

FinTech – Robo Advisors

Key Metrics Update

Our Robo Advisor Key Metrics Update looks at RAUM (regulatory assets under management) and client trends reported by startup advisors on their Form ADV filings with the SEC. All registered investment advisors (RIAs), including robo advisors, are required to file an updated Form ADV at least annually; however, some advisors will provide intra-year updates following a material change in their business (new investment officers, product lines, etc.) or as desired. We look at the following robo advisor startups: Acorns, Betterment, Personal Advisors, Sofi Wealth, StashInvest, Wealthfront and WiseBanyan.

Startup robo advisor RAUM continues to grow at a healthy clip.

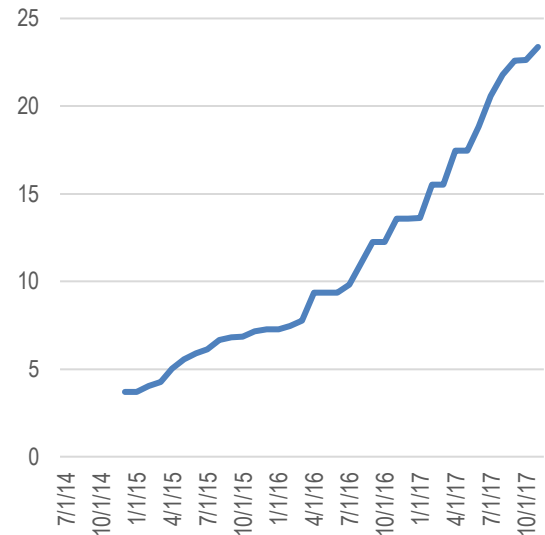
Robo advisor revenue is highly dependent on the amount of client funds each manages. Available ADV filings indicate the startups in our analysis manage ~\$23B of client assets currently, up ~70% from last year. All of these advisors reported growth year-over-year (YOY). Note that startups still represent a small slice of the overall AUM pie managed by RIAs of ~\$72T and lag the \$100B+ in robo-AUM of traditional managers (Vanguard, Schwab, Fidelity, and Blackrock).

Account growth key driver for RAUM for most Robos. Advisors can grow AUM through one of two ways: (1) attracting more clients or (2) attracting larger check sizes per client. Client acquisition has been the largest contributor to RAUM growth for most startup advisors over the past year. Across the sector, RAUM/client has been flattish YOY. Only Acorns has seen a larger contribution from RAUM/client growth vs. account growth.

Betterment continues to lead on market share among startups – Wealthfront catching up? Betterment remains the largest startup advisor on total RAUM, with a little over \$10B under management. Wealthfront may be gaining share given ~90% growth in RAUM over the past year compared to 65% at Betterment. Given inconsistencies with intra-year reporting frequency, though, we will have more clarity on this over time (Wealthfront just updated its AUM this month, Betterment’s last update was in August 2017). Notably, Wealthfront has grown solely by attracting more clients (check size has decreased YOY) while Betterment’s growth has been more balanced. We believe a more balanced profile could indicate higher profitability, as advisors typically incur a certain level of fixed administrative costs per account.

Additional charts on page 2.

Robo Advisor RAUM History



Source: SEC

RAUM by Advisor (as of November 2017)

| Advisor | RAUM (in \$000s) | YOY Chg |
|---------------------------|-------------------|--------------|
| Betterment | 10,050,001 | 64.6% |
| Wealthfront | 8,218,422 | 89.0% |
| Personal Capital Advisors | 4,344,382 | 52.2% |
| Acorns Advisers | 528,328 | 64.6% |
| Stashinvest | 125,004 | 1169.1% |
| WiseBanyan | 94,418 | 92.6% |
| Sofi Wealth | 12,249 | 308.3% |
| Total | 23,372,804 | 72.3% |

Source: SEC

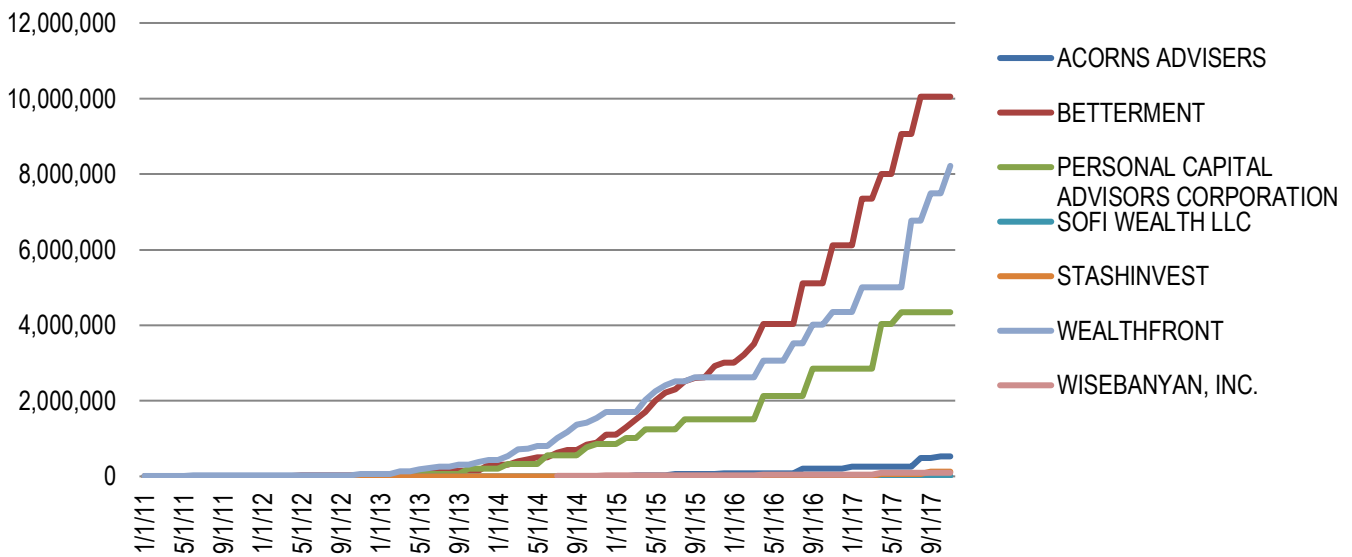


Roboadvisors – Key Metrics Summary

| | RAUM (in \$000s) | YOY Chg | Accounts | YOY Chg | RAUM/ Account (in \$000s) | YOY Chg |
|---------------------------|---------------------|---------|-----------|---------|---------------------------------|---------|
| Betterment | 10,050,001 | 64.6% | 353,139 | 41.9% | 28.5 | 16.0% |
| Wealthfront | 8,218,422 | 89.0% | 194,243 | 116.8% | 42.3 | -12.8% |
| Personal Capital Advisors | 4,344,382 | 52.2% | 30,357 | 55.5% | 143.1 | -2.1% |
| Acorns Advisers | 528,328 | 64.6% | 1,297,745 | 41.5% | 0.4 | 89.5% |
| Stashinvest | 125,004 | 1169.1% | 982,800 | 978.8% | 0.1 | 17.6% |
| WiseBanyan | 94,418 | 92.6% | 25,159 | 166.6% | 3.8 | -27.8% |
| Sofi Wealth | 12,249 | 308.3% | 1,631 | 7.0% | 7.5 | 281.8% |
| Total | 23,372,804 | 72.3% | 2,885,074 | 109.5% | 225.7 | -0.5% |

Source: SEC

Roboadvisors – Historical RAUM (\$000s)



Source: SEC

