Condor Capital
WEALTH MANAGEMENT

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The Robo Report

Bringing Transparency to Robo Investing

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Welcome to The Robo Report

Condor Capital Wealth Management is proud to publish the 29th edition of the Robo Report®, covering the third quarter of 2023. 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

- Allocations to large-cap growth have played a pivotal role in the success of robo advisors like Stash, SoFi, and Vanguard Digital Advisor.

- Robo advisors with large allocations to high-yield bonds, such as Wells Fargo, Empower, and Axos, capitalized on the year-to-date outperformance of this asset class.

- A higher allocation to international equities, particularly by Stash and Betterment Broad Impact SRI, paid off over the one-year period as international markets outperformed compared to domestic markets.

- For the trailing three-year period, fixed income portfolios with below-average duration, such as those from Zacks Advantage, Fidelity Go, and Vanguard PAS, were well-positioned against increasing rates.

- Over the past five years, the domestic equity bias of portfolios from Marcus, Wealthfront (2016), and Zacks provided a substantial performance edge.

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All supporting data can be found online at condorcapital.com/the-robo-report/data/

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Executive Summary

This edition of the Robo Report, published by Condor Capital Wealth Management, tracks 42 accounts at 27 different providers. The Robo Report continues to evolve. This quarter, we not only provide our usual data, which is available online at condorcapital.com/the-robo-report/data/, but also include performance commentary for the quarter.

The Robo Report

This edition of the Robo Report, published by Condor Capital Wealth Management, tracks 42 accounts at 27 different providers. The Robo Report continues to evolve, and this quarter, we bring you our usual data, which can be found online at theroboreport.com/data, as well as performance commentary for the quarter.

This quarter, equity markets pared gains achieved since the start of 2023. The so-called 'magnificent 7' have been the primary force driving indexes higher year-to-date. While the third quarter witnessed declines, equity markets were still in positive territory for the year. This is despite continued fears of a pullback in consumer spending, weakness in China's economy, and markets coming to terms with interest rates staying higher for longer. While inflation is still higher than the Federal Reserve's 2% target, there has been considerable progress battling inflation with labor markets starting to show signs of cooling and wage increases moderating. With a few domestic large-cap names driving returns, portfolios tilted towards large caps and growth have benefitted.

In fixed income, rising yields have continued to be a headwind for returns. Bond portfolios were negative for the quarter and year as rates continued to march higher. Portfolios willing to take on credit risk with high-yield bonds and those that have limited duration continue to outperform.

In the robo advice industry, there has been little noteworthy news this quarter. The SEC published an investor bulletin warning robo-advice clients to be wary of subscription-based fees, specifically on accounts with low balances. Even a few dollars a month can be overly burdensome for an account with only a few hundred dollars invested. New investors just starting their saving journey should consider providers with low minimums and asset-based fees instead of those offering services for a monthly subscription fee.

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	Stash Smart Portfolio	SoFi	Vanguard Digital Advisor
Equity	Stash Smart Portfolio	SoFi	US Bank Automated Investor
Fixed Income	Empower (Personal Capital)	Wells Fargo Intuitive Investor	Axos Invest

1-Year Trailing Top Performers

	Best	2nd	3rd
Total Portfolio	Stash Smart Portfolio	Betterment Broad Impact SRI	Fidelity Go
Equity	Stash Smart Portfolio	Betterment Broad Impact SRI	TD Ameritrade SRI
Fixed Income	Empower (Personal Capital)	Wells Fargo Intuitive Investor	Fidelity Go

3-Year Trailing Top Performers

	Best	2nd	3rd
Total Portfolio	Schwab Domestic Focus	Wealthfront (Risk 4.0 ; 2016)	Zacks Advantage
Equity	Wealthfront (Risk 4.0 ; 2016)	Schwab Domestic Focus	Zacks Advantage
Fixed Income	Zacks Advantage	Fidelity Go	Vanguard P.A.S.

5-Year Trailing Top Performers

	Best	2nd	3rd
Total Portfolio	Marcus Invest Core IRA	Wealthfront (Risk 4.0 ; 2016)	Zacks Advantage
Equity	Marcus Invest Core IRA	Zacks Advantage	Wealthfront (Risk 4.0 ; 2016)
Fixed Income	Zacks Advantage	Schwab	Wealthfront (Risk 4.0 ; 2016)

Performance Commentary

- Allocations to large-cap growth have played a pivotal role in the success of robo advisors like Stash, SoFi, and Vanguard Digital Advisor.
- Robo advisors with large allocations to high-yield bonds, such as Wells Fargo, Empower, and Axos, capitalized on the year-to-date outperformance of this asset class.
- A higher allocation to international equities, particularly by Stash and Betterment Broad Impact SRI, paid off over the one-year period as international markets outperformed compared to domestic markets.
- For the trailing three-year period, fixed income portfolios with below-average duration, such as those from Zacks Advantage, Fidelity Go, and Vanguard PAS, were well-positioned against increasing rates.
- Over the past five years, the domestic equity bias of portfolios from Marcus, Wealthfront (2016), and Zacks provided a substantial performance edge.

Backdrop

Domestic equities declined in the third quarter of 2023, with the S&P 500 Index falling by 3.27% despite still performing well year-to-date. The main drivers of the quarter's negative performance were rising interest rates, a strong dollar, and weakness in China, which weighed on the outlook for global growth and trade. With inflation running persistently above its 2% target, the Federal Reserve signaled that further rate hikes may be required. Energy was the best-performing sector last quarter and the only one that increased month-over-month as the sector benefited from higher oil prices. Financials also held up relatively well, with the MSCI USA Financials Index returning -0.86%. The real estate sector was hit hard, as higher rates hurt income-oriented sectors. Technology, up over 32% year-to-date, and consumer discretionary, up over 25%, continue to lead the way for the year.

International equities fared slightly worse than their domestic counterparts, as the MSCI EAFE Index fell by 4.04% in Q3. Excluding currency movements, Japan notably outperformed as the nation benefitted from corporate governance reforms and its post-Covid reopening. The Bank of Japan kept interest rates unchanged but signaled that it could gradually let rates rise, which would be a notable change from the decades-long ultra-low-rate environment. China was a drag on emerging markets, as its economy continues to face issues with weak demand and high unemployment. The U.S. dollar appreciated against most major currencies, reflecting the relative strength of the U.S. economy and the expectations of tighter monetary policy.

Fixed income markets were mostly negative, as bond prices fell and yields rose in response to sticky inflation and a hawkish-sounding Fed. The rise in yields was rather sharp in the quarter, as 10-year U.S. Treasury bond yields jumped by over 0.7% and hit a 16-year high. The Bloomberg U.S. Aggregate Bond Index declined by 3.2% in Q3, and corporate bonds generally outperformed government bonds. International and emerging market debt performed worse than domestic bonds, as higher U.S. interest rates and a stronger dollar reduced the relative attractiveness of foreign bonds.

Growth-Focused Portfolios Surge Ahead with Stash, SoFi, and Vanguard Leading YTD

Stash, SoFi, and Vanguard Digital Advisor emerged as the top year-to-date performers in terms of total portfolio performance relative to their Normalized Benchmark, a methodology that compares each robo advisor's returns to a comparable asset allocation benchmark. This year the Russell 3000 Growth index delivered an impressive 23.77% return, while the Russell 3000 Value index lagged with a weaker return of 1.64%. Stash, SoFi, and Vanguard Digital Advisor all have among the highest allocations to growth, showing the importance of owning growth in the current environment. SoFi holds its proprietary SoFi Next 500 and Sofi Select 500 ETFs, which both track growth-oriented indices. Another contributing factor for the top performers was their allocations to large-cap stocks, which were all above average. The importance of a large-cap tilt is shown with the Russell 1000 Index returning 13.00% in the period, while the Russell 2000 returned only 2.51%.

For the year-to-date period ending September 30, 2023, high yield bonds outperformed their investment grade counterparts, as shown by the Bloomberg US Corporate High Yield Bond Index returning 5.86%, while the Bloomberg US Agg Total Return index lost 1.21%. Credit spreads have been tightening since the start of the year, adding to the appeal of high-yield bonds. Wells Fargo emerged with the highest exposure to high yield, while other robo advisors like Empower and Axos also showed above-average allocations to high yield. Wells Fargo had 22.09% of its fixed income portfolio in the iShares Broad U.S. High Yield Corp Bond ETF (USHY), its best-performing fixed income holding, gaining 5.26% year-to-date. Empower and Axos also hold dedicated high-yield holdings, which supported performance. Short-term bonds outperformed long-term bonds. This is indicative of an increase in interest rates, where the impact of duration caused long-term bonds to experience more significant price declines relative to short-term bonds. Despite these market conditions, our winners, on average, held bond portfolios with durations that mirrored the broader market.

Large Cap and Growth Allocations Fuel Stash, Betterment, and Fidelity Go's One-Year Performance

Over the past year, Stash, Betterment Broad Impact SRI, and Fidelity Go have delivered standout performances in their total portfolio returns. Growth investments and substantial holdings in large-cap stocks have been pivotal, echoing the trends observed in the year-to-date analysis. These top performers benefited from their higher-than-average growth allocations at a time when the Russell 3000 Growth index outstripped the Russell 3000 Value index by more than 12%.

Globally, Stash and Betterment Broad Impact SRI also benefited from their above-average exposures to international markets, which have outshined domestic markets this year. The MSCI EAFE index soared with a 26.41% return, surpassing the S&P 500's 21.59%. Japan, in particular, shined as a beacon of success, with the TOPIX index registering a remarkable upswing spurred by renewed economic optimism for the country.

In the fixed income arena, Empower, Wells Fargo Intuitive Investor, and Fidelity Go emerged as leaders. Wells Fargo's robust allocations to high-yield bonds were well-positioned during the trailing one-year period, standing out within our study group. Fidelity Go's fixed income performance was supported by it being fully allocated to municipals, as municipal bonds exhibited strength; this is evident when comparing the Bloomberg AMT-Free National Municipal Index's returns against the Bloomberg US Agg Index, with the former outshining the latter by a 1.79%. Meanwhile, all three fixed income top performers maintained average durations, which has supported performance as intermediate treasuries outperformed their long-term counterparts.

Domestic and Value Tilt Propel Schwab, Wealthfront, and Zacks in Three-Year Performance

Over the last three years, Schwab Domestic Focus, Wealthfront (vintage 2016), and Zacks Advantage have outshone their peers. U.S. equities were a key driver of success during this span, as reflected by the S&P 500's robust annualized return of 10.14%. The MSCI EAFE's annualized 6.38% and the MSCI Emerging Markets Index's loss of 1.38% highlight the importance of domestic exposure in portfolio performance. Zacks boasts the highest, and Schwab and Wealthfront hold above-average stakes in U.S. equities.

Additionally, Schwab Domestic Focus and Wealthfront both exhibit distinct tilts toward value, higher than compared with the average robo. Schwab holds the Schwab Fundamental Large Company ETF and Wealthfront holds the Schwab US Dividend Equity ETF, which outperformed the Russell Value 1000 by 4.27% and 1.26%, annualized, respectively. Interestingly, the Zacks and Schwab Domestic Focus have some of the highest allocations to small caps, even though small caps underperformed compared to large caps over this period, showing how much more important the domestic tilts were for these portfolios.

In the fixed income category, Zacks Advantage, Fidelity Go, and Vanguard PAS came out on top. All three of these fixed income portfolios are entirely allocated to municipals. This allocation approach was advantageous, as shown by the Bloomberg AMT-Free National Municipal Index's loss of 2.14% annually compared to the Bloomberg US Agg Index's more significant loss of 5.21% annually. Furthermore, the winning portfolios' below-average durations were advantageous, particularly as the Bloomberg Short-term Treasury Index returned 1.34% annualized over the same period, starkly contrasting with the Long-term Treasury Index's significant loss of 15.75% annualized. Zacks Advantage's position as the portfolio with the shortest duration of the tracked robos underscored the benefit of this strategy amidst rising interest rates.

Domestic Equity Focus and Active Duration Management Drive Marcus, Wealthfront, and Zacks to Five-Year Success

Looking at the five-year period ending September 30, 2023, the top performers, when compared to their Normalized Benchmark, were Marcus Core IRA, Wealthfront (2016), and Zacks. Marcus Core IRA, making its debut in the category, emerged as a leading contender due to, in large part, its large domestic equity allocation. Both Marcus and Wealthfront showcased a strong domestic orientation, with their equity portfolios predominantly concentrated in U.S. stocks—consistent with the top range of market cap size within their offerings. The performance of these winning portfolios highlights the performance benefit gained from a U.S.-centric approach during the trailing five-year period, especially as the S&P 500 delivered an annualized return of 9.89%, far outstripping the 3.84% annualized return for the MSCI EAFE.

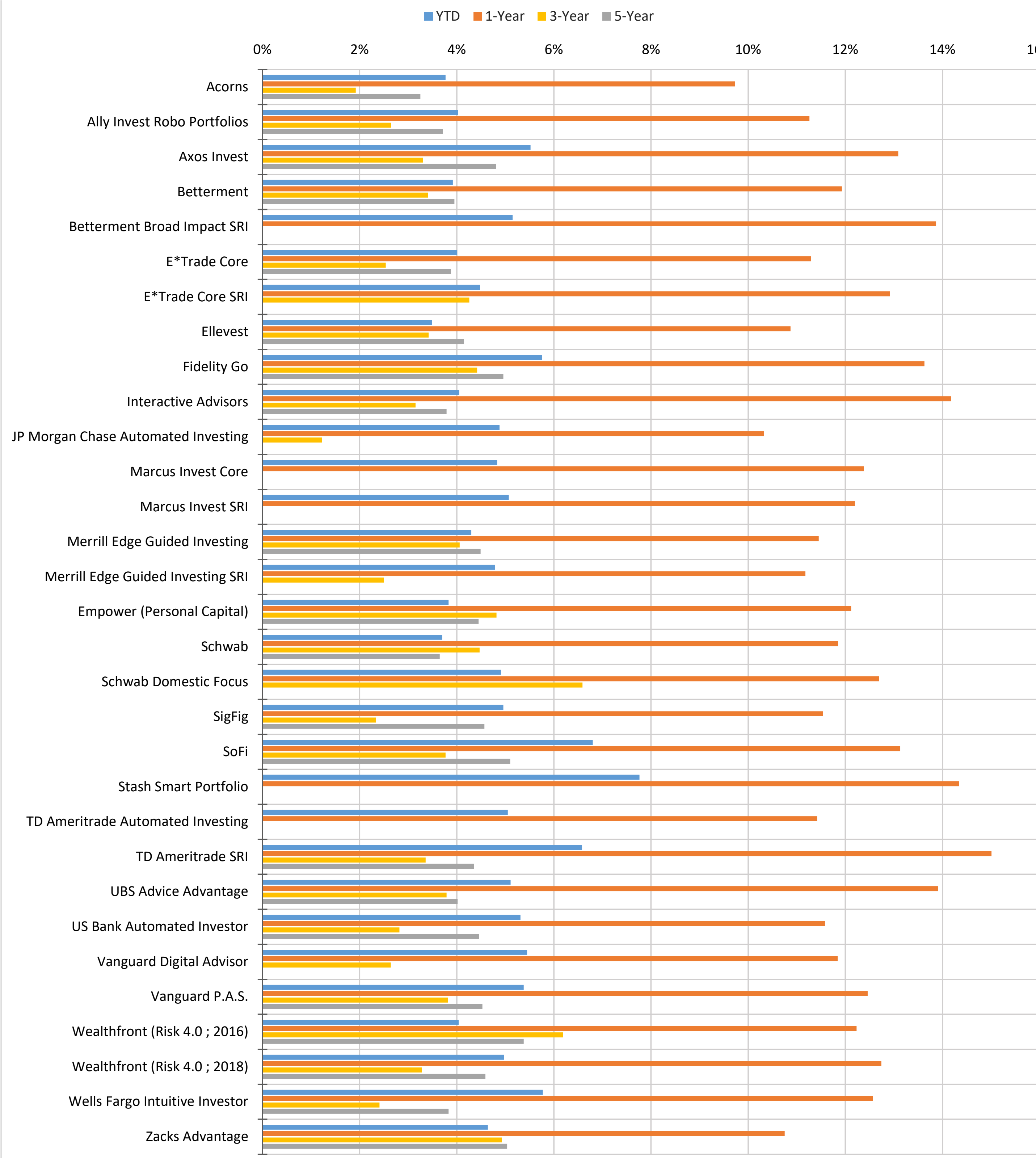
The relative performance between growth and value allocations played a critical role in equity results over the longer term. Looking at the broader picture, which includes the re-emergence of value in 2022, growth still had a substantial lead. Over the five-year span, the Russell 3000 Growth Index yielded an annualized return of 11.68%, quite ahead of the Russell 3000 Value Index's 5.95% annualized return. Zacks Advantage bolstered its five-year performance by shifting part of its investment from the SPDR S&P 500 ETF to the Vanguard Russell 1000 Growth ETF, a strategic pivot that positioned the portfolio to capitalize on growth's dominance, especially in 2021.

As has been documented in previous Reports, Wealthfront's dedicated allocation to the energy sector, a value sector, continued to support its performance. Despite recent underperformance in the energy sector, Wealthfront's position in VDE (Vanguard Energy ETF) returned an impressive 8.05% annualized return over the past three years, which supported benchmark-beating returns.

The past five years have seen a volatile environment for fixed income, with the Fed Funds rate experiencing a dramatic fall to zero, followed by a swift ascent to the 5.00% to 5.25% range. Robo advisors like Zacks navigated this landscape effectively by adjusting their bond duration dynamically. For example, Zacks strategically increased its short-term bond holdings at the onset of 2020, fortifying its portfolio against the escalating rates in 2022. Similarly, other robos that extended their duration toward the latter part of the rate hike cycle, such as Merrill, are now well-positioned to reap benefits as the rate hikes abate.

In the realm of fixed income, the three top performers—Schwab, Wealthfront, and Zacks—sustained significant allocations to municipal bonds throughout the period, which modestly outperformed corporate bonds over the entire span. Despite corporates showing strength in 2020 and 2021, the transition by portfolios like Zacks's to municipal bonds proved judicious, as they recouped losses and then some during the rate hikes. Zacks's active management strategy has been particularly noteworthy in the fixed-income sector.

Total Portfolio Performance



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[1] 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.

[2] 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.

[3] 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.

[4] 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.

[5] 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.

[6] 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.

[7] 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.

[8] 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.

[9] 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.

[10] 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.

[11] 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.

[12] 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.

[13] 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.

[14] 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.

[15] 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.

[16] 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.

[17] 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.

[18] 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.

[20] 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.

[21] 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.

[22] 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.

[23] 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.

[24] 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.

[25] 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.

[26] 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.

[27] 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.

[28] 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.

[29] 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. 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.

[30] 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.

[31] 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.

[32] 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.

[33] 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.

[34] 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.

[35] 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.

[36] 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.

[37] 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.”

[38] 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.

[39] 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.

[40] 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.

[41] 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.

[42] 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.

[43] 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.

[44] 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%.

[45] 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. Condor Capital holds a position in Schwab, JP Morgan Chase, and Goldman Sachs in one of the strategies used in many of their discretionary accounts. As of 9/30/2023, the total size of the position was 64,739 shares of Schwab common stock, 18,065 shares of JP Morgan Chase common stock, and 5,852 shares of Goldman Sachs common stock. As of 3/31/2023, accounts discretionarily managed by Condor Capital Management held bonds issued by the following companies: Morgan Stanley, Bank of America, Goldman Sachs, Wells Fargo, E*Trade, Citi Group, JP Morgan Chase, Citizens Financial Group, Ally Financial, Charles Schwab, and Capital One.

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