Scalable Capital makes investment management accessible to everyone

Sophisticated investment management has, until now, been reserved to an elite of very wealthy people or institutional investors. Today, Fintech start-up Scalable Capital makes investment management accessible to everyone; using a smart, cost-effective, technology-based approach, which offers investors:

- Globally diversified ETF portfolios, tailored to each customer’s risk preference
- A unique dynamic risk management technology, which controls the risk of loss while optimizing performance, developed in collaboration with renowned German economist Prof. Stefan Mittnik
- No hidden fees, and a total cost of 0.75% p.a.

Munich, November 2d, 2015 - Scalable Capital, a digital investment platform, will be exhibiting at Websummit on Downtown area on Day 3 (Thursday) at Stand D-191 as part of the Alpha programme. The Fin Tech start-up is backed by high-profiles investors, including Holtzbrinck Ventures and Monk’s Hill Ventures, with a seed funding round of close to 4 million Euros.

“Scalable Capital is our answer to the question of what a modern, fair and professional investment service should look like. From our experience in the finance industry, we wanted to create an investment service that we could use and recommend to our friends. Unfortunately, that didn’t exist before. Our service is aimed at professionals that are too busy to invest on their own and smart enough not to get ripped off. We’ve also seen vivid interest from several institutional investors such as wealth managers and family offices.” - Erik Podzuweit, Co-founder and CEO of Scalable Capital.

A selection of the best index trackers

By exclusively investing into carefully selected ETFs (Exchange Traded Funds), Scalable Capital operates completely independently from partner firms or distribution agreements. The company selects the best and most cost-efficient index trackers from more than 1,500 ETFs. The average cost of the ETFs in Scalable Capital portfolios is 0.25% p.a.

The portfolios are presently constructed using fourteen ETFs, that track indices in the four main asset classes: equities, bonds, real estate and commodities. Together, they cover more than 8,500 individual securities in almost 90 countries. That’s how Scalable Capital ensures that each portfolio is globally diversified.

Dynamic risk portfolio management

The onboarding process involves an online questionnaire where clients are asked about their investment objective, financial situation, previous experience with capital markets investments, and personal risk tolerance. On this basis, Scalable Capital provides more than 20 different risk categories for the clients to select from. Each risk category indicates an annual loss, which will not be breached with a probability of 95 percent. The higher the risk category, the higher the expected return potential.

As such, the central component in the investment model of Scalable Capital is a proprietary risk-management technology, which constantly monitors and optimises portfolios. Once the technology's simulations predict a breach of an investor’s risk limit in the course of the next year, Scalable Capital will automatically adjust the weights of each asset class in the portfolio until the risk limit is again being met. This unique technology was developed by Scalable Capital, in collaboration with
Professor Stefan Mittnik, director of the Chair of Financial Econometrics and Director of the Center for Quantitative Risk Analysis at the Ludwig Maximilian University in Munich.

"There is extensive empirical evidence suggesting that it is impossible to predict price movements. However, risks can be forecasted very well, especially in the short term. This observation is the starting point for our risk model. Risk is the currency in order to buy performance and our customers decide how much risk they want to put on the table", says Florian Prucker, co-founder and co-CEO.

**No kickbacks, no hidden costs, maximum cost-efficiency**

Scalable Capital offers its service at a fraction of the cost of comparable investments and thus ensures that performance is not eroded by unnecessary costs. "We are obsessed with cost-effectiveness. We have replaced all unnecessary costs by technology. There are no hidden costs, sales charges or other fees" says Erik Podzuweit.

The total cost is 0.75 per cent p.a. of the average invested capital. This includes account management and custody fees, as well as all trading costs for portfolio adjustments. For comparison, the total costs of traditional investments recommended by bank advisors average around 2.3% in Germany (which includes total-expense-ratios and upfront fees of funds).

**A regulated financial service provider with renowned investors**

Scalable Capital is the first independent FinTech company in the field of investment management to have received a license from the German regulator BaFin, and the company is currently going through the process of obtaining an FCA license for the UK. It is also a member of the Compensatory Fund of Securities Trading Companies (EdW) in Germany.

Scalable Capital has closed one of the largest seed-funding rounds in the European FinTech scene, receiving funding of almost 4 million euros. The largest investor is Holtzbrinck Ventures, one of the most successful growth capital funds in Europe. Additional investors include international firm Monk's Hill Ventures and the German Startups Group. Furthermore, several well-known business angels such as Reiner Mauch (co-founder of Consors), Rahul Mehta (Global Managing Partner of Digital Sky Technologies) and Dr. Steffen Pauls (former Managing Director of KKR) support the company.

Founding shareholders are Erik Podzuweit (formerly Westwing Home & Living and Goldman Sachs), Florian Prucker, Adam French, Patrick Pöschl (all ex- Goldman Sachs) and Professor Stefan Mittnik.

For more information, please visit: [https://scalable.capital](https://scalable.capital)

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