

THE TIME IS RIPE FOR MODEL PORTFOLIO ADOPTION

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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.

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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.

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You cannot invest directly in an index.

DEFINITIONS

CBOE Volatility Index® (VIX®) : a key measure of market expectations of near-term volatility conveyed by S&P 500 stock index option prices. It is the premier benchmark for U.S. stock market volatility.

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

Modern Alpha : Modern Alpha® combines the outperformance potential of active with the benefits of passive—to offer investor strategies that are built for performance.

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