# The Portfolio Platform (TPP) v's E Toro

**Monday 19 October, 2020**

**THE PORTFOLIO PLATFORM V'S ETORO**

In a battle that is making waves in the world of fintech, today we look at a potential shift of power from the more established eToro, to The Portfolio Platform (TPP).

For many retail investors, the E Toro platform is an excellent tool for their investment portfolio.

In very simple terms, E Toro designed a social trading infrastructure which allows an investor to facilitate their own trading account, and link it to or 'follow' another investor's portfolio who has a track record of performing well in the financial markets.

In short- it makes investing in more complex instruments much simpler for the everyday investor. They are investing in the trader, rather than the leveraged product itself, which is a much safer prospect as the traders are suitably experienced.

However, recently it seems investors are now caught in two minds with regards to where to place their funds. EFN were privy to murmurs about The Portfolio Platform for some time before their launch, and since they opened their doors to business in the UK they've gone from strength to strength.

**Today- we explore the differences.**

**The Business Model**

**EToro is a broker- TPP is a software company:**

This is probably the most fundamental difference.

Being the 'broker' means that every time a trader trades, and a client follows, Etoro make money.

TPP on the other hand empowers an investor to trade at an independent broker of their choice, and then linking the account via their groundbreaking autotrade software, meaning the prices will always be the best available.

**EFN Winner – The Portfolio Platform**

**Cost of Investing with eToro v's TPP**

Although Etoro market 'commission free' trading, the reality is that as they are the broker, they make money via the 'bid/ask' spreads they charge.

eToro make money any time anyone trades, so encourage more trading; TPP charge a flat rate subscription with no hidden costs.

Overtrading is a surefire way to lose money and they recognize this. Subscriptions range from as low as 40GBP per month, to as high as 150GBP per month depending on the trader.

The traders make a majority of the money, and they only get subscribers if they perform, so their incentive is to be consistent and profitable not to trade more.

**Without knowing what Etoro make on each trade it is very difficult to complete this comparison.**

**EFN Winner – Draw**

**Traders**

**Although the concept of having exposure to an experienced trader is similar, the product and execution are very different.**

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## Scan Me:

Etoro traders aren't vetted; anyone is eligible as long as they have 1 copier, they are a 'trader'. There are different levels of trader, which give an indication of experience, but ultimately, there are beginners on there trading complex instruments.

In contrast to this, for a strategy to be hosted with TPP, traders need to meet non-negotiable minimum criteria to apply. The TPP website states that aspiring traders need to meet the following:

**Minimum of 5 years working in financial services**

**Minimum of 12 months track record verified by an independent broker**

**A Sharpe ratio (trading risk to reward ratio) of 0.8**

This means few will qualify to work with TPP and those who do, are very good.

TPP was built by traders, each with decades of experience. They know and understand what is required and they do all the vetting themselves which is comforting to the investors.

eToro was built to profit from volume, TPP was built to profit from quality.

**EFN Winner – The Portfolio Platform**

**EFN Summary**

Although the costs are likely similar, in our opinion, TPP are offering a better product.Etoro has done an excellent job for tens of thousands of investors around the globe, but lined up against TPP- they provide more of a social trading platform than a professional one.

TPP is a product that has been built by traders, with the investor in mind. They have built a more professional version for the more serious investor. It has fewer bells and whistles but then it isn't encouraging the retail investor to trade, it is showing them they don't have to – in fact, it's more profitable not to. Let the best of the best do it for you.

If the traders themselves are the product, then TPP has a better product.

Having said that, we believe there is room for both platforms.If you are an investor or a small time trader with a low level of investment (eg 5K GBP and under) then Etoro with their 'fractional' shares and slick app is more for you.

But if you're slightly more serious about your investments, and are looking for a software platform that could empower you, and increase your ROI, then The Portfolio Platform is our clear winner.

**TPP might just be about to revolutionise investment for the retail market. No management fee, no performance fee, low costs of trading, and a seriously strong panel of strategies for you to link to your own portfolio.**

To find Etoro visit their website at www.etoro.com

To find TPP visit their website at www.theportfolioplatform.com

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