

Peer Group Analysis

Identifying the competitive positioning of funds.



Enables controlling units to monitor the positioning of funds against the competition and allows sales entities to market strong results.

Asset management companies (AMCs) need to know how their products compare against their peers from a risk-return perspective. A favorable position among a fund's peer group can be a reason for many retail clients to buy, and constitutes a significant competitive advantage.

Peer group analysis provides this information both to fund management and internal performance monitoring and sales units, helping them understand the positioning of retail funds within the competitive environment.

To this end, IDS GmbH – Analysis and Reporting Services (IDS) sets up a client-oriented reporting solution. The analysis can be based on peer groups within the market or groups specifically defined by the client. IDS offers AMCs the ability to draw upon data structures already implemented within the peer group analysis, and to enrich the peer group data with data of their own.

Features

Peer group analysis can be performed at different levels of complexity – from simple performance rankings to complex analyses – which allows assessment of a fund's risk-return profile. Relative risks versus the benchmark or the median are determined using appropriate risk metrics. Trend analysis is used to help identify funds at the lower end of a rating class. Warning signals can be issued if a fund is in danger of a downgrade.

In its simplest form, the peer group analysis lists the entire peer group, stating the exact rankings of the peer group funds over different periods, enriched with a number of statistics.

A compact view of the positioning of funds is provided in a summary analysis that shows only the products of the AMC or its parent group. The positioning of each product is expressed in terms of the relevant quartile, decile, percentile or exact ranking. This information can also be included, for example, in performance/risk reporting. In addition to a listing of the entire product range, a summary can be generated for specific key products. Color highlights show the positioning of the products at a glance (traffic light system).

Another possibility is a combination of the two approaches described above. Instead of listing the entire peer group, only the AMC or group products are shown within the peer group, along with a freely selectable number of competitors' products. It is possible, for example, to present the ten largest competitor products or a peer group individually defined by the client.

In addition, an aggregated evaluation at AMC or group level offers an overview of the company's positioning comparative to the competition. This analysis can be presented on both a number- and a volume-weighted basis. This also allows an internal view of the AMC's market positioning at a glance. For example, the breakdown shows the percentage of the company's funds that rank in the first quartile – either aggregated or by asset class.

Benefits

- Peer group analysis allows to identify and subsequently optimize the competitive positioning of funds or of the AMC.
- It provides comprehensive analysis and continuous monitoring of results.
- IDS offers the option of drawing upon available data and building on existing processes. Using the interfaces already available, peer group analyses can be prepared economically and effectively.
- Thanks to its long-standing expertise in dealing with peer groups, IDS is well-qualified to provide the analyses clients need.

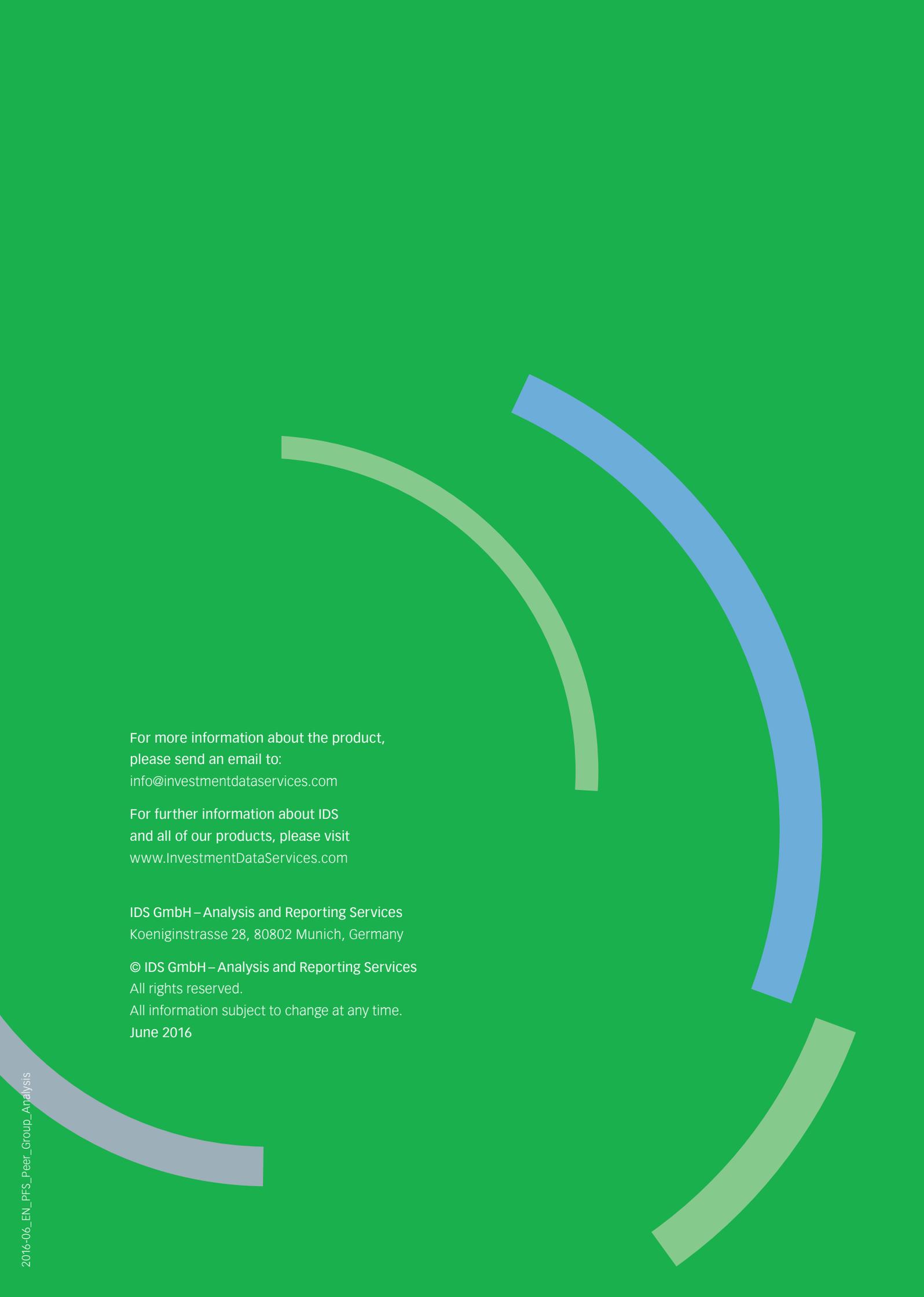
Functionalities

IDS bases its peer group analysis on data from the leading independent European providers of investment analyses, and also offers the option of defining customized peer groups.

The peer group data procured from external sources is stored in the IDS data warehouse and, if required, enriched with AMC data. The exchange of performance data allows a consistent overall view, as the data used is always the same as that used in the AMC's own reports. Moreover, the standardized data warehouse process offers a high degree of quality assurance.

The process also includes calculation of statistics, which can be added to the peer group analyses (e.g. median, best/worst performing fund, quartile 1, quartile 3 ...). In addition to performance figures and ranks, it is possible to generate numerous risk measures, ratings and statical data. Benchmark data can also be reported (name, performance ...).

This data forms the basis of a client-oriented reporting solution that offers efficient monitoring of the product range and ensures detailed analyses of positioning at fund and AMC levels. The manner of presentation can be flexibly determined by the client.



For more information about the product,
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