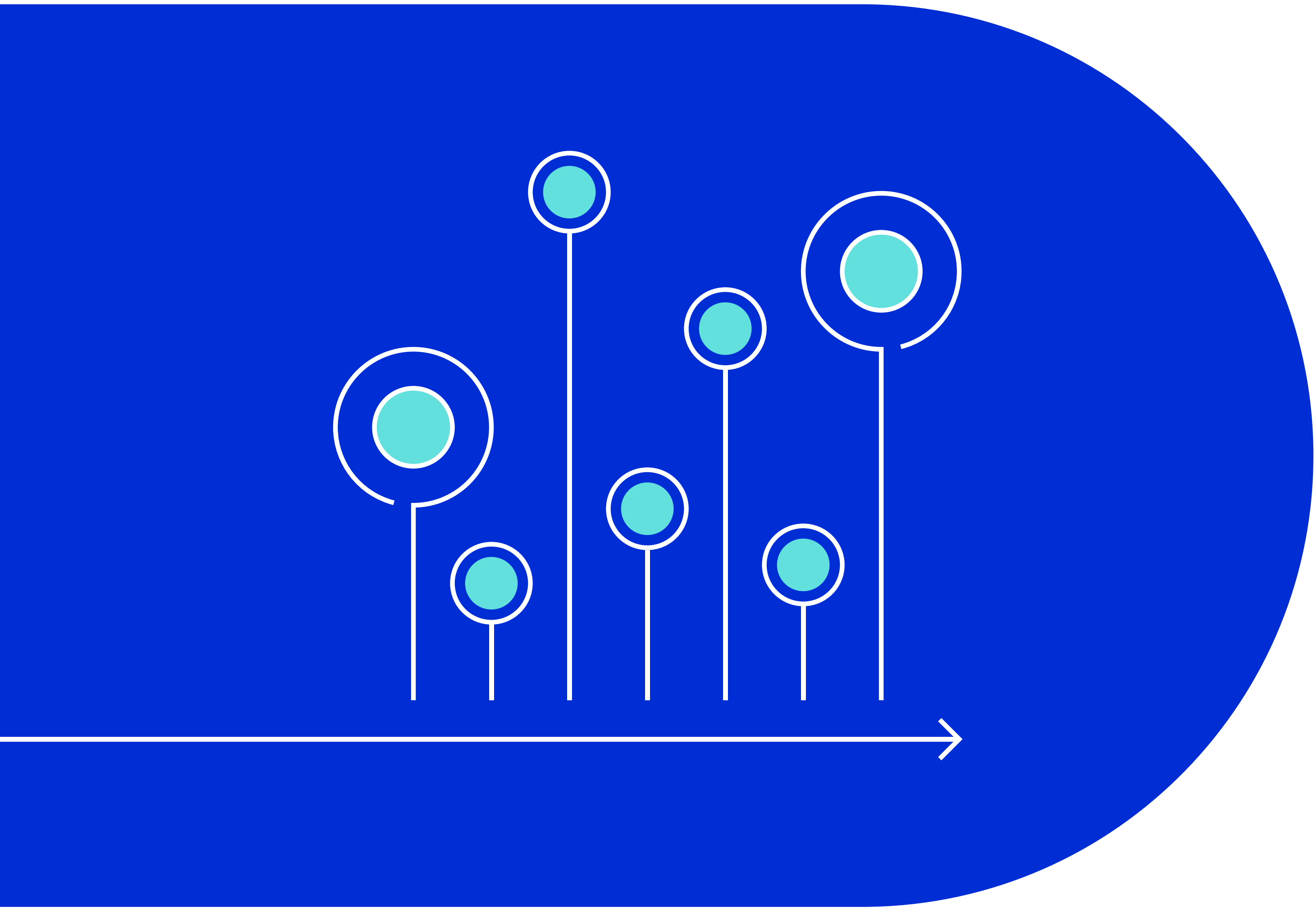

How advisors can help their clients weather the storm of rampant market volatility

Proven rebalancing strategies RIAs, family offices and asset managers can use to deliver short-term and long-term value

→ Summary

Even in difficult market times, advisors have an opportunity to protect their clients' assets and weather the storm of a complex, volatile market environment marked by inflation and an uncertain economic outlook.

According to a 2022 SmartAsset study, more than half of surveyed advisors (51.30%) report that the most common reason clients reached out to them in the first quarter of 2022 was stock market volatility.

Market experts are telling advisors, investment managers and investors to brace themselves for continued stock market volatility. In times like these, advisors and asset managers need to be able to quickly monitor and make tactical decisions across hundreds or thousands of investment portfolios.

This requires readily accessible information to make the appropriate moves based on knowledge – rather than fear – at scale. Changing investment strategies according to shifting client preferences, and performing large rebalances in timing with the market, are crucial to be prepared for what may be coming down the road.

Many advisors are leveraging different strategies like tactical rebalancing, tax-loss harvesting, and incremental portfolio adjustments to ensure clients are where they need to be.

→ 51%

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Customizing sophisticated model portfolios at scale

Hirtle Callaghan & Co. partnered with intelliflo redblack to develop a new capability that enables its investment officers to apply a base model and augment it with target overrides to modify allocations to client-specific needs at scale.

intelliflo redblack allows the firm to craft desired outcomes – for today and into the future – and respond faster and confidently to the needs of clients and wealth managers.

→ Rebalancing in a more complex, changing world

Every advisor knows that rebalancing is important for keeping an intended level of risk consistent as markets fluctuate and asset classes drift too far away from their target weighting in the portfolio. While rebalancing doesn't eliminate volatility, it can help to reduce risk over time.

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Testing and executing tax-loss harvesting at scale

A wealth management firm was looking to tax-loss harvest across 6,000 accounts but was unsure of the specific day they would (or should) execute the rebalance.

Using what-if scenarios in intelliflo's intelliflo redblack rebalancing platform, the firm was able to run a tax-loss harvesting rebalance each day to mock-up orders in case they decided to trade that day.

When the day came to execute the tax-loss harvest, they were able to execute more than 70,000 orders worth over $1 billion seamlessly using intelliflo redblack's order management capabilities.

A disciplined process for rebalancing is necessary for the long haul. Advisors who are coaching clients through buy-and-hold strategies will need to quickly align portfolios to changing risk tolerances and preferences.

But with the reduced effectiveness of the traditional 60/40 investment model as a result of inflation, interest rates and other factors, many are questioning whether or not the traditional 60/40 model can work in this environment. Investors and advisors alike may look to reallocate funds to investments that have the potential to do well during inflationary times.

This is where multi-asset class approaches come into play. Some advisors are focusing on a longer-term time horizon and the construction of "all-weather" portfolios, diversified at both the asset class and risk factor levels.

As advisors navigate this changing landscape, technology is becoming helpful as an enabler of more sophisticated investment management approaches. Having advanced rebalancing capabilities is a must regardless of the frequency of rebalancing – whether you use a "buy and hold" strategy focused on coaching clients and weathering the storm, or a more aggressive one that emphasizes timing the market at high trading volume.

→ Tax planning advantages loom large

Studies show that managing tax implications is one of the most compelling ways an advisor can add value to their clients' portfolios.

Following the bumpy rides of the last two years, more advisors are talking with clients about ways to take tax-smart approaches to asset location, transitions between portfolios, household-level management and rebalancing, and tax-loss harvesting.

In fact, the proportion of investors using estate and tax planning services is expected to grow from 30% today to 44% and 45% respectively by 2024, according to EY's 2021 Global Wealth Research Report. In light of recent news that the federal estate, gift and generation-skipping transfer taxes are increasing in 2022, investors are even more eager to focus on reducing their tax burdens.

There are two key ways advisors can ensure their rebalancing and trading remain in sync with their clients' tax requirements and objectives.

The first is the use of what-if scenarios. Increasingly, advisors are leveraging hypothetical scenarios on model allocation changes or tax-loss harvesting events. Using automated rebalancing, advisors can test different types of capital gains budgets or tax goal scenarios across their entire client base or a subset of clients.

The second way advisors can meet client tax goals is through year-round tax planning. Rather than an annual event centered on tax season, apply tax-sensitive rebalancing approaches throughout the year to ensure your clients' investment policies and tax efficiency goals are consistently met.

30%–44%

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→ Risk-adverse times demand more personalization

While high-growth sectors have provided investors with lucrative opportunities in the past few years, the new environment of higher inflation, increasing interest rates and geopolitical risk mean that some clients are now uncomfortable taking on more investment risk.

With many concerned clients demanding more attention, personalized touch points and fast, thorough responses to questions and preference adjustments can make all the difference.

Addressing evolving client preferences and providing highly individualized service will give wealth managers an edge going forward, as clients look to achieve financial security, protect their wealth in inflationary times, and reduce their taxes.

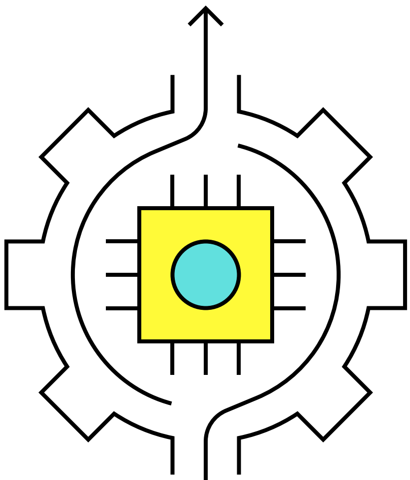
These are the times to revisit their risk profiles and rebalance as needed in the most personalized way possible. But if you're still rebalancing portfolios in spreadsheets, you are clearly at a disadvantage. Manual rebalancing can take as many as three months to perform.

Automated rebalancing takes hours or minutes – allowing you to keep up with the timing of markets and client preferences, and instantly perform calculations and what-if scenarios at scale.

Give clients peace of mind by documenting your process

Document your rebalancing and trading procedures on a daily, weekly or monthly basis to reduce risk and provide continuity should a client's primary advisor or portfolio manager leave your firm.

You don't need to be using an automated rebalancing and trading system, but doing so can make it more efficient to extract the preferences of portfolio managers, traders and advisors – and have all that knowledge in one place. using intelliflo redblack's order management capabilities.



→ Staying ahead of market volatility

The current volatility, inflation, rising interest rates, and tax increase are putting a premium on solid fiduciary advice. In the short term, volatility "is what it is." But advisors still need to consider the medium- and long-term impact of volatility on retirement plans and intergenerational wealth.

Investors need good advice to help them through these complex times. Rebalancing portfolios on a regular basis has advantages over simply reacting to volatility. In addition to keeping clients informed of the reasoning behind allocations, advisors must anticipate future volatility and ensure their clients are also prepared for such scenarios.

A disciplined rebalancing approach means you'll be ready when more volatility arrives. Regularly monitoring client accounts ensures allocations are within designated corridors, whether the market is rallying, trading sideways or declining.

A rebalancing platform needs to flex and evolve to emerging strategies. With elevated volatility in the stock market and headwinds in the bond market, some advisors are emphasizing hedged strategies and alternatives and seeking growth with global equity diversification. One in three clients invests in alternatives today, but this is projected to reach 48% by 2024, according to EY.

But clients are not the only ones who need guidance in this market environment. Advisors need to continually strive to improve their efficiency and performance. How quickly can you execute on an idea? Will a delay in rebalancing or trading make your best idea or intention meaningless?

Automated rebalancing can give advisors the ability to easily work with sophisticated strategies and specific client constraints, rules and exceptions in times of market volatility – and be ready for anything in the future.

1 in 3

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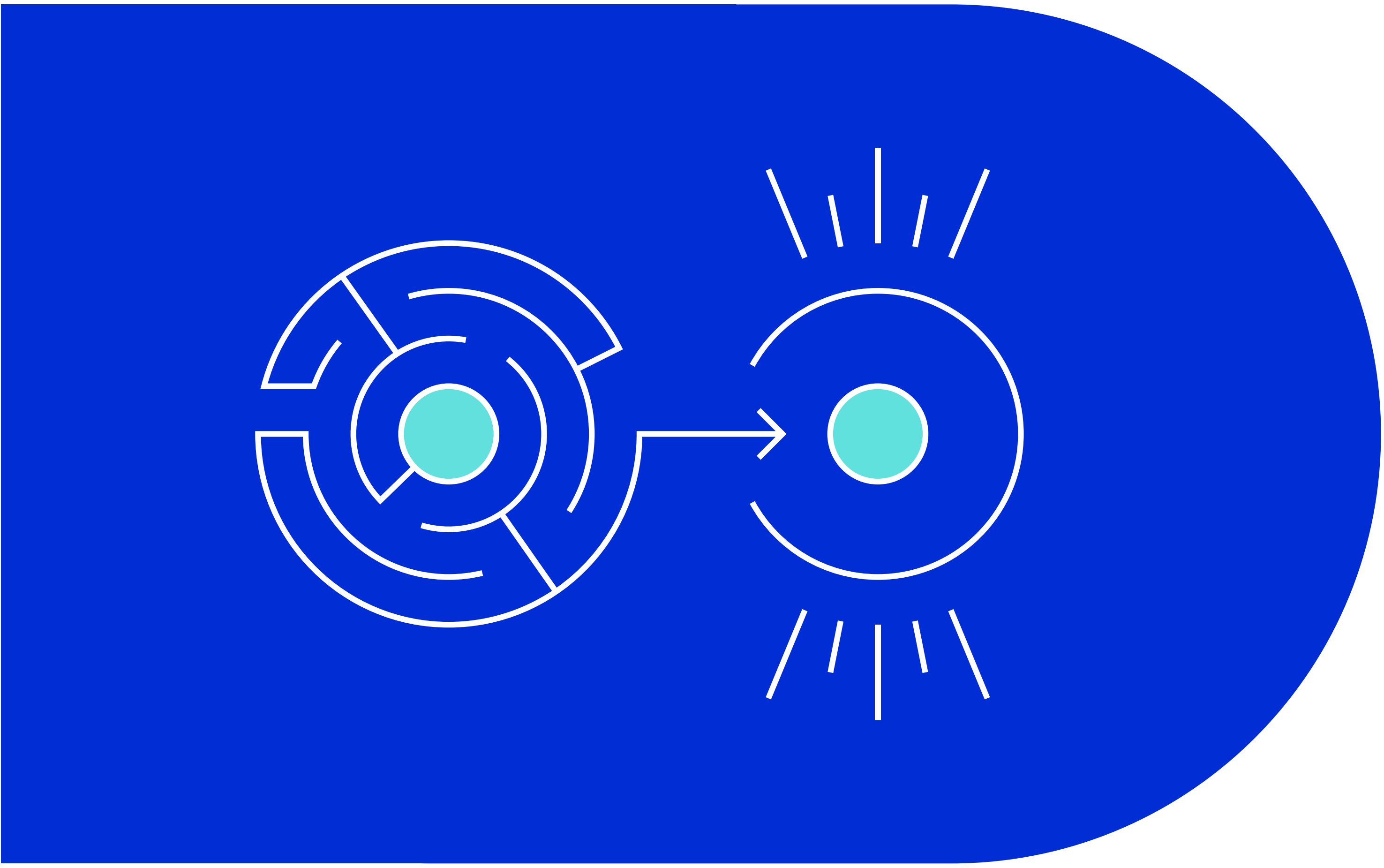
→ Making the complex simple

In an increasingly complex world, advisors need to be able to focus on how to protect their clients from the effects of constant market volatility. Markets are moving faster than ever and uncertainty is at an all-time high. Going digital is no longer an option – it's a must.

Harnessing the power of technology to simplify, rationalize and centralize wealth management operations like rebalancing and trading clears the way to enhance capabilities that attract new clients and inflows while improving operational efficiency.

Advanced rebalancing and trading can empower RIAs, family offices and investment managers to quickly adapt to change, customize at scale, and do more for their clients – at a lower cost and with greater compliance while freeing them to spend more time on expanding relationships across generations and preparing for the next phase of growth.



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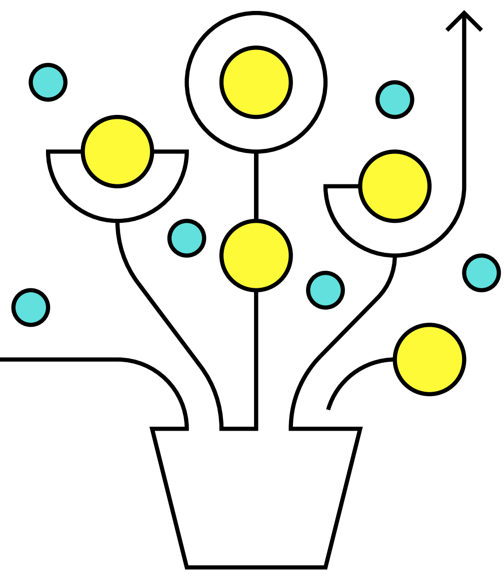
→ About intelliflo

intelliflo widens access to financial advice through leading technology powering the financial advisory experience. We use open software architectures combined with unmatched industry experience to simplify a complex digital landscape to help advisors compete and grow.

Our solutions support over 30,000 financial advisors worldwide, representing over three million end-investors, with over $1 trillion serviced across our platforms.



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