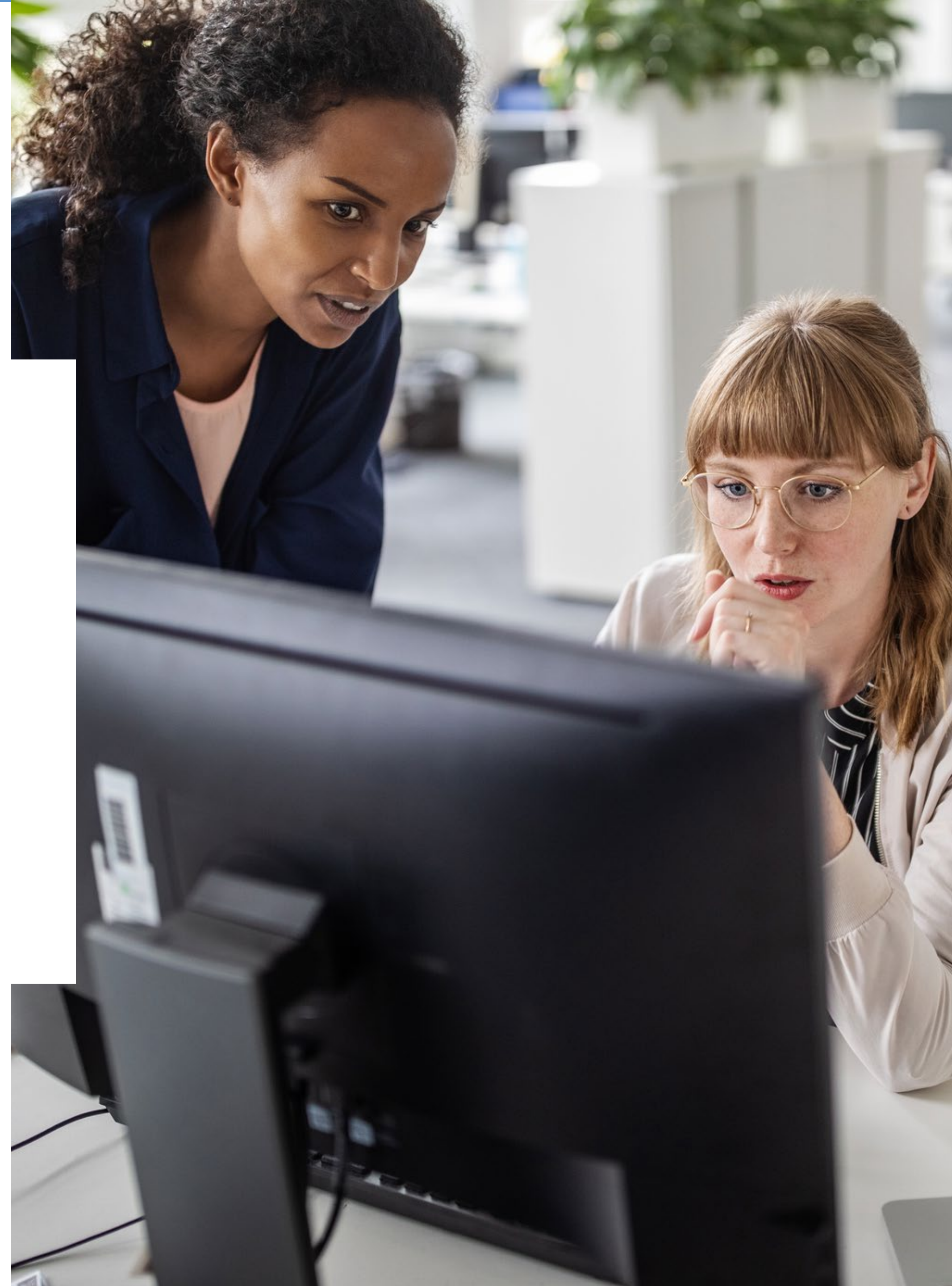




Closing the Thematic Insights Gap

How to uncover thematic insights that
enrich your investment strategies





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Grasping the thematic opportunity

For both investors and asset managers, the future is looking increasingly thematic.

Investors everywhere are clamouring to tap into the huge opportunities created by global, long-term trends like climate change, blockchain and cryptocurrency, 5G, urbanisation, automation and robotics and the metaverse (to name just a few).

Respondents to a recent survey of 103 investment executives reported holding (on average) 28% of their total portfolios in thematic instruments or strategies – and expected this percentage to grow to an average of 35% within 18 months, and 42% within 3 years.

To capitalise on this opportunity, asset managers need to differentiate themselves by providing their clients with the most opportunity-rich and risk-optimised thematic products possible.

And being able to do that will require them to take a quantum leap forward in how they use qualitative (or unstructured) data.



Overcoming the qualitative quandary

Qualitative data research has long been recognised as a necessary part of smart investing – one that informs asset allocation decisions in ways that numbers alone can't.

After all, while there's clarity in quantitative analysis, numbers don't give you the full picture. Neither do traditional fundamental data categories, such as sector analysis.

And so for many decades investment analysts have trawled the web and terminals for usable unstructured data. They've got so good at finding it, in fact, that asset managers can already build entire thematic portfolios based on their research.

But while manually researching unstructured data sets an acceptable baseline for thematic products, getting beyond that baseline calls for a new approach to unstructured data.

Because making truly informed thematic allocations depends on gaining a highly detailed, nuanced and up-to-the-moment picture of the world – a picture derived from unstructured and structured data in harmony.

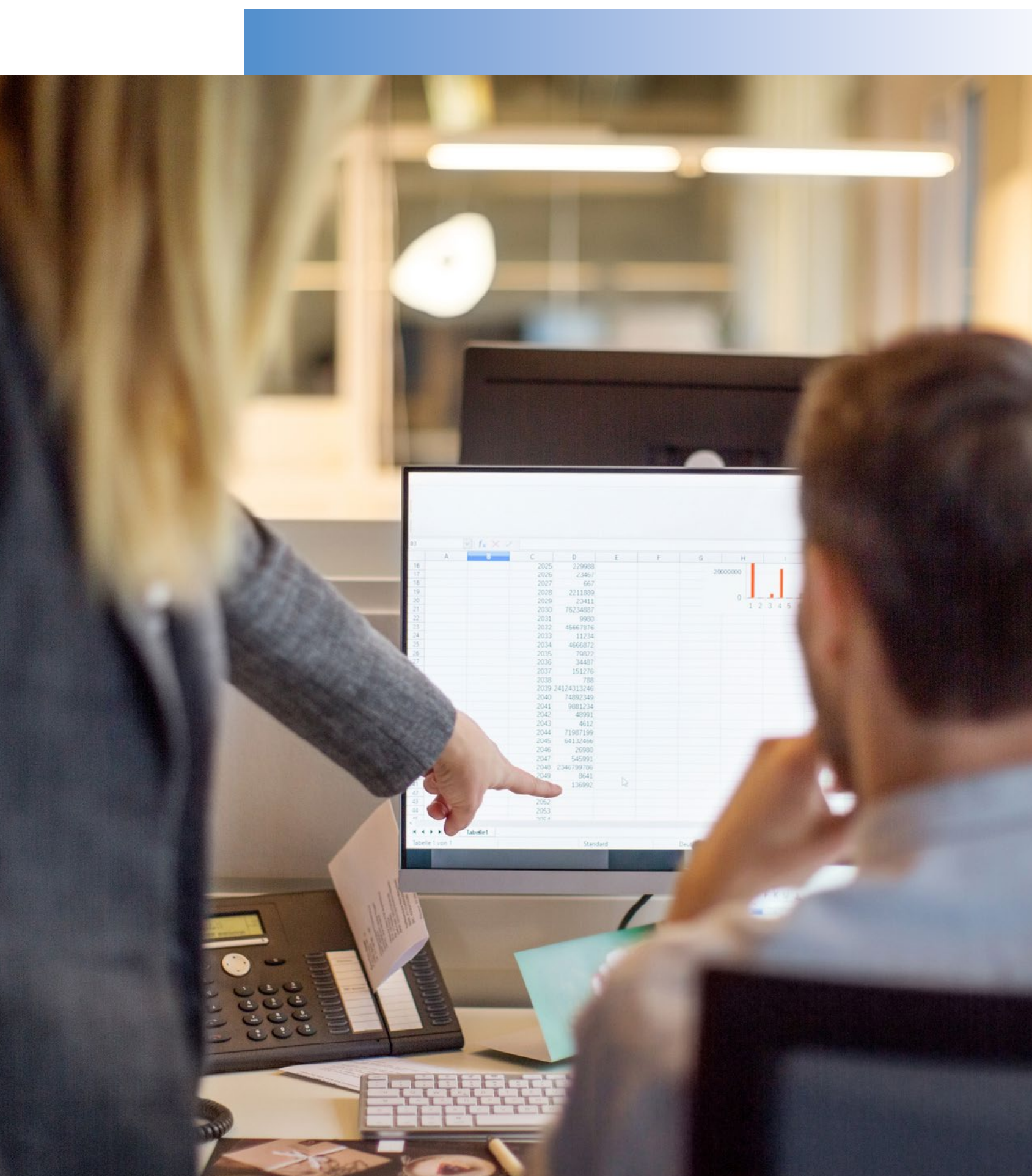
This means that unstructured data needs to be made usable – that is, consistent, composable and integratable into your structured and fundamental data sets – for asset managers to be able to fully grasp the thematic opportunity.

We need to close this Thematic Insights Gap.

You might now be wondering what the hell the Thematic Insights Gap is – and how the hell you can close whatever the hell it is.

And that's fine, because you're reading this eBook – and you're about to find out.

Read on to find out what the Thematic Insights Gap is, what you need to do to close it – and the opportunities lying just on the other side of it.



1

Section One

Mind the Gap

Mind the Gap

The Thematic Insights Gap is the gaping disconnect between your macro (largely qualitative) research of thematic trends and your fundamental analysis and quantitative models.

It's a gap created and sustained by the notorious difficulty of collecting, connecting, weighting and scoring the mountains of unstructured data that exist online.

This difficulty doesn't only eat up your time and resources (if you're collecting or analysing it manually) – it also results in opaque qualitative datasets that can't be seamlessly integrated with your quantitative and fundamental models.

As a result, you can only confidently use your quantitative and fundamental models – while knowing that (especially when it comes to thematic investment) those models aren't giving you the full market picture that bringing accurate qualitative insights into play would unveil.

[Learn more.](#)

The Thematic Insights Gap is holding you back.

It's holding you back from leveraging truly comprehensive insight into market activity. It's stopping you from unlocking customisable and transparent investment products. And it's blocking you from using this insight to tap the full performance potential of thematic trends.

So far, so bad news.

But we don't want to spend too much time focusing on what the Thematic Insights Gap stops you from doing. We want to look at what you can start doing when you close it.

Qualitative data analytics can provide you with the information you need to close the insights gap, marry the quantitative and qualitative worlds – and exponentially increase the quality and volume of opportunities at your disposal.

With the gap closed, you can build a deeper understanding of a key market theme in all its dimensions (including its impact on companies, industry sectors and regions) as it develops over time. And you can make even more precise and thoughtful investment target selections.

Let's take a closer look at the opportunities that present themselves to portfolio managers who embrace usable qualitative data and close the Thematic Insights Gap.

2

Section Two

6 things you can do
when you close
the Insights Gap.

6 things you can do when you close the Insights Gap

We all know that actionable, investable and ranked opportunities are the only outputs that matter – and only the highest quality insights should supplement and inform your investment strategies.

In the past, it's been hard to get sufficiently high-quality insights from qualitative data to consistently integrate them into investment strategies.

Since it's always been desirable to introduce additional, valuable input into investment strategies, the difficulty of using qualitative insights has always been disruptive.

But the growing thematic opportunity has made it intolerable for modern investors.

Luckily, there's a raft of innovative tools at your disposal today that can make qualitative data usable and actionable – and close the Thematic Insights Gap for good.

Here's what becomes possible when you can access and leverage usable qualitative data insights and unite them with your quant datasets.



1. You'll unearth thematic leaders and innovators

When you can view the market through qualitative and quantitative lenses, you can more confidently answer key questions like: "Who are the key players here?", "Who's continuously (and successfully) innovating?" and "Who's the most capable of driving returns?"

Seeing investable companies more clearly helps you rank them – and identify those companies who fall into your thematic buckets of interest.



2. You'll energise your existing strategies (and create new ones)

There's a staggeringly huge mass of untapped qualitative data out there which can help inform and enrich your investment strategies, surfacing unique, market-share winning insights that clients can't get elsewhere.

You can also use qualitative data sources (such as media coverage, website messaging and auditable filings) to quantify the exposure of your existing investments to thematic trends as they happen.

What you find may surprise you. Qualitative insights let you see beyond traditional classifications, such as industry sectors, to learn which companies are exposed to or leading in trending themes – irrespective of the industry they're classed in.

6 things you can do when you close the Insights Gap



3. You'll create transparency for investors

People everywhere are reassessing how their actions impact the wider world – and that includes institutions and individual investors. Value isn't only measured in currency, but also in sustainability.

A growing contingent of investors is demanding greater transparency and accountability from their portfolio managers.

Many of the factors investors want to know about – such as a company's Environmental, Social and Governance (ESG) standards – are qualitative by nature.

Closing your Thematic Insights Gap enables you to do the deep thematic analysis required to identify the companies and individuals truly committed to the factors your investors care about.



4. You'll strengthen client relationships

Having access to consistent qualitative insights means you can create the innovative and customised products your clients really want.

From a thematic perspective, your command of both qualitative and quantitative data will let you rapidly and rigorously pre-screen and validate whatever specific themes your clients want to explore further.

Not only will this help you make fully informed decisions about whether themes are worth pursuing – it will also empower you to pass on your deeper understanding of thematic trends to your clients, and align ever more closely with their interests.

6 things you can do when you close the Insights Gap



5. You'll win more business

Your ability to create more tailored, transparent and thematically enriched products won't only appeal to your existing clients, of course.

You'll also be able to make much more compelling pitches to prospects – be they institutional investors or wealth management clients.



6. You'll improve your internal processes

Reducing (or even eliminating) the ad hoc, manual research required to gain qualitative insights and replacing it with continuous automated monitoring is a massive efficiency play.

It isn't just the automated process that will save you time – but also the more consistent and semantic data lake that the process will put at your disposal.

Using this superior data, you can identify key players in thematic areas (including those otherwise hidden by traditional classifications) much more quickly and easily than you can through manual research.

Crucially, you'll optimise investment performance by identifying the true thematic leaders and seamlessly integrating thematic exposure into your risk/performance optimisation models.

Having a holistic understanding of information across all data sources lets you cut through the noise to get at relevant insights that support thematic, fundamental, qualitative and quantitative investment strategies.

This holistic understanding can only be reached when you can connect your quantitative and fundamental data models with insights taken from clean, connected and scored unstructured data.

We call this constant intake of high-quality insights Thematic Intelligence. It's changing what's possible for asset managers, everywhere – starting, as we'll now see, with the themes it enables them to tap into.

[Learn more.](#)

Section Three

3

7 key investment themes that open up when you close your gap.

7 key investment themes that open up when you close your gap.

Here's a short list of qualitative themes and insights you can gather to enrich your investment strategies once you've closed the gap and united your datasets.

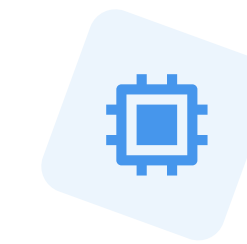
Just imagine what could happen if you feed all these into your asset allocation – and then remember that this list is by no means exhaustive.



1. Environment, Social & Governance (ESG)

ESG encompasses a dizzying array of complex and fast-moving factors of interest to investors. Thematic Intelligence will give you an understanding of the factors listed below (as well as many others).

- **Environment:** Air emissions; Waste Management; Environmental Management; Water Resource Management; Battery Recycling; Alternative Resources; Circular Economy
- **Social:** Human Capital; Fair Labor Conditions; Consumer Protection; Community Development
- **Governance:** Anti-corruption; Business Ethics; Reporting & Transparency



2. Tech

Using Thematic Intelligence, you can uncover things about tech companies that might otherwise remain hidden – and which have a significant impact on the risks and opportunities involved in investing in them.

Some examples of what you can do with united datasets:

- Assess companies' R&D investment and monetisation
- Understand how value chains use core technologies to inform your products for richer use cases across industries
- Monitor the evolution of technologies from disruption to commoditisation

The proliferation of investable tech startups has led to a scramble for investors to find the next Unicorn business – qualitative data can uncover the markers for long-term, scalable business growth.

It can also reveal which established players are investing in cutting edge technologies – information which big companies (unlike publicity and funding hungry startups) typically keep under wraps.

Since these companies are more likely to be generating revenue or profit already than startups, you'll want to know about their hidden investments. With Thematic Intelligence you will.

7 key investment themes that open up when you close your gap.



3. Metaverse

The Metaverse is expanding at light speed (or thereabouts), with industry titans – including Google, Apple and (natch) Meta – making aggressive moves to snap up real estate in the new commercial cosmos.

The potential impact of the Metaverse on industries, societies and the technologies that enable it (including AR, VR, AI, 3D reconstruction, IoT, 5G and blockchain) cannot be overstated.

Thematic Intelligence can help you identify and act on the business models and tectonic shifts that will inevitably emerge as the Metaverse expands.



4. Digital healthcare

Digital healthcare involves a whole host of technologies, including mobile health (mHealth) apps, electronic health records (EHRs), electronic medical records (EMRs), wearable devices, telehealth, telemedicine and personalised medicine.

Having Thematic Intelligence to work with will help you understand the numerous factors impacting the rise, fall or stall of emerging digital healthcare technologies, including:

- Technological trends (e.g. advances in AI and machine learning)
- Business models (e.g. insurance premiums linked to health tracking data)
- Governmental and regulatory policies (affecting e.g. the use of patients' medical data)



7 key investment themes that open up when you close your gap.



5. Renewable energy

According to the International Energy Agency (IEA) renewable energy sources – such as solar, wind, hydro, tidal, geothermal and biomass – will make up around 30% of the world's electricity by 2022.¹

Thematic Intelligence enables you to track the factors driving (and obstructing) global adoption of renewables, including:

- Innovation in renewable energy tech
- Improvements in recycling technology efficiency (e.g. AI that consumes less processing power)
- Changing governmental policies and environmental regulations
- Rising and falling demand for fossil fuels



6. Urbanisation

Rapid urbanisation creates big opportunities for economic development – but also equally big challenges around building and managing infrastructure and reducing energy consumption and pollution.

In the midst of this complexity, you can find the right path forward for your clients by tracking relevant trends, such as:

- The evolution of population density
- Migration patterns
- Changes in air quality
- Vehicle behaviour and density
- Residential and commercial construction planning



7. Emerging Wealth

With deep qualitative and quantitative insights, you can track wealth at various levels – from identifying newly (or soon-to-be) affluent individuals and families, to overall wealth trends within individual nations, to global manufacturing trends impacting wealth across the world.

1. [IEA Global Energy Review 2021](#)

We rest our case. (Now let's close this gap.)

We've laid out just some of the opportunities that come with rendering qualitative data usable and integratable with your quantitative and fundamental data sets.

You'll probably agree that's a lot of opportunity to leave on the table.

The Thematic Insights Gap is stopping portfolio managers from doing even better things than they're already doing for their clients – and doing those things consistently, over and over again.

This gap has got to go. And that's where we come in.

We're CID. We're here to help you close the Thematic Insights Gap and squeeze more capital from your investments.

We designed Affinity to help asset managers create more unique, more granular, more transparent, more customised and more thematic products – and realise stronger returns for investors, on repeat.

How Affinity gives you Thematic Intelligence

Affinity collects and processes fundamental, quantitative and qualitative data to close the Thematic Insights Gap – and create the most comprehensive set of investment-related information in the world.

Self-service tools make it easy for asset managers and financial advisors to explore this data for insights and opportunities – and create thematic strategies, pre-screen investment ideas and support portfolio construction with ease.

Here are the key components:

- [ThemeScape](#): a modelling desktop that makes it simple to research industry themes, uncover hidden signals in the data and spot critical events that drive investment values and new opportunities.
- [ThemeScore](#): a scoring engine that makes it simple to rank portfolio exposure and new opportunities based on direct and indirect theme exposures and strategic definitions – so you can take a proactive, strategy-driven approach to finding optimal investment targets.
- [ThemeAI](#): the AI brain of our system, powered by CID's unique NLP, Deep Learning and Graph Technology, ThemeAI maps themes, signals, and events onto entities, including over 20m private and public companies and over 27m related individuals.
- [ThemeGraph](#): an insights hub that pulls together the weighted insights you care most about. Link companies by key themes and act on deeper information not found on typical terminal products.



This all starts with combining your data and worlds
– and closing the Thematic Insights Gap.

Want to delve deeper?

- Try our [Resource section](#), [Thematic Intelligence Blog](#) and [Thematic Intelligence Video Hub](#).
- Discover how others are already benefiting with our [Asset & Wealth Management case studies](#).
- Or really take a deep-dive with our [eBook dedicated to our Affinity solution](#).

Want to know more about Affinity?
We're ready when you are.

Get in touch