



Wealthsimple Invest vs. Wealthsimple Trade

Description

One of the best personal finance choices I made was ditching my Big 5 bank financial advisor, selling the expensive mutual funds he put me in, and taking a self-directed approach with investing. Fortunately for Canadians, the [brokerage landscape](#) is highly competitive, with numerous platforms available based on your investment objective, needs, and preferences.

That said, I hold a special place in my heart for Wealthsimple. In my opinion, it offers the best combination of low fees, accessibility, user experience, and customer service out there. Today, I'm going to put myself in the shoes of a new investor looking to start a portfolio, and pit Wealthsimple's two flagship products (Wealthsimple Invest and [Wealthsimple Trade](#)) head to head.

Investing on autopilot

Wealthsimple Invest is their automated robo-advisor service. For their basic service, a very reasonable 0.5% annual management fee gets you a passively managed investment portfolio. Their portfolio managers create them using exchange-traded funds (ETF's), which keeps costs and complexity low.

The asset classes are well diversified and include U.S., Canadian, foreign, and emerging market stocks, government and corporate bonds, and gold. The exact percentages allocated to each are customized based on your risk level (conservative, balanced, or growth), determined by a questionnaire about your investment objectives and time horizon.

Consistency and discipline are key to a successful passive investment strategy, and Wealthsimple Invest provides many features to enable these traits. These include auto-deposits, dividend reinvesting, automatic portfolio rebalancing, and an incredibly intuitive and user-friendly mobile app. Using these features helps investors stick to a plan, and avoid the poor decisions caused by emotional investing.

One of the best features of Wealthsimple Invest is its ability to support a variety of account types. Beyond the usual taxable, TFSA, and RRSP accounts, Invest also supports RESP, RRIF, and LIRA accounts. Investors looking to transfer a work pension plan to a self-managed platform may find this

particularly advantageous.

Trading with ease

Wealthsimple Trade is their self-directed brokerage arm. It enables you to buy and sell a variety of North-American listed stocks and ETFs across the **TSX, NYSE, NASDAQ, NEO, and CSE** exchanges.

Best of all, Wealthsimple Trade is commission-free with no account minimums or monthly fees, which helps to keep costs low when you're building your portfolio. That said, there is a 1.5% currency conversion fee when purchasing and selling U.S.-listed securities, so be aware of that.

Wealthsimple Trade currently features fractional shares, auto-deposits, and instant deposits of up to \$1,500 for free accounts. However, for an additional \$3 a month, you gain access to snap quotes (real-time prices) and an increased instant deposit limit of up to \$5,000. If you find yourself trading frequently and tinkering with your portfolio, the added features may be worth it.

Similar to Invest, Wealthsimple Trade currently supports taxable, RRSP, and Tax-Free Savings Accounts (TFSA's). Opening them takes a few minutes and can be completed easily on their app. However, it currently does not support RESP, RRIF, or LIRA accounts, making Wealthsimple Invest more suitable for investors looking to transfer those accounts over.

My pick as a new investor

Both platforms are fantastic, and as with many things, my picks as a new investor depends on my knowledge level and the time I want to spend.

If I had little investment knowledge and was looking for a passively managed, automated service that I could set and forget with no research needed, I would pick Wealthsimple Invest. The hard work of creating a diversified portfolio and rebalancing it is done for me by professionals.

The auto-contribution and dividend reinvesting make consistent investing easy and completely hands-off. The nature of the service takes emotions and rash decisions out of the equation, ensuring that I stick to my investment objectives. With this, I could easily sit back and watch my wealth grow over time, with little to no effort invested.

If I had more investment knowledge and were willing to take the time to research and manage my own portfolio in exchange for lower fees, I would pick Wealthsimple Trade. The zero-commissions structure makes it easy to create a customized portfolio of stocks and/or ETFs that suit my investment objectives, risk tolerance, and time horizon.

With Wealthsimple Trade I can buy and sell whatever I like, with full autonomy over what I own and when I own it. However, trading individual stocks and managing your own investment portfolio requires time and knowledge, which not everyone has. It is also important to not succumb to emotions and stick to your chosen investment strategy.

The Foolish takeaway

At the end of the day, both options are great choices. They focus on the factors that investors can control: fees, diversification, and emotions. In this respect, Wealthsimple has done a fantastic job setting up the average retail investor for success in their personal finance goals.

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