

Endowus vs. StashAway (Singapore, Apr 2021)

KEY TAKEAWAYS

Cost:

- Factoring in all explicit and implicit costs, **StashAway is almost 70% more expensive than Endowus** (See ANNEX II example of S\$20,000 portfolio)
- StashAway underlying USD US-listed ETFs have a blended cost of 0.32% plus 0.31% in avoidable dividend withholding tax, plus FX, plus bid-ask, plus StashAway's 0.80% fee for a total cost of approx 1.69% per annum
- Endowus SGD UCITS & SG denominated institutional share-class unit trusts are more tax efficient for non-US Persons and have a blended cost of 0.40%, plus Endowus' 0.60% fee for a total cost of 1.00% per annum

Investment & advisory strategy:

- Endowus is passive-strategic in asset allocation with underlying funds that are passive, systematic, or active
- StashAway is active-tactical in asset allocation with underlying funds that are passive or concentrated
- **Investment strategy is the most overlooked difference between these platforms** (See ANNEX I for example)
- Endowus CIO Samuel Rhee is former CEO & CIO of Morgan Stanley Investment Management in Asia
- StashAway CIO Freddy Lim is former Nomura MD in Derivatives Strategy

Source of funds:

- **Endowus remains the only digital wealth platform to accept CPF-OA monies**
- Both Endowus and StashAway can accept cash & SRS monies
- Endowus can accept and invest in any major global currencies SGD, USD, CHF, GBP, AUD, EUR, etc. Non-SGD has a higher minimum
- StashAway can accept USD and SGD. Non-SGD requires a higher minimum

Safety & custody:

- **Endowus is safer with ledger of assets held in user's own name at Endowus and UOB Kay Hian**
- StashAway is the only ledger holder of the user's assets (i.e. Saxo does not see the underlying user)

Onboarding:

- **StashAway is easier to onboard with no Client Knowledge Assessment (CKA) requirement, no minimum**
- Endowus requires CKA for Retail clients, has a \$1,000 minimum initial investment

Platform capabilities:

- Both have cash management solutions: **Endowus Cash Smart Ultra has a projected yield of 2% p.a.** and StashAway Simple has a projected yield of 1.2% p.a.
- Both have advised general investing goals at different levels of risk
- StashAway has an Income portfolio
- Endowus has Sustainable ESG portfolios
- **Endowus allows fully customisable portfolios (Fund Smart) that users can build from scratch on access to their institutional share-class unit trusts by ~20 global fund managers**

Performance:

- **Last 12 months, Endowus has outperformed after fees on almost all risk-based portfolios** (See ANNEX III for details). Note 12 months is a very short timeframe to be comparing higher risk portfolios
- **Endowus outperformed by 5-10%** when comparing live accounts of highest risk portfolios

Endowus and StashAway are completely different platforms, with different offerings, costs, teams, and investment philosophies. StashAway, which launched around two years before Endowus, is easier to onboard but only suitable for investors who believe or want allocation to StashAway's active investment strategy "ERAA". Endowus is more holistic and institutional, safer with assets in user's own name, suitable for passive investors, and can cater to knowledgeable investors who want to construct their own portfolios with Endowus' Fund Smart.

COMPARISON TABLE

	Endowus	StashAway
Investment & advisory strategy <i>See example in ANNEX I</i>	Passive-strategic asset allocation that only rebalances if user's portfolio strays too far from target asset allocation (threshold breach), or fund optimisation is available, called an "evidence-based" approach	Active-tactical asset allocation that rebalances when "algo" or investment team sees economic data to signal changes in geography, sector, asset class allocations called "ERAA"
Funding sources	CPF OA, SRS, Cash Endowus is the first and only digital advisor for CPF OA	SRS, Cash
Underlying products	SGD institutional share-class mutual funds / unit trusts that require exclusive access or have 100% trailer rebates 20+ managers available including PIMCO, Dimensional, Vanguard, Schroders, BlackRock, etc.	USD US-listed ETFs available through any broker
Currency domicile	SGD-domiciled equity funds SGD-hedged fixed income (optimal for SGD-based liabilities)	USD-domiciled equity funds USD-hedged or unhedged fixed income funds
Currency related costs	None	Interbank + vendor spread (est. 0.08% each way)
Cost	Tiered method 0.40% CPF / SRS 0.60% to 0.25% Cash	Stacked method 0.80% to 0.20% Cash / SRS
Tax	Single taxation liability with UCITS & SG domiciled funds that are more tax-efficient for non-US persons	Double taxation liabilities because of US-listed ETFs US 30% equity dividend withholding tax US estate tax liabilities up to 40%
Total all-in cost of S\$20,000 highest risk portfolio <i>See details in ANNEX II</i>	1.00%	1.69%
Min. initial investment and other restrictions	S\$1,000 minimum initial No US Persons	None US Persons allowed
Safety & custody	Double ledger with assets in user's own name at Endowus and UOB Kay Hian	Single ledger with assets in user's name at StashAway ONLY (i.e. Saxo does not see underlying user)
Onboarding requirements	Client Knowledge Assessment (CKA) required for Retail investors (waived if opt-in as Accredited Investor)	No CKA required
Custom build portfolio capabilities	Yes	No

ANNEX II: EXAMPLE OF DIFFERENCE IN INVESTMENT STRATEGY

StashAway: Active-tactical asset allocation to time the market

<https://www.stashaway.sg/r/portfolio-reoptimisation-uncertain-global-economy>

In May 2020, StashAway made changes to their weights based on their ERAA framework, switching out many of their funds, and dramatically changing their geographic and sector allocations.

This move greatly overweights things like gold and China internet companies, which would make up approximately 40% of their “New weight” from 0% previously.

This is an automatic change for all StashAway users.

Screenshot from StashAway platform on weight changes (right).

By asset class

Asset class	Previous weight	New weight
Equity Sectors (US)	57.60% - 86.40%	31.20% - 46.80%
iShares Core S&P Small Cap ETF	12.00% - 18.00%	12.00% - 18.00%
Consumer Discretionary Select Sector SPDR Fund	12.00% - 18.00%	12.00% - 18.00%
Technology Select Sector SPDR Fund	12.00% - 18.00%	0.00%
Communication Services Select Sector SPDR Fund	7.20% - 10.80%	0.00%
Energy Select Sector SPDR Fund	2.40% - 3.60%	0.00%
Health Care Select Sector SPDR Fund	12.00% - 18.00%	7.20% - 10.80%
International Equities	21.60% - 32.40%	26.40% - 39.60%
iShares Core S&P 500 ETF	12.00% - 18.00%	0.00%
Vanguard FTSE Europe ETF	9.60% - 14.40%	0.00%
iShares MSCI All Country Asia ex Japan ETF	0.00%	4.80% - 7.20%
SPDR Portfolio Emerging Markets ETF	0.00%	5.60% - 8.40%
KraneShares CSI China Internet ETF	0.00%	16.00% - 24.00%
Real Estate	0.00%	5.60% - 8.40%
Vanguard Global ex-U.S. Real Estate Index Fund ETF	0.00%	5.60% - 8.40%
Commodities	0.00%	16.00% - 24.00%
SPDR Gold Trust	0.00%	16.00% - 24.00%
Cash	0.80% - 1.20%	0.80% - 1.20%
Cash (SGD)	0.80% - 1.20%	0.80% - 1.20%

Endowus: Passive-strategic asset allocation

<https://endowus.com/insights/new-cash-and-srs-portfolios/>

In May 2020, Endowus recommended a change (opt-out possible) of the underlying funds that represent their passive asset allocation, with minimal change to the overall geography and sector exposures of the portfolio, while slightly lowering cost and improving Sharpe ratio for most of their portfolios. The equities portfolio resulted in being more market-cap-weighted than prior.

This is an opt-in change for Endowus users.

Screenshot from Endowus platform on target asset allocation suggested (right).

Target Asset Allocation



Underlying Funds

	Current	Recommended
Stocks	100.0%	100.0%
Dimensional World Equity Fund	100.0%	0.0%
Dimensional Pacific Basin Small Companies Fund	0.0%	12.0%
Dimensional Emerging Markets Large Cap Core Equity Fund	0.0%	13.0%
LionGlobal Infinity US 500 Stock Index Fund	0.0%	37.0%
Dimensional Global Core Equity Fund	0.0%	38.0%

Both platforms provide a rationale for changes, but the philosophy behind, and implementation of these changes is completely different and cannot be overlooked. These differing philosophies lead to very different outcomes.

ANNEX II: COST COMPARISON

StashAway Portfolio 36% (100% equities) Apr 2021

ETF Ticker	Asset class	Target allocation	TER (Fund-level fees)	Cost to portfolio	Est. dividend	Avoidable dividend withholding tax
IJR	Small cap	15%	0.06%	0.01%	0.95%	US assets
XLV	Healthcare	9%	0.12%	0.01%	1.44%	US assets
XLY	Consumer discretionary	15%	0.12%	0.02%	0.66%	US assets
AAXJ	Asia ex-Japan	6%	0.70%	0.04%	1.02%	0.06%
KWEB	China-tech	20%	0.73%	0.15%	0.30%	0.06%
SPEM	Emerging markets	7%	0.11%	0.01%	1.84%	0.13%
VNQI	Global ex-US REITs	7%	0.12%	0.01%	0.89%	0.06%
GLD	Precious metals	20%	0.40%	0.08%	0%	0.00%
Cash	Cash	1%	0%	0.00%	0%	0.00%
SUM		100%		0.32%		0.31%
Fund-level fees		0.32%				
Avoidable dividend withholding tax		0.31%	<i>Est. non-US sourced dividends subject to additional 30% withholding tax</i>			
StashAway fees (S\$20,000 investment)		0.80%				
FX-related costs (0.08% each way)		0.16%	<i>USD US-listed ETFs have to be exchanged into USD before trading</i>			
Bid-ask trading related costs (est. 0.05% each way)		0.10%	<i>Est. bid-ask leakage from trading listed ETFs (not traded at NAV)</i>			
Total cost to own portfolio for 1 year		1.69%				
<i>+US Estate tax liabilities</i>		<i>up to 40%</i>	<i>US-listed ETFs are US assets claimable by US government</i>			

Endowus 100% Equities Portfolio (Cash/SRS) Apr 2021

Unit Trust ISIN	Asset Class (Fund manager)	Target allocation	TER (Fund-level fees)	Rebate (if any)	Net fund-level fees	Cost to portfolio
IE00BF20L879	Developed markets (Dimensional)	38%	0.30%	0.00%	0.30%	0.11%
SG9999003289	US market (Lion Global-Vanguard)	37%	0.68%	0.28%	0.40%	0.15%
IE00BF20LB02	Emerging markets (Dimensional)	13%	0.44%	0.00%	0.44%	0.06%
IE00BG85LH23	Asia-Pacific (Dimensional)	12%	0.64%	0.00%	0.64%	0.08%
SUM		100%				0.40%
Fund-level fees after rebates returned to investor		0.40%				
Avoidable dividend withholding tax		0.00%	<i>No tax leakage as UCITS & SG domiciled funds</i>			
Endowus fees (S\$20,000 investment)		0.60%				
FX-related costs		0.00%	<i>None as funds are SGD-denominated</i>			
Bid-ask trading related costs (est. 0.05% each way)		0.00%	<i>No bid-ask leakage as UCITS & SG domiciled funds traded daily at NAV</i>			
Total cost to own portfolio for 1 year		1.00%				
<i>+US Estate tax liabilities</i>		<i>N.A.</i>	<i>No US estate tax liability as funds are UCITS & SG domiciled funds</i>			

All-in, Endowus is significantly cheaper than StashAway.

Although underlying ETFs are slightly cheaper for StashAway (0.32%) versus Endowus' unit trusts (0.40%), the StashAway portfolio is much more expensive (70% more) largely driven by inefficiencies in avoidable dividend withholding taxes, additional FX costs, and StashAway's higher fees than Endowus.

The total all-in cost to own the highest risk Endowus portfolio is 1.00% p.a., versus StashAway's 1.69% p.a.

ANNEX III: RETURNS COMPARISON

Reported Returns SGD (Last 12 months: Apr 2020 to Mar 2021)						
Portfolio (Equities-Fixed income)	Endowus	StashAway	Endowus net 0.60% fee	StashAway net 0.80% fee	Benchmark no fees	
Endowus 100-0, StashAway 36% (100-0)	49.79%	50.30%	49.19%	49.50%	45.91%	
Endowus 80-20, StashAway 26% (75-25)	40.88%	38.04%	40.28%	37.24%	35.93%	
Endowus 60-40, StashAway 22% (60-40)	32.73%	32.90%	32.13%	32.10%	26.51%	
Endowus 40-60, StashAway 16% (40-60)	24.11%	22.33%	23.51%	21.53%	17.62%	
Endowus 20-80, StashAway 10% (20-80)	16.70%	10.61%	16.10%	9.81%	9.25%	
Endowus 0-100, StashAway 6.5% (5-95)	9.48%	1.08%	8.88%	0.28%	1.36%	

Note: Net fees assumes S\$20,000 portfolio. Closest Endowus vs. StashAway portfolios used for comparison; Benchmark is MSCI ACWI x BBGA SGD-Hedged

Source: Endowus public website: <https://endowus.com/how-we-invest>; StashAway performance sheet available to some of their clients upon request

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Endowus outperforms StashAway in all closest comparison portfolios after fees with the exception of 100-0. Endowus' portfolios with higher fixed income proportion dramatically outperformed StashAway because of underlying institutional share-class PIMCO & Dimensional fund performance and because the fixed income funds are SGD-hedged.

SGD-hedged fixed income is very important for any fixed income allocation made by SG-based investors with SGD-denominated liabilities, in order for fixed income to reduce volatility in home currency.

Actual Returns SGD (Last 12 months: Apr 2020 to Mar 2021)									
		Value 31Mar20	Value 31Mar21	Net investment during period^	Net \$ gain	% gain over net investment	Time-weighted rate of return % (TWRR)	Delta: TWRR minus Reported Returns	
Endowus 100-0*		\$48,698.20	\$101,385.82	\$20,000.00	\$32,687.62	47.58%	53.69%	4.50%	
Endowus 100-0*		\$19,066.74	\$48,217.82	\$14,860.06	\$14,291.02	42.12%	49.04%	-0.15%	
StashAway 36% (100-0)		\$81.58	\$136.78	\$20.00	\$35.20	34.65%	43.16%	-6.34%	

^Endowus Access Fees added back as part net investment, and trailer rebates minused off for better comparison

*Different Endowus 100-0 portfolios executed advised portfolio change at different times based on when the client consented and have different returns as a result

Note: TWRR is the best calculation method to remove the affect of cashflows from the portfolios

Source: Limited to accounts of friends willing to share portfolios across platforms

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Endowus significantly outperformed StashAway in Actual SGD returns calculated on live accounts for 100-0.

Two surveyed Endowus 100-0 portfolios returned +53.69% and +49.04%, versus surveyed StashAway 36% risk portfolio return of +43.16% in the same period.

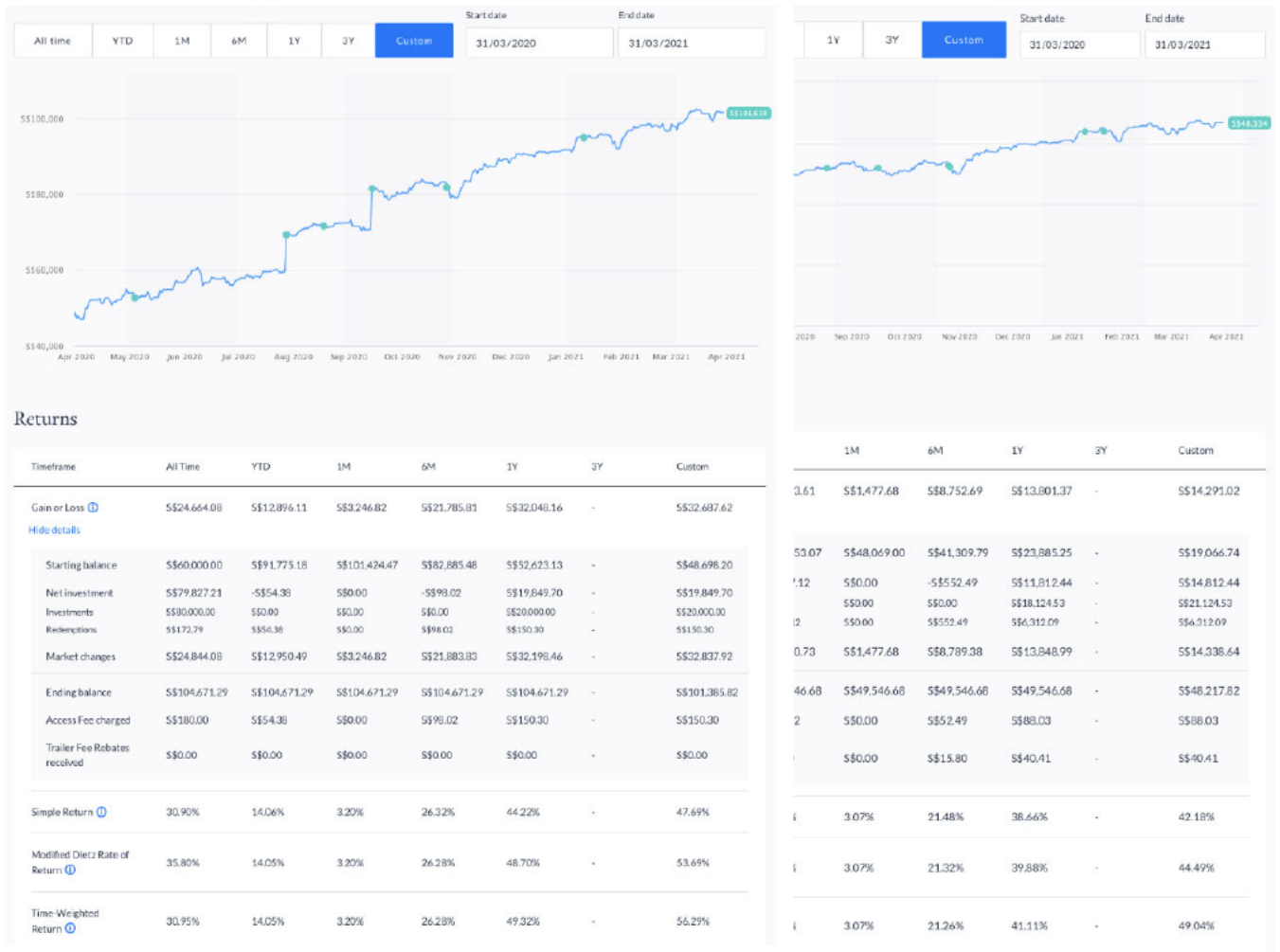
Reported returns versus actual returns by live accounts are dramatically different for StashAway, and slightly different for Endowus as shown by the Delta column above (far right).

Screenshots of real Endowus and StashAway accounts on the following page. Note Endowus platform has much more information and transparency on returns than StashAway.

Screenshots of live StashAway 36% risk portfolio



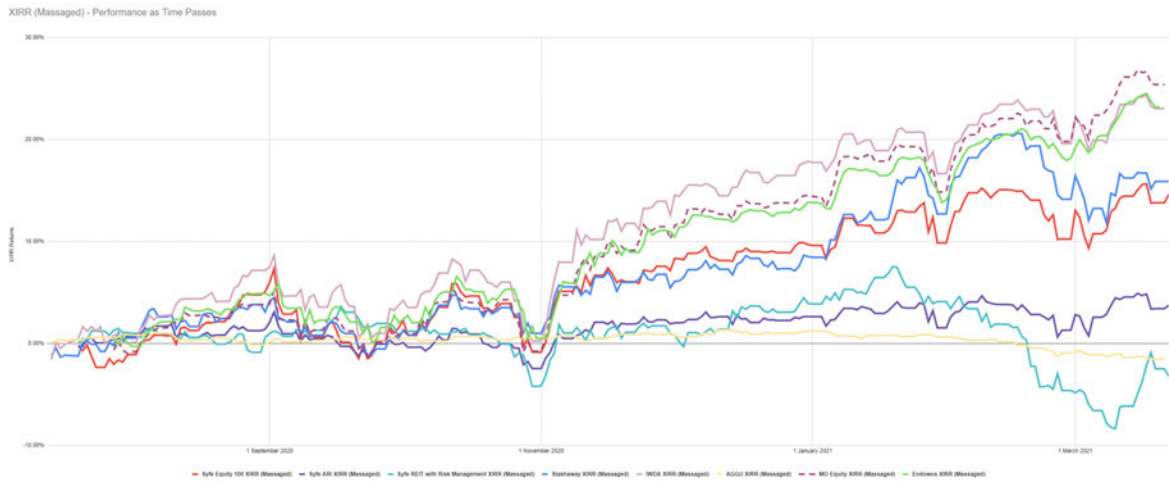
Screenshots of two live Endowus 100-0 goals. See custom date TWRR (bottom row, most right) for best comparison to remove effect of cash flows in these portfolios.



ANNEX IV: USEFUL RESOURCES

Blogger comparisons:

- <https://betterspider.com/stashaway-vs-endowus/>
- <https://investmentmoats.com/money/comparing-performance-singapore-robot-advisers/>



End of Month	MoneyOwl	Endowus	Stashaway	Syfe Global ARI	Syfe REIT	Syfe Equity 100	IWDA*	AGGU*
Aug 2020	3.81%	4.89%	3.09%	1.40%	0.59%	5.07%	7.18%	-0.11%
Sep 2020	0.86%	2.04%	0.52%	-0.07%	0.67%	1.55%	3.75%	0.25%
Oct 2020	-0.75%	0.48%	1.00%	-2.46%	-4.20%	-0.86%	0.23%	0.60%
Nov 2020	10.23%	10.97%	5.46%	1.92%	0.97%	7.14%	12.56%	1.08%
Dec 2020	14.52%	13.87%	8.53%	2.64%	3.90%	9.69%	17.86%	1.23%
Jan 2021	17.09%	14.08%	12.71%	1.53%	4.10%	9.86%	16.66%	0.65%
Feb 2021	19.82%	18.18%	14.16%	1.30%	-4.62%	10.25%	19.60%	-0.93%
22nd Mar 2021	25.40%	23.21%	15.90%	3.75%	-3.22%	14.63%	23.04%	-1.52%

* USD depreciated about 3.3% against SGD during this period

Endowus Insights | [Endowus.com](https://endowus.com)

- <https://endowus.com/insights/the-first-index-fund-ever-and-an-introduction-to-dimensional-fund-advisors-dfa/>
- <https://endowus.com/insights/retirement-planning-chickens-eggs-and-investing/>
- <https://endowus.com/insights/this-is-why-we-advise-invest-cpf/>
- <https://endowus.com/insights/webinar-10x-your-wealth-towards-life-goals/>

StashAway | [Stashaway.sg](https://www.stashaway.sg)

- <https://www.stashaway.sg/r/stashaways-asset-allocation-framework>
- <https://www.stashaway.sg/r/long-term-versus-short-term-investments>