

Goal-based investing. Unpacked!

How to engage the digital investor



Goal-based investing. Unpacked!

How to engage the digital investor



Agenda

- This is **InvestSuite**
- **Goal-based investing.** Unpacked!
- Q&A





This is InvestSuite

IN A NUTSHELL



JOYCE CHOU
HEAD OF SALES STRUCTURING



OUR PURPOSE

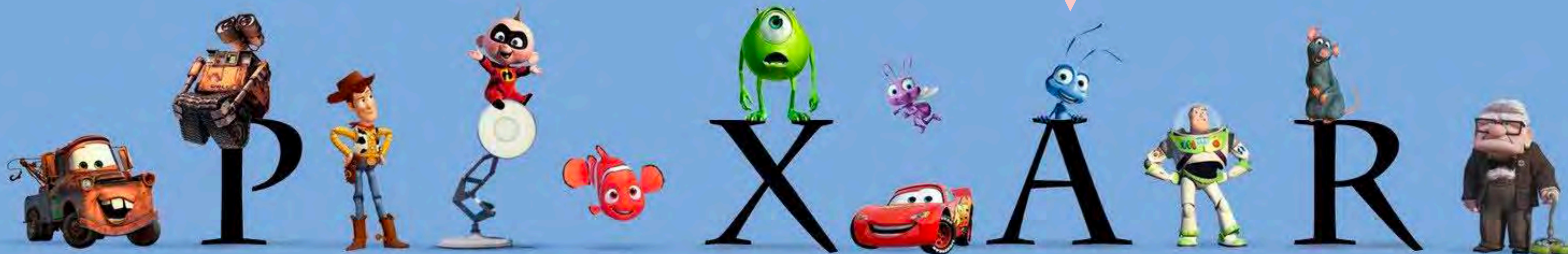
We help financial institutions realise their digital wealth transformation journey so they can keep, gain and serve new generations of investors with the most delightful investing experiences.



**Mind-blowing
technology**



**Amazing
creatives**



InvestSuite.

**Where bankers, creative designers, imagineers, developers,
behavioural scientists and mathematicians meet.**

Goal-based Investing. Unpacked!

HOW TO ENGAGE THE DIGITAL INVESTOR.



KLAUS HARNACK
AUTHOR AND CONSULTANT



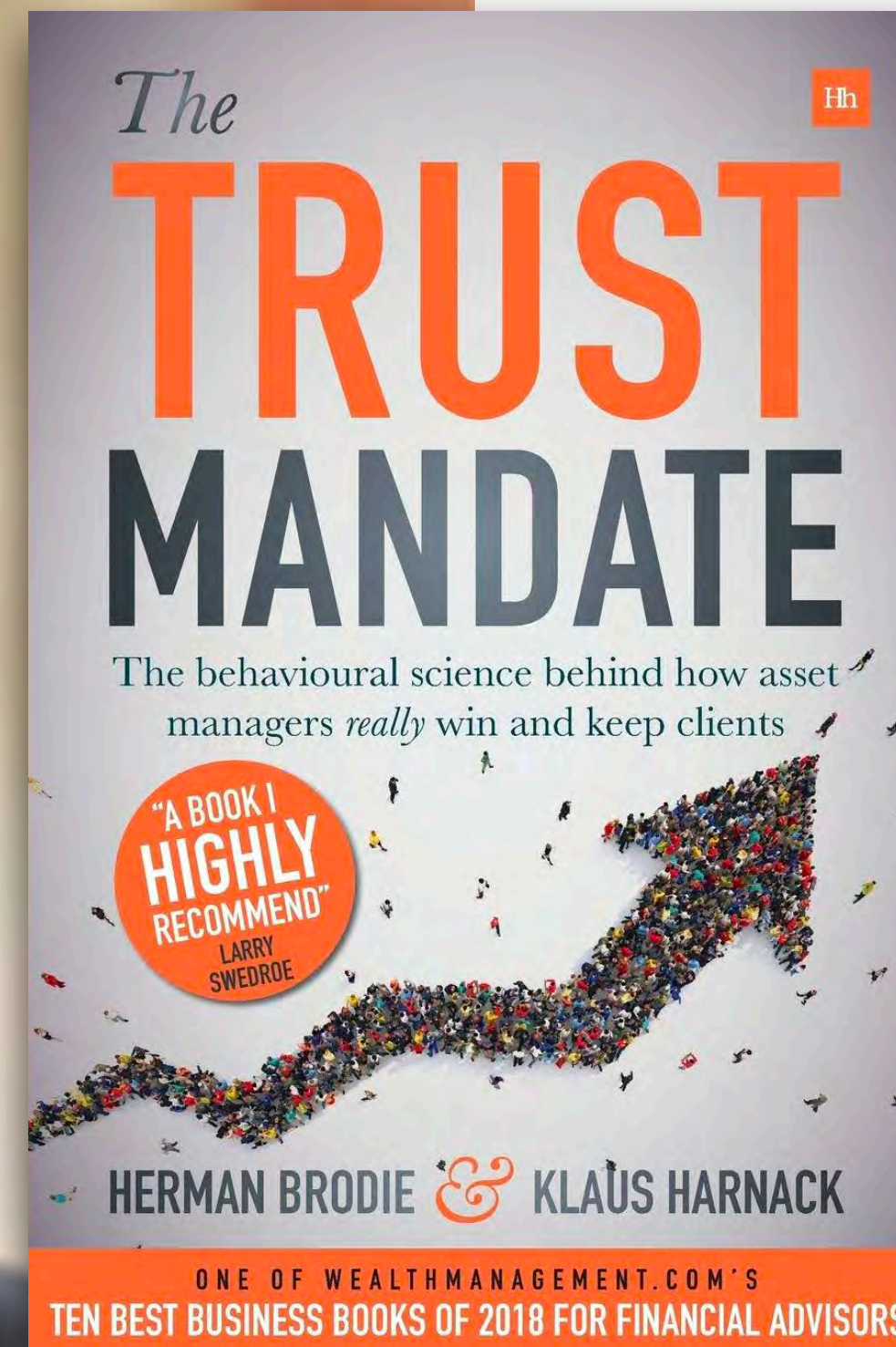
SVEN MOONS
HUMAN INSIGHTS EXPERT





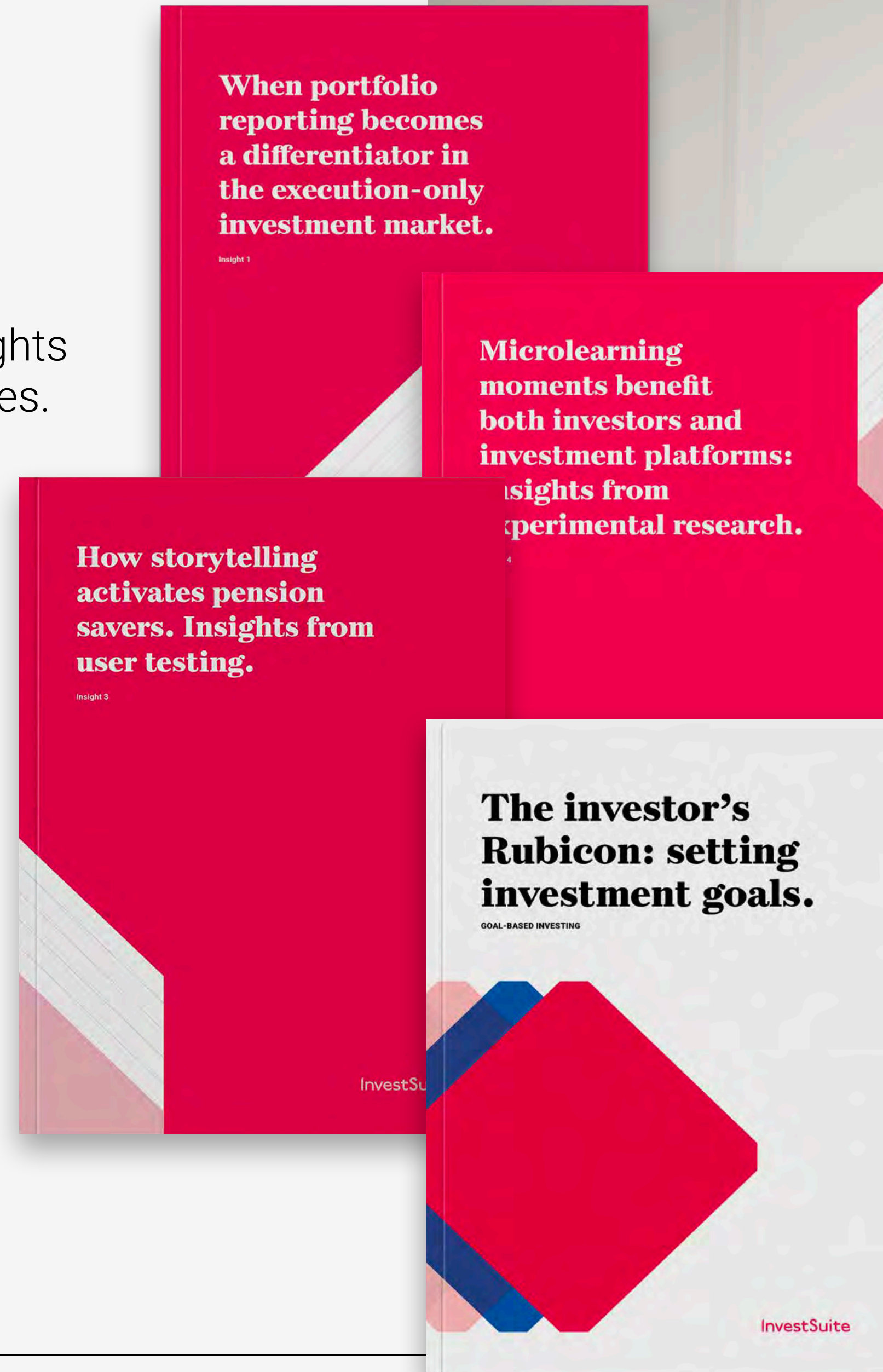
Dr. Klaus Harnack

- Klaus is a cognitive scientist and social psychologist. Over the last ten years, he worked as an academic, behavioural consultant and trainer in industrial, economic and financial domains. His main objective is to bridge the gap between behavioural research and applied economic settings. He is scientific columnist and co-author of the book 'The Trust Mandate, The behavioural science behind how asset managers *really* win and keep clients.'



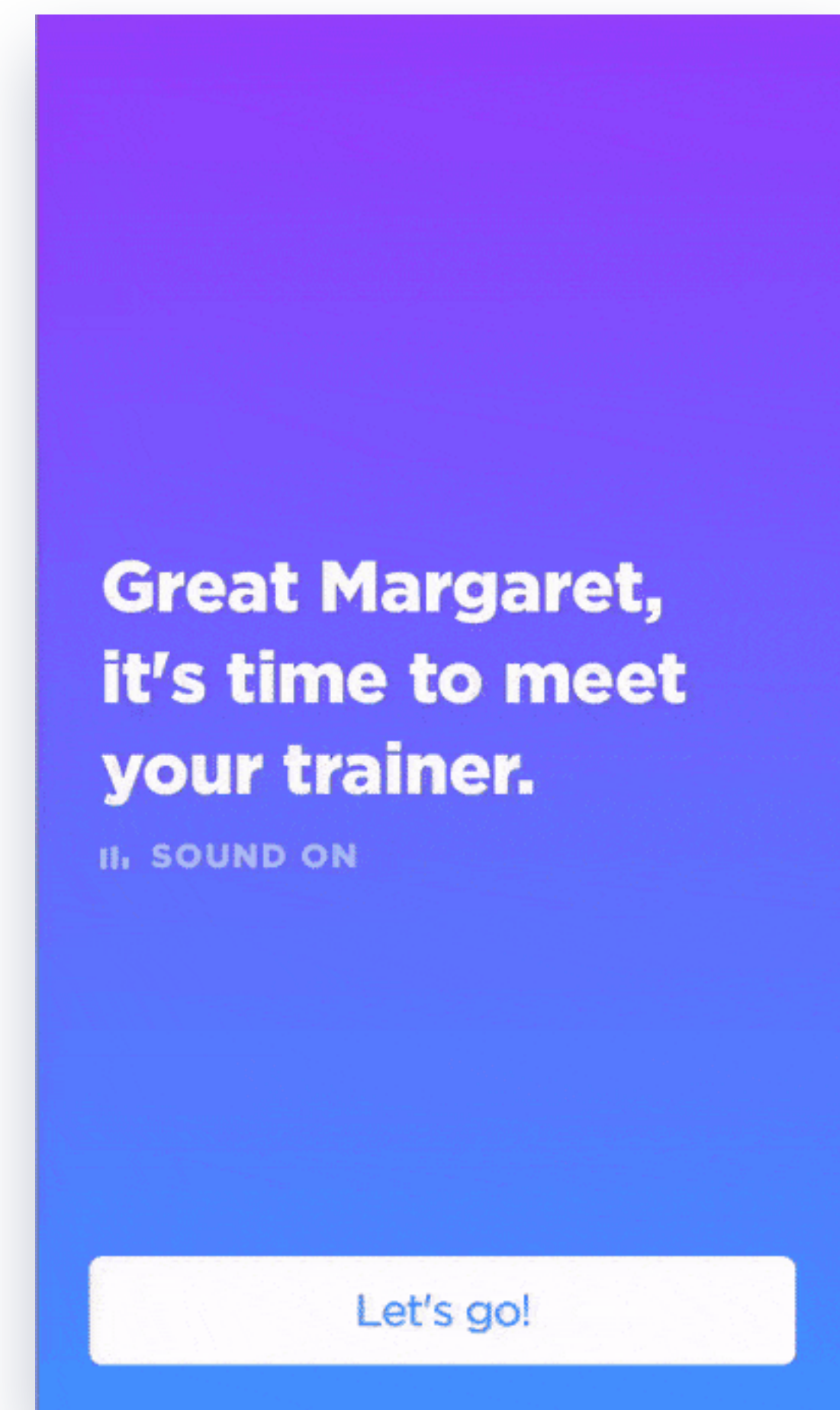
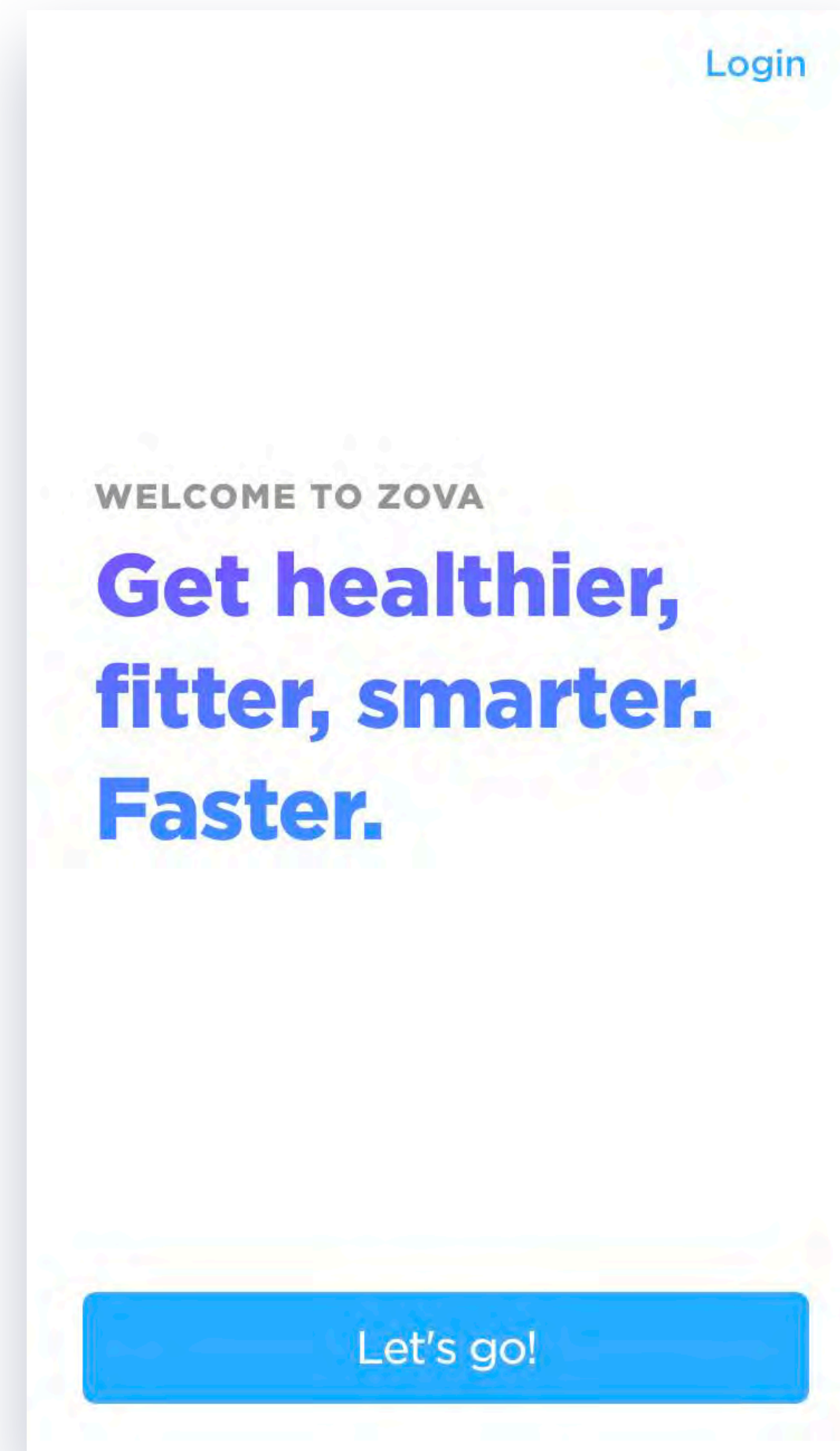
Sven Moons

- ▶ Sven is InvestSuite's customer insights expert and author of its Insight series. His work focusses on the human wants and needs with regards to investing and investment services.



The ultimate purpose of any financial advice is to find that perfect match between a client's need and a financial product.

Focus on the human experience of goal setting and goal pursuit in the design of digital investment solutions.



ONLINE PANEL RESEARCH TO EXAMINE THE WHYS AND HOWS OF GOAL-BASED INVESTING



Denmark
(n: 802)



Belgium
(n: 1.157)



The Netherlands
(n: 1.125)



Sweden
(n: 806)



Finland
(n: 800)

Currently investing (N: 3.048)
Intending to invest now (N: 590)
Intending to invest later (N: 337)
Considering to invest (N: 715)



Over 18 years old



Savings of over 6 months net salary



Soft quota: age, gender, education, postcode, ..



Fieldwork by Bilendi (Esomar standard)



BE + NL: July 2021
DK + SE + FI: November 2021

< €25K	15%
€25K - €50K	19%
€50K - €100K	17%
€100K - €250K	14%
€250K - €500K	8%
> €500K	5%
Unknown	22%

The Rubicon model of action phases

**The investor's
Rubicon: setting
investment goals.**

GOAL-BASED INVESTING

InvestSuite

**The investor's
Rubicon: planning
and acting on goals.**

GOAL-BASED INVESTING

InvestSuite

**The investor's
Rubicon:
incorporating
sustainability goals.**

GOAL-BASED INVESTING

InvestSuite

THE RUBICON MODEL OF ACTION PHASES

PRE-DECISIONAL PHASE

Goal intention

Motivational

“Which investment goal do which people have?”

CHOOSING

RUBICON Transforming motivations into goals

POST-DECISIONAL PHASE

Implementation intention

Volitional

“How can we help set concrete implementation intentions?”

PLANNING

ACTIONAL PHASE

Intention implementation

Volitional

“How can we trigger action and keep goal commitment high?”

ACTING

POST-ACTIONAL PHASE

Intention re-activation

Motivational

“How do we avoid learned helplessness?”

EVALUATING

The Rubicon model of action phases (adapted from H. Heckhausen & Gollwitzer, 1987)

THE RUBICON MODEL OF ACTION PHASES

PRE-DECISIONAL PHASE

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CHOOSING

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The Rubicon model of action phases (adapted from H. Heckhausen & Gollwitzer, 1987)

NORMAL VIEW



'FÖHN' VIEW



Construal Level Theory

Psychological distance has several dimensions:

- ▶ Spatial
- ▶ Temporal
- ▶ Social
- ▶ Hypothetical

A combined 'outcome' and 'process' focus can help clients stay committed.

**A mental image or other end point
representation associated with **affect**
towards which **action** can be directed.**

Lawrence A. Pervin

Why?

How?

UNIVERSAL PSYCHOLOGICAL STRUCTURE OF HUMAN VALUES

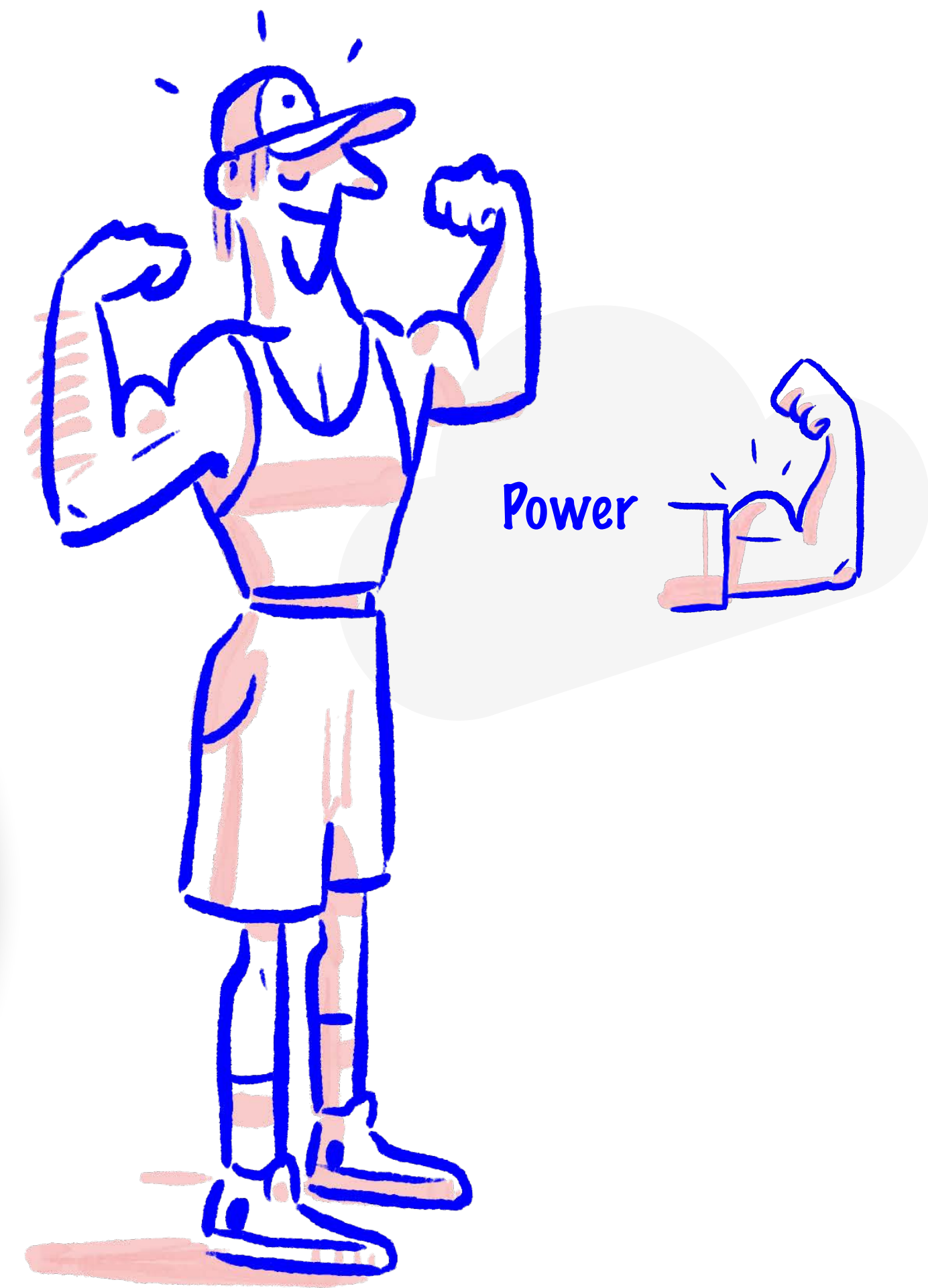
SUPERORDINATE GOAL	INVESTMENT GOAL
UNIVERSALISM	Contributing to a more sustainable and fair economy with my investments
BENEVOLENCE	Leaving a legacy for my family
CONFORMITY	Maintaining my wealth and protecting it from inflation
SECURITY	Building a reserve to deal with unforeseen events or costs
POWER	Creating and maintaining a sizeable personal fortune
ACHIEVEMENT	'Making' more money and seeing my capital grow
HEDONISM	Enjoying life now and not having to deny myself pleasure
STIMULATION	Speculating for a big win by picking the right investments
SELF-DIRECTION	Having the financial means to live how I want (after retirement)



HOW WOULD ZOVA HELP ITS CLIENTS?



“I want to avoid an early heart attack”

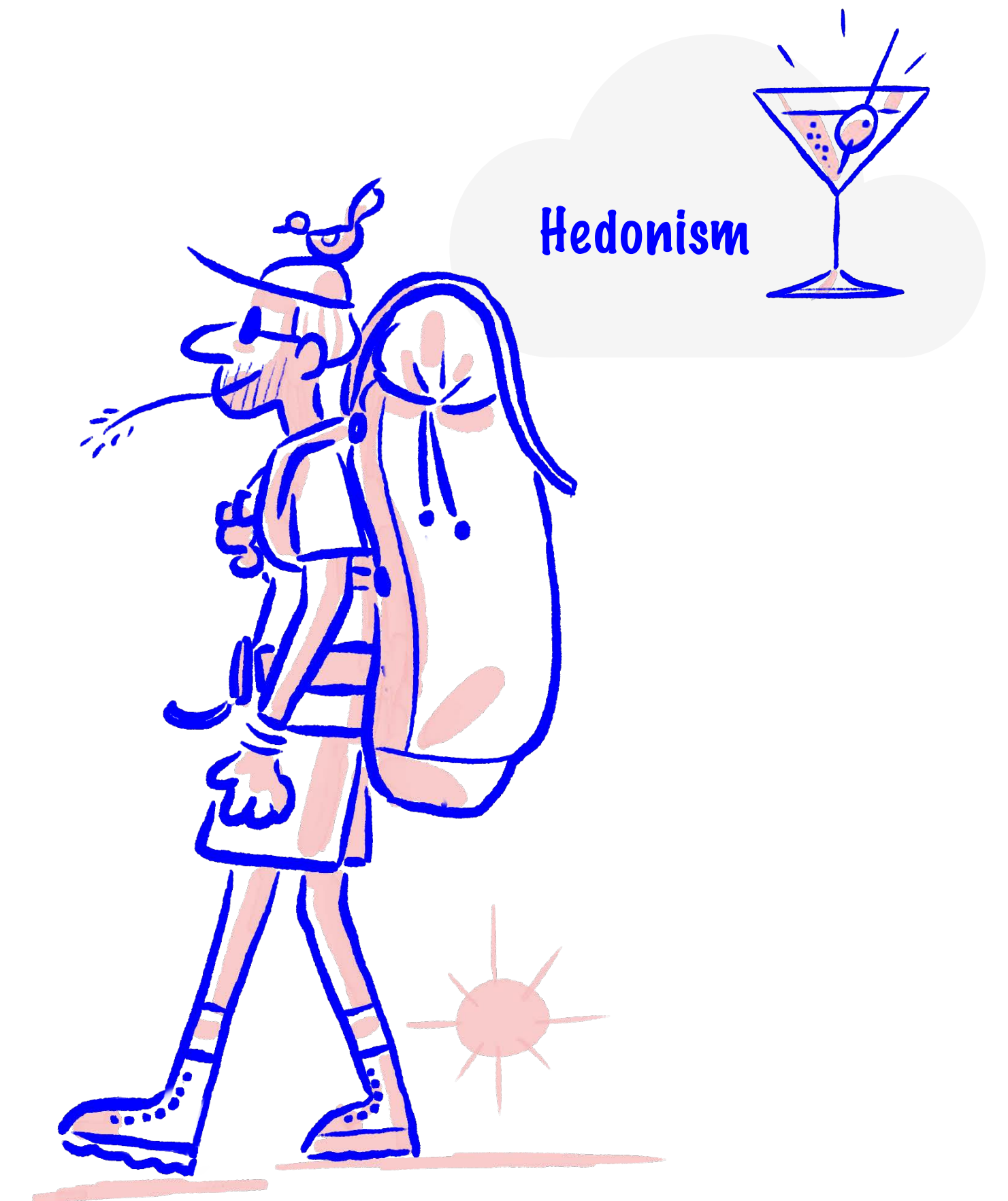


“I want to look sharp”

HOW WOULD YOU HELP YOUR CLIENTS?



“I want to support my kids and help them get on in life”



“When I’m 40, I want to take a sabbatical and travel the world”

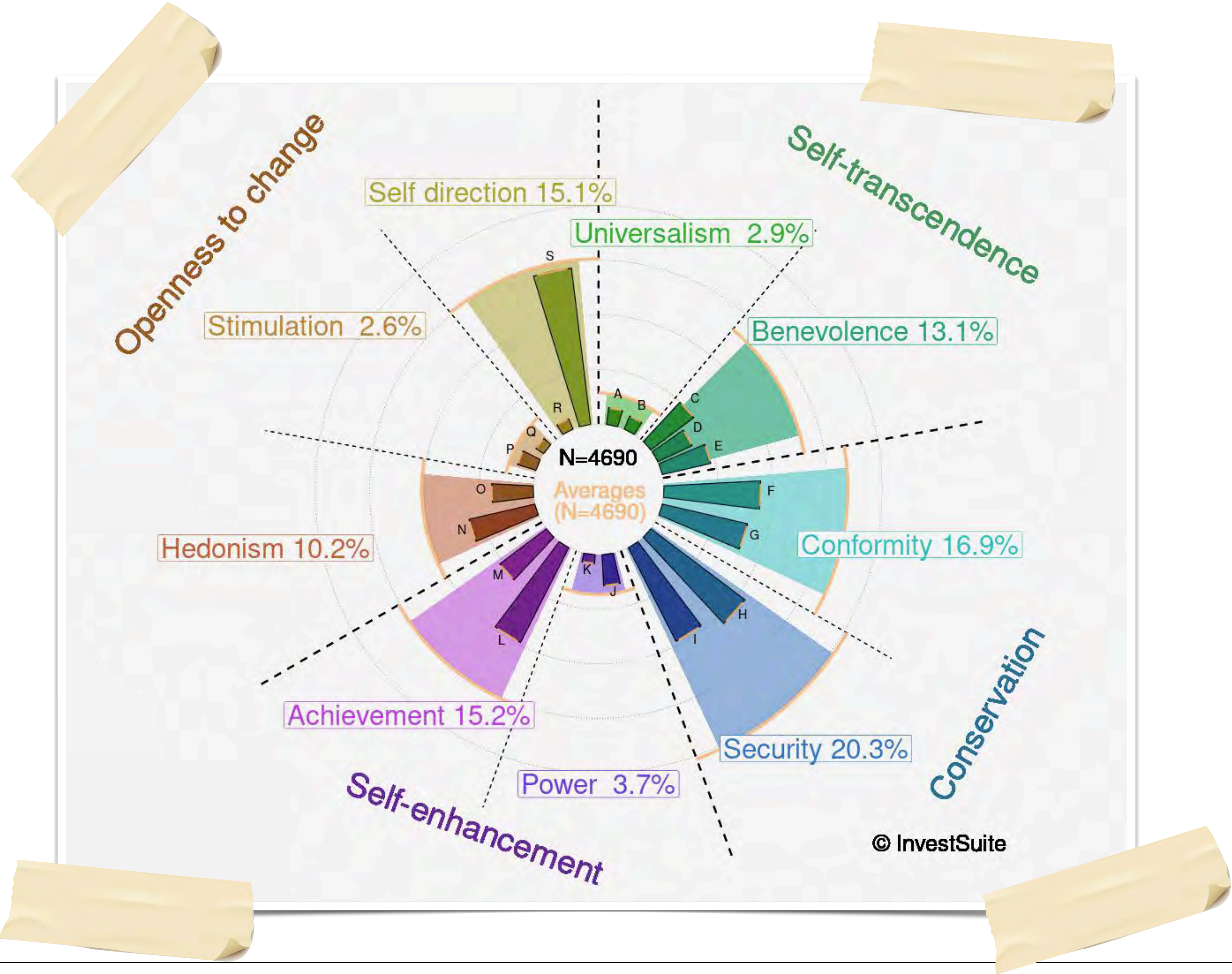
Superordinate goals provide the necessary context and give meaning to goal-directed behaviour. Making clients self-conscious and reminding them of the ‘why’ of their effort will energise their commitment.

WHAT MOTIVATES RETAIL INVESTORS

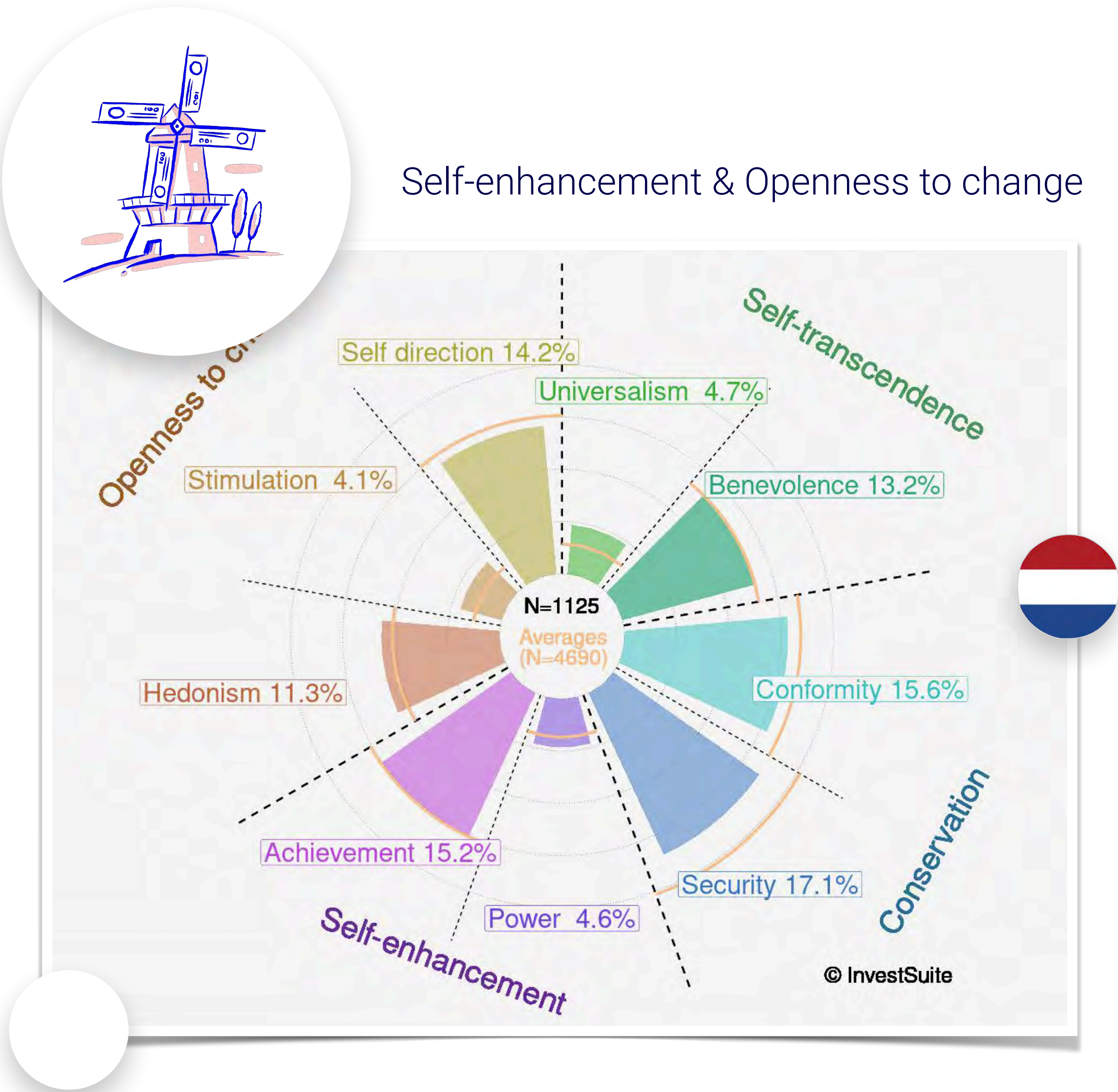
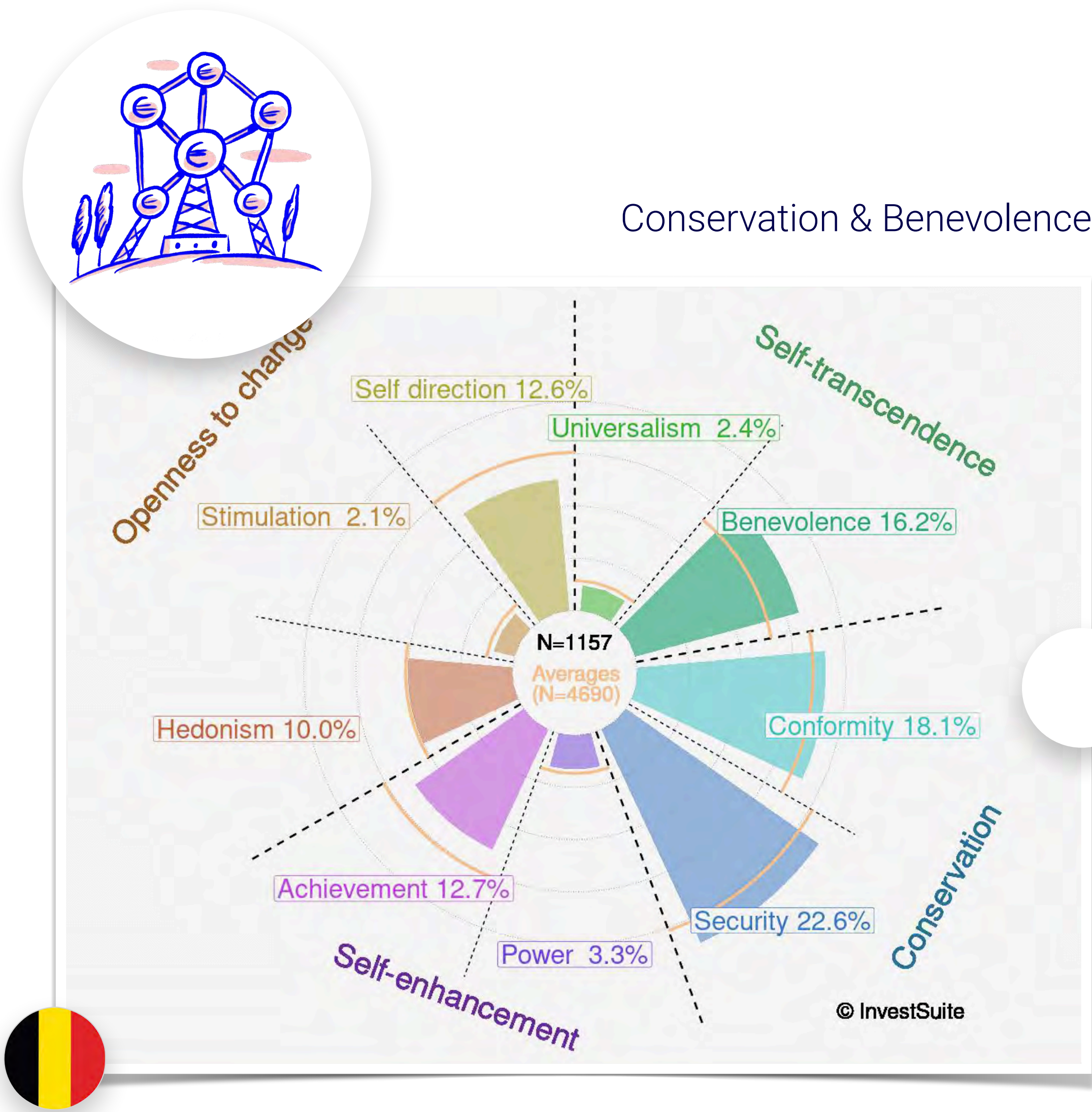
“Which investment goal(s) do you consider particularly important at this moment in your life?”

Closed (n: 3.897)
Open (n:793)

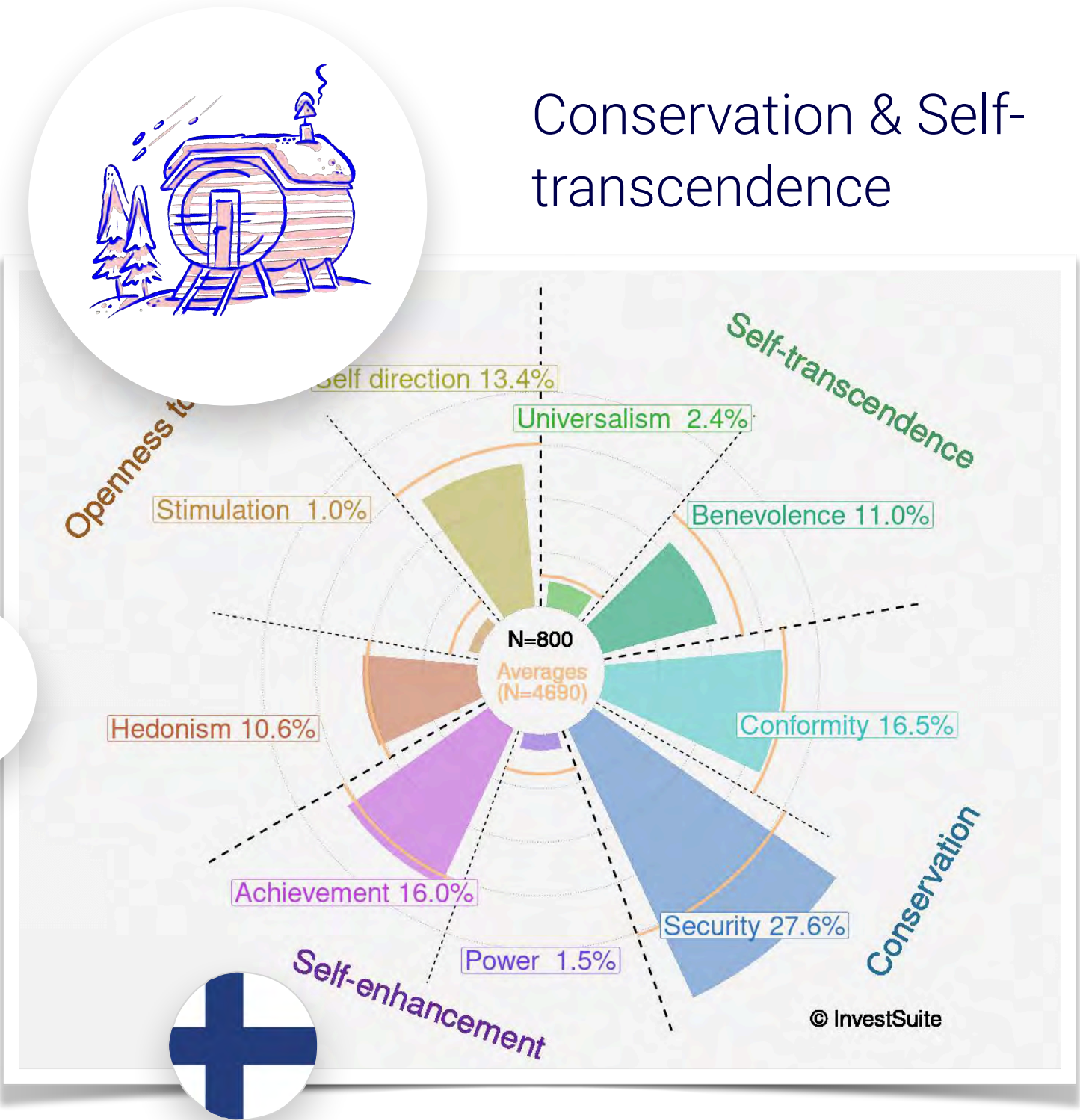
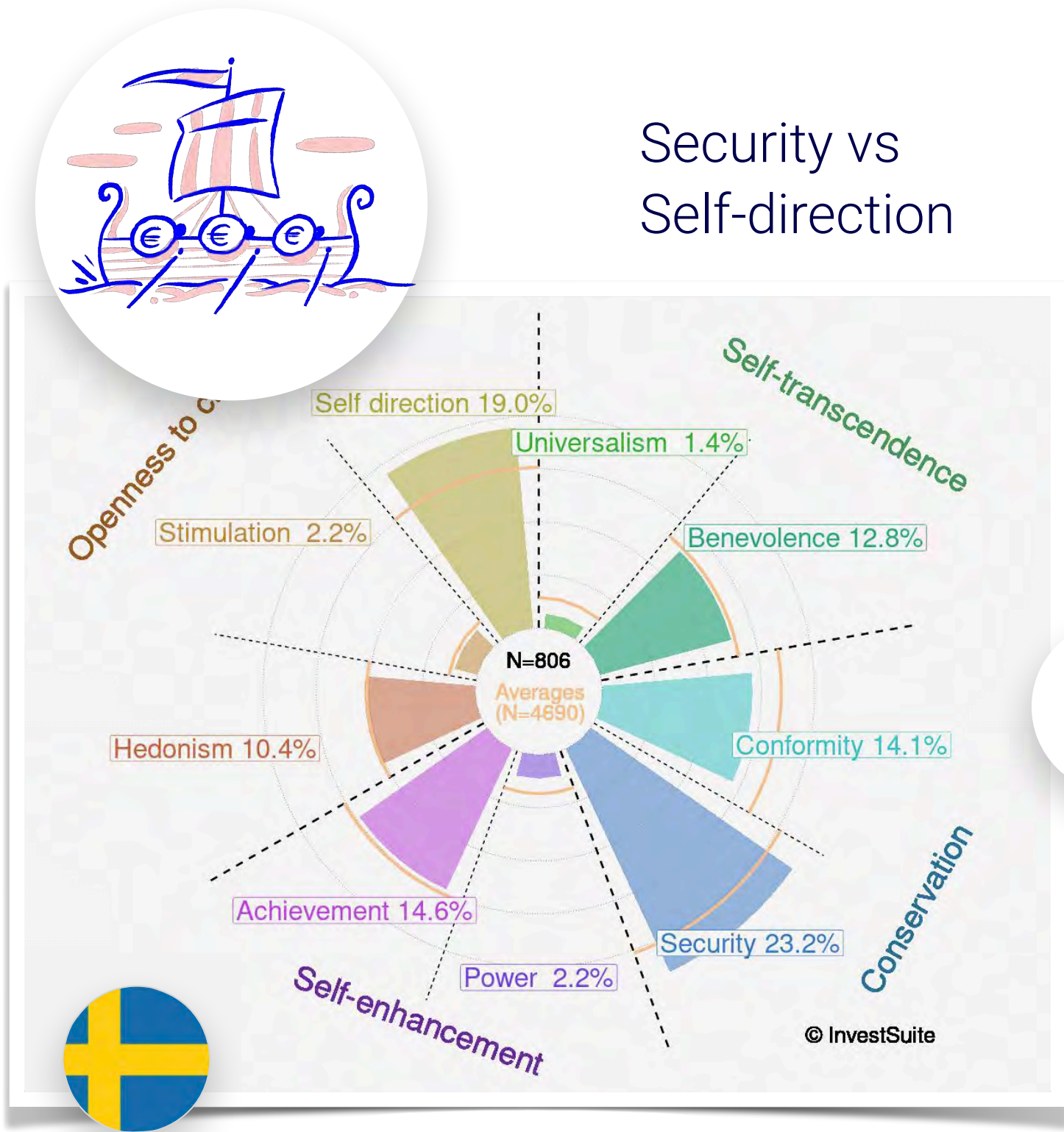
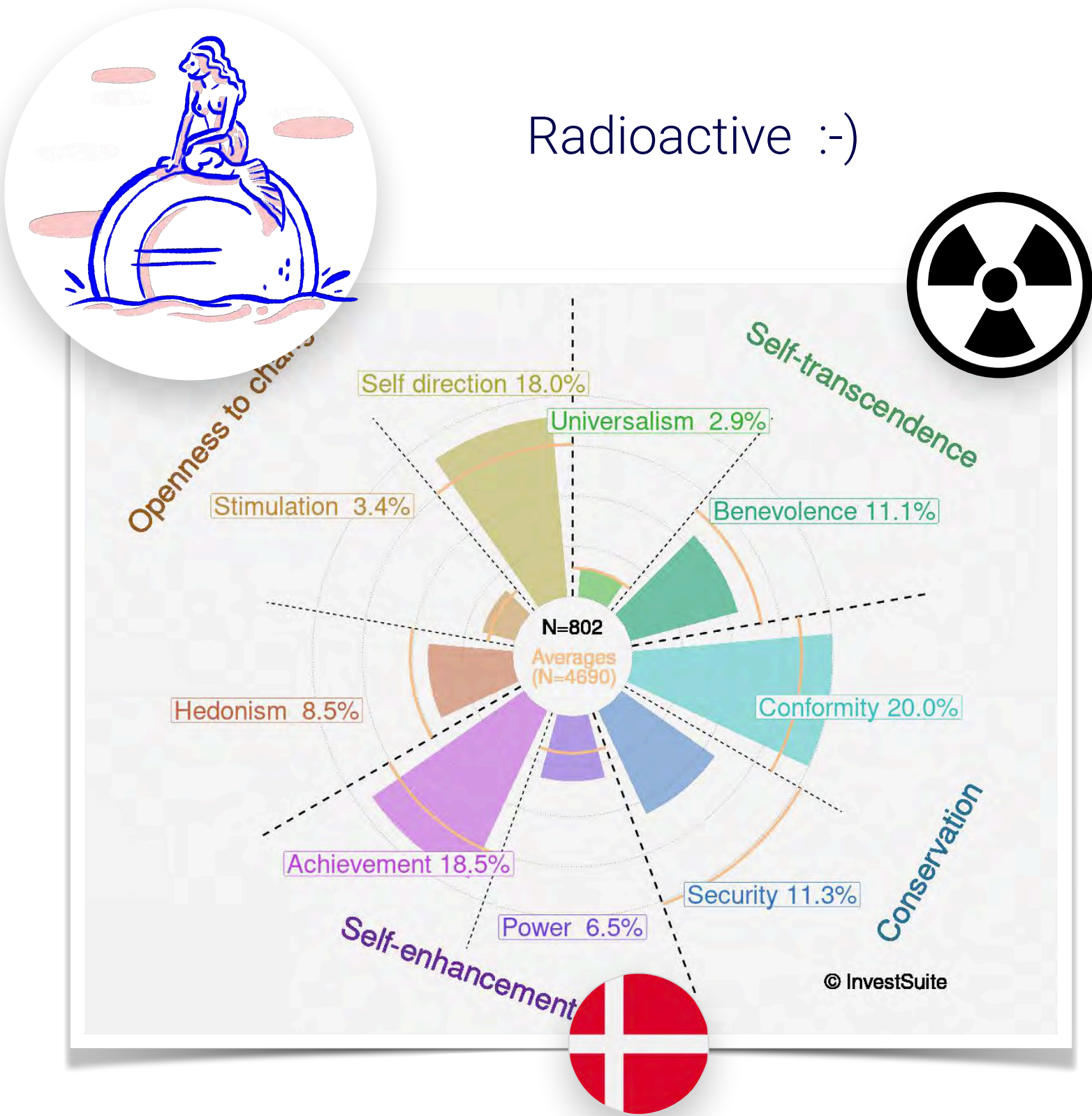
“Please rank your investment goals from most to least important.”



WHAT MOTIVATES RETAIL INVESTORS: BELGIUM VS THE NETHERLANDS



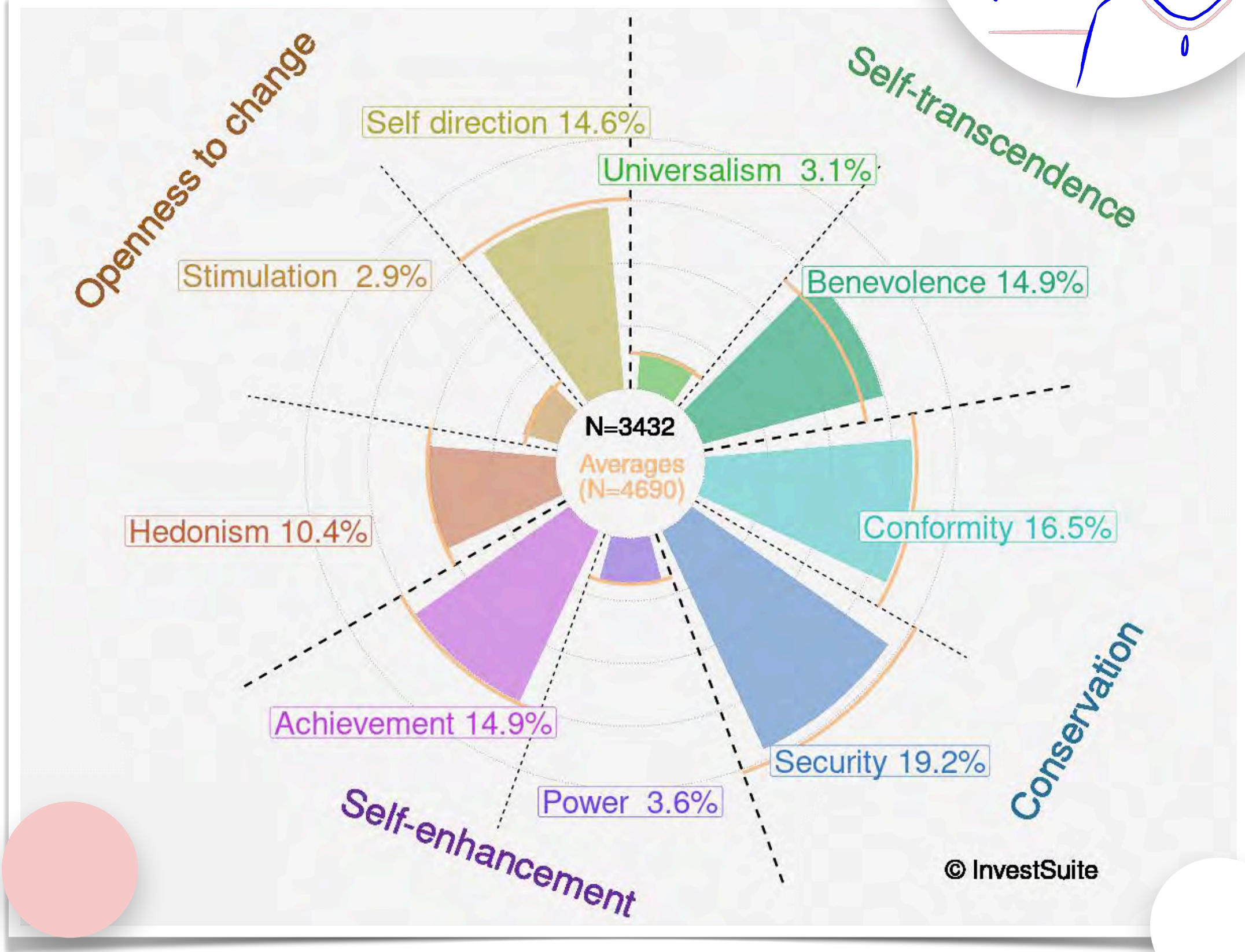
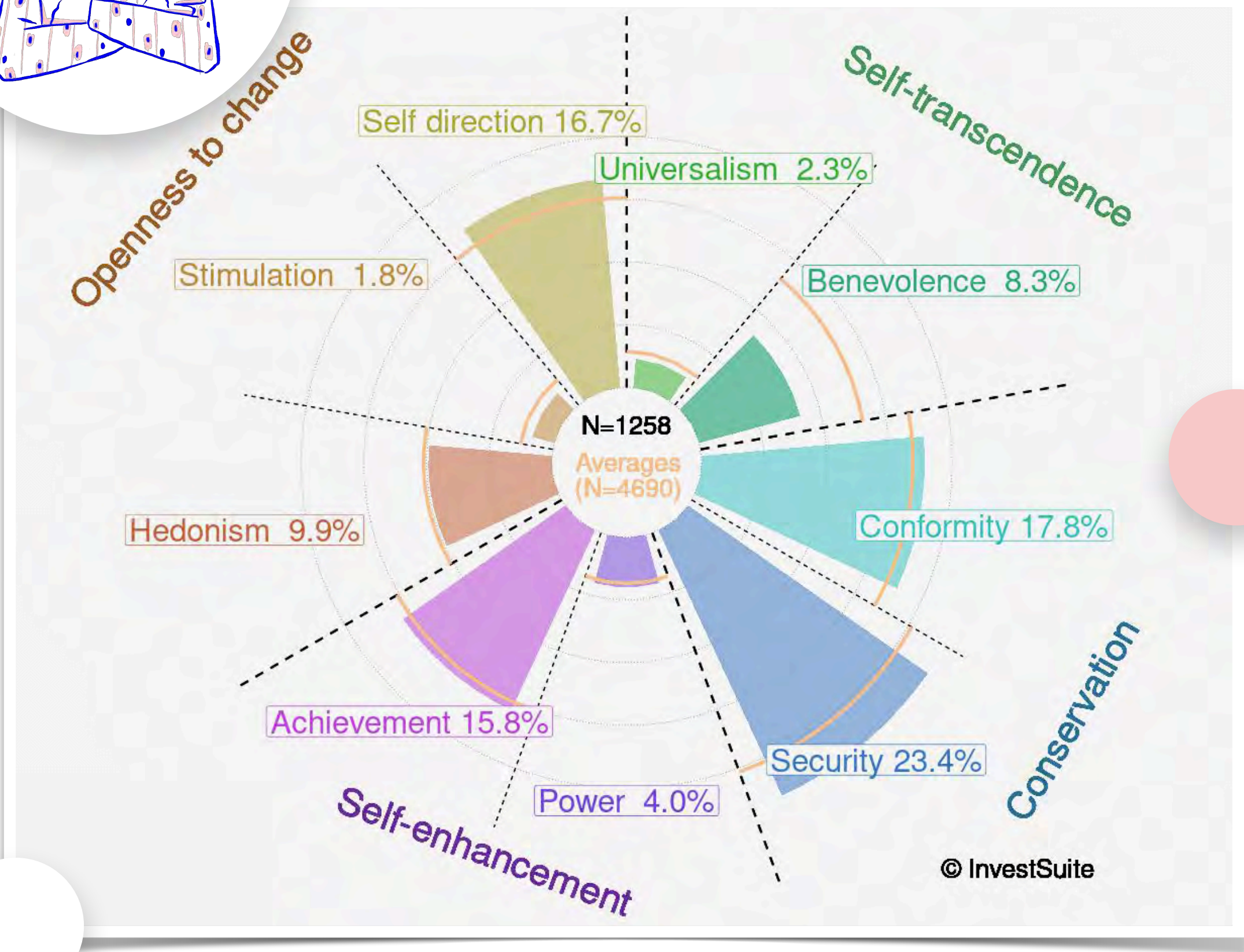
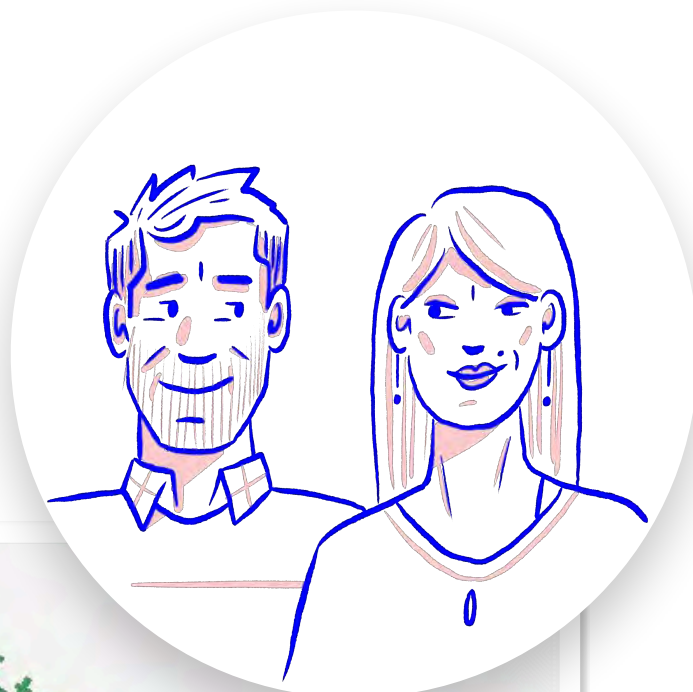
WHAT MOTIVATES RETAIL INVESTORS: DENMARK VS SWEDEN VS FINLAND



WHAT MOTIVATES RETAIL INVESTORS: SINGLE VS IN RELATIONSHIP



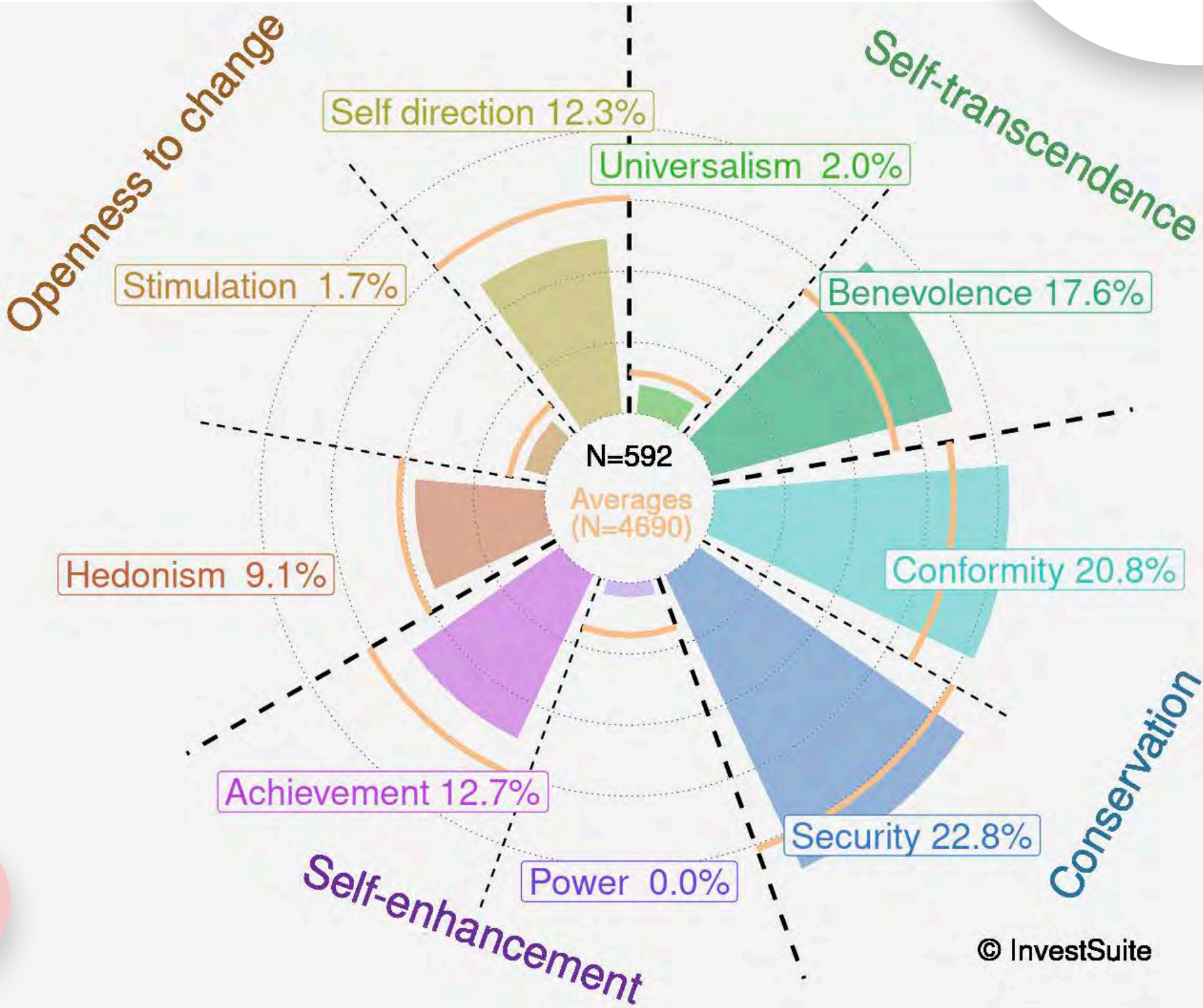
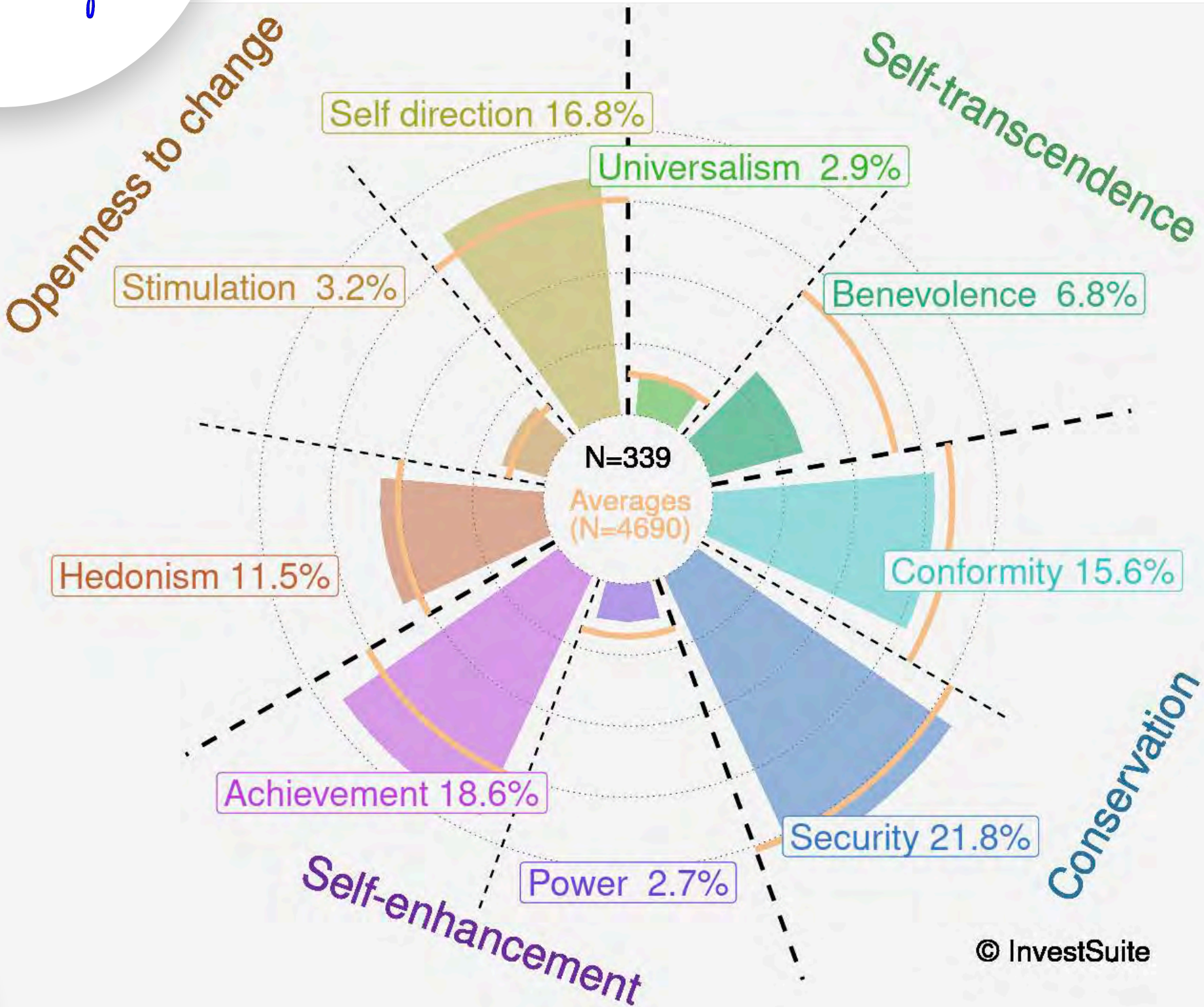
41,2%	Conservation	35,2%
16,7%	Self-direction	14,6%
8,3%	Benevolence	14,9%



WHAT MOTIVATES RETAIL INVESTORS: NO (GRAND) CHILDREN - CHILDREN / GRANDCHILDREN



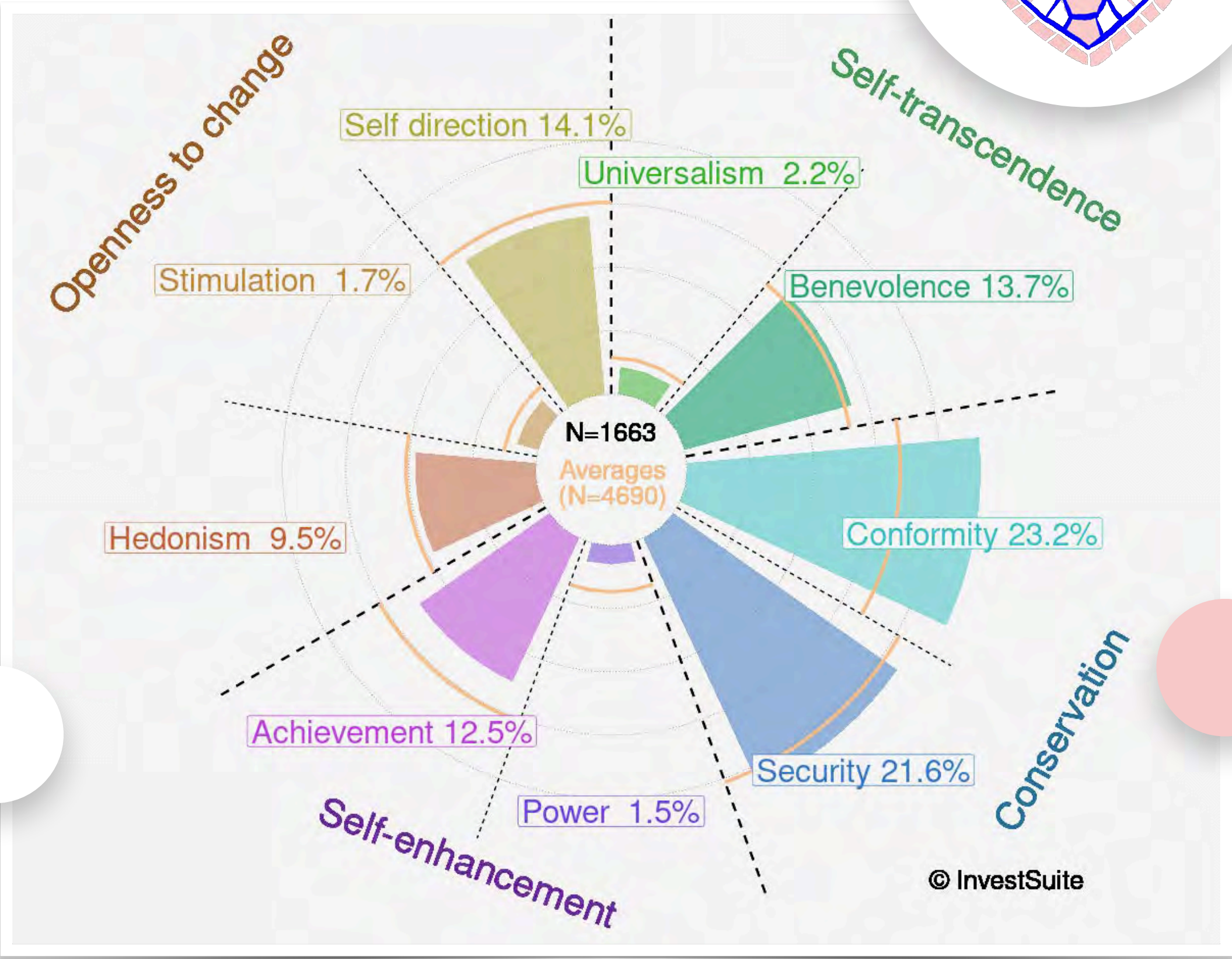
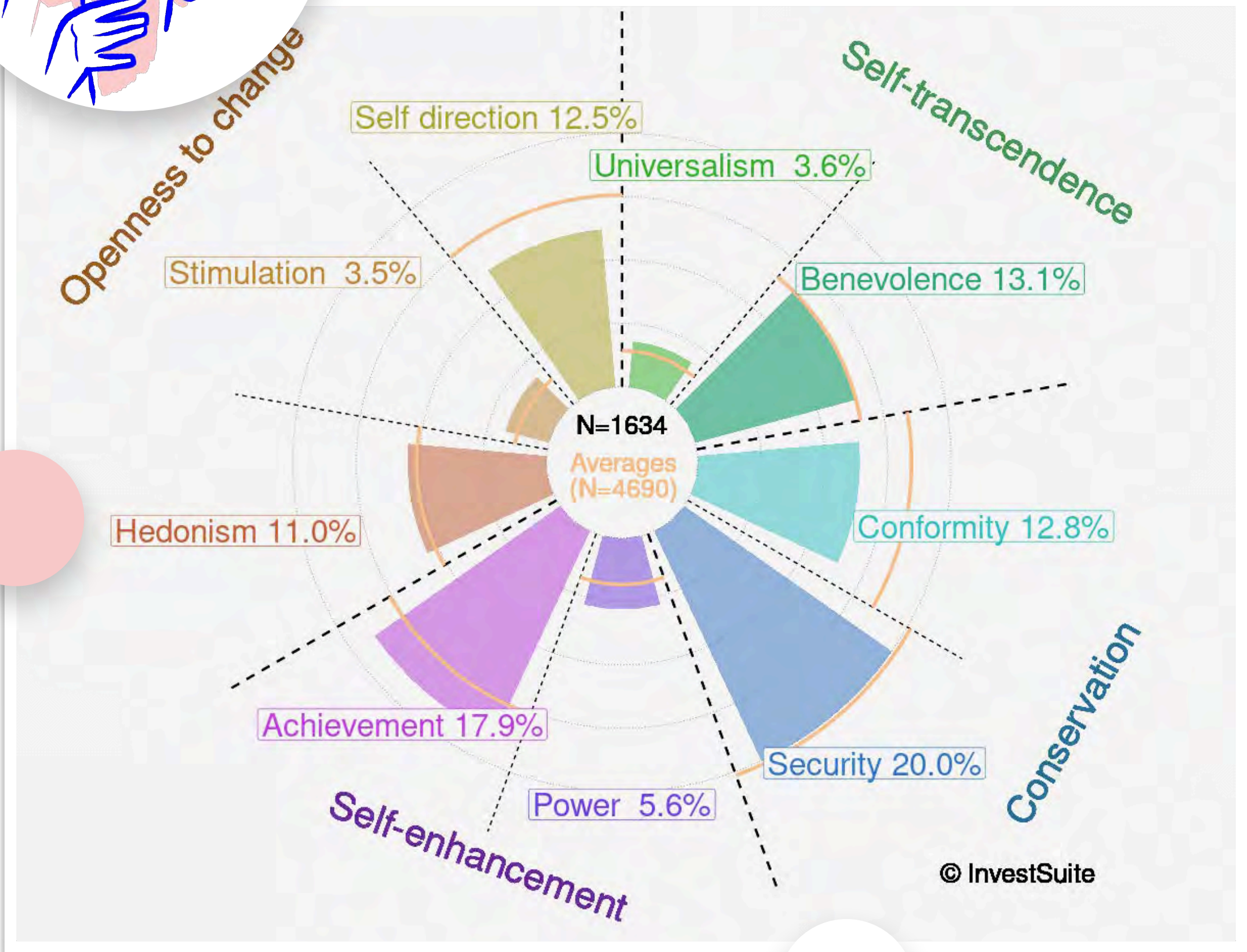
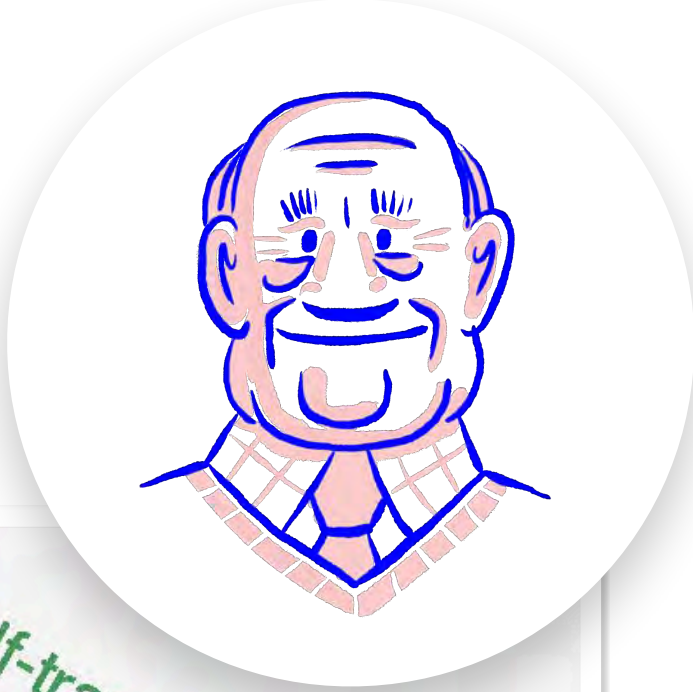
37,4%	Conservation	43,6%
52,8%	Self enhance - Open to change	35,3%
6,8%	Benevolence	17,6%



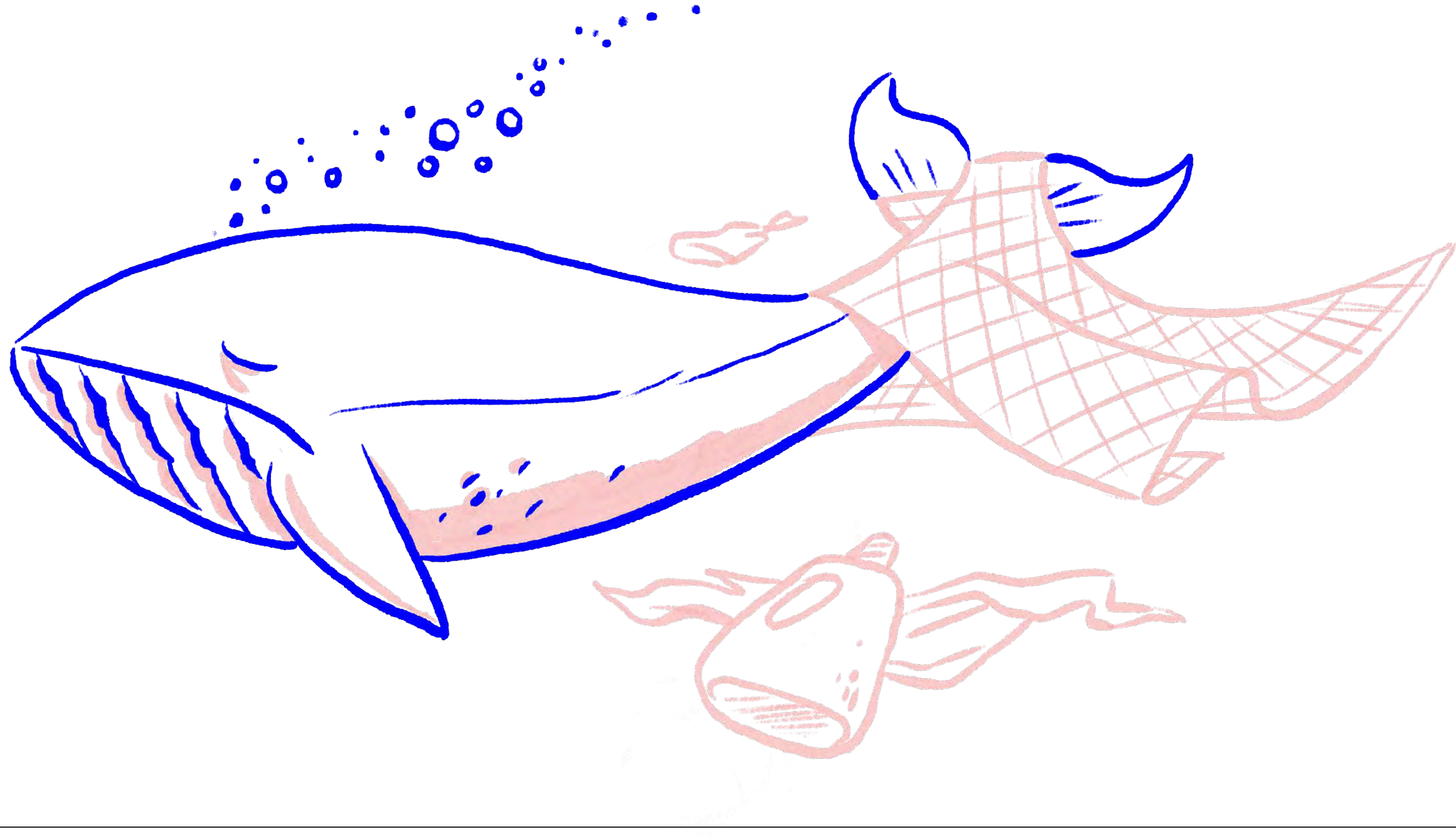
WHAT MOTIVATES RETAIL INVESTORS: **MILLENNIAL VS SILENT GENERATION**



32,8%	Conservation	44,8%
17,9%	Achievement	12,5%
5,6%	Power	1,5%



ALTRUISM IS NOT 'PURE'



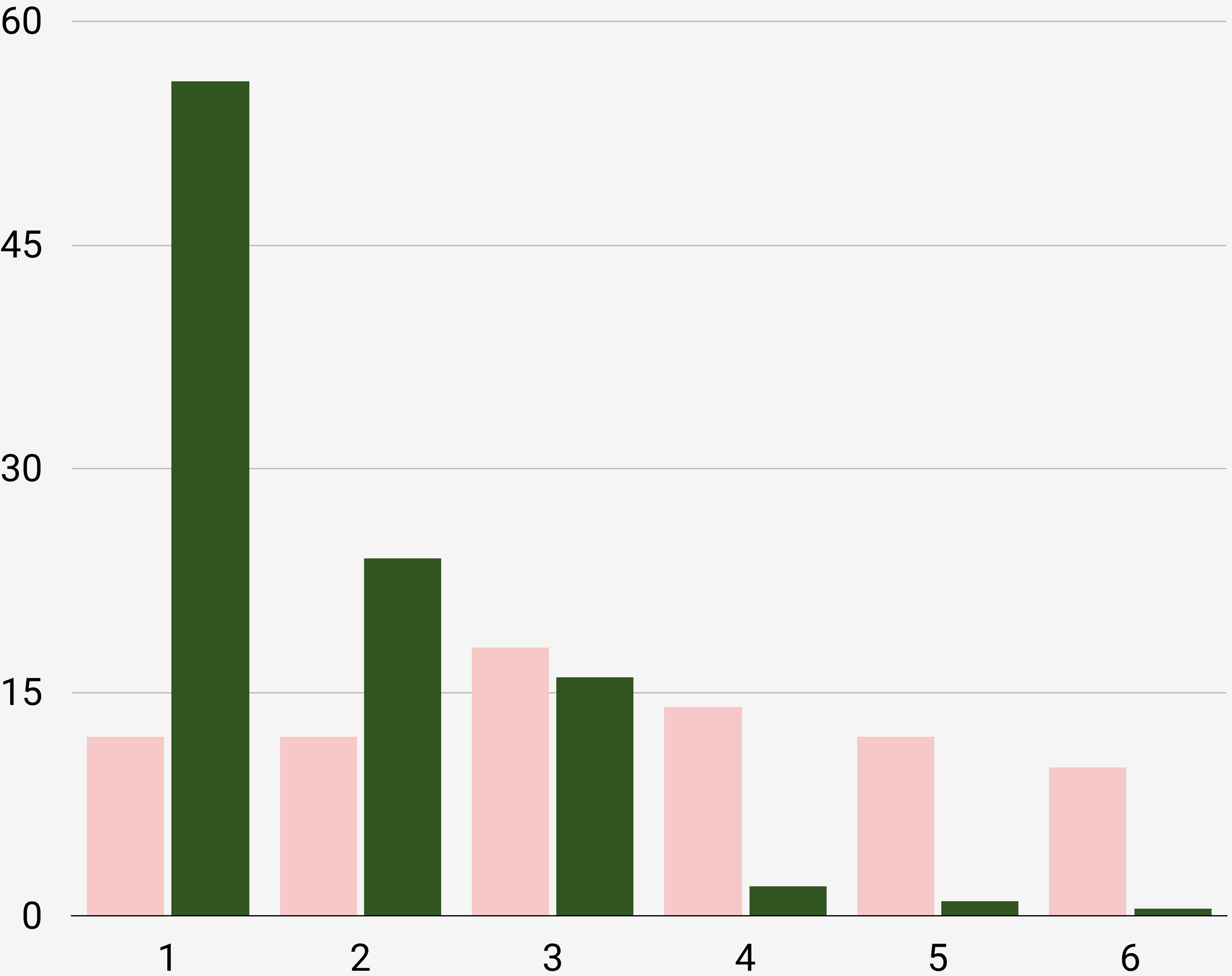
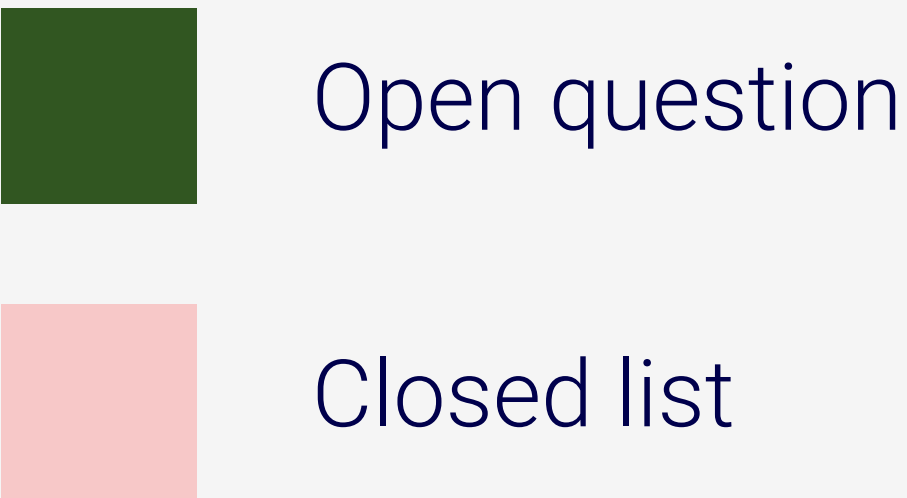
RETIREMENT IS NOT A GOAL. IT'S A DATE.



PEOPLE CAN'T ARTICULATE THEIR INVESTMENT GOALS

Retail investors have 1,6 or 4,3 goals on average.

It really just depends on how you ask them.



THE RUBICON MODEL OF ACTION PHASES

PRE-DECISIONAL PHASE

Goal intention

Motivational

“Which investment goal do which people have?”

CHOOSING

RUBICON Transforming motivations into goals

POST-DECISIONAL PHASE

Implementation intention

Volitional

“How can we help set concrete implementation intentions?”

PLANNING

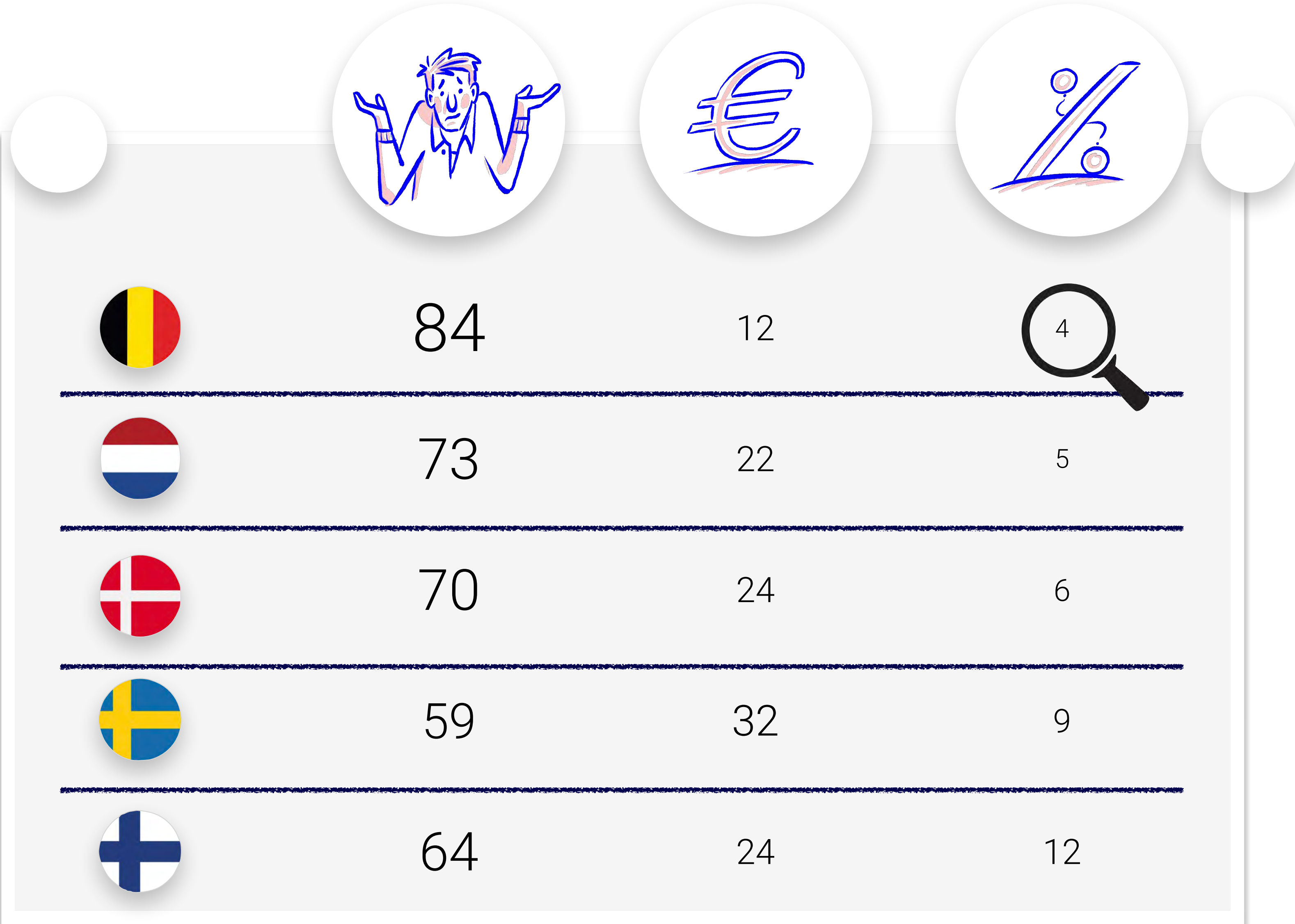
The Rubicon model of action phases (adapted from H. Heckhausen & Gollwitzer, 1987)

Goals that are **specific and challenging but feasible** lead to better performance than easy or vague goals.

I want to loose weight ←————→ *I want to loose 7 kg by June 1st*

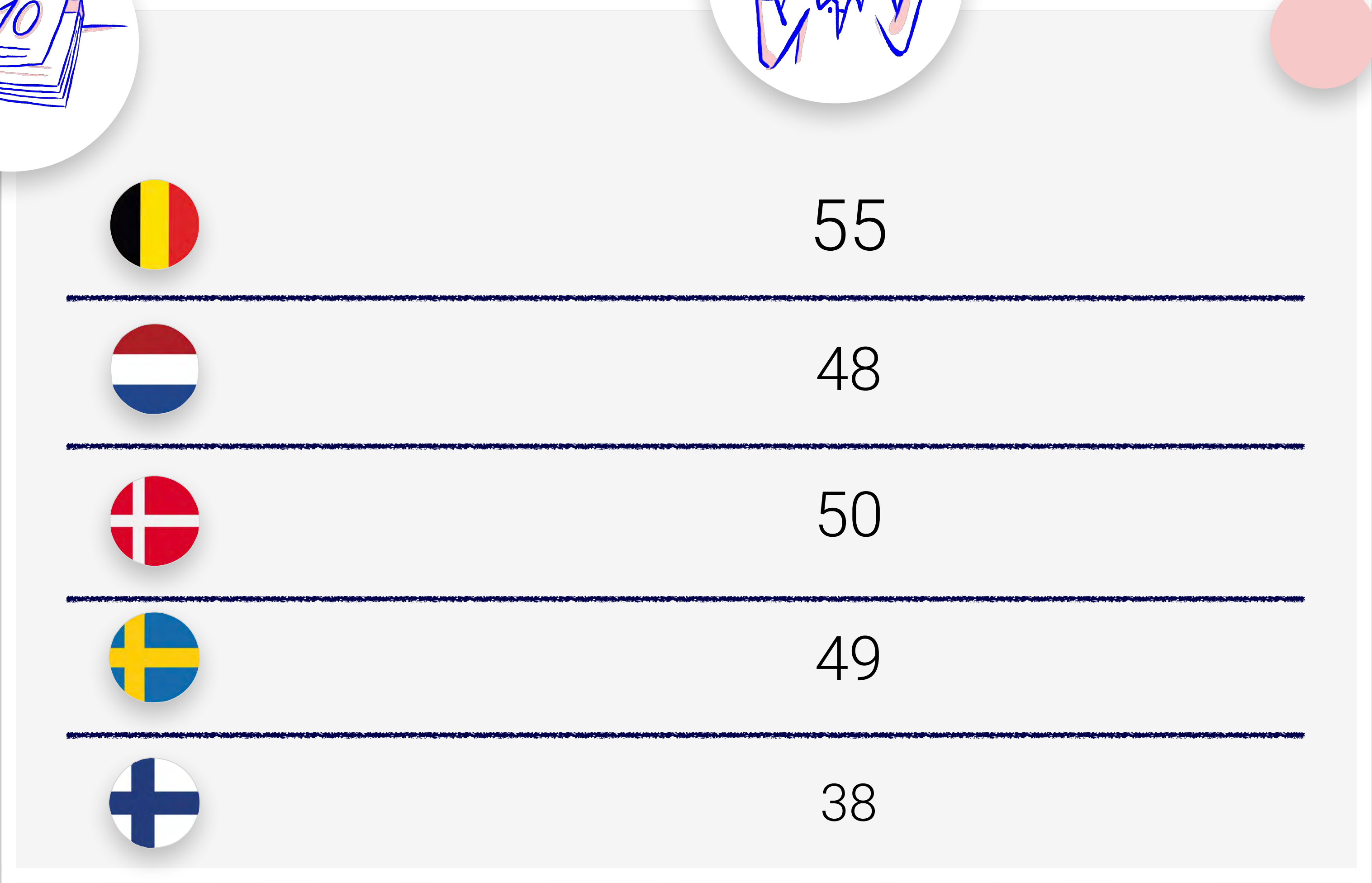
NON-SPECIFIC INVESTMENT GOALS

Most retail investors have 'no idea' regarding the end amount or return percentage they envision.



NON-SPECIFIC INVESTMENT GOALS

Most retail investors have no (specific) time horizon in mind for their single most important investment goal.



IMPLEMENTATION INTENTIONS AUTOMATE GOAL-DIRECTED BEHAVIOUR

If



Then



Setting 'implementation intentions' is a self-regulation strategy that involves specifying the behaviour one will perform in the service of a goal and the situation in which one will enact it.

IMPLEMENTATION INTENTIONS AUTOMATE GOAL-DIRECTED BEHAVIOUR

If



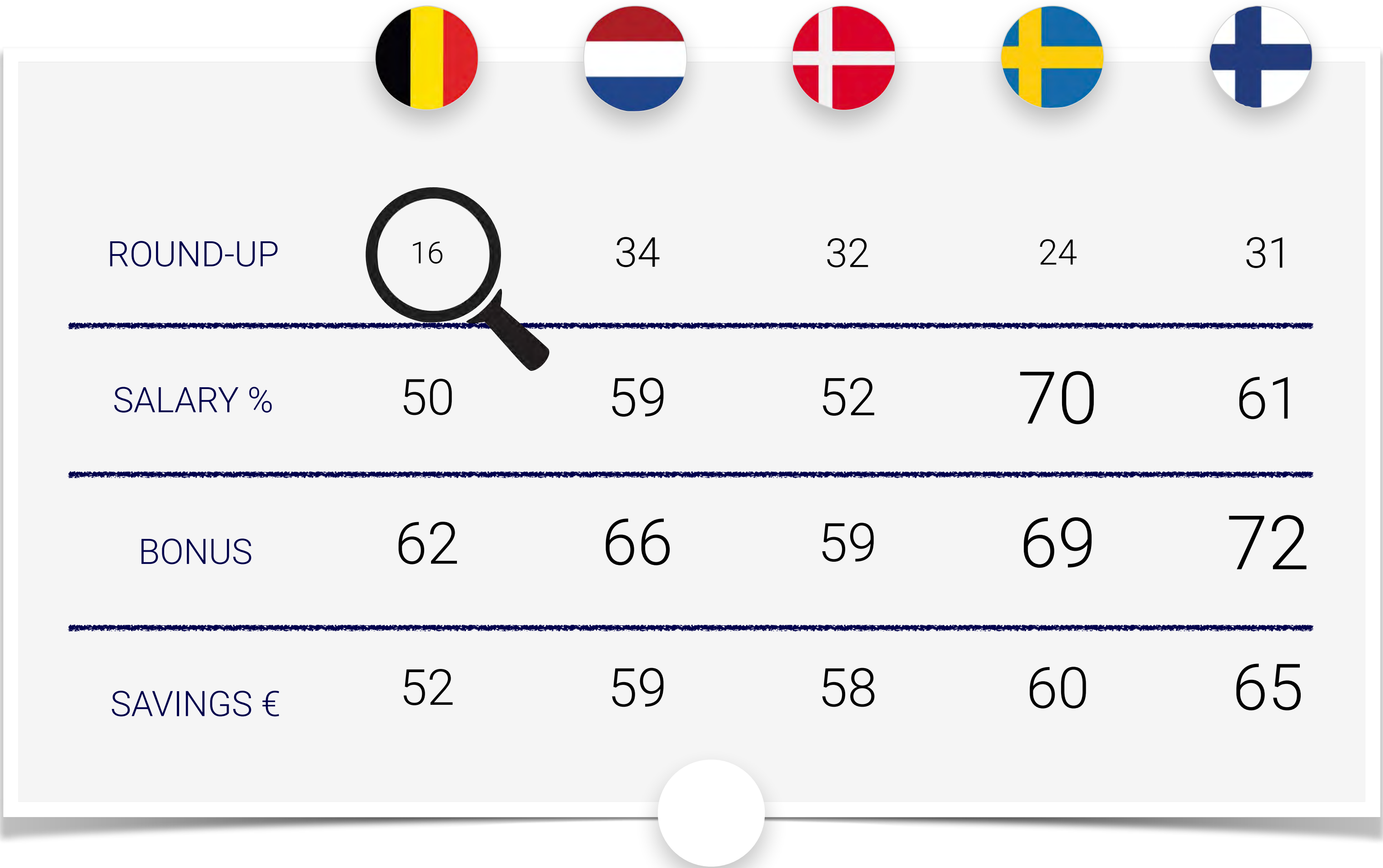
Then



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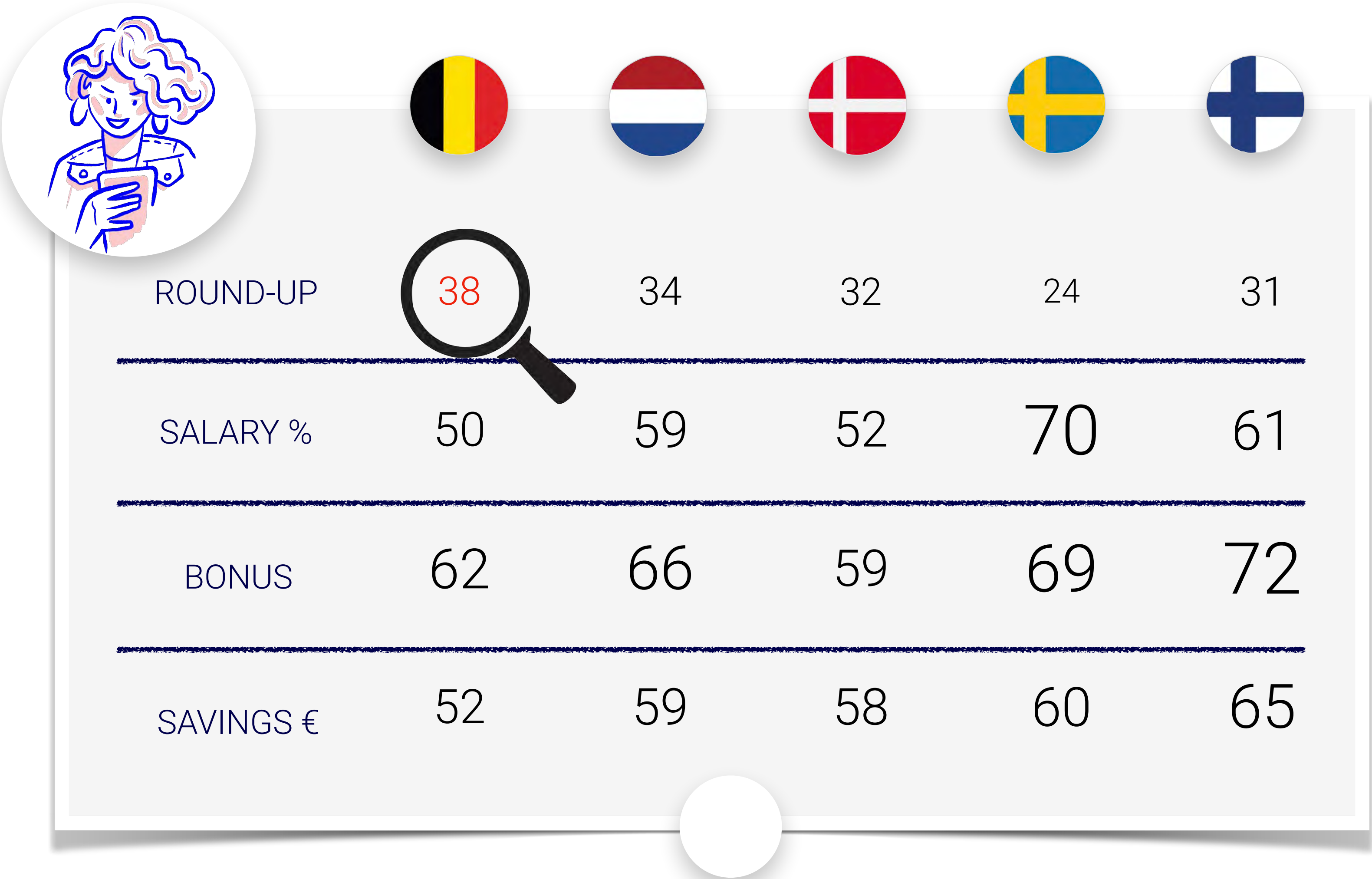
IMPLEMENTATION INTENTIONS AUTOMATE GOAL-DIRECTED BEHAVIOUR

The hyped ‘round-up’ is the least popular among retail investors.



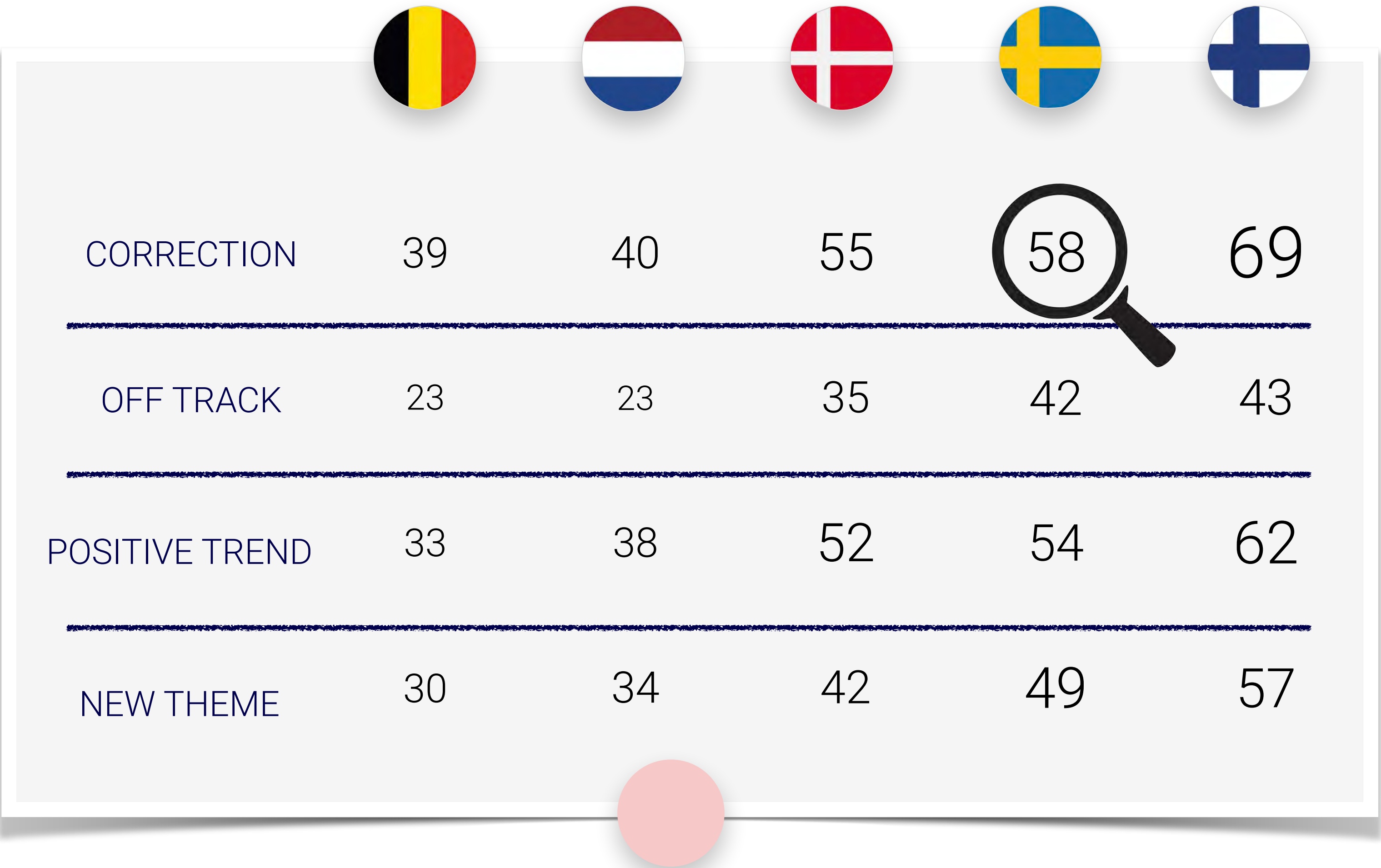
IMPLEMENTATION INTENTIONS AUTOMATE GOAL-DIRECTED BEHAVIOUR

The hyped ‘round-up’ is the least popular among retail investors.
But it can work with younger investors.



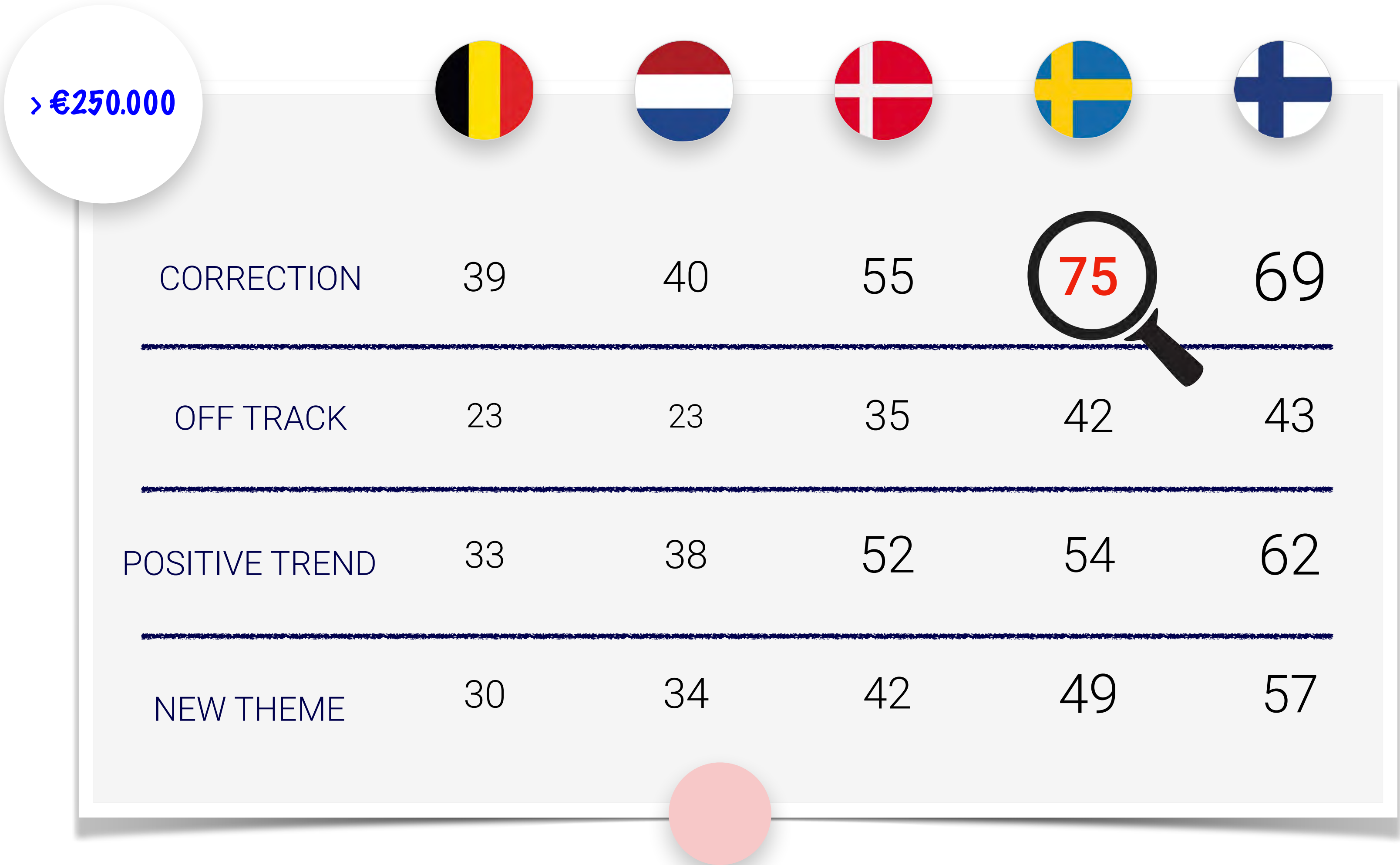
IMPLEMENTATION INTENTIONS AUTOMATE GOAL-DIRECTED BEHAVIOUR

One size does not fit all. Digital investment tools that use implementation intentions must consider the user they are servicing.



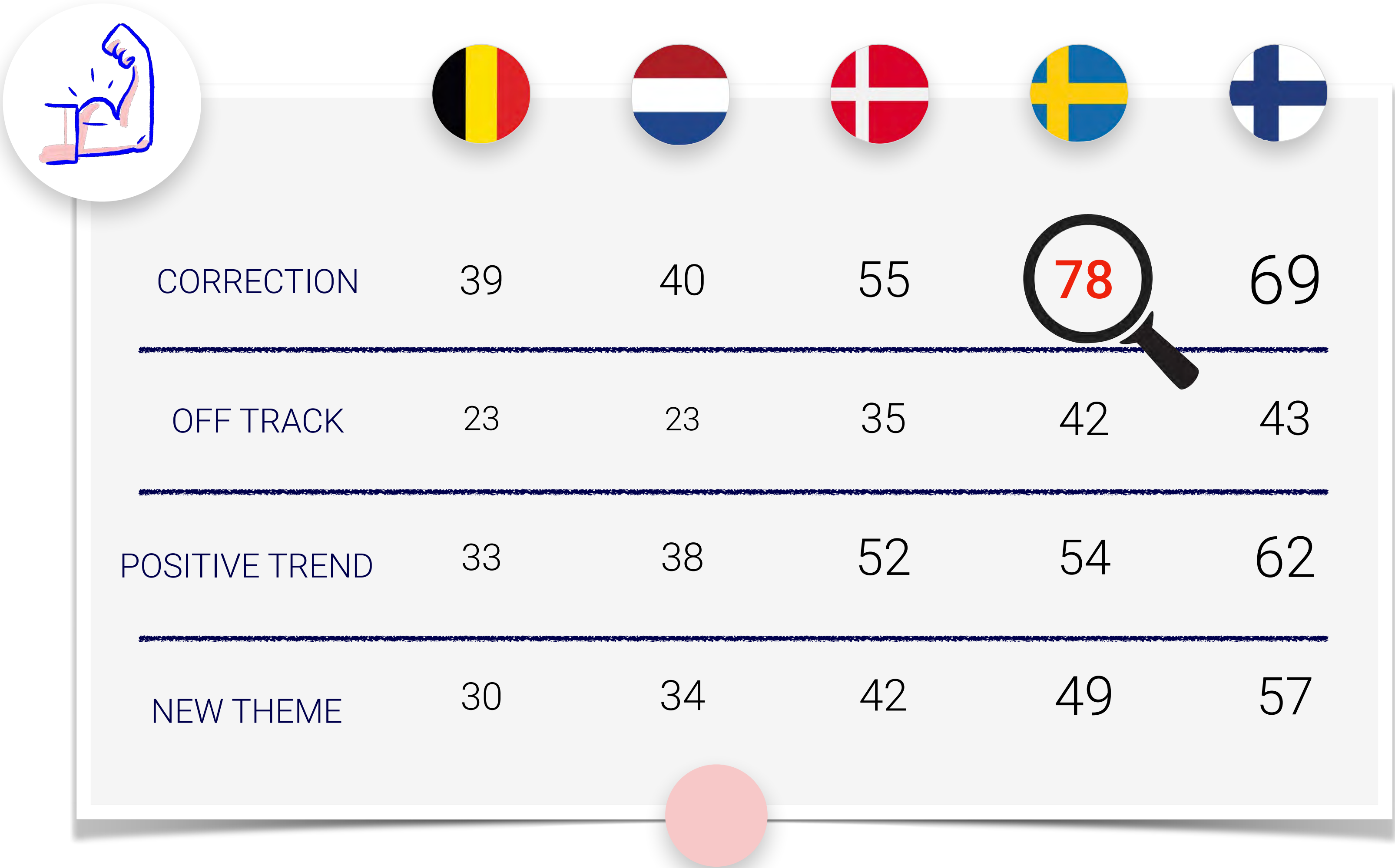
IMPLEMENTATION INTENTIONS AUTOMATE GOAL-DIRECTED BEHAVIOUR

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IMPLEMENTATION INTENTIONS AUTOMATE GOAL-DIRECTED BEHAVIOUR

One size does not fit all. Digital investment tools that use implementation intentions must consider the user they are servicing.



Implementation intentions can help people reach their goals. Still, a lot of good intentions remain unfulfilled. A so-called **intention-behaviour gap appears when people do not have the right tools or support to turn their intentions into action.**

THE RUBICON MODEL OF ACTION PHASES: CONCEPT

PRE-DECISIONAL PHASE

Goal intention

Motivational

“Which investment goal do which people have?”

CHOOSING

RUBICON
Transforming motivations into goals

POST-DECISIONAL PHASE

Implementation intention

Volitional

“How can we help set concrete implementation intentions?”

PLANNING

GAP
The Intention - Behaviour gap

ACTIONAL PHASE

Intention implementation

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“How can we trigger action and keep goal commitment high?”

ACTING

POST-ACTIONAL PHASE

Intention re-activation

Motivational

“How do we avoid learned helplessness?”

EVALUATING

The Rubicon model of action phases (adapted from H. Heckhausen & Gollwitzer, 1987)

SELF-EFFICACY WITH THE RIGHT TOOL

Online broker

A digital self-investment application where I can choose my own stocks using market information, screening and comparison tools, themed portfolios, stock finder functionality, etc. The app provides me with education and clear reporting, but **I am doing it all myself**. I can always take out and add money to the investment.

Robo-Advisor ('Tilting')

Based on my preferences, time-horizon, goal, financial situation, etc. **an application proposes me a personalised portfolio**. However, **I am able to 'tweak it' as I wish**: I can add or avoid specific stocks, industries, regions, (crypto-) currencies,... . I can always take out and add money to the investment.

Human-hybrid advisor

Based on my preferences, time-horizon, goal, financial situation, etc. **a person (an advisor) proposes me a personalised portfolio**. **Via an app I can follow up the evolutions** of that portfolio, knowing that the advisor is only a phone call away if I have any questions. I can always take out and add money to the investment.

Robo-advisor (no 'tilting')

Based on my preferences, time-horizon, goal, financial situation, etc. **an algorithm proposes me a personalised portfolio**. The app will also help me reach my goal. I can always take out and add money to the investment.

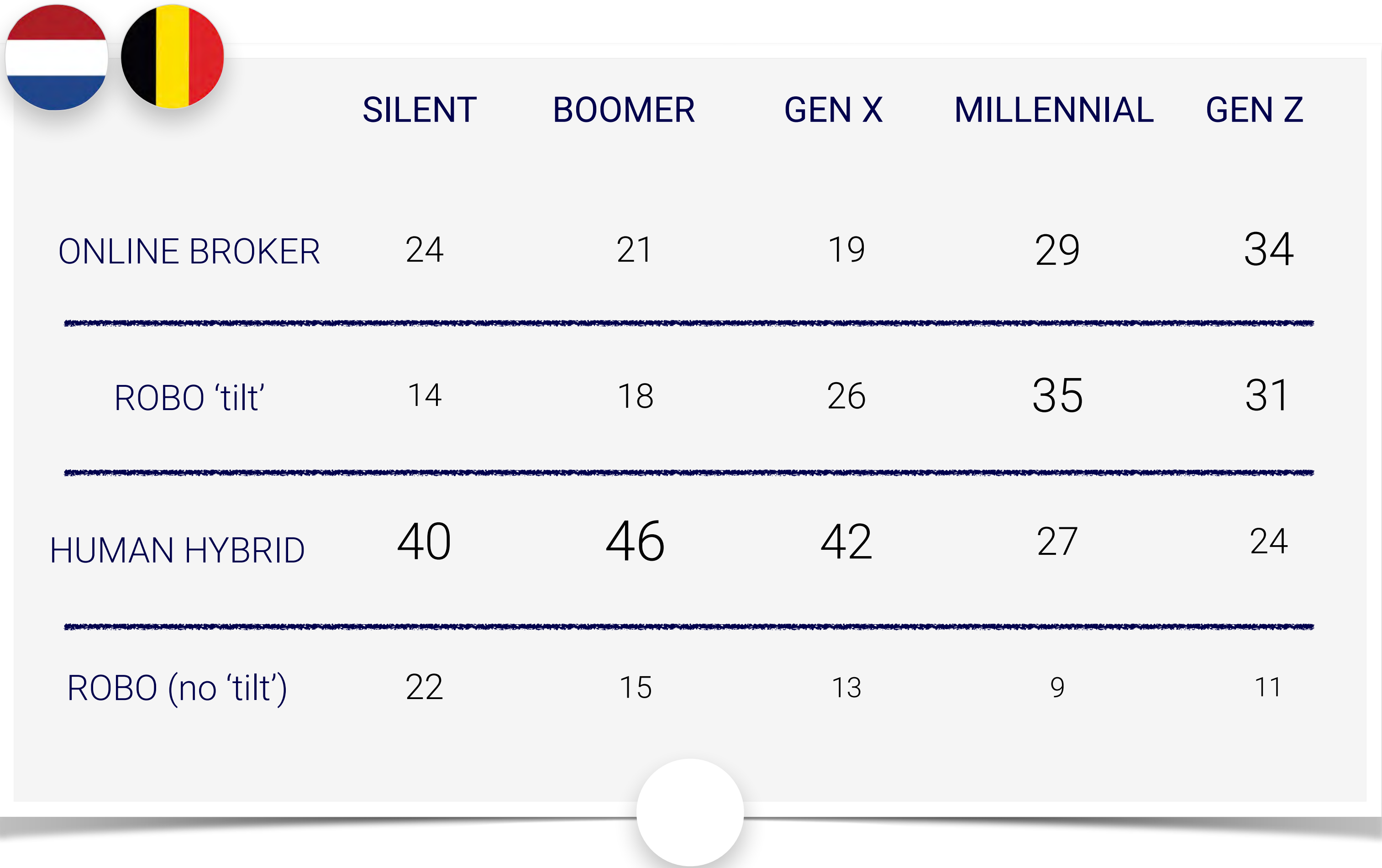
SELF-EFFICACY WITH THE RIGHT TOOL

“Which of these investment solutions (from your bank of choice) would you consider using to invest money towards your #1 goal?”



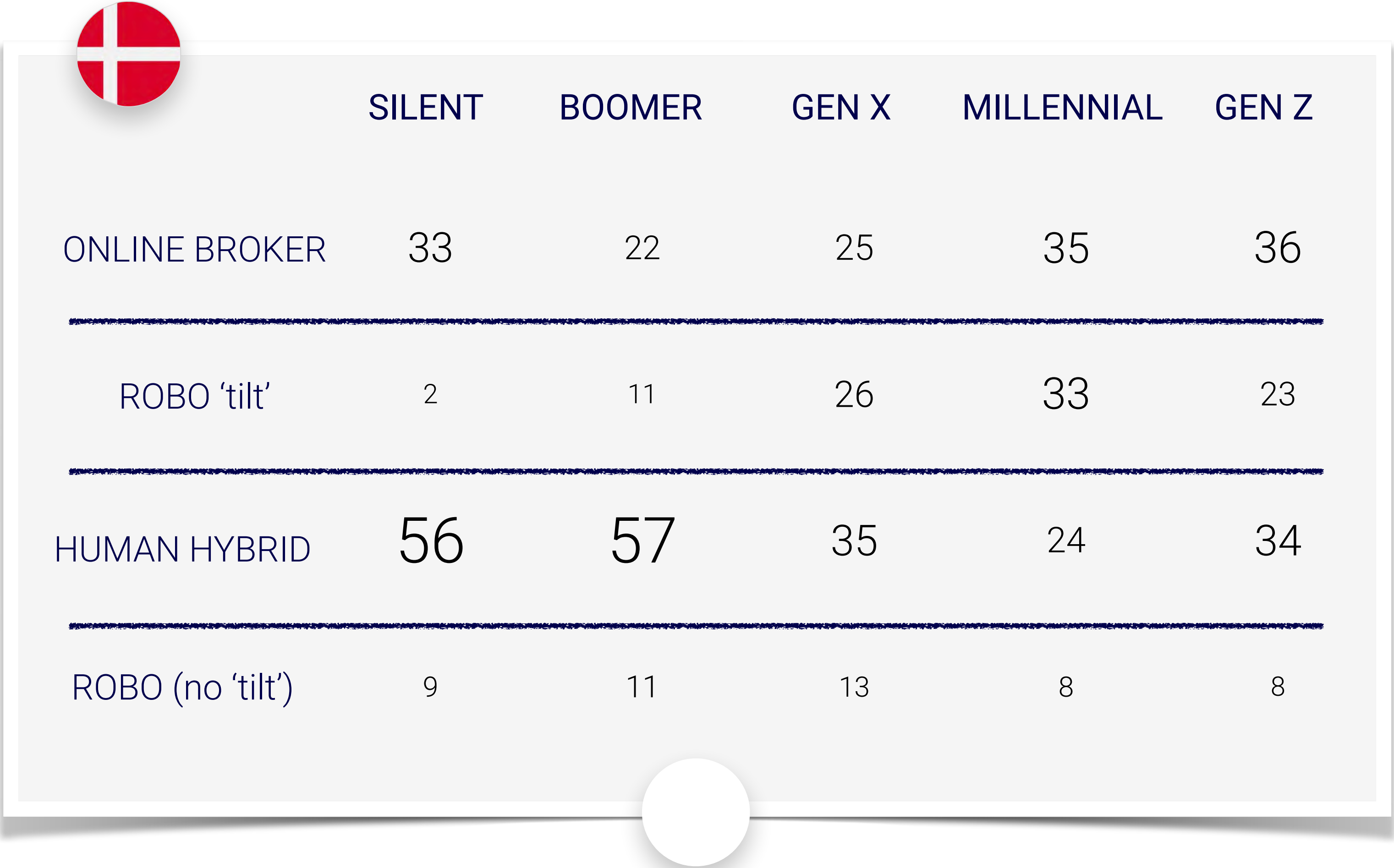
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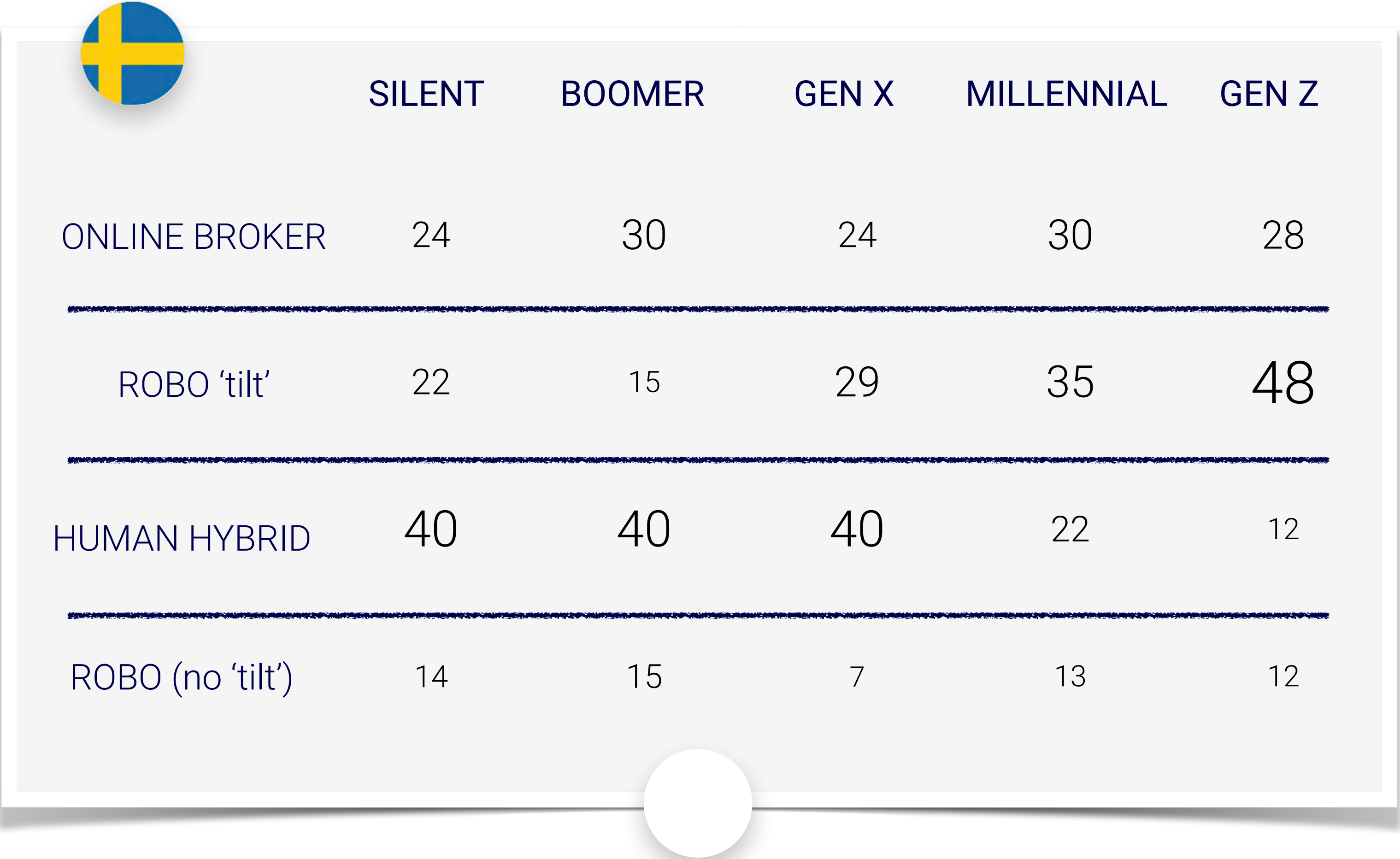
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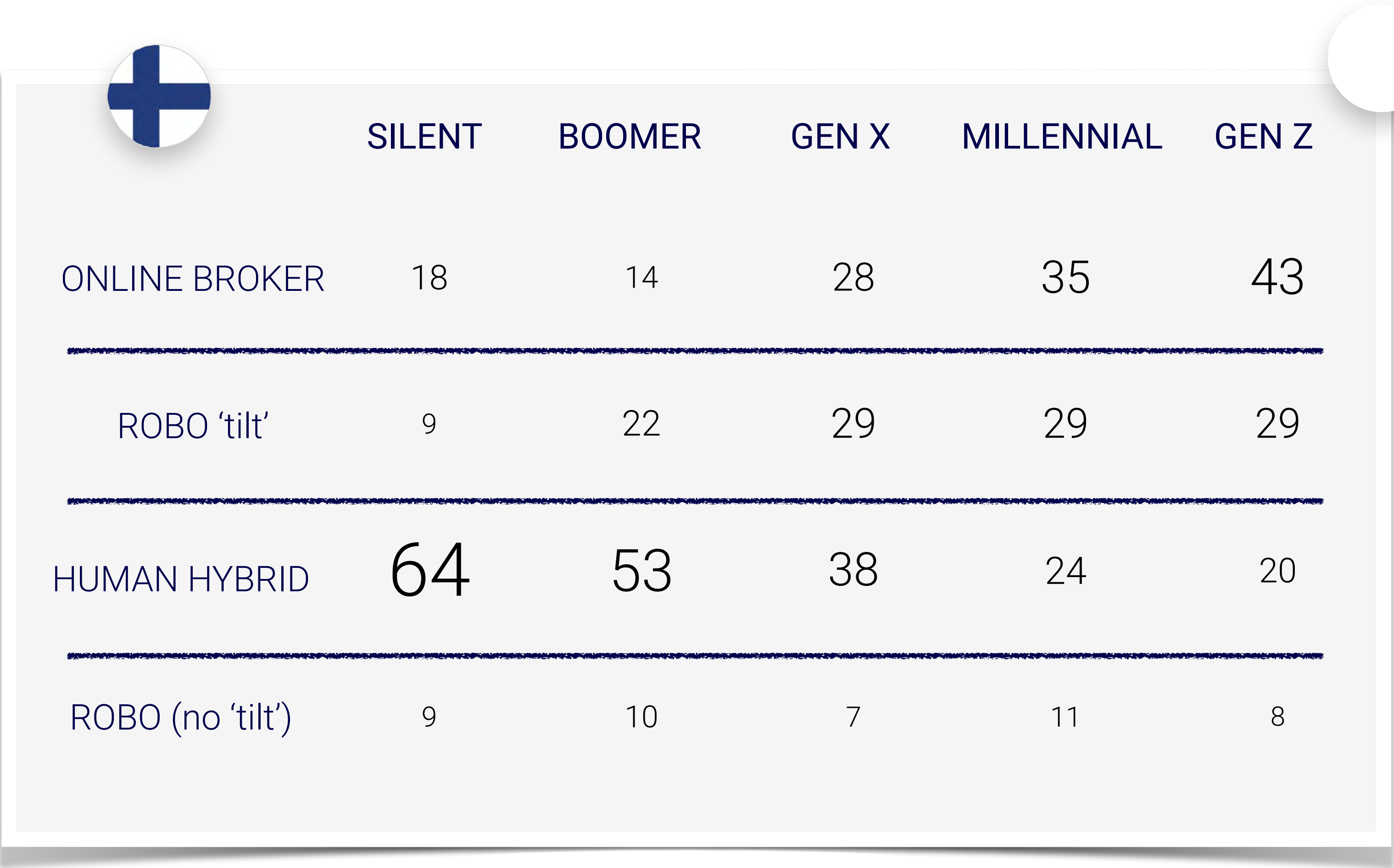
SELF-EFFICACY WITH THE RIGHT TOOL

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SELF-EFFICACY WITH THE RIGHT TOOL

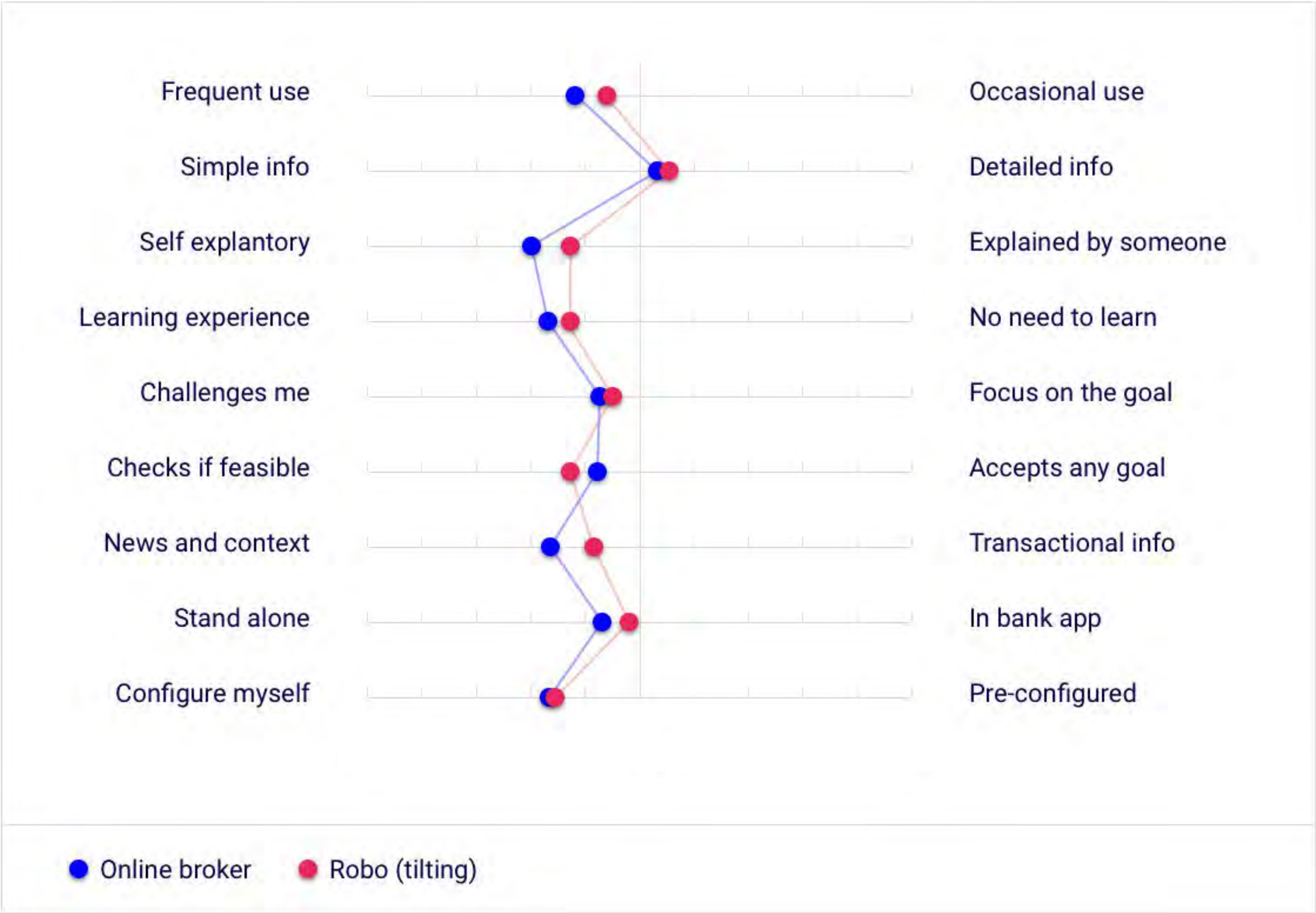
“Which of these investment solutions (from your bank of choice) would you consider using to invest money towards your #1 goal?”



SELF-EFFICACY WITH THE RIGHT TOOL

The expected qualities are very similar across products.

“I would prefer an app ...”



SELF-EFFICACY WITH THE RIGHT TOOL

The expected qualities are very similar across products.

“I would prefer an app ...”

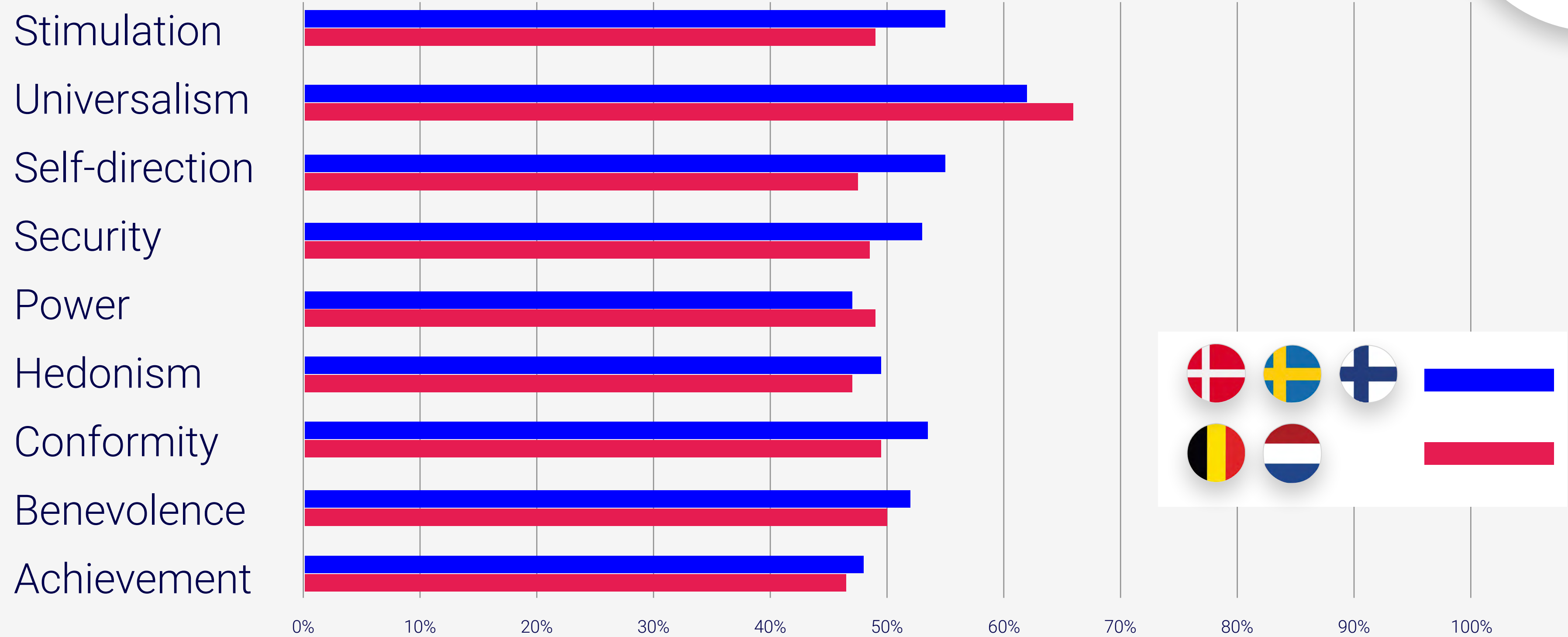




SUSTAINABLE INVESTING IS NORMATIVE



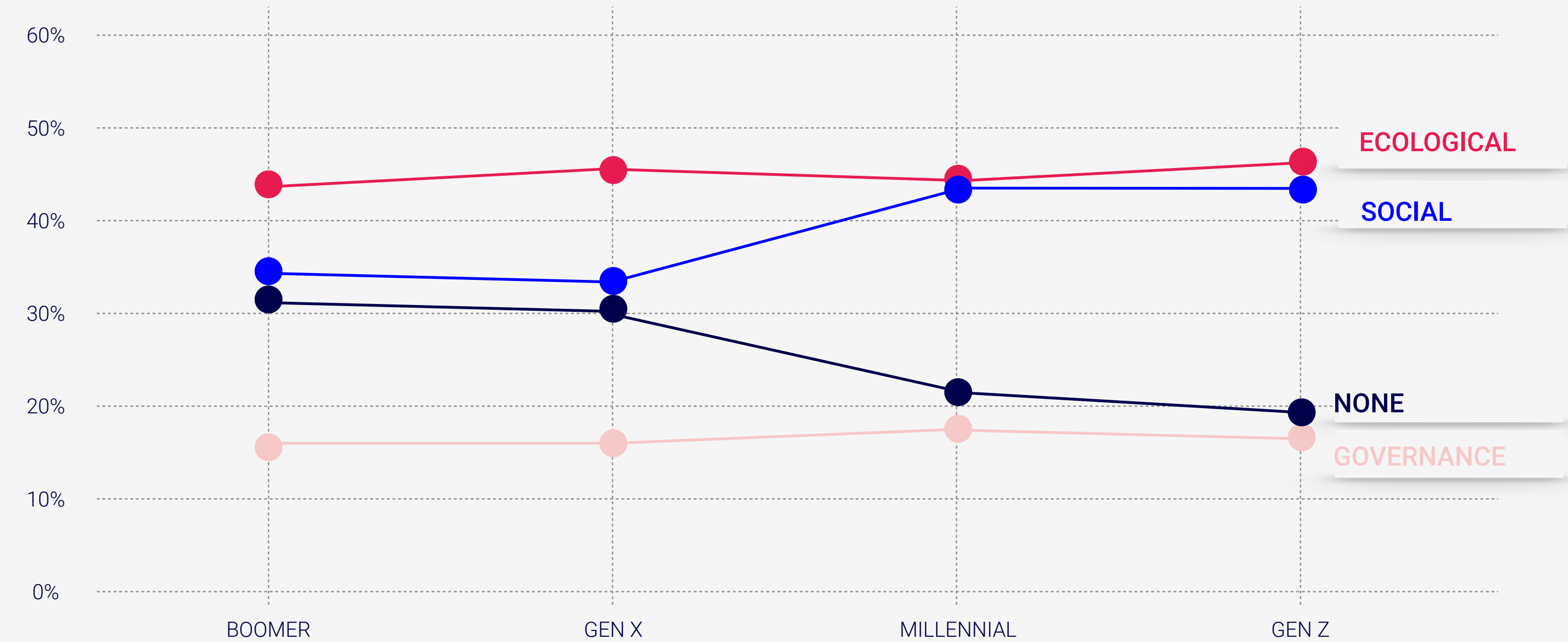
Percentage of sustainable/ethical investment in portfolio (n:4690)



SOCIAL AND ECOLOGICAL CONSIDERATION ARE TOP OF MIND



Most important sustainable consideration Nordics (n:2273)

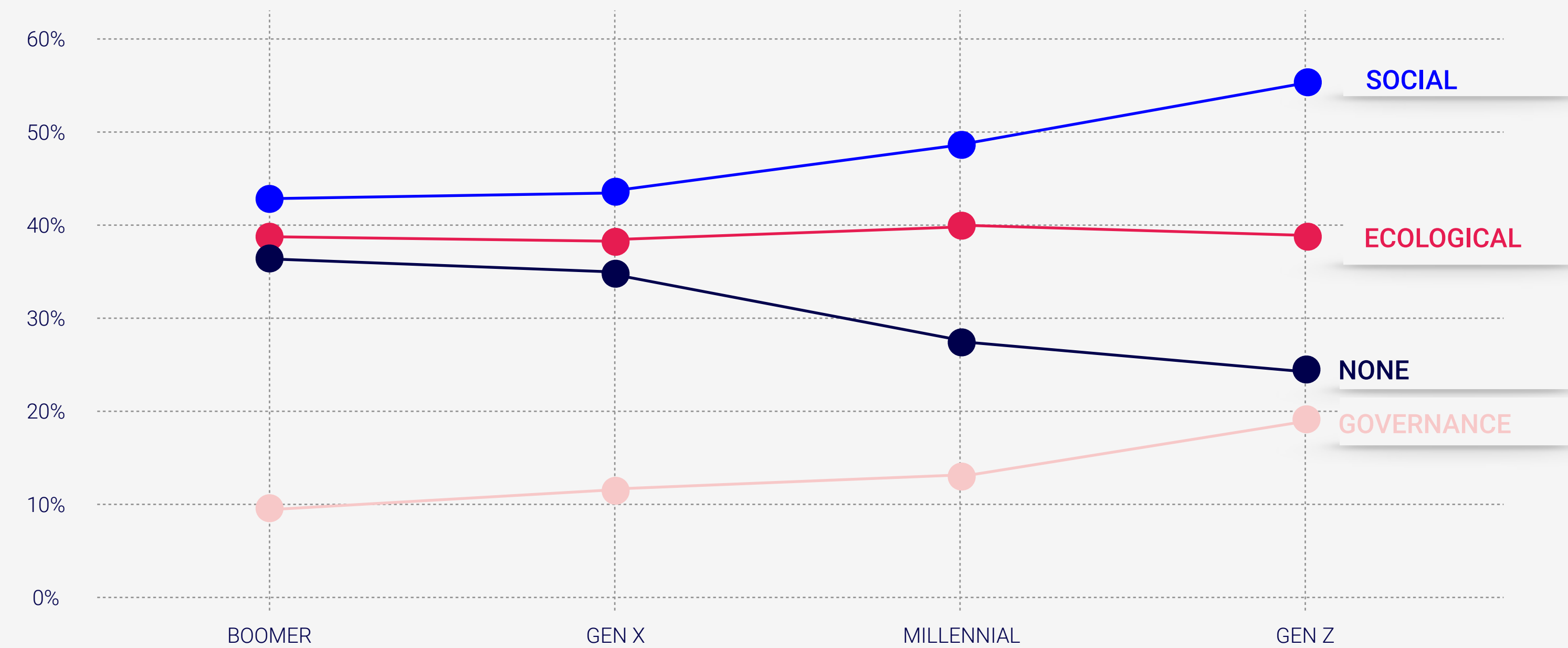


“Which of these sustainability considerations is most important to you when you think of investing towards your nr. 1 goal?”

SOCIAL AND ECOLOGICAL CONSIDERATION ARE TOP OF MIND



Most important sustainable consideration Nordics (n:2273)



“Which of these sustainability considerations is most important to you when you think of investing towards your nr. 1 goal?”

PEOPLE CARE FOR WHAT THEY KNOW

“Which of these sustainability considerations are most important to you when you think of investing towards your nr. 1 goal?”



SOCIAL CONSIDERATIONS	BOOMER	GEN Z
EMPLOYEE WELLBEING WORKING CONDITIONS, MINIMUM WAGE, ...	17	22
SOCIAL DAMAGE ALCOHOL, WEAPONS, OBESITY, GAMBLING ...	13	16
SOCIAL COHESION SUPPORTING LOCAL BUSINESSES ...	11	10
DIVERSITY GENDER PAY-GAP, DIVERSITY OF BOARD ...	8	19
SOCIAL CONTRIBUTIONS TAXES PAID, EMPLOYMENT PROVIDED ...	10	8

FINANCIAL MATURITY INFLUENCES HOW INVESTORS WISH TO EXPRESS THEMSELVES



CHOOSE

FINANCIAL MATURITY

LOW

MEDIUM

HIGH

INDIVIDUAL COMPANY

35

40

51

SPECIFIC INDUSTRY

35

48

50

CERTAIN THEMES

40

39

44

DON'T WANT TO CHOOSE

27

17

16

AVOID



FINANCIAL MATURITY

LOW

MEDIUM

HIGH

INDIVIDUAL COMPANY

23

26

24

SPECIFIC INDUSTRY

32

36

29

CERTAIN THEMES

29

28

29

DON'T WANT TO AVOID

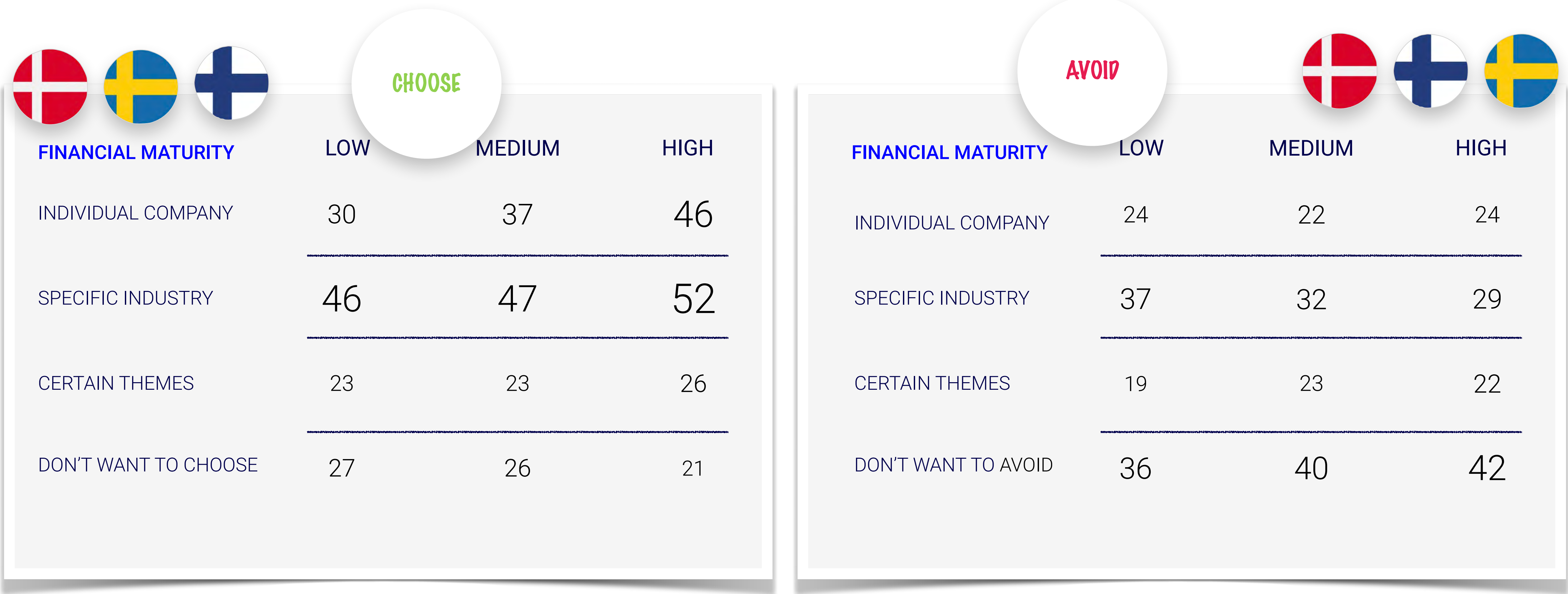
39

37

45

“At which level would you like to **choose** (add to your portfolio) or **avoid** (exclude from your portfolio) investments?”

FINANCIAL MATURITY INFLUENCES HOW INVESTORS WISH TO EXPRESS THEMSELVES



“At which level would you like to **choose** (add to your portfolio) or **avoid** (exclude from your portfolio) investments?”

HOW WE DEAL WITH THESE INSIGHTS

HOW WE DEAL WITH THESE INSIGHTS

1. From a Mifid-compliant risk profiler to “goal profiling” (needs oriented)

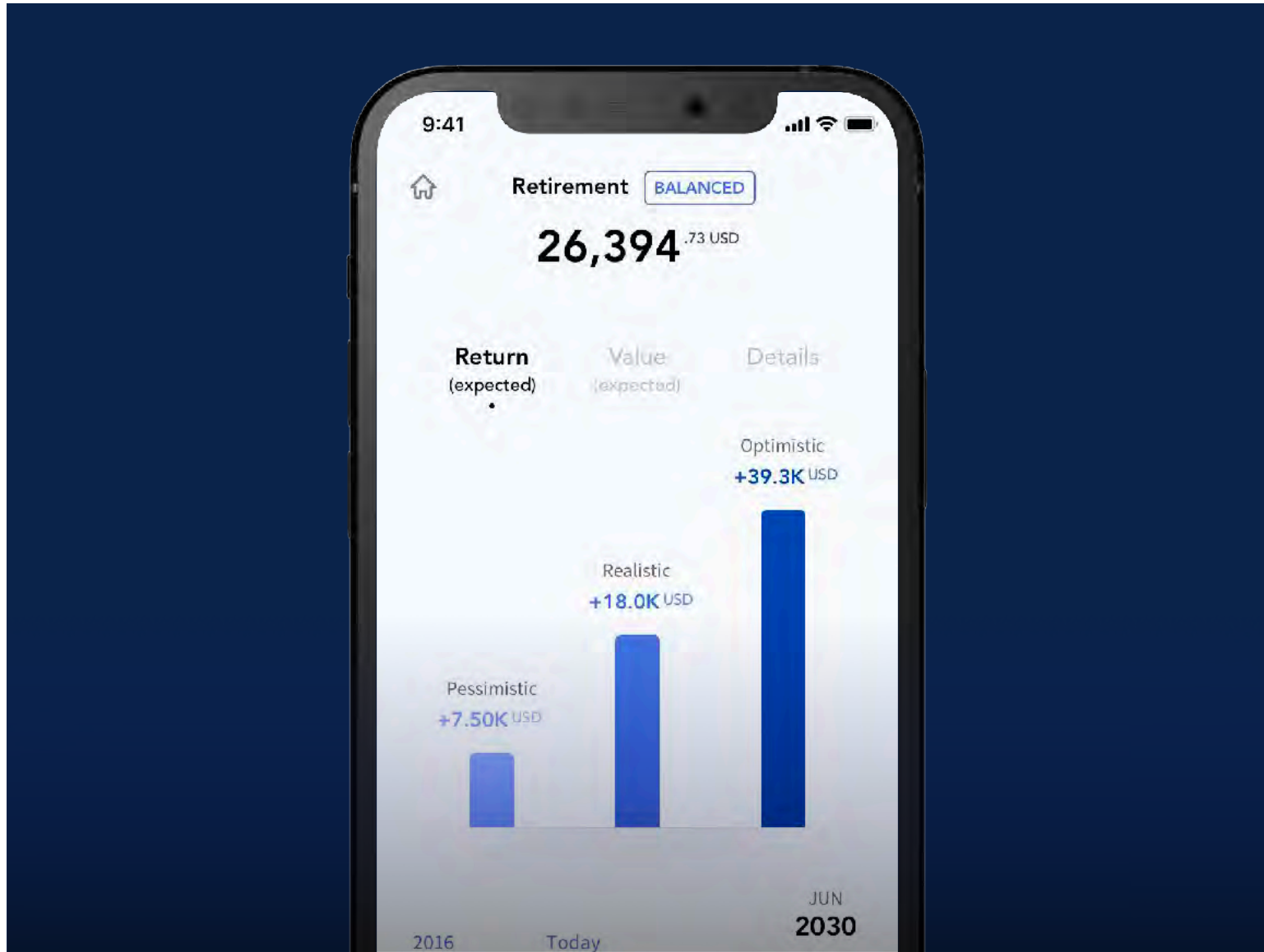
HOW WE DEAL WITH THESE INSIGHTS

1. From a Mifid-compliant risk profiler to “goal profiling” (needs oriented)
2. Hyper-personalised portfolios

HOW WE DEAL WITH THESE INSIGHTS

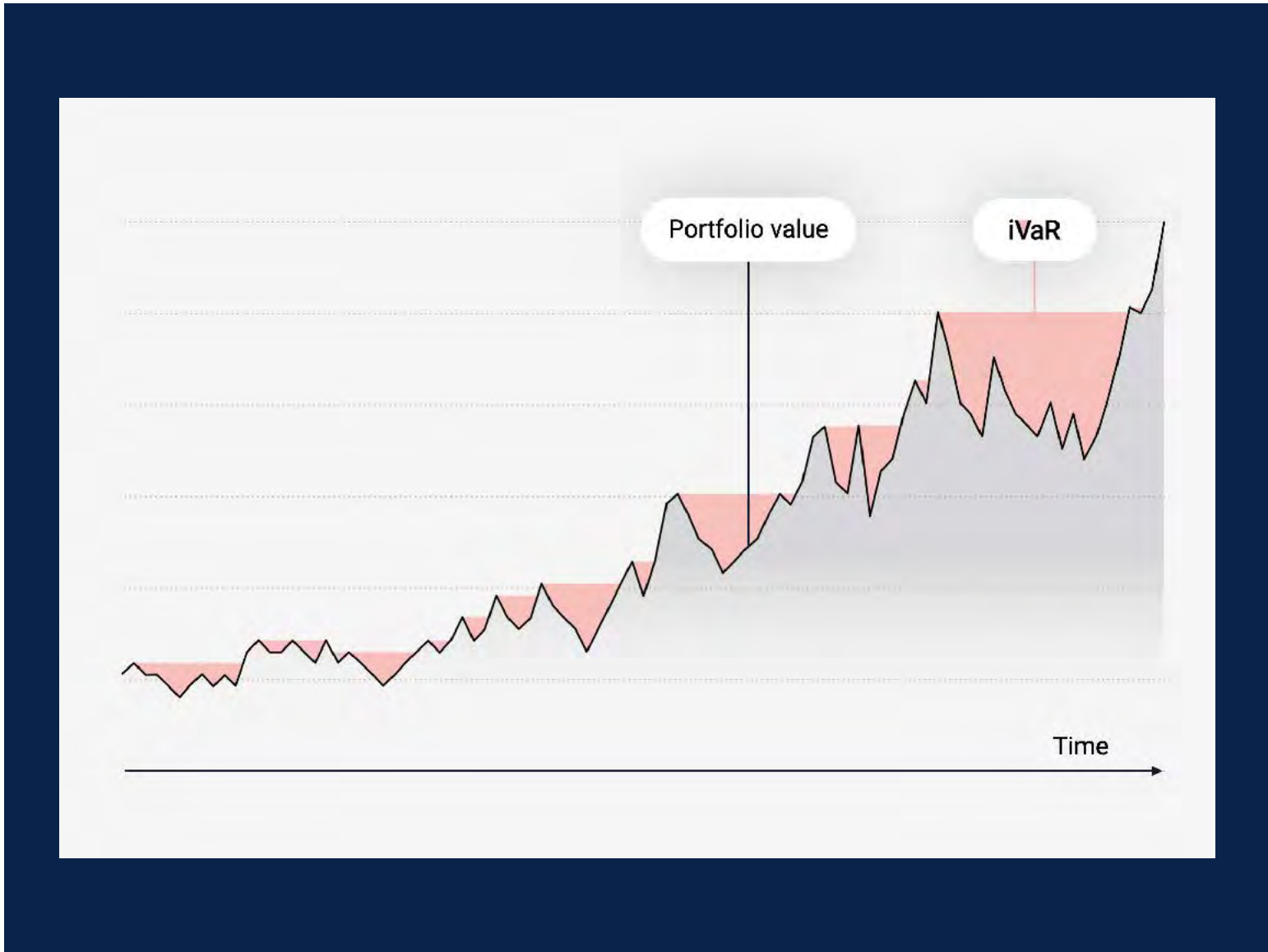
1. From a Mifid-compliant risk profiler to “goal profiling” (needs oriented)
2. Hyper-personalised portfolios
3. Increase engagement by delivering goal-pursuit experiences

INSIGHTS TRANSLATED INTO A SUITE OF HIGHLY CONFIGURABLE , FRONT-TO-MIDDLEWARE PRODUCTS



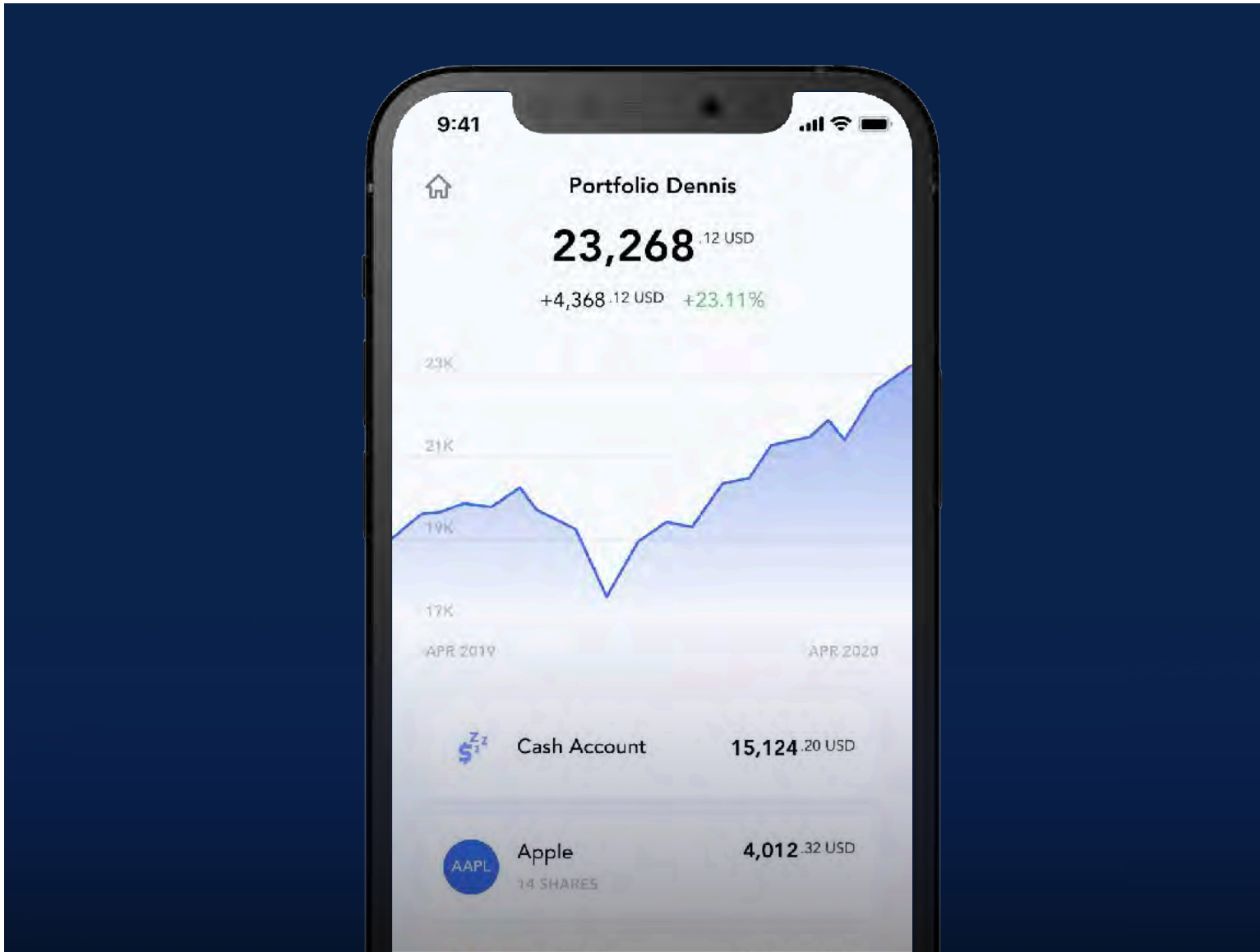
Robo Advisor

A low-cost, customisable digital wealth management tool that can deliver hyper-personalised portfolios for goal-based investing.



Portfolio Optimizer

Powered by a fourth-generation algorithmic risk methodology that provides loss/drawdown-based portfolio construction, delivering “a smoother ride”.



Self Investor

A best-in-class powerful white-label execution-only platform for easy investing.

One more thing...

 Capital Bank



Portfolio of
Mrs. Corley

A sudden change
in sentiment after
a season of bountiful
growth


January 1, 2020 – March 31, 2020

Not every harvest
is plentiful

With a capital growth of \$ 14,523.06, your portfolio ended 2019 on positive notes. Unfortunately, a sudden change in sentiment on the global stock market introduced some challenging headwinds to your portfolio during this quarter.

But as you know, your investments were chosen with long term growth in mind, meaning that the impact of a single event is often limited when you look at the performance of your portfolio.

Let's also not forget that your investments have delivered an astonishing return since you started investing with us.



Return: + \$ 14,523.06
Net deposits: \$ 0.00
Portfolio growth: \$ 14,523.06

Return: - \$ 23,716.33
Net deposits: \$ 0.00

PORTFOLIO VALUE PREVIOUS PERIOD: \$ 227,527.98

PORTFOLIO VALUE THIS PERIOD: \$ 242,051.04

Oct Nov Dec Jan Feb

P.2 / 8

While the surprise sell-off in the global stock markets had the biggest impact on the value of your investment, your bond and technology sector holdings did contribute positively to your portfolio's performance.



The climate changes for worldwide stock markets

Worldwide markets: -\$ 22,753

Global stock markets suffered their third worst quarter ever, with the MSCI World Index declining 21.03%. Since your portfolio was 52% invested in stocks, this understandably had an adverse impact on your portfolio.

However, stock market experience shows that a single negative quarter doesn't necessarily wipe out the long-term growth. For instance, in the 1974 recession and the 2008 financial crisis, stock markets sold off more sharply than they did now. Yet, in both instances, stock markets rebounded 21% over the next five years. The adjacent article gives a detailed explanation of why equities were so hard hit.

Your investments in bonds, on the other hand, tempered your losses. Again, proof of how important it is to have a diversified portfolio of investments.

NBC News: "Coronavirus crash wipes \$5 trillion from world stocks"

With the panic caused by the coronavirus, world stock markets collapsed again on Friday, recording their worst week since the 2008 global financial crisis.

Continue reading: <https://nbcnews.to/2as9F5B>

Allocation: Stocks 52%, Bonds 38%, Cash 10%

Return: Stocks -\$26,825, Bonds \$3,873, Cash \$4,000

Total: -\$22,753

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Questions?

Thank you

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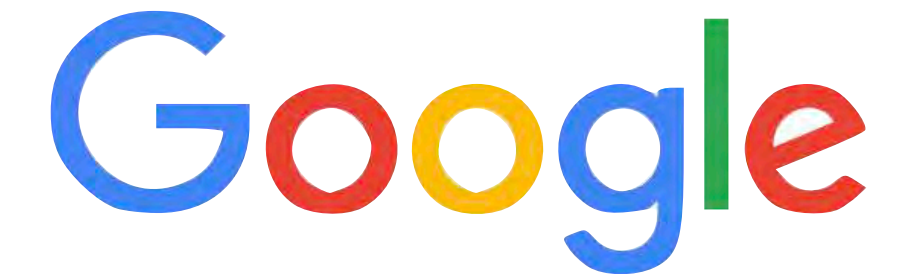
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