

Examine Your Practice

As of February 2023, roughly 20% of Americans, or 50 million people, own crypto*, 245,000 ecosystem partners, and has a presence in over 100 countries to invest, spend, save, earn, and use crypto easily and securely. That is more than Charles Schwab, Fidelity, and E-Trade combined.

For financial advisors this means that it is a high probability that you have a primary client, or member of a primary client household, who actively holds some sort of crypto investment.

Since 2020 we have learned that many of these investors purposefully do not tell their current advisors that are investing in crypto for a multitude of reasons:

- Low level of trust to know and understand crypto.
- Clients know more than their advisor.
- Fear of shame or judgement.

At Arbor Digital, we call these clients Stealth Crypto Investors.

It's important for every advisor to be proactive in uncovering these investors in their practice for three main reasons:

1. **Fiduciary Duty** – Fiduciary advisors have a standard of care to meet in making an effort to understand their client's full financial situation to steward them in sound financial decision making.
2. **Reduce Practice Risk** – By not proactively uncovering these investors, financial advisors run the risk of losing entire relationships during a primary client's life cycle, or when a triggering event transitions the household wealth to their heirs.
3. **Increase Growth Opportunity** – By uncovering stealth crypto investors you exponentially increase the network of investors you can engage to differentiate yourselves from competitors to grow your practice.

The question becomes, how can advisors best mine their practice to uncover stealth crypto investors and increase their rate of success when engaging primary or next generation clients? Simple, by using the attached practice activities.

*Source: [Coinbase](#). - [Coinbase has approximately 110 million verified retail users](#)

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Principal Contact(s)	Quality of Relationship & Trust with Heirs	Opportunity	Risk

1. Identify 5+ household relationships where the primary contacts are Baby Boomers or Gen X.

Baby Boomer - Born between 1946 to 1964

Generation X - Born between 1965-1979

2. Rate your Quality of Relationship and Trust with the Heirs on a 1 to 5 scale.

A rating of 1 means you have a very high quality relationship and trust with the heirs. The heirs trust you with all of their financial decisions and you are the first resource they look to when looking for guidance. They rarely make any decisions without consulting you first. A rating of 5 means you are not engaged and have little to no relationship.

3. Rate the level of Opportunity of future business that would be gained by engaging with the Heirs on a 1 to 5 scale. A rating of 1 means there is a high level of opportunity for future business. A rating of 5 means there is little to no opportunity for future business.

4. Rate the level of Risk you see in terms of losing the relationship in the event of death of primary contact(s), divorce, or heirs being courted by a competitor.

A rating of 1 means there is little to no risk of losing the relationship in any of the described events. A ratings of 5 means there is a high level of risk in losing the relationship in any of the described events.

In determining your ratings, be honest and truthful. We all work towards having high quality of relationships with every generational household. It is ok if there is work to be done. It is very difficult to look in the mirror and identify you may not be matching up with your usual level of standard of care. This is why these types of activities are vital to complete from time to time. The purpose is to level up, and stay leveled up, to serve the people who have entrusted you with their financial lives.

Crypto Meeting Reflection

Principal Contact(s)	Crypto come up? Y/N	Sentiment	Opportunity

1. Identify 5+ recent prospect meetings with Milleniels or Gen Z

2. Did the topic of Crypto or Digital Assets come up?

A few key words and phrases that would fit: Blockchain, Ethereum, Bitcoin, DLT, crypto-currency/assets, decentralized, Coinbase, Gemini, Digital Assets, Crypto.com, FTX, Sam Bankman Fried, Vitalik Buterin, Satoshi. If you answer No to this, this is an opportunity to be proactive to uncover possible risks the client could be taking without your knowledge.

3. Rate the Sentiment of the prospect towards crypto.

A rating of 1 means the client has a negative sentiment towards crypto. A ratings of 5 means they have a positive sentiment towards crypto.

4. Rate the level of Opportunity of future business that would be gained by engaging deeper on the topic of crypto. A rating of 1 means there is a high level of opportunity for future business. A rating of 5 means there is little to no opportunity for future business.

In determining your ratings, be honest and truthful. You want to uncover the extent of digital asset exposure or activity regardless if you like or dislike crypto. It is even more important to uncover in prospect meetings if you dislike it. Even if you dislike crypto but your prospects want exposure you can be the one to showcase important concepts like risk management, non-investment related alpha, and wealth management techniques. This is evergreen and can be used for all client meetings.

Arbor Digital is a division of federally registered Arbor Capital Management, Inc. based in Anchorage, AK. Arbor Digital is a leading Digital/Crypto Asset Separately Managed Account (SMA) provider for registered investment advisors and individual investors across the United States.

Arbor Digital partners with leading institutions like Gemini Trust Company, Digital Asset Research, Cloudwall, and PlannerDAO, to provide education, tools, and research to advisors and individual investors.

Arbor Digital's sole focus is on the emerging asset class of digital/crypto assets. Our mission is to be the connection for individual investors and registered investment advisors to engage the world of digital assets safely and securely through our portfolio offerings.

The Arbor Digital team combines more than 40+ years of traditional financial services expertise with in-depth and industry leading crypto asset experience since 2010. Arbor Digital regularly contributes to leading financial news organizations and hosts a digital asset education podcast Asset (r)Evolution.

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