

SYSTEMATIC INVESTING: THE FUTURE OF INVESTING

BY: CONWAY WILLIAMS, HEAD OF CREDIT AND SAJJAAD AHMED, QUANTITATIVE ANALYST AT PRESCIENT INVESTMENT MANAGEMENT

In the rapidly evolving landscape of asset management, integrating quantitative and qualitative skills has emerged as a pivotal trend shaping the industry's future. Quantitative and qualitative approaches bring unique strengths to the table, and it's increasingly evident that synthesising these skill sets is essential in achieving investment success.

The days of large, traditional asset management teams are fading, making way for leaner and more technology-driven approaches, with investment management systems focused on data-driven decision-making at the forefront of this paradigm shift.

The symbiosis of quantitative and qualitative skills

Quantitative skills encompass the ability to analyse vast amounts of data, construct models, and derive insights to drive investment decisions. On the other hand, qualitative skills involve understanding broader economic trends, market sentiment, and company fundamentals. Both approaches provide unique perspectives, and the synergy between them offers a comprehensive view of investment opportunities.

Quantitative analysis, often enhanced with coding experience, allows for a systematic and disciplined approach to decision-making. Advanced algorithms and machine learning models can process massive datasets efficiently, identifying patterns and correlations that might elude human analysis while also minimising the tendency for humans to detect patterns that don't exist. When complemented by qualitative insights, these quantitative findings can be put into a real-world context, providing a more holistic perspective from which to make informed investment decisions.

The scrutiny on fees and the need for efficiency

Globally, the fees investment managers charge clients are under scrutiny. Investors are seeking cost-effective solutions without compromising on performance. This environment necessitates a leaner operational structure, where efficiency is paramount.

To meet the demands of its investor base, research shows that asset management firms are recognising the essential role of data science and quantitative skills in navigating this cost-conscious environment. Combining quantitative methodologies and data-driven technologies allows for a more streamlined and efficient approach to decision-making and operations. By integrating quantitative skills and leveraging technology, asset management firms can streamline operations, minimise costs, and optimise returns, ultimately benefiting the end investors.

The Prescient approach

At Prescient Investment Management, we are ardent believers that the future of asset management requires integrating quantitative and qualitative skills. The synergy of these two skills enables us to make investment decisions that consider it all, which ultimately result in greater financial certainty for our clients. That is why we are committed to systematic investing and have been leading the way for the past 25 years.

Our systematic approach to investing has three broad pillars: 1) **AI and machine learning**, 2) **advanced statistical analysis**, and 3) **detailed portfolio construction** and optimal portfolio formulation.

To deliver on the above, we have a dedicated in-house data science team which is an integral part of our investment process. We process over 120 million data points per day, and to do this we have established a formidable platform that enables us to unlock synergies and operate with unparalleled efficiency, under our investment team's watchful eye.

Our investment process is deeply rooted in rationality, driven by rules and evidence. The underpinning is a data-driven approach that allows us to effectively reduce human biases and make decisions based on factual analysis. This enhances our ability to navigate complex market dynamics and ensures consistency in long-term outperformance for our clients.

PRESCIENT INVESTMENT MANAGEMENT (PTY) LTD

Block B, Silverwood, Silverwood Lane, Steenberg Office Park, Tokai, 7945. P.O. Box 31142, Tokai, 7966.
Tel: +27 21 700 3600 Website: www.prescient.co.za

Executive Directors: Cheree Dyers (CEO) Guy Toms Bastian Teichgreeber Letshego Rankin
Non-Executive Directors: Herman Steyn Thabo Dloti Bonolo Zwane Rachel Nxele

Registration Number: 1998/023640/07 FSP Number: 612

Research by S&P Global shows that few active equity funds outperform their benchmark over the longer term, while most fixed-income funds do. At Prescient, we rely on our systematic fixed income investment approach to generate consistent and reliable outperformance. Combined with Prescient's derivative management expertise, we can generate enhanced passive returns in the equity space, offering a wide range of products across asset classes to fit the needs of our clients.

Our view is that asset management's future lies in integrating quantitative and qualitative skills backed by sound data science and analytics. Combining data-driven analysis with informed qualitative insights is indispensable in delivering consistent, long-term outperformance. Asset managers need to embrace this symbiotic relationship to efficiently navigate evolving markets in uncertain times, optimise costs, and ultimately provide consistent value to their clients.

Ends

DISCLAIMER:

Prescient Investment Management Ltd, is an authorised financial services provider (FSP 612). Please note there are risks involved in buying or selling a financial product, and past performance of a financial product is not necessarily a guide to future performance. The value of financial products can increase as well as decrease over time, depending on the value of the underlying securities and market conditions. There is no guarantee in respect of capital or returns in a portfolio. The forecasts are based on reasonable assumptions and are not guaranteed to occur. Please note there are representatives acting under supervision.

This document is for information purposes only and does not constitute or form part of any offer to issue or sell or any solicitation of any offer to subscribe for or purchase any particular investments. Opinions expressed in this document may be changed without notice at any time after publication. We therefore disclaim any liability for any loss, liability, damage (whether direct or consequential) or expense of any nature whatsoever which may be suffered as a result of or which may be attributable directly or indirectly to the use of or reliance upon the information.