

Nest Wealth

Robo-Advisor | HQ: Toronto, ON, CAN | Founded: | Employees: 11 | 03/06/17

Website URL <https://use.nestwealth.com/>

Homepage

 Nest Wealth

[Why Nest Wealth](#) [What We Do](#) [Pricing](#) [NW Pro](#) [Careers](#) [Blog](#)

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You work hard for your money.

Don't lose it to high fees.

Choose a better way to invest.

The average investor could lose half their wealth to investment fees.¹ Our low, capped fees and portfolios custom built to match your goals will help you retire with more.





Leadership

Randy Cass, CFA, LLB, MBA: CEO / Founder / Portfolio Manager

LinkedIn - <https://www.linkedin.com/in/randycass/>

Education - Ivey HBA and MBA, UofT LL.B in law

Past - OTPP Associate Portfolio Management, BNN Host, Orchard Asset Management Portfolio Manager and President, CFA Board of Director, Founder and CEO of Nest Wealth

Craig Neable, MBA, B.Eng.Sc.: Head of Product

LinkedIn - <https://www.linkedin.com/in/cneable/>

Education - Electrical Engineering at Western, MBA at IMD Business School in Switzerland

Past - Program Manager and then Technical Evangelist at Microsoft, after MBA: Director of Product Management at Zattoo, Private Consulting, VP Products at Mobiroo, and Head of Product at Nest Wealth.

Business Model

Strategy

Nest Wealth has two competitive advantages compared to other Canadian robo-advisors. They use subscription-based pricing, and custom build every portfolio. Rather than put their clients into buckets based on something like risk tolerance (high, medium and low risk portfolios), Nest Wealth custom builds every client's portfolio using 7 ETFs across 7 different asset classes. They have two business channels, B2C and B2B. The website is focused on the B2C side, the custom portfolios that they do and charge their clients for. Nest Wealth's average client is 44 with a portfolio in 6 figures. Compared to other robos, most of their clients are 40s-60s with large accounts. Because of their pricing model, Nest Wealth appeals



to high net worth investors. You can have 2 million dollars invested with us and never pay more than 80\$ a month!

On the B2B side Nest Wealth offers wealth management firms a turnkey white label online portfolio management solution. Their advisors can use Nest Wealth's software for their clients. Their advisors can use whatever products they want to build their portfolios. This makes their lives easier and they can add value for their clients, and charge their clients less for better service. This is likely the future to the industry- this hybrid of human and robo advice.

Product / Pricing

Depending on the client's' portfolio value, fees range from \$20 - \$80 per month. If the portfolio value is below \$10,000 any monthly fee is waived. WealthSimple is similar but they waive fees at < \$5,000. They have an option to extend the range to \$10,000 if you the user invites another user.

Technology

Nest Wealth is a robo adviser that uses Nobel prize winning portfolio strategies to develop an ETF portfolio based on personal investment goals, timelines, and a risk profile. Through their use of technology they can also increase efficiency, create a better client experience, communicate more effectively, and lower costs. The technology used to power their platform are proprietary algorithms.

Operations

1. Input basic information, including your financial goals

The screenshot displays the Nest Wealth onboarding interface. At the top, it shows the Nest Wealth logo and navigation steps: "1. Getting to know you" and "2. Build your portfolio". There are also links for "Can we help you?", "Chat with us", and "Set up a call".

The main content area is divided into two columns. The left column is titled "Personal Information" and contains the following fields:

- Personal Information**
Information to create your account
- FIRST NAME**: Input field with "Shah" entered.
- LAST NAME**: Input field with "Khan" entered.
- AGE**: Input field with "42" entered.
- WHY ARE YOU CREATING THIS PORTFOLIO?**: A dropdown menu with "Select an option" selected.
- WHERE DO YOU CURRENTLY LIVE?**: A dropdown menu with "Select an option" selected.

The right column is titled "Portfolio Allocation" and features a donut chart showing the following distribution:

- 30% Equity** (represented by a green segment)
- 69% Fixed Income** (represented by a dark blue segment)

Below the chart, there are two progress bars corresponding to the 30% Equity and 69% Fixed Income allocations. At the bottom of the right column, there is a copyright notice for Nest Wealth and a disclaimer: "Nothing on this website should be considered as an offer or recommendation to trade in any security. Financial services are only provided to investors who become Nest Wealth Asset Management Inc. ('Nest Wealth') clients by entering into a written agreement. Nest Wealth is registered with the applicable securities commissions as a Portfolio Manager in AB, SK, BC, QC, MB, PE, NS, NB, NL, and in ON as a Portfolio Manager, Exempt Market Dealer and Investment Fund Manager. Any investor

2. Know Your Client (KYC)- all portfolio managers must do this step legally

Building your portfolio

As you move through these ten questions you'll see how the answers you provide impact the way your personalized portfolio would be constructed at Nest Wealth.

At many points, you can get more information on specific topics by hovering over the icons that are positioned throughout.



Financial Information

Details about your horizon, income, and liquidity.

WHEN DO YOU WANT THE MONEY? (IN YEARS)

WHAT WAS YOUR AVERAGE INCOME OVER THE LAST 2 YEARS?

- < \$50,000
- \$50,000 - \$100,000
- \$100,000 - \$250,000
- > \$250,000

WHAT IS THE VALUE OF YOUR LIQUID ASSETS? (INVESTMENTS & OTHER ACCOUNTS)

- < \$100,000
- \$100,000 - \$250,000
- \$250,000 - \$500,000
- \$500,000 - \$2,000,000
- > \$2,000,000

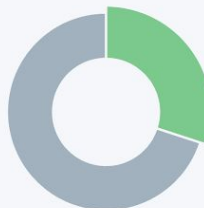
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[Save & Next](#)

Here's how we suggest you invest your money

Your portfolio is based on your choices

Portfolio Allocation



30% Equity

69% Fixed Income

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3. Asset Allocation Suggestions

Building your portfolio

As you move through these ten questions you'll see how the answers you provide impact the way your personalized portfolio would be constructed at Nest Wealth.

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Access to funds

How much short and medium term access you need.

HOW MUCH CASH MIGHT YOU NEED IN THE NEXT 12 MONTHS?

- None
- 5%
- 10% or more

HOW MUCH CASH MIGHT YOU NEED IN THE NEXT 5 YEARS?

- None
- 5%
- 10%
- 20%
- 30% or more

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Here's how we suggest you invest your money

Your portfolio is based on your choices

Portfolio Allocation



55% Equity

44% Fixed Income

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4. Determine Investment Horizon, Risk tolerance, Investment purpose

Nest Wealth 1. Getting to know you 2. Build your portfolio Can we help you? Chat with us Set up a call

Building your portfolio

As you move through these ten questions you'll see how the answers you provide impact the way your personalized portfolio would be constructed at Nest Wealth.

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1 2 3 4

Risk Tolerance

Determines how comfortable you are with risk and market fluctuations

IF YOUR PORTFOLIO FELL 20% OVER A 3 MONTH PERIOD, WHAT WOULD YOU MOST LIKELY DO: ⓘ

- Add to my positions
- Sit tight and do nothing
- Sell part of my portfolio
- Sell all my portfolio

WHAT WOULD YOU CONSIDER YOUR PRIMARY INVESTMENT OBJECTIVE TO BE? ⓘ

- Solely Capital Preservation
- Primarily Capital Preservation
- Primarily Capital Appreciation
- Solely Capital Appreciation

THE REALITY OF THE MARKET IS THAT IT GOES UP AND DOWN. AT WHAT LEVEL OF SHORT TERM LOSS DO YOU BEGIN TO FEEL VERY UNCOMFORTABLE? ⓘ

- 10% loss
- 15% loss
- No short term drop makes me uncomfortable

← Previous Save & Next

Here's how we suggest you invest your money

Your portfolio is based on your choices

Portfolio Allocation

54% Equity ⓘ	5% Short Term Bonds ⓘ
5% Real Return Bonds ⓘ	21% Medium Term Bonds ⓘ
5% Cash ⓘ	

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5. Here is the finished portfolio allocations

Nest Wealth 1. Getting to know you 2. Build your portfolio Can we help you? Chat with us Set up a call

Building your portfolio

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At many points, you can get more information on specific topics by hovering over the ⓘ icons that are positioned throughout.

1 2 3 4

Good Job! We're almost there!

If you're happy with this portfolio, please go ahead to the next and final section.

← Previous Continue

Here's how we suggest you invest your money

Your portfolio is based on your choices

Portfolio Allocation

17% U.S. Equity ⓘ	20% Canadian Equity ⓘ
10% Real Estate ⓘ	5% Global Equity ⓘ
5% Short Term Bonds ⓘ	5% Real Return Bonds ⓘ
33% Medium Term Bonds ⓘ	5% Cash ⓘ

6. Here you can choose the different accounts you want to set up with Nest Wealth

Just one last step!

We still need some legal information before we can handle the paperwork. Review your choices so far and fill in the final information so we can get started.

1
2
3

Account Types

Various account types to choose from

OUR RECOMMENDED ACCOUNTS FOR YOU

Cash CAD RSP CAD
 TFSA

DON'T SEE THE ACCOUNT TYPE YOU'RE LOOKING FOR? [SHOW LESS](#)

Cash USD Spousal RSP CAD
 RIF Spousal RIF
 RESP LIRA
 Corporate Joint
 JointUsd Trust

[Save & Next](#)

PORTFOLIO

<p>5% Cash</p> <p>5% Real Return Bonds</p> <p>5% Global Equity</p> <p>20% Canadian Equity</p>	<p>33% Medium Term Bonds</p> <p>5% Short Term Bonds</p> <p>10% Real Estate</p> <p>17% U.S. Equity</p>
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* The graph and amounts displayed are obtained by assuming a gross portfolio return of 6% and then deducting costs of the underlying assets. The grey line deducts the Total Expense Ratio (TER) according to Morningstar that would be paid by an individual holding a portfolio comprised 60% of an average Canadian Equity Fund and 40% of an average Canadian Bond Fund (2.25%). The green line assumes the same 6% gross portfolio return and deducting the fees paid in a typical Nest Wealth account including the monthly management fee, the MER of the underlying ETFs and the transaction fees incurred during the course of the year which are assumed to be \$100. Cumulative returns are achieved by compounding the results on an annual basis and including any additional annual savings which are assumed to be added at the end of each prior year. This tool is not intended to predict portfolio earnings or performance, nor is it a guarantee of future performance. Actual investors will experience different results from the results shown.

7. Some personal details before you are completely finished

Just one last step!

We still need some legal information before we can handle the paperwork. Review your choices so far and fill in the final information so we can get started.

1
2
3

Personal Information

Information about you needed for new accounts

SALUTATION

Mr Mrs Miss Ms Dr

FIRST NAME INITIAL LAST NAME

Shah T Khan

DATE OF BIRTH

YYYY-MM-DD

HOME/PERMANENT ADDRESS

15 Main St.

CITY PROVINCE

Toronto Select...

PORTFOLIO

<p>5% Cash</p> <p>5% Real Return Bonds</p> <p>5% Global Equity</p> <p>20% Canadian Equity</p>	<p>33% Medium Term Bonds</p> <p>5% Short Term Bonds</p> <p>10% Real Estate</p> <p>17% U.S. Equity</p>
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Sales and Marketing

Nest Wealth currently has an active help line on their website and you can set up call with one of their representatives. Additionally, they have a blog where they post articles written by Mr. Cass, Kate Smalley, and other Nest Wealth employees. These articles provide a great deal of insight into the market and into Nest Wealth. They also maintain social media accounts; currently they have an active Facebook, Twitter, Instagram and LinkedIn page.

Funding / Financials

Metroland Media invested \$1.5 million in the summer of 2015 for a minority equity stake with no say in operations. Nest Wealth has been largely self funded and because of their business model they are profitable, unlike many startups in this space. Nest Wealth's accounts are profitable as opposed to having many low figure accounts.

Investor Profile

Metroland is Ontario's largest community newspaper publisher. They provide advertisements and local news across Canada. They strive to be Canada's leading source for community news and innovative advertising solutions for businesses within their communities. Each month Metroland reaches over 8 million people through their print and digital properties.



The screenshot shows the Metroland Media website header with a search bar and navigation menu. The main content area features a green banner with the text "Connected To Business Growth" and a "VIEW RESEARCH" button. To the right, a statistics graphic displays: "Most trusted and read source of local news and shopping" with icons for News, Television, and Social Media, and percentages: 88% METROLAND COMMUNITY NEWSPAPERS, 75% TELEVISION, and 40% SOCIAL MEDIA.

Industry / Addressable Market Opportunity

On the B2B side of Nest Wealth's business, the market jumped from \$19 billion to \$24 billion in 2015 and 2016 respectively, and is widely expected to rise to \$2 trillion by 2020. Even the more established asset management firms are beginning to incorporate robo advisory and more complex uses of technology into their platforms.

http://www.investmentexecutive.com/-/credential-to-partner-with-nest-wealth?redirect=http%3A%2F%2Fwww.investmentexecutive.com%2Fhome%3Fp_p_id%3D101_INSTANCE_rk5n61x2uHJB%26p_p_lifecycle%3D0%26p_p_state%3Dnormal%26p_p_mode%3Dview%26p_p_col_id%3Dcolumn-1%26p_p_col_pos%3D1%26p_p_col_count%3D4

SWOT Analysis

Strengths:

- Online (Easily Accessible to anyone with an internet connection)
- "Nobel prize winning algorithms"
- Highly customizable and is more detailed than their main competitor, WealthSimple
- No fees for accounts under \$10,000
- Offers an easy way for people with a lack of experience to invest
- Very Transparent, all transactions made are available for review 24/7
- Average MER (manage expense ratio of ETFs) is 0.13% compared to Wealthsimple which is 0.18%
- Allows you to tweak your portfolio allocation
- Customizable portfolios, capped fees are 2 competitive advantages



Weaknesses:

- People may be less trusting of robo advisors
- People may prefer traditional advisors because of the human aspect
- Less hand holding
- People may be quick to judge robo advisory and have a bias against it

Opportunities:

- *Growing market with very little competitors, especially in Canada*
- *Especially in the B2B space, we're going to be leading that.*

Threats:

- Not really as well known
- Other strong competitors like Wealthsimple and BMO SmartFolio
- Lack of understanding of what robo advisors are. People are worried about safety even though accounts are protected by CIPF same as any other investment account.