

THE RANKING EDITION

The Robo Report

Bringing Transparency to Robo Investing



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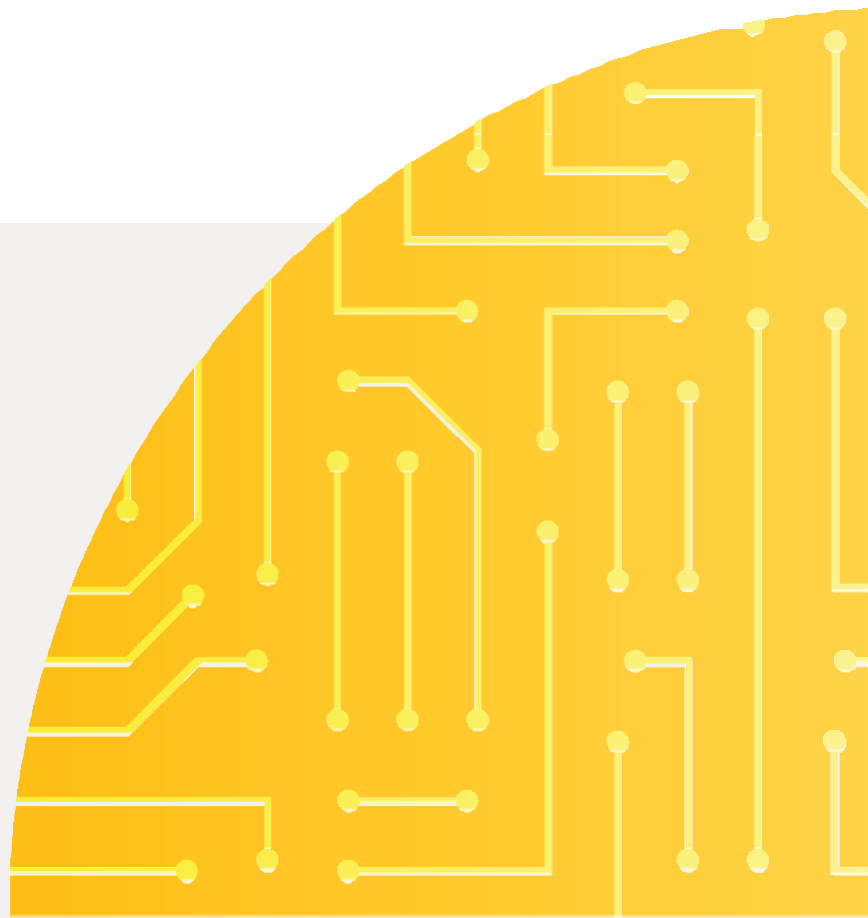
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Welcome to The Robo Report & Robo Ranking

Condor Capital Wealth Management is proud to publish the 30th edition of the Robo Report®, covering the fourth quarter of 2023, and the 12th edition of the Robo Ranking®. This Report is a continuation of an ongoing study that monitors well-known robo advisors. We strive to provide a reliable resource for both investors and professionals interested in the digital advice industry.

Highlights

→ Merrill Guided Investing, the winner of Best Overall Robo, distinguishes itself with a tiered service model and robust performance, highlighted by its strategic investment choices and comprehensive planning tools.

→ The winners of Best Robo for Digital Financial Planning, Empower and Wealthfront, serve as an example of simple yet effective online planning.

→ SoFi, US Bank, and Stash excelled in one-year performance, benefiting from their focus on growth stocks and domestic equities, aligning with the market's preference for growth over value.

→ Over three years, Schwab Domestic Focus, Wealthfront, and Zacks Advantage led with their U.S. equity allocations, showcasing the value of domestic exposure in a tough global market.

→ In the trailing five years, Wealthfront, Fidelity Go, and Zacks stood out due to large-cap U.S. equities.

→ The past five years in fixed income emphasized the benefit of duration management and municipal bonds.

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All supporting data can be found online at
condorcapital.com/the-robo-report/data/

AUM Tables
Total Portfolio Returns
Equity & Fixed Income Returns
Fees, Minimums, and Allocations
Risk Statistics
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Disclosures



Executive Summary

This edition of the Robo Report, published by [Condor Capital Wealth Management](#), tracks 41 accounts at 26 different providers. The Robo Report continues to evolve, and this quarter, we bring you our usual data, which can be found online at [condorcapital.com/the-robo-report/data/](#), as well as performance commentary for the quarter.

The Robo Ranking

Merrill Guided Investing and Schwab Intelligent Portfolios continue to lead in our Best Overall Robo Advisor ranking. Comprehensive details and the complete scoring for our ranking are accessible in the Robo Ranking section of this report.

Condor Capital Wealth Management is excited to introduce the 12th edition of the Robo Ranking®, a comprehensive assessment of robo advisors using over 45 metrics, including actual performance data. This latest edition underscores the continued relevance and appeal of robo advisors due to their affordability and low investment minimums. The Robo Report is committed to fostering transparency in digital advice, guiding investors towards services catering to their unique preferences. In this context, it's pertinent to remind our readers that the scoring methodology was refined in the previous edition. They represent an evolution in our criteria, including the segregation of base and premium/hybrid tiers, an enhanced emphasis on pre-onboarding transparency, and the fine-tuning of portfolio customization options. These relatively recent changes underscore our ongoing commitment to adapt and respond to the dynamic landscape of digital financial advice.

Market Overview

2023 wrapped up with a strong year-end rally for investors, highlighted by a significant 26.26% surge in the domestic S&P 500 Index. This performance was largely attributed to expectations of a dovish pivot in Federal Reserve policy, responding to declining inflation and the anticipation of rate cuts in 2024. Fueled by an AI frenzy, technology stocks led this surge, with notable performance in the financial services and healthcare sectors. Despite these gains, international markets lagged the performance of domestic markets, with the MSCI EAFE Index

increasing by 18.95%. This is partly due to China's economic slowdown impacting global growth prospects.

Fixed income markets also witnessed a rally, buoyed by improved inflation data, leading to a sharp decline in yields. This environment saw the Bloomberg U.S. Aggregate Bond Index climb by 6.82% in the fourth quarter, with corporate bonds outperforming government securities. See page 15 for more.

Industry Update

In the ever-evolving robo-advisor sector, JPMorgan Chase has announced the closure of its digital robo-advisor service. The decision comes after recognizing that the service did not achieve the expected level of demand, scale, or profitability. The bank also pointed out that the robo-investing business hasn't met expectations in terms of customer acquisition and financial sustainability, leading them to focus on their self-directed and advisor-led platforms as more viable alternatives for their clients. This move reflects broader challenges within the robo-advisor industry, where profitability and scalability have been longstanding issues despite the initial high hopes for these digital platforms to attract new customers easily. JPMorgan Chase's strategy shift aligns with their assessment that their other investment services better serve their client base's needs.

Regarding Betterment, the account we track received payment as part of the settlement that Betterment made with the SEC over software issues. This development is part of the ongoing narrative within the robo-advisor space, where regulatory compliance and software integrity remain critical to maintaining trust and ensuring the smooth operation of these digital platforms.

The Robo Ranking

Condor Capital Wealth Management is excited to publish the 12th edition of the Robo Ranking®. The Robo Ranking is the only comprehensive ranking of robo advisors. It examines not only the features and services but also portfolio performance that is sourced from real accounts tracked by the Robo Report. Robo advisors have taken the advice industry by storm, with the larger independent providers continuing to show strong growth

and innovative features, and robo-advice technology being adopted across banks, brokerages, and other traditional advice firms. Robo-advice providers are proving attractive to individual investors in large part due to their significantly lower minimums and costs. Here at the Robo Report, our goal is to bring transparency to the digital advice industry to empower investors to seek the best products and services.

Introduction

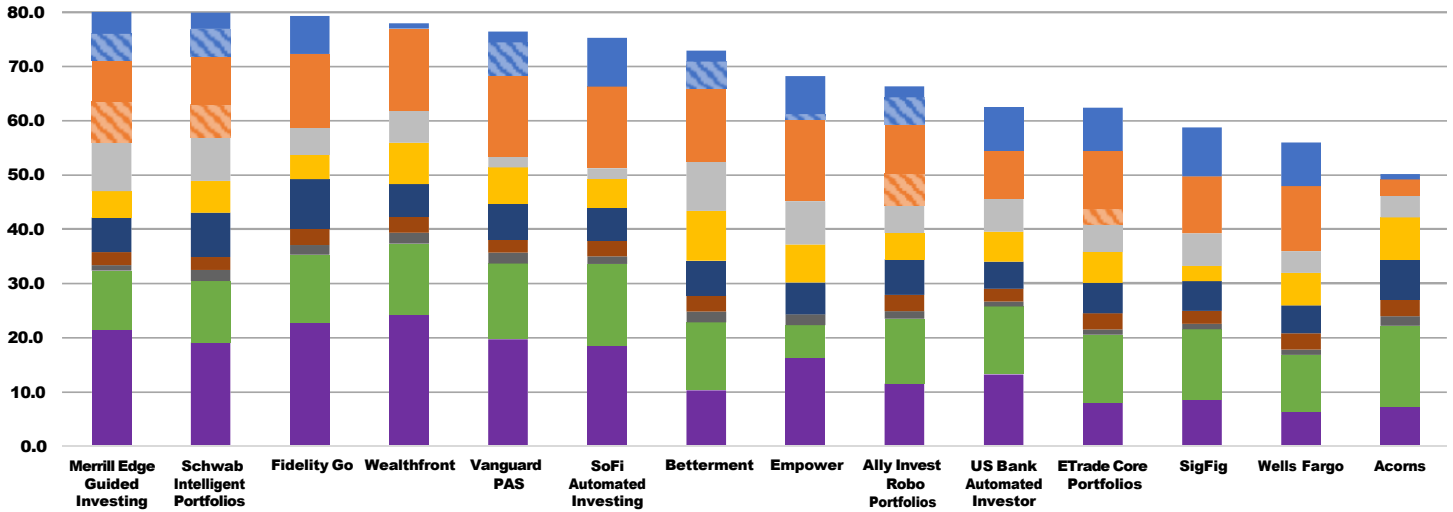
The Robo Ranking grades robo advisors across more than 45 specific metrics and is the only examination that includes real and reliable performance data. We scored each robo on various high-level categories, such as features, financial planning, customer experience, access to live advisors, transparency and conflicts of interest, size and tenure, account minimums, costs, and performance. Each metric that we grade is specific and unambiguous. The details of how we created the scores and Ranking can also be found on our [website](#). The Robo Ranking is a powerful tool to help those investors who are considering using a digital advisor. Although we rank and give each robo an overall score, we also acknowledge the differences in individual investors and their situations. To help investors find a product that is right for them, we created sub-rankings to highlight where different products excel. Once investors have identified their needs, the category rankings can help them select a provider that stands out in the areas that are most important to them. The performance score is partly based on the Robo Report's innovative method to compare globally diversified portfolios called Normalized Benchmarking. A methodology of Normalized Benchmarking can be found on our [website](#).

We recently updated our scoring methodology, focusing on the Access to Live Advisor and Financial Planning segments. The revision distinguishes between the base and the more

sophisticated premium or hybrid service tiers. The overall score now mirrors services offered at both tiers, highlighted by detailed tables and graphs for a transparent breakdown of points per tier. Additionally, we've added a point in the Access to Live Advisors section for robos providing live operational support, complementing points for those with licensed advisors ready to tackle personalized queries.

Additionally, we've updated the transparency scores, notably requiring portfolio asset class allocation models to be accessible before the onboarding process begins—a shift from the previous method of awarding points for availability during onboarding. Now, extra points are awarded for publishing detailed models before completing the onboarding questionnaire. The criteria for portfolio customization have also been revised; points are now awarded for the ability to tailor the robo portfolio itself, moving away from adjustments based on customer-specific holdings. Furthermore, points for the onboarding process have been eliminated, including those related to inquiries about investment attitudes. Instead, an additional point is available for chat functionality, and points are now given for planners who set a specific goal towards emergency savings, replacing the previous focus on the necessity of an emergency fund during onboarding.

Robo Ranking Scores



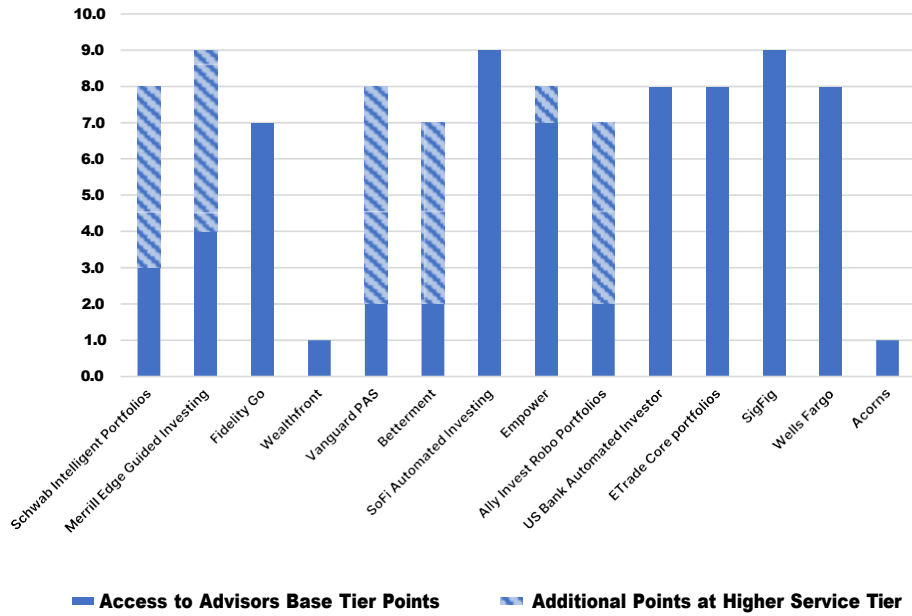
- Access to Advisors Base Tier Points
- Additional Points at Higher Service Tier (Access to Advisors)
- Financial Planning Base Tier points
- Additional Points at Higher Service Tier (Financial Planning)
- Transparency and Conflicts
- Features
- Customer Experience
- Minimum
- Size and Tenure
- Costs
- Performance

Robo Ranking Scores

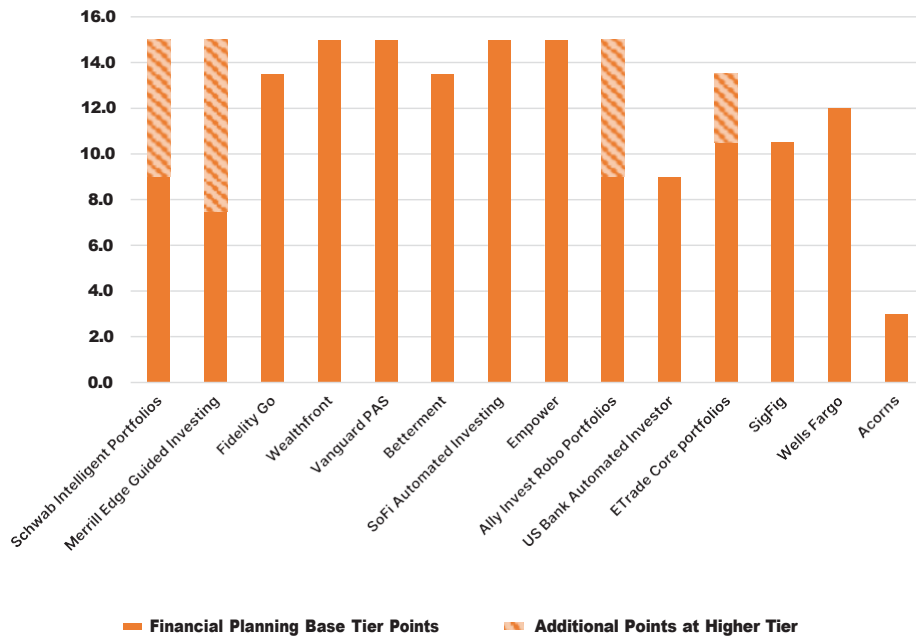
Robo Name	Access to Advisors	Financial Planning	Transparency and Conflicts	Features	Customer Experience	Minimum	Size and Tenure	Costs	Performance	Total
Merrill Guided Investing	9.00	15.00	9.00	4.86	6.38	2.40	1.00	10.83	21.55	80.02
Schwab Intelligent Portfolios	8.00	15.00	8.00	5.85	8.18	2.40	2.00	11.27	19.20	79.90
Fidelity Go	7.00	13.50	5.00	4.56	9.14	3.00	1.80	12.39	22.90	79.29
Wealthfront	1.00	15.00	6.00	7.60	6.00	3.00	2.00	13.02	24.32	77.94
Vanguard PAS	8.00	15.00	2.00	6.78	6.58	2.40	2.00	13.96	19.72	76.43
Betterment	7.00	13.50	9.00	9.20	6.37	3.00	2.00	12.50	10.33	72.90
SoFi Automated Investing	9.00	15.00	2.00	5.26	6.04	3.00	1.40	15.00	18.58	75.27
Empower	8.00	15.00	8.00	7.00	5.90	0.00	2.00	5.92	16.39	68.21
Allly Invest Robo Portfolios	7.00	15.00	5.00	4.80	6.60	3.00	1.40	11.95	11.55	66.31
US Bank Automated Investor	8.00	9.00	6.00	5.50	4.98	2.40	0.92	12.50	13.27	62.56
ETrade Core Portfolios	8.00	13.50	5.00	5.80	5.59	3.00	1.00	12.39	8.13	62.42
SigFig	9.00	10.50	6.00	2.80	5.52	2.40	1.00	12.91	8.64	58.78
Wells Fargo	8.00	12.00	4.00	6.00	5.13	3.00	1.00	10.37	6.48	55.98
Acorns	1.00	3.00	4.00	7.80	7.42	3.00	1.80	14.87	7.30	50.20
MAX	10.00	15.00	10.00	10.00	10.00	3.00	2.00	15.00	25.00	100.00

Access to Advisors and Planning

Access to Advisors



Financial Planning



Best Robo Advisors

→ The Winner of Best Overall Robo, Merrill Guided Investing, offers a dual-tiered service blending a straightforward digital platform with sophisticated planning for premium clients.

→ The winners of Best Robo for Digital Financial Planning, Empower and Wealthfront, serve as an example of simple yet effective online planning.

→ SoFi won Best Robo for First-Time Investors because of its low fees, and its ability to manage many areas of one's financial life on a single platform including debt consolidation, career coaching, and live financial planning.

→ Vanguard shines as the top pick for Best Robo for Complex Financial Planning, merging digital tools with human insight in a budget-friendly hybrid model, ideal for nuanced financial goals.

Best Overall Robo Advisor

→ **Winner: Merrill Guided Investing**

→ **Runner up: Schwab Intelligent Portfolios**

Our winner for Best Overall Robo is Merrill Guided Investing. Merrill distinguishes itself with two service levels: a digital-only tier, Merrill Guided Investing, suitable for those with \$1,000 or more to invest, and a hybrid tier, Merrill Guided Investing with an Advisor, designed for investors with \$20,000 or more. The base tier offers a fairly standard set of features, with access to live operational support, an ESG-themed investment portfolio, and a single goal-per-account planning tool to help project future account value and the likelihood of success. Investors can access live advisors to help with more complex planning at the higher-level tier.

Performance also contributed to Merrill's ranking, thanks in part to its allocation to municipal bonds within its fixed income component and a preference for large-cap stocks on the equity side. This approach has placed Merrill at the top of our rankings, achieving solid returns over 3- and 5-year periods. With its proactive management style and robust investment strategy, Merrill Guided Investing is an excellent choice for investors seeking a dynamic portfolio management experience. Its top-ranking performance and extensive service offerings solidify it as the Best Overall Robo in our Robo Ranking Winter Edition.

Schwab Intelligent Portfolios takes the runner-up spot for Best Overall Robo in this year's Robo Ranking Winter Edition. Schwab offers a compelling mix of features at its base level, including tax loss harvesting, an ETF exclusion list, and a "retirement paycheck" feature called Intelligent Income, all accessible through an intuitive digital interface and without a management fee. The premium tier further enhances the offering with access to licensed financial advisors and Certified Financial Planners (CFPs), catering to clients with more sophisticated financial planning needs.

Schwab's performance has been notably strong over the three-year period, particularly due to its substantial cash allocation within its robo portfolios. This strategy has been especially effective in softening the blow from market downturns in 2022, underscoring the value of Schwab's conservative approach in challenging times. Despite the potential drag on long-term performance from the high cash allocation, Schwab's emphasis on value investing and the success of its proprietary equity ETFs have contributed to its strong performance over the trailing 3-year period. Schwab Intelligent Portfolios Premium is available for investors with \$25,000 or more to invest, offering a balanced and strategic approach to robo investing.

Best Robo for Performance at a Low Cost

→ **Winner: Wealthfront**

→ **Runner-up: Fidelity Go**

The Best Robo for Performance at a Low Cost category continues to highlight robo-advisors that excel in delivering outstanding quantitative metrics, particularly in terms of returns and fees. As of the end of Winter 2023, Wealthfront has maintained its position as the top performer in this category, with Fidelity Go closely following, for the 3-year period ending December 31, 2023. This period has been marked by the continued recovery from the pandemic, persistent inflationary pressures, escalating geopolitical tensions, and sustained periods of rising interest rates.

Wealthfront's performance was bolstered by its strategic investment in the energy sector. This decision proved particularly advantageous during the extended phase of high inflation and the turmoil in energy markets precipitated by the Russian invasion of Ukraine. The energy sector's remarkable performance, with the Vanguard Energy ETF achieving an average annual return of nearly 60% from the beginning of 2021 through the end of 2022, as opposed to the S&P 500's modest 2.6% annualized return in the same timeframe, underscores the sector's significant contribution to Wealthfront's success. Wealthfront's slight preference for domestic over international equities compared to the average portfolio we track also played a role in its superior performance over this period.

Fidelity Go, on the other hand, maintains a market-neutral stance in terms of its growth and value equity split. The robo-advisor's tendency to allocate a larger portion of its equity portfolio to large caps, at about 75% compared to the average of 70% across all tracked robos, significantly contributed to its performance. This strategy was particularly effective as large caps emerged as the best-performing equity size category over this period.

In the realm of fixed income, Fidelity Go dedicates its entire fixed income portfolio to municipal bonds, which have been among the better-performing fixed income classes over the past three years. Wealthfront also includes municipal bonds and TIPS in its fixed income allocations, both of which have shown commendable performance relative to other fixed income classes during this timeframe.

Best Robo for First-Time Investors

→ **Winner: SoFi**

→ **Runner-up: Fidelity Go**

SoFi continues to be our top recommendation for first-time investors as of Winter 2024. The initial steps on the investing path for many include addressing student loans or other forms of debt. SoFi provides a comprehensive platform that not only facilitates debt consolidation but also introduces users to a broad spectrum of investment tools. Beyond debt management, SoFi extends its services to include access to career coaching and live financial planning sessions. An additional standout feature is SoFi Relay, a robust budgeting tool that integrates external financial accounts within SoFi's ecosystem, offering a comprehensive overview of an individual's financial landscape. These offerings, coupled with SoFi's competitive fee structure, position it as the premier choice for newcomers to investing.

Fidelity Go maintains its position as the runner-up in this category, distinguished by its blend of affordability, user-friendly digital interface, and proven long-term investment performance. The platform is particularly appealing to those beginning their investment journey with modest sums, thanks to the absence of management fees on the first \$25,000 invested and the allocation to no-cost Fidelity Flex funds. The Fidelity Go experience is further enriched by its mobile app, which gives you mobile access to a broad range of investments, expert insights, and tools to help you make smart investing, saving, and financial planning decisions. Additionally, the app facilitates comprehensive account and goal tracking. When combined with its solid long-term returns, largely attributed to a preference for large-cap equities, Fidelity Go emerges as an excellent starting point for first-time investors.

Best Robo for Digital Financial Planning

→ **Winner: Wealthfront**

→ **Runner-up: Empower**

The democratization of financial advice through the advent of robo advisors has been a transformative development in the financial industry. These platforms have not only made advised accounts broadly accessible but have also brought high-quality financial planning within reach of anyone with

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