

Case Study



Client: GI Global Invest AG

Industry: Finance and Investments

Objective: Develop a more accurate, consistent, and repeatable process for investing in top-performing mutual funds.

“Decision Lens has focused us on where the best performance is among the many investment choices available.”

Lukas Dorig, CFA, GI GLOBAL INVEST AG

SUMMARY

GI Global Invest AG is a Zurich-based asset management firm that focuses on investing in highly liquid long-only mutual funds. With assets under management of more than \$750M, GI Global Invest AG creates investment portfolios that consist of tailor-made selections of third party mutual fund managers. The clients of GI Global Invest AG are sophisticated investors, such as Swiss pension funds, who demand strong investment performance. These institutional investors depend on the firm to build a portfolio of publicly traded funds which outperform both the key investment benchmarks and other asset management firms performance. GI Global Invest AG’s perspective is “dynamic” — they must consistently reevaluate and change their fund selections and the amount of money allocated in order to stay ahead of the market. The importance of making high-performance, accurate fund investment decisions is critical to GI Global Invest AG’s business.

GI Global Invest AG uses Decision Lens as a dynamic, multi-fund management platform. As a “fund of funds/multi-manager”, they developed priorities for both quantitative performance (i.e. historical relative performance, expected future performance, and risk elements such as

volatility and Beta among others) and qualitative characteristics of the fund manager and company (i.e. the quality of the investment process used, risk controls in place, personal credibility of the fund manager, and stock picking ability, among others). By combining Decision Lens with sophisticated analytics, they evaluate funds against these priorities and steer their investments to those funds that best meet their investment strategy. Using the powerful “what-if” analysis, GI Global Invest AG’s analysts can validate their assumptions, and on-the-fly they can change the market conditions to see how their portfolio would be re-allocated before they deploy any cash into the investments. Most importantly, they use Decision Lens to evaluate what is most likely to happen in the future, putting GI Global Invest AG well ahead of their asset management peers.

CHALLENGE

The key challenge for a “fund-of-funds” investment firm is that they are selecting not only the best funds in which to invest, but also the fund managers who have the most future potential for outperformance. With loads of analytical information at their fingertips, GI Global Invest AG faces a daily challenge of selecting the right funds and of maintaining the right



balance of cash allocated to those funds in order to outperform the clients requirements. Which aspects of quantitative performance should they focus on and by how much? How important are qualitative characteristics of the fund manager and fund investment company? What to do when the market environment shifts?

SOLUTION

The Decision Lens model that was developed by GI Global Invest AG has 3 key elements: it is forward looking, providing them with a framework to evaluate not only how funds have performed but more importantly how their current and new funds will perform in the future; it gives them a single snapshot of the relative importance of the quantitative and qualitative factors in one place; and it provides a consistent, repeatable framework for each new fund that is being evaluated so that they don't have to start the analysis over each time .

RESULTS

GI Global Invest AG has realized strong performance, with a greater ability to react quickly to new information and market changes. Moreover, Decision Lens has focused them on what fund performance characteristics are most important to focus on, and which ones are less relevant to their decisions. Decision Lens ultimately provides GI Global Invest AG with an approach to making better decisions faster, with a consistent and repeatable framework that puts the firm ahead in what is a very competitive market.