



# GOALS-BASED SOLUTIONS TO SCALE YOUR PRACTICE AND BETTER MEET CLIENT NEEDS

How can we grow our practice and spend more time with clients?

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## **The Client**

An independent wealth manager/registered investment adviser.

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## **The Challenge**

Meeting client demand for a modest cost portfolio with consistent performance.

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## **Our Approach**

Combining asset allocation and portfolio construction expertise with cost-effective investment strategies, with the goal of delivering improved outcomes with less risk.

This wealth manager was established in Arizona more than 30 years ago. Over the years, it has expanded to a team of over 100 advisors across several states. This rapid growth required scalable solutions.

## **Seeking a trusted brand and client support**

When this wealth manager approached us, its private clients had a need for sophisticated portfolios with proven track records. Yet their specific investment requirements varied depending on personal circumstances: while some wanted tax-sensitive portfolios, others were focused on generating income for spending needs. Others still were risk averse — their main objective was to dampen market volatility.

In an effort to satisfy all the varying requirements and optimize advisers' time, the wealth manager had decided to partner with an asset manager recognized for its expertise in investment management with an extensive suite of model portfolios. The right partner would offer actively managed portfolios that demonstrated value to clients and that met a range of goals. That partner would also provide frequent client communications and supporting educational material to enhance the client experience.

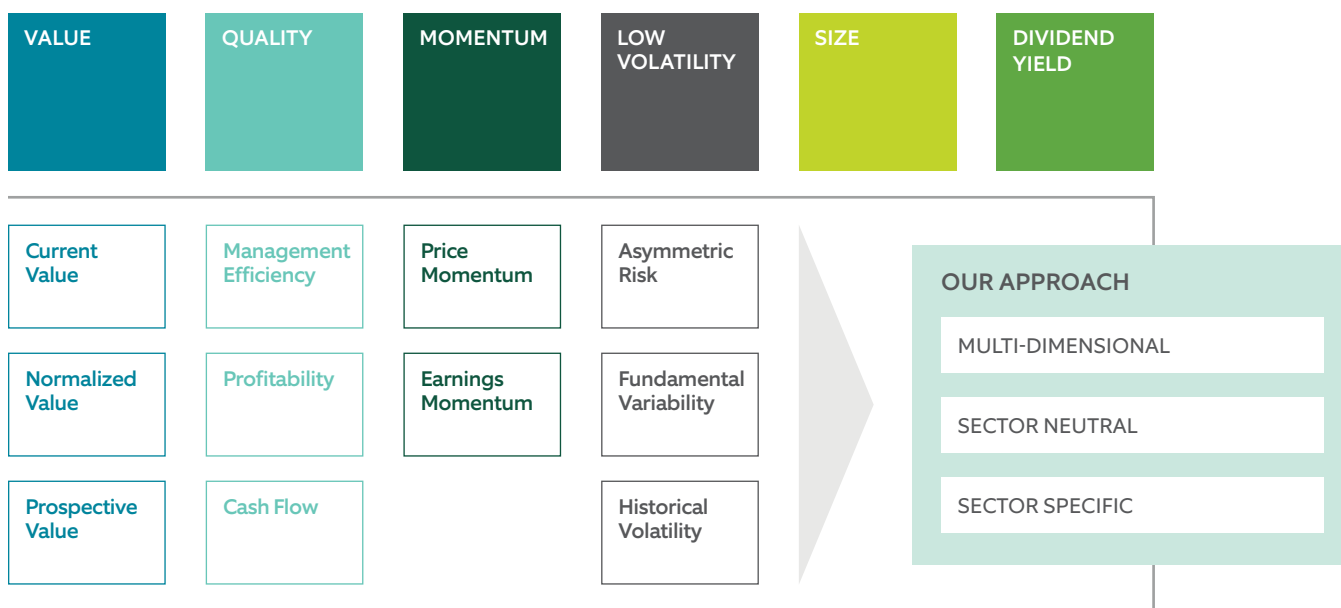
## **A proven dynamic and multi-factor approach**

With the goal of offering its clients scalable and highly effective solutions, the wealth manager chose Northern Trust Asset Management (NTAM) to provide a suite of model portfolios. These follow the firm's time-tested dynamic asset allocation process, and seek to add value through multi-factor ETFs. By contrast, many model portfolios tend to be static and passive, so they may not keep up with changing market conditions. Others are active and overly tactical, causing unnecessary expenses and tax consequences.

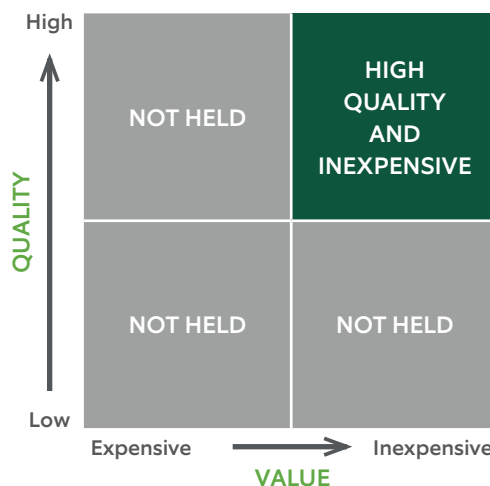
**CASE STUDY: GOALS-BASED SOLUTIONS TO SCALE YOUR PRACTICE AND BETTER MEET CLIENT NEEDS**

NTAM's guiding philosophy is that we believe investors should be compensated for the risks they take. Our model portfolios employ value-add FlexShares ETFs, which invest in companies with characteristics or factors that have a proven history of rewarding investors over the long-term, namely: value, quality, momentum, low volatility, size, and dividend yield.

**OUR APPROACH TO STYLE FACTORS**



**MULTI-FACTOR INTERSECTION APPROACH**



NTAM's dynamic asset allocation process was built to serve Northern Trust's own ultra-high net worth wealth management clients, and has a 14-year track record. It starts with an annual process where the Investment Committee forecasts long-term asset class returns. These capital market assumptions are then utilized to create a risk asset portfolio focused on global equities, high yield bonds, and real assets, alongside a risk control

portfolio focused on investment-grade and inflation-linked bonds. The portfolios are optimized with the aim of meeting investors' differing return objectives and risk tolerances. The investment committee meets monthly to review the macro economic environment and identify investment risks and opportunities over a 12-month time horizon to determine tactical allocation. The committee positions each portfolio with under- and over-weights which provide an additional source of alpha complementary to the alpha generated by factor-based implementation.

**FORWARD-LOOKING, HISTORICALLY AWARE FORECASTS**



**Our Solution**

Diversified Strategist Portfolios (DSP) feature globally diversified, professionally managed investment solutions that are designed to target consistent performance, with the potential for higher returns and less risk.

**Aiming to improve your clients' outcomes and scale your practice**

NTAM's Diversified Strategist Portfolios (DSPs) multi-asset class strategies have been developed and refined for more than 40 years to seek to deliver an efficient approach to quality-focused, factor-based investing.

Each DSP is designed to meet the goal of outperformance over the long-term, with risk reduced due to increased diversification (investing globally and across different asset classes, such as infrastructure, high yield bonds, and natural resources), dynamic asset allocation, and a focus on the factors historically proven to produce alpha over the long-term. Implemented through ETFs, the portfolios aim to be cost-effective as well as risk efficient.

NTAM offers 30 model portfolios with investment objectives ranging from income to maximum growth. They also offer specialist portfolios focusing on areas of strong client demand including: fixed income, tax sensitivity, low volatility, and enhanced income.

Just as important as the portfolios themselves, NTAM supports these models with client-friendly materials such as the 10 Principles of Effective Investing and Successful Spending in Retirement. These educational guides come with advisor scripts and can also be used for prospecting seminars. Additionally, NTAM provides client friendly monthly asset allocation updates, explaining the current market events and how NTAM model portfolios are positioned for the changing and challenging markets ahead.

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### The Benefits

Partnering with Northern Trust aligned the wealth manager's investment solutions with client needs.

## Association with an investment leader, plus intelligent insights

After adopting NTAM's DSP solutions, the wealth manager was able to meet the requirements of its private clients for a range of portfolios tailored to client goals.

A further significant benefit came in the form of a monthly asset allocation commentary. The Perspectives newsletter describes the market environment, discussing potential market or economic risks, and explains the rationale behind any tactical asset allocation decisions. The client-friendly monthly asset allocation updates — one more detailed and one slimmed-down version — explain how DSP portfolios are positioned according to these views. This regular note gives the wealth manager an opportunity to discuss leading market insights and portfolio positioning with clients.

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### The Result

Already, the DSP suite of portfolios has attracted new assets to the wealth manager's business, and more are expected in the future.

## Helping to grow the investment practice

The portfolios have historically proven to be popular with clients delivering on the reputational benefits of being associated with an investment leader. Since DSP's value proposition includes immediate execution of manager selection and asset allocation decisions, the wealth manager could focus additional efforts towards servicing clients and prospects.

### ABOUT NORTHERN TRUST ASSET MANAGEMENT

Northern Trust Asset Management is a global investment manager that helps investors navigate changing market environments, so they can confidently realize their long-term objectives.

Entrusted with \$1.0 trillion in assets,\* we understand that investing ultimately serves a greater purpose. We believe investors should be compensated for the risks they take — in all market environments and any investment strategy. That's why we combine robust capital markets research, expert portfolio construction and comprehensive risk management to craft innovative and efficient solutions that deliver targeted investment outcomes.

As engaged contributors to our communities, we consider it a great privilege to serve our investors and our communities with integrity, respect and transparency.

\*AUM as of June 30, 2022. Article published as of June 30, 2022. For more recent AUM, please visit [northerntrust.com](https://northerntrust.com).

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