

# Wealth & Asset Management (WAM)

## More accessible than ever

Digitalization, gamification, and commission-free trading has made investing more accessible than ever to retail investors

## Generational shifts

As new generations amass and inherit wealth, they are bringing with them a new set of expectations and preferences

## The rise of new alts

Allocation to alternative assets is on the rise for both “traditional alts” and emerging asset classes like crypto, art, and collectibles

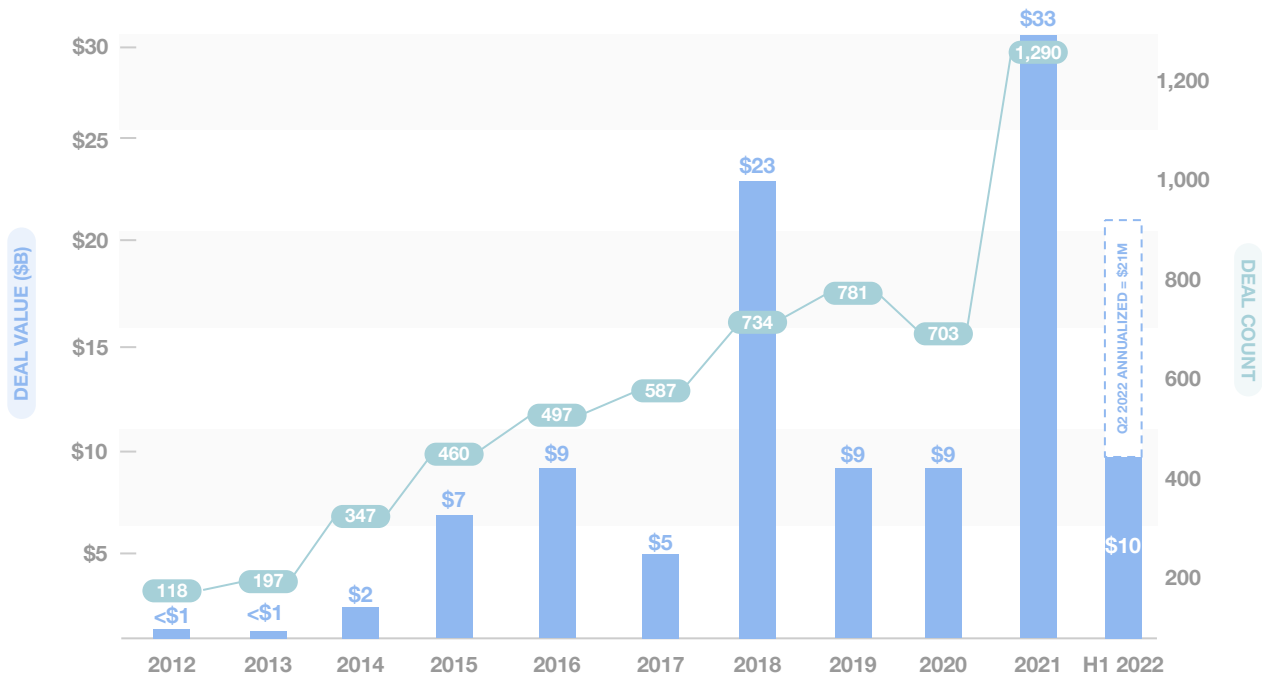


Credit: European Business Review



# Wealth & Asset Management overview

Global fintech VC investment breakdown by vertical: WAM



Source: PitchBook, F-Prime team analysis

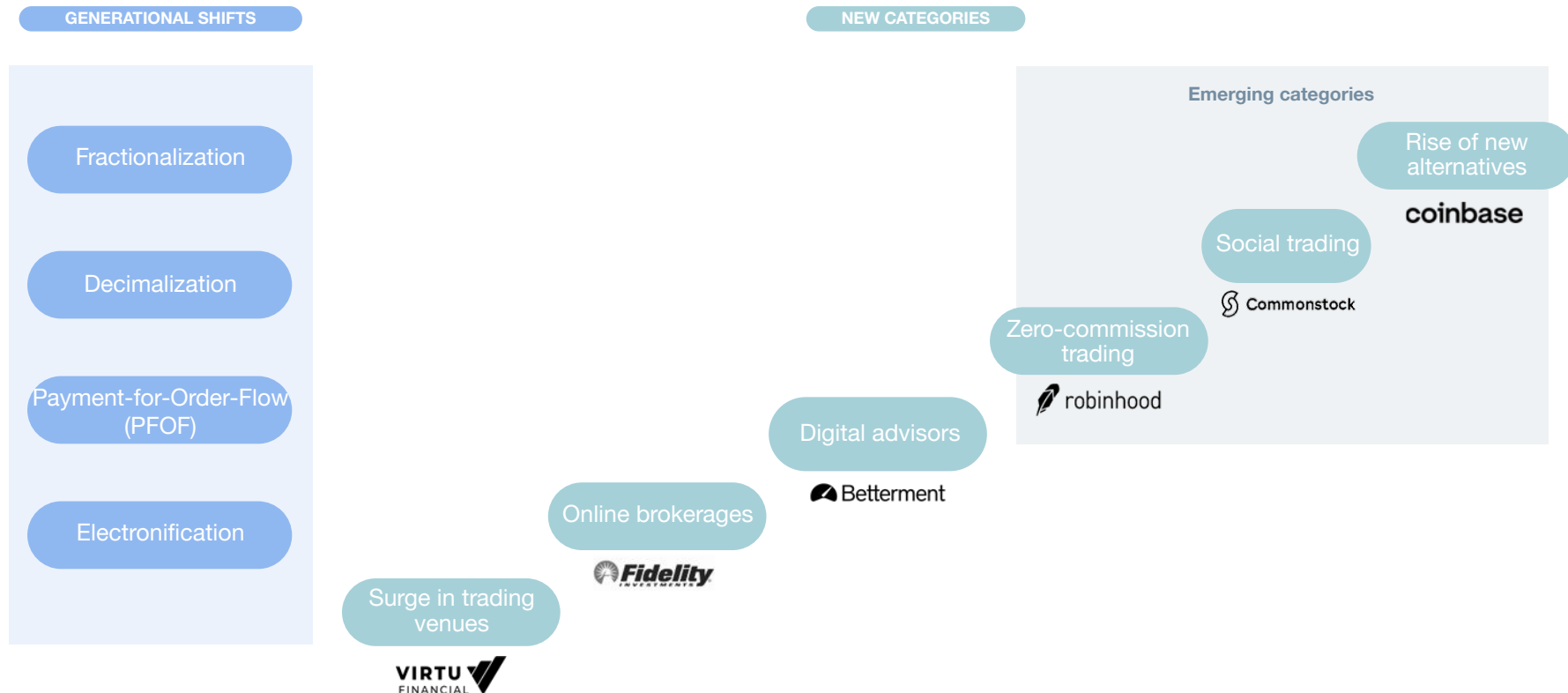
**67**  
Unicorns

**3,400+**  
Companies

**\$109B**  
Raised since 2012

**\$305B**  
Top 10 valuation

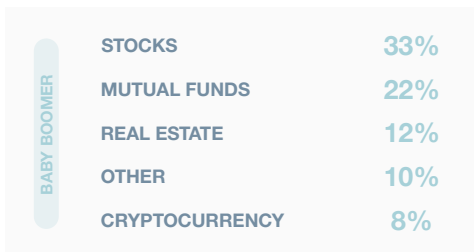
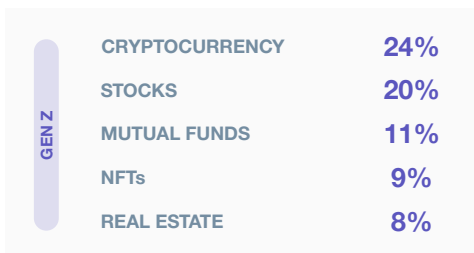
# The recent growth in wealth management is the culmination of profound changes in the industry over the last two decades



# Generational shifts in wealth management were already underway prior to the pandemic

Expected returns drive younger investors' interest in new alternative assets

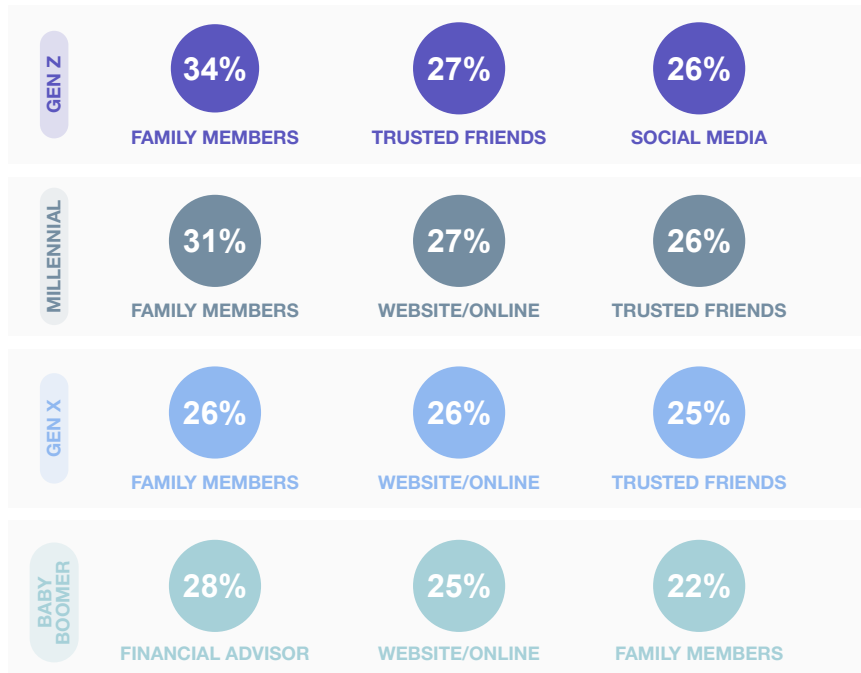
Where do you expect the greatest return on your investments over the next 10 years?



Social media is increasingly influencing younger investors' expectations & preferences

Where do you receive most of your financial advice?

TOP 3 RESPONSES




Source: 2022 Investopedia Financial Literacy Study, National Association of Personal Financial Advisors

# Robinhood ignited a generation by altering retail investors' behavior with active trades while offering a more intuitive, gamified user experience

## ON WHICH PLATFORM DO YOU EXECUTE YOUR TRADES?

BROKERAGE

% OF GEN-Z RESPONDENTS

 robinhood **64%**

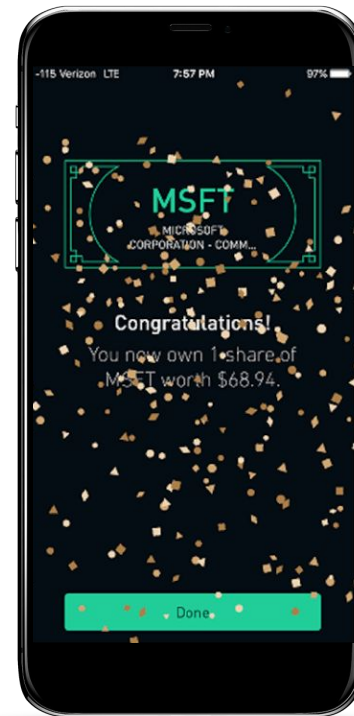
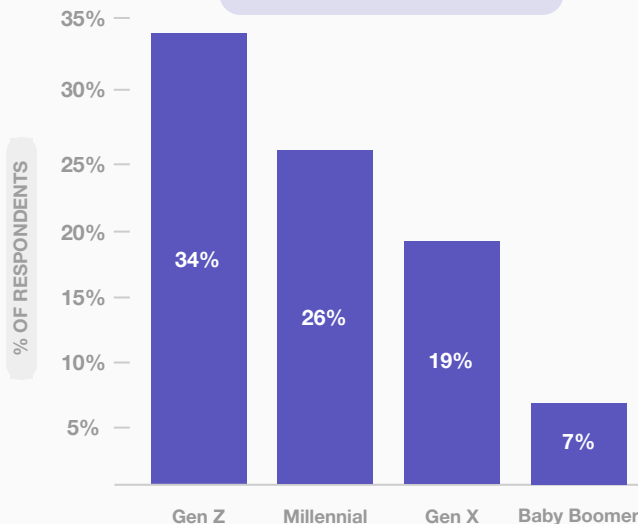
**Vanguard®** **38%**

 **Fidelity** **29%**

**ally** **29%**

## HOW OFTEN DO YOU MAKE INDIVIDUAL TRADES?

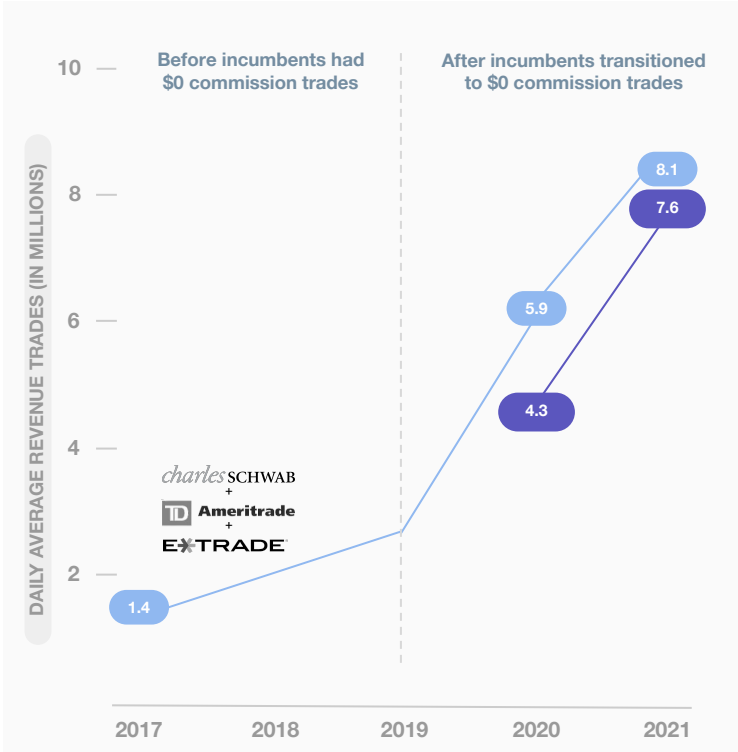
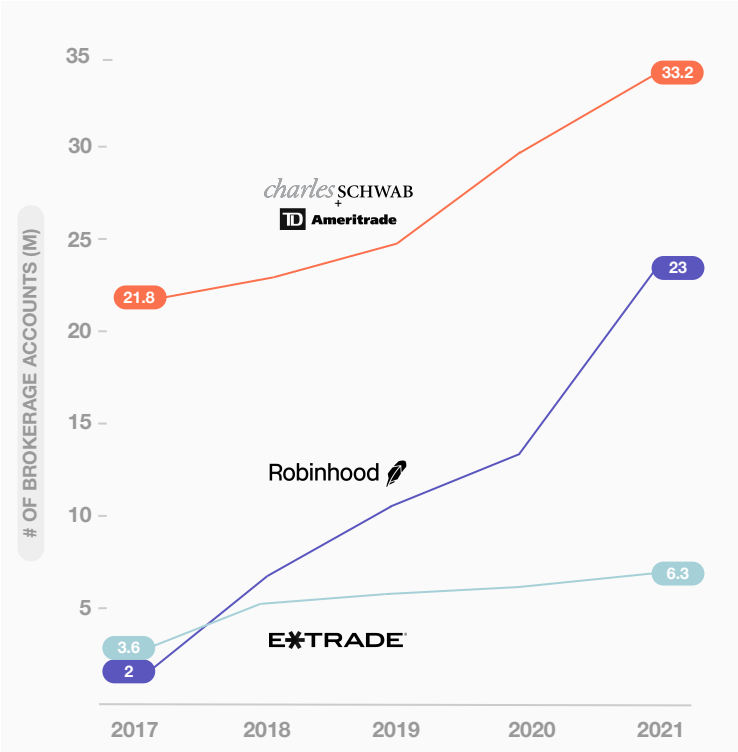
I MAKE TRADES A FEW TIMES A WEEK



Source: [Nasdaq](#), Robinhood via Wallet Hacks



# Fuel was added to the fire when incumbents embraced Robinhood's commission-free trading followed by the pandemic tailwinds



Robinhood generated **\$1.4B** from PFOF in 2021

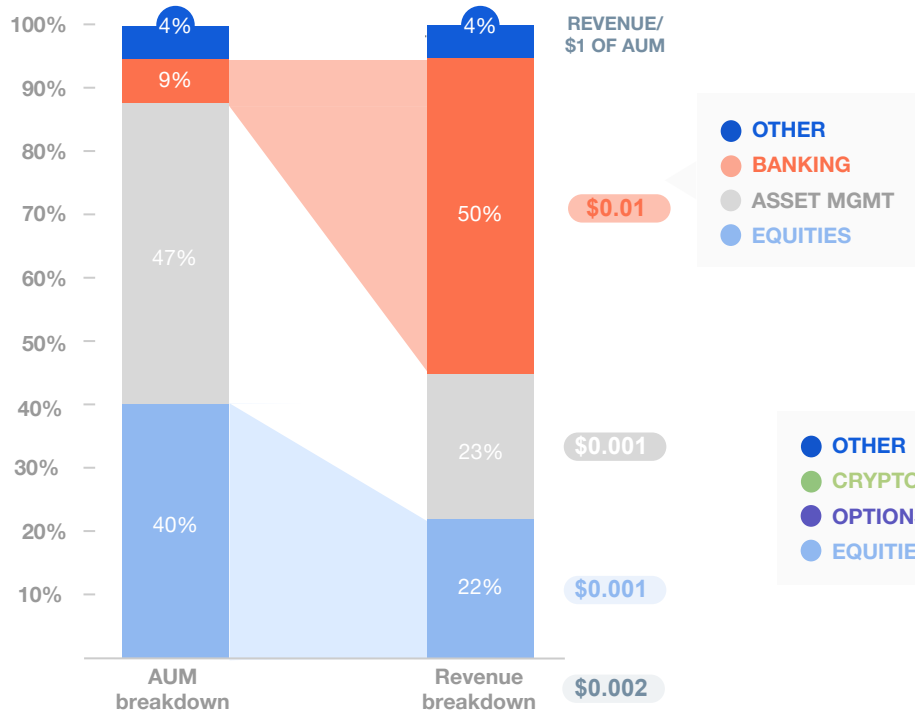
**3x** growth in incumbent trading volume

Source: Company 10Ks, Insider Intelligence, F-Prime team analysis

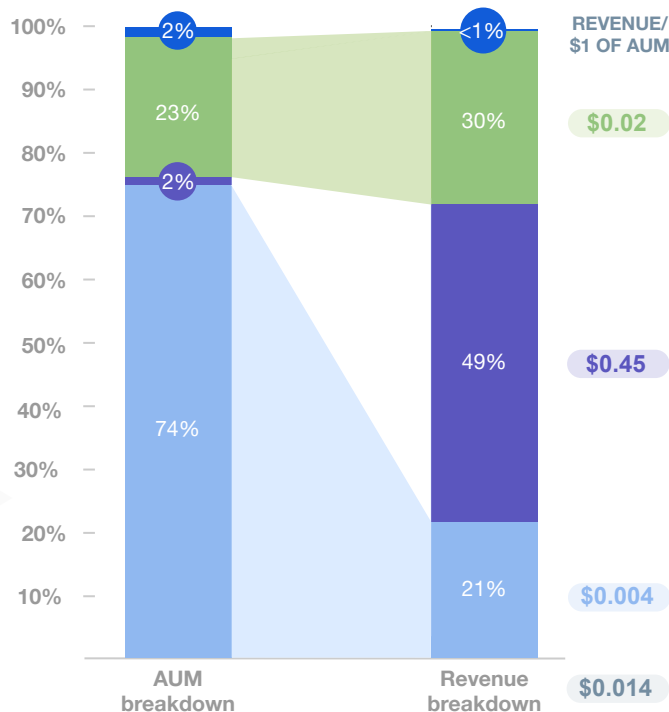
Robinhood  Incumbents (Charles Schwab, TD Ameritrade, and E\*Trade)

# Compared to incumbents, Robinhood has a very different revenue profile and generates higher revenue per \$1 of AUM by offering crypto & options trading

Charles Schwab looks more like a bank

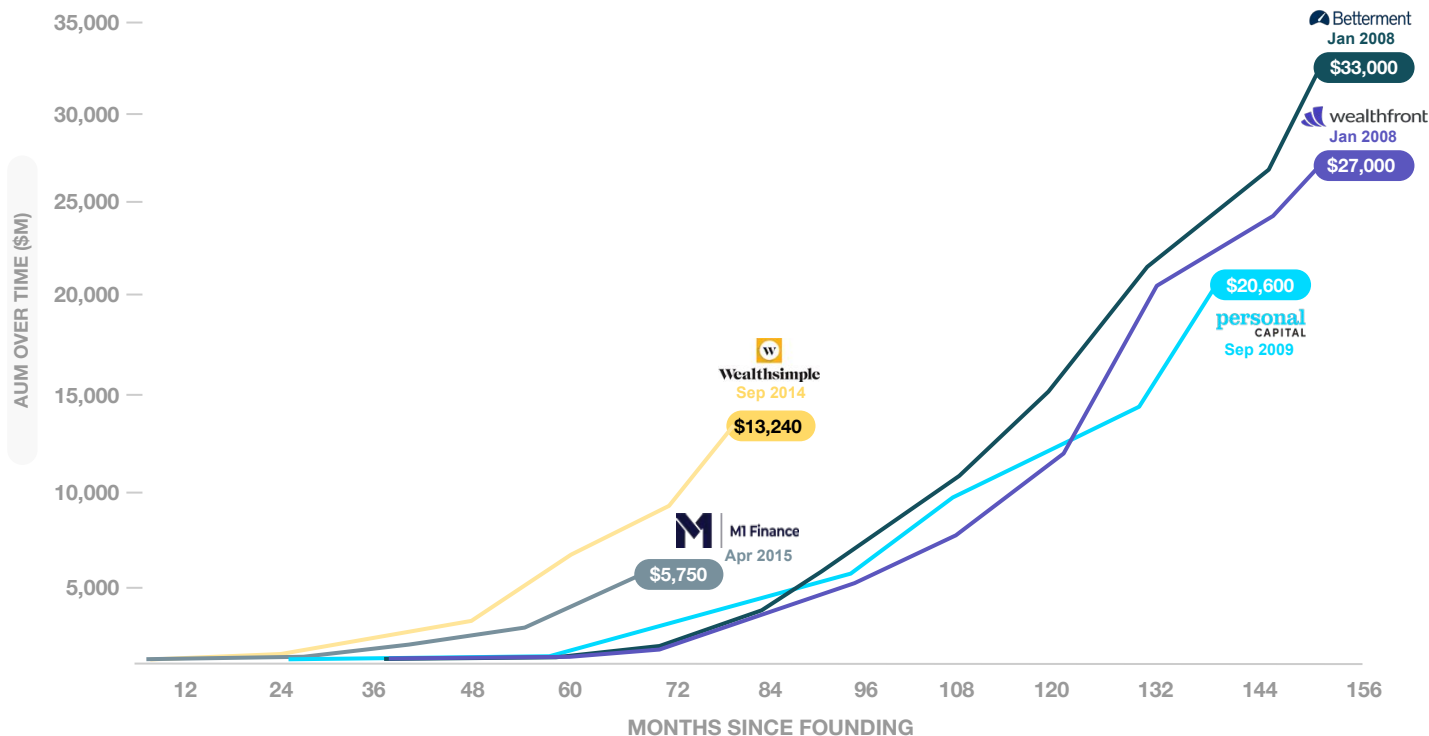


Robinhood looks more like a diversified trading platform



7x revenue earned / \$1 AUM

## Meanwhile, robo-advisors have also seen steady growth and have now reached significant scale, earning their place among the fastest growing RIAs



Source: Company 10Ks, media reports, [Forbes](#), F-Prime team analysis

### Wealthsimple

EXIT VALUE ACQUIRER  
\$500M Betterment

### personal CAPITAL

EXIT VALUE ACQUIRER  
\$1.5B EMPOWER RETIREMENT

### wealthfront

EXIT VALUE ACQUIRER  
\$1.4B UBS











~\$350B

AUM for top 10 robo-advisors





## A wave of new wealth players have also emerged to address the shifts in generational attitudes

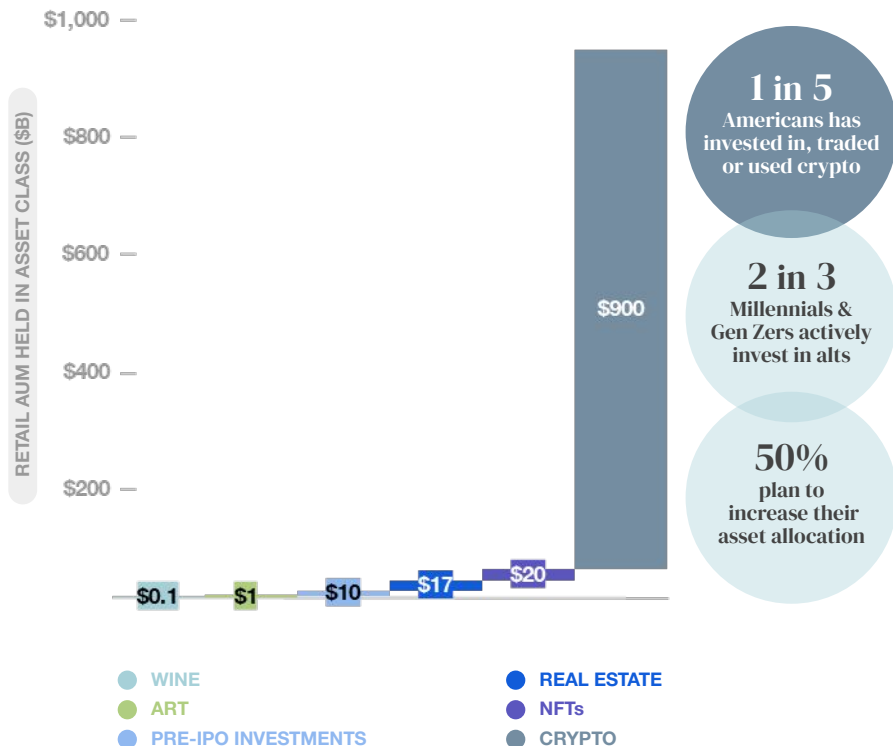
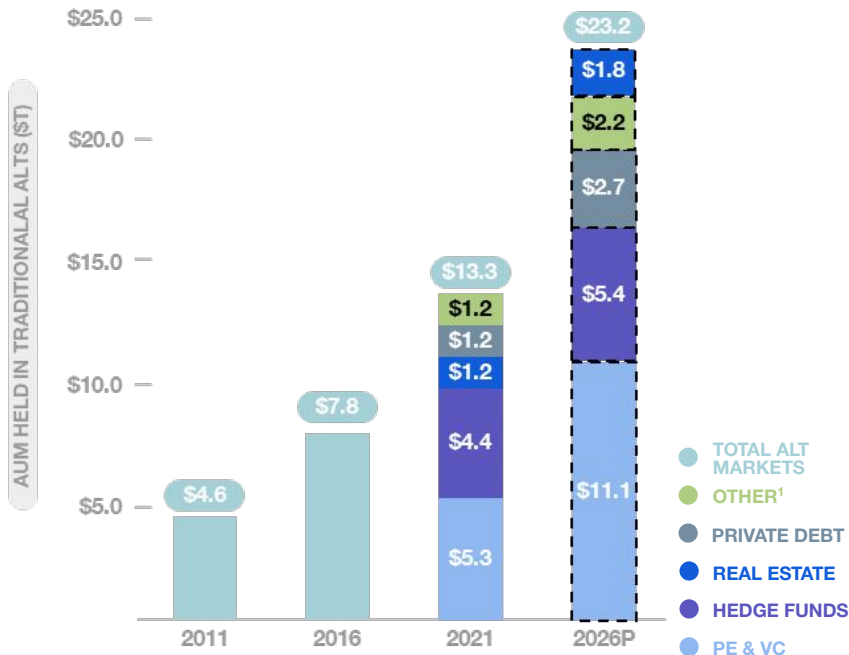
THEME	PLAYERS		
SOCIAL TRADING	 public.com	 Commonstock	Qoooore
NEXT-GENERATION ASSET MANAGEMENT	Titan	DOMAIN MONEY	NDVR
ALTERNATIVE ASSETS	MASTERWORKS	 CROWDSTREET	 Vint
ESG	 OpenInvest	 pebble	 CIVEX
GAMIFICATION	 acorns	digit 	 LONG GAME



# As we look ahead, we see a decade-long rise in alternative assets as they continue to capture U.S. retail interest

Traditional alts targeting institutions & HNWIs have grown rapidly to more than \$13T...

...while a new wave of alternatives (crypto, art, collectibles) are capturing retail interest



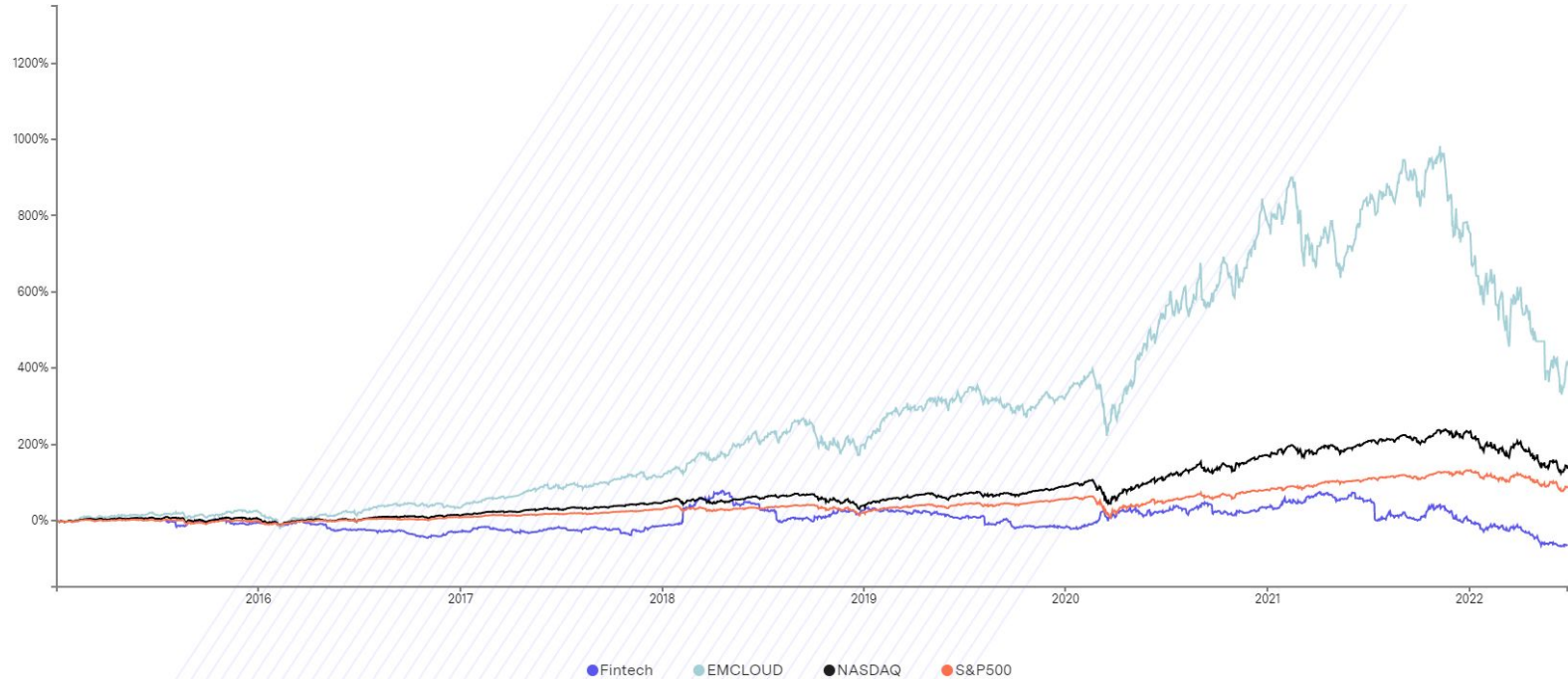
Source: [Preqin](#), [McKinsey](#), [Pew Research Center](#), [NBC](#), [Fundrise](#)

Note: Data on right as of March 31st, 2022

1. Includes infrastructure and natural resources



## Along with the broader tech market, WAM fintech performance fell in the first half of 2022



Source: [F-Prime Fintech Index](#)

# Dynamic wealth management trends we are tracking

## The Great Wealth Transfer

Millennials seek advice and consume content differently; opportunities to deliver personalized advice at scale



## New Investor Tools

Tax infrastructure, automated investing, wealth planning, yield farming, options, high-frequency trading, digital onboarding, etc.



## Rise of Alts

New asset classes are creating a need for new investor tools, discovery & aggregation



## Silver Wealthtech

Still a large generation and now in need of tools for wealth deaccumulation, health/wealth trade-offs, and retirement gap



## Democratization Infrastructure

Core infrastructure and distribution tools for new asset managers to access retail markets



## Growth of Global Investor Base

Emerging markets give birth to fastest growing investor base

