Strategically calculate effects of fund growth on alpha & performance

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

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 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.

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, Zeno AN Solutions can provide the in-depth knowledge and leading edge technology necessary to meet your fiduciary and oversight requirements.