



THE AGE OF PERSONALISATION

The Shift from Generic Models
to Bespoke Portfolios

” Every portfolio manager has their own way of managing client money — a unique investment DNA. ”

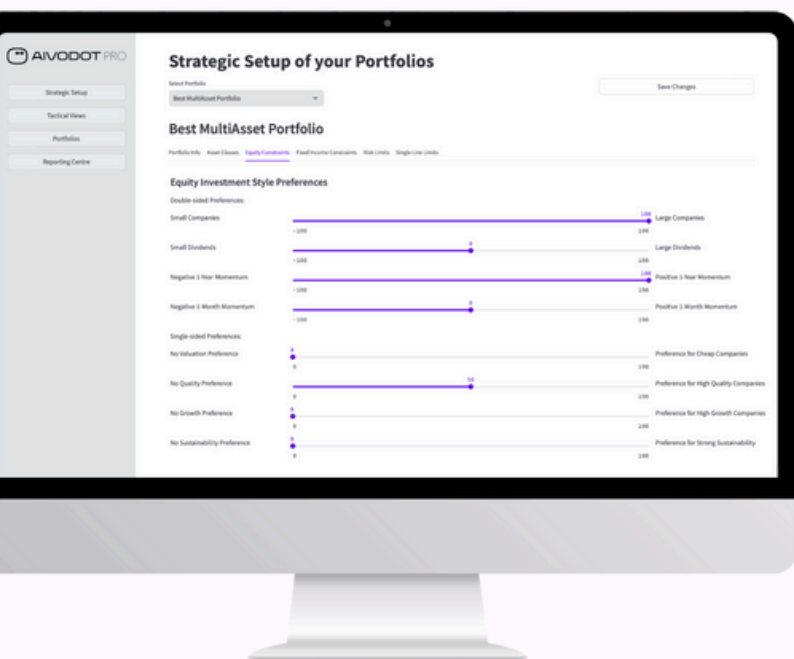
In an era where technological advancements give rise to new, more robust methods, the portfolio management industry has significant potential to tap into these innovations. The need for digital solutions, a more personalised approach, and constant pressure to innovate are familiar challenges for every portfolio manager today. Meanwhile, the demand to deliver superior performance amidst shrinking profit margins adds pressure, as management fees have fallen by more than 58% over the past two decades (Morningstar, The 2023 US Fund Fee Study). Coupled with rising operational costs, wealth management executives are focusing on enhancing client experience and upgrading digital infrastructure as the main drivers to boost engagement and ensure long-term growth (Capgemini, World Wealth Report 2023). The rise of thematic investing, which has seen its share of global equity fund assets triple by mid-2022 (Morningstar, Thematic Fund Handbook), further underscores the strong trend towards personalised strategies among investors.

Aivodot is uniquely positioned to help portfolio managers swiftly align with these evolving client needs and market trends.

Aivodot leverages quantitative finance and generative AI to build a unique portfolio management system that handles complex tasks such as portfolio construction and the management of bespoke investment strategies. The core premise of Aivodot is that every portfolio manager has their own way of managing client money - a unique investment DNA. That's why we introduce the concept of Match Scores, which quantify all the dimensions a portfolio manager typically considers when making decisions. Are you targeting undervalued stocks in the cybersecurity space with strong momentum, growing high-quality companies in the renewable energy sector, or perhaps seeking to protect your portfolio against inflation or interest rate movements? Aivodot extensively maps thousands of securities across sectors, industries, megatrends, future-growth sectors, and economic events, providing managers with a variety of building blocks to create truly unique portfolios in just a few clicks - all within their own investment DNA. With these Match Scores at their fingertips, managers can drastically reduce the time spent implementing a client's target investment strategy while seamlessly integrating their own views.

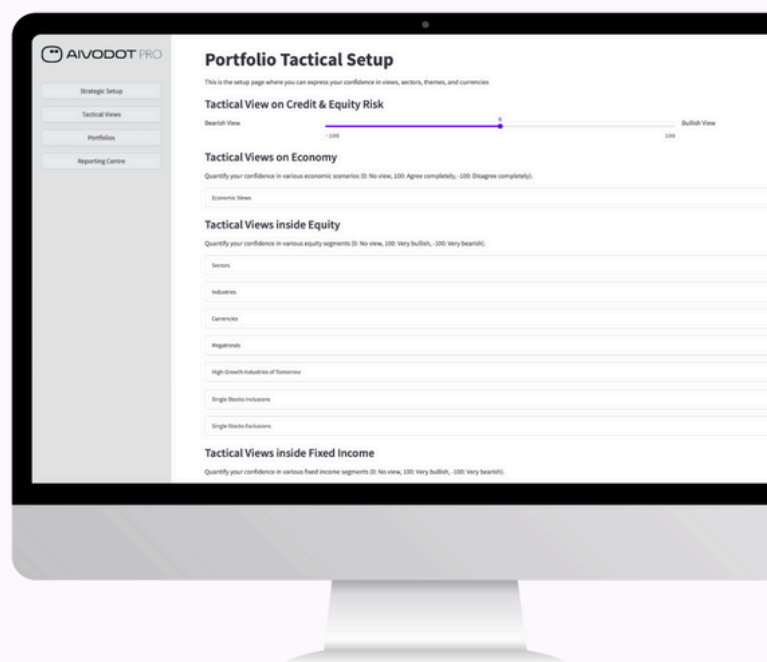
THINK STRATEGICALLY MOVE TACTICALLY

Every portfolio begins with its strategic setup. Aivodot allows the manager to define the portfolio's neutral positioning and set acceptable deviations at all relevant levels. This establishes the playing field for the portfolio moving forward.



Additionally, the manager determines the portfolio's target investment style and sets preferences for the factors that drive it, such as momentum, growth, value, quality, dividend, size, and sustainability. These factors play a crucial role in the security selection process. Above all, custom risk limits ensure that the portfolio's capacity to bear loss is never exceeded.

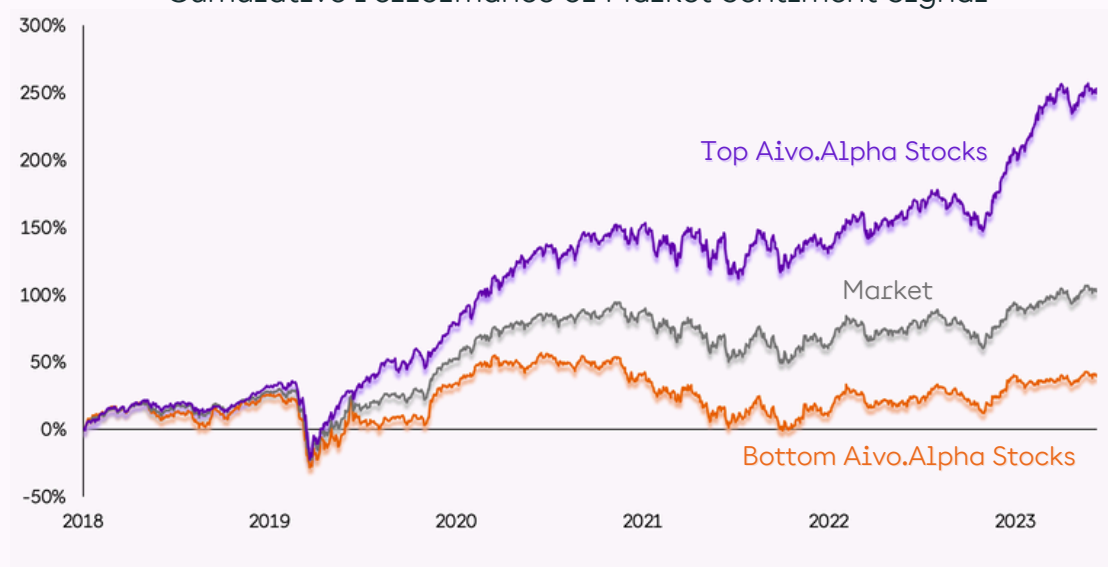
With the strategic setup, the manager can allow the engine to automatically rebalance portfolios based on a defined schedule and turnover limits. However, they can step in and make tactical adjustments at their discretion. Whether they are currently bullish, anticipate a drop in interest rates, or believe the technology sector has run too far, Aivodot enables the manager to express their confidence in the view and finds the best portfolio manifesting their beliefs—all within the target portfolio profile.



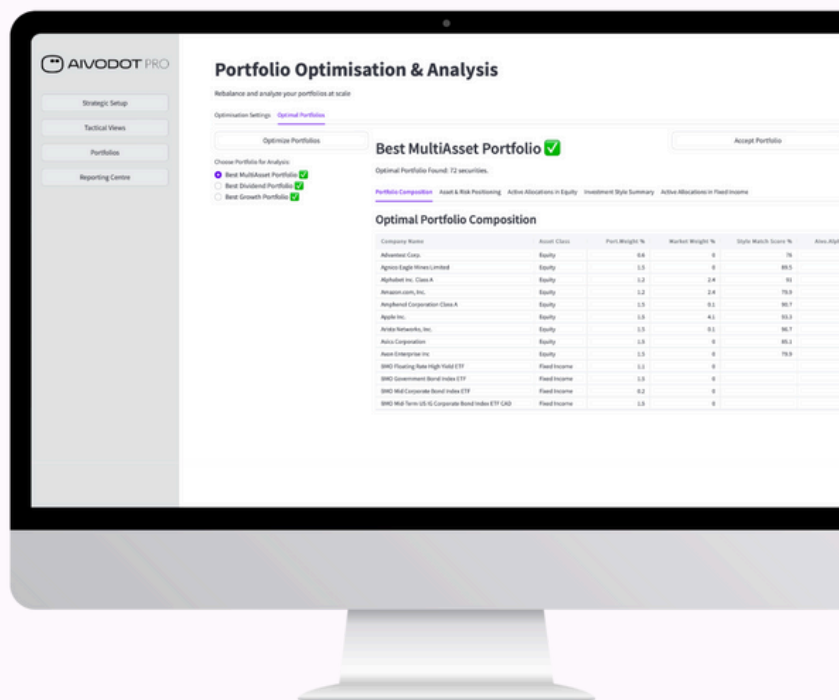
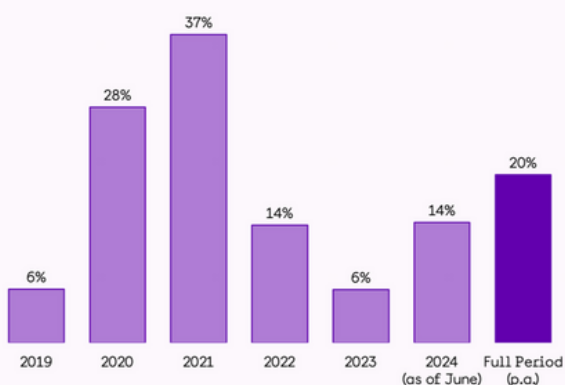
GET THE STOCK-PICKING EDGE

Aivo.Alpha, our advanced algorithm, taps into investor psychology to create a Market Sentiment Signal that identifies stocks with high-return potential. By combining Analyst Estimates with Behavioral Finance, the Aivo.Alpha Scores provide a data-driven edge for building high-performing portfolios that remain consistent over time and independent of investor profiles. With the Aivodot portfolio construction engine, your portfolios will not only align with your strategic and tactical views but will always be tilted toward securities with superior return potential.

Cumulative Performance of Market Sentiment Signal



Top minus Bottom Aivo.Alpha Stocks Annual Outperformance



GO BEYOND 6 MODEL PORTFOLIOS

Most investment houses typically offer up to six unique investment strategies to their clients based just on risk and sustainability preferences. This clear lack of personalisation is rooted in practical limitations, where an increasing number of portfolios usually requires a corresponding rise in the number of portfolio managers and analysts. Additionally, implementing tactical views from in-house economists and investment committees becomes increasingly difficult to execute across a wide array of investment profiles, styles, and risk limits.

While limiting strategies to only six may seem inevitable to keep portfolio management lean, it comes at the cost of lower client engagement. Personalization of investment products opens up possibilities to connect with customers on multiple levels by offering portfolios that resonate with their values, investment styles, and market trends they wish to participate in, even incorporating their preferred individual stocks and funds. This approach improves their understanding of how their money is managed, making them less likely to make emotionally driven decisions to exit positions during temporary market downturns or periods of portfolio manager underperformance, ultimately leading to better long-term outcomes.

Future-proof portfolio managers will distinguish themselves by offering personalized investment solutions while maintaining lean and efficient operations. Aivodot enables this transformation. Our portfolio construction engine allows for thousands of distinct strategic setups, providing portfolio managers with vast possibilities to tailor investment strategies to all mandates. Subsequently, the manager's tactical views are automatically pushed across all portfolios in an optimal manner, aligning with their respective strategic configurations and risk profiles. Generative AI-driven reporting ensures that each client receives personalized communication, including market updates and stock news summaries, further enhancing the personalized experience.





GET IN TOUCH



institutional@aivodot.com



pro.aivodot.com



12 Rue du Chateau d'Eau,
3364 Leudelange
Luxembourg

