



Affinity

The complete guide to more effective
and efficient thematic investing





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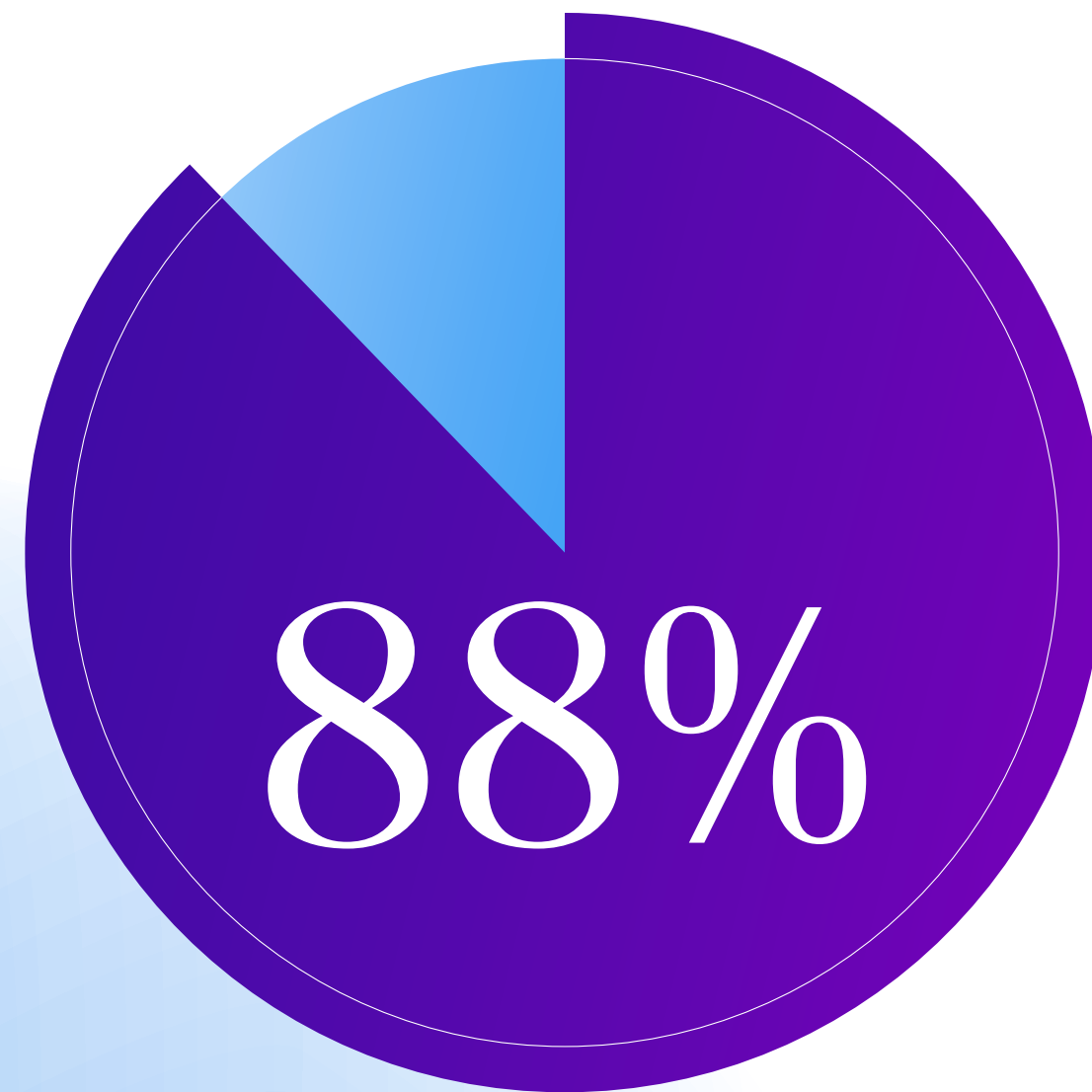
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Chapter One

Create better thematic investment funds – more efficiently, at scale

I. Master the thematic investing gold rush

If you're an Asset or Wealth Manager who manages active thematic investment products, you'll know the value of consistently making strong decisions around equity asset allocation.



of Asset Managers agreed or strongly agreed that equity exposure is the typical driver behind thematic investing...

...yet it's also one of the most labour intensive and inefficient, as traditional industry sector allocation no longer suffices.

I. Create better thematic investment funds – more efficiently, at scale



Now is the time to maximise the most reliable driver behind your investment decisions: **smarter, higher-automation data analytics**.

Enriching internal and external, fundamental and quantitative data with qualitative data insights derived from sources like news, filings, and research will drive **investment efficiency, alpha-generating asset allocation, and customization options never seen before**.

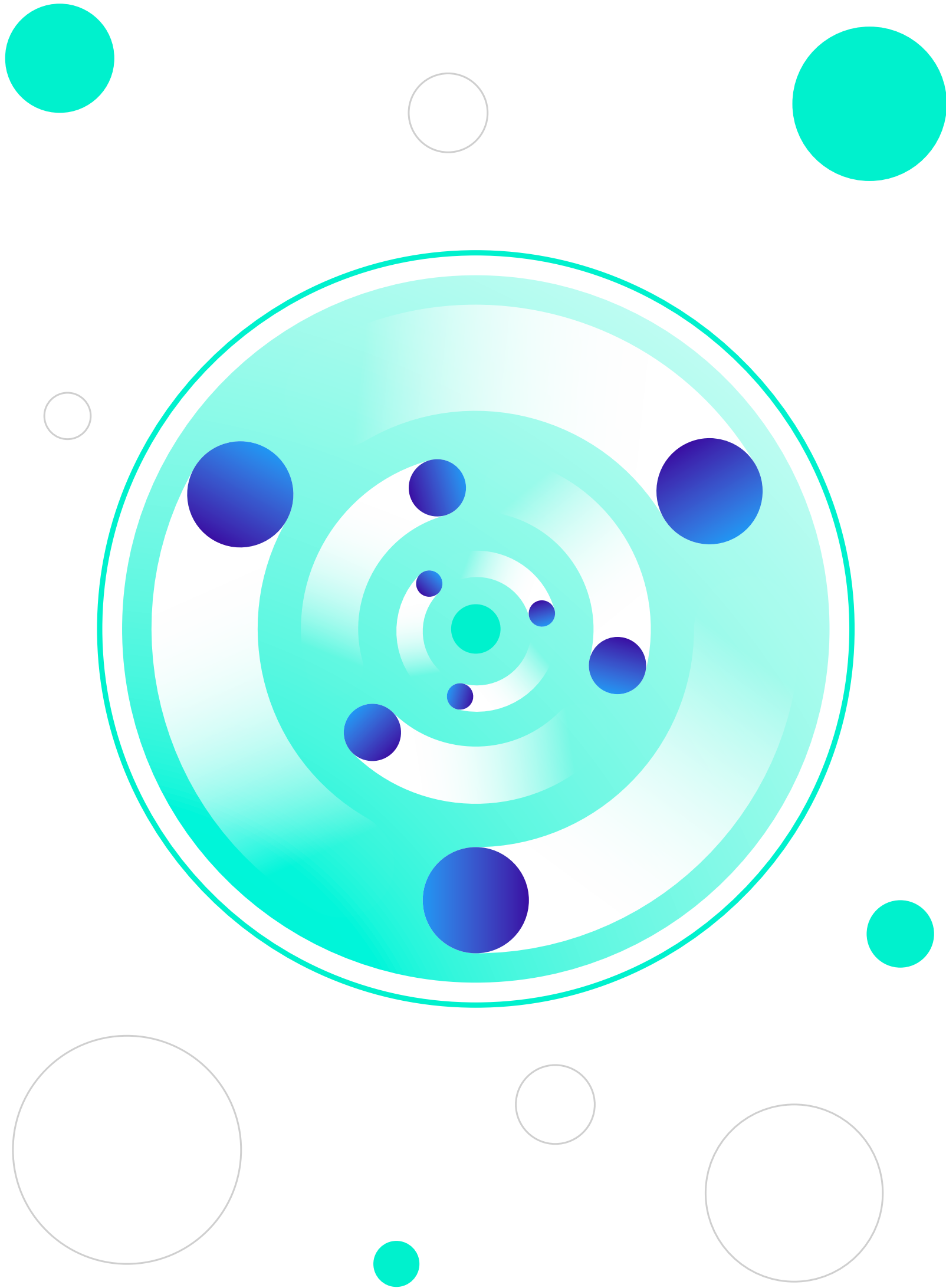
Qualitative data analytics powered by AI is the missing piece to assess and monitor equity exposure efficiently, at scale, on repeat: fundamental and quantitative data simply can't provide the full context around how companies are affected by thematic trends.

You need to augment your quantitative and fundamental data with information about leadership, internal processes, reputation, customer sentiment, and dozens of other 'softer' factors to make better thematic investment decisions that generate alpha and increase assets under management (AUM).

Thematic investing is becoming an existential challenge for many Asset Managers. You're increasingly facing:

- More margin pressure
- Competition from passive, index-based funds and ETPs
- Growing demand for customisation from retail, wealth and institutional clients

I. Create better thematic investment funds – more efficiently, at scale



Mutual funds are a useful onramp to thematic investing. But they can only be truly consistent when you have the right tools at your disposal – otherwise they’re hampered by their need for massive manual effort and time resource.

Which is why, as an Asset or Wealth Manager, you’ll want to leverage best-in-class data analytics.

Artificial Intelligence is built to process more data more quickly. Thematic Intelligence uses AI to generate insights from qualitative, unstructured, textual data – that remove traditional process blockers and unlock all the advantages mentioned above.

This ebook will show you how to apply Thematic Intelligence – to find more, do more with, and get more out of every available data set, repeatedly. Let’s take a look at the tools and approaches Asset and Wealth Managers can use to relieve the pressure and ramp up returns.

Want to see Affinity in action?

[Get a demo.](#)

Actively managed funds hold all sorts of advantages:



The opportunity to beat industry benchmarks



Flexibility to pick short, mid and long-term promising targets, to fully leverage expertise and insight



Selling your investment losses to offset capital gains tax

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Chapter Two

The thematic investing efficiency killer

2. The thematic investing efficiency killer

There's never been more available data in the history of investing. Yet the sheer volume means it's never been harder to process it effectively or efficiently. Quality, usable data points are surrounded and hidden by swamps of unreliable, unhelpful data.

Outsourcing thematic investment decisions isn't a solution either. Thematic indices and (sell-side) research investment baskets provide hardly any market differentiation or too few options to choose from.

Successful thematic asset managers leverage deep thematic expertise, often in collaboration with subject matter experts. But this means even more manual effort for analysts to squeeze out usable thematic insights – increasing margin pressure, slowing time-to-market for new investment products, and struggling to satisfy investor demands for customisation.

Identifying companies with real thematic exposure is one of the biggest challenges to this investing approach. Accurately identifying companies independent of industry sector classification demands deep, equity-level thematic research across various fundamental and qualitative and unstructured data sources.

Yet this research in turn requires a huge amount of effort across vast amounts of data, on repeat. That's news, filings, research, transcripts, websites and everything in between.

Plus, client portfolios that over rely on thematic investments tend to be highly correlated and therefore at higher risk – so it's even more important to pick the right companies and mitigate risk with a comprehensive backlog of investment options.



2. The thematic investing efficiency killer



Theme maturity analysis is another challenge: finding out when a theme is at the tipping point for investment is key to maximise investment returns – and only comprehensive and ordered data sets can provide the insights needed.

Which is why you need to find, process and integrate fundamental and qualitative insights from unstructured data quickly.

There's a reason portfolio managers are willing to go through all of this: 86% of Asset Managers agree or strongly agree that thematic strategies should be diversified over different sectors and avoid narrowly-defined investment themes.

To successfully build a thematic portfolio with a solid selection of equities, you need to master the data, thematic and efficiency challenges.

Let's look at how you can make that happen with Thematic Intelligence.

[Get a free demo.](#)

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Chapter Three

The 3 pillars of Thematic Intelligence

3. The 3 pillars of Thematic Intelligence



Thematic Intelligence is the new approach to truly effective thematic investing – to help Asset & Wealth Managers consistently improve active equity asset allocation and portfolio monitoring for thematic portfolios and beyond.

3. The 3 pillars of Thematic Intelligence

Realised through our Affinity platform, it unlocks three key outcomes:



More efficient thematic investment processes

Your institutional, retail and wealth management clients are demanding more investment choices – products customised to leverage forward-looking trends and performance-heavy themes. To keep up, investment analysts conduct exhaustive equity research to support portfolio construction, rebalancing, monitoring and reporting.

It’s time-consuming – demanding huge amounts of manual input to find, process and integrate any findings, and means you risk missing opportunities or over-indexing on certain criteria.

Making updates is just as labour intensive, with thematic investment actions often happening on a semi-annual basis at best. All of this makes it hard to capitalise on attractive investment opportunities as and when they emerge.

Powered by [Affinity](#), Thematic Intelligence lets researchers blend a continuous and consistent stream of fundamental and quantitative data with insights from qualitative data. The benefits include:

- Researchers save up to 70% in equity research time
- Up to 10x more and higher-quality equity investment options
- Up-to-date views on market trends, events and related equities – seize more timely opportunities and boost your ability to create more alpha
- Model and apply your in-house views more quickly with reliable, comprehensive data sets and easy-to-use self-service tools



Higher-quality thematic insights

In the face of more demand for thematic and customised products, you’re likely seeking to make themes and trends investable – and create compelling investment baskets off the back of them.

To do that, you need to accurately assess your investment hypotheses.

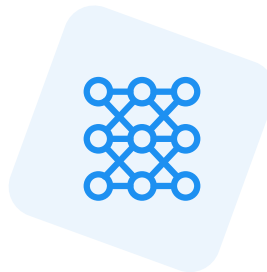
That’s tough when thematic investing requires a view on equities independent of industry standard classifications. It’s also hugely time-consuming (and sometimes relatively inaccurate) to run manual equity research – especially for complex themes – not to mention combining your findings into top-down and bottom-up approaches.

Yet competitors with limitless resources can build passive and active products to provide more thematic investment options – ramping up pressure on anyone with a smaller budget.

By combining qualitative and fundamental data, you can increase your asset allocation efficiency, performance and quality as you uncover more ‘true’ thematic investment targets, more often. Test your hypotheses, assess the investability of themes, and execute promising investment opportunities with short time-to-market.

Taking on more comprehensive insights enables you to generate more alpha and truly differentiate, while developing products of the same scope and scale as your better-resourced competitors.

You can use [Affinity’s self-service tools](#) to repeatedly leverage your expertise and high-grade thematic data, together.



Broader and deeper data coverage

You’re on the hook to create timely and accurate investment baskets that generate alpha. For that, you need as much useful, relevant and timely data as possible.

To eke out every last bit of performance, you need to gather the best insights by combining fundamental, quantitative and qualitative data. After all, any insights you capture that your competitors don’t, give you an edge.

Terminal providers offer access to vast amounts of fundamental and quantitative data. But merging that data with unstructured qualitative data remains a challenge – and a blocker to fully-rounded thematic insights.

[Affinity](#) covers thousands of web sources – around 45,000,000 data points per annum, and information on 30,000,000 private companies and 86,000 public companies. It pulls ready-to-use unstructured, qualitative data into a format that lets you enrich fundamental and quantitative information.

It’s now possible to consistently find equities relevant to your specific investment strategies and assess their exposure to themes and trends. And it’s now easier than ever to leverage actionable exposures by joining up previously unruly fundamental and quantitative data sets.

This is Thematic Intelligence – and it’s ready and waiting.

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Chapter Four

How we help you get there

4. How we help you get there

We designed Affinity to help you bring Thematic Intelligence to bear on your own investment processes and outcomes.

Affinity integrates insights you care about to enrich your investment customisation and performance abilities. It's built on four capabilities (we'll get to the fourth in a moment):



ThemeScore

A scoring engine that quantifies theme and event exposures for companies to spot investment opportunities as well as risk.

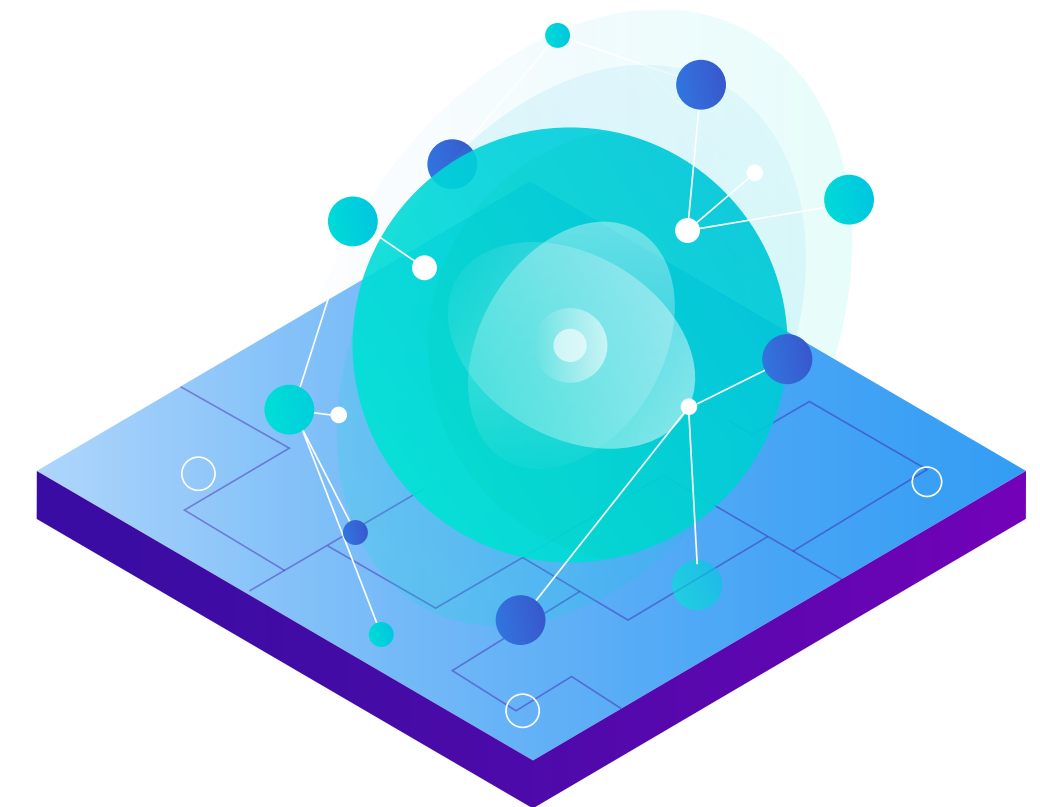
[Learn more.](#)



ThemeAI

Natural Language Processing, Deep Learning and Graph technology that maps themes, signals, and events onto entities like companies and individuals.

[Learn more.](#)



ThemeGraph

An insights hub that integrates all entity data with event and exposure data derived from ThemeAI and ThemeScore.

[Learn more.](#)

4. How we help you get there

There are two key ways you can use Affinity to tap into the thematic insights you need:

1. As a data hydrant

You likely already have established fundamental and quantitative data providers, and that's fine. Affinity isn't designed to replace them – it's designed to supplement them.

You can plug Affinity into your backend system and consume the output via its API. That way you can leverage any insights and easily plug them into your processes, workflows, and systems.

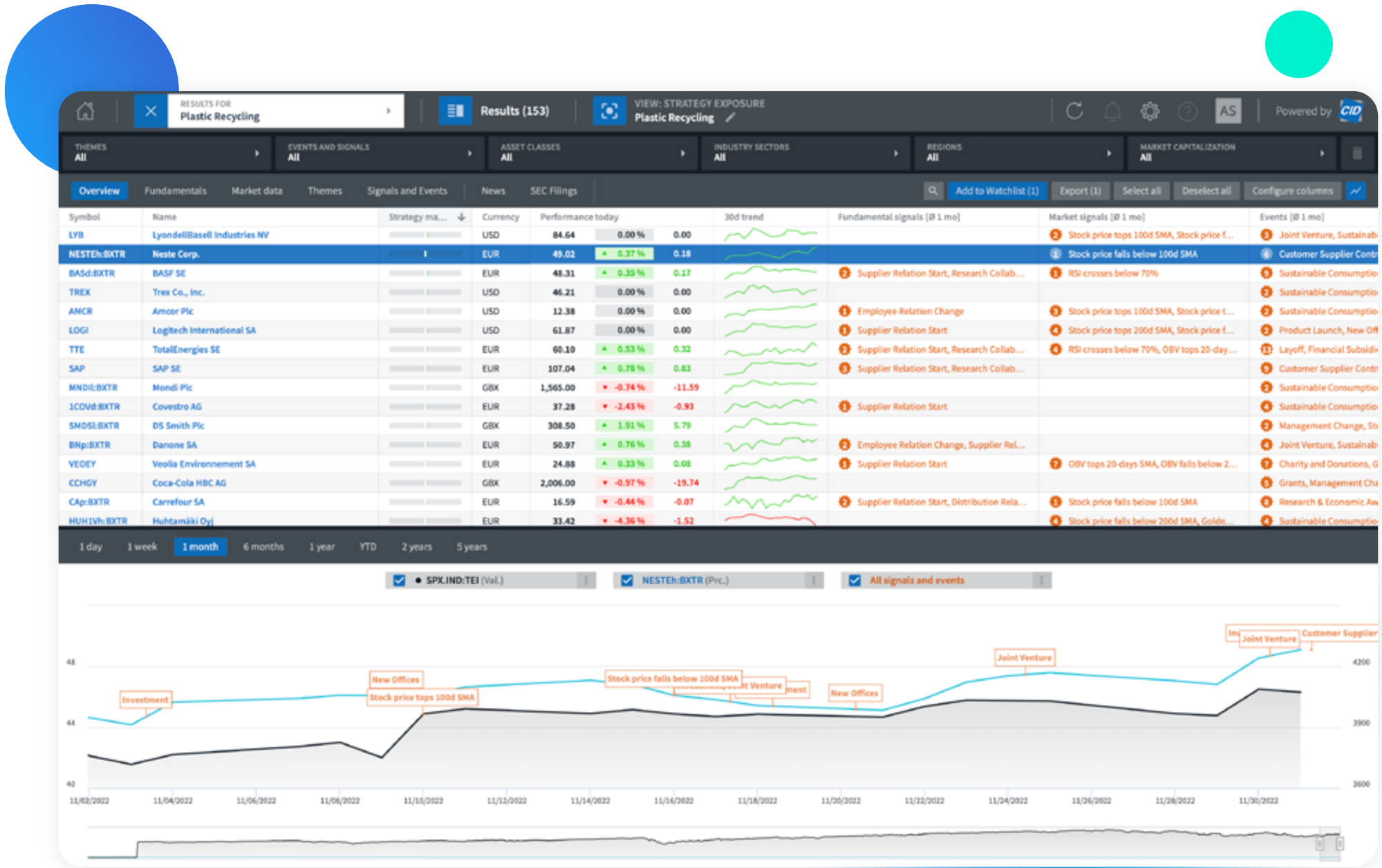
This integration exposes all of Affinity's capabilities and data, including:

- **Thematic screening across worldwide equities**
- **Identifying companies with genuine theme-related activities**
- **Enriched output of crawled web news and aggregated events**

Affinity's API can enrich and inform your current thematic processes with minimal disruption, unleashing a flood of relevant thematic and fundamental data that integrates with your investment models.



4. How we help you get there



2. As an end-to-end tool

Now you can use Affinity’s fourth component – ThemeScape – as a frontend tool and thematic portfolio builder.

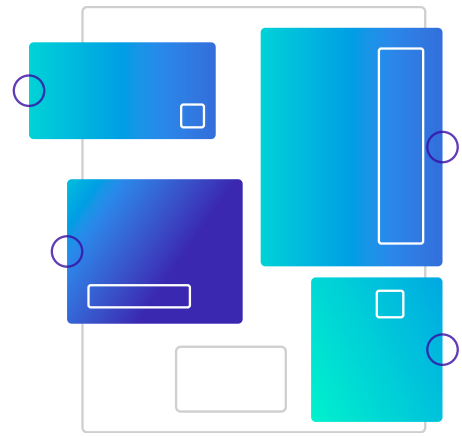
ThemeScape is a modelling desktop that lets you define and research industry themes, uncover hidden signals in unstructured data and spot critical events that drive investment value and new opportunities.

It’s designed to be easy to use. Its UI lets you handle self-service theme modelling, and makes theme nodes and exposure scores consumable via the Affinity API.

ThemeScape’s no-code and self-service features lets non-developer business users (e.g. portfolio managers, investment analysts) quickly pre-screen thematic ideas for new investment funds, client recommendations or prospect engagement.

4. How we help you get there

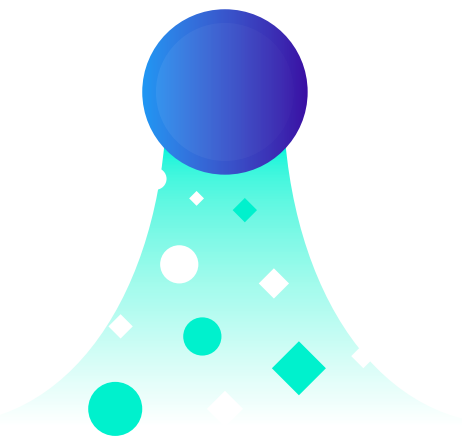
It works in 3 stages:



Theme Builder

Efficiently define themes for qualitative/alternative data-driven investment strategies.

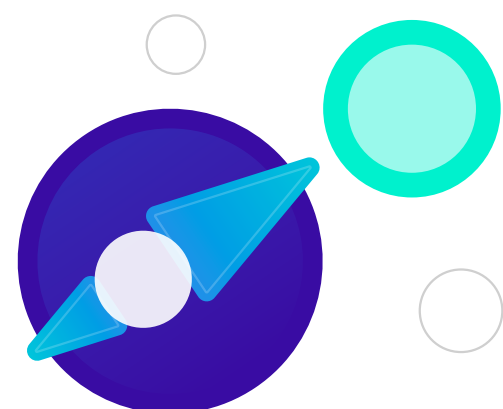
- Use economical, technological, and societal trends to inform your investments
- Leverage transparent, explainable investment strategies – including thematic and ESG criteria
- Quickly evaluate research scenarios and investment hypotheses



Strategy Builder

Efficiently identify investment opportunities:

- For new investment products, business development with institutional and wealthy clients and in line with specific investment policies
- Strategy Builder combines fundamental and quantitative data with real-time qualitative data analysis, including news and filings.
- You can detect events including signals like product launches, international expansion, executive appointments etc.
- Flexibly combine and weight all such different factors to define an investment strategy in line with client expectations and policies
- Receive pick lists for investment baskets with an actionable, manageable amount of relevant equities



Explorer

Reveal investment opportunities relevant to a theme, asset allocation strategy, or ad-hoc research for deeper insights into equities and securities. Explorer gives you a thorough overview of:

- Fundamental data and signals for public and private equities
- Quantitative data and signals
- Events and signals from news and filings
- Equity theme exposure
- Company facts, executive team, supply chain connections...

Use Explorer's interactive charting tool to:

- Benchmark investment opportunities against indices and other securities
- Correlate signals, events and theme exposure with price performance and other KPIs
- Export results for further analysis and processing in your investment models and portfolio management systems (or via API integration)

Used together, Affinity's components can help you build more comprehensive, higher-performing and more customisable investment portfolios.

Ready to see how Affinity can work for you?

[Get a free demo.](#)

4. How we help you get there

Ready to start?

Thematic Intelligence is the new approach that puts relevant data at your fingertips.

Whether you want to ingest qualitative, unstructured data, or construct end-to-end thematic portfolios, we're here to help you take the next step towards more informed, efficient and effective thematic investing.

Talk to us about how Affinity can do more for your thematic investments.

Talk to us

