Assignment #5 - Robo-Advising

in this assignment, we will learn about robo-advising through the lenses of the evolution of Wealthfront, one of the largest robo-advising company in the US. This is a group assignment. Please form groups of max 3 people. Please <u>cannot</u> form groups with people you already teamed up in HW #1, #3, or #4. As deliverable, you will have to write a short report to answer the questions below.

First, read the documents posted on canvas about the recent trend in the robo-advising industry:

- BlackRock Digital Investment Advice

- D'Acunto et Al. - Roboadvising, pp 1-6.

- VC are cooling on robo-advisers.

- Vanguard, Schwab squashing robo-advisor industry.

Second, read the case below:

- Wealthfront: Buried or Breakthrough? (ACRC Case).

Finally, answer the following questions:

(a.) What are the issues associated with traditional financial advisory services? What are the "pain points"?

(b.) What is Wealthfront's core service and value proposition?

(c.) How does Wealthfront carry out portfolio construction? What are its value-added services?

(d.) Overall, do you believe that Wealthfront can address the problems associated with existing financial advisory services? What factors enable them to do so? What factors are missing?

(e.) What are the key differences between Wealthfront and Betterment? How do you evaluate their different business models?

(f.) Do you think a bionic model, currently experimented by financial advisor incumbents, that integrated both automated and human services can be the solution?

(g.) What is Wealthfront's current financial situation? Can it break even or make any profit from its current operations?

(h.) What are the strategic moves that Wealthfront should take?