

Why investors need to incorporate technology into every decision or risk being left behind

October 2021

Data science techniques and new technology such as artificial intelligence are becoming a standard part of fund manager toolkits.

Frontier Head of Technology and Operations, David Jenkins, said other business sectors were already fundamentally transformed by advances in technology such as artificial intelligence, collaboration, intelligent insights, and live dashboards.

"I believe this evolution is going to follow a similar path in investments, where the requirements for additional portfolio lenses, coupled with increasing frequencies of exposure data, will require moving decision points closer to the data and deriving intelligent insights from that data," he said.

The panel also included two fund managers using data science techniques to improve their investing decisions.

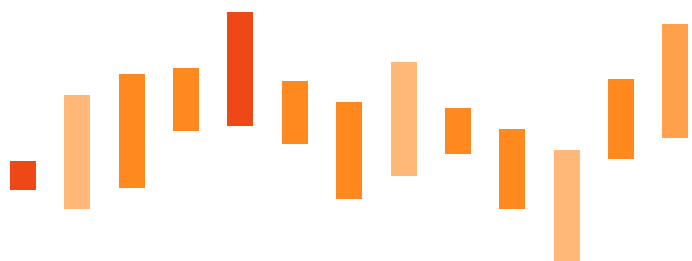
Lilian Quah, Portfolio Manager and Head of Quantitative Research at equity manager Epoch, said data science techniques were becoming "table stakes" for fund managers.

"The impact of rapid innovation does make it necessary to have in-house expertise in data science regardless of how large or how small you are... the reason is simple: if you rely on third party providers to give you data insights, data science tools, you're tying yourself to their development cycle and they may not always be incentivised to incorporate the latest techniques."

In the first phase of the COVID-19 pandemic in early-2020 when data was limited, Epoch built its own dashboards to track COVID infection cases, health care system capacity, and economic activity measures such as credit card transactions.

Quah said the low cost of cloud-based technology levelled the playing field between small and large fund managers, although increasing amounts of digitised data created an ongoing challenge for the industry.

"The most critical thing to me is just to make sure you're asking the right investment questions and you're answering them with the right data. That to me is just incredibly fundamental."



Melissa Anderson, Vice President and Head of Taxable Fixed Income Investment Technology, AllianceBernstein, said better use of data opened the future to mass customisation for clients based on their preferences such as ESG.

"Companies in other industries that have travelled this path have then typically pursued mass customisation. We think that the same evolution is happening in asset management."

AllianceBernstein has built a tech solution, ALFA, that allows it to better analyse liquidity in a fragmented bond market, and a virtual portfolio assistant named Abbie that can optimise trades.

"Technology will help re-engineer the asset management value chain, allowing our investment professionals more time to focus on core competencies and improve operating efficiencies."

Jenkins said Frontier had recently re-released its [Partners Platform](#) incorporating a ground up rebuild onto a modern technology platform. Recent additions to the platform have included an advanced simulation capability for portfolio allocators, asset risk charge modelling for regulated insurers, Your Future Your Super for superannuation clients and a private markets analytics application for property and infrastructure.



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