

The Growth of Digital Advice





Nest Wealth: Digital Experience

Nest Wealth

Canada's first digital wealth management solution to offer fully automated, personalized investment services, without assistance from a financial advisor, to obtain a diversified investment portfolio

Nest Wealth Pro

Canada's first and largest digital wealth technology firm providing traditional brokerage firms, advisors, and asset managers a white label and turn-key solution to offer digital wealth management solutions to their customers

Nest at Work

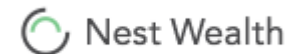
Canada's first digital wealth management platform to allows businesses to offer digital group RRSP services to their employees

What Is A Robo Advisor?

“A robo-advisor (robo-adviser) is an online wealth management service that provides automated, algorithm-based portfolio management advice without the use of human financial planners. Robo-advisors (or robo-advisers) use the same software as traditional advisors, but usually only offer portfolio management and do not get involved in more personal aspects of wealth management, such as taxes and retirement or estate planning.”

- Investopedia

- Investopedia



Characteristics of A Digital Platform

- 1 Modern Online Interface
- 2 Automatic Rebalancing
- 3 Low Cost ETF Portfolios
- 4 Low Account Minimums
- 5 Low Cost Management Fees

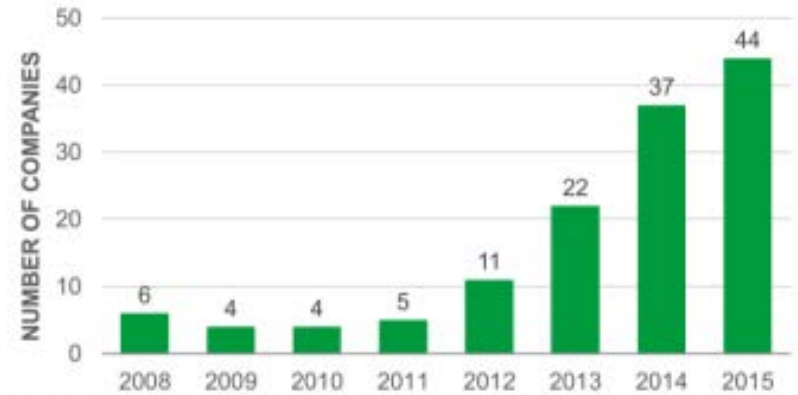
Growth Of Digital Wealth

Assets Under Management Of Major US Robo-Advisors

Billions (\$), January 2017

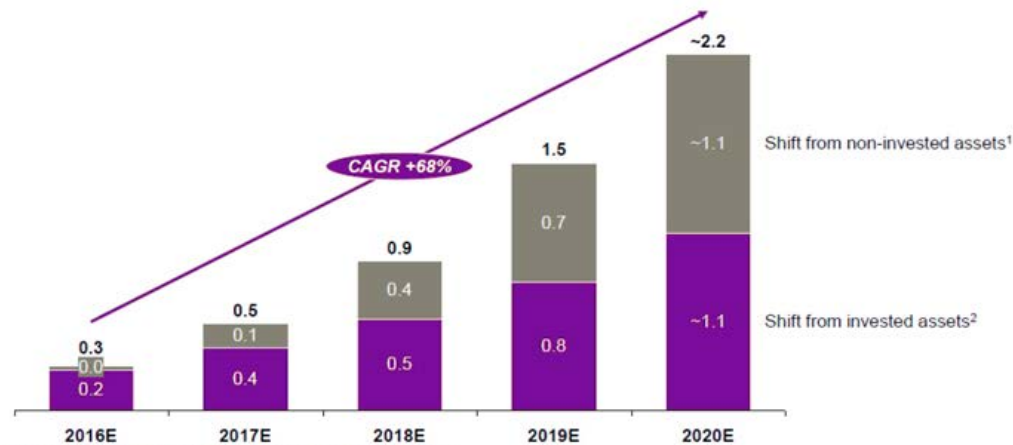


Exhibit 4: DIGITAL ADVISORY FIRM LAUNCHES IN THE US



Source: Tracxn Report: Robo Advisors (Feb. 2016).

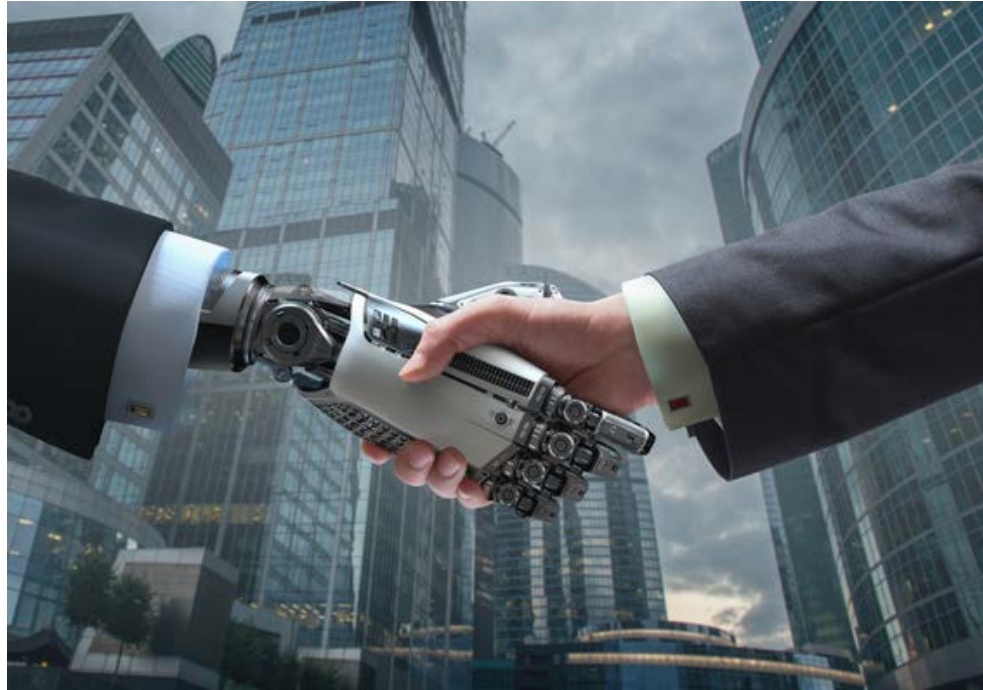
Estimated U.S. robo-advisors assets under management In trillions of dollars



1. Non-invested assets include liquid funds (e.g., cash and cash equivalent deposits)
2. Invested assets include credit market instruments, corporate equities, mutual funds, IRAs and 401(k)
Source: A.T. Kearney simulation model

Source: A.T. Kearney

A Wave of Partnerships

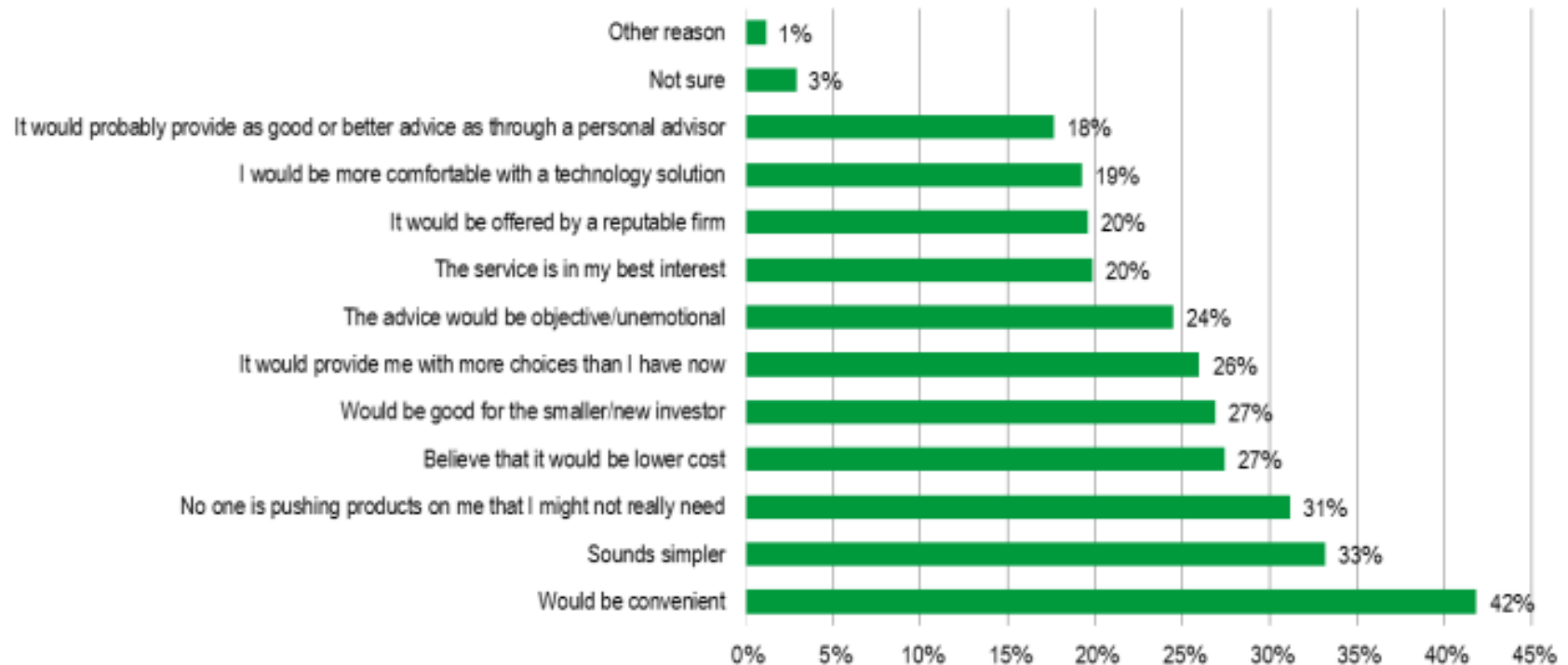


Drivers of Growth

- 1 Investor Interest & Satisfaction
- 2 Advisor Need
- 3 Regulatory Change & Transparency
- 4 Demographic Shifts
- 5 Technology Adoption

1. Investor Interest

Exhibit 6: US CONSUMER PRIMARY REASON FOR INTEREST IN DIGITAL ADVICE

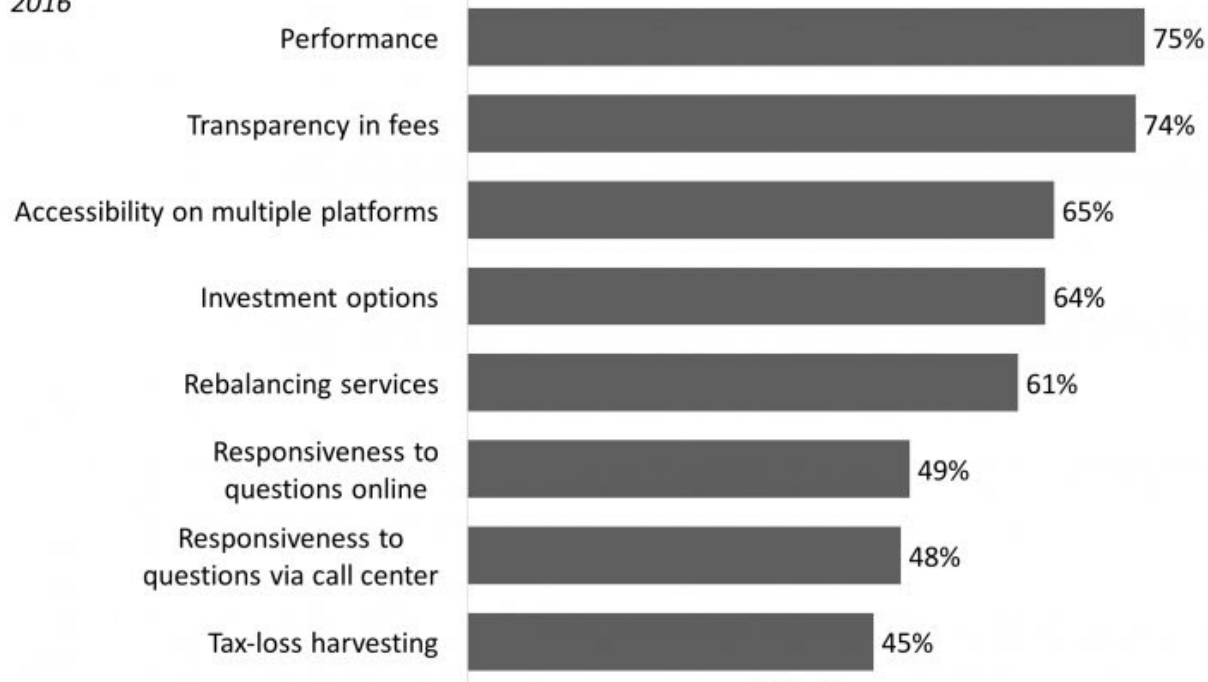


Source: Investor Pulse 2015. Depicts responses of US respondents to the question, "Why would you be interested in this type of service?"

1. Investor Satisfaction

US Investor Satisfaction With Their Primary Robo-Advisor

Respondents who chose 4 or 5 on a 5-point scale, where 5 = very satisfied, 2016



Source: Investopedia, n=2,002

BI INTELLIGENCE

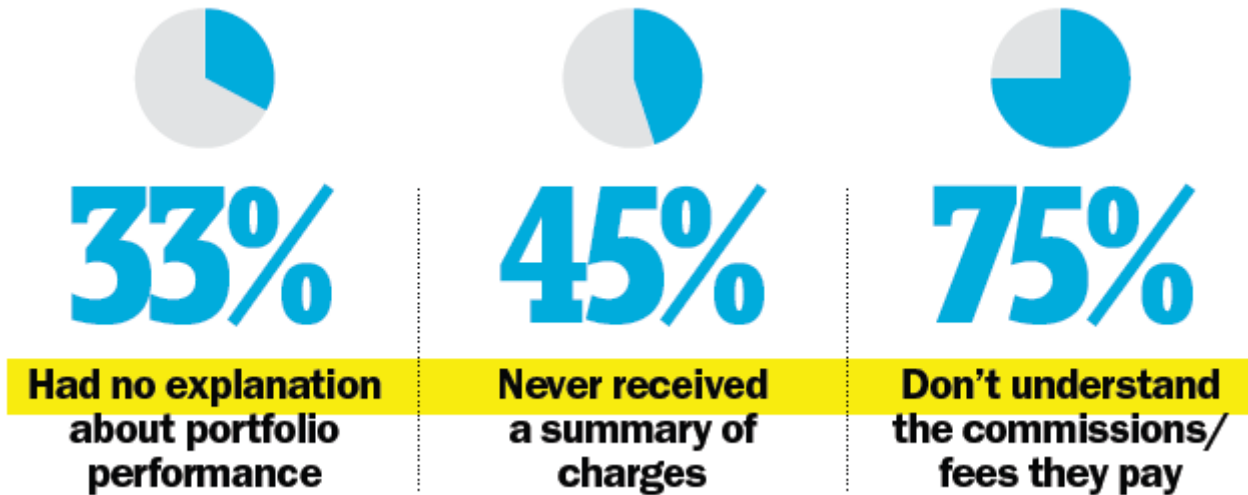
2. Advisor Need

Factors Influencing Wealth Manager Digital Adoption, Q1 2016

Top Five Factors Globally		
1	The ability to increase access and collaboration potential with clients and experts	85.9%
2	Experience of using digital tools in my daily life	82.4%
3	Access to tools that save time and cut down on paperwork through document management	82.1%
4	The ability to better leverage existing client data and contacts to grow business	82.1%
5	The ability to generate differentiated and tailored investment recommendations for clients	80.9%

Source: [Capgemini's World Wealth Report 2016](#)

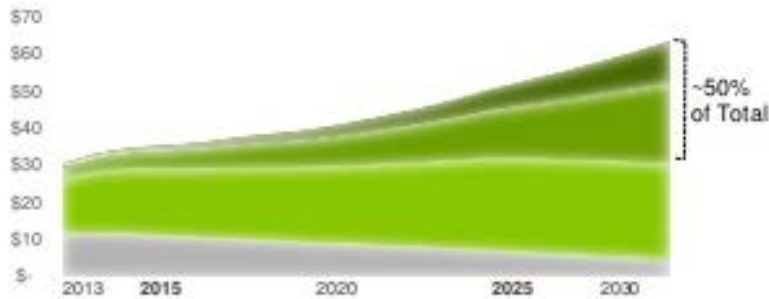
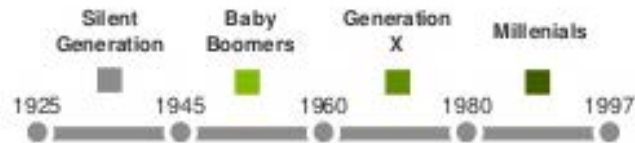
3. Regulatory Change & Transparency



Source: J.D. Power study of 4,800 people who were using advice-based investment services from Canadian financial institutions:

4. Demographic Shift

Total AUM (\$Tr.)



Source: The Future of Wealth in America: Mapping Generational Shifts, Deloitte Center for Financial Services

2025

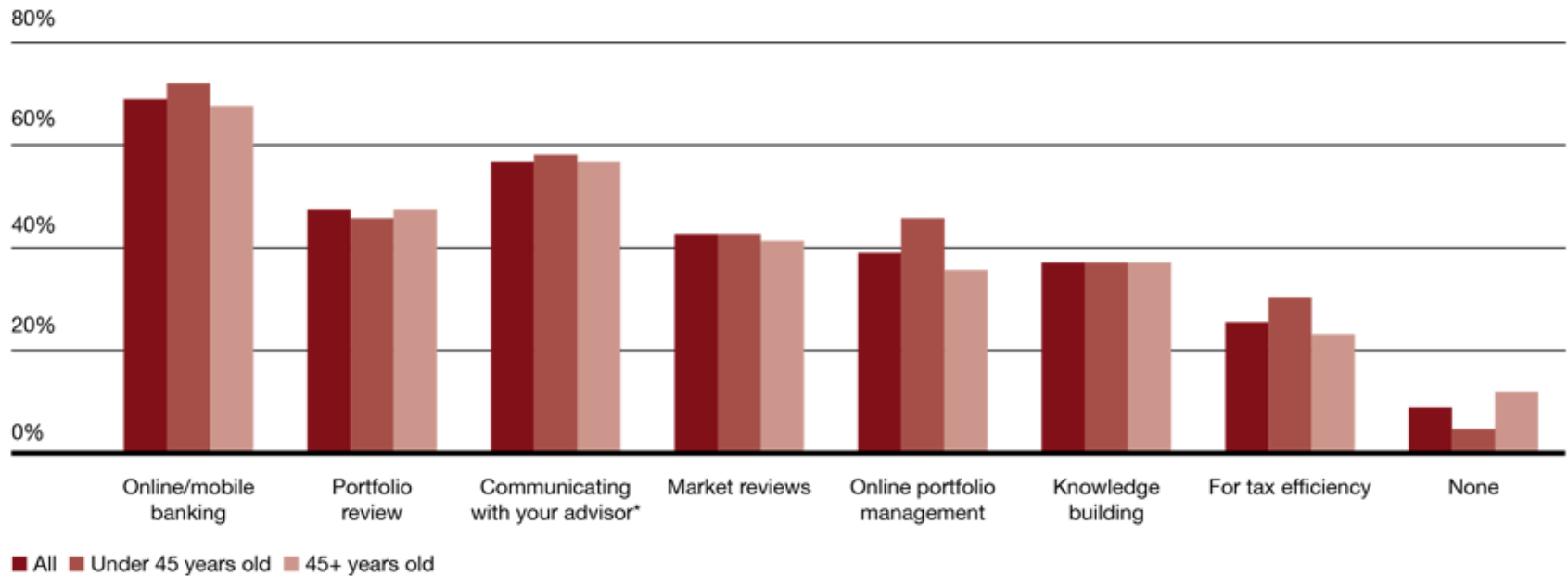


Robo-Advice AUM Capture*	2025
Silent Generation	5.0%
Baby Boomers	7.0%
Generation X	20.0%
Millennials	40.0%

*Deloitte estimates based on industry knowledge and insights

5. Technology Adoption

HNWIs using digital for financial management



*Base: All using an advisor

Source: PwC Strategy& Global Wealth Management Survey 2016

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Digital Wealth 2.0 Hybrid Advice

There are opportunities to create a more seamless investor experience between digital platforms and face to face engagement for the internet using consumer

Advice in a Connected World

All generations, but particularly millennials, are interested in robo-advisor platforms

41% of all investors and **58%** of Millennials are interested in robo-advisors.

While interest is driven by convenience (**39%**), simplicity (**35%**) and applicability to the small investor (**26%**), digital advice is not seen as a replacement to face to face advice.

72% of people interested in robo-advisors value professional advice.

What's Next?

“There’s no question that technology will transform the investment industry. The transformation is already happening. Therefore, “to robo- or not to robo?”—is not the question. The question instead is how to harness technology to the highest benefit of the investor, the advisor and the firm?”