shift in the wealth management industry

Market Size Estimate

2020
\$3.7 Trillion
AUM Worldwide



2025
\$16.3 Trillion
AUM Worldwide

Source: <http://www.myprivatebanking.com/article/report-hybrid-robo-advisors-2016>

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*Preference for face-to-face
financial advice*

Over 50s

~ **66%**

Under 50s

~ **58%**



Source: 2016 Research by ComPeer

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Market leading innovation... leverage A.I., data, gamification, wearables etc.

The screenshot shows the RETIRESMARTZ CONSOLE dashboard with the following callout boxes:

- Interactive VirtualAdvisor**: Points to the virtual advisor profile on the left.
- Advice Feed – record advisor communications**: Points to the text-based advice feed on the left.
- Dynamically adjust portfolio risk profile**: Points to the risk gauge (20% Conservative, 80% Dynamic).
- Trade Off between saving for retirement or spending**: Points to the 'Retirement' line on the INCOME graph.
- Automatically adjust retirement income / assets**: Points to the 'Life Expectancy' graph showing a 90% chance of getting \$9,271 of income from \$64,527 of assets.
- Use Wearables for real time life expectancy**: Points to the 'Select your health device' section, which lists various wearables like Fitbit, Apple, Jawbone, etc.
- Retirement Date**: Points to the 'Retirement' marker on the INCOME graph.

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Client-centric model closing the gap between service and value

CLIENT PORTAL

Overview Portfolio Allocation Performance Transfer Activity Your advisor: advisor example

TRY RETIRESMARTZ
Get started now >

ACCOUNT SUMMARY

Investment (All goals -)	\$76,893.21
Net Worth	\$403,893.21
Uninvested cash	\$2,400.00
Annualized Return	-200.0%
WHAT YOU'VE INVESTED	
WHAT YOU'VE EARNED	

EXTERNAL ACCOUNTS [Manage External Accounts](#)

Manually Entered Assets - Account 1402536

Balance	\$2,000.00
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Bank of America - Account 1437752

YOUR GOALS [Reliever](#) [Add Goal](#)

Major Purchase

PERFORMANCE Off track **Moderate (Growth)** **\$20,000.00**

Balance **\$0.00**

Annualized Return 0.0%

WHAT YOU'VE INVESTED

WHAT YOU'VE EARNED

AUTO-DEPOSIT OFF
 AUTO-WITHDRAWAL OFF

Other

PERFORMANCE Off track **Small (Growth)** **\$88.00**

Balance **\$2,000.00**

Add a goal (ability to add 3rd party portfolios)

Overview Portfolio Allocation Performance Transfer Activity Your advisor: advisor example

Reserve Goal
Select a target amount, term, and initial deposit for your goal.

SELECT A GOAL

TARGET AMOUNT: \$0 Reserve

TERM (YEARS): 3

HOW SOON TO ADDRESS YOUR TARGET: Immediately

SELECT A GOAL, PORTFOLIO (AVAILABLE FOR YOUR GOAL): Betasmartz

RECALCULATE RESPONSIBLE INVESTMENTS

You can make changes to your goals from the Allocation page.

Automated Rebalancing

REBALANCING WHEN DRIFT REACHES

Disable 5.0%

Drift 0.0%

3rd Party Account Aggregation

Manage your External Accounts

Choose with confidence

Wells Fargo	Investment	Fidelity
Chime	Investment	CHASE
Bank of America	Investment	ally

Tax Loss Harvesting

WHAT YOU'VE EARNED

Market moves	\$0.00
DI Tax Loss Harvesting is the practice of selling securities that have experienced loss to offset taxes.	\$0.00
Fe	\$0.00
Tax Losses Harvested	\$0.00
TOTAL	\$0.00

Portfolio Constraints

Overview Portfolio Allocation Performance Transfer Activity Your advisor: advisor example

Pending Activation

ADD A CONSTRAINT

100% 0%

100% 0%

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*« financial advisors have
faced disruption before and
will continue to face
disruption:
key is to keep evolving »*



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Wrapping it up

A digital hybrid enables the best of technology and human interaction so that advisors can expand their profitable client base

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Key takeaways

- Tech lowers the client profitability threshold enabling advisors to retain all assets
 - Tech reduces compliance cost burden
- Innovative solutions increase up-sell and cross-sell opportunities

Hybrid Robo-Advice 3.0 means that you can improve processes and be more profitable

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Let's move to Q&As

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