

The Importance of a Nimble and Inclusive Custodian

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The past year has seen the reemergence of alternative investments, and cryptocurrency has become an asset of which advisors have taken notice. The need for a platform that provides advisors and their clients access to these asset classes is becoming increasingly important. Finding a custodian that provides all assets on one platform, with advanced technology and reporting capabilities, is now at the top of advisor wish lists. So, what should they look for?

Ability to Adapt

As 2021 has taught us, market trends aren't waiting for anyone. Whether it be the explosive interest in cryptocurrency, a boom in REITs, or significant increase in retail trading, advisors are forced to be nimble for their clients, and their custodian must follow. A custodian that can offer an advisor access to assets their clients are demanding will undoubtedly have a competitive advantage over a similar business that could be weeks or months away from the same offering. Being able to adapt quickly—within the standard compliance and legal regulations—is something custodial businesses are viewing as high-priority.

All Assets on One Platform

The financial industry has responded to advisors' call for alternatives with an extraordinary influx of innovation, creating hundreds of new strategies and products.

Most custodians still refuse to accept alternative assets on their platform. Others impose strict limitations, accepting only certain types of alternatives. At times, custodians also seem determined to make valuation of alternative assets as difficult as possible, requiring time-consuming manual efforts to update prices. Advisors need a custodian who will support the purchase, custody, pricing of alternative investments and provide tools to track their performance all on one custodial platform. Advisors and their clients should have line of sight to their entire book of alternatives and standard assets with a click of the mouse. In addition, advisors need this to be automated, meaning it should not require keypunch or systems that are duct taped together.

Access to Cryptocurrency Trading

Having an integrated trading platform that enables fast and easy cryptocurrency trades is becoming more sought-after



by advisors. The ability to execute in real time is something most advisors don't currently have access to, but as their clients continue to push on diversifying their portfolios with this asset class, it's going to become a necessity, not just a luxury. Platforms are aiming to provide access to a number of leading cryptocurrencies, next day settlements, and integrated portfolio reporting. Custodians have already started the process and will continue to fine-tune their offerings in the coming months.

As always, the industry waits for no one. 2021 has exacerbated the need for an even more nimble business structure, and 2022 will only intensify this need. Without adaptability, advisors and their clients will almost certainly look to bring their business elsewhere, to a company that can quickly satisfy their needs. Consolidation in the industry has limited the options for advisors, and the question remains whether these newly formed custodial giants will have the ability to quickly adapt to their clients' needs. The smaller, boutique-style custodians could be the option advisors look towards in 2022 if they want to comfortably trade all assets on a single platform. ■

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