

Disruption is Coming to Financial Services

As with many industries, there has been an explosion of innovation in the financial services industry over the past 20 years. Financial technology software is improving investment research, portfolio construction, financial planning, estate planning and asset allocation. This technology is not only more robust and time efficient (able to crunch terra bytes of data in milliseconds), it has reduced the cost of these services in many cases by 95%.

Service	Cost
Financial Planning	Declined by 95%
Cloud Storage	Declined by 95%
Asset Allocation Optimization	Declined by 95%
Research	Declined by 99%
Custody/Statements	\$0
Trading Commissions	\$0
IRA Fees	\$0
Checking Account	\$0
Worldwide ATM Access	\$0
Passive ETF's	\$0
Advisory Fees	Unchanged

If advisors passed these saving on to their clients, it would reduce your costs and improve your returns. Unfortunately, these tremendous cost saving have accrued to the advisors as the % fee charged by registered investment advisors have remained unchanged and the \$ fees charged have risen. Currently, the average asset management firm in the U.S. has profit margins that are **almost 3x greater than the average S&P 500 company.**

Let me give you an example: A prominent Investment firm in the U.S. manages \$100 billion in client assets and employs a research staff of 100 analysts to run its mutual fund strategy at an annual cost of roughly \$9.4 million. This Advisor charges 1.25% in advisory fees and recently closed their flagship mutual fund because it underperformed a simple S&P 500 index fund with fees that are 97% below the 1.25% this manager charges. That is the definition of disruption.

And on the bond side of the portfolio, Advisors are struggling to find productive fixed income products in a zero-interest rate world. With bonds yielding just 0%-2%, the average investment advisory fee eats up almost **all** the investor returns on a typical bond portfolio. Advisors must be willing to find better income solutions.

This begs the question... what is the value proposition of today's Investment Advisor? There was a time when offering market access, research, trading, pie charts and scientifically based asset allocation models provided investment Advisors with an informational edge. But today, investment professionals are facing unprecedented challenges from financial technology, low interest rates and low-cost index funds. In this new technology driven environment, what value add should investors expect from their Advisor?

Imagine a Different Kind of Investment Advisor

As technology disrupts financial services with software that is more sophisticated, more easily accessed and offered at dramatically reduced cost, the investment industry will be forced to reinvent itself. What if you had an investment advisory firm that was forward thinking and innovative, that embraced these new technologies, created smarter portfolios with greater customization, and passed the cost saving on to you in an effort to **cut advisory fees by -50%?**

Welcome to **Investor Advocates**, a different kind of advisory firm.

INVESTOR ADVOCATES

Investor Advocates is utilizing the latest financial technology and enhancing the client experience by providing industry leading financial planning tools, creating smarter portfolios, offering access to alternative investments and making financial services more affordable by dramatically lowering fees.

Over time, cutting fees by as much as **-50%** provides our clients with dramatic savings.

Investor Advocates	\$1 Million	\$3 Million	\$5 Million	\$10 Million	\$20 Million	\$30 Million
Fee Savings	0.50%	0.45%	0.40%	0.35%	0.30%	0.25%
Annual \$ Savings	\$ 5,000	\$ 13,500	\$ 20,000	\$ 35,000	\$ 60,000	\$ 75,000
10 Year Savings	\$ 50,000	\$ 135,000	\$ 200,000	\$ 350,000	\$ 600,000	\$ 750,000

We believe that now more than ever, investors need an **Advocate** that will fight for their best interests, including smarter investment options and dramatically lower fees.

Investor Advocates works with Industry leaders to offer the following services:

- Charles Schwab, the largest independent investment custody platform in the U.S. with \$7 trillion in assets.
- Charles Schwab Bank, the 11th largest Bank in the U.S. offering free bank checking/savings, free global ATM access, mortgage loans, home equity lines of credit and loans against investment portfolios.
- eMoney Advisor: the #1 financial planning software in the wealth management industry.
- Access to a broad array of alternative income options.

At **Investor Advocates**, we look forward to helping you build a better, more profitable financial future.

Mick Elfers
Founder-CEO
Investor Advocates