

The Wealthcare Difference: Our Investment Approach



So you can focus on what matters most.



WEALTHCARE
financial guidance for life

Model portfolios offer solutions for advisors looking to outsource some, or all, of their investment responsibilities. By freeing up valuable time, advisors can focus on strategic areas of business development such as client acquisition, financial planning, and other revenue generating activities.



Benefits of Outsourcing



Reduced Liability/Regulatory Risk

Trading:

- maintaining best execution
- avoid front-running situations
- avoid trade errors

SEC Hot Buttons:

- reverse churning
- lowest cost available share class
- 12-B1 fees

Added layer of due diligence/compliance



Added Business Value

Model usage creates:

- streamlined models and processes
- potential higher enterprise value

Ability to develop a succession plan that helps realize the full value of the business



Scalability for Advisor/Practice

Let go of underlying asset management responsibilities and time spent:

- building,
- trading, and
- rebalancing portfolios



Improved Client Experience

Our models offer an elevated client experience that drives:

- loyalty
- longevity
- referrals



Access to Wealthcare's Menu of Model Portfolios

Blueprint for asset allocation and fund selection

- Specialty implementations offer customization
- Low cost options
- Less volatile portfolios



Per a Dimensional Fund Advisor Study, model portfolios have **higher advisor revenue** and **asset growth rate**.

- Top reason cited was to provide practice scalability (77.2%).
- They have **higher AUM** per Advisor (\$131MM vs 106MM).
- They have **more clients** per Advisor (127 vs. 88).
- They have **higher revenue** per Advisor (\$899k vs. \$709k).
- They have **higher asset growth** rates (26% vs 17%).

84.8%
of Fast Growing
Practices use
Investment Models

The Wealthcare Difference

Goals-Based Investment Management

For over a decade, Wealthcare has helped advisors serve their clients using a dynamic and disciplined approach to achieving goals that seamlessly integrate financial plans with investments. Two guiding principles drive our investment philosophy:

- Cost Effective: Managing cost through Household-Based Portfolio Management
- Goals Connected: Managing and monitoring investing behavior & goals

Six Investment Principles

Diversification. Our investment strategies include multiple asset classes, strategies, and managers.

Goal-Based Asset Allocation. Different asset mixes from which to choose. You choose depending on each client's asset class preferences, investment objective, and tolerance for risk.

Multi-Manager Portfolio Construction. Includes multiple managers, where feasible, in each asset class. This provides numerous sources of return and diversifies manager-specific risk.

Manager Monitoring and Risk Management. Evolving risk characteristics of managers are monitored on an ongoing basis. Each client's manager portfolio is adjusted to keep investment objectives and selection criteria aligned.

Household-Level Rebalancing. Accounts across each household are rebalanced as needed to maintain a client's asset allocation. Rebalancing keeps portfolios on target with investment objectives.

Tax Alpha Investing. Advanced tax strategies include asset location, deferring gains, managing the holding period, tax-loss harvesting, managing tax lots, and wash sale sensitivity.



Key Points of Differentiation

Client Goals

Risk allocation directly tied to clients' goals

Multiple Models

Multiple asset allocation models to match clients' preferences

Risk Policy

Explicit active risk policy captured in clients' plans

Cost-adjusted

Cost-adjusted, skill-based manager selection

Multi-Manager

Multi-manager portfolio construction to manage active risk

Tax-managed

Tax-managed, household-based asset location to maximize after-tax wealth

Challenges

Evolving Regulations. Changing SEC compliance regulations for fiduciaries requires ongoing monitoring.

Increasing Client Demand. Today's clients are increasingly tech-forward and expect on-demand solutions.

Fee Compression. Beyond investments, clients factor in an advisor's value proposition in determining what they're willing to pay.

Robo-Squeeze. By 2025, estimates for the robo-advisory market is expected to rise to over \$16 trillion AUM (Deloitte Consulting).

Competition. As a large number of advisors near retirement, many are consolidating into multi-advisor offices, raising the competitive bar for the industry.

Why Outsource with Wealthcare

Goals-driven investing is ahead of the game. Across all wealth tiers, goals-driven investing combines a clear roadmap with personal accountability that is expected to become the industry standard.

Clients expect a personalized approach. Today's investor expects personalized service that encompasses their entire financial picture and an advisor who is tech-savvy, flexible, and specialized.

Elevate the client experience. The trend toward assessing behavioral financial habits is becoming more prevalent in helping advisors differentiate in a crowded market.

Technology unlike no other. Wealthcare's technology synthesizes client data and goals to create a stunning visual dashboard that engages clients and builds strong relationships with advisors.



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Internal Investment Consulting Group

Wealthcare's internal investment team has over 75 years of experience. The team provides advisors with assistance and services across three key areas:



Equities



Fixed Income



Private Markets

External Partner Relations

Wealthcare partners with top investment organizations to leverage their expertise.



Client/Prospect Conversion

Identify

Identify use of Wealthcare strategy for client/prospect through Wealthcare's policy-based framework in conjunction with our Transition Analysis Report.

Diagnose

Diagnose the client/prospects current portfolio through Comparative Analysis.

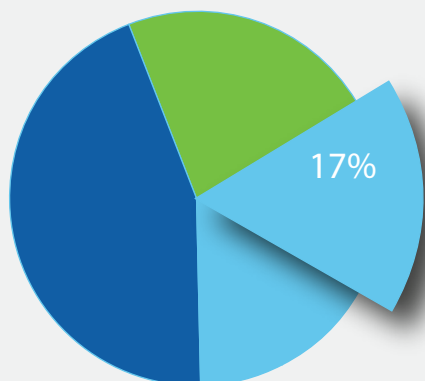
Support

Provide support in structuring the overall portfolio and tailor it to the client/prospects' specific situation. We work with the advisor to put together turnkey client presentations and are readily available to talk in-depth with the advisor.

...and you **save time** by using them.

Advisor's Time Allocation, 2018

Source: Cerulli Associates



Core Activities

- 20% Client meetings
- 10% Preparing for client meetings
- 9% Prospecting for new clients
- 5% Professional development

Process-Dependent Activities

- 17% Investment research and trading
- 9% Financial plan creation
- 7% Client service problems

Managerial

- 10% Managing day-to-day operations and administration
- 7% Practice management (e.g. business planning, staff development, marketing)
- 5% Compliance and other

When you outsource your models, you have more time to focus on revenue generating tasks leading to better advisor and client experiences!

Talk to a Wealthcare sales representative today to learn more about creating value in your practice through outsourcing.

Contact us to get started!

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Or visit our website to learn more

wealthcaregdx.com



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Results from Dimensional 2020 US Advisor Benchmarks Study, participating firms with >\$250K annual revenue. 169 firms <25th quartile, 290 firms 25th-75th quartile, 170 firms >75th quartile