

# ETF and Index Research and Product Development

## Support for index development, thematic research & marketing

### THE CHALLENGE

A start-up ETF provider sought augmenting its team for support in developing strategies - from conceptualization to new product development to marketing support.

### THE SOLUTION

Analyst team with financial & technology expertise supported the client on

- Index development and maintenance
- Thematic research with white papers and blogs
- Performance reporting – performance and portfolio analytics
- Sales and marketing support - Product brochures and collaterals

### THE OUTCOME

- **Improved productivity through expert offshore team at Evalueserve**
- **Savings of >USD 100,000 per year\***
- **Reduce turnaround which helped in creating 6 ETFs and 7 Indexes under client's portfolio with ~USD 250 million AUM in span of 5 years**
- **Client received innovation awards from industry associations for its ETFs**

\*Assuming average salary of USD 120K for an on-shore analyst. Calculated using current EVS pricing for 2 analysts

### Key activities

The team of experienced analysts supporting on

- Develop index strategies:
  - Idea generation based on academic papers and market trends
  - Developing and back testing quant based strategies using tools like Excel/VBA/Bloomberg/Capital IQ
  - Analyzing performance under various market scenarios and parameter sensitivity over different time periods
  - Creating index method documents and reports
- Conduct thematic research:
  - Identify financial themes of interest
  - Publishing white papers relevant to client strategies
- Sales and marketing pieces:
  - Providing internal research to support sales and marketing experts
  - Supporting business development by suggesting key points in end client discussions
  - Creating portfolio analysis with index/ETF as component

New product idea

Index development

Research / white papers

Sales & marketing

# Supporting R&D Teams for an Index Provider

## Custom tools: back-testing, rebalancing, reporting

### THE CHALLENGE

The client, a top global index providers, has global R&D teams that were spending enormous effort and time to back-test new strategies. The process was mostly manual, making it inherently slow & error prone. Given the geographical distribution, process was not uniform or scalable, adding to the inefficiency. The teams also required reporting solutions that would allow the creation of on-the-fly reports for internal and external distribution.

### THE SOLUTION

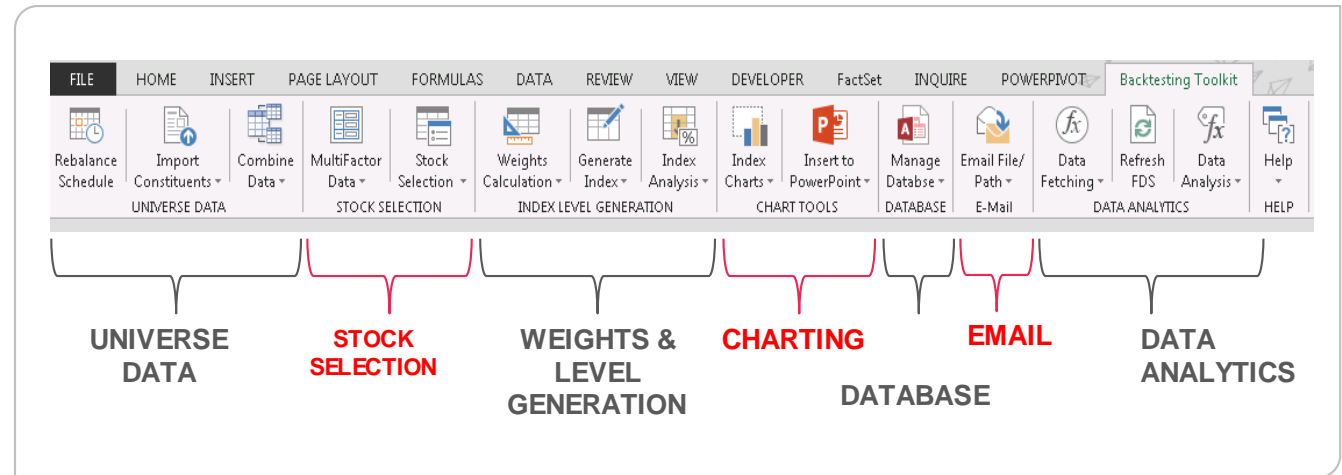
Team of 10 worked closely with client to provide automations and interactive tools that can be integrated into client systems:

- Created tools with GUIs for data cleaning, back-testing, index performance analysis, etc.
- Scalable rebalancing verification process
- Reporting platform with flexibility to auto-generate report

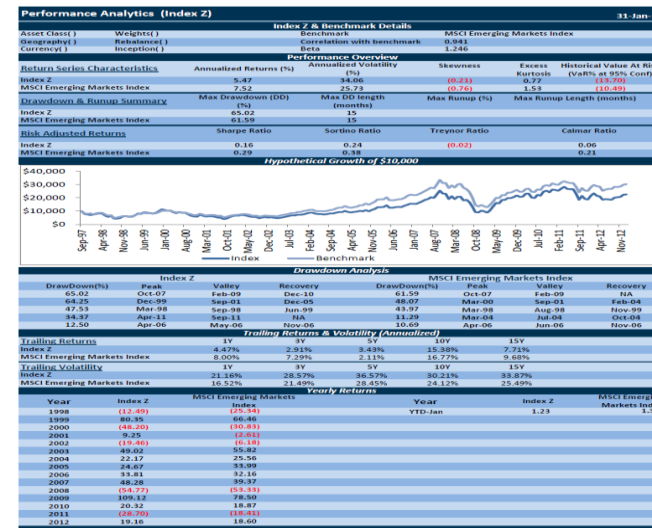
### THE OUTCOME

- Our client has been able to automate hundreds of processes saving over 60% of index managers' time.
- Approx. 28% increase in the number of strategies launched.
- Standardized solutions with better user experience
- Customized reports on a click of a button
- Error reduction & quick turnaround

### Back-testing tool



### Sample report



# Independent Index Verification

Life cycle management: back-testing, daily index maintenance & rebalancing

## THE CHALLENGE

The client, an I-bank, was running indices on their legacy systems which was inflexible and needed a revamp. New indices were run manually making the daily calculation process slow and error prone. The client, therefore, needed an independent verification agent to run all its indices in parallel to ensure quality and accuracy.

## THE SOLUTION

The team consisting of index experts with advanced technical skills created an index calculation platform and implemented over 2000 strategies over the course of time.

The index model templates are standardized. Several reports are generated as checks at various points on life cycle management.

## THE OUTCOME

- **Improved turn around** in implementing new strategies: annually 150+ new strategies across asset classes
- **Error free daily calculation** of 750+ tickers on Evalueserve framework reconcile with Client numbers; Breaks investigated & fixed
- **Levels verified/ recon notified before Client starts the day**

## Process flow diagram



## Solutions benefits: over 5,500 hours in 3 years

