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How UX Wealth Partners uses AI tech and investments to stand out from the TAMP crowd

By [Ryan W. Neal](#) March 14, 2022, 12:39 p.m. EDT 3 Min Read



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powered by AI. Its latest addition is the AI Sentiment US Equities All Cap model portfolio, which uses an algorithm to pick 30 stocks out of 1,000 based on favorable sentiment in news coverage. The portfolio is automatically rebalanced weekly based on the companies receiving the most positive sentiment, and no human is involved in managing the portfolio.

“The real-time news sentiment analysis provides a clear signal into the movement of price in the market and brings immense value to the advisors on our platform,” UX co-founder Kyle Wiggs said in a statement.

The StockSnips portfolio is just one of several AI-powered investment strategies available on UX’s model marketplace. In addition to a unique tech stack – which includes THOR Financial Technologies for investment research; Bridge Financial Technology for advisor and client dashboards; a model marketplace powered by ETF Action; Stratifi for risk profiling and proposals; and FlyerFT for trading and portfolio management across all major custodians – UX offers something RIAs can’t get elsewhere.

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In an era when [many leading wealthtech companies are targeting enterprise deals](#) that deliver software to thousands of advisors at once, access to unique technology and investment products can create a competitive advantage, Wiggs said.

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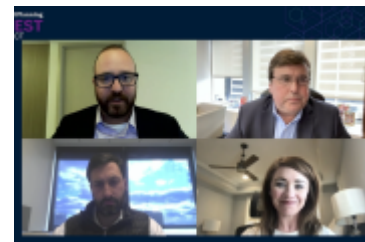
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The strategy also seems to be helping UX stand out in [a crowded market for outsourcing providers](#). In 18 months, the turnkey asset management provider (TAMP) has attracted \$1 billion in assets.

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While many [expect advisors to increasingly embrace AI](#) in 2022, there remains the question of whether or not advisors are ready to turn client assets over to model portfolios managed entirely by AI. While automated asset allocation is widely accepted these days, management of the actual funds is something else.

The proof is in the pudding, said StockSnips CEO Ravi Koka, who cites his own research as well as independent published reports that say news sentiment can be a predictor of stock price behavior.

“It may not be true of every stock in every instance, but on average, if the signal is right, you’ve got [information] to generate alpha,” Koka said.

In backtests of the AI Sentiment US Equities All Cap portfolio, cumulative returns were 169.2% compared to the S&P 500, which returned 101% over the same time period, Koka said. He acknowledged that the AI-powered fund is more risky than classic indexes and said this portfolio has a 1.33 Sharpe ratio.

“The whole use of AI to come up with investing strategies, this is brand new territory. We are one of the pioneers,” Koka said.

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analyzing the market. “Just by volume, the number of products out there and the number of publicly listed companies that are moving in share value by the second, having AI tools that can [track] that for you is a great benefit.”

There is more value in AI automating tasks that free up advisors’ time to focus on client-facing tasks, Bogart said. Companies that do this can stand out in the market.

For RIAs or clients who may be reluctant to fully embrace AI-powered model portfolios, UX’s model marketplace also has more traditional products from household names like Vanguard and State Street, Wiggs said. The idea is that advisors can offer the same portfolios as everyone else, but can also offer something a client can’t find on their own. The integration with ETF Action allows advisors to compare the performance of traditional portfolios to the next-generation ones, and some advisors end up doing a 50-50 blend to let the AI models compete for assets over time, Wiggs added.

“We don’t want you to just take our word for it,” he said. “The facts speak for themselves.”

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