

SHOWCASE #7 ASSET DIVERSIFICATION

Easing the wealth preservation experience

Diversification is a cornerstone principle in wealth management. From a performance perspective, mitigated risks and enhanced returns are universally recognised benefits of allocating investments across various asset classes.

From the client experience perspective, however, assuring well-diversified UHNWIs that their allocation strategies are on track is a significant challenge for wealth managers relying on manual workflows.

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ABOUT ALTOO

The Altoo Wealth Platform empowers wealthy individuals and their families to consolidate and interact intuitively with their total wealth.

Diversified assets, consolidated visibility: easing the wealth preservation experience

By Ian Keates, Chief Executive Officer at Altoo

Diversification is a cornerstone principle in wealth management. From a performance perspective, mitigated risks and enhanced returns are universally recognised benefits of allocating investments across various asset classes.

From the client experience perspective, however, assuring well-diversified UHNWIs that their allocation strategies are on track is a significant challenge for wealth managers relying on manual workflows.

These strategies can take many forms, depending on growth goals and risk tolerances. For example:

- Strategic asset allocation involves setting a long-term investment plan and designing a portfolio to maintain fixed percentages of certain asset classes.
- Tactical asset allocation is a more dynamic approach, where a portfolio is adjusted to increase exposure to types of investments expected to perform well in the short term.
- Core-satellite allocation combines elements of both of the above approaches. Strategic, relatively conservative “core” assets are chosen to ensure steady long-term growth. At the same time, a smaller portion of the portfolio is in tactical, riskier “satellite” assets predicted to outperform the market.

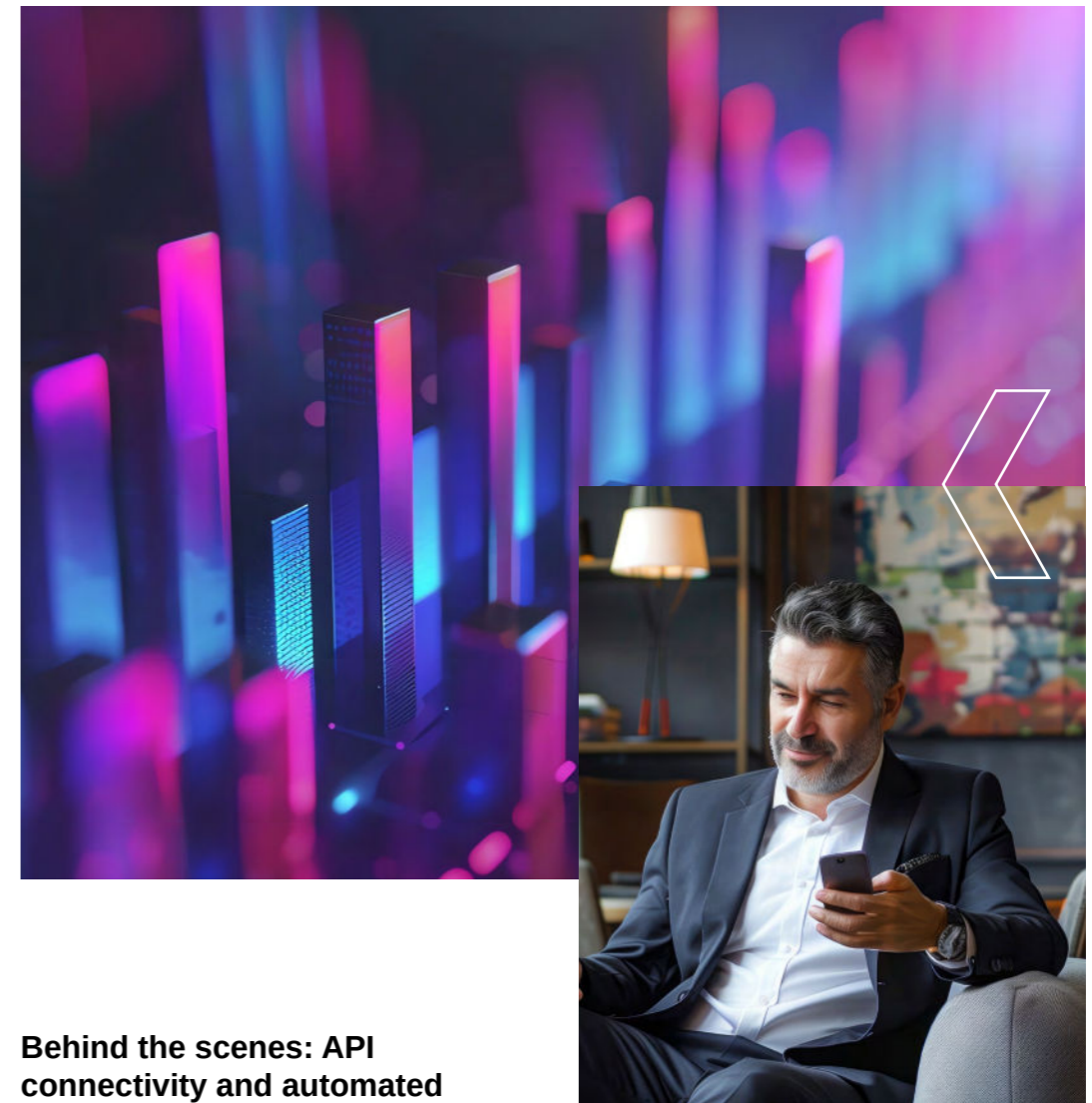
Even so, all asset diversification strategies have at least one thing in common: behind each is a wealth owner who wants peace of mind that his / her plan is being executed in line with an overall, agreed investment strategy.

Using spreadsheets to provide UHNWIs with this peace of mind is an outdated approach and highly time-consuming for all involved parties. Reporting metrics differ among various asset types held with multiple banks and custodians, making the manual gathering,

analysis, and interpretation of portfolio data a tedious exercise. Typically, advisers taking this approach can provide their well-diversified UHNWI clients with a snapshot of their total wealth composition only a few times per year, and this after several hours of effort!

In theory, quarterly reviews of allocation mixes should be enough to reassure UHNWI clients that their diversification strategies are holding up. In practice, today’s UHNWIs would like to receive such assurances far more often – and with little or no advance warning. Similar to the way global cellular network coverage is not necessary until it is, on-demand access to comprehensive yet easily understandable portfolio breakdowns is not necessary until it is.

Fortunately, technological solutions are available to help put this current asset allocation information at clients’ fingertips with minimal human effort. Here is a brief overview of these solutions and what they can offer UHNWI clients.



Behind the scenes: API connectivity and automated data processing

The more relationships with banks and other financial institutional relationships a UHNWI has, the longer it takes their advisers to manually consolidate data from these institutions. Doing so is often a question of logging into online portals, downloading statements, copying statement data into spreadsheets or building up data channels to various custodians.

Online portals are not the only way to access client data. Many institutions support application programming interfaces (APIs), which are essentially “pipes” through which UHNWIs can authorise the automatic transfer of data to trusted third parties.

For complex portfolios, the key advantage of APIs is that they enable data from multiple sources to be consolidated in near real-time into a single, centralised location.

Ideally, this centralised location will be a platform that automatically optimises the incoming data for analysis, runs a wide range of asset-specific analytical processes, and visualises the results in intuitive dashboards. These dashboards can provide as much or as little detail as required, from the overall portfolio mix to the performance of individual holdings.

Since the data is handled continuously, all relevant information is updated in near real-time. Notifications can be promptly sent to clients regarding changes in markets, allocations, balances, asset values, and more. If such a change signals a need to rebalance a portfolio in line with an asset diversification strategy, the portfolio’s owner will be informed within minutes.

In addition to automation functionalities, a sophisticated platform of this type will also have advanced features for tracking and organising workflows around non-bankable assets, which are almost always present in an UHNWI’s total wealth.

On clients' screens: diversified portfolios, simplified anytime

By automating the entire process of gathering, analysing, and visualising data on clients' diverse assets, UHNWI advisers can provide a wide variety of near real-time insights into even the most complex wealth.

What types of reporting and monitoring capabilities can automated data flows make accessible to clients on demand? A comprehensive set of examples can be found in the Altoo Wealth Platform, a solution that enables wealth owners and their advisers to easily understand the individual and aggregate performance of investments across multiple bankable asset classes:

Equities

Tracking and benchmarking for both performance and fees, visibility of total exposure, and much more.

Private equity

Tracking investments, commitments, and transactions; fund performance since inception; performance comparisons and measurement according to metrics like IRR, TWR, TVPI, RVPI, and DPI.

Cash and cash equivalents

Liquidity management and planning; forecasting cash flows and dividends.

Fixed income

Tracking of upcoming events; notifications of expiry dates; expense tracking; automatic FX conversions for comparing bonds issued in different currencies.

The platform also helps advisers streamline the UHNWI client experience in monitoring, geographically filtering, and optimising international portfolios of non-bankable assets like:

Real estate

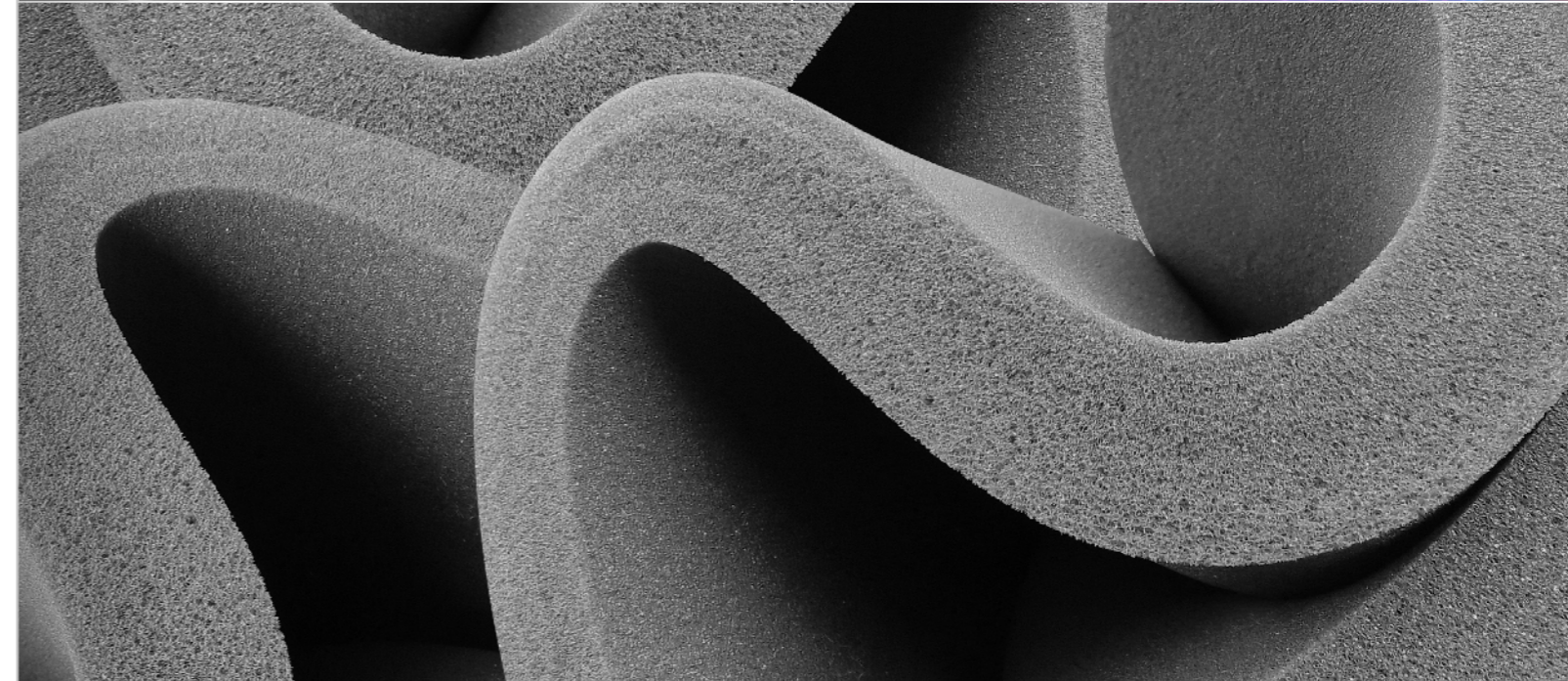
Modules for tracking expenses, P&L, and valuations for individual properties. Secure, on-platform messaging facilitates task assignments to property managers.

Artwork and other collectibles

All items can be viewed in a single gallery together with valuations.

For wealth items in both bankable and non-bankable asset classes, all kinds of documents can be safely stored and attached. Examples include asset allocation agreements, fee agreements, performance reports, purchase contacts, and insurance policies.

Leveraging API connections to over 3,500 financial institutions and available 24/7 via both the web and a dedicated mobile app, the **Altoo Wealth Platform** makes it simple for wealth managers to visually, accurately, and promptly help clients zoom out to see the big picture of their wealth and zoom in to see how particular assets are performing.



Effective asset diversification should not lead to a poor client experience, where wealth owners must wait weeks or months to confirm that their allocation mixes are on target. Sophisticated technology can automate data flows to make comprehensive portfolio insights available almost instantly. Wealth managers can quickly leverage this technology – without the significant upfront costs or time investments associated with in-house solution development – by partnering with an industry-focused platform provider like Altoo.

Altoo Wealth Platform

SOLUTION OVERVIEW

Altoo is a wealth management fintech founded in 2017 and headquartered in Zug, Switzerland. The Altoo Wealth Platform, aggregates wealth data from multiple sources to deliver comprehensive wealth analysis, performance and reporting. It is a modern, highly secure, SaaS platform, 100% Swiss developed and hosted. Altoo was named among the best providers of Family Office Software by Forbes Magazine and a Top 5 Growth Startup at the Swiss Fintech Awards in 2023. Constantly seeking new ways to simplify complex wealth for clients in over 20 countries, the company recently partnered with Divizend to optimise the Altoo Wealth Platform's cash flow and liquidity planning features.



SOLUTION OVERVIEW

The **Altoo Wealth Platform** is at the forefront of revolutionising the wealth management landscape. Unlike traditional banking platforms, Altoo embraces agility and flexibility, enabling rapid enhancements and responsiveness to client and partner feedback.

The platform combines the power of data analytics, collaboration tools, and intuitive interfaces to empower individuals to control their wealth. One of the key benefits of the Altoo Wealth Platform for creating a lasting family legacy is the ability to consolidate assets in minutes. Altoo provides a unified report of your global assets, giving clients a comprehensive view of their assets in one place. This consolidation makes it easier to document important information for informed investment decisions.

Altoo also understands the importance of collaboration and networking in the wealth management industry. Through the Altoo platform, high-net-worth individuals can securely share access and data with other parties, fostering greater collaboration, transparency, and efficiency.

FEATURES & BENEFITS

Consolidation - provides clear and dynamic reporting based on data from your whole portfolio.

Analysis - accelerates financial analysis by giving you with the best tools for delving into every part of your finances.

Intelligence - involves intelligently watching your portfolios and automatically alerting you to insights.

Data - Easily import transaction and market data from a variety of sources. With different bank connections, the platform can digest assets from all areas and currencies for you.

Security - entails ensuring that your sensitive information is yours alone to disclose as you see appropriate.

Services - You can make the most of Altoo in a matter of days, and our wealth servicing team is standing by to ensure that you do.

USE CASES

Our client, a Swiss-based family office consultancy, identified inefficiencies in its asset performance reporting, cash flow forecasting, and liquidity planning. Out of the five potential solutions the team evaluated, Altoo stood out for its simplicity, backing by an entirely Swiss-based team with a superior reputation, support for up to three-factor access authentication, software-as-a-service model without software installation or additional investments in hardware, and open architecture, allowing connectivity to any custodial institution with an application programming interface (API).

Our client was struggling to manually download PDF statements from multiple banks, enter data into Excel and an accounting software, and verify the accuracy of this data.

Thanks to Altoo, the team saves 18 hours per month by avoiding the manual tasks to accurately plan liquidity and report on the performance of multiple assets.

Financial data comes directly from institutions and is available to the appropriate stakeholders. The data quality is audited once every six months, as opposed to once a month.

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GET IN TOUCH



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HQ

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FOUNDED

2017

EMPLOYEES

11-50

CLIENTS

101-500

CLIENT TYPE

Digital Wealth Platforms

CLIENT LOCATIONS

Asia, Central America, Europe
Middle East, North America,
South America