

STYLE ANALYTICS
PART OF CONFLUENCE

Delivering unique insights for fund research and portfolio construction

Wealth Management firms Use Case

Clients rely on you to navigate the complex financial market and deliver unique, continuous value to meet their investment objectives. You have the expertise, however it's challenging to stay ahead of ever-changing market conditions, with research often time-consuming and costly.

Keeping ahead with the latest data and insights across the portfolio management lifecycle is critical, to ensure fast and informed decisions.

STYLE ANALYTICS

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Our Wealth Management firms Use Case demonstrates how the modular **Style Analytics tools** can quickly provide you with the insights you need to build, visualize and communicate differentiated strategies

Our insights are derived from analyzing over 28,000 funds, 130+ factors and ESG metrics on each to illustrate factor exposures.

Featuring the 3 key phases in the portfolio management lifecycle, we demonstrate how to:

- Undertake manager due diligence to meet a client's objectives
- Research and select managers
- Aggregate individual manager characteristics into a total portfolio view
- Identify the key drivers of style, risk, performance and more.

Portfolio Management Lifecycle Phases





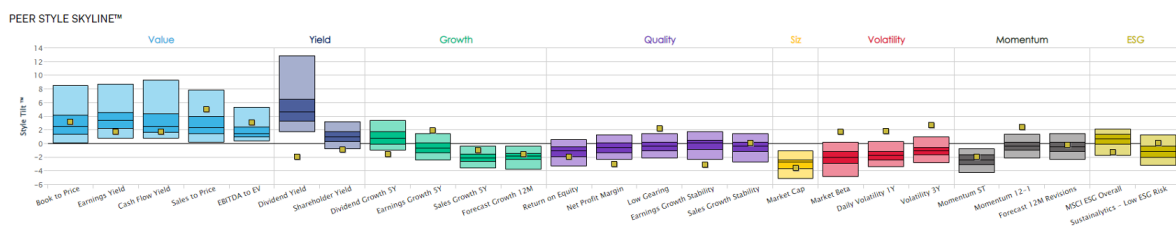
Portfolio Management Lifecycle Phase

Manager Search and Select

How and where do I research suitable managers?

The **Style Analytics Peer Insights product** enables you to compare managers to benchmarks and peer universes that encompasses thousands of funds across markets and styles. You can identify precisely where the manager fits within the broad manager opportunity set.

In this example, the manager sits in the middle of the pack within the Value category. They're an outlier in Yield with a very low exposure, and a notable outlier in Risk.





Portfolio Management Lifecycle Phase

Manager Search and Select

How do I know if the manager is a good substitute or complement?

Given the Value manager is a Volatility outlier, you may want to find a replacement fund. Using the **Style Analytics Similyzer™ module** allows you to identify funds with similar or different investment styles across thousands of managers. To maintain Value exposure and reduce Volatility exposure, Similyzer™ calculates the factor exposures of all funds, showing how similar or different the investment styles are comparing to your manager's fund. By filtering the results grid in just a few clicks, you can find a manager below with similar or different factor exposures.

SIMILARITY SCORES (4108 portfolios)

Portfolio	Similarity Style Score	Value	Yield	Growth	Quality	Size	Volatility	Moment...	Risk	Tracking Error	Effective Number of Stocks
Quant Value	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	9.3	32.1
A	85.8	68.3	99.3	68.4	94.0	97.6	94.5	84.8	7.0	27.7	
B	81.1	88.9	82.0	54.2	98.1	99.1	68.8	89.1	3.6	134.1	
C	80.8	55.8	82.1	78.3	77.1	99.5	91.6	89.5	8.9	25.5	
D	80.7	93.4	92.0	67.9	62.1	98.8	93.1	66.7	3.5	82.0	
E	80.3	85.8	57.2	85.0	82.2	93.3	79.2	85.0	3.9	60.6	



Portfolio Management Lifecycle Phase **Multi-Manager Analysis**

How can I aggregate individual manager characteristics into a total portfolio view?

The **Fund of Fund Studio module** enables you to analyze a multi-manager client portfolio seamlessly in a few clicks.

You can add managers from the workbench (an easy to access buy-list), and quickly change allocations to existing and prospective managers over time, as seen in the top-right grid in this example.

Fund of Funds Studio: FOF Studio: Client Portfolio (MorningStar)

WORKBENCH
Add Funds to Workbench | Delete Workbench Funds

Funds	Identifier	Peer Group	Notes
<input type="checkbox"/>	Portfolo ESG 1		
<input type="checkbox"/>	Portfolo Value 1		
<input type="checkbox"/>	Portfolo Value 2		
<input type="checkbox"/>	Portfolo Value 3		
<input type="checkbox"/>	Portfolo Value 4		
<input type="checkbox"/>	Portfolo Yield 1		

HOLDINGS
Add Another Fund | Copy Snapshot | Delete All Weights | 11 funds

Funds	Dec 2022	Nov 2022	Oct 2022	Sep 2022	Aug 2022	Jul 2022	Jun 2022	May 2022	Apr 2022
Australian Equity	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Canadian Equity 2	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
EM Manager	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
EM Manager 2	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Global Manager	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Global Manager 2	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Income Equity Manager	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
International Manager	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Quality Growth	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Quant Value	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
US Large Cap Manager	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00

SETTINGS
Fund of Fund Name: FOF Studio: Client Portfolio

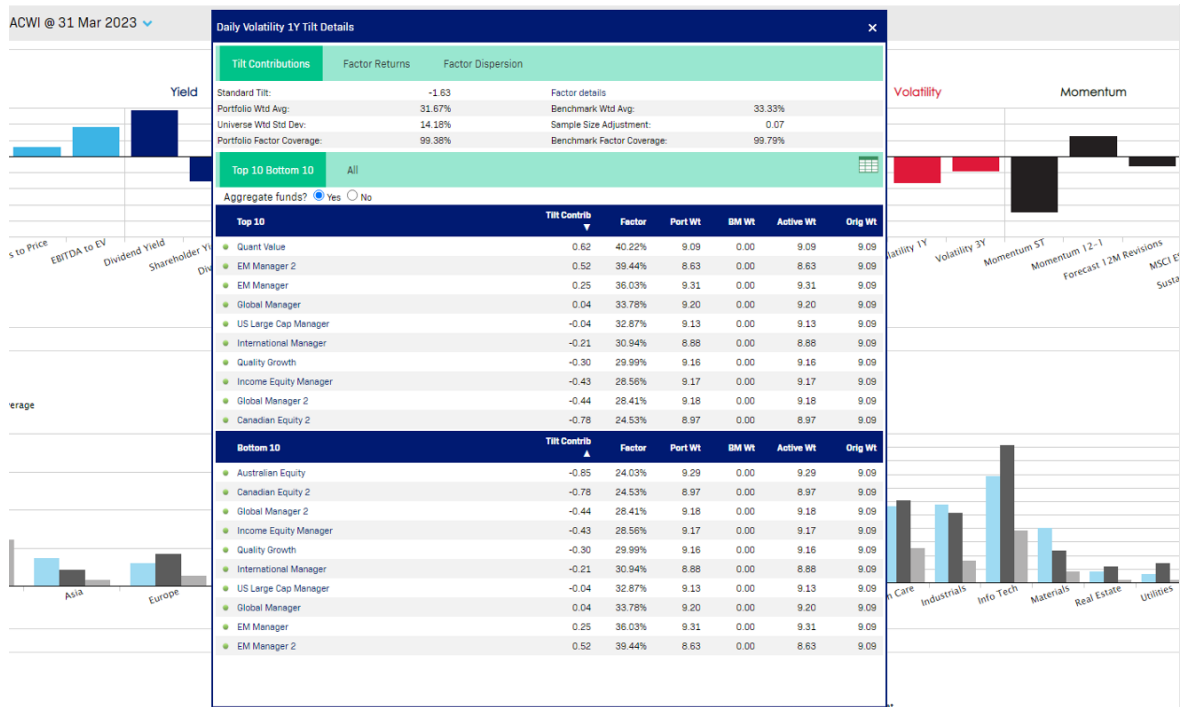
ANALYSIS SETTINGS
Choose a Benchmark: [dropdown]
Which dates?
 All snapshots created
 Specific snapshot date(s)
 Single date? Apr 2023 [dropdown]
When snapshot(s) are missing? [info icon]
 Skip
 Auto Generate missing snapshots
Using: nearest snapshot
 previous snapshot



Portfolio Management Lifecycle Phase

Multi-Manager Analysis

In the **Fund of Fund Studio** report you can drill into the manager's contribution to the overall style exposure of the client's portfolio. In this example, the Value manager is shown as the highest contributor to the Daily Volatility of the overall portfolio and therefore increasing your total funds risk. A replacement candidate needs to be considered.



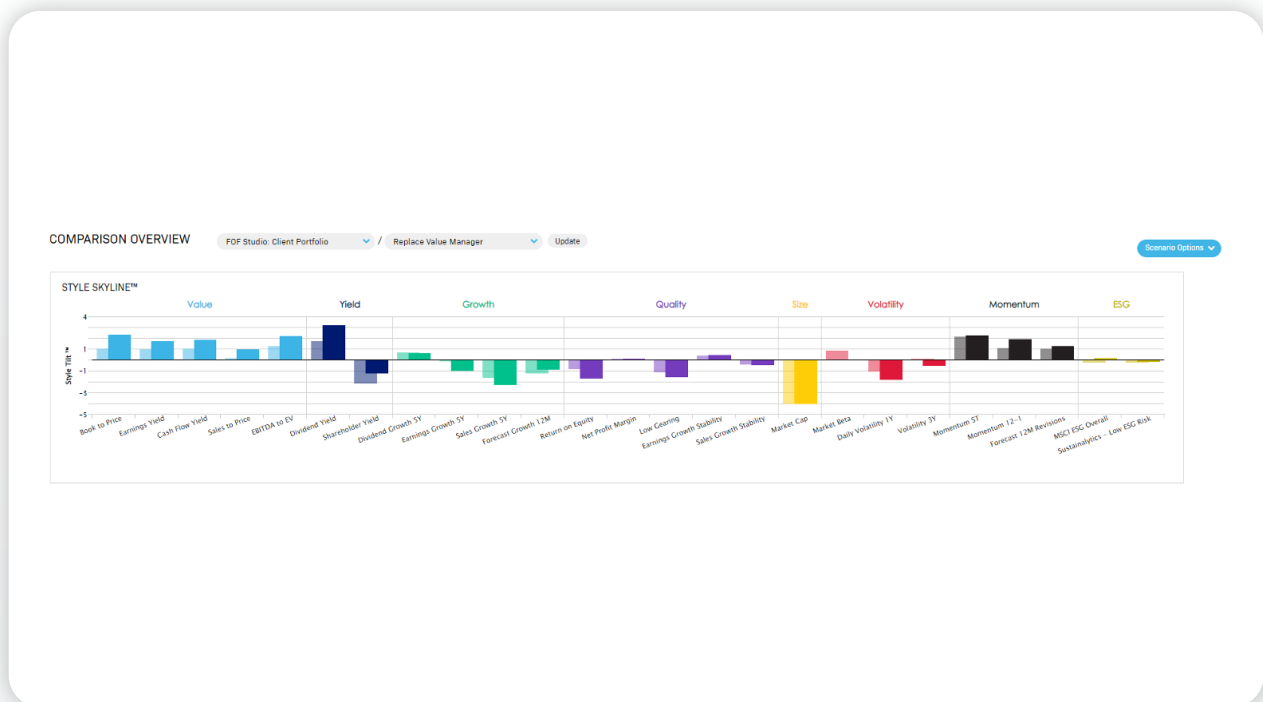


Portfolio Management Lifecycle Phase

Multi-Manager Analysis

In the previous phase (Manager Search and Select), you used the **Similyzer™ module** to find a potential replacement manager. In **Fund of Fund Studio**, you now can create scenarios to see how well this manager, or other candidates, fit into the overall client portfolio with just a few clicks.

In the example below, one Value manager has been substituted for your current manager, demonstrating how you'll maintain and increase your Value exposure, whilst decreasing Volatility exposure.





Portfolio Management Lifecycle Phase
**Manager Evaluation
and Monitoring**



How can I perform due diligence on the managers I hire?

Analyze and monitor both current and potential managers from your buy list, using the **Style Analytics Portfolio Analyzer module**.

Using our best-in-breed **Style Skyline™** you can identify the fund manager's style exposure by selecting from a list of 130+ individual factors, including ESG. In this example using the latest set of holdings, you see the manager is currently biased toward Value and Volatility factors. You can identify if the manager is adhering to their stated investment style and meets your client's mandate.

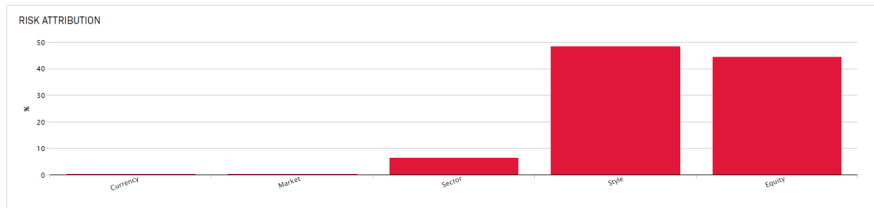




Portfolio Management Lifecycle Phase **Manager Evaluation and Monitoring**

Using the latest holdings, you can then understand Fund risk by using the Style Analytics ex-ante risk model. You can identify traditional risk measures including tracking error, portfolio volatility and beta, etc. This example breaks down tracking error to show the key sources of risk. The manager demonstrated has a near-even split from both style bets and stock-specific bets.

RISK ESTIMATES	
Tracking Error	8.8 %
Coverage	0.4 %
Persistence Ratio	1.1
Portfolio Beta	1.14
Portfolio Volatility	23.9 %
Benchmark Volatility	19.6 %
Correlation (Port, BM)	0.94
Portfolio Actual Stocks	45
Benchmark Actual Stocks	7,166
Portfolio Effective Stocks	32.7
Benchmark Effective Stocks	105.0





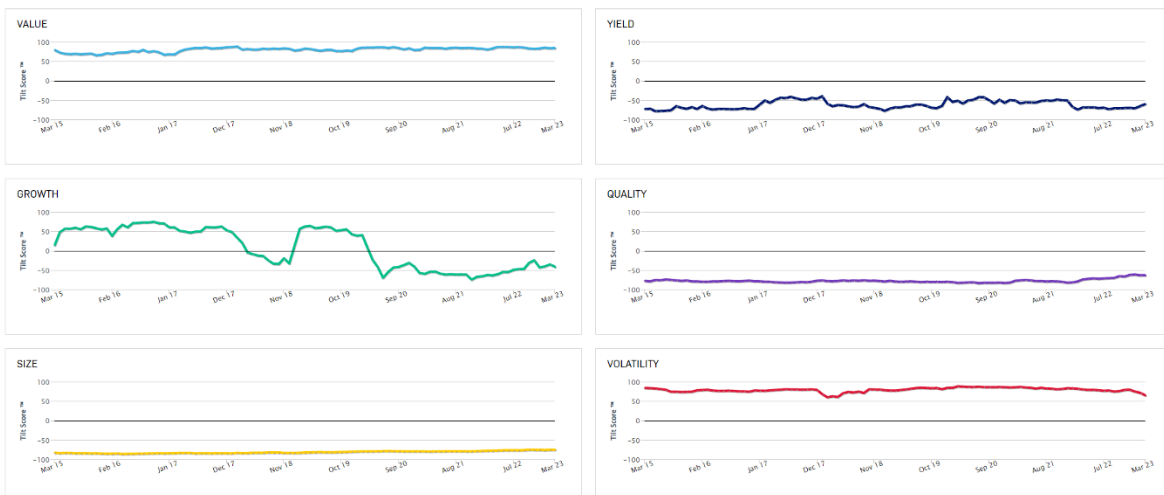
Portfolio Management Lifecycle Phase Manager Evaluation and Monitoring

How do I know if they're sticking to their investment strategy?

You can assess the historical Style exposure trends to uncover the manager's consistency, or lack thereof, against category or individual factors. The **Master Skyline methodology**, aggregates factors into a simpler category score and measure changes over time.

In the example below, the manager's bias towards Value and Risk has held relatively constant for over eight years, whereas exposures to Growth tended to be more positive in the past.

MASTER STYLE SKYLINE™ TRAILS MAR 2015 - MAR 2023





Portfolio Management Lifecycle Phase

Manager Evaluation and Monitoring

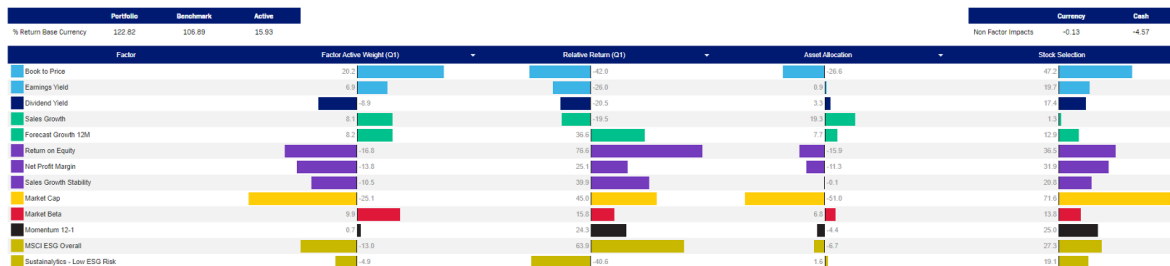


How do I know if the manager is adding value?

Style Analytics offers a suite of performance attribution methodologies including market, sector, style and factor.

In this example, the featured **Style Mine module** enables factors to be used as a framework for understanding the source of active returns. The manager's bet on the book-to-price factor has negatively impacted returns from an allocation perspective, however they've selected winning stocks.

FACTOR PERFORMANCE IMPACT



Delivering unique insights for fund research and portfolio construction

This Use Case is a quick snapshot of how the Style Analytics solution helps Wealth Management firms quickly and easily navigate comprehensive data and insights, enabling fast and informed decisions.

We can help you deliver unique value across the portfolio management lifecycle and grow your competitive advantage.

STYLE ANALYTICS

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About Style Analytics

Style Analytics, part of Confluence, provides industry-leading style factor and ESG analysis to help Wealth Management firms identify drivers of return to improve portfolio outcomes, diversification and differentiation:

- Differentiate strategies
- Identify fund risk and exposure to ESG alongside style factors
- Compare fund factor exposures to peers
- See which factors outperformed or underperformed in individual markets.

See what the Style Analytics solution can do for you

<https://www.confluence.com/contact/>

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