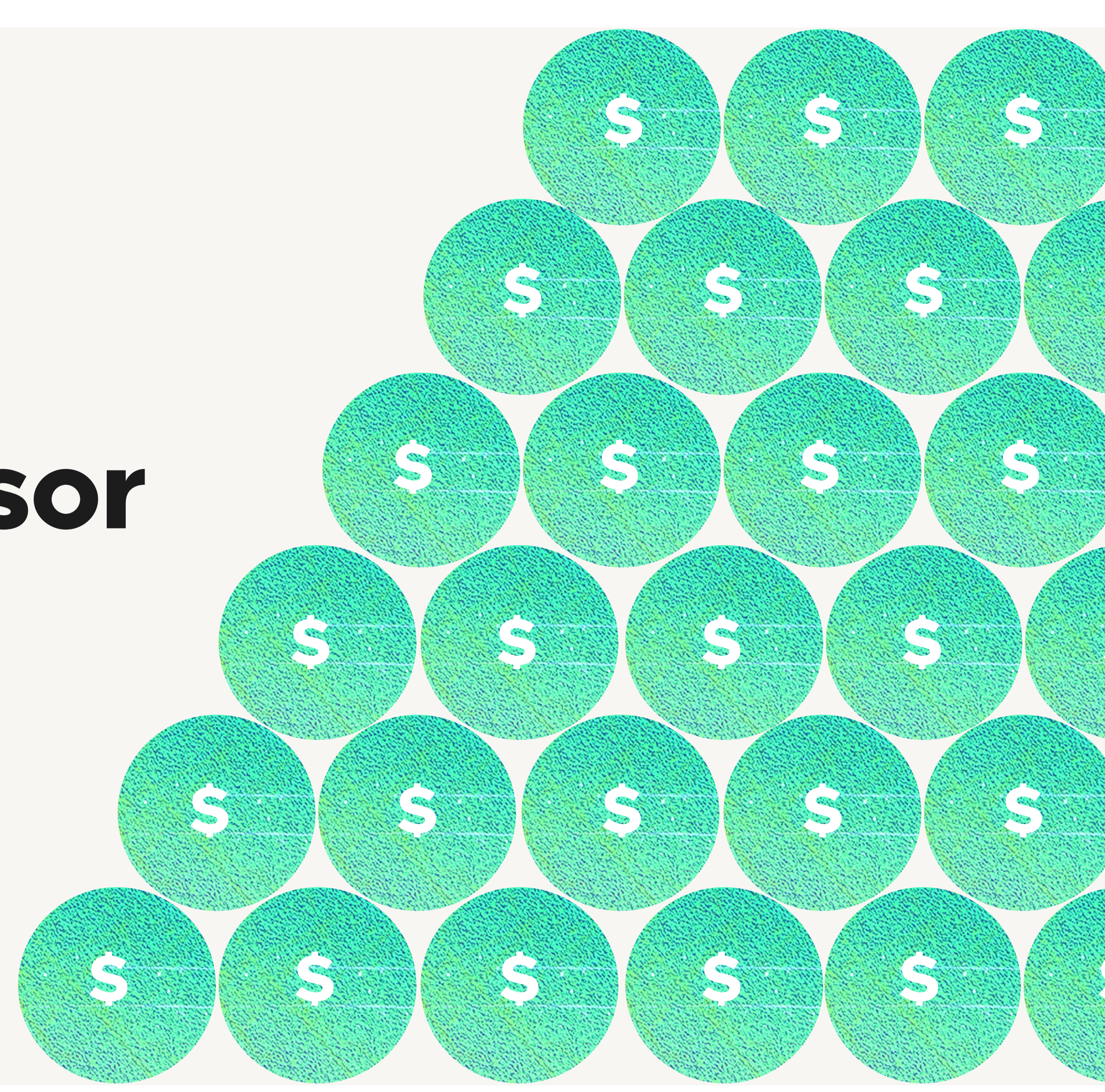


Fund Co to Fintech: What's Driving the Advisor Tech Spending Spree

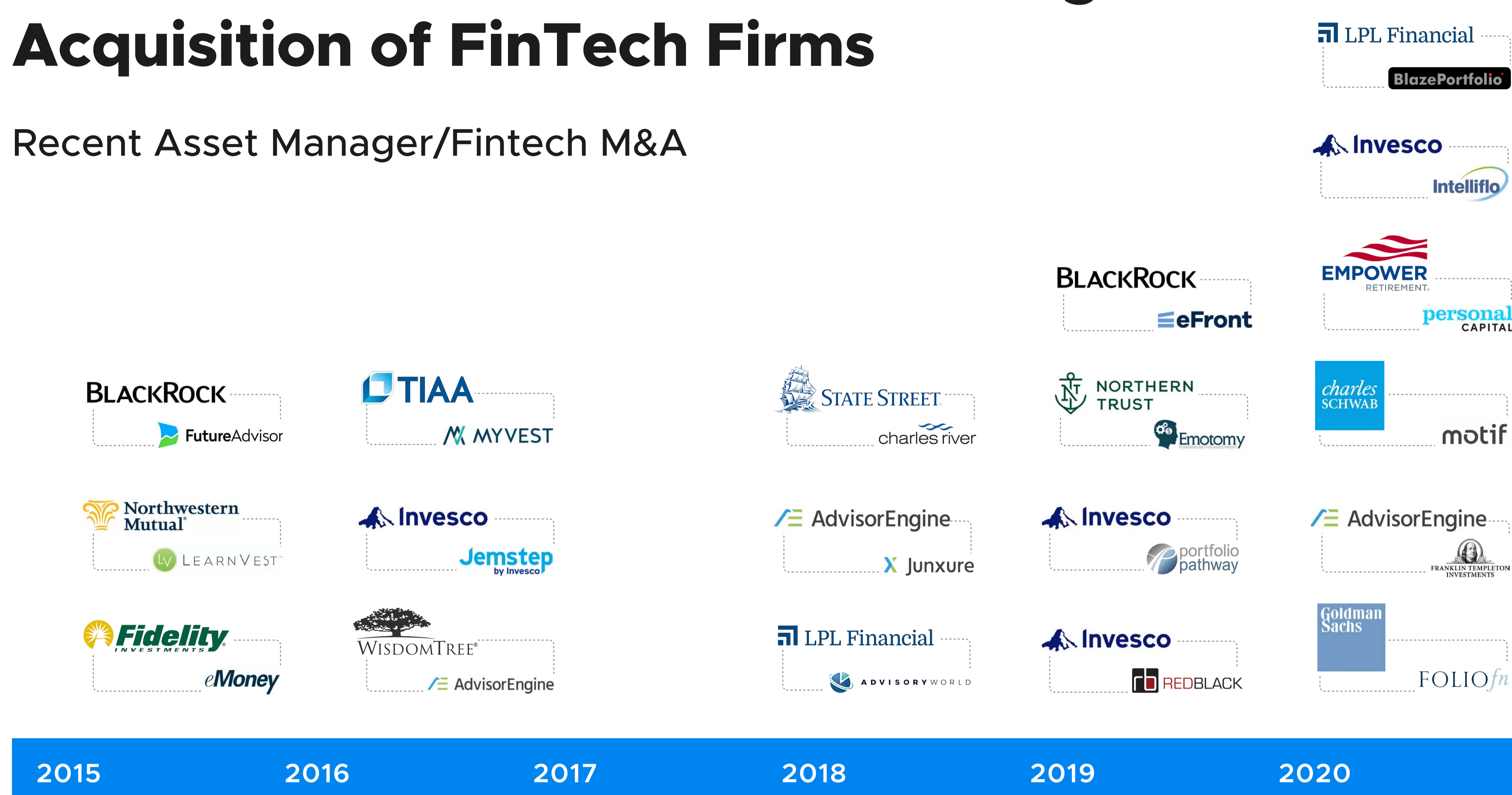


n = 39
Q3 September 2020
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TREND ONE

Acceleration in Rate of Asset Manager Acquisition of FinTech Firms

Recent Asset Manager/Fintech M&A



CRITICAL ISSUES AND ACTIONABLE INTEL

- The stage is set for major industry disruption
- Tech offers asset managers a way to differentiate and add meaningful value to their advisor relationships
- The \$1 billion valuation for fintechs is no longer fiction, and increasingly they are not even rare. It's no longer a case of chasing the unicorn, but of domesticating it
- **Question yet to be answered:** who pays for this change in service—advisors?
- **Take Action:** Wholesalers can now sell technology in addition to their assets, funds and models

TREND TWO

Disruption has Biggest Potential to Impact Firms Using Holistic Modeling

Asset Manager/Fintech M&A Impact on Industry



CRITICAL ISSUES AND ACTIONABLE INTEL

- As of July 1, 2020, *Investment News* reported \$3 trillion in assets were contained in models
- TAMPs that leverage a small number of fund families stand to maximize asset manager-supplied tech
- RIA firms that rely on a smaller set of fund firms stand to gain the most—any technology provided is likely to fit well
- **Take Action:** Asset managers can give clients an edge with tools that manage volatility, virtual client communication and offer technology training and growth guidance

TREND THREE

Advisors Indicate Willingness to Use More Tech Tools From Asset Managers

Top 5 Tech Tools Advisors Would Use if Offered by an Asset Manager

1. Onboarding
2. Advisor Desktop
3. Market News and Quotes
4. Proposal Generation
5. Order Execution / CRM (tied)

CRITICAL ISSUES AND ACTIONABLE INTEL

- Advisor demand for integrated technology tools is here
- **Take Action:** Asset managers can choose the right tech solutions to address pain points of legacy models

About F2 Strategy

F2 Strategy Research is the propriety research division of F2 Strategy, a leading global strategy consulting firm, delivering intellectual and advisory-based research on technology and business issues impacting the RIA, wealth, bank/trust and family office industries. With expertise spanning across the wealth management sector, we provide an unfair advantage to our clients and partners by illuminating industry gaps and delivering insights to help their businesses make great decisions.

The data in this report is pulled from a survey conducted by F2 Strategy in August. The survey includes responses from 39 RIA, Wealth Management and Asset Management firms representing \$7 trillion in assets.