
Scalable Capital, a German robo, enters UK market

By Editorial Staff Thu, Aug 11, 2016

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Already established in Germany and Austria, digital investment manager Scalable Capital has become the latest robo-advisor to enter the UK market, opening its portfolio management business with portfolios built of exchange-traded funds, ETFstrategy.co.uk reported.

Scalable Capital currently manages more than 1,200 client portfolios, according to Adam French, its managing director and co-founder.

After a risk tolerance assessment, the firm's algorithm builds a custom globally diversified portfolio of ETFs to offer exposure to equities, government and corporate bonds, covered bonds, commodities, real estate and cash. Average ETF fee is 25 basis points per year.

The average total expense ratio of ETFs used by the firm is 0.25% per annum), while also maintaining high liquidity and transparency.

The firm said it ensures risk preferences of its investors at all times, "including during abnormal 'stressed' market conditions." Accounting for "all previous market conditions," its "value-at-risk analysis" tells investors each year what amount or percentage of their portfolio for a given probability (usually 5%) over the following year.

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After a Series-A funding round of £5.6m in March 2016, taking the firm's total funding to £8.8m, Scalable Capital has announced plans to build out Scalable Capital's UK client base, as well as to fund expansion into selected new markets.

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