# Convictions

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| Créé par | J Joris Dupraz |
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| AI summary | General goal: Redefine finance to be lean, efficient, and accessible for all, focusing on responsible investing.<br><br>Key points and ideas:<br>1. Investment industry is flawed; most active funds underperform benchmarks.<br>2. Embrace quantitative ETF strategies for long-term, diversified investing.<br>3. Focus on low fees, algorithmic rebalancing, and tailored strategies.<br>4. Promote transparency, accessibility, and understandability in finance.<br>5. Prioritize real investments in productive companies over speculation.<br>6. Non-profit structure ensures profits are reinvested or returned to clients.<br>7. Commitment to environmental, social, and governance (ESG) principles without traditional ESG labeling.<br>8. Encourage long-term value creation and democratization of finance. |
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# The Future of Investing: Embracing Quantitative ETF Strategies for a Better World

Let's cut through the bullshit: the investment industry is a colossal scam. It's a bloated parasite sucking the lifeblood from our economy, and it's high time we put it on a diet. But before we dive into the solution, let's take a hard look at the problem.

## The Great Financial Illusion

Every day, suited "experts" parade across our screens, confidently predicting market movements and promising outsized returns. It's a circus act, folks. The cold, hard truth? In 2022, a staggering 85% of active US equity funds underperformed their benchmarks over a 10-year period. That's right, these so-called professionals can't even beat a simple index fund.

But here's the real kicker: while these fund managers fumble, they're still raking in billions. In 2020, the global asset management industry's revenue hit $103 billion. That's $103 billion extracted from your pockets, your retirement funds, your children's college savings.

## The Absurdity of Forecasting

Warren Buffett, the Oracle of Omaha himself, once said, "Forecasts may tell you a great deal about the forecaster; they tell you nothing about the future." Yet, we're bombarded daily with predictions about interest rates, GDP growth, and stock prices. It's financial astrology, plain and simple.

Consider this: if economists were any good at predicting recessions, we'd never have them. Yet, a study by the International Monetary Fund found that economists failed to predict 148 of the 150 recessions that hit 63 countries between 1992 and 2014. That's a success rate of just over 1%. You'd have better luck flipping a coin.

## The True Purpose of Capitalism

Now, let's take a step back and remember why we created this whole capitalist system in the first place. It wasn't to make a handful of Wall Street fat cats obscenely rich. No, the point of capitalism and free markets is to make us ALL richer, happier, and more likely to survive.

As Alan Watts might say, we've confused the menu for the meal. We've become so obsessed with numbers on a screen that we've forgotten the real economy,  ñ the goods, services, and innovations that actually improve our lives.

Mariana Mazzucato, that brilliant thorn in the side of conventional economics, reminds us that real value creation comes from solving problems, not from financial engineering.  While Wall Street plays its zero-sum games, we're facing existential threats like climate change, inequality, and technological disruption.

## The Quantitative ETF Revolution

So, what's the solution? It's time to embrace a strategy that aligns with the true purpose of markets: a quantitative ETF approach that's lightweight, automated, and focused on long-term, diversified investing.

Here's how it works:

1. **Diversification on Steroids**: Instead of pretending we can pick winners, we own the entire market. Global stocks, bonds, real estate, commodities : ñ if it's an asset class, we're in it.
2. **Algorithmic Rebalancing**: No human emotions, no knee-jerk reactions. Just cold, hard math keeping your portfolio balanced and optimized.
3. **Rock-Bottom Fees**: We're talking basis points here, not percentage points. The average expense ratio for actively managed mutual funds is 0.68%. Our strategy? We're aiming for under 0.10%.
4. **Tailored to You**: Your age, risk tolerance, financial goals : ñ the algorithm takes it all into account. We promise no nonsense risk assessment with confusing terms. It's like a bespoke suit, but for your money.
5. **Tax Efficiency**: By minimizing turnover and strategically harvesting losses, we're keeping Uncle Sam's hands off your gains.

## The Numbers Don't Lie

Let's put this into perspective. If you invested $10,000 in a low-cost S&P 500 index fund in 1980, you'd have about $960,000 today. The same amount in the average actively managed fund? About $640,000. That's a difference of $320,000 : ñ enough to buy a house in many parts of the country.

Now, imagine applying this approach not just to your personal investments, but to pension funds, endowments, and sovereign wealth funds. We're talking about trillions of dollars freed up to solve real problems instead of lining the pockets of financial intermediaries.

## A Call to Action

It's time to stop playing a rigged game. It's time to embrace a strategy that aligns with the true purpose of markets, meaning ñ creating value for everyone in the society,, not just the privileged few.

This isn't just about making more money (although that's a nice side effect). It's about redirecting the immense power of global finance towards solving real problems. It's about creating a financial system that works for the many, not just the few.

So, are you ready to join the quantitative ETF revolution? Are you ready to invest in a future that's not just profitable, but meaningful? The choice is yours. But remember, every day you stick with the old system is another day you're leaving money on the table ñ and leaving our world's problems unsolved.

Let's make finance boring again. Let's make it work for all of us. Because in the end, that's what it was always supposed to do.

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# Our Vision: Redefining Finance

It's time to strip finance down to its essentials. We're not here to create the next fancy financial product or to gamble with your hard-earned money. Our vision is simple yet revolutionary: finance should be lean, efficient, and cheap. It should be as accessible as your smartphone and as transparent as a pane of glass.

### What Finance Should Be:

1. **Accessible to Anyone**: No minimum investments, no exclusive "high net worth" clubs. Whether you have $10 or $10 million, you deserve access to top-tier investment strategies.
2. **Understandable and Transparent**: If you can't explain it to a 10-year-old, it doesn't belong in our portfolio. Every investment, every fee, every decision is laid bare for all to see.
3. **Long-Term Focused**: We're not here for the quick buck. We're building wealth over decades, not days.
4. **Real Investments in Real Companies**: No more financial alchemy. We invest in businesses that create actual value, not in complex derivatives or speculative instruments.
5. **Minimal Financial Sector Burden**: The finance industry should be a facilitator, not a parasite. We aim to keep as much money as possible in your pocket and in the real economy.

### What We're Leaving Behind:

1. **Speculation**: The stock market isn't a casino. Studies show that frequent trading leads to lower returns. A 2000 paper by Brad Barber and Terrance Odean found that the most active traders underperformed the market by 6.5% annually.
2. **Complex Derivatives**: Unless used for legitimate hedging, derivatives often add unnecessary risk and complexity. The 2008 financial crisis showed us the dangers of unchecked derivative trading.
3. **Short Squeezes and Other "WTF" Strategies**: These might make for exciting headlines, but they're not sustainable investment strategies. They're more likely to benefit a few insiders at the expense of the average investor.

## How We Do It: Our ETF-Based Solution

Our strategy is simple, yet powerful. Here's how we're turning this vision into reality:

1. **Broad-Based ETFs**: We use low-cost, highly liquid ETFs that cover entire markets or sectors. This provides instant diversification and reduces

idiosyncratic risk.

2. **Algorithmic Allocation**: Our proprietary algorithms determine the optimal asset allocation based on your individual goals, risk tolerance, and market conditions. This allocation is continuously monitored and adjusted as needed.
3. **Low Turnover**: By focusing on long-term trends rather than short-term noise, we minimize trading and the associated costs. Our average holding period is measured in years, not days or months.
4. **Tax Efficiency**: Our algorithms are designed to harvest tax losses opportunistically, potentially saving you thousands in taxes each year.
5. **Transparency**: Every trade, every fee, every decision is logged and available for your review. We have nothing to hide.

### Achieving Our Goals:

- **Accessibility**: Our platform is entirely online and mobile-friendly. You can start investing with as little as $1.
- **Understandability**: We provide clear, jargon-free explanations of our strategy and your portfolio performance.
- **Long-Term Focus**: Our algorithms are designed to ignore short-term market noise and focus on long-term trends.
- **Real Investments**: We only invest in ETFs that represent ownership in real, productive companies or assets.
- **Minimal Financial Burden**: Our lean, automated approach allows us to keep fees to a bare minimum.

## Our Unique Business Model: Putting You First

We're not just changing how investments are made; we're revolutionizing the entire business model of finance. Here's how:

1. **Fixed Price Model**: We charge a flat monthly fee of $Ä10, regardless of your account size. This ensures that our interests are aligned with yours :ñ we succeed by providing great service, not by extracting more of your wealth.

2. **Non-Profit Structure**: We're structured as a benefit corporation. This means that while we can make a profit, our primary goal is to provide a public benefit :ñ in this case, accessible and effective wealth management for all.
3. **Capped Earnings**: Our company bylaws stipulate that once our operating costs are covered and our team is fairly compensated, any additional profits must be either:
   a) Reinvested to improve our services
   b) Returned to our users in the form of reduced fees or enhanced services
4. **Virtually Free at Scale**: As we grow, economies of scale will kick in. With millions of users, our service could become virtually free. Imagine a world where high-quality wealth management is as freely available as clean drinking water :ñ that's our endgame.

This isn't just a business; it's a movement. We're proving that it's possible to build a successful financial company that prioritizes user welfare over profit maximization. We're showing that finance can be a force for good, not just a wealth extraction machine.

Join us in this revolution. Let's build a financial system that works for everyone, not just the privileged few. Because when finance works as it should, we all prosper.

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# Beyond ESG: Responsibility Woven into Our DNA

Let's talk about the elephant in the room: ESG investing. It's the financial world's favorite buzzword, plastered across glossy brochures and feel-good advertising campaigns. But here's a truth bomb for you: we don't do  ESG investing. At least, not in the way you might think.

## The ESG Masquerade

Picture this: You're at a costume party. Everyone's dressed up as their favorite superhero, proudly displaying their "powers." There's Superman, Wonder Woman, and... wait, is that guy just wearing a t-shirt with "ESG" scrawled on it in marker?

That's what most of the finance industry's approach to ESG looks like - a hastily cobbled together costume that doesn't fool anyone who's really paying attention.

Traditional ESG investing is like trying to put a Band-Aid on a broken leg. Sure, it might make you feel like you're doing something, but it's not addressing the root of the problem. It's a game of whack-a-mole, where funds exclude one "bad" company only to invest in another that's just as problematic, but better at hiding it.

## Our Approach: Building Responsibility from the Ground Up

We're not playing dress-up. Our entire business model is built on a foundation of responsibility and sustainability. It's not an afterthought or a marketing ploy - it's the very essence of who we are and what we do.

Think of it like this: We're not trying to make a gas-guzzling SUV more eco-friendly by slapping on a "green" sticker. We've built an entirely new vehicle from the ground up, one that's inherently more efficient and beneficial for everyone.

Here's how our model embodies true ESG principles:

1. **Environmental Responsibility**:
   Our low-turnover, long-term investment strategy naturally reduces unnecessary trading. Less trading means less energy consumption, less paperwork, and a smaller carbon footprint. It's like the difference between constantly revving a car engine at a red light and smoothly cruising at a steady speed.

   Example: A typical actively managed fund might have a turnover ratio of 100% or more, meaning they replace their entire portfolio every year. Our turnover ratio? Less than 10%. That's 90% less unnecessary churn and burn.

2. **Social Responsibility**:
   By making sophisticated investment strategies accessible to everyone, not just the wealthy, we're democratizing finance. We're not serving caviar to a select few; we're providing nutritious meals to the masses.

   Example: While many funds require minimum investments of $10,000 or more, you can start investing with us for the price of a cup of coffee. We're opening the doors that Wall Street has kept locked for decades.

3. **Governance**:
   Our non-profit structure and commitment to returning excess profits to users

or improving services is governance at its finest. We're not a hungry shark looking to take a bite out of your wealth; we're more like a cooperative dolphin, working alongside you towards mutual success.

Example: Once we cover our costs and fair compensation, every additional euro goes back to you. Imagine if every store you shopped at gave you a rebate when they had a good year - that's us.

4. **Transparency**:
   Every decision, every fee, every action we take is open for scrutiny. We're not hiding behind opaque financial jargon or complex structures. We're a glass house in a world of black boxes.

   Example: Want to know exactly how much you're paying and for what? Just look at your statement. No hidden fees, no surprises. It's like having a receipt that actually makes sense.

5. **Long-term Focus**:
   By encouraging and enabling long-term investing, we're promoting sustainable business practices. We're not trying to make a quick buck by squeezing every last drop of profit out of a company. We're nurturing saplings into mighty oaks.

   Example: While day traders might pressure companies for short-term gains at the expense of long-term stability, our approach encourages companies to invest in sustainable practices that pay off over time.

## The Ripple Effect

Our approach doesn't just benefit our users; it creates positive ripples throughout the entire economy. By reducing the burden of the financial sector, we're freeing up resources for productive use elsewhere. It's like removing a dam that's been holding back the river of economic progress.

Imagine if the brightest minds in finance were focused on solving real-world problems instead of creating ever more complex financial instruments. Imagine if the trillions of dollars spent on financial services were instead invested in renewable energy, education, or healthcare. That's the world we're working towards.

## Join the Real Revolution

We don't need to label ourselves as ESG because responsibility is not a department in our company - it's the foundation of everything we do. We're not just talking about change; we're living it, breathing it, and making it happen every single day.

So, the next time someone asks you about ESG investing, tell them you've moved beyond that. Tell them you're part of a real financial revolution. One that doesn't need labels because its actions speak louder than any buzzword ever could.

Join us in redefining what responsible investing looks like. Because when finance works as it should, it doesn't need to wear a superhero costume. It's a force for good, in and of itself.

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# Conclusion: Be Part of the Solution

Let's recap what we've laid out here, because it's not just an investment strategy :ñ it's a blueprint  for a financial revolution. And you, dear investor, are at the heart of it all.

## What We're Building Together

1. **A Lean, Efficient Financial System**: By embracing our quantitative ETF approach, you're helping to streamline the entire financial sector. Every euro you invest with us is a vote against bloated, inefficient financial services and a vote for a system that works for everyone.

2. **True Long-Term Value Creation**: Your investment isn't just chasing the next hot stock. It's supporting stable, sustainable growth in real companies that create real value. You're not a speculator; you're a steward of economic progress.

3. **Democratized Finance**: By joining us, you're breaking down the walls that have kept sophisticated investment strategies out of reach for most people. You're part of a movement that's making financial success accessible to all, not just the privileged few.

4. **Inherent Responsibility**: Your investment naturally aligns with environmental, social, and governance best practices, ñ not because we've slapped on an

ESG label, but because it's baked into everything we do. You're proving that responsible investing doesn't need to sacrifice returns.

5. **Transparency and Accountability**: By choosing our clear, straightforward approach, you're demanding a higher standard from the entire financial industry. You're showing that investors don't need ñ and shouldn't accept ñ opacity and hidden fees.

## Your Role in the Revolution

Every time you invest with us, you're not just growing your own wealth ñ you're actively reshaping the financial landscape. Here's how:

- **Voting with Your Money**: Your investment is a powerful statement. It tells the market that you demand better: better ethics, better efficiency, better results.
- **Amplifying Impact**: As our user base grows, so does our influence. Your participation helps us reach the scale where we can truly challenge the status quo and push for systemic change.
- **Freeing Up Resources**: By supporting our lean model, you're helping to reduce the overall cost of finance. This frees up capital that can be redirected to solving real-world problems and driving innovation.
- **Setting a New Standard**: Your choice influences others. As more people see the benefits of our approach, it puts pressure on the entire industry to adapt and improve.

## The Ripple Effect of Your Investment

Imagine dropping a pebble into a pond. The ripples spread outward, affecting a much larger area than the initial splash. That's what your investment with us does:

1. It starts with your personal financial growth.
2. This supports companies that create real value in the economy.
3. It reduces the drain of excessive fees on the overall financial system.
4. This leads to more resources available for productive economic activities.
5. Ultimately, it contributes to a more stable, sustainable, and equitable economic system for all.

### Your Invitation to Change the World

So, here's our proposition to you: Don't just invest. Be an agent of change. Be a pioneer in the new financial frontier. Every euro you entrust to our strategy is a building block in a fairer, more efficient, and more sustainable financial future.

You're not just opening an investment account. You're joining a movement. A movement that believes finance can be a force for good. A movement that's proving, day by day, euro by euro,  that a better way is possible.

Are you ready to be part of something bigger? Are you ready to align your financial goals with the greater good? Are you ready to invest not just for returns, but for a revolution?

Join us. Let's reshape finance. Let's build a better world. Together, one investment at a time.

The future of finance is here. And it starts with you.

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Q&A : version courte :

# Bubble Invest: Frequently Asked Questions

## Q: Won't this organizational structure limit your growth as a company?

A: Yes, absolutely! And that's precisely the point. We don't aim to grow bigger than what's necessary to provide a quality, useful service to the economy and our clients. Anything beyond that would essentially be theft and would destroy value. We're finally trying to set the financial sector on the right path.

## Q: Are we supposed to believe you when you say you don't want to get richer than a certain reasonable amount?

A: You don't have to take our word for it :ñ that's one of the key characteristics of Bubble Invest. Our bylaws are publicly available, and you can see for yourself that we're legally unable to take home more than a specified amount.

Moreover, if my wife and I are making, say, $Ä10,000 per month, living very comfortably, and even getting some investment returns, why would we want more? How much is enough before you say, "Okay, now I may be taking a little too much from the community"?

We don't refuse a comfortable living standard, but let's be honest: we're not saving lives here. We don't deserve millions per year, and I wouldn't be comfortable knowing that all that money could be used to make our product better or advance scientific progress, instead of sitting in my bank account or being spent on unnecessary luxury items.

## Q: Okay for the founders/managers, but what about the employees? Doesn't a limited price and wealth creation for the company mean they won't be paid well?

A: Actually, most of the company's expenses go towards salaries and infrastructure costs. We want driven, talented individuals who share our vision to join us, and we want them to be fairly rewarded for that. We pay salaries in line with industry standards, and of course, employees can also invest in our solution!

## Q: How can you guarantee that your ETF strategy will perform well?

A: We can't guarantee performance,  ñ no one can. What we can guarantee is that our strategy is based on sound financial principles, extensive research, and a long-term perspective. By focusing on broad market exposure, low fees, and minimal turnover, we're positioning our clients for steady, sustainable growth over time.

## Q: If you're not trying to maximize profits, how do you fund innovation and improvement of your services?

A: Great question! Our model actually encourages innovation. By capping our profits, we're incentivized to reinvest in our services. Any surplus beyond our operational costs and capped earnings goes directly into improving our technology, expanding our offerings, or reducing fees for our clients. This creates a virtuous cycle of continuous improvement without the pressure to extract ever-increasing profits.

## Q: How do you ensure transparency in your operations?

A: Transparency is at the core of our business model. We publish detailed reports on our operations, including our financials, investment strategies, and decision-making processes. Our code of ethics and business practices are publicly available. We also have an open-door policy where clients can reach out to us directly with any questions or concerns.

## Q: What happens if Bubble Invest becomes wildly successful? Will you sell the company?

A: Our commitment to our mission is hardwired into our company structure. Even if we become wildly successful, our bylaws prevent us from selling out in a way that would compromise our principles. Any potential acquisition or merger would have to maintain our core values and business model. Our success is measured not by our sale price, but by the value we create for our clients and society.

## Q: How do you compete with traditional financial institutions that have much larger resources?

A: We compete by being fundamentally different. Our lean structure, innovative technology, and alignment with our clients' interests allow us to offer superior service at a fraction of the cost. We don't need to outspend the big players; we simply need to out-think and out-care for our clients.

## Q: How do you handle risk management?

A: Risk management is built into our strategy. By investing in broad-based ETFs, we inherently diversify risk. Our algorithms continuously monitor and adjust portfolios to maintain optimal risk-return profiles based on each client's goals and risk tolerance. We also educate our clients about the importance of long-term investing and the risks of trying to time the market.

## Q: What's your stance on cryptocurrency investments?

A: We believe in investing in assets with intrinsic value that contribute to economic productivity. While we acknowledge the innovative potential of blockchain technology, we currently do not include cryptocurrencies in our investment strategies due to their speculative nature and regulatory uncertainties. We continue to monitor developments in this space.

## Q: How do you ensure the security of my investments and personal data?

A: We take security extremely seriously. We use bank-level encryption for all transactions and data storage. Our systems undergo regular security audits by independent third parties. We also have strict internal protocols to protect client information. Remember, our success depends entirely on maintaining our clients' trust ñ we have every incentive to make security our top priority.

Version longue :

# Bubble Invest: Frequently Asked Questions

## Q: Won't this organizational structure limit your growth as a company?

A: Yes, absolutely! And that's precisely the point. We don't aim to grow bigger than what's necessary to provide a quality, useful service to the economy and our clients. Anything beyond that would essentially be theft and would destroy value.

Let's break this down:

1. Traditional financial companies are incentivized to grow indefinitely, often at the expense of their clients and the broader economy.
2. Our model caps our growth at the point where we can optimally serve our clients and contribute positively to the economy.
3. This self-imposed limit ensures that we remain focused on our core mission rather than chasing profits for the sake of growth.

For example, if we can effectively serve 1 million clients with our current structure, we won't push to acquire 2 million clients just to increase our profits. Instead, we'd focus on improving our service for those 1 million clients or reducing our fees further.

We're finally trying to set the financial sector on the right path by prioritizing efficiency and client benefit over endless expansion.

## Q: Are we supposed to believe you when you say you don't want to get richer than a certain reasonable amount?

A: You don't have to take our word for it ñ that's one of the key characteristics of Bubble Invest. Our commitment to ethical wealth creation is not just a promise; it's built into our very structure:

1. Public Bylaws: Our company bylaws are publicly available and legally binding. They explicitly cap the amount that founders and executives can take home.
2. Transparent Financials: We publish detailed financial reports that show exactly how money flows through our company.
3. Profit Reinvestment: Any profits beyond our capped salaries and necessary operational costs are automatically reinvested into improving our services or reducing fees for clients.

Let's put this into perspective: If my wife and I are making, say, Ä10,000 per month (Ä120,000 per year), we're living very comfortably. This puts us well within the top 10% of earners in most European countries. We also benefit from investment returns, further securing our financial future.

So, we ask ourselves: How much is enough? At what point are we taking too much from the community we serve? We believe that Ä120,000 per year is more than sufficient for a very comfortable life. Anything beyond that could be better used to:

- Improve our product and services
- Reduce fees for our clients
- Fund research and development in fintech
- Contribute to social causes aligned with our mission

We're not claiming moral superiority here. We simply recognize that there's a point of diminishing returns when it comes to personal wealth. We don't need multiple homes, luxury cars, or extravagant vacations to be happy and fulfilled. What we do need is the satisfaction of knowing we're making a positive impact on the world.

Remember, we're not saving lives here. We're providing a valuable financial service, but we don't deserve millions per year for that. We sleep better at night knowing that our success translates directly into benefits for our clients and society, rather than excess personal wealth.

## Q: Okay for the founders/managers, but what about the employees? Doesn't a limited price and wealth creation for the company mean they won't be paid well?

A: This is a crucial question, and we're glad you asked. Our commitment to fair compensation extends to every member of our team. Here's how we approach employee compensation:

1. Competitive Salaries: The majority of our company's expenses go towards salaries. We pay our employees competitively, in line with or above industry standards for their roles and experience levels.
2. Performance-Based Bonuses: We have a transparent bonus structure tied to individual and company performance metrics that align with our mission and values.
3. Equity Participation: All employees have the opportunity to own a piece of the company through our employee stock ownership plan.
4. Investment Opportunities: Employees can invest in our solution with additional benefits, aligning their personal financial growth with the company's success.
5. Professional Development: We invest heavily in our employees' growth, providing extensive training and development opportunities.
6. Work-Life Balance: We offer flexible working arrangements and generous paid time off, recognizing that compensation isn't just about money.

Let's break down a typical compensation package:

- Base Salary: Competitive with the top 25% of the industry
- Annual Bonus: Up to 20% of base salary, based on performance
- Equity: 0.1% - 1% ownership stake, depending on role and tenure
- Benefits: Comprehensive health insurance, retirement plan with company matching, and professional development budget

For example, a senior software developer at Bubble Invest might earn:

- Ä90,000 base salary
- Up to Ä18,000 in annual bonus
- Equity stake valued at Ä50,000-Ä100,000 after 4 years
- Benefits package worth approximately Ä15,000 per year

This approach allows us to attract and retain top talent while staying true to our principles. We believe that by creating a working environment where employees are well-compensated, engaged, and aligned with our mission, we can deliver the best possible service to our clients.

Remember, our goal isn't to limit wealth creation, but to distribute it more fairly and sustainably. By capping extreme wealth at the top, we ensure that everyone in the company ñ and indeed, all our clients ñ can benefit from our success.

## Q: How can you guarantee that your ETF strategy will perform well?

A: We can't guarantee performance ñ no one can, and any financial institution that claims otherwise is not being truthful. What we can guarantee is that our strategy is based on sound financial principles, extensive research, and a long-term perspective. Here's what we do to position our clients for steady, sustainable growth over time:

1. Broad Market Exposure: Our ETFs cover a wide range of asset classes and geographical regions, ensuring diversification and reducing risk.
2. Low Fees: By keeping our fees minimal (typically less than 0.1% per year), we ensure that more of the returns go to our clients rather than being eaten up by

expenses.

3. Minimal Turnover: We don't engage in frequent trading, which can increase costs and trigger taxable events. Our buy-and-hold strategy is designed for long-term growth.
4. Risk Management: Our algorithms continuously monitor and rebalance portfolios to maintain optimal risk-return profiles based on each client's goals and risk tolerance.
5. Tax Efficiency: We use tax-loss harvesting and other strategies to minimize our clients' tax burdens.
6. Transparent Reporting: We provide clear, comprehensive reports so clients can understand exactly how their investments are performing.

Let's look at some numbers:

- Historical data shows that broad market ETFs have returned an average of 7-10% annually over long periods (20+ years), after accounting for inflation.
- In contrast, actively managed funds often underperform their benchmarks. For example, over the 15 years ending in 2020, 88% of active U.S. stock funds underperformed their benchmarks.

While past performance doesn't guarantee future results, our strategy is designed to capture market returns efficiently and cost-effectively. We educate our clients about the importance of staying invested for the long term and not trying to time the market.

Remember, investing always involves risk, and it's possible to lose money. However, we believe our approach gives our clients the best chance for long-term financial success.

## Q: If you're not trying to maximize profits, how do you fund innovation and improvement of your services?

A: Great question! Our model doesn't just allow for innovation ñ it actively encourages it. Here's how:

1. Profit Reinvestment: By capping our profits, we're incentivized to reinvest in our services. Any surplus beyond our operational costs and capped earnings

goes directly into improving our technology, expanding our offerings, or reducing fees for our clients.

2. Efficient Resource Allocation: Without the pressure to extract ever-increasing profits, we can allocate resources more efficiently. We focus on innovations that truly benefit our clients, not just those that boost our bottom line.
3. Long-Term Focus: Our model allows us to invest in long-term projects that might not show immediate returns but have the potential to revolutionize our services.
4. Collaborative Innovation: We partner with universities and research institutions, pooling resources to drive fintech innovation.
5. Open Source Contributions: We both use and contribute to open-source projects, fostering a collaborative approach to solving industry-wide challenges.

Here's a breakdown of how we might allocate our innovation budget:

- 40% - Core platform improvements (e.g., algorithm refinement, user interface enhancements)
- 25% - New product development (e.g., additional ETF offerings, improved analytics tools)
- 20% - Research partnerships with academic institutions
- 10% - Open source contributions
- 5% - Employee innovation initiatives (internal hackathons, innovation challenges)

This creates a virtuous cycle of continuous improvement. For example, when we developed a new tax-loss harvesting algorithm, we were able to save our clients an average of 0.5% per year in taxes. Instead of pocketing this as additional profit, we passed the savings directly to our clients, making our service even more attractive and competitive.

By prioritizing innovation that directly benefits our clients, we ensure that our services remain cutting-edge without the need for profit maximization.

## Q: How do you ensure transparency in your operations?

A: Transparency isn't just a buzzword for us ñ it's a core principle that guides everything we do. Here's how we ensure transparency in our operations:

1. Open-Book Management: We publish detailed reports on our operations, including:
    - Quarterly and annual financial statements
    - Investment strategy updates
    - Performance reports (both absolute and relative to benchmarks)
    - Fee breakdowns
2. Clear Communication: We explain our decisions and strategies in plain language, avoiding financial jargon whenever possible. Our monthly newsletter breaks down complex financial concepts into easily digestible information.
3. Public Code of Ethics: Our business practices and ethical guidelines are publicly available and regularly updated.
4. Third-Party Audits: We undergo regular audits by independent firms to verify our financial statements and operational practices. The results of these audits are made public.
5. Open-Door Policy: Clients can reach out to us directly with any questions or concerns. We host monthly "Ask Me Anything" sessions where clients can interact directly with our leadership team.
6. Transparent Pricing: Our fee structure is simple and clearly displayed. There are no hidden costs or surprises.
7. Algorithm Transparency: While we protect our proprietary technology, we provide detailed explanations of how our algorithms work and make decisions.
8. Real-Time Reporting: Clients have 24/7 access to their account information, including real-time performance data and transaction histories.

For example, in our annual report, you'll find:

- A complete breakdown of our revenue and expenses

- Detailed performance metrics for each of our ETF offerings
- Information on our carbon footprint and sustainability initiatives
- Employee satisfaction scores and turnover rates
- A list of all third-party vendors we work with

We believe that this level of transparency not only builds trust with our clients but also holds us accountable to our mission and values. It's not always comfortable ñ sometimes we have to report on mistakes or underperformance ñ but we believe it's essential for maintaining the integrity of our business.

## Q: How do you compete with traditional financial institutions that have much larger resources?

A: We compete by being fundamentally different. Our lean structure, innovative technology, and alignment with our clients' interests allow us to offer superior service at a fraction of the cost. Here's how we level the playing field:

1. Technological Edge: We leverage cutting-edge technology, including AI and machine learning, to automate processes and make data-driven decisions. This allows us to operate more efficiently than traditional institutions burdened by legacy systems.
2. Low Overhead: We don't have expensive physical branches or bloated management structures. Our lean operation translates to lower costs for our clients.
3. Alignment of Interests: Unlike many traditional institutions, our success is directly tied to our clients' success. We don't have conflicts of interest from proprietary trading or commission-based sales.
4. Agility: As a smaller, more nimble organization, we can adapt quickly to market changes and client needs. We can implement new features or adjust our strategy much faster than large, bureaucratic institutions.
5. Focus: We specialize in our quantitative ETF strategy. By doing one thing extremely well, we can outperform generalists who try to be all things to all people.

6. Transparency: Our open approach builds trust, which is increasingly valuable in a world where traditional financial institutions are often viewed with skepticism.
7. Community: We foster a strong community of like-minded investors who share our values. This creates powerful word-of-mouth marketing and a loyal client base.

Let's look at some numbers:

- Our expense ratio averages 0.1%, compared to 0.5-1% for many actively managed funds.
- Our client acquisition cost is about Ä50, versus Ä200-Ä300 for traditional banks, thanks to our strong word-of-mouth and digital marketing.
- Our technology allows us to handle 10,000 client accounts per employee, compared to 200-300 for traditional wealth managers.

We don't need to outspend the big players; we simply need to out-think and out-care for our clients. By focusing on what truly matters ñ delivering value to our clients ñ we can compete effectively against even the largest financial institutions.

## Q: What if I need more personalized financial advice?

A: We understand that everyone's financial situation is unique, and sometimes you need more tailored guidance. That's why we've developed an advanced AI-powered chatbot that can provide personalized financial advice:

1. Extensive Knowledge Base: Our chatbot is built on a comprehensive database covering a wide range of financial topics, from basic budgeting to complex tax strategies.
2. Personalized Insights: The chatbot has access to your personal financial data and investment goals (with your permission, of course). This allows it to provide advice that's specifically tailored to your situation.
3. Real-Time Assistance: Available 24/7, the chatbot can answer your questions instantly, whether you're wondering about your portfolio performance or need guidance on a major financial decision.

4. Continuous Learning: Our AI system is constantly updated with the latest financial information and regulations, ensuring you always receive up-to-date advice.
5. Privacy and Security: Your personal data is encrypted and only accessible to the AI for the purpose of providing advice. No human has access to your individual financial information.
6. Scenario Modeling: The chatbot can run complex financial simulations to help you understand the potential outcomes of different decisions.
7. Seamless Integration: The advice provided by the chatbot is directly integrated with your Bubble Invest account, allowing for easy implementation of recommendations.

Here's an example of how it works:

You: "I'm thinking about buying a house in the next two years. How should I adjust my investment strategy?"

Chatbot: "Based on your current savings of Ä50,000, monthly income of Ä4,000, and existing investment portfolio, I'd recommend the following:

1. Increase your savings rate to 30% of your income to reach a down payment goal of Ä80,000 in two years.
2. Shift 40% of your stock investments to lower-risk bond ETFs to protect your capital for the short-term goal.
3. Consider opening a high-yield savings account for your down payment fund. Would you like me to show you how these changes would affect your projected home buying budget?"

This AI-powered solution allows us to provide expert, personalized advice at a fraction of the cost of traditional financial advisors. It's like having a financial expert in your pocket, available whenever you need it.

Of course, for extremely complex situations or if you prefer human interaction, we can refer you to independent financial advisors who share our philosophy. These advisors can provide more in-depth guidance while still leveraging our low-cost investment platform.

## Q: How do you handle risk management?

A: Risk management is not just a feature of our strategy; it's fundamental to everything we do. We take a multi-faceted approach to managing risk:

1. Diversification: Our core strategy revolves around broad-based ETFs that inherently spread risk across hundreds or thousands of individual securities. This significantly reduces the impact of any single company or sector underperforming.
2. Dynamic Asset Allocation: Our algorithms continuously monitor and adjust portfolios to maintain optimal risk-return profiles based on each client's goals and risk tolerance. This means we can react to changing market conditions in real-time.
3. Risk Profiling: We use advanced questionnaires and data analysis to accurately assess each client's risk tolerance. This ensures that their portfolio aligns with their comfort level and financial goals.
4. Stress Testing: We regularly run simulations to see how portfolios would perform under various market scenarios, including extreme events like financial crises.
5. Rebalancing: Automated rebalancing ensures that asset allocations don't drift too far from their targets, which could inadvertently increase risk.
6. Liquidity Management: We prioritize highly liquid ETFs to ensure that clients can access their funds when needed without significant market impact.
7. Currency Risk Management: For international investments, we use currency-hedged ETFs when appropriate to mitigate foreign exchange risk.