

Media Contact:

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*Significant Changes in FinTech, Behavioral Finance and Compliance Requirements
Among Likely Developments in 2016*

McLean, Va., December 21, 2015 – As the wealth management space continues to grow and strengthen, several trends are emerging that will define an advisor’s ability to attract and deliver value to clients. Folio Institutional, a leading provider of custody and brokerage services to financial professionals and institutions nationwide, servicing billions of dollars in assets, today released its inaugural list of Top Advisor Industry Trends.

“Those advisors who are able to blend personal service with technology and adapt to the changing rules of engagement will create more enduring relationships and ultimately deliver better value to their clients,” said Greg Vigrass, President of Folio Institutional. “We talk with advisors every day about how they can stay competitive in an increasingly tighter marketplace. Opportunities for growth exist for wealth managers who promote their intellectual capital, demonstrate awareness of clients’ fears, knowledge, and personal preferences, and integrate technology into their business.”

To help advisors meet these emerging demands, Folio Institutional offers a fully integrated, cost-effective platform designed to help them tailor the precise blend of automated and personal service that makes sense for their business. Advisors on the Folio Institutional platform, ranging from some of the world’s largest institutions to start-ups, have access to a flexible architecture that supports the traditional business model, and also provides a turn-key solution for online robo-advisory services. Other features include a patented tax lot management platform, 10 different automated tax relief strategies, and commission-free window trading.

The Top Wealth Management Trends for 2016:

- Advisors will continue to feel the impact of technology, creating a shift in how some will demonstrate their worth to clients. Advisors can do many things that software currently cannot. Those who complement their technology services, such as a “robo” advisor developed through Folio’s Advisor Connexion program, with professional judgment, client education and use behavioral finance techniques can better articulate their unique value.
- Behavioral finance continues its shift from focusing largely on the client’s goals to becoming part of a more holistic financial planning strategy. This impacts the suite of tools an advisor might use and also the investment selection process. In addition, the focus on the millennials phenomenon will change from age to behavior. Advisors who are not thinking about the investing traits of millennials could potentially lose growth options.
- Advisors will heat up the search for non-correlated assets and as a result, more diversification. The financial crisis that we’re beginning to recover from proved that both assets and advisors have the potential to march in lock step. As a result, investors have begun to look for non-correlated assets, including real estate and annuities. Thanks to the SEC’s JOBS Act Title III rulemaking, one area where advisors are currently finding value—and will continue to do so—is by complementing portfolio strategies with private investing. *VIA* Folio is Folio Institutional’s

state-of-the-art web-based private placement and public offering platform for raising capital. This Private Capital Network automates the entire private investing process on one fully integrated system. Advisors will need to educate some clients about the risks and rewards of private investing and capital fundraising.

- The myths around impact investing and ESG will continue to become a thing of the past, and advisors who continue to ignore the benefits of “doing well by doing good” will be putting client engagement at risk. Advisors should see more industry dialogue on diversity, gender issues, behavioral investing and climate change, in addition to debate on how “wise” investment versus divestment impacts portfolio management and asset allocation strategies.
- Compliance and regulation is likely to become more, not less, complex. The unfolding story around fiduciary standards is one of the many regulatory changes that will create almost equal measures of opportunity and challenge. Advisors should expect to address clients’ questions about their fiduciary responsibilities to clients and the fees and expenses they are incurring. Those who embrace technology will be better equipped to deliver innovative service to clients while at the same time balancing the cost of compliance.
- Addressing retirement income will become more pressing. According to the U.S. Department of Health and Human Services, about 14 percent of Americans are 65 years or older, and this will increase to more than 20 percent by 2040. Not only will advisors need to lead more conversations about transitioning from saving for retirement to spending during retirement, but they will also have to address the tax, health care costs, and estate planning that comes with their clients living longer, thanks to tremendous advancements in medicine.
- Cybersecurity threats will continue to be more pervasive. It’s no longer a matter of *if* but *when* an advisor will be victim of a cyber attack, such as phishing, network spoofing or some other threat. Advisors need to be prepared to safeguard the personally identifiable information handled by their firms. They’ll also need to train staff to protect the firm from risk and establish protocols to ensure that third-party vendors use the most rigorous security measures.
- Clients’ willingness to conduct mobile financial transactions through applications will stabilize as more web sites move to responsive design. Mobile applications tend to be scaled down versions of a web site. Clients may not want to open an account or conduct certain transactions on their smart phone or tablet. Web sites such as folioinstitutional.com that use responsive design give advisors more flexibility to interact with and manage their portfolio. This impacts advisors’ web site as well as any plans they may have to introduce a robo-advisory service.

“As with many other industries, the availability of technology is beginning to outpace advisors’ ability to stay abreast of what is most useful to delivering client value,” Vigrass added. “While technology can be a driver for growth, striking the right balance between pursuing it and delivering quality advice can be challenging, especially for small and mid-size firms. In addition, with the rise of investor engagement, successful advisors will leverage the fact that there is still ample room for the human touch in the client relationship.”

About Folio Institutional

Folio Institutional® is a leading investment solutions and financial technology company. We offer an integrated brokerage and custodial platform featuring patented, state-of-the-art trading, portfolio management tools, and private placement capabilities. We support financial professionals and institutions on both a full-service and technology-licensed basis, servicing billions of dollars of investor assets nationwide. With access to proven, highly scalable, online brokerage and investing solutions, professionals can efficiently maintain diversified portfolios of public and private securities, retain hands-

on control over investments, manage tax liabilities, efficiently rebalance portfolios, produce reports, promote compliance, and take many other actions.

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