

PHOENIX

WEALTH &  
AFFLUENT

MONITOR

*Continuous intelligence from retail investors*



Overview

# U.S. & Canada Market Research Platforms

2018

WHO IS

# PHOENIX MARKETING INTERNATIONAL



Strategic Research  
Consultancy with a  
boutique feel, but  
bigger-company  
resources



Founded in 1999,  
one of the fastest  
growing firms: Ad  
Age Honomichl list  
& AMA Gold Report  
Top 50  
MR ranking for past  
12 years



Headquarters in  
Rhinebeck (NY) with  
a network of offices  
across the U.S. and  
around the world



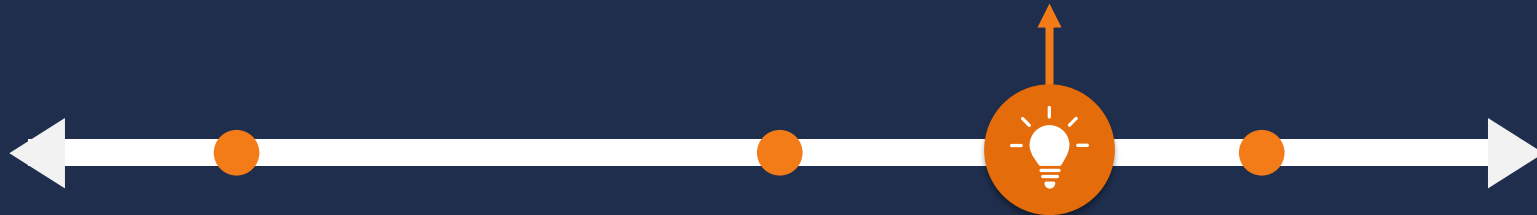
Specialists in  
Customer  
Experience, Wealth  
Management,  
Retail Banking,  
Brand, and  
Communication



Network of 350  
professionals from  
both client and agency  
side, with deep  
experience in your  
market.

# PHOENIX MARKETING INTERNATIONAL CREDENTIALS

*Unlike more traditional MR providers, our focus is on going beyond data delivery to become true business partners*



***“DIY”  
Market Research***



***Traditional Market  
Research Firms***



***Management  
Consulting***



PROVEN

# TRACK RECORD

We have long-standing partnerships with some of the biggest brands in wealth management.

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RBC Wealth Management



Bank of America



Merrill Lynch



J.P.Morgan

PHOENIX

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11-21 →  
WALL ST

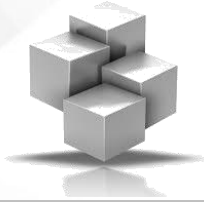
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U.S. Platform

# WHAT'S NEW

To better serve our clients, over the past year we have added new design and content features to our platform:

## MODULAR DESIGN...



### ...FOR EXTENDED TOPICAL COVERAGE

In 2017, our affluent and HNW investor tracking questionnaire was re-designed into modules, providing our clients with intelligence that focuses on highly current topics in wealth management.

## MONTHLY TRACKING...



### ...FOR FASTER DELIVERY OF INTELLIGENCE

Our tracking questionnaire is now fielded monthly, providing quicker turnaround of key market-based data and intelligence.

## INCREASED SAMPLE...



### ...FOR EXPANDED SEGMENTATION

We complete over 900 online interviews monthly with qualified affluent and HNW households, which broadens our ability to segment our data by generation, advice orientation, life stage, etc.

## INTERACTIVE DASHBOARDS...



### ...FOR ENHANCED DATA VISUALIZATION

Your firm's subscription to our Wealth & Affluent Monitor includes the development of customized, interactive dashboards based on your market definitions.

# AFFLUENT & HNW INVESTOR INTELLIGENCE

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- ✓ Syndicated research platform in U.S. (since 2003) and Canada (since 2007)
- ✓ Online questionnaires field monthly in U.S. and semi-annually in Canada
- ✓ Comprehensive wealth management and banking content
- ✓ Standard and customized deliverables



# RELEVANT INSIGHTS



W&AM insights are applied to strategic and tactical decision-making in multiple ways



Deepen client relationships, improve retention, new client acquisition



Assess institution and advisor strengths/weaknesses relative to key competitors



Improve targeting of clients and product cross-sell



Strengthen market positioning and communications



Identify goals and concerns and how they differ by client segment



Predict money flows and track consumer sentiment



# SAMPLE



W&AM samples over 10,000 affluent and HNW consumers each year, facilitating a broad range of segment views.

- ✓ Generations (Millennials, Gen X, Boomers, Silent Gen)
- ✓ Business owners
- ✓ Women decision-makers
- ✓ Advisor orientation (self-directed to advisor reliant)

## Primary W&AM wealth segments



### Total Affluent

- Investable Assets: \$100k+
- 2017 sample: 10,474

Investable Assets includes: education/custodial accounts, individually-owned retirement accounts, stocks, options, bonds, mutual funds, managed accounts, hedge funds, structured products, ETFs, cash accounts, annuities, and cash value life insurance policies.

### Penta-Millionaire

- \$5mm+ IA
- 2017 Sample: 620



### High Net Worth

- Investable Assets: \$1mm+
- 2017 sample: 4,317



### Mass Affluent

- Investable Assets: \$250k-\$999k
- 2017 sample: 5,114

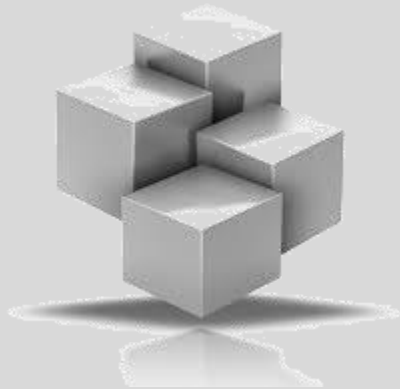


### Emerging Affluent

- Age: < 45
- HH Income: \$125k+
- Investable Assets: <\$250k
- 2017 sample: 1,693



# MODULAR DESIGN



Our modular questionnaire design facilitates extended topical coverage.

- ✓ Monthly covers brands used, consumer sentiment, robo-advisors, core demos
- ✓ Bi-Monthly content includes advisors and providers
- ✓ Quarterly content focuses on products and portfolios, cards, and topical content (e.g., Robo advisors, wealth transfer, retirement)
- ✓ Semi-Annual topics include life events; insurance and other

# WEALTH MANAGEMENT CONTENT

## Primary provider and advisor institutions and channels

- ◆ Brokerage
  - ◆ RIA
  - ◆ Online
  - ◆ Bank
  - ◆ Private Bank
  - ◆ Accountant
  - ◆ Insurance agent
  - ◆ Mutual Fund
  - ◆ Robo
- AUM with primary provider
  - Switching intentions
  - Reasons for selection
  - Communication behaviors and preferences
- Strength of relationship
    - Overall satisfaction and reasons
    - NPS
    - Loyalty indicators
    - Depth of services used
    - Importance and ratings of 17 elements of advisor-client relationship

## Supporting Content - Categories

- Advice orientation and attitudes towards investing and advice
  - Investment product ownership – 60 categories
  - Asset allocations: current and 6-mo outlook: Investable Asset categories and Total Asset categories
  - Credit and loan products
  - Real estate ownership
  - Online brokerage accounts
- Awareness and use of Robo-Advisors, by top brands
  - Economic and investment sentiment
- Use of technology and social media in financial affairs
- Retirement and life events
- Demographics



# MARKET SIZING



## W&AM Market Sizing Report

The Phoenix Wealth & Affluent Monitor (W&AM) U.S. Sizing Report is intended to provide annual estimates of the number of households in the country for eight affluent and HNW segments. Sizing estimates are provided at the State level as well as by Core-Based Statistical Areas (CBSAs).

### Sizing the Affluent Market by CBSA

Number of Affluent Households by CBSA

CBSA	Total Households	Total Affluent Households \$100K+ IA	Total Affluent Households Per Capita	\$100K-\$499K IA	\$500K-\$999K IA
Altus, OK Micro	10,115	2,486	24.6%	1,646	445
Amarillo, TX Metro	99,752	29,094	29.2%	18,495	5,424
Americus, GA Micro	13,530	2,689	19.9%	1,811	481
Ames, IA Metro	36,641	9,823	26.8%	6,221	1,852

### Sizing the HNW Market by CBSA

Number of HNW Households by CBSA

CBSA	Total Households	\$1MM+ IA	Total Millionaire Households Per Capita	\$1MM-\$2.9MM IA	\$3MM-\$9.9MM IA	\$5MM+ IA
Big Spring, TX Micro	12,586	623	5.0%	423	180	96
Big Stone Gap, VA Micro	23,468	702	3.0%	496	185	99
Billings, MT Metro	70,808	3,907	5.5%	2,655	1,124	604
Binghamton, NY Metro	100,654	4,978	4.9%	3,416	1,403	754
Birmingham-Hoover, AL Metro	450,745	23,039	5.1%	15,654	6,630	3,561

# VISUALIZATION & COLLABORATION

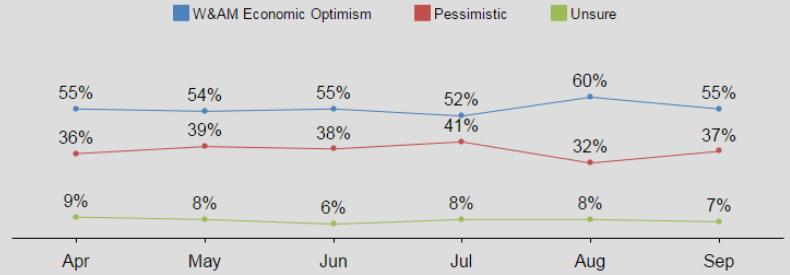
Using the Phoenix SIGMA Web interface, clients will be able to quickly receive the latest intelligence from W&AM, including analysis and perspective from our analysts and interactive dashboards.

Filter

Among the Total Affluent Market, the W&AM Economic Optimism trend line declined by five points in September, after a strong rise in the previous month. Conversely, the Pessimistic trend line rose by five points.

While broad consumer confidence levels remained strong in September, the decline in economic optimism may reflect the uncertainty surrounding the upcoming election.

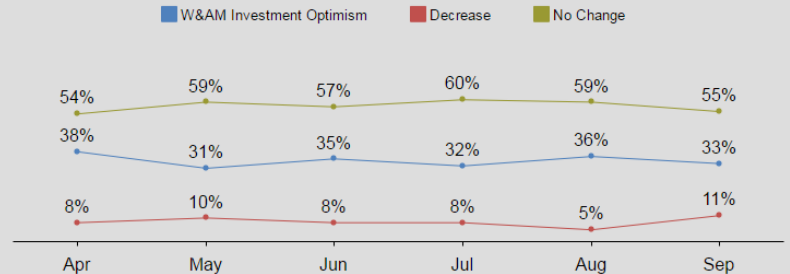
### Economic Outlook Next Three Months



In September, the W&AM Investment Optimism trend line established a three-month decline, dropping by four points to 55%. There was a very strong up-tick in the "decrease investments" trend line to 11%.

Uncertainty in the upcoming election is likely weighing heavily on the investing outlook of affluent households. The October and November readings will provide a better indication of investor sentiment going forward.

### Investing Outlook Next Three Months



# VISUALIZATION & COLLABORATION

We can custom-design filters based on client needs.

This platform will also facilitate collaborative and “what-if” discussions between your team and ours.

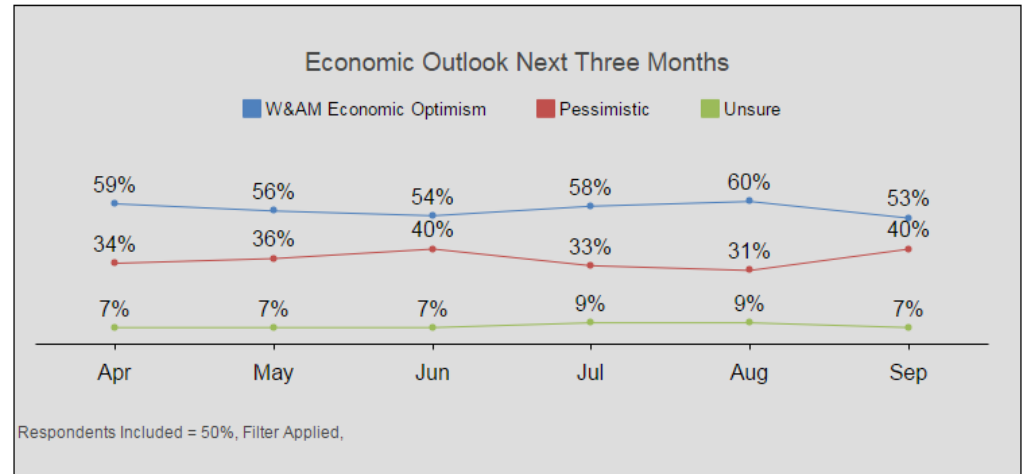
Select All Values

- Affluent Segments

- Select All
- Emerging Affluent
- Mass Affluent
- HNW
- Uncategorized

+ Age Categories

- Select All
- < 35
- 35-44
- 45-54
- 55-64
- 65+

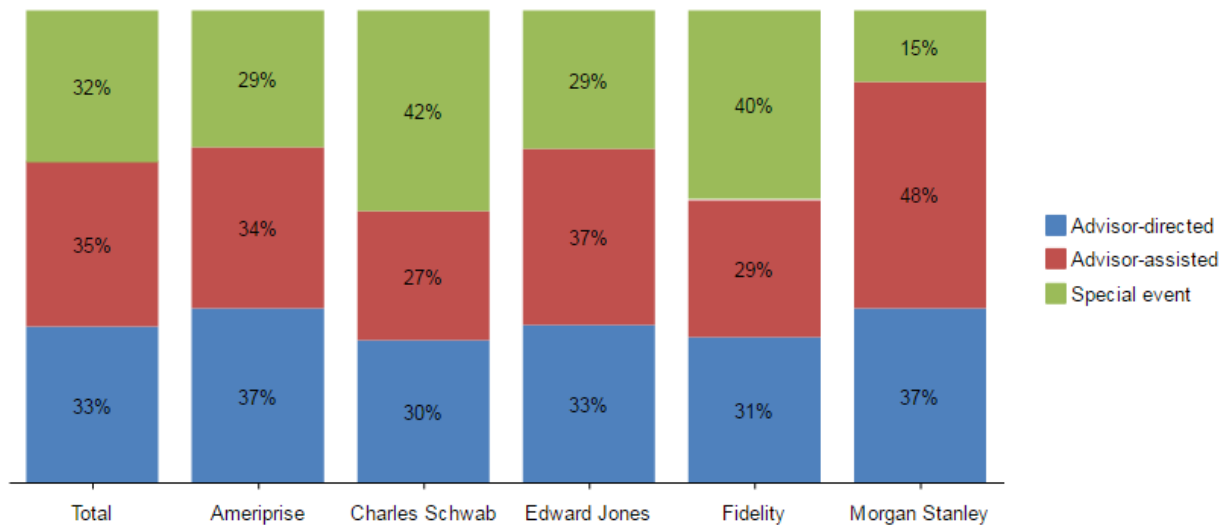


# VISUALIZATION & COLLABORATION

We can also custom-design dashboards that, for example, show competitor-based charts or tables.

- Affluent Segments
- Select All
  - Emerging Affluent
  - Mass Affluent
  - HNW
  - Uncategorized

Investment advice by Primary Advisor's Institutional Affiliation



Base: Total (n=719), Ameriprise (n=115), Charles Schwab (n=121), Edward Jones (n=109), Fidelity (n=206), Morgan Stanley (n=168)

Respondents Included = 36%, Filter Applied, (Affluent Segments = HNW)

# SUBSCRIPTION DELIVERABLES



## Customization Options Available

See following page

## INTELLIGENCE

### Monthly

- Economic and Investment Sentiment Summary

### Bi-monthly

- Insert proprietary questions bi-monthly
  - Delivery: custom Web-based interactive dashboards

### Quarterly

- Key trends and tracking updates

### Annual

- Wealth Management Key Findings Report & Charts & Tables deck
- Market Sizing Report
- Premium Card Market Key Findings Report & Charts & Tables deck
- Custom report & on-site presentation

## SUPPORT

### Ad-Hoc Analysis

- Up to 16 hrs/ yr

### Collaboration

- Onsite workshop: W&AM overview and how to use the intelligence
- Team discussions and ‘what-if’ scenario development

### Proprietary Question Development

- Assistance in crafting your proprietary questions

### Data

- Raw datafiles available

### Online Portal

- Secure portal for KeyBank containing reports, datafiles and other platform documents.

## PRICING

### Annual Subscription

- \$65,000



# OPTIONS FOR CUSTOMIZATION

## CLIENT EXPERIENCE BENCHMARKING & NORMS

Our Wealth & Affluent Monitor has robust historical benchmarking norms to enhance your client experience tracking.

- By delivery channel
- For best-of-breed wealth management firms

For wealth managers without an existing client experience program, we can develop a shortened version of our questionnaire, help you administer to your clients, and compare the results to our benchmarks.

## CUSTOM INVESTOR SEGMENTATIONS

We can customize a report / presentation on the needs, behaviors and attitudes of affluent and HNW segments of strategic importance to your business.

- Millennials
- Women
- Business Owners
- Self-Directed Vs Advised

## MARKET OPPORTUNITY ANALYSES

Our *Active Wealth Pulse* is an advanced database application for affluent and HNW market planning, opportunity discovery, and geo-targeting. The *Pulse* employs the latest intelligence and affluent investor outlook from our Wealth Monitor, coupled with robust geo-based overlays from national database sources.

## CLIENT ATTRITION ANALYSES

Our databases can provide a rich source of intelligence regarding the key factors in client attrition from your firm or delivery channel. We can also develop a predictive model that you can employ to your client lists.

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# Canada Platform

# SAMPLE



W&AM samples about 3,000 affluent and HNW Canadian consumers each year. Segmentation options include:

- ✓ Generations
- ✓ Business owners
- ✓ Women decision-makers
- ✓ Advisor orientation (self-directed to advisor reliant)

Core W&AM segments are based on investable assets and income

***HNW***



**N=1,000** – \$1MM or more investable assets

***Upper Mass Affluent***



**N=850** – \$500K to <\$1MM investable assets

***Lower Mass Affluent***



**N=1,000** – \$100K to \$499K investable assets

# DESIGN



The W&AM-Canada questionnaire fields twice yearly.

- ✓ Clients have the opportunity to shape content for each questionnaire.

# SEMI-ANNUAL FIELD



**Fall / Winter**

▪ Fields late November



**Spring / Summer**

▪ Fields late May

# CONTENT



## Affluent & HNW Client Engagement

- Primary provider and advisor institutions and channels
  - ◆ Brokerage
  - ◆ RIA
  - ◆ Online
  - ◆ Bank
  - ◆ Private Bank
  - ◆ Accountant
  - ◆ Insurance agent
  - ◆ Mutual Fund
  - ◆ Robo advisors
- AUM with primary provider
- Switching intentions
- Reasons for selection
- Communication behaviors and preferences

- Strength of relationship
  - Overall satisfaction and reasons
  - NPS
  - Loyalty indicators
  - Depth of services used
  - Importance and ratings of 17 elements of advisor-client relationship
- Use of social media
- Use of advisors for life events



## Portfolios & Asset Allocations

- Ownership, Balances, 6 month outlook: purchase, add to or divest
  - Broad range of investment products
  - Brokerage and online trading accounts
  - Life insurance and annuities
  - Mortgages and Loans
- Asset allocations – 8 categories
- Insurable assets:
  - Collectibles
  - Primary residence
  - Other homes / Vacation homes
  - Undeveloped land
  - Commercial properties under their name
  - Other investment real estate

# CONTENT (continued)



## Technology & Social Media

- ◆ Online and mobile tools and applications used
- ◆ Use of social media



## Retirement & Financial Wellness

- Retirement:
- ◆ Status
  - ◆ Planning and needs
  - ◆ Needs
  - ◆ Time horizon
  - ◆ Retirement income sources
- Financial Wellness
- ◆ Elements
  - ◆ Measurements



## Investing Sentiment & Attitudes

- ◆ Economy
- ◆ Investments
- ◆ Advice orientation
- ◆ Goals & Concerns
- ◆ Current market events



## Demographics

- ◆ Wealth
- ◆ Debt
- ◆ Income
- ◆ Age / Generation
- ◆ Business ownership
- ◆ Ethnicity
- ◆ Zip
- ◆ Education
- ◆ Sources of wealth

# DELIVERABLE OPTIONS



We can customize to  
your needs.



## Semi-Annual trended reports

### Spring / Summer

- Reports in August

### Fall / Winter

- Reports in March

Two volumes in each period

- Charts & Tables: Contains charts and tables for all survey questions with quarterly trends
- Key Findings Report – narrative summary of key trends in wealth management and implications.



## Custom report

Fully customized report / presentation based on client needs; data drawn from W&AM databases.



## Support services

Insert your own proprietary questions in each survey wave; Excel delivery.

Ad-hoc analyses- up to 20 hours per year

Raw datafiles available



# WHY TD BANK SHOULD SUBSCRIBE TO OUR PLATFORM

## Our Differentiation



- ✓ Monthly, modular questionnaire facilitates current critical topics in wealth management
- ✓ Large samples of affluent and HNW investors – based on investable assets, not net worth
- ✓ Market sizing & custom heat maps
- ✓ Custom report and presentation based on your business issues
- ✓ Customized dashboards
- ✓ Phoenix team: extensive wealth management research expertise
- ✓ We are part of the Phoenix Financial Services group which includes extensive analytical and custom research capabilities

## Examples of our data in action with similar clients



- ✓ Competitive intelligence: profiles of affluent and HNW clients of key competitors
- ✓ Customer experience: SWOT analyses based on advisor ratings
- ✓ Client attrition analyses
- ✓ Identify where smart money is going next by segment
- ✓ Messaging analysis based on segment-specific attitudes and behaviors
- ✓ New client acquisition strategies
- ✓ Pinpoint best geographical locations for new market development



# CONTACT INFORMATION



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# SAMPLE W&AM CONTENT



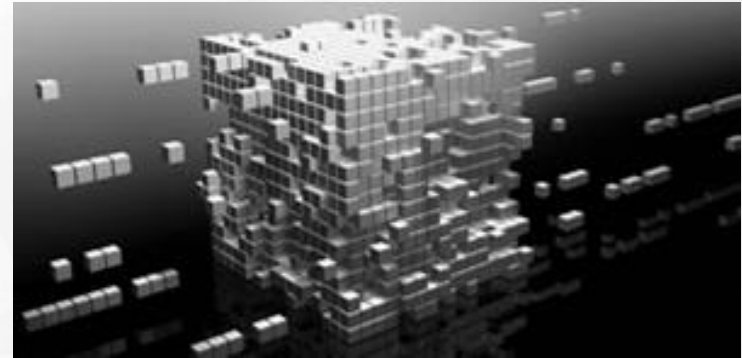
## KEY TRENDS

# CONTINUED MIGRATION FROM BANKS

Nearly one-quarter of Future MAFF/HNW are using a bank as their primary provider, and on average have nearly 60% of their assets with the bank. However, banks are in jeopardy of continued migration of their Future MAFF/HNW clients to other channels:

- ✓ Among Future MAFF/HNW, overall satisfaction and NPS scores for banks are significantly lower than for other key provider channels
- ✓ Over 20% of Future MAFF/HNW with a bank primary provider say that they are likely to switch to another provider within the next year

From a client experience perspective, bank-based advisors fared poorly among Future MAFF/HNW, receiving significantly lower ratings than full service brokers or online brokers for seven of the top ten most important elements of the relationship.



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### *Implications*

Most Future MAFF/HNW began their financial journey with a bank, and a sizeable number still have a majority of their assets there. All of our institution and advisor-related performance metrics, however, strongly point to continued migration of these important clients to other providers. Banks must take steps to develop a complete understanding of the needs of the Future MAFF/HNW, determine priorities, and implement as soon as possible.

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# THREE AREAS ARE CRITICAL TO CX

Expectations are broadening for a more expansive, financial wellness approach to wealth management, particularly among younger affluent, and advisor performance is shifting to a broader “client experience” based measurement.

W&AM contains 17 elements of the client/advisor relationship, measuring the importance and advisor performance on each element.

*These are grouped into three overarching classifications*



## Performance

*Products and advice that have direct impact on financial performance*

- ✓ Takes the time to understand your needs, goals, and risk tolerance
- ✓ Performance of your investments relative to the overall market
- ✓ Keeps an eye on your portfolio and lets you know when there are problems or opportunities
- ✓ Keeps you informed of current market or economic conditions
- ✓ Provides a periodic comprehensive review of your investment portfolio
- ✓ Re-allocates your portfolio to maintain the proper asset allocation for your risk tolerance & time horizons



## Engagement

*Interactions and processes that support the client / advisor relationship*

- ✓ Provides access to other professional resources that you need
- ✓ Looks at your entire financial picture
- ✓ Explains financial analysis to you in a clear, straightforward way
- ✓ Proposes solutions customized to your needs and goals
- ✓ Incorporates cutting-edge technology into their practice
- ✓ Maintains the right amount of contact
- ✓ Gives me the option to self-manage
- ✓ Provides prompt follow-up on requests
- ✓ Offers educational tools



## Trust

*Clients perceive their wealth manager as a trusted advisor*

- ✓ Provider transparency in interactions (e.g., nothing is hidden)
- ✓ Is associated with a brand I trust

## KEY TRENDS

# ROBO ADVISOR INTEREST IS GROWING

As an advice delivery channel, current adoption rates of digital advice platforms (or Robo Advisors) is still in single digits among affluent investors. However, likely consideration of digital advice platforms among Future MAFF/HNW is over 60%, suggesting a much stronger penetration among younger households going forward.

- ✓ Future MAFF/HNW cited “ease of use”, “fully automated”, and “lower costs” as the most appealing features of Robo Advisors.

Likely consideration of Robo Advisors among older Mass Affluent and HNW investors was much lower (under 15%). For these households, it comes down to preferring human interaction over technology, which includes a level of distrust in an automated service and a perception that humans can deliver a much higher degree of personalized service.

Overall, awareness of existing Robo platforms was highest for the offerings from two of the leading wealth management providers: Charles Schwab and their Intelligent Portfolios service, and Personal Advisor from Vanguard.



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## *Implications*

The industry has recognized the disruptive threat of Robo Advisors. However, to meet the needs of younger investors such as the Future MAFF/HNW and their *Selective Use* of advice orientation, wealth managers need to develop a seamless model that integrates the transaction-oriented and low-cost benefits of digital advisors with human professionals who can be the client’s quarterback within a holistic or “financial wellness” capacity (such as Charles Schwab’s new Intelligent Advisory).

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## KEY TRENDS

# FUTURE EMERGING AFFLUENT ARE DIVERSE

A key to understanding and marketing to Future MAFF/HNW households is the role that diversity plays in shaping their attitudes, needs and behaviors towards their finances. Aside from being very diverse ethnically, Future MAFF/HNW exhibit diversity in their sources of wealth, financial goals, and selection of financial providers and advisors. While most have yet to incorporate digital advice platforms (Robo Advisors) into their channel selection, consideration likelihood for Robos is very strong among these investors.

Future MAFF/HNW, and, particularly Millennials who are a large part of this segment, have come of age expecting instant access to information in every aspect of their lives. Validation is part of that equation, especially when data provided to them can have a significant impact on their financial health.

As a group, Future MAFF/HNW hold over fifty percent of their assets in liquid form, which is an impressive percentage given their relatively young average age. Their high level of liquidity signals a strong commitment to continuing to grow wealth. Given their complex financial goals, high incomes, and relatively long retirement horizons, Future MAFF/HNW are in fact extremely active consumers of financial products.



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### *Implications*

Close to half of Future MAFF/HNW investors are *Self-Directed* and do not use a professional advisor. However, nearly 40% fall into the *Selective Use* of advice category, and thus have begun the process of building an advised-relationship. Given their embracement of technology, Future MAFF/HNW will expect a high degree of personalization in advice and services from wealth management professionals. Their diverse and expansive financial orientation will demand a goals-based and holistic approach from advisors, using a variety of delivery channels.

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