

# The Robo Report<sup>®</sup>

## Bringing Transparency to Robo Investing



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# Welcome to The Robo Report®

Condor Capital Wealth Management is proud to publish the 33rd edition of The Robo Report®, covering the third quarter of 2024. This Report is a continuation of an ongoing study that monitors well-known robo advisors. We strive to provide a reliable resource for both investors and professionals interested in the digital advice industry.

## Highlights

Portfolios with higher allocations to domestic, large-cap, and growth equities significantly outperformed their peers over the past year.

A strategic focus on domestic large-cap equities and municipal bonds drove superior performance over the past three years.

Strong U.S. market performance led portfolios emphasizing domestic large-cap equities to consistently outperform over the past seven years.

Longer-duration bonds enhanced fixed income performance over the past year.

High-yield bonds drove fixed income outperformance over seven years.

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**All supporting data can be found online at [condorcapital.com/the-robo-report/data/](https://condorcapital.com/the-robo-report/data/)**

AUM Tables

Total Portfolio Returns

Equity & Fixed Income Returns

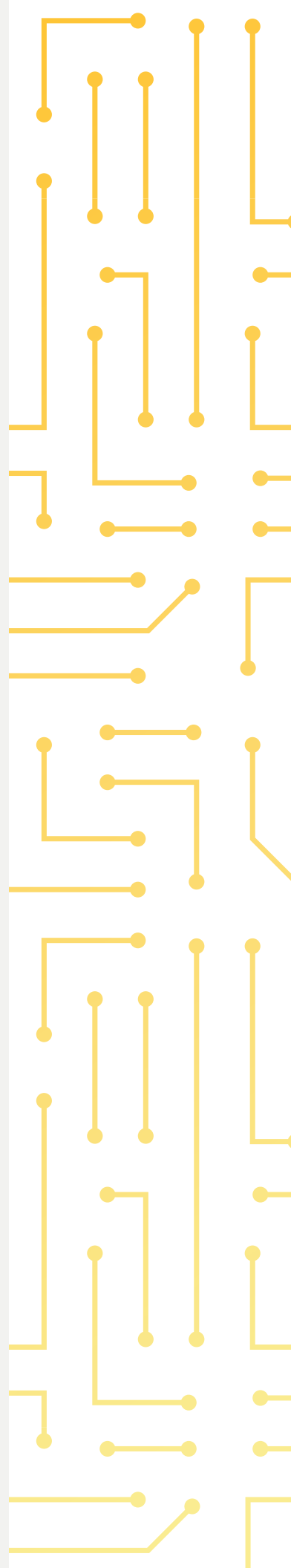
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# Executive Summary

This edition of the Robo Report, published by [Condor Capital Wealth Management](#), tracks 35 accounts at 25 different providers. The Robo Report continues to evolve. This quarter, we include performance commentary for the quarter, as well our usual data, which is available online at [condorcapital.com/the-robo-report/data/](https://condorcapital.com/the-robo-report/data/).

## The Robo Report

During the third quarter of 2024, the S&P 500 Index rose by 5.89%, achieving new all-time highs after a brief summer sell-off. Value stocks led the index's advance, with small-cap companies outperforming large-caps, marking a broadening of market participation beyond the "Magnificent Seven" stocks. Economic indicators suggest a potential soft landing, supported by the Federal Reserve's decision to lower the federal funds rate by 50 basis points in September, bringing the target range to 4.75%–5.00%. Federal Reserve Chairman Jerome Powell highlighted the dual mandate, balancing inflation, which is nearing the 2% target, and a stable labor market. With GDP growth exceeding expectations, the Federal Reserve aims to ease financial conditions to support growth while keeping the labor market stable. Markets are anticipating an additional 50 basis points in cuts across the final two FOMC meetings of 2024, one of which happened shortly after the election.

International equities outperformed domestic markets in the third quarter. The MSCI EAFE Index returned 7.37%, and the MSCI Emerging Markets Index gained 8.86%. China's struggling real estate market, high youth unemployment, and deflation concerns prompted an unprecedented government response, which lifted investor sentiment by the quarter's end. The Bloomberg U.S. Aggregate Bond Index saw moderate gains as easing financial conditions brought stability to yields.

There have been some notable changes in the robo advice industry this year. Goldman Sachs has reached a deal to sell

the investment accounts of Marcus to Betterment. Initially launched in February 2021 to attract retail investors, Marcus Invest aimed at a demographic significantly broader than Goldman Sachs' traditional clientele. The downstream move ultimately did not meet expectations, leading to an anticipated exit from the robo-advisory space.

Betterment announced a revamped premium plan. The upgraded plan includes new benefits, such as access to preferred rates on Betterment's Cash Reserve and a 20% discount on estate planning services. Premium customers will also be subject to an annual management fee of 0.65%, a notable increase from the previous fee of 0.40%. Both the increased fee at Betterment and the shuttering of the Goldman Sachs and JP Morgan Chase robo offerings represent the difficulty of offering advisory services at rock-bottom prices while earning meaningful profits for the provider.

Thank you for being a subscriber. We hope you enjoy this edition of The Robo Report.

# Top Performers

## YTD Top Performers

	Best	2nd	3rd
Total Portfolio	Betterment Climate Impact SRI	TD Automated Investing	Merrill Guided Investing SRI
Equity	Betterment Climate Impact SRI	SoFi	Betterment Social Impact SRI
Fixed Income	Wells Fargo Intuitive Investor	Citi Wealth Builder	Axos Invest

## 1-Year Trailing Top Performers

	Best	2nd	3rd
Total Portfolio	TD Automated Investing	Betterment Climate Impact SRI	Merrill Guided Investing SRI
Equity	Betterment Climate Impact SRI	TD Automated Investing	SoFi
Fixed Income	Wells Fargo Intuitive Investor	Edelman Financial Engines (EMAP)	Citi Wealth Builder

## 3-Year Trailing Top Performers

	Best	2nd	3rd
Total Portfolio	Zacks Advantage	Wealthfront (Risk 4.0 ; 2016)	Fidelity Go
Equity	Wealthfront (Risk 4.0 ; 2016)	Acorns	Merrill Guided Investing
Fixed Income	Empower (Personal Capital)	Fidelity Go	Zacks Advantage

## 5-Year Trailing Top Performers

	Best	2nd	3rd
Total Portfolio	Zacks Advantage	Schwab Domestic Focus	Wealthfront (Risk 4.0 ; 2016)
Equity	Zacks Advantage	SoFi	Wealthfront (Risk 4.0 ; 2016)
Fixed Income	Empower (Personal Capital)	Axos Invest & Vanguard Personal Advisor	

Total Portfolio winners are based on the portfolio's return vs. the Normalized Benchmark. Returns are net of fees and are as of 9/30/2024.

## 7-Year Trailing Top Performers

	Best	2nd	3rd
Total Portfolio	Zacks Advantage	Fidelity Go	Wealthfront (Risk 4.0 ; 2016)
Equity	Zacks Advantage	Acorns	Fidelity Go
Fixed Income	Axos Invest	Fidelity Go	Empower (Personal Capital)

Total Portfolio winners are based on the portfolio's return vs. the Normalized Benchmark. Returns are net of fees and are as of 9/30/2024.

# Performance Commentary

Portfolios with higher allocations to domestic, large-cap, and growth equities significantly outperformed their peers over the past year.

A strategic focus on domestic large-cap equities and municipal bonds drove superior performance over the past three years.

Strong U.S. market performance led portfolios emphasizing domestic large-cap equities to consistently outperform over the past seven years.

Longer-duration bonds enhanced fixed income performance over the past year.

High-yield bonds drove fixed income outperformance over seven years.

## Backdrop

The S&P 500 Index rose by 5.89% in the third quarter of 2024, hitting new all-time highs after a brief summer sell-off in risk assets. Value stocks led the index higher, with small-capitalization companies outgaining their large-cap counterparts. The shift in leadership is a healthy development and a key sign of broadening participation beyond the Magnificent Seven stocks. Additionally, economic data is signaling a soft landing. The Federal Reserve Open Market Committee (FOMC) lowered the federal funds rate by 50 basis points at their September meeting, bringing the target range to 4.75% – 5.00%. Jerome Powell, the Chairman of the Federal Reserve, emphasized the balance of the institution's dual mandate as inflation readings approach their target 2% level and the labor market remains generally stable as pandemic-era tightness abates without spiking unemployment. The recalibration of monetary policy is met with data supporting that a soft landing is in sight, such as the most recent U.S. GDP report from the Bureau of Economic Analysis that topped economists' estimates. To achieve the soft landing, the FOMC wants to ease financial conditions to ensure the labor market does not weaken further while stimulating economic growth. Market participants are pricing in another 50 basis points of cuts across the final two Fed meetings of 2024.

International equities outperformed domestic equities in the third quarter of 2024. The MSCI EAFE Index returned 7.37% in the quarter, while the MSCI Emerging Markets Index returned 8.86%. China's economic woes of a struggling real estate

market, dismal stock market performance, high youth unemployment rates among recent graduates, and fears of deflation led to an unprecedented all-in government response. The comprehensive plan was met with investor enthusiasm to end the quarter.

In fixed-income markets, the third quarter brought a tailwind following the long-anticipated FOMC decision to cut the federal funds target rate. Bond prices rallied into quarter-end and with a strong total return for the period as the Bloomberg U.S. Aggregate Bond Index posted a 5.20% gain. The U.S. 10-year Treasury finished the quarter more than 60 basis points lower to 3.81%. Investment grade outperformed high-yield credit in the third quarter.

## Large-Cap Domestic Growth Drives One-Year Performance for TD Automated Investing, Betterment Climate Impact SRI, and Merrill Guided Investing SRI

Over the past year, TD Automated Investing, Betterment Climate Impact, and Merrill Guided Investing have emerged as top performers in terms of overall portfolio returns, as allocations to large caps, domestic, and growth equities have all played large roles.

Growth stocks played a pivotal role during the period, with the

Russell 3000 Growth Index delivering a remarkable 41.46% return, significantly outpacing the Russell 3000 Value Index's 27.62% gain. Betterment's climate impact strategy and Merrill Guided Investing maintained slightly above-average allocations to growth stocks, with exposures of 30% and 29% respectively, while TD Automated Investing held an average weight of 27%. SoFi emerged as a top performer in the equity category, benefiting from its high allocation to growth stocks; its portfolio has 41% allocated to growth compared to an average of 27% for the robos we track. These strategic allocations allowed them to capitalize on the robust performance of growth sectors during this period.

Large-cap stocks significantly outperformed small-cap stocks. The Russell 1000 Index, representing large-cap equities, returned an impressive 35.66%, overshadowing the Russell 2000 Index's 26.74% return for small-cap stocks. Betterment stood out with an 84% allocation to large-cap equities, substantially higher than the average robo-advisor allocation of 69%. TD Automated Investing also exceeded the average with a 78% allocation, while Merrill matched the average at 69%. This emphasis on large-cap stocks allowed these portfolios to capitalize on the strong performance of market leaders.

Domestic equities outperformed international markets, with the S&P 500 returning 36.33%, outpacing the MSCI EAFE Index's 25.46% return. Merrill and TD Automated Investing had substantial domestic equity exposures of 75% and 73%, respectively, both surpassing the average robo-advisor allocation of 67%. This strategic positioning in domestic markets contributed significantly to their overall performance. Betterment, with a 61% allocation to domestic equities, also benefited, although its exposure was slightly below the average.

On the fixed income front, longer-duration bonds yielded better returns than their shorter-duration counterparts. The Bloomberg Long Term US Treasury Index returned 15.43%, compared to a 5.67% return for the Bloomberg Short Term Treasury Index. Citi Wealth Builder and Edelman Financial Engines, two of the best performing fixed income portfolios, excelled by maintaining higher portfolio durations of 6.27 and 6.73, respectively. Their emphasis on longer-duration bonds enabled them to outperform in the fixed income category.

## Domestic Equities and Municipal Bonds Drive Three-Year Performance for Zacks Advantage, Wealthfront, and Fidelity Go

Over the past three years, Zacks Advantage, Wealthfront, and Fidelity Go, have led in performance. Their success is largely attributed to strategic allocations favoring domestic large-cap equities and municipal bonds, aligning with market trends that favored these asset classes.

In the equities sector, domestic stocks significantly outperformed international markets. The S&P 500 Index delivered an impressive annualized return of 11.88%, surpassing the MSCI EAFE Index's 6.11% for developed international markets and the MSCI Emerging Markets Index's 0.76%. Zacks Advantage stood out with an 83% allocation to domestic equities, well above the average robo-advisor allocation of 67%. Wealthfront and Fidelity Go also exceeded the average with domestic equity exposures of 75% and 71%, respectively. This emphasis on U.S. equities allowed these platforms to capitalize on the robust performance of the domestic market.

Large-cap stocks outperformed small-cap stocks during this period. The Russell 1000 Index, representing large-cap equities, returned 10.80% annually, significantly higher than the Russell 2000 Index's 1.81% return for small-cap stocks. Fidelity Go capitalized on this trend with its substantial 75% allocation to large-cap equities, surpassing the average allocation of 69%. Wealthfront came in slightly above the average with a 71% allocation, while Zacks Advantage was slightly below at 67%. The strong performance of large-cap stocks contributed significantly to the overall returns of these portfolios.

While growth stocks slightly outperformed value stocks, the difference was not as pronounced as in previous periods. The Russell 3000 Growth Index posted an annualized return of 11.29%, higher than the Russell 3000 Value Index's 8.65%. All three platforms—Fidelity Go, Wealthfront, and Zacks Advantage, had growth exposures close to the average of 27%, with allocations of 27%, 25%, and 25%, respectively. Given the relatively similar performance between growth and value stocks, growth exposure was not a significant differentiator in their portfolios.

In the fixed income arena, short-duration bonds outperformed long-duration bonds amid a rising interest rate environment. The short-term bond index returned 3.18% annually, while the long-term bond index suffered a loss of -8.35%. Zacks



Advantage effectively mitigated interest rate risk with a lower portfolio duration of 4.08, well below the average robo-advisor duration of 5.86. Fidelity Go also maintained a slightly shorter duration at 5.54, while Wealthfront's duration was higher at 6.53. Zacks Advantage's and Fidelity Go's emphasis on shorter-duration bonds helped these portfolios preserve capital and achieve better fixed income performance.

Municipal bonds outperformed corporate bonds, reversing a trend from previous years. The Bloomberg Municipal Bond Index achieved a modest annualized return of 0.09%, outperforming the Bloomberg US Corporate Bond Index's loss of -1.18%. All three top-performing platforms incorporated municipal bonds into their portfolios, which proved advantageous. The tax-exempt nature and relative stability of municipal bonds contributed positively to their fixed income returns.

Additionally, high-yield bonds outperformed investment-grade corporate bonds, with the Bloomberg US Corporate High Yield Bond Index returning 3.10% annually. While none of the top performers had significant allocations to high-yield bonds, their focus on municipal bonds and shorter-duration instruments provided a balanced approach to fixed income investing.

## Domestic Equity Exposure Helps Zacks Advantage, Fidelity Go, and Wealthfront Over the Prior Seven Years

The standout performers during this time were Zacks Advantage, Fidelity Go, and Wealthfront (2016). These portfolios tended to favor investments in large-cap and domestic equities, an approach that has proven particularly advantageous given market conditions over the past seven years.

Zacks Advantage had a substantial 83% allocation to domestic equities, significantly above the average allocation of 67% for the robo-advisors we track during this period. Wealthfront and Fidelity Go also exceeded the average with allocations of 75% and 71%, respectively. The importance of having a large allocation to domestic equities is shown by the S&P 500 Index achieving a strong annualized return of 14.46%, surpassing the MSCI EAFE Index's return of 6.60% and the MSCI Emerging Markets Index's return of 4.00%. This strong focus on U.S. equities allowed these portfolios to benefit from the robust performance of the domestic market.

Moreover, the emphasis on large-cap stocks varied across portfolios, with Fidelity Go allocating 75% to large-cap equi-

ties and Wealthfront allocating 71%, both above the average robo-advisor allocation of 69%. In contrast, Zacks Advantage had a below-average allocation at 67%. The benefit of large-cap equity exposure can be seen with the Russell 1000 Index, which tracks large-cap equities, delivering an impressive annualized return of 14.15% over this period, outpacing the Russell 2000 Index's return of 7.33%.

The balance between growth and value allocations played a role in shaping equity performance in the market more generally, however, the winners' allocations to growth stocks did not significantly differ from their peers. Fidelity Go had a growth exposure of 27%, matching the average, while Wealthfront and Zacks Advantage each had 25%. This shows that growth exposure was not the primary factor in their outperformance during this period, even though growth has significantly outperformed value. Over the last seven years, the Russell 3000 Growth Index achieved an annualized return of 17.50%, significantly outpacing the 9.30% annualized return of the Russell 3000 Value Index.

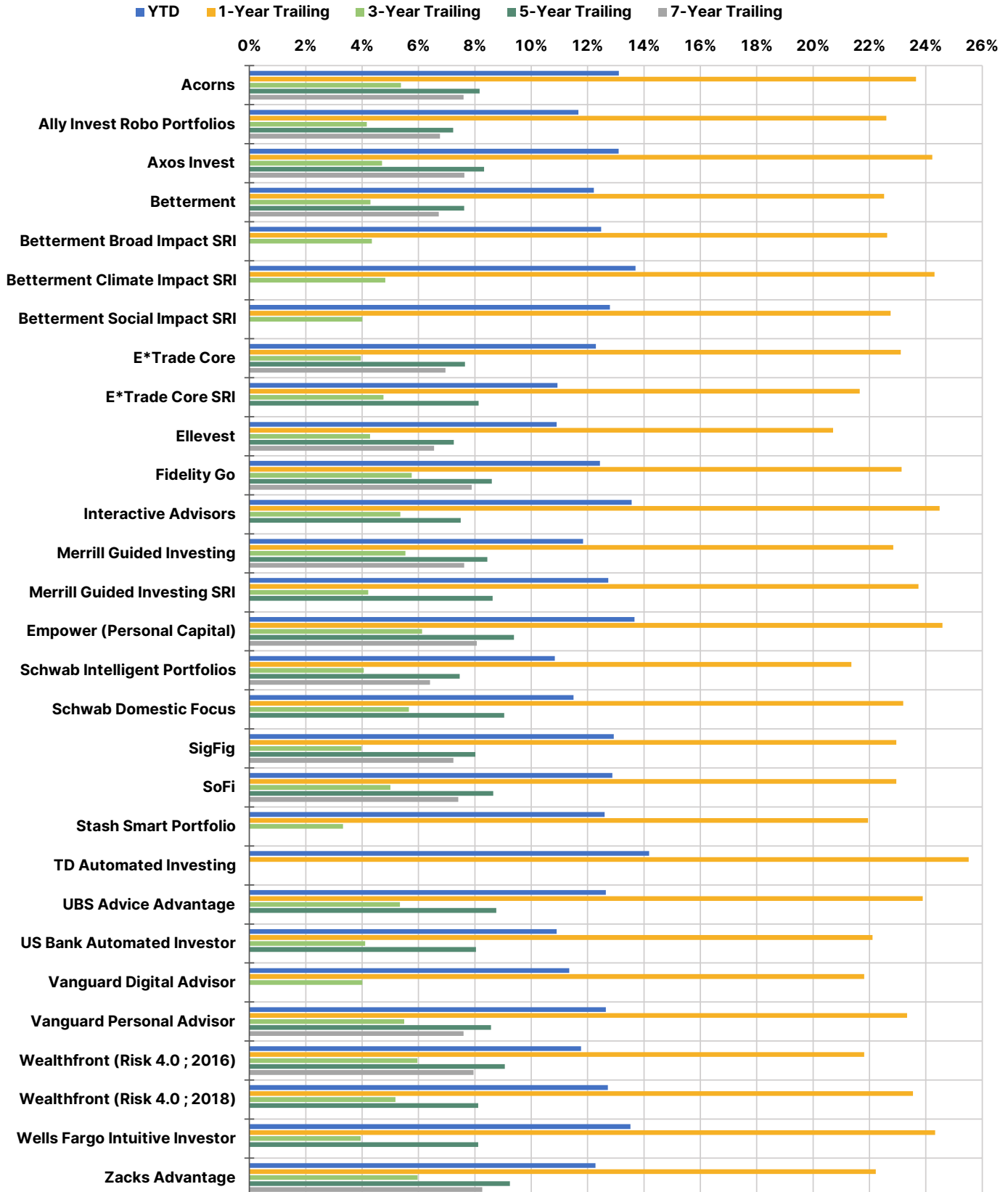
Portfolios with higher allocations to value stocks tended to struggle. For example, Schwab Intelligent Portfolios and Betterment, which had higher allocations to value stocks, was the worst performing robo in the 7 year time period. The portfolio has the largest allocation to value stocks, with a 39% allocation, compared to the average of 30% for the robos we track. While a higher allocation to value stocks provided some cushion during periods of market volatility, the overall dominance of growth stocks over the seven-year period caused these portfolios to underperform relative to those that had a focus on growth closer to the average.

Additionally, Wealthfront benefited from its strategic investment in the energy sector through the Vanguard Energy ETF (VDE). While VDE delivered an annualized return of 7.81% over the seven-year period, Wealthfront has added to or reduced this position over the years in a way that produced outperformance within the portfolio. This success highlights the strong returns from energy investments and demonstrates Wealthfront's effective market timing, having initiated the investment in April 2020 and partially exiting in July 2022. This well-timed decision played a key role in enhancing the portfolio's overall performance.

In the fixed-income arena, the best performing fixed income portfolios over the prior 7 years all maintained higher-than-average allocations to high yield. The best performing fixed income portfolio was Axos Invest, which maintained an allocation of 6.81% of its fixed income portfolio in high yield.

The runners-up in this category were Fidelity Go and Empower, which had high yield allocations of 3.43% and 3.92%, respectively, notably higher than the average allocation of 2.33%. The importance of high yield exposure is shown with Bloomberg US Corporate High Yield Bond Index returning 4.70% annually compared to 2.42% for the Bloomberg US Corporate Index.

# Total Portfolio Performance



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Last updated: 03/31/2023

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<sup>1</sup> These accounts were funded with more than the minimum amount required to establish an account. Had the accounts been funded with more assets, they would be charged a flat dollar fee up to \$1,000,000. Because the fee is a flat dollar amount, a higher account balance would have the result of increasing reflected performance, while a lower account balance would have the result of decreasing reflected performance. In December of 2018, a \$1 fee was not recorded. Performance has been updated to include this fee as of Q1 2019.

<sup>2</sup> This account has no minimum required to establish an account, but had the account been funded with more assets, it would, at certain asset levels, be eligible for a lower advisory fee. The lower advisory fee would have the result of increasing reflected performance.

<sup>3</sup> These accounts were funded with more than the minimum amount required to establish an account. There is no fee schedule; all accounts are charged the same asset-based fee. Therefore, performance is not affected by the account's asset level.

<sup>4</sup> This account was funded with the minimum or more than the minimum amount required to establish an account at the time of opening. Had the account been funded with more assets it would, at certain asset levels, be eligible for a lower advisory fee. The lower advisory fee would have the result of increasing reflected performance.

<sup>5</sup> This account was funded with more than the minimum in order to take advantage of tax-loss harvesting. Tax-loss harvesting may result in better or worse performance compared to similarly positioned accounts that are not enrolled in tax-loss harvesting. This account is enrolled in their digital-only "Intelligent Portfolios", thus it is not charged an advisory fee. If one were to upgrade to "Intelligent Advisory" which introduces access to live advisors, a subscription fee would be levied, which would decrease reflected performance.

<sup>6</sup> These accounts were funded with the minimum amount required to establish an account. At balances less than \$10,000, there is no advisory fee. Had the account been funded with \$10,000 or more, an asset-based advisory fee would be levied, which would decrease reflected performance.

<sup>7</sup> These accounts were funded with the minimum amount required to establish an account at the time of opening. There is no fee schedule; all accounts are charged the same asset-based fee. Therefore, performance is not affected by the account's asset level.

<sup>8</sup> These accounts have no minimum required to establish an account. Prior to the Axos and Wisebanyan acquisition and integration, this account was not charged a management fee. Had additional service packages, such as tax-loss harvesting, been added, the lesser of an asset-based fee or flat dollar fee would have been assessed. These fees would have decreased the reflected performance. Currently, this account is charged a 0.24% management fee. In August of 2021, there was a reporting issue with this provider. The issue has been resolved but the resolution effectively caused a rebalance of the account on 09/30/2021.

<sup>9</sup> This account was funded with the minimum investment amount at the time. At the time of opening, the account had a 0.25% management fee. Due to changes in the service at the end of the 1st quarter of 2017, new accounts are charged a 0.30% management fee. The fee on our account was grandfathered in and remains at 0.25%. The higher advisory fee would have the result of decreasing reflected performance.

<sup>10</sup> These accounts were funded with the minimum amount required to establish an account. This account is enrolled in their digital-only "Essential Portfolios" and is charged an asset-based advisory fee. If one were to upgrade to "Selective Portfolios" which introduces access to live advisors, a higher asset-based advisory fee schedule would apply, which would decrease reflected performance. "Essential Portfolios" does not appear to be available to new clients, likely due to the pending Schwab and TD Ameritrade integration. These accounts are grandfathered into the "Essential Portfolios" program and are charged a 0.30% annual asset-based management fee.

<sup>11</sup> This account has no minimum required to establish an account, but had the account been funded with more assets, it would, at certain asset levels, be eligible for a lower advisory fee. The lower advisory fee would have the result of increasing reflected performance. A special request was made for an allocation of 60% equities and 40% fixed income or close to it, but this allocation was not one of the standard models at the time of account opening. At the time of account opening the closest standard models offered were in the range of 50/50 or 75/25 equity to fixed income split.

<sup>12</sup> These accounts were funded with more than the minimum amount required to establish an account. Due to the asset-based advisory fee, performance is not affected by the accounts' asset levels. In previous reports, we reported the performance of two accounts that were combined to achieve a 60/40 allocation. Due to our introduction of Normalized Benchmarking we are no longer reporting the combined account, but just the account with the closest to a 60/40 allocation as we could achieve at this provider.

<sup>13</sup> These accounts were funded with less than the minimum investment through an agreement between The Robo Report and the provider. There is no advisory fee levied regardless of the amount of assets invested.

<sup>14</sup> This account was funded with the minimum amount required to establish an account. A flat, asset-based advisory fee is levied on the account. Had we subscribed to additional, specific, provider products the account would be eligible for a lower asset-based advisory fee. A lower advisory fee would have the result of increasing reflected performance.

<sup>15</sup> This account has no minimum required to establish an account and is enrolled in the Digital Only plan. If the account was enrolled in the premium service with access to live advisors, there would be a higher asset-based advisory fee. The higher advisory fee would have the result of decreasing reflected

performance.

<sup>16</sup> This account is enrolled in the Self Service plan. If the account was enrolled in the Full Service Plan, the fee would be higher or lower depending on the level of assets in the account. The higher/lower advisory fee would have the result of decreasing/increasing reflected performance. Recently, this provider changed its fee schedule, but our account was grandfathered in at the previous, lower fee for the size of the account. New accounts would be subject to the new fee schedule, which would decrease reflected performance at most account size levels.

<sup>17</sup> This account was funded with more than the minimum amount required to establish an account. This account will not be charged an advisory fee through 2019. In previous reports, we reported the performance of two accounts that were combined to achieve a 60/40 allocation. Due to our introduction of Normalized Benchmarking we are no longer reporting the combined account, but only the account with the closest to a 60/40 allocation as we could achieve at this provider.

<sup>18</sup> This account was funded with more than the minimum amount required to establish an account. This account will not be charged an advisory fee through 2019.

<sup>20</sup> This account was funded with the minimum required to establish an account. This account is enrolled in their digital-only "Intelligent Portfolios", thus it is not charged an advisory fee. If one were to upgrade to "Intelligent Advisory" which introduces access to live advisors, a subscription fee would be levied, which would decrease reflected performance.

<sup>21</sup> These accounts were funded with more than the minimum amount required to establish an account. There is no fee schedule; all accounts are charged the same asset-based fee. Therefore, performance is not affected by the account's asset level. The fee was waived for the first year. Had a fee been levied, reflected performance would have been lower.

<sup>22</sup> These accounts were funded with more than the minimum amount required to establish an account. There is currently no fee schedule; all accounts are charged the same asset-based fee. Therefore, performance is not affected by the account's asset level. Previously, the fee was only assessed on balances in excess of \$10,000.

<sup>23</sup> These accounts were funded with the minimum amount required to establish an account. There is no fee schedule; all accounts are charged the same asset-based fee. Therefore, performance is not affected by the account's asset level. The fee was waived for an initial promotional period. Had a fee been levied, reflected performance would have been lower.

<sup>24</sup> Interactive Advisors is registered as an advisor under the name of Covestor Ltd. and is part of the Interactive Brokers Group. This account was funded with the minimum required to open an account and is invested in their Asset Allocation portfolio. It is charged an asset-based fee. There is no fee schedule on this account; therefore performance is not affected by the account's asset levels. Previously, the account was charged a lower asset-based fee; the increase took effect starting March 2019. Interactive Advisors offers multiple strategies with different sets of fees, including Smart Beta, index-tracking and model ETF portfolios, in addition to the Asset Allocation portfolios. Interactive Advisors also offers a marketplace for actively managed portfolios for which it charges higher fees (0.08-1.5%), part of which it remits to the portfolio managers supplying the data underlying those strategies.

<sup>25</sup> Originally, there was no advisory fee on these accounts. Had additional service packages, such as tax-loss harvesting, been added, the lesser of an asset-based fee or flat dollar fee would have been assessed. In June 2018, one package was activated, resulting in a fee on these accounts. This fee decreases the reflected performance.

<sup>26</sup> This account was enrolled in Prudential's Strategic Portfolios. It was funded with the minimum required to open an account. Had the account been funded with more assets it would, at certain asset levels, be eligible for a lower advisory fee. The lower advisory fee would have the result of increasing reflected performance. Prudential also offers Reserve Portfolios for short-term investing, which have a lower account minimum and fee. However, the Reserve Portfolios do not allow asset-allocation customization based on individual demographic and risk tolerance.

<sup>27</sup> This account has no minimum required to establish an account and is enrolled in the Digital Only plan. If more was invested, the account would be assessed a lower asset-based fee, which would increase reflected performance. If the account was enrolled in the premium service with access to live advisors, there would be a higher asset-based advisory fee. The higher advisory fee would have the result of decreasing reflected performance. All balances above \$2 million are charged a lower asset-based advisory fee. A lower advisory fee would have the result of increasing reflected performance. The 2018 end-of-year statement for Betterment did not include dividends received near the end of 2018, these dividends first appeared on the March 31st, 2019 statement. These dividends are reflected as of the Q1 2019 Robo Report but were not reflected in performance reported in the Q4 2018 Robo Report. In Q2 2020 a dividend was misattributed to the cash asset class instead of income causing the equity performance of the main Betterment account to be slightly underrepresented.

<sup>28</sup> These accounts were funded with the minimum amount required to establish an account. There is no fee schedule; all accounts are charged the same asset-based fee. Therefore, performance is not affected by the account's asset level. The fee was waived for an initial promotional period. Had a fee been levied, reflected performance would have been lower. As of March 27, 2019, the management fee has been lowered. The lower advisory fee will increase reflected performance.

<sup>29</sup> This account was funded with the minimum or more than the minimum amount required to establish an account at the time of opening. Had the account been funded with more assets it would, at certain asset levels, be eligible for a lower advisory fee. The lower advisory fee would have the result of increas-

ing reflected performance. After opening, this provider changed its fee schedule, raising the fee for the asset level of the account, but our account was grandfathered in at the previous, lower fee. New accounts would be subject to the new fee schedule, which may change reflected performance.

<sup>30</sup> These accounts were funded with more than the minimum amount required to establish an account. The account is charged a flat dollar fee subscription at its service level. Had the accounts been enrolled in different service packages, they could be assessed a higher subscription fee. Because the fee is a flat dollar amount, a higher account balance would have the result of increasing reflected performance, while a lower account balance would have the result of decreasing reflected performance.

<sup>31</sup> These accounts were funded with the minimum amount required to establish an account at the time of opening. This account is enrolled in their digital-only "Guided Investing" and is charged an asset-based advisory fee. If one were to upgrade to "Guided Investing with an Advisor" which introduces access to live advisors, a higher asset-based advisory fee schedule would apply, which would decrease reflected performance.

<sup>32</sup> This account has no minimum required to establish an account and is enrolled in the Digital Only plan. If the account was enrolled in the premium service with access to live advisors, there would be a higher asset-based advisory fee. The higher advisory fee would have the result of decreasing reflected performance. All balances above \$2 million are charged a lower asset-based advisory fee. A lower advisory fee would have the result of increasing reflected performance.

<sup>33</sup> This account has no minimum required to establish an account and is enrolled in the Digital Only plan. If the account was enrolled in the premium service with access to live advisors, there would be a higher asset-based advisory fee. The higher advisory fee would have the result of decreasing reflected performance. Prior to August 2020, this account was assessed a 0.35% annual management fee. As of August 2020, the provider changed the fee structure such that accounts under \$10,000 are not charged a management fee. Our account is under this threshold and will therefore not be charged a management fee starting in August of 2020. This will have the result of increasing reflected performance.

<sup>34</sup> This account was funded with more than the minimum required to establish an account. There is no management fee levied. Therefore, performance is not affected by the account's asset level. This platform has numerous different portfolio strategies. We chose the "moderately aggressive" strategy. Different portfolio strategies have different allocations which could increase or decrease reflected performance.

<sup>35</sup> These accounts were funded with the minimum amount required to establish an account. This account is enrolled in their "Selective Portfolios" and is charged an asset-based advisory fee. These specific portfolios are only offered at the "Selective Portfolios" level, which charges a higher asset-based advisory fee due to access to live advisors than the "Essential Portfolios." Additionally, these portfolios may hold balanced funds. Due to the nature of these funds and limits in our portfolio management system, we cannot accurately track equity and fixed income performance individually at the portfolio level for portfolios with balanced fund holdings. Total portfolio performance is unaffected by holding balanced funds.

<sup>36</sup> These accounts were funded with more than the minimum amount required to establish an account. There is no fee schedule; all accounts are charged the same asset-based fee. Therefore, performance is not affected by the account's asset level. This platform has numerous different portfolio strategies. We chose the "60/40 classic" option. Different portfolio strategies have different allocations which could increase or decrease reflected performance.

<sup>37</sup> These accounts were funded with the minimum amount required to establish an account. This account is enrolled in their "Selective Portfolios" and is charged an asset-based advisory fee. These specific portfolios are only offered at the "Selective Portfolios" level, which charges a higher asset-based advisory fee due to access to live advisors than the "Essential Portfolios."

<sup>38</sup> These accounts were opened when the provider charged 0.25% annual management fee. Recently, the fee structure changed to be a flat monthly fee. However, our account was grandfathered into the old fee structure. This change may have the result of increasing/decreasing reflected performance based on account size.

<sup>39</sup> This account charges a 0.15% annual management fee and caps the underlying fund fees at 0.05% so that the all-in fee never exceeds 0.20% annually. The same fee is charged at all asset levels.

<sup>40</sup> This account charges 0.55% annually. However, those with a Citi Gold or Priority account (required balances of \$50,000 and \$200,000 respectively) will not be charged a management fee, which would increase reflected performance.

<sup>41</sup> This account is enrolled in the "Standard" pricing plan for \$120 a year which is paid by an outside bank account. This account was opened with a \$5,000 initial deposit. We assess the fee on the account as though it was opened with a \$50,000 initial deposit. We assess a \$1 monthly, \$12 a year, management fee on this account. A flat dollar fee pricing structure means the level of assets in the account will affect net-of-fee performance.

<sup>42</sup> These accounts were funded with more than the minimum amount required to establish an account. The account is charged a flat dollar fee subscription. Because the fee is a flat dollar amount, a higher account balance would have the result of increasing reflected performance, while a lower account balance would have the result of decreasing reflected performance.

<sup>43</sup> This account was funded with the minimum or more than the minimum amount required to establish an account at the time of opening. Had the account been funded with more assets it would, at certain asset levels, be eligible for a lower advisory fee. The lower advisory fee would have the result of increasing reflected performance. On June 19th, 2017, Vanguard removed the Robo Report's primary Vanguard account from the Vanguard Personal Advisor Services program. As of June 20th, 2017, the primary account was replaced by a secondary account with the same risk profile as the primary account. The returns for the secondary account have been linked to the original primary account. Asset type and allocation between the two accounts at the time



of the switch were very close but not identical.

<sup>44</sup> These accounts were funded with more than the minimum amount required to establish an account. There is currently no fee schedule; all accounts are charged the same asset-based fee. Therefore, performance is not affected by the account's asset level. Previously, the fee was only assessed on balances in excess of \$10,000. In the 1st Quarter of 2018 Wealthfront liquidated the positions in the account used for the 4th Quarter 2017 and previous editions of this report. A different account was used for this report and is labeled "Wealthfront (Risk 4.0)". The performance numbers from the previous account are available in the addendum labeled as "Wealthfront (Risk 3.0)". The risk scores and thus allocations of the two accounts are different and labeled as such. Asset type and allocation between the two accounts at the time of the switch were close but not identical. The difference in equity allocation between the accounts on 12/31/2017 was approximately 5.4%.

<sup>45</sup> These accounts were funded with the minimum amount required to establish an account. This account is enrolled in their digital-only "Essential Portfolios" and is charged an asset-based advisory fee. If one were to upgrade to "Selective Portfolios" which introduces access to live advisors, a higher asset-based advisory fee schedule would apply, which would decrease reflected performance. Due to the down market in December 2018, this account engaged in repeated tax-loss harvesting on one of its asset types. All alternative securities were exhausted for this asset type, so to prevent a wash sale, the entire position, representing approximately 31% of the portfolio, was liquidated and held as cash for a 1 month period, during which time the market experienced a large upswing. Because this portfolio missed the market upswing, its performance versus the normalized benchmark is lower.

In previous reports, the initial target asset allocation was calculated as the asset allocation at the end of the first month after the account was opened. In the Q3 2018 report, we adjusted our method to calculate the initial target asset allocation as of the end of the trading day after all initial trades were placed in the accounts. This adjustment has caused some portfolio's initial target allocation to be updated from previous reports. These updates did not change any initial target allocations of equity, fixed income, cash, or other by more than 1%.

Prior to Q3 2018, due to technological limitations of our portfolio management system, some accounts which contained fractional shares had misstated the quantity of shares when transactions quantities were smaller than 1/1000th of a share in a position as a result of purchases, sales, or dividend reinvestments. This had a marginal effect on the historical performance of the accounts. The rounding of position quantities caused by this limitation has been resolved, and quantities have been adjusted to reflect the full position to the 1/1,000,000th of a share as of the end of Q3 2018. Therefore, this rounding of fractional shares will not be necessary in the future.

At certain custodians, a combination of the custodian providing us a limited number of digits on fractional share and fractional cent transactions rounding errors are introduced into our tracking. At quarter-end starting 3/31/2020, we implemented a process to enter small transactions to eliminate any rounding errors that have built up to more than a full cent. These transactions are small and do not have an appreciable effect on performance. Sharpe ratios and Standard Deviation calculations are calculated with the assumption of 252 trading days in a year.

This report represents [Condor Capital Wealth Management's](#) research, analysis and opinion only; the period tested was short in duration and may not provide a meaningful analysis; and, there can be no assurance that the performance trend demonstrated by Robos vs indices during the short period will continue. A copy of Condor's Disclosure Brochure is available at [www.condorcapital.com](http://www.condorcapital.com). Condor Capital holds a position in Schwab in one of the strategies used in many of their discretionary accounts. As of 9/30/2024, the total size of the position was 63,086 shares of Schwab common stock. As of 9/30/2024, accounts discretionarily managed by Condor Capital Management held bonds issued by the following companies: Morgan Stanley, Bank of America, Wells Fargo, E\*Trade, Citi Group, Citizens Financial Group, Ally Financial, Charles Schwab, Fidelity, and TD Bank.

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