

New website promises investors a peek at prices

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An investor website is promising to give clients their first clear look under the hood of their brokerage accounts to see whether they are getting a good deal for the prices that they pay.

Portfolio-tracking provider Wikinvest will introduce SigFig, an analysis tool that will show investors how much they are paying in commissions and fees, how their adviser's performance and price compares with competitors' and whether they can do better for less someplace else.

Although technology experts say that it is a tall order to decipher brokerage data that may be inconsistent from firm to firm, Wikinvest's and SigFig's founders contend that they have gone to great lengths to make sense of it all, and they expect many investors, particularly wirehouse investors, to be unhappy with what they learn.

"We are showing their clients just how poor a value proposition it is to work with them," said Parker Conrad, co-founder and president of Wikinvest and SigFig. Wikinvest users will all eventually be directed to the newly launched SigFig, which is short for Significant Figures.

That service is free of charge to investors, and the company plans to make its money in part by offering independent brokers and registered investment advisers referrals to interested investors.

"This is going to be a tremendous source of new assets for independent advisers," Mr. Conrad said.

So far, the company has signed deals with about 40 independent brokers and advisers, including Quantum Capital Management LLC, Thomas Partners Inc. and United Capital Financial Advisers LLC.

The service will be launched on CNNMoney and the Forbes online site, and the company is offering a link for advisers through InvestmentNews' website.

Negotiations are under way to promote the service through a number of financial news sites.

'WILDLY DIFFERENT FEES'

At least in theory, investors already can find out how much they pay in commissions and fees, but many don't pay much attention. Mr. Conrad said that when he began comparing prices at certain wirehouses, he learned to his surprise that some advisers charge customers "wildly different fees" — ranging from 70 basis points to 260 basis points — for the same services.

For instance, some firms give a discount to large accounts, but the discounts don't necessarily line up with account size.

"Basically, they charge you whatever they think they can get out of you," Mr. Conrad said.

As an example, he called up his own Merrill Lynch Global Wealth Management account on SigFig's dashboard during a recent presentation.

He had recently purchased shares of a mutual fund that charged a 4% commission. His dashboard pointed out that another fund at the brokerage firm had a 100% overlap in investment holdings but didn't charge a commission and had slightly lower annual 12(b)-1 fees.

If Mr. Conrad had purchased that fund instead, he would have paid nearly \$900 less for the same number of shares, with lower annual fees, he said.

A [Bank of America Merrill Lynch](#) spokeswoman, Selena Morris, declined to comment about his account.

The site also displayed a scatter-point graph that illustrated where Mr. Conrad's adviser stood on price and performance, compared with all the other advisers in the database. That database showed that Mr. Conrad's adviser charged more than most, while turning in below-average investment performance.

"You would think the expensive advisers are better, but that is not always the case," he said.

About 15% of Wikinvest's account holders have purchased mutual fund shares that have a commission or load, typically about 4%, Mr. Conrad said.

"That 15% is getting royally screwed by their broker," he said.

Mr. Conrad expects the site to be a boon to RIAs who have struggled to educate investors about the difference between the fiduciary standard that they follow and the suitability standard used by wirehouse representatives.

Banking technology experts aren't sure that it is possible to get a good read on what kinds of services fees cover just by examining transaction data.

"Having aggregation would be an eye opener for many, but unless it is accurate, it will not be very helpful," said Alois Pirker, research director of Aite Group LLC.

"The execution of a plan like this would be tough," he said. "I haven't seen anyone do a decent job aggregating fees."

'SHOCKING EXPERIENCE'

Joe Duran, chief executive of United Capital, called SigFig a "revolutionary" product that will reward low-cost providers.

United Capital has been working with Wikinvest on the service for more than a year, he said.

"This will be a very shocking experience for many consumers and more shocking to the firms they are working with," Mr. Duran said. "Advisers will have to make concessions."

TWICE AS MUCH

Mr. Duran estimated that wirehouse clients pay about 3% to 4% in total costs for their accounts — about twice what his clients pay.

He predicted that variable annuity and mutual fund providers won't like SigFig, either.

Spokespeople for Quantum Capital and Schwab declined to comment.

Mr. Conrad and co-founder Mike Sha, who have worked together since they shared a dorm room at Harvard years ago, said that about 40 years' worth of research and programming hours went into developing SigFig.

Wikinvest rolled out its popular free portfolio tracker in mid-2010 and has received generally positive reviews in the financial media. It now tracks about \$30 billion in assets for 200,000 account holders.

To open a SigFig account, investors will enter the sign-in and password information at the website for all their online brokerage accounts, and the program will aggregate all their investment information into a single dashboard that updates continually. The average customer links three investment accounts to the dashboard.

“We pull in all this data — all the fees, performance,” Mr. Conrad said. “We know if the user has an adviser and how much they are charging them, we can do all kinds of neat stuff that no one else can do.”

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