

Scaling investment advisory services

Client

A leading asset consultant in the Asia Pacific region with over \$500bn of assets under advice. The Client supports defined benefit, defined contribution, endowment, foundation and charity schemes. Advice extends across strategic asset allocation and manager selection.

Problem

The investment consultants relied on a mix of spreadsheet-based tools for asset allocation advice. As their business and headcount grew, spreadsheet complexity and governance risks increased.

A key part of their value-add for clients was providing strategic asset allocation advice, leveraging their capital market assumptions and a unique optimization approach. The optimization model was written in Matlab but had become difficult to maintain or enhance, plus it had key man risk. Their current approach was stifling innovation and the client needed a platform that would allow them to rapidly enhance and extend on their existing asset allocation tools.

For manager selection, the team used a third-party manager research system but this made it difficult to communicate their unique value-add and processes to end clients. It also did not support mixed income or non-traditional asset classes. They performed a lot of bespoke analysis in Excel but there was a view that it could be scaled and made more consistent across asset classes.

For engaging with clients, there was heavy reliance on Excel and copying charts into Powerpoint. Each consultant had a different process. There was a desire to streamline their client reporting and engagement approach - not only would this save manual work and reduce turnaround times, they believed it would improve quality, accuracy and governance.

Solution

Using a white-labeled private deployment of Jacobi, the client could integrate their unique investment and engagement processes in a single platform.

For asset allocation, Jacobi's investment engineers worked with the client to understand their optimization framework and helped to translate their Matlab code into Python. The platform was configured to reject their unique asset class categories and integrate their capital market assumptions (both in-house and third party). Re-coding of the optimization model was achieved within two weeks, leading to quicker simulation speeds and allowing the client to iteratively test and validate the model.

With the optimization tool now in the platform, it could then be used more widely by investment consultants, removing reliance on key individuals.

On manager selection, the client devised a series of standard manager review and analysis dashboards, with slight modifications for different asset categories. Data on manager returns was ingested into the platform, with manager reports scheduled to run on a monthly basis automatically.

By using a single platform, the client was able to integrate asset allocation and manager selection processes. This had previously not been done before. For example, capital market assumptions were mapped to manager portfolios and manager alpha was analyzed versus portfolios created in the strategic asset allocation process. This allowed the consultant to better understand whether a manager was beneficial for the client's overall portfolio and top-level objectives.

For client reporting, the client created a series of templates (dashboards) for different client categories and engagement purposes (e.g. review, prospecting). This allowed them to ensure consistency and improve response times. With their logo and color palette integrated in Jacobi, they could extract dashboards directly into PowerPoint or PDF and preserve their unique branding. As the same platform was used throughout the investment process, client reports were now a true reflection of the process being applied for a client.

Jacobi has allowed the Client to better meet their core objective: delivering quality investment advice to their clients

The optimization calculation which previously took 3 minutes is now rendered in under 60 seconds.

Manager research processes are now consistent and integrated with asset allocation.

The time devoted to reacting to client queries has reduced and the quality of reporting has improved.

The platform has also allowed them to develop exciting new investment tools and integrate further parts of their advisory process.

For management, they now have full visibility and governance over the advice processes.

For more information on Jacobi's highly customizable technology to support the scaling of investment processes and client engagement, please contact us or visit www.jacobistrategies.com