SYNERTREE

Synertree Capital Management Services Inc.

Since 2016, we have served as a trusted partner for institutions and investment advisors, providing portfolio management services and technology solutions to enterprises.

Because of technological disruptions, SMB financial advisors and enterprises are facing new challenges – from regulatory pressures to consumer purchasing behaviors. As a result of these dynamic changes, business owners need to deliver their value propositions more efficiently and more client friendly.

Businesses need to adopt technologies to automate workflow and manage document to streamline their services and product offerings, while being compliant. Adopting technology is one way to scale but we believe technology tool should have modularity.

According to Investopedia

Portfolio Management & Fintech

What is Fintech?

Fintech is a portmanteau of financial technology that describes an emerging financial services sector in the 21st century. Originally, the term applied to technology applied to the back-end of established consumer and trade financial institutions. Since the end of the first decade of the 21st century, the term has expanded to include any technological innovation in the financial sector, including innovations in financial literacy and education, retail banking, investment and even crypto-currencies like bitcoin.

What is Portfolio Management?

Portfolio management is the art and science of making decisions about investment mix and policy, matching investments to objectives, asset allocation for individuals and institutions, and balancing risk against performance. Portfolio management is all about determining strengths, weaknesses, opportunities and threats in the choice of debt vs. equity, domestic vs. international, growth vs. safety, and many other trade-offs encountered in the attempt to maximize return at a given appetite for risk.

Market Historical Returns

SP500 90-Year Historical Returns

Equity & Bond Historical Returns

Arithmetic Average

1928-2016	11.42%	3.46%	5.18%
1967-2016	11.45%	4.88%	7.08%
2007-2016	8.65%	0.74%	5.03%

Geometric Average

1928-2016	9.53%	3.42%	4.91%
1967-2016	10.09%	4.83%	6.66%
2007-2016	6.88%	0.73%	4.58%

Risk Premium		***Standard Error***	
Stocks - T.Bills	Stocks - T.Bonds	Stocks - T.Bills	Stocks - T.Bonds
7.96%	6.24%	2.13%	2.28%
6.57%	4.37%	2.42%	2.74%
7.91%	3.62%	6.06%	8.66%

Risk Premium

Stocks - T.Bills	Stocks - T.Bonds
6.11%	4.62%
5.26%	3.42%
6.15%	2.30%

ST: Short term (3-month Treasury bill)
LT: Long term (10-year Treasury bond)

Last updated: January 5, 2017

By Aswath Damodaran

Average Investor Returns

INVESTMENT INSIGHT

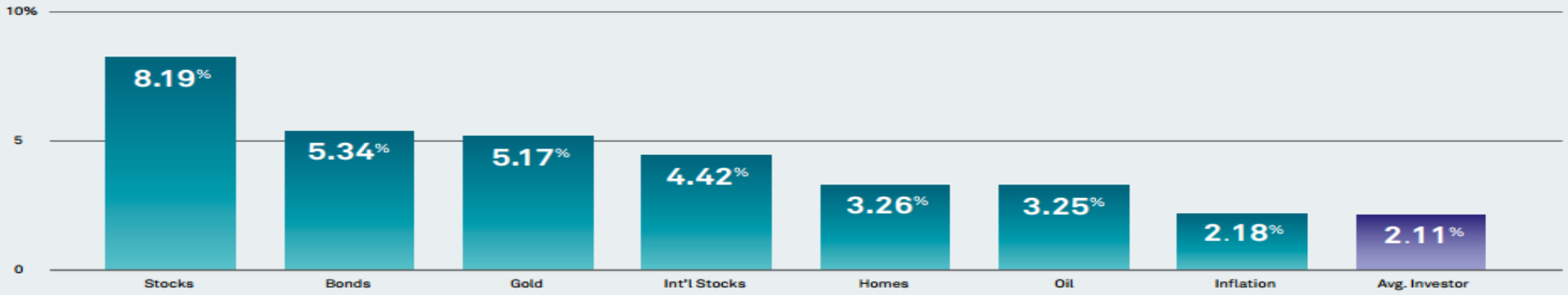
INVESTING AND EMOTIONS

How the Average Investor Stacks Up

BLACKROCK®

THE AVERAGE INVESTOR UNDERPERFORMS

20-Year Annualized Returns by Asset Class (1996–2015)



Want to know more?

blackrock.com

Sources: BlackRock; Bloomberg; Informa Investment Solutions; Dalbar. Past performance is no guarantee of future results. It is not possible to directly invest in an index. **Oil** is represented by the change in price of the NYMEX Light Sweet Crude Future contract. Contract size is 1,000 barrels with a contract price quoted in US Dollars and Cents per barrel. Delivery dates take place every month of the year. **Gold** is represented by the change in the spot price of gold in USD per ounce. **Homes** are represented by the National Association of Realtors' (NAR) Existing One Family Home Sales Median Price Index. **Stocks** are represented by the S&P 500 Index, an unmanaged index that consists of the common stocks of 500 large-capitalization companies, within various industrial sectors, most of which are listed on the New York Stock Exchange. **Bonds** are represented by the Barclays US Aggregate Bond Index, an unmanaged market-weighted index that consists of investment-grade corporate bonds (rated BBB or better), mortgages and US Treasury and government agency issues with at least 1 year to maturity. **International Stocks** are represented by the MSCI EAFE Index, a broad-based measure of international stock performance. **Inflation** is represented by the Consumer Price Index. **Average Investor** is represented by Dalbar's average asset allocation investor return, which utilizes the net of aggregate mutual fund sales, redemptions and exchanges each month as a measure of investor behavior. Returns are annualized (and total return where applicable) and represent the 20-year period ending 12/31/15 to match Dalbar's most recent analysis.

©2016 BlackRock, Inc. All Rights Reserved. **BLACKROCK** is a registered trademark of BlackRock, Inc. or its subsidiaries in the United States and elsewhere. All other trademarks are those of their respective owners.

Not FDIC Insured • May Lose Value • No Bank Guarantee

Lit. No. INVEST-EMOTION-0416 AC11570T-0415 / USR-8702

Cost of Fictions

What creates the wedge between market performances and investor portfolio performances??

Market is not efficient because of…

1. Market Sentiments and Emotional Executions
2. High Mutual Fund Fees
3. Sales Charges
4. Information Asymmetry (low transparency)
5. Operation and Compliance Costs
6. Lack of Resources
7. …

Rise of Digital Wealth Management

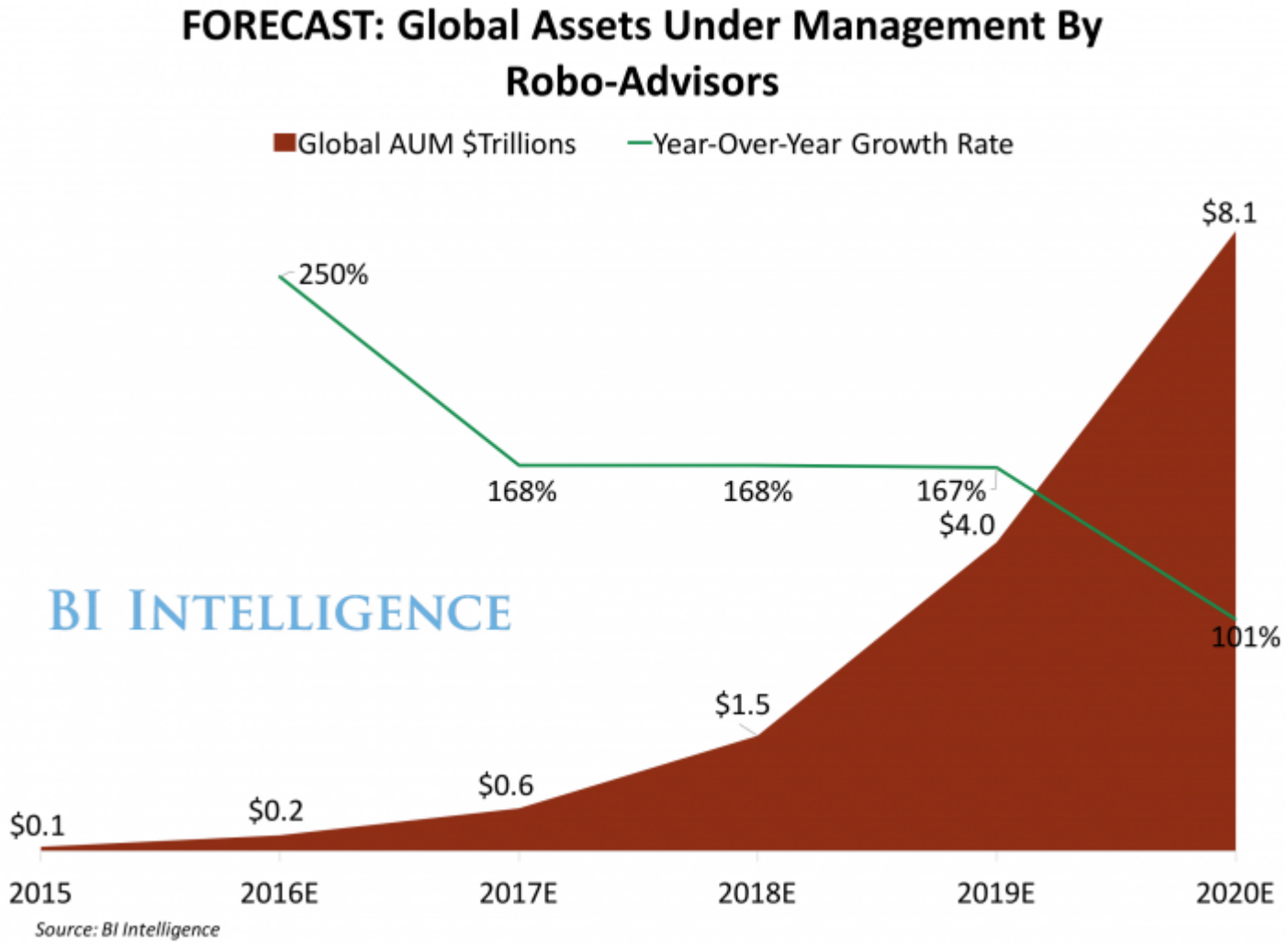
Industry Landscape

Source: Dinis Guarda

Stages of Digital Disruptions

1. Digitalized
2. Deceptive
3. Disruptive
4. Dematerializing
5. Demonetizing
6. Democratizing

Robo-Advisors AUM Forecast



Portfolio Management Business Model

Disruptions are not limited to financial advisors only…

1. Stand-alone, Pure Digital
2. Consumer Bank-led
3. Insurance-Led
4. Premium-Branded Investment
5. Asset Manager
6. Corporate-Led
7. Affluent Private Bank
8. Multi-Advisory Model

Our Solutions

1. Systematic risk profiling of each client
2. Link client profile to model profile based on model quantitative metrics, client risk aversion score
3. Lowers cost by using ETFs and directly investing in Stocks and Bonds
4. Focuses and quantifies diversifications and fundamental values
5. Uses data science to provide warning signs to reduce emotional frictions
6. Complements with human guidance on top of the automation services
7. Enhances investor communication with cloud based CRM built within the portfolio management platform
8. Allows customizations and more resources to be allocated in creating investor values