



RISKALYZE CASE STUDY

An Advisor Received an Auditor's Referral With Riskalyze

A Story About an Unexpected Connection

DECLASSIFIED FIRM INFORMATION



Somewhere in the Southeastern U.S.



Between \$100 and \$150 million AUM



3+ years using Riskalyze



Tech Stack: Riskalyze, Albridge, eMoney, Redtail



Custodians: TD Ameritrade, NFS



TRACKING SUCCESS FOR FIRM X

If you were to pick a firm that is doing everything right, this is the firm you would choose. Because of the extraordinary and sensitive regulatory nature of this story, they'll be known as Firm X from here on out.

Even though the story may have an unbelievable ending, we guarantee that every word is true.

While some client case studies focus on successful asset-gathering, those kinds of metrics don't fully reveal the success of an advisory practice in a fiduciary-first world.

The mission of advisors everywhere is to help people use their money to further their life's mission and goals. And if that's the case, then how well an advisor acts as a fiduciary to those people is the ultimate benchmark.

For Firm X, the client relationship begins with a planning focus. If clients don't understand how much they're spending, then talking about saving for retirement won't have much impact in their lives.

Firm X serves more than 165 households in 15 states, with clients representing a mix of Gen X, Gen Y, Baby Boomers, and all-around all-star entrepreneurs.

In its mission to serve those clients in the best way possible, the partners at Firm X could see they needed to advance the risk conversation and bring it front and center in their client relationships.

While many firms use Riskalyze to illustrate a client's need to decrease risk and volatility in their portfolio, Firm X often comes across underleveraged investors. As clients would comment that they needed to make more money, many didn't understand that a goal like that would require a complementary increase in risk as well.

Let's Find This Client's Stomach

Firm X calls Riskalyze's Risk Assessment their way to "find a client's stomach." In other words, it helps them better understand how far a portfolio can fall in a fixed period of time before the client's stomach will drop to their knees and prompt fear-bound decisions.

We know that stereotyping clients based on their age simply doesn't work. After combing through our risk assessment data, we found that 52% of 20-29-year-olds don't fit their "aggressive" stereotype, and stereotypes don't work any better for older folks. 53% of 70-79-year-olds didn't fit into their "conservative" stereotype, either. Is it possible to act in the best interest of your client if "moderately conservative" means something different to you than it does to them?

It's no longer enough to simply act in the best interests of clients. Advisors must also be able to prove it quantitatively. **That's where Riskalyze comes in.**

The Risk Number makes the conversation translational for Firm X. Instead of speaking in percentages like an advisor, the conversation becomes about the client and uses language they understand (and isn't that what client service is all about?)

UNANNOUNCED AUDITS AND UNEXPECTED REFERRALS

Firm X has gone through two broker-dealer audits since incorporating Riskalyze into their practice. They've passed both with flying colors.

The first audit was over almost as soon as it began. Firm X intentionally documents the details of client meetings in Redtail and also prints out a Riskalyze report for each meeting and has the client sign off on their Risk Number and assigned portfolio. The proof that they know their clients and are doing the best for them is irrefutable.

Now, passing an audit may not be all that remarkable in and of itself. But once the audit was over—**that's when the unthinkable happened.**

The examiner who assessed Firm X gave them a referral—to their own family member.

Now you see why we have to protect their identity. If an auditor deems them good enough for a family member, just imagine how the rest of the world feels about them.

A referral from an auditor might be where a typical client story would end—but this one keeps going, because a second audit happened not long after. This time, Firm X had just gone through a complete employee turnover, as its two employees both moved on and up to other positions outside the firm. Meanwhile, one of the firm's partners was out on the road traveling—when an unannounced auditor from their broker-dealer checked in.

Throw those ingredients together and most firm partners might have an immediate heart attack. But there was more worry about the brand-new employee who was in the office at the time being able to find the right client file quickly than about anything an examiner might discover.

Because of its strict documentation and controlled processes that shape each client relationship, this unannounced audit was an unmitigated **success.**

Just like the first time, this second audit was a simple process. Firm X showed the financial plans created in eMoney, the notes in Redtail, and the reports from Riskalyze.

The Riskalyze reports that Firm X uses to show off their client knowledge include risk/reward heat maps, stress tests, the Riskalyze GPA™ score for portfolios, and expense ratios.

It's all documented, and it's all approved by clients. When you put it all together, it makes for less stressful audits and more solid relationships.

We can't guarantee you'll get referrals from your auditor, but we can give you more confidence that your audits will be less stressful.

Using Riskalyze in your client meetings to emphasize how risk and reward are intricately linked can help your clients better understand their investments, and help you prove that you've done the due diligence to understand their unique personality and built an investment strategy to accommodate them.

Get in touch to learn more. Who knows, your next referral could be right around the corner.


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READY TO JOIN THE FEARLESS INVESTING MOVEMENT?

We'd love to show you how tens of thousands of advisors are empowering fearless investing with the Risk Number.

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Riskalyze is the company that invented the Risk Number®, which powers the world's first Risk Alignment Platform and was built on top of a Nobel Prize-winning academic framework. Advisors, broker-dealers, RIAs and asset managers use the Riskalyze platform to create alignment between clients and portfolios, leverage sophisticated analytics to increase the quality of their advice, automate trading and client account management, and access world-class models and research in the Riskalyze Partner Store — all with the mission of empowering the world to invest fearlessly. To learn more, visit riskalyze.com.

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