

Utilising technology to ‘plug the gap’ for investment governance oversight

Many trustees are now starting to embrace the technological advantages offered by investment ‘platforms’ to provide efficiencies and lower costs for clients, enhance digital client engagement, and, in particular, retain clients. Independent assessment of suitability, combined with accurate and easily accessible reports, is proving highly attractive when choosing investment management services. Novia Global has developed an innovative solution designed to encapsulate the whole process in conjunction with ARC Research Limited (ARCR), the research division of the ARC Group (ARC).

Trustees will often engage with consultancy services (such as those from Asset Risk Consultants, the advisory division of ARC) to assist with investment mandates, rather than directly approaching investment managers, financial advisors or investment platforms, in order to help meet regulatory requirements, with consultants typically providing three principle activities for trustees:

- **Reporting:** monitoring and reporting of portfolios for trustees.
- **Research:** gathering performance and volatility data from constituents of a peer group to compile a proprietary peer index, which in turn enables manager selection for the trustee.
- **Consulting:** providing strategic asset allocation guidance and manager selection, typically for high- and ultra-high-net-worth clients and families.

For larger investment cases where ARC and similar firms provide the consultancy and reporting functionality, the cost makes it worthwhile. For GBP500,000–GBP2 million investment portfolios, the cost of the outsourced suitability to ARC is often prohibitive and, similarly, where the mandate is given to an investment manager for them to take on full suitability, it makes the mandate expensive. Consequently, it is more likely that trustees will either shy away from ‘smaller’ mandates or be unwilling to move mandates, which could become unsuitable or poorly performing because of the cost involved with the move.

The Investment Governance Service solution available via the Novia Global investment platform and ARCR seeks to ‘plug the gap’ for trustees and address these issues. ARCR functionality enables risk profiling and establishment of an appropriate risk level of the investment mandate and then shortlists investment managers with model portfolios meeting the criteria. Ongoing

quarterly reporting from ARCR then confirms if the investment model selected remains in the appropriate risk category (highlighting if there are any concerns) and additionally places performance and volatility into context with a comparison of peer group providers.

The Novia Global platform combines to provide detailed individual and bulk-level reporting across multiple currencies (and multiple investment manager models, should you need to blend portfolios from different managers) in a consistent format. In addition, a full and transparent audit of all transactions and activities carried out is available online 24/7 to both trustees/advisors and the end client or beneficiary. In today’s world, information is king.

The introduction of consolidating assets onto a third-party platform has materially changed the investment landscape. The UK platform market has seen assets under management grow at a compound rate of 22 per cent over the past decade. In 2013, the market stood at GBP250 billion, and it is predicted to reach GBP1 trillion by 2023, with the offshore platform market now also rapidly increasing.

Investment platforms such as Novia Global inject significant technology into the investment process with their consolidated reporting abilities and ease of switching between appointed managers or assets. As a result, multi-jurisdictional platforms like Novia Global are driving similarly significant efficiency increases and lower costs at a time when clients have a keen focus on charges. One such global report performed in 2020 showed that, of a survey of clients with GBP1 million+ of investable assets, around

a third ‘disliked the fees they were charged last year’, and one in five planned to change their primary wealth management company in the next year.

The Investment Governance Service, uniquely available on the Novia Global platform, aims to provide a fresh, dynamic solution that will enable trustees and advisors to spend more time on value add, building long-term client relationships and allowing specialists in the field to perform the calculations across 250,000+ portfolios, letting their expert analysis work for you.

For more information on how we can support you and your clients, please contact us on +44 (0)1225 517 517, email us on info@novia-global.com or, to see where (in which countries) we are available, please visit our website at www.novia-global.com



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