Streamlining Alternative Investment Management with Orion's AIP

For investors looking to diversify their portfolios, reduce risk, and maximize returns — that is to say, nearly all investors — alternative investments are an attractive option. Because they are unregulated by the SEC and behave differently than typical funds, like stocks and bonds, alternative investments have the potential to mitigate stock market volatility, hedge portfolios against inflation or rising interest rates, and lower correlation to traditional markets.

What are alternative investments?

Any asset outside of the conventional stocks, bonds, and cash is considered an alternative investment.

Some examples include:

Hedge Fund: pools capital from accredited investors or institutional investors and invests in a variety of assets

Private Equity: consists of capital that is not listed on a public exchange

Venture Capital: financing investors provide to start-up companies, early-stage firms or small businesses believed to have long-term growth potential

Private Real Estate: pooled private and public investments in property markets

REIT (Real Estate Investment Trust): allows investors to pool their money to invest in a collection of properties or other real estate assets

Direct Investment: investment in a foreign enterprise

The same characteristics that make alternative investments appealing to investors — namely, that they are held outside of the traditional investment structure — can make them a challenge for financial advisors.

Providing clients who use alternative investments with a holistic financial picture can be a struggle for advisors who track those investments manually. Challenges they face include:

Using Spreadsheets: While Excel is a popular tool for advisors because it’s familiar and, for the most part, easy to use, it’s not ideal for ensuring accuracy and accessibility of client information over time. Spreadsheets can be corrupted, data can be lost, and accidental edits can occur.

Additionally, maintaining alternative investments in a spreadsheet and public assets in a portfolio management tool makes it nearly impossible to demonstrate a client’s comprehensive performance return with complete accuracy.

Tracking Differences: Advisors who deal with alternative investments outside of hedge funds, private equity, and real estate need to allow for accurate reporting on a wide range of transaction events. In most cases, advisors categorize all transactions as capital calls, distributions, and closing transactions, which may not be correct when it comes to some alternative investments.

Contending with these complexities makes the scalable, accurate reporting of alternative investments difficult to maintain on a long-term basis.

Viewing Exposure: Advisors need to evaluate private equity exposure in two ways: for their individual clients, and across their business as a whole.

Clients need to see private equity or alternatives exposure as far as its allocation in their total portfolio. But if alternatives are tracked manually, this can only be done in a segmented way.

Additionally, to maintain a comprehensive view of their business, advisors must be able to see exposure to alternatives across all clients. While they can potentially build that functionality into Excel, doing so wastes time and resources, and also does not automatically include public assets, thereby failing to provide a truly holistic investment review.

Human error and wasted resources are two common themes presented throughout these challenges. There needs to be a better way for advisors to include alternative investments in client portfolios.

The good news? There is.

Orion's **Alternative Investment Platform**, located within the Account Composer app, allows advisors to provide all-in-one statements and reviews for their clients by maintaining alternative investment data in concert with publicly traded investments. Using this tool, the reporting engine can calculate a comprehensive performance return for all of an investor's assets.

The Alternative Investment Platform empowers advisors to:

- Maintain all asset information in one convenient place
- Update transactions and valuations with a few clicks
- Use global transactions and valuations to apply updates en masse
- Track changes with auditing tools
- Establish insight with pre-built sub-reports

Even better, the AIP is available to Orion users at **no additional cost**. Accounts added to AIP are included in your existing Orion Connect fee agreement.

Want to get started on the Alternative Investments Platform right away? Click here to log into Orion Support and chat with our SME Team today.

Not working with Orion yet? We'd love to start a conversation and show you what Orion can do for your business. Let us know here and we'll give you a call right away!

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