

Outsourcing Investment Models Allows Advisors to Focus on What They Do Best

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Where do wealth advisors get the optimal return on their investment of time?

Wealth management is, at heart, a relationship business. Increasingly, clients are looking to their advisors for a more holistic view of their financial lives beyond their securities portfolios. Time spent cultivating client relationships and working with clients on their life goals (and how to fund them) will deliver the most significant payback in account growth and retention. To maximize that time, however, advisors need to optimize the time spent on asset allocation, security selection and portfolio-building details. Additionally, advisors must ensure their clients' portfolios reflect their goals and agreed-upon strategies and that their investments deliver the returns needed to support them.

Larger RIAs are telling us they are looking for ways to create greater consistency across their growing platforms and reduce performance dispersion. For smaller firms, researching investment options, conducting due diligence on investment managers, and monitoring and rebalancing portfolios use time advisors could spend working directly with clients. But there is only so much time in an advisor's day. In the hierarchy of activities to generate positive investment outcomes for clients, many advisors would likely agree that their time and resources are more beneficial when spent in areas other than individual security selection.

In both cases—large or small—RIAs would benefit from using outsourced investment model platforms. Third-party models are especially advantageous to firms in which investment research and portfolio construction are not core competencies or those without sufficient resources or expertise to build custom models. Using a model marketplace provider enables the advisor to focus on higher-level wealth strategies while delegating the selection of investment vehicles supporting those strategies.

Models also allow advisors to service smaller accounts cost-effectively, delivering quality investment solutions with the appropriate level of time commitment.

Finally, for the larger firms looking for more consistency in client outcomes, models offer a consistent range of



investments optimized to each client's risk capacity and risk tolerance, eliminating performance outliers to elevate individual client investment outcomes across a firm.

At SS&C, we believe turn-key model marketplace solutions incorporating AI-powered client profiling, goals-based model recommendations, streamlined proposal creation, and automated asset allocation and rebalancing workflows are the next frontiers for servicing RIAs. Such solutions help advisors operate more efficiently, empower them to serve clients more effectively and strengthen relationships through a differentiated client experience. By taking care of the mechanics of the business through outsourcing, firms can enable advisors to do what they do best – build relationships and demonstrate to clients they are thinking and working in their best interest. ■

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