

STRATEGICALLY  
CALCULATE EFFECTS  
OF FUND GROWTH  
ON ALPHA &  
PERFORMANCE

LIQUIDITY THRESHOLD  
QUANTITATIVE CAPACITY ANALYSIS

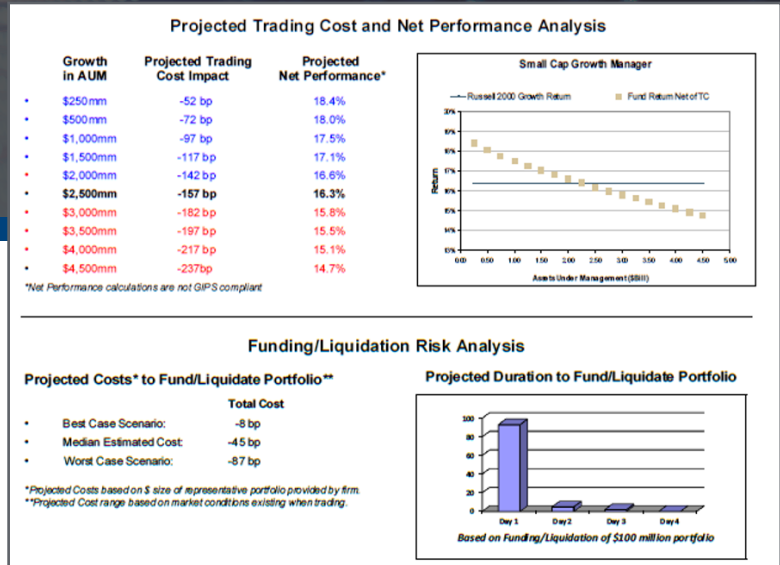
UNDERSTAND THE DEGREE  
TO WHICH A FUND'S AUM IS  
AFFECTING TRADING COSTS AND  
OVERALL PERFORMANCE

Abel Noser's Liquidity Threshold tool helps ascertain the degree to which growth in a fund's assets under management may sap performance due to increasing trading costs and a changing liquidity profile. The fund capacity analysis can also provide a concise summary of a managers' current trading efficiency and peer ranking.

With the ability to project a fund's rate-of-return as AUM and portfolio turnover change, the quantitative **Liquidity Threshold** analysis is useful for asset owners, fund complexes, investment managers, investment consultants, and distribution partners.

**Capacity analysis can help you:**

- Understand the degree to which growth in AUM can affect ranking and performance
- Assess the trading efficiency of current or prospective products and strategies
- Calculate the cost vs. alpha profile of a fund that grows/declines 1x or even 10x
- Stress test fund growth scenarios



Project investment returns and trading costs while defining key capacity thresholds

- using quantitative peer analysis
- Supplement 'watch list' due diligence
- Quantify impact of liquidity constraints
- Optimize portfolio-construction efforts

- with regulatory protocols.
- **Consultants** - Can supplement research analysis on recommended products for growth strategies or risk mitigation, providing both a best practice offering and unique analytics differentiator.

**Features and Uses**

- **Asset Owners** - Assists with oversight review when searching for or replacing fund managers. Can also determine fund capacity thresholds for current managers or provide 'watch list' analytics.
- **Portfolio Transitions** - Useful for due diligence analysis when considering manager changes, plan re-balancing, fund closures, launches or mergers.
- **Investment Managers** - Shows implications of adding additional AUM, enables 'what if' stress test scenarios on proposed investment strategies, and assists compliance

**A Consultative Approach**

Our consultants work as an extension of your staff, helping you to understand and mitigate the ever-changing complexities inherent in the securities trading industry.

With decades of experience in trade cost analysis, fiduciary monitoring and manager evaluation, Abel Noser can provide the in-depth knowledge and leading edge technology necessary to meet your fiduciary and oversight requirements.