



**ASSET VANTAGE**

Performance Reporting & General Ledger on Demand

No longer in the  
back seat  
**wealthy families**  
**take back control**



By Asset Vantage



# Wealthy families take back control

***New technology gives wealthy families visibility and control of their investments in personalized, secure ways.***

Family principals need to cut through the complexity, if they are to make informed, insight-driven decisions.

The advent of digital technologies and cloud computing is opening the door to a new and exciting era of wealth management. Those new-age innovations are reshaping all aspects of our lives. Our financial well-being should benefit, too.

For family offices, wealthy individuals, and their professional advisors, technology offers new levels of control. It brings greater visibility to portfolios that are by nature complex and improves personalization and security. The net result is better, more informed decisions about risk and return.

Many are already harnessing the power of technology. 60 percent of wealth management clients surveyed by Ernst & Young for its Global Wealth Management Research Report 2019<sup>1</sup> said they would prefer to use mobile apps for transactional activities in the next three years. 50 percent will use apps for portfolio management. And, more than 40 percent will prefer apps for advice-related activity. That trend is accelerating. This uptick in technology usage is driven by increased complexity in family wealth management.

Wealthy families know that performance reporting is just the tip of the iceberg for them. Below the surface exists an intricate web of entities, investments, cash flows, taxation, charitable donations and more. Family principals and their advisors need to cut through the complexity, if they are to make informed, insight-driven decisions.

## Make the complex simple

Throughout this paper we refer to 'wealthy families'. This includes those served through single or multi-family offices and those without formal family offices who operate in a DIY mode. All levels of the wealth pyramid are included, from those with \$1 million to \$5 million, through the traditional ultra-high net worth families with more than \$30 million, and those who measure their wealth in \$billions. >>



<sup>1</sup> Ernst & Young's Global Wealth Management Research Report 2019, April 2019, [https://assets.ey.com/content/dam/ey-sites/ey-com/en\\_gl/topics/wealth-and-asset-management/wealth-asset-management-pdfs/ey-global-wealth-management-research-report-2019.pdf](https://assets.ey.com/content/dam/ey-sites/ey-com/en_gl/topics/wealth-and-asset-management/wealth-asset-management-pdfs/ey-global-wealth-management-research-report-2019.pdf)



>> Complexity that stems from holdings in multiple asset classes, entities, advisors and currencies is found across all groups. While each is unique, there are common problems that beset wealthy families.

As globalization has opened new markets and alternative investment classes, many families have diversified and reduced their historic reliance upon equities. Investment portfolios are no longer straightforward.

With diversification comes a new set of hurdles. Taxes, for instance. Or, when a portfolio holds a number of different currencies and investments spread between multiple custodians. A larger portion of their assets may be increasingly direct, or non-traded, when compared to past practice. Lumpy cash flows and risks add further difficulty.

Day-to-day activities are also complicated, thanks in part to the number of legal entities used to hold assets. Money can move quickly through family entities, in the form of loans, for example.

A family needs accounting capability, that can keep accurate records, and deal with burdensome compliance regulations and taxes. They also have a slew of documents associated with their investments. Often, funds are earmarked for charity purposes, too. The investments and all this information must be tracked accurately and in a timely manner.

Complexity is not a bad thing. It's healthy that families have diversified it's holdings and moved beyond a core portfolio of stocks and bonds to sustain their wealth. As a reality of modern life, it's something that simply needs to be managed effectively.

## See the forest, and the trees

Control is essential to the survival and success of a family's wealth. This includes control of cash flows, control of access, control of information and of risks. A wealthy family needs a handle on each of these important aspects of its holdings.

Control comes when the full picture is available. A family office will want an overview of all its liquid and illiquid investments. These are never concentrated in one asset class geography, nor are they owned by one entity. The ability to manage and access all investment-relevant information across the board is crucial. Family principals expect their engagement with their wealth to be seamless and efficient and want the immediacy they experience across so many other areas of life to be replicated in their financial lives.



Recent black swan events have taught wealthy investors valuable lessons about visibility and control.

Effective control doesn't come from past events, but from what is coming in the future.

Recent black swan events such as the current Covid-19 crisis and the 2008 Global Financial have taught wealthy investors invaluable lessons about visibility and control. Unfortunately, such visibility can't be achieved by putting QuickBooks on the cloud, or managing isolated Excel spreadsheets, or simply relying on wealth advisor reporting. Those solutions are only ever partial answers to pieces of the puzzle. >>



>> Where outside firms are involved in compliance, taxation, insurance and other aspects of wealth management, their use to a family lies in specific domains. Families need to be able to take a step back and see the bigger picture without losing the forest for the trees. They need to oversee and effectively manage the individual components of their portfolio.

## Consolidate real-time data

Financial data that is not aggregated, accounted, reconciled and reported on-demand ages quickly. In the past, a family principal might have given his or her advisors latitude on the speed and frequency with which data was available. That's hardly the case in the era where Instagram, Netflix and other technologies have given us choice and instant access and reset our expectations of service.

The relatively low numbers of qualified professionals, combined with reliance on manual labor, and outdated technology in the wealth management industry leads to inefficiency and human error. Oversight of wealthy families' financial situation is what usually suffers. The ability to relay timely, cost-effective, and easy-to-understand information to these families is lost.

There's a difference between reporting \$10 million on a statement and having \$10 million on hand, and it's vital to understand in real time which is which.



Let's take an example: Say a family has \$10 million in the bank. Half of that may already be earmarked for investments. Another portion may be assigned to charitable donations. However, in reality the bulk of family assets are illiquid. Much may be in private equity-type investments that have long commitment cycles. Family offices need a crystal-clear view of these different types of commitments and fund flows. Reporting \$10 million on a statement is one thing. Having \$10 million on hand is quite another.

Technology has the power to consolidate your financial data to make it speak for itself as a single body of information. Cloud computing means this information can also upload its own instant status updates securely.

A platform, such as Asset Vantage, that provides fully integrated performance reporting and general ledger capabilities, equips families to confidently maintain control of their assets.

Put simply, if your spreadsheet goes beyond column Z, you need Asset Vantage.



## Reduce risk and prepare for the unexpected

Families need an eye on the future at all times. While returns are important, so is the overall risk. Consolidated visibility of a family's holdings and investment performance makes for more intelligent data.

Global risks have brought their own changes to how families approach their holdings. As consulting firm McKinsey & Company<sup>2</sup> found, investors are moving away from risk-based portfolio construction to outcome-based planning. The latter will be used across multiple dimensions, including investments, banking, health and taxes.

To understand risks, financial data needs to show real time changes that allows families and their representatives to ask targeted questions. There's no reason to wait until the end of the tax year to realize that 20 percent of your wealth has been misallocated or incorrectly shuffled into an underperforming portfolio or asset class. Similarly, a family shouldn't take on additional emerging market risks if it already has holdings in companies exposed to such risks.

Black swan events have taught us many lessons about the types of risks that investors are unknowingly exposed to. We are bombarded with headlines about trade war turmoil, Brexit, and the outbreak of a deadly virus. We must assume that ambiguity, volatility and unpredictable risks continue to be a reality. To preempt these problems as best we can, it's important to understand where exposure lies. What risks are you unknowingly exposed to? Which assets can be liquidated in the next 30 or 60 days, if needed? Are there fees associated with any liquidation?

Consolidation has other benefits too. Why have the hassle of trying to recoup information from an advisor when they retire or a new one is hired? Since the 2008 global financial crisis, families by default will now work with multiple financial advisors and custodians. As well as tracking their assets under management, they need to compare advisors and their allocations, risks and returns. That knowledge, driven by having a real-time big picture view, ensures that allocations are balanced. It also helps a family identify where it's getting the best service and results from both a performance and risk perspective.

## Build in personalization

Families are now in a position where they can, and should, demand a personalized approach to their investments. They need a transparent look at their consolidated assets, locked in maximum privacy.



Data is knowledge,  
and knowledge is wisdom.

Data is knowledge, and knowledge is wisdom. Wealthy families want personalized wisdom. A simple report or formatted data won't deliver this. They need the bottom line, and that's not something that will come in traditional wealth management relationships.

The future of wealth management will be all encompassing. As McKinsey & Company<sup>3</sup> puts it, the industry is trending toward the 'Netflixing' of advice. The Netflix model is data-driven, personalized and continuous. >>

<sup>2</sup> McKinsey & Company's On the Cusp of Change: North American Wealth Management in 2030, January 2020

[https://www.mckinsey.com/-/media/mckinsey/industries/financial%20services/banking%20blog/on%20the%20cusp%20of%20change%20north%20american%20wealth%20management%20in%202030/on-the-cusp-of-change-north-american-wealth\\_management-in-2030.ashx](https://www.mckinsey.com/-/media/mckinsey/industries/financial%20services/banking%20blog/on%20the%20cusp%20of%20change%20north%20american%20wealth%20management%20in%202030/on-the-cusp-of-change-north-american-wealth_management-in-2030.ashx)

<sup>3</sup> ibid., 4



>> By 2030, up to 80 percent of new wealth management clients will expect access to advice in this style. Other new-age technologies will have an influence too. McKinsey & Company<sup>4</sup> thinks that investors will incorporate goal tracking, seen in fitness tracking wearables as Apple Watches, into their investments. Goal tracking can incorporate everything from retirement planning to financial wellness and education. Currently only 39 percent of affluent consumers have a written financial plan. Having a goal-based approach requires changing behaviors and mindsets to achieve goals. Real-time tracking of financial data is an important aspect.

Over the coming decade, financial advisors will transition to becoming life coaches helping families from tax planning to achieving financial wellness.

Advisors benefit too. A more holistic view of a family’s portfolio means they in turn serve the family better. Technology is changing the roles of wealth managers and advisors. They know this and are awake to new opportunities. In its World Wealth Report 2019, Capgemini<sup>5</sup> highlights the growing importance of new technologies including Artificial Intelligence, and their potential to improve wealth managers’ efficiency and deliver better service outcomes for their wealthy clients.

Over the coming decade, advisors will transition to becoming life coaches, helping families from tax planning to achieving financial wellness.

## Put security center stage

So how does a wealthy family balance these delicate needs, while maintaining its security?

A family must be able to manage its own cash, from expenses to charitable giving, while accurately tracking its overall risk profile, managing different advisor relationships, and overseeing the transfer of wealth to the next generation. All of this information must be managed by the right people in secure ways. The balance between security and managing complexity in an efficient, flexible way is a dichotomy. Wealthy families should be concerned where their data is held, and who has access and control of the data. Multiple moving parts must be managed without allowing cracks in the security. Data must be easily accessible without the traps and frictions caused by clunky security. >>



Software as a Service, one of the great cloud-enabled solutions of the modern era, offers an answer to the multifaceted challenges facing family offices.

<sup>4</sup> Ibid., 4

<sup>5</sup> Capgemini’s World Wealth Report 2019, July 2019, <https://worldwealthreport.com/>



>> Cloud-based platforms such as Asset Vantage deliver the right mix of security and flexibility. Software as a Service, one of the great cloud-enabled solutions of the modern era, offers an answer to the multifaceted challenges facing family offices. Cloud is scalable, so you only pay for what you use. It's infinitely configurable, highly secure and accessible anywhere and anytime with the right login credentials.

As the next generation of a family begins to control more decision making, the complexity rises and the need for technology increases. Younger principals are more comfortable with technology than older generations and they have higher expectations about how digital capabilities can make their lives easier.

## Take back control with eyes wide open

Family principals and their trusted advisors can benefit from from Asset Vantage's innovative cloud-based Performance Reporting and General Ledger platform. Unlike other platforms, Asset Vantage evolved from a family office with roots in technology businesses. It is built ground up with security and privacy and first-hand understanding of the needs of wealthy families.

By providing consolidation, visibility, and control, it helps families transform disparate data into highly actionable insights. It strips away complexity to help families uncover hidden opportunities and risk in investment portfolios.

Armed with better insights, and supported by advisors with a fuller, clearer picture, wealthy families are enjoying new-found financial wellbeing.

## About Asset Vantage

Asset Vantage was founded by the UNIDEL group as a next generation, cloud/mobile based asset management, accounting and reporting system catering to the complex financial needs of customers ranging from individual wealth holders to fully staffed family offices and those professionals that service them. The fully configurable software provides a portfolio reporting, reconciliation, data aggregation and analytics platform encompassing all asset classes, currencies and geographies.



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