

Investment Management | Toronto, ON | Founded: 2014 | Employees: 8 | <https://www.smartmoneyinvest.ca>



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LINKEDIN: <https://www.linkedin.com/company/smart-money-capital-management/>

## COMPANY OVERVIEW

Smart Money Invest was the result of founder Nauvzer Babul's realization that Canadian's had minimal options when it came to low-cost wealth management. By leveraging low cost ETF's and index investing, Smart Money can offer diverse portfolios at a rate lower than the industry standard. Smart Money leverages FinTech to optimize client portfolios, while also offering human interaction and expertise in the initial stages of client onboarding. <sup>1</sup> Smart Money's advisors get to know and understand the clients' risk profiles, and let their algorithm purchase assets with an unbiased opinion.

## SENIOR MANAGEMENT

**Nauvzer Babul**: Founder, Chief Executive Officer (2014-Present). Previously: Senior Consultant, Guardian Capital LP (2013-2014); Head of Fixed Income Total Return Swaps and Negative Basis Trading, Co-Head of the Equity Forwards Desk, Co-Head of the Structured Products Desk, BMO Capital Markets (1999-2013).

**Anatol von Hahn**: Advisory Council (2015-Present). Previously: Group Head of Canadian Banking; Head of Latin America, Scotiabank; CEO, Scotiabank Mexico (2009-2015). Education: Advanced Management Program (Executive Education), Harvard Business School (1997); Bachelor of Commerce, Concordia University (1978-1981).

**Salim Manji**: Advisory Council (2014-Present). Currently: President of Barney River (1997-Present). Education: LL.B., University of British Columbia (1989-1992); Bachelor of Commerce, Real Estate, McGill University (1986-1989).

**Tuula Jalasjää**: Advisory Council (2014-Present). Currently: Global Entrepreneur, TF Global Inc. (2017-Present). Previously: MD and Head HollisWealth (2013-2016); MD and Head - Retail Advisory, DundeeWealth Inc. (2013); MD and Head – Scotia Private Investment Council, Scotiabank Asset Management (2008-2013). Education: International MBA, Schulich School of Business; Bachelor of Arts – Philosophy, Western University (1991-1994); Chartered Financial Analyst.

## HISTORY

After an impressive 16-year career in various senior positions at BMO Capital Markets, Nauvzer Babul found himself at a crossroads in his career: he was too young to formally retire, yet too old to start from scratch at another financial institution. <sup>2</sup> Babul saw an opportunity to leverage his knowledge – gained from senior roles on various trading desks at BMO Capital Markets – to help individuals make money. He watched as the emergence of FinTech in the U.S. began offering portfolio management services with low cost-structures, and began experimenting with an asset allocation model in which he could invest his own family's money safely. <sup>3</sup> After developing an algorithm that safely invested his family's own capital, he thought he could use this tool to help other Canadians grow their personal wealth too.

## FUNDING

In 2017 Smart Money partnered with Mandeville Private Client – a privately owned wealth manager based in Ontario – to offer their robo advisory services to Mandeville's clients. As a result of this partnership, Mandeville made a strategic minority investment in Smart Money for an undisclosed amount. <sup>4</sup>

## KEY CORPORATE DEVELOPMENTS

### Press releases:

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<sup>1</sup> <https://youngandthrifty.ca/smart-money-capital-management-robo-advisor-review/>

<sup>2</sup> <https://www.linkedin.com/in/nauvzer-babul-07631050/>

<sup>3</sup> <https://youngandthrifty.ca/smart-money-capital-management-robo-advisor-review/>

<sup>4</sup> <https://global.factiva.com/redir/default.aspx?P=sa&an=JOENG00020170821ed8I002cu&cat=a&ep=ASE>

August 8, 2017 <http://www.marketwired.com/press-release/smart-money-capital-management-inc-mandeville-private-client-inc-democratizing-wealth-2229352.htm>

## STRATEGY

Broadly speaking, Smart Money's strategy is to give Canadian's access to lower-cost portfolio management services. Through the extensive use of low-cost ETF's, Smart Money can retain a large portion of fees – that would have typically be paid out to a mutual fund – and distribute them back to the client. Smart Money is also unique in that they offer human advice where requested by the client, which differentiates them from traditional robo advisors. After the account is set up initially, Smart Money's algorithm will automatically adjust, or "balance" the client's portfolio as to account for their risk tolerance and preferred asset allocation.

## PRODUCTS / PRICING

Smart Money offers various products / accounts:

1. Non-registered accounts
2. Tax-Free Savings Accounts
3. Registered Retirement Savings Plan
4. Registered Education Savings Plan
5. Registered Retirement Income Fund
6. Locked-In RRSP
7. [Wealthport](#)

Smart Money's partnership with Mandeville Private Client in 2017 resulted in a referral program, whereby Mandeville will refer certain clients to Smart Money's robo service, while in return earning a referral fee.<sup>5</sup> For their traditional business, Smart Money charges an annual management fee of 0.45% of the account balance; the client will also bear any ETF management fees and trading commissions.<sup>6</sup> Smart Money estimates that a \$50,000 investment would cost \$225 in fees (before commissions) using their service, as opposed to the industry standard \$1,250 for the same nominal investment.<sup>7</sup>

## TECHNOLOGY

Smart Money Invest leverages sophisticated algorithms to provide unbiased wealth advice. Known in the industry as a "robo advisor", this algorithm is able to optimize asset allocation based on the risk tolerance and time horizon of the client's investment needs. Because an algorithm negates the need for a human to monitor the portfolio, Smart Money can charge lower fees. Smart Money also highlights that their algorithm does not "suffer from greed, ego, or emotions", which are three traits a traditional retail investor may possess.<sup>8</sup>

## DISTRIBUTION / LOGISTICS

One must open a Smart Invest account, and fund their investments via bank transfer. This allows for funds to be directly exchanged between the client's checking / savings account, and their Smart Money account. Via Wealthport, client funds are kept in a brokerage account at BBS Securities (a member of the IIROC), and after this account has been funded, Smart Invest will purchase assets on behalf of the client.<sup>9</sup>

## MARKETING

Smart Money targets two main customer segments: individuals, and businesses. They offer "robo advisory" and traditional wealth management to individuals, and target businesses to opt into their retirement savings plan.

## COMPETITORS

With many of the large Canadian banks entering the robo-advisory space, Smart Money is facing direct competition from incumbents. In terms of low-cost, robo-advisory retail investmenting, there is one FinTech firm that dominates the Canadian Market:

- [Wealthsimple](#): With offices in Toronto, New York, and London, Wealthsimple is an online robo-advisor who's mandate is to make investing easier for millennials.<sup>10</sup> They are backed by Power Financial (\$1.4 trillion AUM),

<sup>6</sup> <https://youngandthrifty.ca/smart-money-capital-management-robo-advisor-review/>

<sup>7</sup> [https://www.smartmoneyinvest.ca/portfolio\\_management](https://www.smartmoneyinvest.ca/portfolio_management)

<sup>8</sup> [https://www.smartmoneyinvest.ca/portfolio\\_management](https://www.smartmoneyinvest.ca/portfolio_management)

<sup>9</sup> <http://www.smartmoneyinvest.ca/wealthport>

<sup>10</sup> <https://business.financialpost.com/personal-finance/millennial-focused-wealthsimple-takes-over-boomer-robo-adviser-shareowner>

and have an impressive list of software engineers and data scientists with previous experience at Google, Amazon, and Apple.