



investanalitix
finance technology ► investment intelligence

investanalitix

*“Transforming finance technology
into investment intelligence”*

General fund consulting

Performance evaluation & monitoring

Skill assessment

Risk assessment & modelling

Asset class modelling

Investment education & training

innovative, independent fund research





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Introducing our business

Investanalitix is an independent, institutional investment research and consulting company specializing in fund manager search and selection.

We apply new and innovative ideas from the field of quantitative finance to investment performance evaluation in order to identify superior fund managers. We accomplish this “technology transfer” by blending our market experience and insights with rigorous academic research to develop dynamic end-user solutions and applications for industry practitioners.

We use our expertise to help financial advisors and product providers develop a competitive advantage through a differentiated fund offering which emphasizes manager skill. We partner with our clients in a consultative capacity to design, implement and monitor an effective manager search & selection program in accordance with our mandate. The end product of this collaborative effort is a range of bespoke, best-of-the-breed funds which benefit the ultimate end-user, the investor.

For a discussion of how our expertise can benefit your business, please contact us on 353-21-490-2095



What sets us apart?

We are research oriented

Our research-based approach to fund manager search & selection originates from a collaborative relationship with the Centre for Investment Research at University College Cork, Ireland. Established in 2007, the Centre is a network of European academics dedicated to research in the field of investment management. Through this connection, we are “plugged in” to innovative ideas in modern finance and are able to transform them into advanced performance evaluation methodologies and dynamic analytical tools for the industry practitioner.

We are independent, informed gatekeepers

We pride ourselves on being fully independent, providing objective fund opinions that are untainted by any commercial relationship with the managers we review. We act on behalf of our clients as their informed and trusted gatekeepers to the fund industry.

We are client centric

Contrary to industry practice, we neither charge fund houses for researching their products nor do we receive a licensing fee from them. This arms-length relationship puts us in a position of integrity and impartiality, ensuring that our views are driven solely by client interests.

We are educational

A by-product of our academic link is our investment education and training service, a core element of our business mission. This offering is based on the belief that a well-informed investor is likely to make competent, effective investment decisions. To maximize the benefits of this offering, we can structure specific learning objectives for individuals or groups within an organization. We can augment this with hands-on educational tools to assist both advisors and investors in understanding the complexities of the investment markets in a practical and intuitive format.

Our consultative approach

Our manager search and selection service is highly flexible. At one end of the scale is our standard package of comprehensive fund analysis based on a set of pre-determined criteria. At the other end is our research-on-demand service, a fully-customized analysis based on criteria and depth of review specified by our clients.

Typically, there are four stages to our consultative process:

Defining mandate parameters: We set the objectives, scope and constraints of our assignment after a detailed discussion with our clients.

Shortlisting potential funds: This is our initial screening in which we zoom in on those candidates that meet the broad parameters defined by our mandate.

Creating a “select list” of best-of-the-breed funds: This is the forensic screening phase of our selection process in which we apply rigorous quantitative analysis to dissect fund performance and hand-pick a set of outstanding candidates.

Monitoring the performance of the select list: We review the performance of the select list on a quarterly basis and provide a comprehensive progress report highlighting any significant changes, especially those which might warrant a manager replacement.

Our fund evaluation methodology

The cornerstone of our fund evaluation approach is a quantitative system that aims to identify investment managers who perform with distinction. We believe that the “trail in the sand” cast by a fund’s historical performance is a powerful measure of the quality and calibre of its management team and an indicator of its future prospects - the proof is very much in the pudding.

Quantitative screening

By observing, deciphering and interpreting this trail, we can make informed judgements about the investment skill of the fund manager. We can also gain valuable insights into the efficiency of the team as a whole, such as its adherence to the fund’s stated objectives as well as the soundness and consistency of its collective decision-making process.

Qualitative screening

Although our methodology is primarily quantitative, we are cognisant of the importance of qualitative assessment of the people and systems that constitutes a fund. We therefore scrutinize the makeup and stability of the fund’s management team, including its investment philosophy, process and discipline, and monitor material changes to key personnel, particularly the lead manager.

Putting the managers in the spotlight

To get a 360-degree view of a fund’s quality, we examine its investment performance through multiple diagnostic lenses and over various timeframes. We put each manager in the spotlight to answer key questions about the risk/return characteristics of the fund, returns relative to benchmark and risk-adjusted measures of performance. We pay particular attention to performance under extreme market conditions, both bullish and bearish. This enables us to ascertain the dexterity of the management team in “riding the waves” - a skilled manager will capture as much of the upside and as little of the downside of a market as possible.

Putting it all together

We assign a weighted score to the fund for each evaluation criterion depending on our assessment of its relative importance and aggregate these into a single master score. We compare this score to those of the fund's peers over standard trailing periods and construct a time-weighted score and a corresponding percentile rank for the fund. The percentile rank and master score form the basis for our overall rating of the fund.

Emphasis on skill

Skill is a key vital sign – a manager's pulse. It can be defined as a high correlation between a manager's forecasts and what actually occurs in reality. Our research indicates that at best only 5% of fund managers are able to deliver *statistically significant* benchmark outperformance as a result of their correct market calls. In other words, the risk-adjusted excess return generated by these "hot hands" managers cannot be explained by random variation or chance.

Why does skill matter?

Skilful fund managers are exceptionally good at what they do – generating benchmark outperformance. For investors who see value in active managers, identifying this elite group in the crowd is essential, particularly in helping to prevent two common but costly errors: Selecting a manager who is unskilled and not selecting a manager who is skilled. Both errors can be detrimental to investors in terms of compounded return and wealth accumulated over time.

Our specialized metrics

We have developed several advanced metrics for evaluating skill in three areas: Stock selection and asset allocation, commonly referred to as "alpha"; market timing or "beta"; and volatility timing. While measuring raw alpha is a common industry standard, assessing the ability of a manager to alter a fund's beta in anticipation of the future level and/or volatility of the market is a novel concept. We employ this metric to gain a deeper insight into a fund's overall quality.

Our attitude toward risk

In assessing fund manager performance, we pay particular attention to the evaluation of risk in such a way as to account for the complexities of today's financial markets. We therefore look beyond standard measures of risk and employ metrics that account for the asymmetry of financial asset returns as well as the effects of Black Swan events, such as the credit crisis of 2008. This extensive risk mapping enables us to present a more balanced and realistic picture of fund performance over time. It also gives our clients a clearer perspective on investment uncertainty, allowing them to see market behaviour and its impact in extremis.

Who can benefit from our services?

Our services are beneficial to a wide spectrum of public and private sector organizations, particularly those with pension provisions. Equally, we can assist banks, insurance companies and investment management firms that provide fund panels and who wish to refine, re-define or enhance their value proposition via a narrower range of independently-rated funds. Other beneficiaries include family offices, endowments, financial advisory and wealth management firms, asset managers and governmental bodies.

Offering Summary

- General fund consulting
- Performance evaluation & monitoring
- Market timing/volatility timing skill assessment
- Risk assessment & modelling
- Asset class modelling
- Investment education & training



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