

ALL FINANCIAL ADVISORS NEED A "ROBO-ADVISOR"

As Of Date:
10/26/2015

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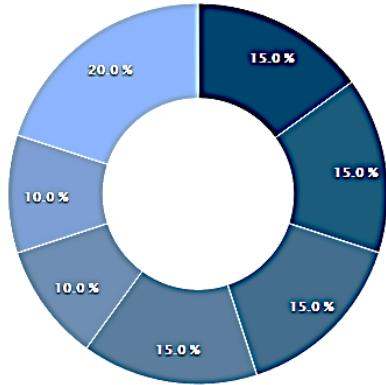


alpha architect

Affordable Active Alpha | Built to Beat Behavioral Bias | We Empower Investors Through Education

What is a Robo-Advisor?

Robust Asset Allocation ⓘ - Moderate



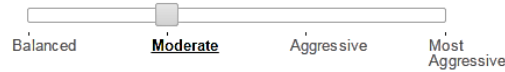
- Domestic Equity Value (15.0%)
- Domestic Equity Momentum (15.0%)
- International Equity Value (15.0%)
- International Equity Momentum (15.0%)
- Real Estate (10.0%)
- Commodities (10.0%)
- Fixed Income (20.0%)

➤ CREATE MY ROBO ADVISOR ACCOUNT

Downside Protection ⓘ

On Off

Risk Profile: Moderate



Option underlined is your recommendation based on your answers

**Robos may kill advisors;
Robos won't kill good advisors**

- ✓ Automated Allocation
- ✓ Low Costs
- ✓ Full Transparency
- ✓ Simple Reporting
- ✓ Simple Onboarding
- ✓ Clean User Interface



10/15/2015

Accounts : 10

Total Asset: \$4,540,864

Overview

SMA Accounts:

Current Portfolio Value	Return Since Inception	YTD
\$4,540,864	+ 5.89%	- 1.98%
↓ 0.05% DOWN as of Last Trading Day	From 05/29/2014	From 01/01/2015

Allocation

Asset Class	Percentage
Stock	70.50%
Bond	20.54%
REITs	5.17%
Cash	1.25%
Short Stock	1.52%
Short Future	0.47%

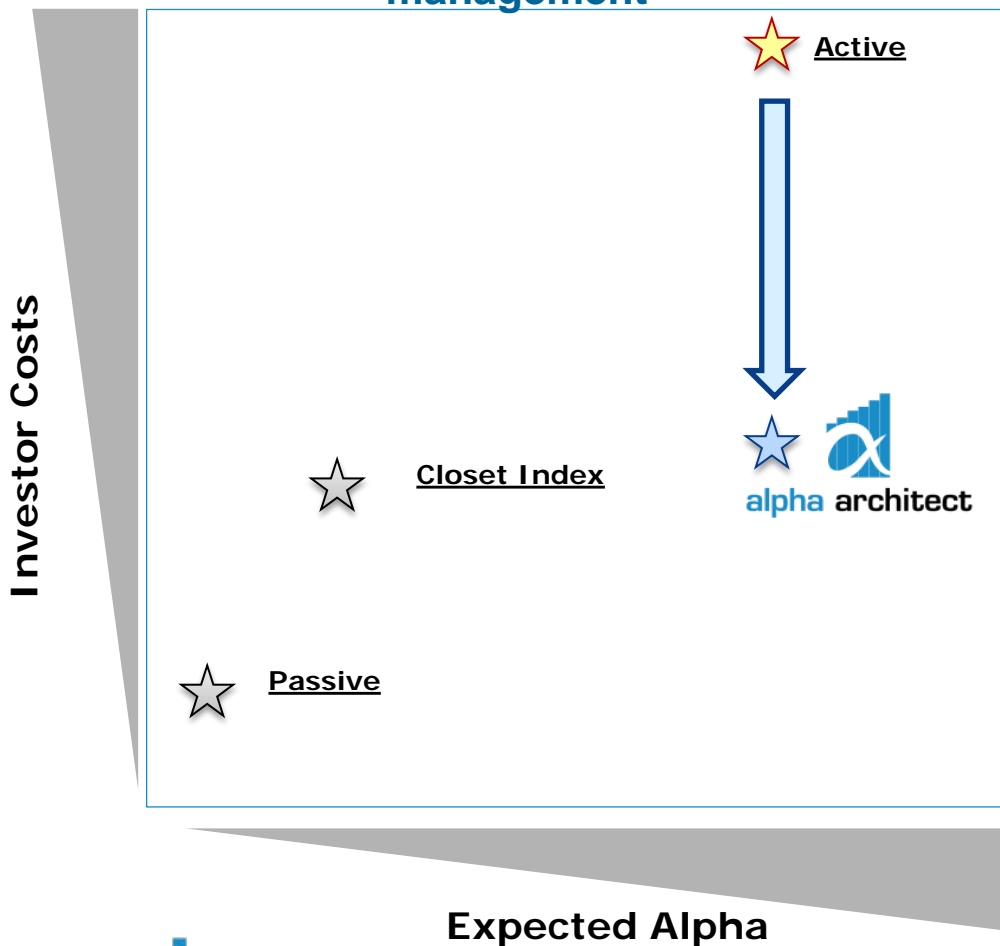
Assets Value

Zoom: 1m | 3m | 6m | YTD | 1y | All

From: May 29, 2014 To: Oct 15, 2015

Case Study: Why Did Alpha Architect go “Robo”?

We want to deliver affordable active management



Why a Robo Advisor works for us...

- ① We minimize distribution costs.
- ② Scalability via technology
- ③ We are a technology firm with in-house capability
- ④ IB is affordable and has great technology

Automation = Affordable



<http://www.alphaarchitect.com/robo>

Objectives for today's discussion

Outline the rise of robo advisors

Discuss why robo advisors matter

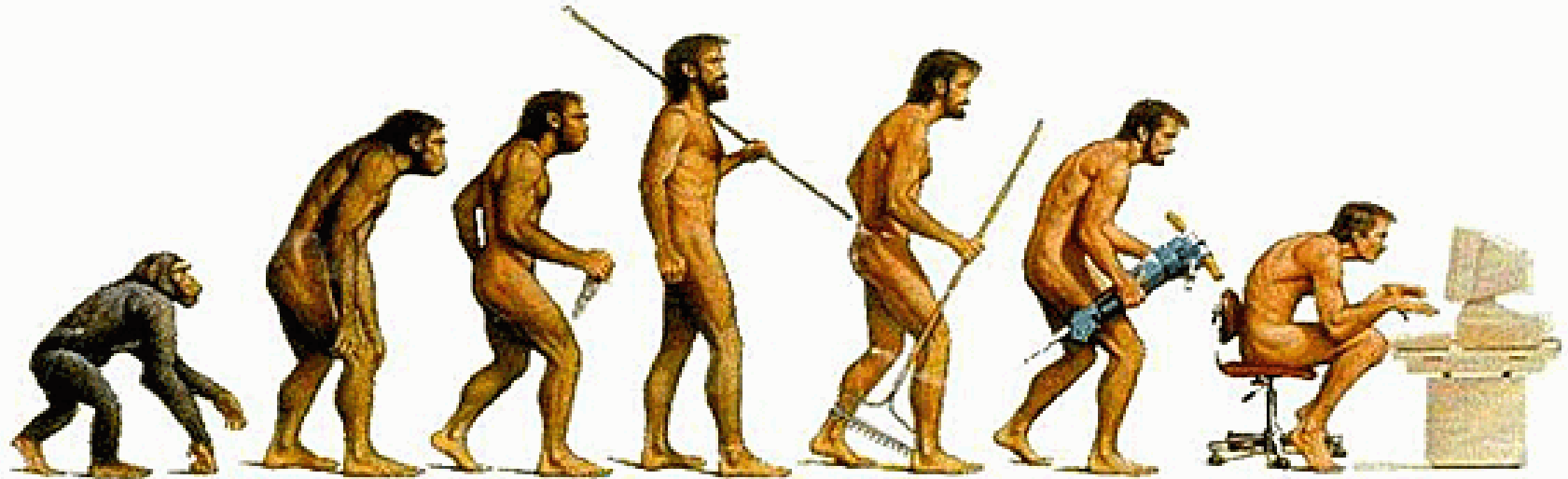
Highlight how robo advisors can help you

Showcase some options to get started

**An initial presentation (30 min) followed by
general Q&A...
Please ask questions throughout!**



Robos are the newest “evolution” in financial services



Earliest Days:

Stock Brokers
"I know a guy"
2%+2%

Early Days:

Financial Advisors
"A comprehensive plan
+ mutual funds"
1%+1.5%

Today:

Financial Advisors
"A comprehensive
plan+ETFs"
1%+ .50%

Future:

DIY + one-off advice
"ETFs for investing, CPA for
tax, lawyer for estate..."
<1%

Advisors that simply act as "paid friends" but don't add any value will go by the way side. You have to actually add value to maintain your role as an advisor.



Technology is dismantling the “one-stop shop” concept

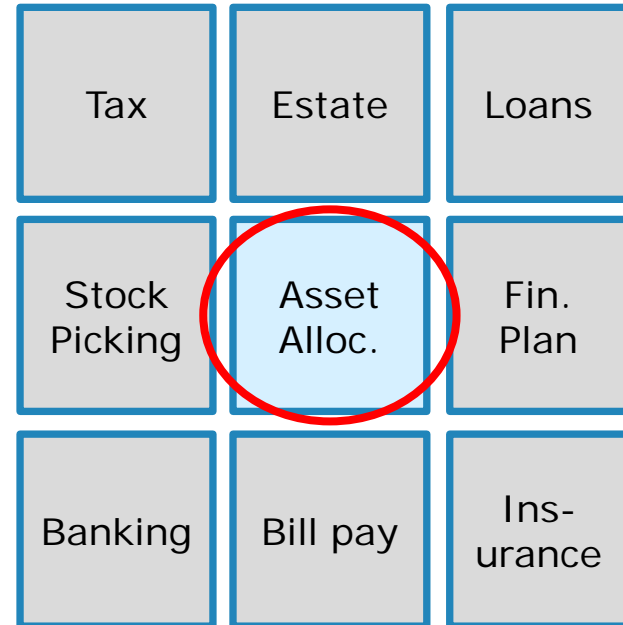
Old Model:

All services in one place
Intermediated Sales



New Model:

Multiple service providers
Direct-to-Consumer Sales



Technology Disintermediates Finance

Robos will affect every tier of RIAs in some way

Asset Allocation is a value proposition with a new price:

25bps



1% advice fee to pick ETFs/Stocks won't work



How do you create 75bps of value?



View the robo as an opportunity: many benefits

*Streamlined
back office*

*More time to
focus on clients*

*Digitize
compliance*

*Enhance
customer
experience*

*Lower cost of
acquisition*

*Capture new
generation*

*Minimizes
complacency*

*Lower overhead
expenses*

A robo-advisor frees time to enhance your offering

*Investor
Education
(Psych. Coach)*

*Estate Planning
and
Family Comm.*

*Total Portfolio
Tax Mgmt.*

*Alternatives
Due Diligence*



Some potential options for adding “robo features”

Many 3rd party service providers willing to implement at low cost

Enhanced Technology

- Swallow “pain pill” early, incorporate tech now
- Significant PR for firm
- Enhance buyout multiple for exit

Facilitate smaller accounts

- Enable smaller accounts access to your firm
- Liberate bandwidth to focus on “core” clients
- Facilitate broader access to your firm

Streamline onboarding process

- Make account opening process electronic
- Ensure all compliance is automated / documented
- Enhance customer experience

Online reporting portal

- Add or enhance reporting portal
- Eliminate / minimize paper & pdf reports
- Streamline back office operations





QUESTIONS?

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