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FIDELITY FINDS NUMBER OF TECH-SAVVY eADVISORS HAS GROWN TO 40 PERCENT; eADVISORS OUTPERFORMING TECH-INDIFFERENT PEERS

– *eAdvisors experience higher AUM, compensation, job satisfaction and more*

– *While eAdvisor ranks are growing, six in 10 financial advisors still not using technology to the fullest*

– *Fidelity identifies best practices to help effectively integrate technology*

BOSTON, June 20, 2017 – Fidelity Clearing & Custody Solutions℠ (FCCS), the division of Fidelity Investments that provides clearing and custody to registered investment advisors (RIAs), retirement recordkeepers, broker-dealer firms, banks, family offices and insurance companies, today released new findings on the use of technology by financial advisors in the Fidelity 2016 eAdvisor Study[1]. In this study, Fidelity found that since it first identified a subset of tech-savvy advisors – dubbed "eAdvisors" – in its 2014 study[2], the number of advisors capitalizing on technology solutions has increased by 10 percentage points, from 30 percent of the advisor population in 2014 to 40 percent in 2016. On average, eAdvisors are using twice as many different technologies as their peers, and they are also using these technologies more deeply within their businesses.

While eAdvisor ranks are growing, they still represent only four in 10 advisors, and eAdvisors are outperforming their tech-indifferent peers. According to the study, eAdvisors had:

- 42 percent higher assets under management (AUM) than tech-indifferent advisors, up from 40 percent higher AUM in 2014

[1] 2016 Fidelity eAdvisor Study. This study was conducted during the period of May 2 through October 31, 2016 by a third-party firm not affiliated with Fidelity. The online, blind survey examined the behavior of more than 600 advisors, focusing on their use of 22 technology-related activities. Fidelity's statistical modeling then revealed a small group that had more thoroughly adopted technology than their peers - labeled the eAdvisors.

[2] Fidelity 2014 Advisor Insights Study

- 35 percent more AUM per client than tech-indifferent advisors, up from a 14 percent gap between eAdvisors and their tech-indifferent peers in 2014
- More high value clients ($1M+) than tech-indifferent advisors
- 24 percent higher compensation than tech-indifferent advisors
- Higher satisfaction with their firm and career than tech-indifferent advisors

What's more, the study shows that eAdvisors are running their businesses in smart, strategic ways and thinking about the future. More than half (54 percent) have client segmentation strategies, versus 40 percent of "tech indifferent" advisors, and indicate this contributes to enhanced productivity and asset/revenue growth. eAdvisors are also more likely to be planning for the future by serving more Gen X/Gen Y clients and planning to augment their services with digital advice within the next two years.

"Advisors who embrace technology are going to be the ones who scale, grow and ultimately win," said Tricia Haskins, vice president, practice management and consulting, Fidelity Clearing & Custody Solutions. "While there's still a lag in adoption, it's less about the lack of appetite for technology, and more about not knowing where to begin. We believe advisors who can visualize what their clients' end experience will look like, and map technology from there, will achieve the deepest and most tangible business results."

Based on the 2016 eAdvisor study findings, Fidelity identified four best practices that eAdvisors tend to employ for greatest impact:

1. **Embrace a strong online presence to generate leads and engage with prospects and clients**

   Why it matters: A firm's website is often the first point of contact. On average, millennials with household incomes of at least $100,000 spend 53 hours online per week[3], and 80 percent of high-earning millennials say that they have a more positive impression of financial advisors who have a good website[4]. Maximizing the impact of these online interactions is crucial.

   How eAdvisors are doing it:

[3] Ipsos, "Fall 2016 Ipsos Affluent Survey USA"

[4] 2016 Fidelity Investor Insights Study. This study was conducted during the period of January 5 through January 22, 2016. It involved a total of 1,287 20-minute (on average) online interviews, with the sample being provided by TNS, a third-party research firm not affiliated with Fidelity. Respondents were screened by a minimum level of investable assets (excluding retirement assets and primary residence), age, and income levels

- eAdvisors make the most of their online presence – they are nearly twice as likely to have a clear call-to-action on their websites than other advisors (64 percent versus 35 percent), and more likely to utilize compelling visual images and content to engage visitors. Nearly all (94 percent) of eAdvisors engage with clients/prospects on social media (Facebook, LinkedIn or Twitter) compared to 74 percent of tech-indifferent advisors.
- More than half (54 percent) of eAdvisors use Google Analytics to track website traffic, versus only 28 percent of tech-indifferent advisors, allowing them to measure website efficacy and adjust as needed.
- Online strategy is expected to remain a focus for eAdvisors – 80 percent indicate they believe it is more important than other firm initiatives (versus 62 percent of tech-indifferent advisors).

2. **Use technology to both simplify and enhance the client experience**

   Why it matters: Fidelity research shows that investors are more likely to recommend advisors who efficiently incorporate technology into their services and use it to enhance their offerings[4]. This includes solutions like paperless tools, which investors find time-saving and more accessible[5].

   How eAdvisors are doing it:

   - Two-thirds of eAdvisors offer clients e-signature options and nearly all provide e-delivery of statements and reports directly via email, as well as online access to such documents (95 percent and 94 percent, respectively).
   - 77 percent of eAdvisors provide interactive or visual reports, versus 38 percent of tech-indifferent advisors.

3. **Take advantage of technology solutions to create a holistic view of clients' lives**

   Why it matters: Using data aggregation tools to show clients a complete look at their portfolio is beneficial for successful goal-based planning, as well as for providing

[5] 2014 Fidelity Investor Insights Study

ongoing advice. Clients with a formal financial plan were seven times as happy as clients who were not provided a plan by their advisor[6].

How eAdvisors are doing it:

- Data aggregation is on the rise with eAdvisors, with 87 percent of eAdvisors using data aggregation tools to provide the total picture of clients' assets and liabilities. This is an 18 percent increase in use from eAdvisors in Fidelity's 2014 study and nearly double the number of non-eAdvisors using such tools (46 percent), illustrating an opportunity for continued adoption industry-wide.

4. **Communicate and collaborate via technology to maintain and deepen client relationships**

Why it matters: Technology streamlines communications for both advisors and clients, and also makes clients feel more involved with decision-making. Fidelity research shows that clients are more likely to recommend advisors who use technology to encourage client/advisor collaboration[4], and 81 percent of eAdvisors feel technology has improved their ability to effectively communicate and engage with clients.

How eAdvisors are doing it:

- More than half (53 percent) of eAdvisors use automated email alerts for client updates and 35 percent send text messages regarding updates or administrative tasks (versus 19 and 18 percent of tech-indifferent advisors, respectively).
- More than half (52 percent) of eAdvisors communicate with clients via videoconferencing or online conferencing.
- 65 percent of eAdvisors use collaboration technology in five or more ways with their clients, versus only 25 percent of tech-indifferent advisors.

Fidelity developed a brief quiz for advisors interested in learning how they stack up on the "eAdvisor" scale. This interactive resource asks advisors about their use of technology and, based on their feedback, identifies opportunities for integrating technology more deeply into their practices.

[6] 2016 Fidelity Millionaire Outlook Study

To learn more about eAdvisors, including the key behaviors they exhibit and associated business results, view Fidelity's white paper "Setting the Pace: How eAdvisors Elevate the Client Journey and Outperform Peers."

About Fidelity Investments

Fidelity's mission is to inspire better futures and deliver better outcomes for the customers and businesses we serve. With assets under administration of $6.1 trillion, including managed assets of $2.2 trillion as of April 30, 2017, we focus on meeting the unique needs of a diverse set of customers: helping more than 26 million people invest their own life savings, 23,000 businesses manage employee benefit programs, as well as providing more than 12,500 financial advisory firms with investment and technology solutions to invest their own clients' money. Privately held for 70 years, Fidelity employs 45,000 associates who are focused on the long-term success of our customers. For more information about Fidelity Investments, visit https://www.fidelity.com/about.

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