

Robo-Advisor e dintorni – La digitalizzazione del servizio di consulenza

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COMPARING ROBO ADVISERS

Can a “Robo Adviser” Boost Your Investment Returns?

<http://bottomlinepersonal.com/can-robo-adviser-boost-investment-returns/>

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	Betterment	FutureAdvisor	Schwab Intelligent Portfolios	Vanguard Personal Advisor Services	Wealthfront
	Betterment.com	FutureAdvisor.com	Intelligent.Schwab.com	Investor.Vanguard.com	Wealthfront.com
Assets managed	\$1.7 billion.	\$520 million.	\$1.5 billion	\$17 billion, including \$10 billion that Vanguard moved over when phasing out a previous financial-planning service.	\$2 billion.
Annual fee	Under \$10,000, 0.35% of the average balance...\$10,000 to \$100,000, 0.25%...\$100,000 and above, 0.15%.	0.5%.	No robo adviser fee.	0.3%.	0% on the first \$10,000 ...0.25% on the rest.
Minimum investment	Below \$10,000, you must auto-deposit \$100 or more a month or pay an additional fee of \$3 per month.	\$3,000.	\$5,000	\$50,000.	\$5,000.
What stands out	It offers “smart” dividend reinvesting.	It will analyze and include your existing holdings in the portfolio it creates and manages. It charges no fee to manage investments in college-savings	It uses a broader portfolio than most other robo advisers do, with up to 20 asset classes including mortgage-backed securities and gold.	You can discuss your computerized asset-allocation plan by phone as often as you need with someone from Vanguard’s pool of human advisers.	It offers smart dividend reinvesting.

		plans, such as 529s.			
Drawbacks	There are no REIT or commodity ETFs in its allocations on the theory that its “total-market” ETFs provide exposure to these asset classes.	You must open an account with either Fidelity Investments or TD Ameritrade to hold your investments, although FutureAdvisor will manage the portfolio there.	The service has a cash-heavy approach, sometimes keeping 10% or more of a portfolio in a savings account at a Schwab-affiliated bank where it earns very little.	Minimum investment is high... investment options are limited to Vanguard funds and ETFs, which may not be a negative, since they often have the lowest expense ratios.	Unlike the other robo advisers described here, Wealthfront does not allow investors to - remove or substitute ETFs in a portfolio.

Robo-Advisor 101

Robo-advisors are software platforms that ask users a series of questions, such as age, retirement status, and annual income.

I am _____ years old and not retired ✓

My annual income is \$ _____.

These questions are then fed through a proprietary algorithm, which chooses investments that best fit the user's unique risk/return profile and portfolio objectives. The vast majority of the portfolios created by robo-advisors allocate either all or a significant portion of assets to exchange-traded funds (ETFs), which fall perfectly in-line with the robo-advisors' low-cost and efficient mantra.

To put things as simply as possible: an algorithm will essentially be making your investment decisions. The reasoning for taking out the human element according to the firms behind these technologies? Humans are not rational and therefore can make poor investment decisions. It's important to note, however, that there are several companies that offer both services – human and robo-advisors – which may be a more compelling option for those wary of fully automated systems.

Many robo-advisors also offer several different types of accounts, including basic and retirement accounts, while others work with your existing accounts (such as [TD Ameritrade](#) or [E*TRADE](#)) to help you manage and best allocate your capital.

For those looking to utilize a robo-advisor, or simply looking to learn more about them, we take a quick look at several of the most popular robo-advisors that utilize ETFs.

It is extremely important to note that the fees listed below are only the management fees – meaning investors may incur additional costs, such as ETF fees, trading commissions, and other transaction fees.

Acorns



With the help of the “Father of Modern Portfolio Theory” Dr. Harry Markowitz, Acorns offers several portfolios that are optimized to obtain the highest expected return for a given level of risk. The basic concept behind these portfolios are that uncorrelated asset classes improves a portfolio’s risk/return profile.

To achieve this optimal diversification, Acorns portfolios are composed of ETFs that represent different asset classes. Acorns takes into account an ETF’s size, liquidity, and expenses; the expense ratios range from 0.05% to 0.20%. Based on the investor’s profile (age, time horizon, goals, income, and risk tolerance), Acorn recommends one of their all-ETF portfolios: Conservative, Moderately Conservative, Moderate, Moderately Aggressive, and Aggressive. Each portfolio is made up of six ETFs.

The cost for Acorn’s robo-advisor? \$1 per month for accounts under \$5,000 or 0.25% per year for accounts over \$5,000. **Best feature: students invest for free!**

Betterment

Betterment offers investors several financial services, including financial planning, retirement, IRAs, trusts, and tax-loss harvesting. Also incorporating Modern Portfolio Theory, the robo-advisor utilizes a goal-based investment framework and advice algorithm to create intelligent portfolios that are designed for optimal performance and tax efficiency. More specifically, Betterment uses two techniques to create its portfolios: the Black-Litterman expected returns model, and optimization for downside risk measures.

Betterment's portfolios are composed entirely of ETFs, which represent up to 12 different asset classes. The firm's ETF criteria include expense ratio, bid/ask spread, AUM, number of holdings, exchange rate hedging, and capital gains implications. As of July 2015, Betterment's stock ETFs include only [Vanguard](#) products, while its bond ETF selection includes both [iShares](#) and Vanguard funds.

Dubbed “the Apple of Finance”, one of Betterment's **best features is that it puts every cent of your money to work by purchasing fractional shares** – something most managers are not able to do.

Betterment charges the following in fees:

- 0.35% with a minimum of \$100/month auto-deposit for accounts up to \$10K
- \$3/month without auto-deposit for accounts up to \$10K
- 0.25% for accounts between \$10K and \$100K
- 0.15% for accounts over \$100K

FutureAdvisor



FutureAdvisor is focused on providing retirement planning and college savings services. Using the ever-popular Modern Portfolio Theory, the firm uses a mix of robo and human advising, making it a compelling option for those that still like the “human element” in investing.

FutureAdvisor is a bit different than other firms on this list in that it does not provide ready-made portfolios. Instead, the firm works with your current portfolio, giving you recommendations based on your risk/return profile and investment objectives. It then manages your entire portfolio with the help of a human investment team and its Recommendations Engine software. If the Recommendations Engine proposes adjustments to your portfolio, an investment team reviews it before any changes are executed.

For the most part, FutureAdvisor will recommend ETFs to help better diversify your portfolio. Its algorithm weighs expense ratios, trading commissions, and bid/ask spreads to determine the lowest possible cost ETFs for each portfolio, account and transaction.

One of the nicest features is that if you already have accounts with Fidelity or TD Ameritrade, FutureAdvisor will simply be a management layer you add over your existing accounts. To sign up for retirement planning, it will cost you 0.5% annually on investable assets. **Best feature: the college savings program is completely free – forever!**

Hedgeable



Hedgeable’s objective is to provide investors with much more than the “cookie cutter buckets with 5 ETFs offered by other robo-advisors.” Hedgeable manages portfolios dynamically, which entails mitigating risk by laddering in and out of risky securities into safer securities and sometimes also entails rotating among different securities based on current market conditions.

More simply put, Hedgeable aims to track markets on the way up, and protect capital on the way down.

While Hedgeable’s portfolios are primarily constructed using ETFs, other securities such as individual stocks, [MLPs](#), [REITs](#), and alternative asset classes can also be included. Hedgeable customizes portfolios in over 200 ways for clients during the signup process, including a high income or impact investing focus.

Hedgeable’s best feature is that it charges one wrap fee which includes everything: management fee, the custodial fee, product fees, trading costs, analytics, administration, and support. Depending on your account size, the wrap fee can range from 0.3% to 0.75%. Bonus: no minimum account size.

MarketRiders



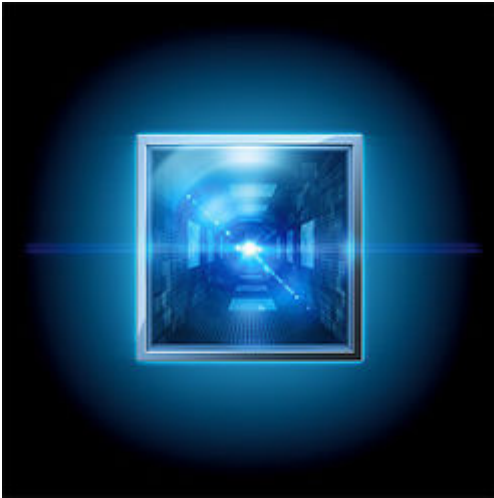
MarketRiders' goal is to help you invest like the world's smartest investors – essentially standing on the shoulders of giants like David Swensen, John Bogle, Burton Malkiel, and Dr. William Sharpe. How do they deliver this tall order? ETFs.

MarketRiders constructs its portfolio using only ETFs. Its algorithms are designed to create an investor's ideal asset allocation among six key asset classes. MarketRiders screens the ETF universe for low expense ratios and low turnover: the average expense ratio is 0.17% per year.

Users can either use the firm's "Build it for Me" or "I Want to Build It" modes to build all-ETF portfolios that are most appropriate for them. For those that choose the Build it for Me option, the Portfolio Recommendation Algorithm "fits" investors with one of nine basic asset allocations in portfolios that range in the level of bond exposure – from 90% bond exposure to 10%. The recommendation is based on several factors including age, investment experience, risk tolerance and years until you need the money. MarketRiders also has a Rebalancing Algorithm, which is designed around a proprietary algorithm that guides investors to rebalance their portfolios back to target allocations when specific conditions are met.

To use the service, you pay a monthly subscription fee of \$14.95 or a yearly fee of \$149.95 (not inclusive of ETF fees or trading commissions). For those wanting to keep their existing brokerage account, MarketRiders' **best feature is that its investment portfolios are optimized to use [commission-free](#) trades** offered by Fidelity, Schwab, TD Ameritrade, and more.

Schwab Intelligent Portfolios



Schwab Intelligent Portfolios is an entirely automated investment advisory service. The service builds, monitors, and rebalances your portfolio automatically utilizing an advanced algorithm and the professional insight of the [Charles Schwab](#) Investment Advisory, Inc. team (CSIA team).

After answering several questions, investors will be matched with one of the CSIA team's handpicked, diversified, and low-cost, all-ETF portfolios. The portfolios can include exposure to up to 20 asset classes, including stocks, bonds, real estate, and commodities. Once you pick a portfolio, the service monitors your portfolio with daily check-ins and, if you maintain a balance of at least \$5,000, automatically rebalances across up to 20 asset classes. Schwab Intelligent Portfolios also automatically harvests losses to help offset taxes on gains.

While Schwab Intelligent Portfolios is fully automated, users can get in touch with a Schwab investment professional any time – 24/7/365. **Best feature: no advisory fees, no account service fees, no commissions – ever.**

Wealthfront

Wealthfront is the largest automated investment service and has one of the biggest names in finance at the helm: Burton Malkiel, author of *A Random Walk Down Wall Street*, is the company's Chief Investment Officer.

Wealthfront offers a wide array of accounts including both retirement and non-retirement accounts. The firm's software is based on five steps: identify an ideal set of asset classes for the current investment environment, select low-cost ETFs to represent each asset class, determine an investor's risk tolerance to create an appropriate portfolio, apply Modern Portfolio Theory to allocate among the chosen asset classes for an investor's risk tolerance, monitor and periodically rebalance portfolios.

In addition to creating these custom portfolios, Wealthfront also offers tax-loss harvesting services. But for those with accounts larger than \$100k investors can qualify for the company's Tax-Optimized Direct Indexing service, which essentially eliminates the need for core equity ETFs and turns your capital into its very own index of diversified U.S. equities.

Wealthfront does not charge any advisory fees on the first \$10K of assets. On amounts over \$10K, the company charges a 0.25% advisory fee. Investors will have to pay ETF fees, which average about 0.12%. **Best feature: no commissions on trades made by Wealthfront.** Bonus: the Wealthfront Invite Program allows you to lower your advisory fee if you refer a friend.

WiseBanyan



WiseBanyan prides itself on being the world's first free financial advisor. Perhaps not surprisingly, there's a waitlist to join. The firm states that even though their processes are automated, the waitlist is necessary to ensure they can control the flow of new clients to its broker-dealer.

For those lucky enough to receive an invite, WiseBanyan will ask you a series of questions in order to properly construct your profile, or Risk Score. The resulting score determines the optimal weights each ETF in the portfolio is allocated. For those not comfortable with the automated recommendation, investors can increase or decrease their own Risk Score. ETFs selected for the portfolios are screened for their investment focus, tracking error, historical performance, and operational efficiency.