

THE TIME IS RIPE FOR MODEL PORTFOLIO ADOPTION

Ryan Krystopowicz — Director of Client Solutions

04/03/2020

This article is relevant to financial professionals interested in model portfolios. WisdomTree ETF Asset Allocation model portfolios are available only to financial professionals, through various portfolio platforms.

We are witnessing history in global financial markets.

COVID-19 catapulted the [VIX](#) to close at a record high of 82.69, and equity markets recently saw the largest single-day decline since “Black Monday” in 1987¹.

It’s precisely these moments when financial advisors earn their stripes. It’s also when financial advisors usually find themselves acting more like therapists than investment advisors.

Balancing the many hats advisors wear is challenged by the fact that time is finite.

I agree with the notion that “it’s hard to argue there aren’t trade-offs when an [advisor] splits their time across different responsibilities, whether those are investments, financial planning, or the ancillary tasks of running a business.”²

It’s challenging for advisors to keep up with global markets and their client’s portfolios. Not all firms have the ability or resources to create in-house custom portfolios for their clients. Cerulli Associates believes having dedicated investment analysts and other key support personnel is a “prerequisite” to manage portfolios without help from external resources. Its research suggests the average investment team requires nine people and concludes that advisors should rethink their investment management if they don’t have that level of support.³ The good news is that the combination of technology and intellectual property democratization has enhanced what’s possible today.

Saving Time by Using Model Portfolios

Advisors can easily access institutional-caliber third-party model portfolios on various platforms and websites. As a result, most of the time advisors previously spent on [portfolio construction can be transferred to servicing their clients](#)—such as wearing that “therapist” hat.

The financial advice industry continues to evolve. Investment management is no longer the only game in town. Many asset managers and financial technology (fintech) firms have picked up on this trend and offer solutions as model market centers and third-party model managers. We believe the time is ripe for greater asset allocation model adoption as advisors continue to wear many additional hats in addition to being an investment manager.

At WisdomTree, we are more confident than ever that we are well positioned as a model portfolio provider. A few reasons include:

1. **Institutional Quality Model Portfolio Management:** We have a well-experienced team comprised of academic advisors, an asset allocation committee and research personnel whose sole job is to manage the model portfolios.
2. **Broad Model Portfolio Lineup with a Unique Approach:** Our model portfolios support a range of investor investment objectives and risk tolerances. Each has the potential to outperform without the costs associated with [active management](#) and strategists by utilizing [Modern Alpha](#)^{®4} and [passive ETFs](#) in an open architecture⁵ manner.
3. **Strong Emphasis on the Advisor Experience:** We empower advisors with technology, practice management and market commentary solutions to assist in end client conversations.

Interested in learning more?

Individual investors can consult with their financial advisors and [visit our site to learn more about evaluating ETF model portfolios](#).

Financial advisors are welcome to explore WisdomTree's offerings in their entirety in our [model portfolio center](#) or consult with our sales team.

We also encourage everyone to visit our [Market Volatility Updates](#) page, where you can access timely content related to the coronavirus and Professor Siegel's insights.

Stay safe, stay inside and stay tuned for more content on the model portfolio landscape and where WisdomTree fits into it.

¹Bloomberg, WisdomTree, as of 3/16/20.

²Michael Thrasher, "Advisors Are in Over Their Heads and Ill-Equipped to Manage Portfolios: Study," RIA Intel, 10/25/19.

³The Cerulli Report: U.S. Asset Allocation Model Portfolios 2018

⁴Our Modern Alpha approach is our relentless focus on performance and creating better ways to invest.

⁵Open architecture: The use of both proprietary and non-proprietary ETF products.

Investors and their advisors should consider the investment objectives, risks, charges and expenses of the funds included in any model portfolio carefully before investing. This and other information can be obtained in the Fund's prospectus by visiting www.wisdomtree.com for WisdomTree Funds. Investors should read the prospectus carefully before investing.

Important Risks Related to this Article

There are risks involved with investing, including possible loss of principal. Using an asset allocation strategy does not ensure a profit or protect against loss.

This content is for information only and is not intended to provide, and should not be relied on for, tax, legal, accounting, investment or financial planning advice by WisdomTree, nor should it be considered or relied upon as a recommendation by WisdomTree regarding the use or suitability of any model portfolio or any particular security. The financial advisor is solely responsible for making investment recommendations and/or decisions with respect to its clients without input from WisdomTree, including with respect to investing in accordance with any model portfolio or any particular security. WisdomTree is not acting in an investment advisory, fiduciary or quasi-fiduciary capacity to any financial advisor or its client and is not providing individualized investment advice to any financial advisor or its client based on or tailored to the circumstances of any individual financial advisor or its individual client.

This content has been prepared without regard to the individual financial circumstances and objectives of any investor, and the appropriateness of a particular investment or strategy will depend on an investor's individual circumstances and objectives. Investors and their advisors should consider the investor's individual financial circumstances, investment time frame, risk tolerance level and investment goals. Investors should consult with their own advisors before engaging in any transaction. Using an asset allocation strategy does not ensure a profit or protect against loss, and diversification does not eliminate the risk of experiencing investment losses. There is no assurance that investing in accordance with a model portfolio's allocations will provide positive performance over any period. The model portfolios are provided "as is," without any warranty of any kind, express or implied. Information and other marketing materials provided to you by WisdomTree or any third party concerning a WisdomTree model portfolio, including allocations, performance and other characteristics, may not be indicative of an investor's actual experience from an account managed in accordance with a model portfolio's strategy.

This content, and any assistance provided as described herein, including portfolio construction and asset allocation stress testing, assessments, discussions, output or other assistance (whether by WisdomTree personnel or digital tools) (the "Assistance Tools") are for information only and no material or Assistance Tools are intended to provide, and should not be relied on for, tax, legal, accounting, investment or financial planning advice. This content and the Assistance Tools are intended for use only by a financial advisor as a resource in the development of a portfolio for the financial advisor's clients.

For standardized performance and the most recent month-end performance click [here](#) NOTE, this material is intended for electronic use only. Individuals who intend to print and physically deliver to an investor must print the monthly performance report to accompany this blog.

For more investing insights, check out our [Economic & Market Outlook](#)

View the online version of this article [here](#).

IMPORTANT INFORMATION

U.S. investors only: Click [here](#) to obtain a WisdomTree ETF prospectus which contains investment objectives, risks, charges, expenses, and other information; read and consider carefully before investing.

There are risks involved with investing, including possible loss of principal. Foreign investing involves currency, political and economic risk. Funds focusing on a single country, sector and/or funds that emphasize investments in smaller companies may experience greater price volatility. Investments in emerging markets, currency, fixed income and alternative investments include additional risks. Please see prospectus for discussion of risks.

Past performance is not indicative of future results. This material contains the opinions of the author, which are subject to change, and should not to be considered or interpreted as a recommendation to participate in any particular trading strategy, or deemed to be an offer or sale of any investment product and it should not be relied on as such. There is no guarantee that any strategies discussed will work under all market conditions. This material represents an assessment of the market environment at a specific time and is not intended to be a forecast of future events or a guarantee of future results. This material should not be relied upon as research or investment advice regarding any security in particular. The user of this information assumes the entire risk of any use made of the information provided herein. Neither WisdomTree nor its affiliates, nor Foreside Fund Services, LLC, or its affiliates provide tax or legal advice. Investors seeking tax or legal advice should consult their tax or legal advisor. Unless expressly stated otherwise the opinions, interpretations or findings expressed herein do not necessarily represent the views of WisdomTree or any of its affiliates.

The MSCI information may only be used for your internal use, may not be reproduced or re-disseminated in any form and may not be used as a basis for or component of any financial instruments or products or indexes. None of the MSCI information is intended to constitute investment advice or a recommendation to make (or refrain from making) any kind of investment decision and may not be relied on as such. Historical data and analysis should not be taken as an indication or guarantee of any future performance analysis, forecast or prediction. The MSCI information is provided on an "as is" basis and the user of this information assumes the entire risk of any use made of this information. MSCI, each of its affiliates and each entity involved in compiling, computing or creating any MSCI information (collectively, the "MSCI Parties") expressly disclaims all warranties. With respect to this information, in no event shall any MSCI Party have any liability for any direct, indirect, special, incidental, punitive, consequential (including loss profits) or any other damages (www.msci.com)

Jonathan Steinberg, Jeremy Schwartz, Rick Harper, Christopher Gannatti, Bradley Krom, Tripp Zimmerman, Michael Barrer, Anita Rausch, Kevin Flanagan, Brendan Loftus, Joseph Tenaglia, Jeff Weniger, Matt Wagner, Alejandro Saltiel, Ryan Krystopowicz, Kara Marciscano, Jianing Wu, Brian Manby and Scott Welch are registered representatives of Foreside Fund Services, LLC.

WisdomTree Funds are distributed by Foreside Fund Services, LLC, in the U.S. only.

You cannot invest directly in an index.

DEFINITIONS

Active manager : Portfolio managers who run funds that attempt to outperform the market by selecting those securities they believe to be the best.

Passive exchange-traded funds : Exchange-traded funds that track the performance of an index.