THE WEALTH MOSAIC

#dedicatedtowealth

WealthTech Views Report

The rise of ESG in wealth management

September 2021



www.thewealthmosaic.com

Issue 10

Welcome

The consideration of Environmental, Social, and Governance ('ESG') issues is not new for wealth managers; however, in recent years, it has moved from being a peripheral concern to being a critical component of investment decision-making. The shift in attitude has been caused by a wide range of factors, such as the increasing awareness of climate change, the apparent benefits strong corporate responsibility has on company performance (not negative, as was previously thought), as well as the realization that the next generation of investors take these issues very seriously and therefore wealth managers must respond to remain relevant. The private sector has been in some way leading the way in this area, with, for example, the CEO of Blackrock, Larry Fink, recently stating that "Climate risk is investment risk." Regulators are also stepping up, and there is a real possibility that the SEC could make it obligatory for market participants to report on their ESG performance soon.

The headline figures of investment in ESG are impressive, with current claims in the market that over $40 trillion has already been committed into funds and companies in this area, and projections state that this could reach $140 trillion globally by 2025, thereby representing over one-third of total assets under management. However, as you will read in our foreword by Robert Rubinstein, all is not as it seems. This is highlighted by the increasing concern of 'greenwashing' due to ambiguous definitions of ESG, with companies included in ESG portfolios that are deemed by some not to meet valid ESG criteria. Also, some commentators point out that with all this money 'invested' in ESG, why are there still so many environmental problems across the globe. One could argue that wealth managers are doing the best they can with the tools they have at their disposal; however, it is clear that there is considerable room for improvement. And this is where technology comes in.

In this report, The Wealth Mosaic has gained insights from technology and data vendors that are focused on helping wealth managers in a wide range of ways in this area; from client suitability tests, incorporating ESG into portfolio construction, ESG reporting, news and analytics, and sourcing reliable ESG data to make investment decisions against. It is therefore clear that although there remains a lot more to do to improve ESG investing, there is real momentum from all participants, and technology has a crucial role to play in making things better. I therefore hope you find the report interesting and informative.

Simon Ramery
Co-Founder of The Wealth Mosaic

Contents

Introduction 3
Foreword by TBLI Group 4
aixigo 6
BITA Risk 12
Etops 18
InvestCloud 23
New Access 28
Objectway 31
OWL Analytics 37
Refinitiv 42
Swiss Quant 47
Investor Connect Service 52
Our Services 53
Our Report Programme 54
Our WTLR Reports 55
Our WTVR Reports 56

Introduction

This WealthTech Views Report: The rise of Environmental, Social, & Governance (ESG) in Wealth Management, includes the views from nine solution providers and thought leaders from across the globe, comprising aixigo (Germany), BITA Risk (UK), Etops (Switzerland), New Access (Switzerland), Objectway (Italy), OWL Analytics (US), Refinitiv (UK), and SwissQuant (Switzerland). To enable each thought leader to present their views on the impact of ESG in wealth management today and highlight how their solutions can help wealth managers achieve their objectives in this area, we asked each of them the following two main questions;

MARKET: How are ESG issues impacting the wealth management sector today? What has been achieved so far, what are the opportunities and threats, and what is still to be done?

SOLUTION: What solution(s) does your company offer the market that addresses ESG issues, and how do they help wealth management firms manage their increasing obligations in this area?.

The key themes from the participant responses are as follows:

- Capital inflows into ESG related investment products and companies are significant and growing fast, capturing the whole industry's attention. According to Morningstar, funds that used ESG principles captured $51.1 billion of net new money from investors in 2020, a significant increase from 2019 ($21 billion). It is expected that this will only get larger as the transfer of wealth from baby boomers to the next generation takes place over the next 25 years.
- However, the definition of what is included in ESG or what is sustainable remains highly subjective, leading to increasing mistrust in the industry as companies that are deemed not 'ESG' applicable are included in ESG funds.
  New regulations such as the Sustainable Finance Disclosure Regulation (SFDR) are creating additional obligations on financial service firms to provide more information on ESG investments, which in turn is leading to increasing demand for technology to enable them to do this efficiently and effectively.
- Although much has already been achieved in bringing ESG factors into mainstream investing, a lot more needs to be done, especially regarding access to transparent, granular, and standardized data. The use of big data analytics and artificial intelligence are ways to achieve this.
- There remains an education gap in the market as wealth managers, especially on the frontline, need to get fully up-to-speed on what ESG means and its place today in client portfolio building. Although disjointed now, it will become embedded in it the investment process.
- Capturing a client's ESG preferences has gone from a nice-to-have to a must-have, and technology is considered at the core to enable wealth managers to do this.
- Due to the strong demand from investors to invest in ESG related companies, funds, and ETF's, there is currently an opportunity for wealth managers to have a competitive advantage in the market if they adopt technology that enables them to offer a personalized approach to this emotive area.

We hope you enjoy reading the report and look forward to hearing your thoughts.

Simon Ramery
Co-founder & Director
simon@thewealthmosaic.com

Stephen Wall
Co-founder & Head of Marketplace
stephen@thewealthmosaic.com

THEWEALTHMOSAIC

Want to stay informed on the developments in the global Wealthtech sector?

Subscribe to our newsletters

Foreword by Robert Rubinstein

ESG - Breakdown or Breakthrough

Now is ESG's moment, or is it? For the past 25 years, TBLI has worked to educate asset owners and managers regarding ESG and impact investing. Based upon the money flows, one would say it has been a resounding success if one only looks at the numbers. "ESG assets may hit $53 trillion by 2025, a third of global AUM," according to Bloomberg Intelligence February 23, 2021.

The assorted Social Investment Forum's claim that 40 Trillion dollars are already committed to ESG, in one shape or form. But are these figures accurate?

Unfortunately, if we look at the impact of all these asset flows, we really have to start ques-tioning the claims. Firstly, are the numbers correct that 40 trillion dollars have already been invested in ESG from institutional and retail investors? And secondly relates to the issue of the definition - perhaps the figures are accurate, but has any of this money really ad-dressed the challenges that they were intended to help, fix or address?

If one looks at the environmental and social challenges the world faces, still after all the trillions going into ESG, one can only admit, ESG investing to-date has been a failure. The on-going issues below highlight this, as all of them have grown significantly despite the money flows that were intended to reverse the trend.

- Climate Change Destruction
- Biodiversity loss
- Water Shortage
- Food shortage
- Health Crisis (Diabetes)
- Income Inequality (Living Wage)
- Pollution
- Threat of War

I was asked by a family office in Singapore to stop by to discuss ESG and Impact Investing, as the family was transitioning from intensive fossils fuels to sustainability. The head of the Family Office said, "Robert. We don't understand how the most toxic companies score so well on ESG Sustainability Indexes. For example, BP & Shell - carbon-intensive and damaging the climate, Unilever - semi-toxic cosmetics and processed food, and Pepsico – causing diabetes from snacks and sugar water." I had to explain that the methodology used for ESG assessment is not what the company does but how it reports.

If one looks at institutional investors like pension funds, they began claiming ESG alignment because they engaged with the companies through intermediaries. The engagement was very popular as nothing had to change; the pension funds maintained their positions and an intermediary spoke to the companies that the asset owner wanted to see behavioural change. Were they really changing the behaviour of the companies to address climate risk? Not really.

To date, the ones who have benefitted from ESG and Impact Investing are Fund managers (fees), Institutional Investor box tickers, Aspirational Club Members, Service Providers, and Advisors. Unfortunately, so far, society and the environment have not benefitted.

Why has ESG become so popular?

The reason for ESG's rapid's growth is because it describes a form of investing that has multiple beneficiaries, and not only for the investor. It looks at all risk factors; social, environmental (climate change), governance as well as financial. If a company has extraordinary social performance, they often spend less on hiring the best and the brightest, and they retain them longer, as most employees are looking for some purpose. Additionally, companies with excellent environmental performance often waste less, pay fewer fines, use fewer raw materials and energy. All of this leads to higher returns and lower risk.

But the really big drivers of ESG and Impact investing are at the macro level of resource depletion, driven by emerging market economic growth. At 8 percent annual growth, China would reach US consumption levels in 2030, translating into China consuming c60 million barrels per day. The present consumption is about 84 million worldwide.

• • •

Foreword by Robert Rubinstein

This massive commodity requirement is even worse if we look at grain, iron ore, paper, coal, steel, and meat. If we then add India to the mix, and then the other 3 billion in emerging markets and the developed world, one can see that linear growth is not possible at this level of inefficient use of resources or present business model. We won't have enough.

"The Western economic model, the fossil fuel-based, automobile-centered, throwaway economy, will not work for China," says Lester Brown of Earth Policy Institute. So, the only way to continue the growth is perhaps conflict for resources, which is not a good long-term option.

The real opportunity for the financial sector is a massive drive for resource effectiveness or efficiency, which is what sustainability is about. Doing more with less also translates into more profitability.

When a wealth manager engages their clients on ESG investments, that conversation can be much more engaging than traditional investing. Impact Investing instills passion and excitement. If one looks at the anticipated transfer of wealth – some US$30 trillion- in the coming 20-30 years to Gen Z and Millenials, this is a massive opportunity. Gen Z values are not only financial. They are more willing to align their values with their investments.

As information, education, and infrastructure for ESG Investments increases, the market will grow even faster. The market is clearly there, but the way ESG is done now is just a death march in the wrong direction but slower. Fortunately, many asset owners are realising this and demanding investment that is regenerative in nature or far less harmful. This message was clearly made with the announcement of the launch of Net Zero Asset Managers The Net Zero Asset Managers initiative is an international group of asset managers committed to supporting the goal of net-zero greenhouse gas emissions by 2050. Let's hope this is not another aspirational press release that sounds good but never delivers.

> *"The real opportunity for the financial sector is a massive drive for resource effectiveness or efficiency, which is what sustainability is about. Doing more with less also translates into more profitability."*

Get in touch with the TBLI Group



Robert Rubinstein, CEO and Founder

Email: robert@tbligroup.com

Robert Rubinstein is CEO and founder of TBLI Group. For 25 years TBLI has advised inves-tors seeking to incorporate Environmental, Social, and Governance principles into their por-folios, with the goal of making make a positive, measurable social and environmental impact alongside a financial return.

TBLI work with their clients to identify outstanding businesses that generate sustainable sha-reholder value and will in the long run outperform their peers. TBLI clients leverage their lar-ge network of ESG-focused businesses to complete a virtuous circle of investment that con-tinues and accelerates the world's inexorable shift toward sustainable business and a sustainable society. Triple Bottom Line Investments are investments that deliver financial as well as environmen-tal and social value. TBLI Group has helped hundreds of asset owners and managers to achieve triple bottom line success. Our mission is to provide multiple returns for your invest-ments. For 25 years has aided asset owners and managers in integrating ESG and Impact in their portfolios. Having completed nearly 500 projects and influencing over 50 Trillion dollars in Assets and helped direct nearly 1.3 trillion in investments.

1. Introducing aixigo

Key business facts:

Founded
1999

HQ Address
Aachen
Germany

Company Size
51-200 employees

Website
www.aixigo.com

Target Regions
Western Europe

Target Wealth Management Firms
Asset Managers, Bank Wealth Managers, Digital Wealth Managers, Financial Advisors

Company overview

aixigo has the world's fastest API-based wealth management platform for investment advisory, portfolio management, portfolio risk management, financial planning, portfolio analysis, and portfolio monitoring. The platform, which is equipped with more than 100 digital services, delivers constant trend-setting and added value innovations to aixigo's customers and their savings and investment customers. aixigo's international customers, including Bank Vontobel, BNP Paribas, Commerzbank, and Hargreaves Lansdown, are already benefiting from the aixigo platform. Furthermore, aixigo was awarded the Banking IT-Innovation Award by the University of St. Gallen (Switzerland), the German Innovation Award by the German Bundestag and the German Industry, and was repeatedly included in the WealthTech100 by FinTech Global.

Thought leader



aixigo
Driving the New Wealth Experience.

Christian Neuenhaus, Head of Marketing and Communications

Email: solutions@aixigo.com

With the start of his banking apprenticeship in the 1990s, Christian Neuenhaus first discovered his passion for the world of finance. Positions as a Head of Marketing and Sales in the financial sector quickly followed. These positions enabled him to gain long-standing expertise and a well-founded understanding of exclusive financial services. As the Head of Marketing and Communications at aixigo AG, he works with his team to identify unique selling points for banks and financial service providers, which enable these to tackle the ever-increasing challenges of wealth management professionally and thus to position their business successfully.

*Q&A Christian Neuenhaus

aixigo
Driving the New Wealth Experience.

How are ESG issues impacting the wealth management sector today? What has been achieved so far, what are the opportunities and threats, and what is still to be done?

The current news indicates a clear trend: interest in sustainable investments is growing rapidly, especially sustainable ETFs, which are experiencing an enormous boom in Europe. As a result, 2020 is considered to be a record year for the investment volume in sustainable funds and ETFs.

According to Morningstar, funds that used ESG principles captured $51.1 billion of net new money from investors in 2020 — the fifth consecutive annual record. This was a significant increase from 2019, when investors funneled roughly $21 billion into funds that applied ESG principles.

Furthermore, the fast-growing interest in ESG advice is a good indicator of the relevance of this topic for investors. The number of advisers having ESG-related conversations with customers rose 2 percent to 19 percent between October 2020 and March 2021, according to the latest NextWealth ESG Tracker Study.

Also, investors are increasingly incorporating ESG ratings to evaluate opportunities and risks. As a result, ESG criteria are becoming more relevant for portfolio construction, portfolio analysis, and risk management.

New regulations, such as the Sustainable Finance Disclosure Regulation (SFDR), which came into force across the EU on 10 March 21, are increasing the pressure on financial service providers. SFDR is intended to ensure that those customers that invest in sustainable financial products are well informed by the financial service providers. The obligations arising from this include, for example, the provision of pre-contractual information, information on websites, and regular reporting obligations.

In addition, the EU proposed a regulatory amendment to the suitability test of MiFID II to extend it to include the query of ESG preferences. This is another indicator of the increasing importance of ESG. The suggested amendment seamlessly follows a long series of new regulatory requirements and, in this case, represents a consistent extension of the suitability test.

Nevertheless, the situation with regard to ESG is now different from previous regulatory adjustments. The MiFiD and FIDLEG regulations are focused on protecting the customer; however, from the customer's perspective, their implementation remains non-transparent. Consequently, these regulations are often perceived as more of a bureaucratic burden on both sides, and customers are unable to identify any of the benefits from the regulation!

What's different about ESG?

ESG encompasses environmental and social values that influence customers' willingness to invest and their investment behaviour. For wealth managers, it will therefore be crucial to not only implement the necessary ESG regulatory requirements so they can generate further profit in their investment business but also become active beyond this by increasing their focus on customer benefits and the contemporary concept of sustainability.

ESG, therefore, opens up the following opportunities for wealth managers:

Secure a competitive advantage

Those who position themselves today with an offer that enables investors to invest in values that correspond to their morals or ethics can build a strong position in the market. Moreover, financial service providers who are already one step ahead today and implement solutions that are not yet required by regulation (but are likely to come) benefit from the opportunity to gain an absolute competitive advantage.

Position as a financial coach

Ensuring transparency on ESG issues is not an easy task since it is an entirely new topic, both for the customer and financial service providers. Technological solutions enable financial service

• • •

*Q&A Christian Neuenhaus

providers to introduce customers to this topic step by step, thus offering them a high-quality service. If financial service providers successfully manage to advise their customers professionally – from the initial assessment of preferences, all the way to deriving a suitable recommendation, and finally pointing out the investment's impact – they facilitate the customer's entry into this new topic and thereby prove themselves as a financial coach for the customer. By offering a 360-degree ESG portfolio service (from analysis to reporting), they would not just fulfill their regulatory obligations but would provide an exclusive service to their customers.

Emotionalise the service

There is almost no other topic where emotional values play such an important role as in the field of sustainable investment. ESG criteria pursue goals that have a meaning for the customer. To invest in assets that have an impact on climate change, the protection of the environment, or social injustice is an emotional matter. If the investments or the portfolio represent the customer's values, the outcome is an individual and transparent offer at the highest level.

It is worth noting that with regard to sustainable investments, besides fulfilling regulatory requirements, particular focus should be placed on the customer. After all, sustainability and a sense of responsibility are not only important in the investment business – they reflect the contemporary mindset.

A huge challenge lies in the lack of transparency of sustainable investments. Here, the use of technology at the point of sale enables straightforward and rapid access to a broad range of data providers and rating agencies. Data quality is a critical factor in this respect, so special attention should be paid to select the right provider.

Another challenge is the increasing complexity of investment advice and portfolio construction. While the focus used to be on the portfolio's risk or the individual investment's risk contribution, now numerous additional influencing factors and data have to be taken into account. This complexity can't be solved without technological assistance.

Finally, ESG, which is a new subject for almost everyone, causes significant uncertainty on both the provider and the customer side due to its enormous complexity. Regardless of being an adviser, asset manager, portfolio manager, or customer – everyone is still a "beginner" within this field.

What needs to be done?

Financial service providers should take a proactive approach, take action early and seize the opportunities that this "new" market offers. Even if customers are still hesitant in asking for sustainable investments – one day they will come. By 2022 at the latest, with increasing regulation, ESG investing will be a topic for all investors – institutional and private.

In the next section, you will learn about the opportunities technology offers to reduce complexity and remove uncertainties on the adviser and customer side so that ESG investing in wealth management becomes a sales success.

Opportunities arising from the implementation of ESG services



*Q&A Christian Neuenhaus

What solution(s) does your company offer the market that addresses ESG issues, and how do they help wealth management firms manage their increasing obligations in this area?

As a leading technology provider for wealth management and private banking, aixigo always pursues one goal: transforming complex issues to a comprehensible level to ensure an excellent service experience is provided to end customers!*

Also, in the area of ESG, technology offers a range of possibilities to reduce complexity and ensure clarity and trust. In the following, we will show you which solutions aixigo provides in this context and how financial service providers can already benefit from the ESG business today.

These five use cases allow wealth management providers to seize the opportunities of the ESG market and generate new revenues:

Next Level Suitability Check

The suitability test is part of daily business. Alongside the aspects of risk tolerance and experience & knowledge, ESG preferences have to be taken into account, which means going forward, the adviser and customer will have a more comprehensive and emotional conversation. aixigo's software guides both sides towards their goal in a convenient and regulation-compliant manner. This allows both the adviser and the customer to focus entirely on the conversation, the customer's needs, and the customer's goals.

Next Level Portfolio Construction

While portfolio construction was primarily based on risk until now (e.g., Markowitz), the additional inclusion of ESG factors means the emergence of a multi-factor model. Without technological support, portfolio construction now becomes an unsolvable task. *"The Portfolio Construction Module"* from aixigo's Wealth Management Platform as an API-based solution covers all these factors and thus ensures an efficient and profound portfolio construction.

Besides the portfolio construction, the advisory documentation becomes significantly more extensive due to the consideration of emotional needs. To ensure that the increased effort does not consume additional resources, aixigo's software allows the automated generation of complete and regulation-compliant advisory documentation.

Next Level Monitoring and Rebalancing

Should a number of portfolios be monitored automatically and, if necessary, subjected to rebalancing, the workload will increase significantly if ESG preferences have to be incorporated besides risk. For discretionary portfolio management, this means that both monitoring and rebalancing will become significantly more complex.

aixigo's *"Rebalancing and Monitoring Modules"* enable the automation of these portfolio management processes. Thanks to the use of state-of-the-art import/data APIs, it is possible to include ESG KPIs from a wide range of data providers or rating agencies without any additional effort. Whether the data is based on MSCI, ISS, or on the customer's request – aixigo's software incorporates all parameters that are relevant for the financial service provider, the regulator, or the customer. This ensures a high-quality portfolio management service for financial service providers and customers. The outcome of this automation is an efficient process and the creation of a scalable portfolio management business.

• • •

**You can read more on how aixigo succeeds in reducing complexity in our recent Thought Paper "Disrupt Financial Planning – How Financial Planning becomes a 365-day service". Access it by clicking on the following link: https://bit.ly/3hOjxS1*

*Q&A Christian Neuenhaus

aixigo
Driving the New Wealth Experience.

Next Level Reporting

Up to now, high-quality reporting has comprised key figures such as volatility, returns, risk ratios, or similar metrics. With ESG, various complex information and data will be added that have to be gathered from multiple databases and interfaces and be prepared for reporting in a comprehensible manner.

With aixigo's *"Reporting Module"*, all these requirements can be met, and further data fields can be added to the report. In combination with aixigo's "Analytics Module", it is possible to provide the customer with a report on their ESG Footprint, making their ESG engagement tangible. Figure 1 shows which information will be displayed to the customer within the ESG Footprint. The customer can recognise the impact of his investments on the specific ESG criteria.

In addition, the customer is provided with information on investments that suit their goals, as well as which investments should be critically checked with regard to alternatives.

aixigo's *"Analytics Module"* offers an easy-to-integrate API so that the portfolio analytics can be easily displayed in different applications in a multi-channel approach.

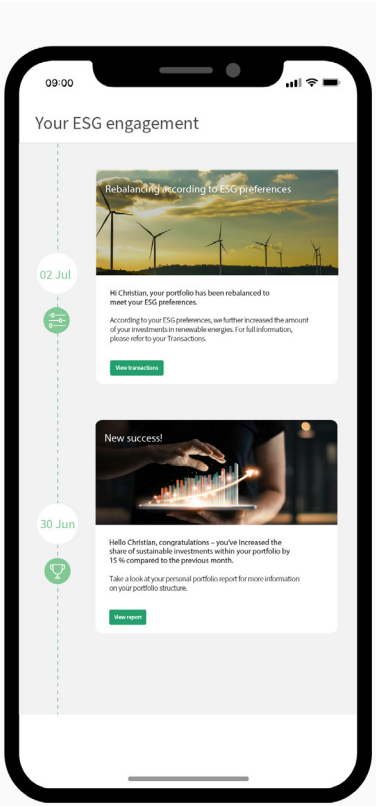
aixigo AG, application screen "ESG footprint"



*Q&A Christian Neuenhaus

aixigo
Driving the New Wealth Experience.

aixigo AG, application screen "Timeline Module"



News Feed Impact Investing

In addition to returns, customers interested in ESG have a strong interest in social or environmental issues and typically want to make a difference with their investments. Using our *"Timeline Module"*, a customised newsfeed can be generated for the customer. The newsfeed displays either generally accessible data or curated content on the impact of the recommended products.

It is important to note that there is a set of requirements to be considered by financial service providers to professionally implement ESG requirements, which require automation and software-based support.

Christian Friedrich, CBO aixigo, commented, *"If financial services providers take ESG seriously and rely on technological solutions to do so, the adjustments at the point of sale may be greater than expected. It will not only be a matter of adding a few extra data fields – rather, with impact investing, thematic investing, and ESG investing, we will experience a new evolutionary stage in investment advice."*

To sum up, there are many opportunities arising from ESG for wealth mangers to position themselves as an expert in this area. If financial service providers take this chance, they will gain a competitive advantage, prove their expertise, and increase their profits!

Why aixigo?

aixigo's API-based wealth management platform provides customised solutions for financial service providers. Financial service providers can select from over 100 different modules and microservices to reach higher process efficiency right where they need it. The integration can be done fast and easily, meaning it is not too late to build a strong position in the new ESG market for financial service providers.

> *"For wealth managers, it will therefore be crucial to not only implement the necessary ESG regulatory requirements so they can generate further profit in their investment business but also become active beyond this by increasing their focus on customer benefits and the contemporary concept of sustainability."*

Find out more about aixigo

2. Introducing BITA Risk

Key business facts:

Founded
1993

HQ Address
29-30 Cornhill
London
EC3V 3NF
United Kingdom

Company Size
51-200 employees

Website
www.corfinancialgroup.com

Target Regions
Eastern Europe,
North America,
Western Europe

Target Wealth Management Firms
Wealth Managers

Company overview

BITA Risk®, with client AUM of over £160bn, is part of the **corfinancial™** group that provides software solutions to banking and financial services organisations worldwide. BITA Risk provides BITA WEALTH® with module options as follows:

BITA Wealth Profiler - multi-dimensional suitability profiling of a client's investment needs, matching to investment proposition and linking to portfolio building and monitoring

BITA Wealth Portfolio Analytics - institutional strength risk capabilities, risk models and portfolio modelling - incorporating reporting, pre-trade compliance checks detailed risk analytics: factor exposures, stress testing and portfolio optimisation

BITA Wealth ESG Manager - portfolio ESG management combining investment and client preference perspectives - captures investor ESG preferences, ESG exposure modelling, reporting, trend analysis, and conflict monitoring

BITA Wealth Monitor - enterprise level monitoring of all portfolios with daily alerts across risk, portfolio and investment factors. Delivering investment oversight & control to compliance teams and investment managers, supported with a structured exception management process.

BITA Wealth modules give managers the freedom to construct and manage portfolios within a firm's investment framework, whilst ensuring enterprise oversight and control.

Thought leader



bitarisk.

Daryl Roxburgh, President and Global Head

Email: BITARisk@corfinancialgroup.com

Daryl Roxburgh is a specialist and thought leader in the wealth management space and has led BITA Risk®, part of the **corfinancial™** group, evolving and developing the BITA Wealth solution since 2004. Daryl's primary role is to support business development, client relationship management and product development applying his expert knowledge of the wealth management space and the complex processes associated with client management.

Prior to joining BITA Risk, Daryl held IT executive and director roles at Credit Suisse Asset Management, M&G and Prudential Portfolio Managers. He was a founding director of the London Quant Group, a contributor to various investment books and has sat on the PIMFA Indices Committee since 2014.

*Q&A Daryl Roxburgh

bitarisk.

How are ESG issues impacting the wealth management sector today? What has been achieved so far, what are the opportunities and threats, and what is still to be done?

How ESG is challenging wealth managers

Meeting the needs of ethically aware investors requires a rethink, says Daryl Roxburgh, President and Global Head, BITA Risk®. The wealth management industry is experiencing seismic change associated with environmental, social and governance (ESG) factors and the interests of investors. The biggest transferal of asset ownership in history is underway, with wealth moving to a younger generation of digital-native investors. The numbers are immense: Washington-based investment manager United Income expects that $36 trillion will be transferred by baby boomers to their children in America alone by mid-century. Cerulli Associates puts the number at $68 trillion over the next 25 years.

This new breed of investor is demanding far more input to the decision-making process and greater access to data than ever before. Generation Y investors (those born between 1981 and 1995) seek more than just risk-return data, they also want to understand the impact of their investments on the world in which they live. Meanwhile, sustainable business operations, in the context of a firm being able to continue its operations by adapting to environmental changes or social challenges, such as diversity, continue to be a focal point. The strength of a company's sustainable strategies has been shown to correlate positively with long-term performance.

New breed of investor

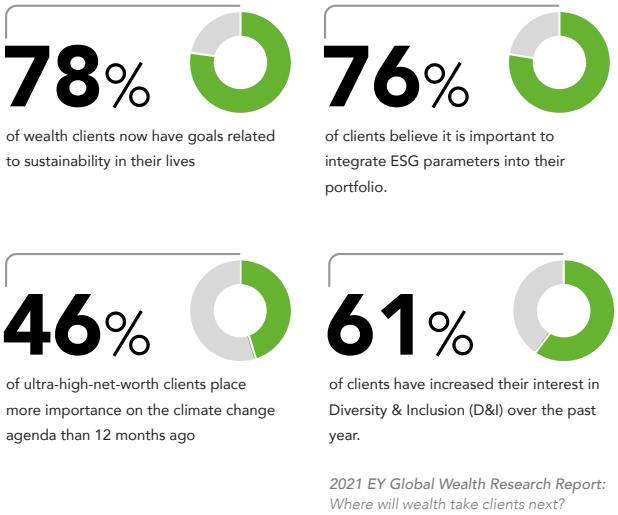
The emergence of digitally empowered investors and the rise of self-directed investing means investment performance is no longer enough. Wealth managers must demonstrate a risk-managed culture through control, transparency, and absolute rigor, but at the same time provide an engagement model for their clients that suits the individual desires of the whole spectrum of investors.

In a recent 2021 EY Global Wealth Research Report: Where will wealth take clients next?, we see some interesting trends as shown in the infographic.

The research shows that ESG is personal to each individual: some care more about certain environmental issues, others more about social issues. This will make it even more challenging in the future for wealth managers to understand every client's unique needs and to deliver against them.

• • •

Figure 1: Infographic - 2021 EY Global Wealth Research Report: Where will wealth take clients next?



*Q&A Daryl Roxburgh

bitarisk.

ESG and sustainability of a company

Our view is that sustainability, with a capital "S", focusing on a positive environmental impact, has rapidly advanced. For many investors, and in particular the younger Generation Y group, the sustainability of a company, including ESG issues, naturally becomes a greater imperative.

Fidelity International compared the performance of more than 2,600 companies based on Fidelity's own ESG ratings (from A to E), for a study of the period February 19 to March 26, 2020, as the economic and social impact of the pandemic became evermore apparent. According to the research, A-rated companies performed on average 3.8 percentage points better, while E-rated companies performed on average 7.4 per-centage points worse than the S&P 500 during the period examined.

This analysis demonstrates a positive relationship between high sustainability scores and relative return in a short-term correction. Many other studies have provided arguments for the same over the longer term.

Building ESG into portfolios

Wealth managers and advisers need to capture client preferences for sustainable investing, from a simple "green" preference to specific ESG factors and impact statements, all within one flexible framework addressing business and regulatory requirements.

All this means the way investors look at ESG investing has transformed. It is no longer regarded as a nice to have; it is now indispensable, not in terms of whether an investor has a high "E", "S" or "G" score in their portfolio, but in terms of understanding the factors, exposures and risks of those to individual companies and assets.

It is our belief that the integration of ESG into private client portfolios should appeal to all investors, if articulated correctly. Once a wealth management firm has established its policy on how ESG is to be incorporated in investing, it can build thematic models and client-specific portfolios. Advisers and managers can apply tilts for ESG-mandated portfolios that are very specific, such as focusing on the highest-ranking environmental companies.

Of course, this kind of analysis involves a huge amount of data. The key for the adviser or manager is to be able to present this complex data in a simple fashion that the investor can readily understand, through the effective use of technology.

ESG and importance of monitoring

As wealth management firms grow, merge with, or acquire other businesses, the operational structures they have in place with which to monitor client portfolios often begin to feel the strain. Our view is wealth firms need to highlight these pain-points and rapidly identify whether they present a risk to client portfolios.

This will become even more critical with the incorporation of ESG preferences in suitability. To combat this threat, wealth management firms should have the technological infrastructure to deliver daily insights and analytics across the portfolio and entire business, including ESG factors.

There is no doubt that ESG issues are probably one of the hottest topics, whether it is in terms of climate change and the environment, or investment. Navigating the ESG landscape is complex, with an infinite set of combinations of ESG data and client preferences.

In summary, ESG is now mainstream. Wealth managers must meet the expectations of all investors, including the most sophisticated clients, and software lies at the heart of this mission. As clients take more interest in how their capital performs, investor demands are only going to grow. We at BITA Risk can help your organisation excel in this radical new world. Please contact us at BITARisk@corfinancialgroup.com to understand more.

*Q&A Daryl Roxburgh

bitarisk.

What solution(s) does your company offer the market that addresses ESG issues, and how do they help wealth management firms manage their increasing obligations in this area?

To meet the increasing requirements created by ESG BITA Risk® offers advanced wealth management software. Our BITA Wealth ESG Manager modules analyse and report, capture client preferences, model what-if impact and monitor the ESG and carbon factors of a single portfolio and across the client universe. These modules combine complex ESG data and client preferences in daily portfolio management workflows in the context of a client mandate and ESG preferences using a preferred ESG vendor's data.

The platform makes it easy for wealth managers to record client preferences for responsible investing. Portfolios can be reviewed, for example to identify ESG conflicts between client preferences. Reports are quickly generated to share data with clients. It is a powerful tool, designed to cover ESG propositions as they evolve from simple preferences to the most demanding ESG investing.

Opportunities

BITA Wealth ESG Manager creates opportunities to engage clients on a new level, not just financial goals, but a wider utility. At the same time, this presents a wealth of new investment information to support the investment manager in their decisions. The data is complex and a core part of the investment process. Like any new – and we caveat that ESG investing is not new, but the wider availability of data is new – investment area it is quickly evolving, both in terms of client proposition and data provision. The challenge is to find a solution that can meet the immediate needs of today and be the foundations for tomorrow's evolution.

Solution Overview

BITA Wealth ESG Manager is modular, building from portfolio analysis and reporting through client preference gathering and conflict analysis, to full ESG portfolio management and on-gong conflict monitoring.

Product Elements

BITA Wealth ESG Manager acts as an overlay on your core investment system bringing the latest ESG capabilities while leveraging existing infrastructure and data. It has five modules that can be used independently or in combination. These are underpinned by the data manager which is vendor agnostic and enables data depth and granularity to evolve with your client proposition.

Figure 2: BITA Wealth ESG Manager - five components that can be used independently or in combination.



*Q&A Daryl Roxburgh

bitarisk.

Benefits

Client Portfolio Managers

BITA Wealth ESG Manager gives client portfolio managers instant analysis of each clients' portfolio from an ESG and Carbon perspective, enabling them to have an informed discussion with clients, and identify ESG centered risks and opportunities. This means they meet a client's demand for information and engage them in a meaningful investment narrative.

It is easy to record client preferences and even do a 'what-if' with the client to see what the impact of their preferences would be on the portfolio. Once the preferences are agreed, the manager knows they will be alerted to conflicts as they arise across their client base and see this in pre-trade modelling. The BITA Wealth ESG Manager solution forms part of the everyday workflow as ESG becomes embedded in the investment process, making it easy for managers and demonstrable to clients that their views are always considered.

Clients

For clients who are interested in ESG, they get insightful reports on the exposures of their portfolio and see how their preferences are considered. It makes ESG risks and opportunities transparent within the portfolio and enables a clear discussion with managers about conflicts. This clarity of incorporating of their preferences gives the client confidence and builds trust.

For clients with no specific interest in ESG, they can be assured their manager is aware of the potential ESG factor risks, aiding them with better management of portfolios.

Governance

Governance departments, or officers, gain comfort in knowing that portfolios are checked against ESG and product preferences every night, and exceptions are reported and managed. Managers are alerted through their dashboard and can rapidly review each portfolio and note exceptions.

Management

From a C suite perspective, BITA Wealth ESG Manager enables a firm to rapidly deploy an ESG proposition across its client base. The proposition can then evolve with demand and regulation within the flexible BITA Wealth ESG Manager framework: meeting client, investment, and governance needs. The proven monitor process ensures that exceptions are highlighted and managed, supporting bespoke client preferences and ensuring they are adhered to, leading to efficient mass-customisation.

BITA Wealth ESG Manager can supplement existing front office systems, leveraging existing infrastructure as a modular solution with light-touch integration. It can also use a choice of ESG data. This leads to meeting client demands for ESG aware portfolio management and regulatory requirements while having the flexibility to evolve an ESG proposition through time on the one platform.

Deployment and future developments

BITA Wealth ESG Manager is currently licenced to over £70bn of private client AUM and is in the process of being deployed into further firms. The product is developing rapidly, proving additional functionality, further enhancing its mass-customisation capabilities. Please contact us at BITARisk@corfinancialgroup.com to understand more.

> *"It is our belief that the integration of ESG into private client portfolios should appeal to all investors, if articulated correctly. Once a wealth management firm has established its policy on how ESG is to be incorporated in investing, it can build thematic models and client-specific portfolios."*

Find out more about BITA Risk

The Wealth Mosaic is building the global desktop research tool for the wealth management sector.

- 2 Online Directories
- 5,000+ Solutions
- 2,200+ Solution Providers
- 3,000+ Knowledge Resources
- 16,000+ Monthly Users
- 35,000+ Monthly Page Views

Find out more about The Wealth Mosaic



3. Introducing Etops

Company overview

Etops is active along the entire value chain of wealth managers, including services, technology, and consulting. Etops offers outsourced services for all back-and mid-office tasks. The combination of electronic interfaces based on a unique machine-learning parser technology developed by Etops, which reads and processes bank statements and booking confirmations, ensures a high proportion of custodian bank coverage and data processing with very low error rates. This creates an ideal environment for flexible multi-bank setups in all reporting and data visualization areas and wealth management platforms.

On this basis, Etops offers portfolio management solutions for wealth and asset managers, pension funds, and family offices, as well as comprehensive reporting and dashboard solutions for all types of banks. Each Etops solution and implementation is supported by experienced consultants both in IT and in the business context. The range of products includes both standard software and tailor-made solutions. Etops also offers SaaS-based platforms enabling even smaller market participants to access state-of-the-art technology at a competitive price and to cover all compliance requirements. Etops currently serves more than 35 clients with over CHF 40 billons of assets under-reporting.

Key business facts:

Founded
2010

HQ Address
Hinterbergstrasse 17
6330 Cham
Switzerland

Company Size
51-200 employees

Website
www.etops.ch

Target Regions
Eastern Europe, Western Europe

Target Wealth Management Firms
Asset Managers, Bank Wealth Managers, Digital Wealth Managers, End Private Clients, Family Offices, Financial Advisors

Thought leader



etops

Pius Stucki – Founder and CEO of Etops Group AG

Email: info@etops.ch

Pius Stucki has broad experience in product management and information systems for the asset management industry. Having worked with Swiss banks and family offices for a number of years, he has built up extensive experience with operations and software solutions for asset managers, family offices, pension funds, and private banks. Pius holds a Bachelor of Science in Business and a Master of Business in Information Systems from the Virginia Commonwealth University Richmond, Virginia, United States. Specialties include operations of asset managers, (fund of) hedge funds, system integration for asset managers, process optimization, reporting.



GlobalanceBank

Reto Ringger, Founder & CEO Globalance Bank

Email: info@globalanceworld.com

Reto Ringger is the founder and CEO of Globalance Bank. In1995 he founded the SAM Group, which became a globally leading provider of sustainable investments. Globalance Bank enables private clients to invest in products of forward-looking companies. Their approach is unique as they show investors the impact of their assets on the economy, society, and environment.

*Q&A Reto Ringger & Pius Stucki

How are ESG issues impacting the wealth management sector today? What has been achieved so far, what are the opportunities and threats, and what is still to be done?

Author - Reto Ringger – Founder and CEO of Globalance Bank

Many companies boast about their climate-friendly practices. Almost every bank offers some sort of ESG product. But how many of these actually stand up to scrutiny? What makes product A sustainable? Are all the links in the supply chain of product B aligned with the standards of socially responsible practices? To allow investors to remove this lack of transparency in the sustainable investment market, Globalance has launched the Globalance World platform: an innovative tool for the visualization of all relevant data about the economic, societal, and environmental impact of either individual companies or whole portfolios, as well as their risk and profitability.

What are our options if we want to invest in a sustainable way? What are the key indicators to make our finances fit for the future? Do we want our money to go to the creation of innovative solutions instead of any destructive exploitation of the planet?

Countless banks have stepped up and have trimmed their products for ESG. Sometimes this trimming remains rather superficial, but that is enough to call a product a "Climate Aware Fund" or an "Impact Fund." According to Swiss Sustainable Finance, an industry association for sustainable investments, sustainable investments in Switzerland have grown from CHF 390 billion in 2017 to CHF 1,520 billion in 2021. However, sustainable does not necessarily mean sustainable. The financial products are competing in the huge market of sustainable investments and differ significantly – in their approach, their understanding of sustainability, and in their terms of costs as well. Some banks do not even share crucial information of which companies they are actually invested in. This is a lack of transparency similar to the mentality of the banking sector in the 1980s and does not match the criteria of investors who are expecting transparency from a modern, future-oriented bank today. That's why we created Globalance World. Think "Tripadvisor" and "Google Earth" for investing, rolled into one. Globalance World is a digital globe that allows investors to see the impact and sustainability of their investments.

What are the positive contributions of my financial investments to the economy, society, environment, and especially to the climate?

With the help of interactive infographics, Globalance World helps the user to understand the complex interrelationships of financial investments and their effects in the real world even better. Platform users are able to evaluate their entire portfolios - whether it is a global index such as S&P 500 or their portfolio – and can set clear investment priorities and deep dive and examine a specific company, such as Unilever, BASF, or Allianz. Today Globalance World is able to visualize the operational impact of approximately 8,000 companies from all over the world. Portfolios, indices, and companies are rated based on different criteria in four dimensions: climate, footprint, megatrends, and financial performance. So, in a nutshell, the platform provides innovative data visualizations and interactive design.

The "star" of the show is the interactive 3D globe that allows users to see the impacts of their investments sorted by country, e.g., the climate: Is your selected portfolio aligned with the Paris Agreement's two degrees Celsius climate stabilization plan? Consequently, if the portfolio globe is covered with orange and red regions, the earth warming potential of that portfolio is too high.

So, this earth warming potential value is the result of an intelligent approach: for a basic calculation, the model considers the relevant CO2 emissions of a company. First, direct emissions (Scope 1). These emissions came from the direct burning of fossil fuels, e.g., using a diesel generator, the company's own vehicle fleet, or, in the worst case, a coal-fired power plant. Second, indirect emissions (Scope 2), which represent the purchase of energy. So any energy procured for, let's say, heating or

• • •

*Q&A Reto Ringger & Pius Stucki

cooling a shopping center is summarized in this category. Third, emissions which can be related to a company's value chains. These, of course, can be quite complex and can have multiple levels and dependencies, which made the data collection on these Scope 3 emissions very tricky. Scope 3 emissions are generated either on upstream or downstream along the value chain. For example, purchasing rubber for tyres at Continental triggers CO2 emissions upstream. The CO2 emissions of a Volkswagen vehicle with a diesel aggregate during its entire lifetime would be an example of downstream emissions.

The measurement of business-related emissions is a science in itself. Just as accounting (think of standards like IFRS or US GAAP) has evolved based on a precise set of rules over the last 30 years, the methods of measuring emissions are becoming more accurate as time goes by. The measurement is based on the global standard of the GHG Protocol, which is based on coordinated efforts of the World Resources Institute (WRI) and the World Business Council for Sustainable Development (WBCSD). It is considered to be the widely established standard for the compilation of greenhouse gas balances.

Globalance World provides all this data and visualizes it in an easily accessible and understandable way. In a second, users can understand intuitively the message the data is telling them.

The reactions of customers, companies, and the media since the launch in November 2020 have been impressive – so the related demand was as well. In a nutshell, this innovative investment tool provided by Globalance World is offering you real transparency, especially today, where more things seem to be sustainable and future-proofed than they actually are.

Figure 1: Globalance World (FTSE 100) - World Impact View

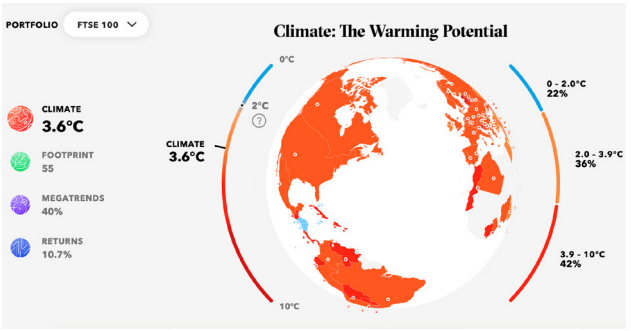
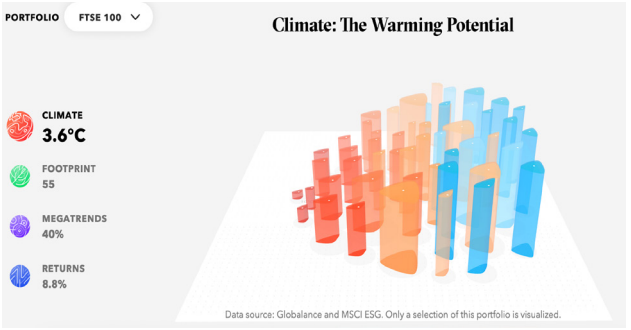


Figure 2: Globalance World (FTSE 100) - Asset City View



*Q&A Reto Ringger & Pius Stucki

What solution(s) does your company offer the market that addresses ESG issues, and how do they help wealth management firms manage their increasing obligations in this area?

Author - Pius Stucki – Founder and CEO of Etops Group AG

The sustainability aspect is one of the three key factors that are having a significant impact on wealth management today: the need for further digitalization, the need to address sustainability issues, and the continuing increase in regulatory measures.

The climate debate has clearly revealed that people around the globe are becoming more aware of sustainability issues. Numerous events and media reports, as well as appropriate financial products, clearly show that the financial industry is also prepared to adapt to this change and to provide investors with the best possible support in consciously orienting their investments towards sustainability. For the future, it will be important that asset management solutions not only deal with traditional financial market data but also consider and interpret figures from the sustainability sector. Companies such as Etops, having been in the market for years, support consolidating, analyzing, and visualizing the extensive data material.

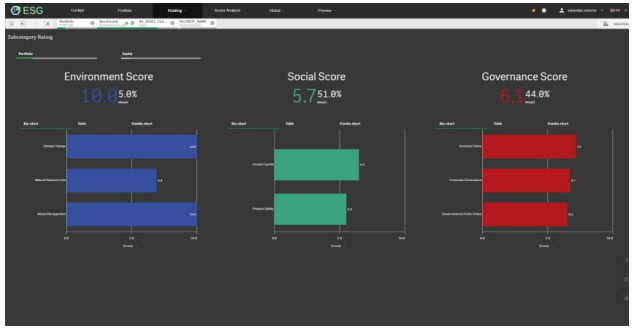
Digital evaluation and analysis solutions that enable banks to provide transparency for existing individual or consolidated investment portfolios are becoming crucial and are allowing investors to evaluate individual positions or consolidated portfolios of banks or asset management companies according to ESG daily. These solutions are also used to analyze investment positions from different custodian banks under ESG criteria on a daily basis for high-net-worth clients. With the market shift towards ESG investments, there is an increasing demand for a comprehensive ESG service that can map asset portfolios and be integrated into strategic asset management and investment advice.

The trend towards sustainability also enables wealth and asset managers to attract new client segments and provides an improved basis for successful discussions with future generations of their clients. ESG has therefore become a common term in the financial industry, and wealth managers need to understand new key measures such as footprint values, megatrend exposures, and climate impact. This will require additional data and new visualization approaches.

As a specialist for tailor-made reporting and data visualization solutions based on information retrieved from multiple sources, Etops created and implemented a completely new information approach in collaboration with the Zurich based

• • •

Figure 3: Etops Sustainabilty Solutions



*Q&A Reto Ringger & Pius Stucki

Globalance Bank, which specializes in sustainable investments and advises private clients, families, and foundations on how to invest their assets in a future-oriented way. The two-fold approach contains information provided in printable format and fully digitized formats as well.

The digital approach we created was innovative and enabled a unique visualization of portfolios in the context of investments and sustainability by combining financial data with sustainability data and articles that focus on climate topics and specific megatrends around the globe. The browser-based solution offers both investors and interested parties a new perspective on the risks and opportunities of investments in the context of environmental, social, and economic impact (footprint). Additionally, it shows the impact on climate change, exposure to megatrends, and all relevant financial information such as performance, asset allocation, and more. Etops developed and implemented the complex backend using multiple data sources and aggregated the data in the required way in order to allow the frontend, with support from a company specialized in 3D data visualization, to generate unique, appealing, and comprehensive views and insights. This innovative data visualization approach for sustainable investments has been live since the end of 2020.

Etops designed the architecture, developed the backend with all its aggregations, consolidations and computations, and enabled the results to be provided to the frontend. Etops implemented the whole system, both backend, and frontend, with a Swiss IT center and will operate and support the system in the future. Based on the knowledge and experience collected in various projects, Etops and axeed can offer standardized solutions for ESG reporting, both in printable form and via fully flexible dashboard solutions, with all slice and dice capabilities that modern data analytics tools can offer. Going forward, Etops will continue to focus on sustainability topics given the forthcoming EU regulatory changes and will integrate ESG analysis into its Portfolio Management Solution offering, combining it with investment proposals and portfolio optimization features. The cooperation with Globalance Bank will strengthen Etops position as a leading provider of ESG based solutions for the wealth management sector as well.

> *“However, sustainable does not necessarily mean sustainable. The financial products are competing in the huge market of sustainable investments and differ significantly – in their approach, their understanding of sustainability, and in their terms of costs as well. Some banks do not even share crucial information of which companies they are actually invested in.”*

Find out more about Etops

4. Introducing InvestCloud

Key business facts:

Founded
2011

HQ Address
700 N San Vicente Blvd
Suite G605
West Hollywood
CA 90069,
United States

Company Size
1001-5000 employees

Website
www.investcloud.com

Target Regions
Global

Target Wealth Management Firms
Asset Managers, Bank Wealth Managers, Broker/Bro-ker-Dealers, Digital Wealth Managers, Financial Advisors

Company overview

InvestCloud is a California-founded company with 700 clients worldwide that maintain a local perspective globally - working from Los Angeles, New York, London, Geneva, Singapore, Hong Kong, Tokyo, Sydney, and Zurich.

Known for first-class, financial digital solutions, pre-integrated in the cloud, we create beautifully designed client experiences and intuitive operational solutions using an ever-expanding library of digital modular apps. InvestCloud has a Lego-like™ approach to client needs - combining specific apps within our platform to create key products as well as custom solutions.

InvestCloud's Private Banking Platform™ is a multi-country, multilingual and multi-currency solution that is simultaneously globally portable yet handles all local regulations and needs. Unlike hard-coded, single-country solutions, InvestCloud's Private Banking Platform empowers private banks to leverage best practices globally, delivering a personalized digital banking journey while dramatically reducing costs and inefficiencies, whether the customer touchpoint is adviser-led, collaborative, or self-service.

Thought leader



Alessandro Tonchia, Head of Strategy, Private Banking & Wealth

Email: marketingops@investcloud.com

Alessandro Tonchia is Head of Strategy, Private Banking & Wealth at InvestCloud. His expertise spans ESG and impact investment, private banking strategy development and digital experience creation, KYC and Anti Money Laundering, artificial intelligence, natural language processing, and machine learning.

Alessandro believes passionately in creating the correct, responsive relationships between technology solutions and the highly specific needs of the private banking and wealth management industries. This translates into truly tailored approaches delivering the functionality Chief Investment Officers and their teams need. The goal is to meet the challenges of ever-greater client personalization in a context of ever-evolving regulatory expectations.

He was educated at Ludwig Maximilian University Munich and UCLA. Before joining InvestCloud, he was the co-founder of Finantix.

*Q&A Alessandro Tonchia

How are ESG issues impacting the wealth management sector today? What has been achieved so far, what are the opportunities and threats, and what is still to be done?

Earlier this year, Bloomberg estimated that global ESG assets would exceed USD 53 trillion by 2025. That's impressive enough as a standalone number. It's even more impactful when you put it in context: it's more than a third of projected total assets under management around the world. So, it's enormous. Bringing that down to more specific market impacts, we see two key drivers within wealth management today.

First, not surprisingly, is the sheer value of ESG assets. The numbers speak for themselves. They show that investors are taking this very seriously and are looking at their existing advisers for an effective ESG strategy as part of their overall recommendations. And if their current adviser and financial institution don't meet their demands, there is every chance they will look elsewhere for a wealth manager who does offer what they want, from an ESG perspective.

Second, the regulators are taking ESG every bit as seriously, which is creating a series of relatively new obligations for wealth managers and private banks. They are obliged to offer ESG choices to existing and potential clients and need to monitor and advise on the compliance and performance of those choices when clients opt for them. In summary, ESG represents a lot of new opportunities. But it's also a lot of extra work.

What has been achieved so far?

The principal achievement is the current level of awareness of ESG across the industry. Nobody can ignore it, and nobody can afford to ignore it. But there is still wide variation in the ways wealth managers are responding practically. Some have a strong ESG focus, with highly developed processes and specific expertise, and are out in the market, proactively growing and responding to their clients' ESG interests. Other institutions are still in the 'responding when asked' phase, and their ESG conversations are not yet supported by more sophisticated methodologies.

At InvestCloud, we believe deeply that technology will be a defining factor in the progress wealth managers make towards really effective handling of ESG opportunities. The next phase of achievement in this space will happen in lockstep with technology solutions. If you don't have ESG in your offering and the solutions to make ESG fulfillment possible, you will struggle.

What are the opportunities and threats?

The key opportunity is to support the whole value chain. For InvestCloud, this starts with helping clients articulate the kinds of impacts they want to make with their investments.

ESG is about individual passions. There are many axes of these passions. You need to capture their individuality if you really want to understand what the client desires. Then, the opportunity is to drive effective investment strategies built on accurately understood preferences and beliefs. These strategies can't just be put in place and then put to one side. They need to be monitored and measured to confirm whether they deliver against clients' personal ESG goals.

The next opportunity is around the approach and workload of advisors and relationship managers. ESG-related conversations require a deep understanding of client preferences, backed by extensive research which generates highly personalized responses, enabling advisors to shape truly meaningful discussions of portfolios. Helping with the construction of portfolios that are fully aligned with client aspirations. Making potential decisions around ESG choices and impacts that come to life for clients in vivid and personal ways. These are all fantastic opportunities for advisors. And they are great contexts for technology to take a central enabling role. Because without the right technology solutions, the labor intensity involved in getting ESG right would be prohibitive.

• • •

*Q&A Alessandro Tonchia

In terms of threats, there are three important facets. The first is opportunity loss from failing to satisfy existing clients or attract new ones with a modern and comprehensive ESG service. The second is non-compliance as there is regulatory expectation right across the client lifecycle now, from making ESG-focused advice explicitly available through accounting for investment recommendations to ongoing performance monitoring. Failure to do any of these brings the threat of reputational damage and fines. The third is sub-optimal investment choices as the process around an investments' genuine ESG credentials and their ongoing validity mean a whole new level of diligence activity.

What is still to be done?

The greatest challenge around ESG, and the one that remains to be overcome, is true personalization.

Many responses to clients' desires to include an ESG element in their investment strategy are still generic. To the extent that they will have some ESG scoring system in place, they will place higher score options in front of the client. Yet, clients may have highly differentiated hierarchies of passions and preferences regarding their investment choices. They may care much more about, say, clean water than education. Recommendations that really speak to their concerns are much more likely to engage and meet with enthusiasm and approval. 'Blanket ESG' is therefore sub-optimal.
So, in terms of client experience, it's about customizing around the specific causes that the client really believes in, rather than working only on the basis of product scoring against a generic 'ESG benchmark.'

Relating this challenge to the operational environment, each wealth manager will likely have their own taxonomy or ESG framework. This means a vendor platform needs to be adjustable to that framework, which is often proprietary. Then, within the framework, any platform needs to be adaptable to the client's specific preferences. This is far beyond a crude, binary 'ESG, yes, or no? It is about enabling the identification, capture, and application of specific, personal streams of ESG ideals and goals.

We are only just starting to see this level of personalization implemented correctly in the market. That's because it demands heavy lifting in terms of how you treat the requisite data, how you define the taxonomies, and how you capture the client preferences. At InvestCloud, we're doing this heavy lifting task for wealth managers right now. And we believe it's central to the future of institutions' success with ESG.

What solution(s) does your company offer the market that addresses ESG issues, and how do they help wealth management firms manage their increasing obligations in this area?

At InvestCloud, our direction of travel with our ESG-related solutions is clear - we want to help both Chief Investment Officers and Relationship Managers. The former, by laying the foundations for an ESG-aligned investment strategy, creating an ESG friendly product universe, and the key decision criteria. And the latter, by helping Relationship Managers lead value-driven conversations with their clients to help them visualize the impact of their past and future decisions.

We want to help Chief Investment Officers, and their teams, in practical ways that relate directly to what they need to achieve. We want to provide tools that allow team members to quickly build a universe of tailored ESG instruments for their clients that everybody is comfortable with: clients themselves, ESG team members, and regulators. This means incorporating a number of key aspects into every investment choice, such as the right return and risk profiles, trackable due diligence for investment manager protection, and demonstrable alignment with client preferences.

And we want to provide Relationship Managers with the right digital, user-friendly tools to enable them to offer the right propositions in a visually compelling, information-rich way, based on the correct profiling of the client's ESG personal interests and aspirations to showcase ESG investment choices. We also want to enable them to demonstrate to clients that they are always alert and responsive to developments relevant to portfolio performance (financial and non-financial), helping them make effective and

• • •

*Q&A Alessandro Tonchia

informed investment decisions.
The ESG solution sets we are building center on three key and closely linked areas of functionality: rich client profiling, intelligent assembly of portfolios, extensive and timely reporting.

Rich Client Profiling

ESG is about individual passions (of which there are many!), and this requires technology capable of gathering specific client preferences around ESG investments rather than working from generalized categories. Challenges we are working on to help wealth managers and private banks include:

- Capturing correct implicit and explicit client data across the many facets of their ESG preferences
- Working with individual institutions' own ESG frameworks and categorizations
- Storing and cross-referencing data in readily accessible ways
- Updating data dynamically

Intelligent assembly of portfolios

Documentation capturing a client's passion needs to drive, as automatically as possible, the implementation of investment strategies that faithfully reflect client ESG and risk/performance preferences. Both need to be taken equally seriously and to be fed into portfolio construction and therefore requires technology capable of 'tagging' individual investments' ESG status against deeply understood client preferences. This, in turn, means current and broad knowledge of invested assets' performance against credible ESG benchmarks.

Specific InvestCloud technology solutions that help wealth managers and private banks in their ESG investment decision-making and investment recommendations include:

- Understanding which products are most suited to individual client profiles
- Achieving proactive and accurate data-driven implementation of client ESG investment strategies
- Applying enhanced search functionality to identify 'undesirable' issuers – bad corporate actors as benchmarked against key client ESG criteria. (KYC#2 or 'Know Your Company')
- Maintaining hyper-personalization driven by regularly refreshed client data
- Leveraging automated portfolio assembly supported, among others, by ESG

Extensive and timely reporting

Chief Investment Officers and their teams need to keep an extra watchful eye open when overseeing ESG portfolios. In effect, because there's a much broader set of categories to report against, reporting needs to be reinvented. There is a far wider set of alerts to be mindful of, and there is a need to suggest remediative actions to the client immediately.

Timely reporting requires solutions capable of monitoring, collating, and cross-referencing diverse and disparate sources of information – from fund manager-generated ESG performance data to media reporting. ESG investment-related reporting also has to function along two distinct but interrelated performance axes: financial performance and delivery against client ESG strategy criteria. Specific technology support challenges to help wealth managers and private banks include:

- Proactivity with keeping each ESG portfolio aligned to good causes and good actors
- Portfolio performance monitoring and reporting of financial performance

...

*Q&A Alessandro Tonchia

- Proactive media monitoring of actors behind all asset classes in the portfolio - equities, stocks, bonds, private equity investment (KYC#2 'Know Your Company')

- Rapid updating of clients, where appropriate, on emerging ESG-performance-related issues (avoiding situations where the client knows more than their advisor)

- Reporting to achieve and maintain continuously evolving regulatory compliance

Our InvestCloud due diligence tool extends the idea of Know Your Customer - KYC – into the territory of Know Your (potential investment issuer) Company, a very current and necessary element of ESG best practice. Enhanced search functionality identifies 'undesirable' investment issuers – bad corporate actors benchmarked against key client ESG criteria.

Not only does this tool help counteract 'greenwashing' by rigorously analyzing the facts behind market-facing claims of ethical and sustainable business practice. It also supports ongoing monitoring of corporate performance, quickly identifying situations where previously acceptable performers become bad actors. As a result, investment decisions can either remain in place or be changed according to current reality. And the client benefits from true, not just claimed, ESG performance. It's also easy to establish to regulators that a clients' best interests have been followed at all times.

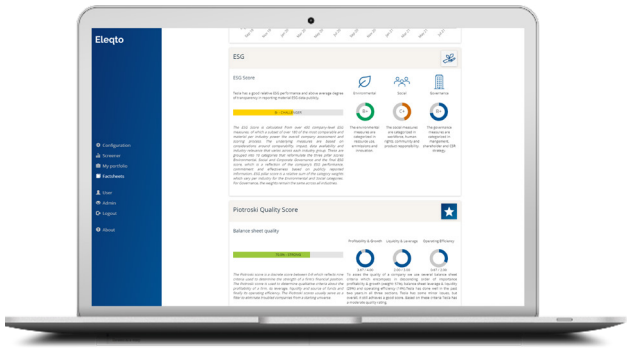
In summary, our InvestCloud ESG toolset is developing to help ESG teams configure portfolios that continuously correspond to client preferences while remaining healthy from a risk-performance perspective and compliant with the regulator.

Our three key solution themes are deep portfolio personalization, proactive benchmarking of the integrity of ESG investments (that goes beyond standard rating agency benchmarking), and the ability to construct robust portfolios by interleaving ESG preferences with core portfolio management disciplines. It's a holistic approach that meets the broad range of challenges set by ESG today. And we believe it will play a central role in helping wealth managers turn those challenges into tomorrow's opportunities.

Underpinning all these themes, and in fact, at the heart of our approach, is our Digital Warehouse, which brings together in one 'place' the powerful and necessary data sets to deliver effectively against the ESG demands of clients and banks alike. Rich data that resides in a powerful, central warehouse offers not only a rich advantage to the bank but potentially a rich experience to the end 'consumers' of the data, the client investors themselves.

> *The ESG solution sets we are building center on three key and closely linked areas of functionality: rich client profiling, intelligent assembly of portfolios, extensive and timely reporting.*

Find out more about InvestCloud



5. Introducing New Access

Company overview

New Access is a leading provider of a scalable and modular Core-to-Digital solution suite designed to meet the specific requirements of the Private Banking and Wealth Management industry. Our Core-to-digital solution suite includes an advanced and comprehensive Wealth Management Core banking System, a Portfolio Management System (PMS), and a Digital Client Lifecycle Management (CLM). Through our offer, we are proud to empower Private Banks, Wealth Managers, Advisors, and Asset Managers towards their successful business growth.

Our mission is to support our customers in their transformation journey. Our innovative, agile, and flexible solutions always place their HNW clients at the center of both investment decision-making and relationship management processes. We support digital interactions with your clients, managing the key business and compliance processes. We have operated for 20 years exclusively in the private banking and wealth management sectors, supporting more than 55 customers globally.

Digital transformation is at the center of our activities, and we are proud to support private banks and wealth managers to overcome their transformation challenges. The industry today is in the process of a significant transformation in which digitization becomes essential, and the desire to reach new types of customers is increasing. All players in the industry are working to support this transformation, and we believe New Access has something different to stand out: our ability to not only enable digitalization of the client relationship but also to provide an entire Core-to-digital offer to our customers sets New Access apart from its peers. New Access is the “One-stop-shop” of the private banking and wealth management industry.

Key business facts:

Founded
2000

HQ Address
Route de Pré-Bois,
17 - 1215 Meyrin – Geneva
Switzerland

Company Size
201-500 employees

Website
www.newaccess.ch

Target Regions
Caribbean, Eastern Europe, Middle East, Western Europe

Target Wealth Management Firms
Asset Managers, Bank Wealth Managers, Digital Wealth Managers, Financial Managers

Thought leader



new access

Vincent Jeunet, CEO

Email: info@newaccess.ch

Vincent Jeunet is the Chief Executive Officer of New Access and has more than 20 years of experience in consulting, and IT projects within the wealth management and financial services industries. Before joining New Access SA, Vincent Jeunet was a Partner at the consulting firm BearingPoint, where he was part of the Swiss Leadership Team. Specialized in complex program monitoring, banking platform selection and implementation, finance and risk transformation, he was accountable for developing the Wealth Management consulting capabilities and clients base in Switzerland, Luxembourg, and Monaco. Vincent holds a Master's Degree in General Policies and Organizations Strategies from Université Paris Dauphine.

*Q&A Vincent Jeunet

new access

How are ESG issues impacting the wealth management sector today? What has been achieved so far, what are the opportunities and threats, and what is still to be done?

Over the past several years, ESG investing has received a lot of attention. Interest from investors in sustainable investment products continues to grow in 2021, and ESG investing is steadily moving into mainstream investment strategies across major financial markets. While in the past, the general perception over ESG investing was mainly with screening out stocks and therefore reducing opportunities, investors' portfolios are now increasingly incorporated by both financial and non-financial data, and interest in ESG investment products is massively increasing.

According to different studies, investment in sustainable finance will continue to accelerate to finally represent 30% of the total amount of AUM globally in 2022. The current COVID-19 crisis has also acted as an accelerator for ESG investments and pointed out the essential need for wealth managers to manage social and environmental challenges. There is no doubt that ESG factors are impacting the wealth management sector today, building new investment strategies that wealth managers must be ready to cope with. Thankfully, wealth managers have started changing their practices to meet the new ESG needs, opening a new world of opportunities for them when offering ESG investments and differentiated services.

Challenges & Opportunities with the rise of ESG

As with all new trends, threats and opportunities are brought to the table by this accelerating interest from investors in ESG investments.

Private banks and wealth management firms will have the opportunity to positively influence the dialogue with their clients, and a well-managed ESG investment strategy will radically help them reinforce customer loyalty and secure long-term relationships.

From a New Access perspective, this will allow us to show our expertise and provide wealth managers with more tools, technology, and solutions, to help them deliver strategic asset allocation in line with their investors' ESG requirements.

Some risks and threats around ESG investing also need to be considered. ESG experts seem to point out education as the biggest challenge, claiming that every stakeholder must develop a better understanding of what good governance means and how they can best address ESG issues such as climate change, social inequality, and discrimination, etc.

The other major challenging component linked to ESG investing is the more practical aspect of the scoring methodology used. Although recent industry and academic studies have shown the ability of ESG investing to improve risk management and to be equally profitable to traditional financial investments, the complexity around ESG performance measurements remains. Indeed, ESG scoring is still in a transition phase. We have observed a considerable disparity between different ESG providers' scoring, with ESG ratings having significant variations from one ESG provider to another.

The main challenge now is that there are no specific regulations linked to an investor's ESG preferences collection method, so this area is considered a field where investment companies can differentiate themselves. That being said, it appears evident that the banks and wealth managers that can provide their customers with the most scalable and comprehensive ESG services will achieve more success. In this regard, through our solutions, New Access can help private banks and wealth managers achieve their strategic objectives in this area.

• • •

*Q&A Vincent Jeunet

In the future, ESG will definitely be much more embedded in the investment process

It is clear now that customers are more interested than ever in having their portfolios reflect and support the causes and issues they care about. Therefore, it is the role of wealth managers to make sure that they keep talking to their clients both from an ethical and risk management perspective. They will also need to give their investors a clear picture of how they will help drive sustainable investing strategies.

For the future, it is clear that ESG cannot be a separated component of an investment strategy and instead will become completely integrated into the investment decision process.

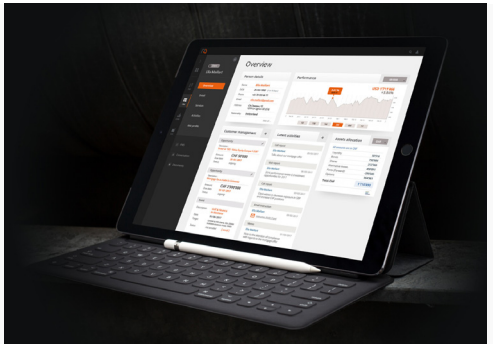
Software vendors will have to endorse the responsibility of supporting financial institutions to cope with these new investment trends, providing them with the tools they need to be as efficient as possible. New Access is and will be there to face these new challenges along with private banks and wealth managers.

What solution(s) does your company offer the market that addresses ESG issues, and how do they help wealth management firms manage their increasing obligations in this area?

New Access is a leading provider of modular and scalable core-to-digital solution suite, making it a great partner for private banks and wealth management institutions.
As a software provider, we have observed for some time now that investors were rapidly increasing non-financial factors such as ESG into their investment process in identifying threats and growth opportunities. To support this trend, New Access can enable financial institutions to implement ESG factors into their banking processes and investment calculations.

New Access provides the market with a complete Core-to-digital solution suite ready to integrate ESG non-financial factors into any algorithms, allowing private bankers and wealth managers to incorporate ESG content easily and seamlessly into their investment processes. Our open API enables a perfect connection with any third-party ESG data providers and ensures a fully enhanced and configurable user experience. From our APSYS Core Banking System to our Equalizer PMS, and our Banker's Front Digital CLM Platform, we can integrate and connect with any ESG sustain-analytics data providers. Also, our solution suite allows wealth management firms to realize and customize their own ESG scoring algorithms or make usage of market standards.

Overall, our complete Core-to-digital solution suite enables private banks and wealth managers to check and control the Environmental, Social, and Governance impact on every step of their investment process.



> *"Private banks and wealth management firms will have the opportunity to positively influence the dialogue with their clients, and a well-managed ESG investment strategy will radically help them reinforce customer loyalty and secure long-term relationships."*

Find out more about New Access

6. Introducing Objectway

Key business facts:

Founded
1990

HQ Address
Via Giovanni da Procida 24,
Milano,
Italy

Company Size
501-1000 employees

Website
www.objectway.com

Target Regions
Eastern Europe, Middle East, North America, Western Europe

Target Wealth Management Firms
Asset Managers, Bank Wealth Managers, Broker / Broker-Dealers, Digital Wealth Managers, Financial Advisors

Company overview

Powered by over 30 years of business expertise in delivering wealth and asset management technology and services, Objectway empowers its clients to embrace their future challenges while providing great performance today.

Objectway solutions and services enable opti-channel customer engagement, front-office productivity, stronger investment performance, suitable advice and compliance enforcement, efficient back-office operations and automation, pro-active client reporting, and management analytics.

Our front-to-back, multi-channel, scalable, cloud-ready platform leverages a component-based architecture with AI-driven algorithmic engines for risk & performance analytics, real-time investment compliance, portfolios optimisation, and mass customisation, with open APIs for easy integration.

Objectway is a Global Top 100 fintech provider (IDC ranking), and our clients include 200+ leading wealth managers, banks, asset managers, fund managers, insurers, and outsourcing providers in more than 15 countries. We support approximately 100,000 investment professionals to manage more than £1 trillion in assets.

Objectway operates from offices in Italy, UK, Ireland, and Belgium, serving customers in 4 continents.

Thought leader



Gert-Jan Hoogendoorn, Client Solution Director

Email: gert-jan.hoogendoorn@objectway.com

Gert-Jan Hoogendoorn leads Objectway's Product Management team for the front office systems of Objectway. With more than 20 years of experience in the financial services industry, Gert-Jan is managing the product lifecycle of the WealthTech Suite solutions for the front office, offering a true value proposition to Objectway's international markets.

He continually conducts market research and end-user research to drive the constant cycle of product design and development, with an intuitive user experience to enhance the use of the software.

Gert-Jan holds a bachelor's degree in Business Economics and a degree in Information Technology.

*Q&A Gert-Jan Hoogendoorn

How are ESG issues impacting the wealth management sector today? What has been achieved so far, what are the opportunities and threats, and what is still to be done?

In 2020, according to the World Economic Forum, nine out of ten global economic risks were linked to environmental aspects. If this institution sees these as the most likely factors to impact the shape the future of the world, then it is safe to assume that it will shape and influence investments strategies too. This is the rationale behind placing ESG at the center of today's risk management approach for tomorrow.

Sustainable investments that, in addition to traditional financial parameters, take into account various ESG criteria, have experienced impressive growth in the last few years. So, while ESG has been around for quite some time now, the importance of ESG investing has recently come to the surface for a wider audience. The European Green Deal and climate change awareness are both factors that have created a new perspective to investing, where ESG is either added as an additional risk metric or is used to be compliant with the client's sustainability preferences.

Today asset and wealth managers no longer face whether to take into account the above-mentioned sustainability criteria in their investment process, but rather how to do it consistently and accurately.

The EU Sustainable Finance Disclosures Regulation ('SFDR') Taxonomy regulation comes with two main articles which are related to product disclosures:

- Article 8 of the SFDR applies to financial instruments which promote environmental or social characteristics.

- Article 9 of the SFDR applies to financial instruments which have sustainable investment as their objective and a specific category that has as objective the reduction in carbon emissions.

Where to start with including SDFR into the investment process?

Let's first look at how sustainability has been incorporated in the past, as many banks and financial institutions have been factoring in sustainability for a long time now. The most common way to date has been via the inclusion of an indicator at the financial instrument level, which was present in the EMT template section Client Objectives and Needs since 2019 - the so-called 'Intended Compatible With Clients Having ESG Preferences' flag. This is a first step and a simple way to allow both client profiling and instrument classification to include ESG in the investment process.

• • •

> *Today asset and wealth managers no longer face whether to take into account the above-mentioned sustainability criteria in their investment process, but rather how to do it consistently and accurately.*

*Q&A Gert-Jan Hoogendoorn

As of 2021, this has been replaced with an instrument characteristic: 'Intended Compatible With Clients Having Sustainability Preferences,' where next to ESG, additional and more general sustainability objectives could be captured. The above possibilities scratch the surface of including sustainability in investment decisions.

Pitfalls

From this initial foundation, what is now needed is a deeper and broader notion of sustainability, and this is where ESG scores and ratings come into play. With this, ESG information is issued and harvested from companies on a recurring basis. This has been done already, as large ESG data sets can be obtained from commercial data providers; however, we see several pitfalls in this approach.

First of all, the companies choose what they disclose. This naturally creates conflict, as no company wants to have a bad score, whether it's ESG or Credit or NPS score.

Secondly, the information provided by companies is used by data providers in their proprietary ESG scoring, and rating frameworks, which means comparing results from different providers is extremely difficult.

Thirdly, the information is somewhat outdated, as company reports are issued yearly. As sustainability goals and objectives have tight timelines, the lag in frequently updated information hinders the process. To overcome this pitfall, new players in the News and Social domain are launching near-time ESG insights. Social information is quick but can be biased, and therefore the trust levels on information via social channels can be low.

The way to overcome these pitfalls is through regulation and reporting standards, which is never a quick route. Still, as investment management is largely built around trust, it is the only way to keep faith in ESG initiatives.

Extra indicators from 2022

Besides these pitfalls, the next evolution in this domain is the inclusion of ESG and Sustainability impact information in European MiFID Template (EMT) 4.0. Fifty quantitative disclosures will be added, which include a core set of mandatory indicators and additional environmental/social factors to assist in identifying other impacts.

Indicator examples are:

- Carbon footprint
- Natural species and protected areas
- Energy consumption intensity
- Deforestation
- Insufficient whistleblower protection

These changes will broaden the scope of client preferences within the investment decision process. Not by accident, this nicely falls together with the trend of hyper-personalisation.

Next Steps

Banks and other financial institutions will have to assess how to efficiently start using or extend the usage of sustainability information.

To begin with organisations, the following steps should be considered:

- Make policy decisions that shape a compliant framework around SDFR, including the level the firm wants to offer sustainability to its clients.
- Assess which products are in scope for articles 8 & 9.
- Determine the data needs and providers available to fulfill the needs.
- Organise internal processes and responsibilities required to meet the disclosure requirements.
- Select the right software package to implement the policy & data, including sustainability impact assessment for portfolio and reporting requirements.

*Q&A Gert-Jan Hoogendoorn

What solution(s) does your company offer the market that addresses ESG issues, and how do they help wealth management firms manage their increasing obligations in this area?

The Objectway Wealthtech Suite supports the entire sustainable investment lifecycle. The supported lifecycle contains the following high-level circular steps:

1. Capturing client ESG preferences via client profiling
2. Integrating multiple data sources to assign ESG score
3. Suitability evaluation
4. Suitability what-if scenarios
5. Real-time sustainability monitoring, and
6. Reporting disclosure including ESG

Client Profiling

Collecting client sustainability preferences through a specific ESG questionnaire, in addition to the traditional one, is fundamental to acquire information that is sufficiently granular and consistent for a thorough suitability assessment. The captured needs and preferences of the client should be used for suitable model and stock selection, for example, when an investor doesn't want exposure in high ESG rated stocks or an investor wants to have a cap of 25% of their portfolio in medium and high ESG rated securities.

Data Sources

Implementation of reliable, traceable, and robust data is essential to properly manage ESG components within an investment process. This data then requires elaboration through a data quality system to allow, for example, customisation management of the issuer's rating construction. ESG data available from data providers comes by way of ratings and scores: the ratings can be used in exposure calculations, and the scores in portfolio ESG compounded scores.

Suitability Evaluation

ESG integration within the MiFID II models requires the definition of specific controls in addition to those already required for the adequacy and appropriateness checks. This means incorporating a set of suitability controls that are both MiFID II and ESG compliant. The suitability rules are automated, and breaches of ESG thresholds are flagged in real-time monitoring.

The evaluation includes, for instance:

- Improvement or decline in overall portfolio sustainability
- Weak ESG areas in the portfolio, which are subject to recommendation
- Matching of ESG areas to UN Sustainability Development Goals (SDG)
- Evaluation of the 50 core and additional indicators in peer groups and portfolio segments

Figure 2: The Objectway Wealthtech Suite



*Q&A Gert-Jan Hoogendoorn

Suitability What-If

Functionality that provides predictive ESG measures assists in the portfolio's diagnosis and the execution of actions aimed at the automatic generation of an optimal portfolio in terms of risk and ESG through the generation of higher quality investment proposals.

The recommendation process and semi-automated investment proposal generation is a step where hyper-personalisation can add real benefit. Depending on the level of sophistication in the client preferences, some self-learning algorithms are used to give the best possible recommendation to the client and then the STP execution of the recommendation via market orders.

Real Time Sustainability Monitoring

A sustainable book of business requires the execution of automated checks and controls. This includes, for example:

- Client preferences on ESG vs actual investments in portfolios
- Company investment policy on exposure levels in ESG scores or ratings
- Change in instrument ESG rating or scores
- Change and impact on ESG Controversy or ESG Social scored

Customer Reporting

Updating clients on the alignment of their portfolios with ESG criteria and adopted investment choices, in addition to complying with the transparency regulatory requirements, aims to show the benefits arising from the ESG integration.

ESG analytics can be included within such reports, for example:

- Direct exposure to ESG ratings, ESG controversy, ESG momentum
- Indirect (Look Through) ESG exposures
- Historical evolution of ESG exposure
- ESG predictions based on historical evolution-
- Fulfillment of client agreements on ESG
- Portfolio and Client ESG score

Objectway's Wealthtech Suite leverages leading-edge technology, such as cloud computing, and is designed with a set of open APIs returning all the information related to sustainability. These can be used in any eco-system where sustainability information is required to enrich the client experience or to include sustainability factors in decision-making processes.

> *"The European Green Deal and climate change awareness are both factors that have created a new perspective to investing, where ESG is either added as an additional risk metric or is used to be compliant with the client's sustainability preferences."*

Find out more about Objectway

For solution providers, The Wealth Mosaic is a global sales and marketing partner that supports their positioning, exposure and business development needs in a more complex world.

Learn more about TWM, its services and solution provider memberships



7. Introducing OWL Analytics

Key business facts:

Founded
2012

HQ Address
312 Arizona Avenue
Santa Monica
CA 90401
United States

Company Size
11-50 employees

Website
www.owlanalytics.net

Target Regions
Global

Target Wealth Management Firms
Asset Managers, Bank Wealth Managers, Broker / Broker-Dealers, Digital Wealth Managers, End Private Clients, Endowments, Foundations & Trusts, Financial Advisors

Company overview

Founded in 2012, OWL Analytics provides data, metrics, and tools that empower investors, asset managers, wealth managers, index providers, and others in the global investment arena to assess companies' environmental, social, and governance/ sustainability practices.

We empower investors to make informed, impactful decisions using our data and power index-based products that direct investment dollars to good corporate citizens. Leading financial institutions and technology providers that manage billions of dollars for investors worldwide turn to OWL for our ESG products and customized solutions to help them meet expanding and evolving sustainability demands.

Our mission, which is at the core of everything we do, is to provide data, evaluation metrics, and other tools in a highly usable format to help investors make informed choices while helping the planet. The individuals on our team have diverse backgrounds, with a heavy emphasis on quantitative investing, the sciences, and mathematics. We share a passion for creating powerful, innovative approaches to synthesizing data, improving its usability, and applying insights from the data to improve investment performance and sustainability.

Thought leader



Benjamin Webster, CEO

Email: bwebster@owlshares.com

Ben Webster is the CEO at OWL Analytics, a data, research, and indexes provider that allows clients to integrate environmental, social, and governance (ESG) data into investment strategies to increase sustainability and performance. Mr. Webster heads sales, operations, and product development for the company. He has 18+ years of experience in the financial services industry, including asset management, advisory, capital markets, hedge funds, and private equity, with significant expertise in ETFs, indexing, and ESG investing.

He is a frequent speaker regarding the use of ESG data in the investment process and is a proud proponent of the power ESG-based investing can have in shaping the world for future generations. Mr. Webster holds a B.S. in Physics from the University of California, Los Angeles.

*Q&A Benjamin Webster

How are ESG issues impacting the wealth management sector today? What has been achieved so far, what are the opportunities and threats, and what is still to be done?

Where to start?! In our view, the industry is still in the early days of applying ESG/sustainability concepts in a meaningful way. Wealth managers know that ESG is not a fad; it has become a permanent part of the investment landscape. But, they haven't yet figured out how to holistically incorporate ESG into what they do for clients instead of viewing this as a stand-alone issue. ESG can lead to truly useful discussions and decisions that enhance client relationships. However, there are many challenges preventing wealth managers from incorporating ESG data into their processes and using ESG data to provide real value to their clients. What are these challenges? In a nutshell, most ESG data is:

- Inconsistent and contradictory. Ratings and rankings supplied by various ESG data vendors cover different things, emphasize different criteria, and often produce wildly divergent views of a given company's ESG "behavior" (Is XYZ Co. "good" in terms of ESG? Bad? Both?)

- Expensive. The dominant ESG data providers have built lucrative businesses selling data to large institutional investors, and they are not eager to lower their fees. That model doesn't work well for the wealth management industry.

- Complicated. The vocabulary involved in ESG data can be arcane, difficult to understand, and frankly rather useless unless one is an ESG expert. Most wealth management professionals do not have the time to develop that specialized expertise.

- Difficult to consume. ESG data is not available in a user-friendly way. Most wealth management professionals, who are not data scientists or programmers, rely on their investment platforms to supply the data and analytics they need. However, most platforms do not offer ESG data (it is too expensive – see above), and those that do typically provide it apart from other market data.

- Not tied to the investment process. There is little to no guidance on how to integrate ESG data into the overall wealth management process. When a client says, "I want to be in ESG funds or good ESG stocks," wealth managers have to decide how to make that happen in the context of the clients' risk profile, investment goals, etc. Furthermore, a wealth manager has to choose from the many funds with "ESG" or "Sustainable" in their name.

• • •

Figure 1: Supported ESG Frameworks



*Q&A Benjamin Webster

As a result, most wealth managers and advisors face a real dilemma. Their clients want to incorporate sustainability into their investing; however, without access to good, defensible, usable ESG data at an affordable price that can allow wealth managers to make objective decisions in the context of the client's overall goals, the alternative is to rely on funds' claims about "green" or sustainable investing. That's not adding value.

What has been achieved thus far?

The level of interest and awareness of ESG issues across the investment landscape has exploded in the past few years, and that's a "win" for all of us as investors and residents of this planet. Every statistic about fund flows into ESG/sustainable strategies speaks to that. Clients want their investments to reflect their values, and wealth managers are catching on to the fact that ESG issues are likely to affect stock prices in the intermediate- to long term. ESG-related risks can increase costs and employee turnover, alienate consumers, and damage reputations. Regulators around the world are emphasizing ESG issues, and violations can involve costly fines and repairs. Companies know they cannot ignore these trends and that heightened awareness is critical.

Opportunities

We see a tremendous opportunity to incorporate ESG into the wealth management process in a way that clients will perceive as truly valuable. Wealth managers currently have little to no guidance on how to integrate ESG scores, rankings, data into the overall wealth management practice or how to engage with their clients about ESG goals in the context of risk and return. Affordability is a key issue to be addressed, along with tools to assess the validity of marketing claims made by the hundreds of funds with "ESG" or "Sustainable" in their name. With the right tools, wealth managers could measure ESG exposures across clients' investments – including funds and individual stocks – and evaluate and compare fund-level ESG exposures when selecting funds to meet clients' needs, considering investment metrics, the client's goals, and ESG simultaneously. Wealth managers are uniquely positioned to provide this holistic view. They know their clients' positions across accounts, and clients trust them to make good choices on their behalf.

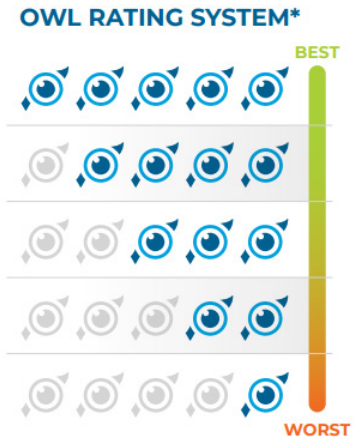
Threats

We see three significant threats. The first is viewing ESG as a stand-alone issue, a "box to check" after portfolios are constructed using other criteria. A wealth manager who does not simultaneously consider ESG along with other risk/return metrics could end up making costly mistakes. If a wealth manager recommends a fund that turns out to have significant exposures to companies that engage in environmentally damaging behaviors or get caught in corporate governance scandals, it will reflect poorly on the wealth manager. Another threat is the lack of transparency in what defines "green" or "sustainable" for mutual funds and ETFs. A fund's ESG claims might be valid (whatever "valid" means) or mostly clever marketing. Lastly, time is a threat. It takes time to uncover ESG information about a fund's holdings, and wealth managers do not have time to do that on their own – they need an easy way to independently monitor ESG developments in investments they recommend.

Still to be done

Turn the opportunities into realities and overcome the threats — that's our focus!

Figure 2: OWL ESG Fund Ratings – Covering Thousands of Funds



*Q&A Benjamin Webster

What solution(s) does your company offer the market that addresses ESG issues, and how do they help wealth management firms manage their increasing obligations in this area?

Solutions OWL Analytics offers that address ESG issues and help wealth management firms to manage their increasing obligations in this area:

Before diving into the specific solutions OWL offers, it is extremely important to note that we make our data and solutions available through the investment platforms that wealth managers already use. There are no integration or ongoing data management issues for wealth managers to tackle – we do that for them through "partnerships" with reporting and analytics platform providers. Our approach is to make ESG data available to wealth managers as a turnkey solution embedded into their existing workflow, rather than selling them a dataset that they have to load up and review separately. In terms of specific offerings that we provide through those platforms, OWL has a choice of solutions to help wealth managers use ESG to deliver more value to their clients.

- Consensus Scores – OWL Analytics takes a unique approach to address the inconsistencies and contradictions in the scores and rankings supplied by various ESG data vendors. These vendors' ratings/rankings are not "wrong" – each one makes a sincere effort to analyze ESG issues – but they are subjective. They emphasize different things based on the metrics and weightings they use, so by choosing one vendor's ratings, you choose their priorities and metrics over all others. OWL creates Consensus Scores that combine hundreds of ESG data inputs across a large number of sources that represent a wide range of perspectives. These Consensus Scores use a "wisdom of the crowd" approach, leveraging the world's leading ESG data and research firms' insights. Behind the scenes, OWL uses hundreds of metrics to capture the way the range of ESG data vendors create their ratings. From this, we construct a broad-based, unbiased, consensus view of the relevance of various E, S, and G metrics for each industry.

A wealth manager can use Consensus Scores to compare ESG profiles across funds – whether they are explicitly "green" or not! ¬– and can create tailored solutions by choosing funds that meet each client's risk, diversification, style, and sustainable investing goals. Consensus Scores give wealth managers the information they need to provide a truly informed response to a client's directive to invest in a "green" fund or report a specific company's E, S, and G risks. Consensus Scores also help wealth managers to deepen relationships by educating clients about ESG.

Figure 3: OWL UN Global Compact Violations – ESG Controversies & Sentiment



*Q&A Benjamin Webster

OWL analytics

- Portfolio Wisdom from OWL – wealth managers can construct portfolio-level ESG analyses for each client, using Consensus Score ratings we construct for mutual funds and/or ETFs, as well as for individual stocks. With OWL's data integrated into reporting and analytics providers' platforms, wealth managers can meet clients' demands to incorporate sustainability into portfolio decisions in concert with evaluating other critical investment metrics.

- Principles-based Screening – OWL offers customizable screening tools that allow wealth managers to incorporate a client's environmental, religious or ethics-based principles in the investment process with technology-driven screens that identify companies' involvement in products/activities that conflict with investors' priorities. We use artificial intelligence to detect whether a company's involvement in a particular activity is material enough to "fail" a screen; without this, there could be many unintended consequences – for example, a "no tobacco products" screening criteria could prevent investments in grocery store chains that sell cigarettes along with tens of thousands of other items.

- ESG Sentiment Scores – Using proprietary machine-learning tools, we scour news media and other publications from across the globe to monitor companies' ESG activities, identify questionable practices, and determine whether a news item is favorable or negative. This can be an early-warning system that detects issues long before ESG data vendors update their ratings.

- UN Global Compact Violations – Companies that are signatories to this UN Compact agree to certain ESG-based standards of behavior, and our specialized tool identifies any actions that conflict with a company's responsibilities under the UN Global Compact, including an assessment of severity and outlook for a resolution. We cover all public companies in our database, not just those that have signed the UN Compact, as violations of these standards are a red flag for all investors.

OWL developed this suite of solutions in response to the evolving and expanding need for ESG data across various segments of the investment ecosystem. Many wealth managers may see ESG data and analytics as primarily useful to large, institutional asset managers who cover the high fees charged by the major vendors in this space by developing ESG strategies for which those managers charge based on AUM. Our goal is to democratize the use of ESG data, so that wealth managers can access it easily and use it to add value when responding to the growing interest in sustainable investing among their clients.

Figure 4: OWL ESG Consensus Score KPIs

E	S		G
Environmental	Employer	Citizenship	Governance
E1 Pollution Prevention	EMP1 Compensation & Satisfaction	CIT1 Community & Charity	G1 Board Effectiveness
E2 Environmental Transparency	EMP2 Diversity & Rights	CIT2 Human Rights	G2 Management Ethics
E3 Resource Efficiency	EMP3 Education & Work Conditions	CIT3 Sustainability Integration	G3 Disclosure & Accountability

> *"Wealth managers know that ESG is not a fad; it has become a permanent part of the investment landscape. But, they haven't yet figured out how to holistically incorporate ESG into what they do for clients instead of viewing this as a stand-alone issue."*

Find out more about OWL Analytics

8. Introducing Refinitiv

Key business facts:

Founded
1801

HQ Address
5 Canada Square,
London,
United Kingdom

Company Size
10,001+ employees

Website
www.refinitiv.com

Target Regions
Global

Target Wealth Management Firms
Asset Managers, Bank Wealth Managers, Broker / Broker-Dealers, Digital Wealth Managers, End Private Clients, Endowments, Foundations & Trusts, Financial Advisors

Company overview

Refinitiv, an LSEG (London Stock Exchange Group) business, is one of the world's largest providers of financial markets data and infrastructure. They provide information, insights, and technology that enable customers to execute critical investing, trading, and risk decisions with confidence. Now, as part of LSEG, they are underpinned by the strength and stability of a more than 300-year-old organisation, broadening their capacity to positively impact the financial community — be it in trading and banking, investment, wealth, customer and third-party risk, and enterprise data solutions.

Refinitiv has a rich history of servicing the Wealth Management industry and continues to invest heavily in bringing the most advanced solutions to the market. Their front, middle and back-office solutions help wealth management firms improve decision-making, deepen client engagement and optimize business performance.Refinitiv Wealth Management solutions empower clients with the content, technology, and expertise to accelerate growth and drive customer loyalty.

Thought leader



REFINITIV

Sabrina Bailey, Global Head of Wealth Solutions

Email: sales@refinitiv.com

Sabrina joined Refinitiv in May 2021 and is responsible for developing and delivering upon the strategic vision and direction of the global Wealth Solutions business. This includes embracing and leveraging technological advances to deliver innovative, customer-centric offerings to private banks, brokers, and digital wealth providers.

Having held several senior executive positions before joining Refinitiv, Sabrina was most recently CEO of Emotomy, Northern Trust Asset Management's digital investment advice offering. With over 20 years of financial services experience, she has held various positions in executive leadership, management, investment consulting, and manager research at Mercer, Towers Watson, RogersCasey, and Arnerich Massena and Associates. In 2020, Sabrina was named Top Women in Asset Management by Money Management Executive.

*Q&A Sabrina Bailey

REFINITIV

How are ESG issues impacting the wealth management sector today? What has been achieved so far, what are the opportunities and threats, and what is still to be done?

Far-reaching impact

As global concerns around business ethics and corporate governance continue to make headlines, individual investors are increasingly requiring that ESG factors are taken into consideration when constructing their portfolios.

This burgeoning appetite for more sustainable corporate activity has in turn spawned an acute awareness of the need to measure and quantify how well companies stack up when it comes to ESG considerations. In fact, ESG metrics are now viewed on a par with traditional financial metrics when evaluating corporate performance for investments.

In the past, the prevailing mindset was that ESG investing was a limiting factor – one that screened out part of the universe of opportunity or at best ticked the box of corporate altruism. This perception has steadily evolved, with investors increasingly viewing ESG investing as central to strategic corporate decision-making. As a result, many wealth industry participants now differentiate their services using ESG criteria. This trend shows no sign of abating, and we expect ESG-related considerations to have ongoing and ever-greater implications for the wealth industry.

Although much has already been achieved in bringing ESG factors into mainstream investing strategy, more needs to be done. Specifically, there is a fundamental need for wider access to complete data that is transparent, granular, and standardised. There is also an urgent need for detailed analytics to deliver actionable insights and help market participants make sense of data. Furthermore, ongoing education will remain crucial as investors continue to define what good governance looks like.

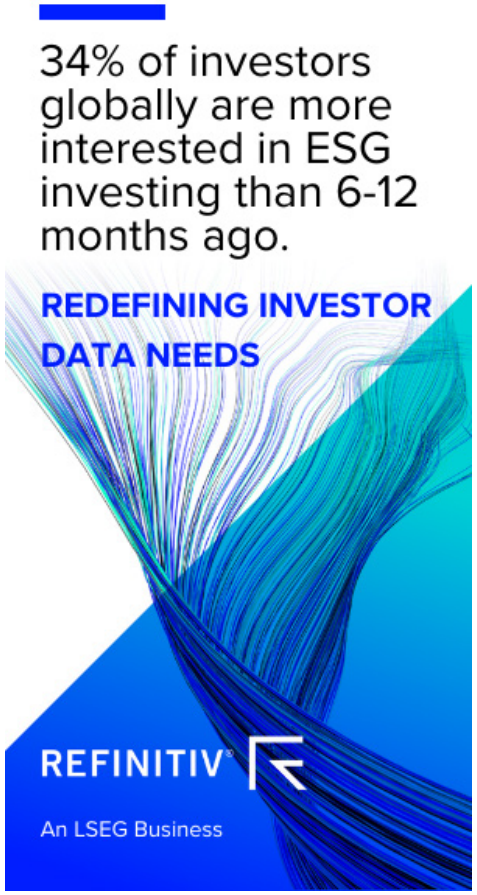
Rising popularity, accelerated by COVID-19

A recent Refinitiv research report surveyed over 1,000 self-directed and advised mass affluent investors globally and found that 34% of respondents were more interested in ESG investing than they were 6-12 months before the survey, indicating a clear and recent rise in the popularity of ESG factors.

Drilling down, the research further reveals that enthusiasm in this crucial area rises to 61% amongst millennial investors. Whilst the growth of ESG investing has been a noticeable trend for several years, these statistics underscore the role of COVID-19, which accelerated this trajectory, in part because it demonstrated that managing social and environmental challenges is essential.

• • •

Figure 1: Redefining Investor Data Needs, Refinitiv Wealth Report



*Q&A Sabrina Bailey

Opportunities, threats, and the need for transparent data

The ESG landscape presents wealth management firms with a double-edged sword. On the one hand, there is a clear and immediate opportunity for firms to leverage the growth and popularity of ESG investing, differentiate themselves by providing new offerings and catering to investor needs, and changing expectations by providing the correct data and insights at the right time.

There is also substantial opportunity to be found in tailoring investment advice and portfolio construction to individual needs, including ESG preferences. The wealth industry can no longer embrace a one-size-fits-all approach, as investors now expect personalised service and tailored advice. Those firms that steadily move in this direction are likely to reap the benefits of greater client loyalty.

On the other hand, those that do not embrace this opportunity to evolve and innovate are leaving themselves vulnerable to the growing threat of competitors eroding their client bases.

Greenwashing – where companies provide misleading environmental credentials – remains a persistent hurdle and further highlights the critical importance of high-quality data that can empower firms to screen out risky opportunities, benchmark companies, and customize their impact goals. Almost a quarter of our survey respondents (24%) agreed that they find greenwashing a barrier to ESG investing, further underlining the importance of industry players accessing enhanced, granular, and transparent data to support their investment strategies.

As the wealth industry increasingly appreciates the value of ESG investing, especially its ability to generate positive returns while catering to individual investor values and expectations, the demand for accurate, trusted, and complete ESG data is growing exponentially.

Figure 2: Redefining Investor Data Needs, Refinitiv Wealth Report



*Q&A Sabrina Bailey

REFINITIV

What solution(s) does your company offer the market that addresses ESG issues, and how do they help wealth management firms manage their increasing obligations in this area?

A snapshot of our offering

The Refinitiv ESG offering has been developed to empower market participants to assess the ESG risks and opportunities inherent in portfolios, benchmark against their peers, and make more informed investment decisions. Our data helps investors and advisors objectively measure a company's relative ESG performance across different themes, including but not limited to; emissions, environmental product innovation, human rights, shareholders, and more, to address socially responsible investment mandates without compromising returns.

Having provided trusted ESG data and tools since the early 2000s, we deliver the richest set of related data in the industry. At a glance, our ESG data covers approximately 70% of global market cap and has become a powerful industry tool to help wealth market participants more effectively meet investment mandates by providing insights into sustainable investments.

The breadth and depth of our ESG data offering is unsurpassed and offers tangible support to firms, advisors, and investors. Specifically, we deliver in excess of 450 data points and more than 70 ESG analytics, metrics, and grades for over 9,000 companies. We also offer the longest history of ESG data in the market today, with data available from as far back as 2002.

Transparent, trusted, reliable data

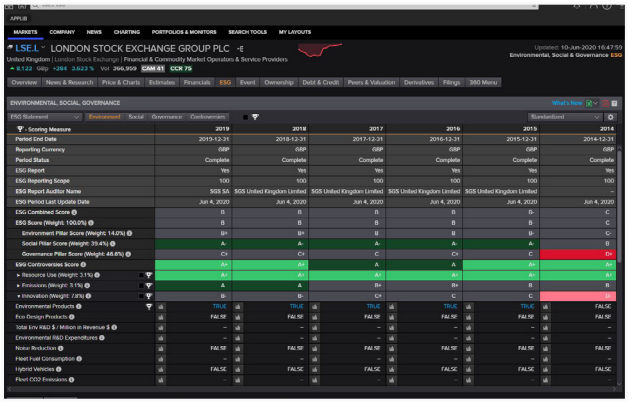
Optimal decision-making is impossible without reliable, complete data, and the world of ESG investing is no different.

For this reason, Refinitiv is working to actively drive the volume of available ESG data in the market. More than this, we are committed to ensuring that data is standardised and normalised so that users can glean valuable insights and more easily compare the ESG metrics of companies within the investment universe.

Transparency is also one of our key focus areas. We advocate for better corporate disclosure and enhanced transparency, as we believe that these elements are crucial for the efficiency of the industry as a whole. To support this, we derive our ESG data from publicly available sources and ensure audit trails are complete by offering links back to original source documents and researcher commentary.

Figure 3: Transparent ESG data in Refinitiv Workspace





*Q&A Sabrina Bailey

We guarantee trusted, reliable and comparable data by utilising a variety of core calculation principles, including:

- Relative benchmarking to facilitate comparative analysis.
- Materiality, where we map each metric's materiality for each industry on a scale of 1 to 10.
- Transparency weightings, in terms of the weight placed on not reporting "immaterial" versus "highly material" data points, whereby not reporting on "highly material" data points will have a proportionately higher impact.

Figure 4: Refinitiv Workspace for Wealth Advisors



As the wealth industry continues to adapt and evolve in line with changing client expectations, the importance of ESG investing is set to become even more pivotal. Wealth managers and investors alike are embracing ESG indicators as they seek to reward companies that are stepping up to the plate to ensure more sustainable activity. With the right data and value-added insights, every advisor and investor can make better decisions that positively impact portfolio performance whilst contributing to a more sustainable future for all stakeholders.

> *Although much has already been achieved in bringing ESG factors into mainstream investing strategy, more needs to be done. Specifically, there is a fundamental need for wider access to complete data that is transparent, granular, and standardised.*

Find out more about Refinitiv

9. Introducing swissQuant

Key business facts:

Founded
2005

HQ Address
Kuttelgasse 7
8001 Zürich
Switzerland

Company Size
51-200 employees

Website
www.swissquant.com

Target Regions
Asia, North America, Oceania, Western Europe

Target Wealth Management Firms
Asset Managers, Bank Wealth Managers, Digital Wealth Managers, Financial Advisors

Company overview

SwissQuant Group is an independent business solutions provider using intelligent technology to help the financial industry take control of their future. Driven by its best-in-class risk engine, one of the world's most refined optimization engines and a highly scalable orchestration engine, its Wealth Management Platform is one of the first to fully integrate ESG systematically throughout the entire portfolio management and client advisory process.

Based in Zurich, SwissQuant Group partners with leading financial institutions across the globe to pioneer and deliver the digital head-start that matters. Major clearing houses, exchanges, central banks and large investment banks rely on its real-time risk engine and years of methodology experience to identify and anticipate market risk. Asset and portfolio managers rely on its Wealth Management Platform to gain the transparency needed to unlock value and drive strategic portfolio growth. The company's emphasis on next generation innovation and AI research-based solutions combined with the experience gathered over the past 15 years, makes us the partner of choice for local and international organizations, including a growing number of global Fortune 500 companies.

Thought leader



swissQuant

Michael Taschner, Head of Sustainable Finance and Wealth Management, Member of the Executive Board

Email: taschner@swissquant.com

Consolidating the intellectual and operational power of experts in Sustainable Finance, Quant Engineering, and IT at swissQuant Group, Michael is responsible for implementing leading-edge solutions for the Wealth Management, Asset Management, and Insurance industries, with a particular focus on aligning them with all sustainable finance-related topics and regulatory developments. Prior to his role at swissQuant, Michael was a team leader at PwC Switzerland and Austria in the business practice "Strategic Legal Regulatory Implementation". He has over 12 years of experience in the areas of Sustainable Finance and Risk Management, as well as in the implementation of national and international regulatory frameworks for banks, asset managers, and insurance companies. Michael expects to finish his PhD in Sustainable Finance early next year.

*Q&A Michael Taschner

swissQuant

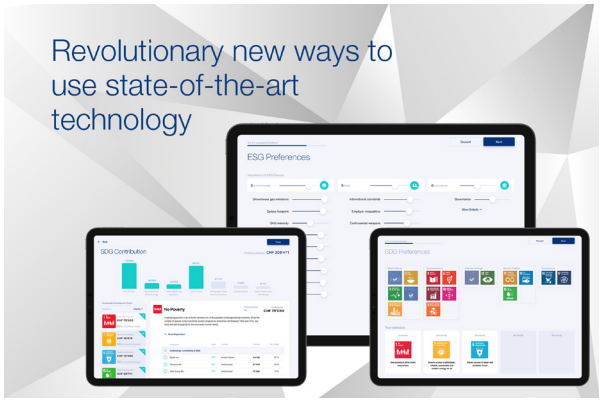
How are ESG issues impacting the wealth management sector today? What has been achieved so far, what are the opportunities and threats, and what is still to be done?

It is no secret that sustainable finance is on the rise. A growing number of investors have shifted their assets into sustainable investments, and the younger generation of investors is demanding a society with a good conscience. While these pressures create certain constraints, the real added value comes from the fact that proper ESG integration simply leads to better outcomes, especially for mid-to-long-term investments. Nevertheless, taking ESG preferences and sustainability risks into account can significantly change asset allocation. Traditional mean-variance, factor-risk allocation, and total portfolio analyses rely heavily on assumptions and historical data-both of which are highly sensitive to ESG variance. Since regulatory and asset class disclosure requirements used to be very heterogeneous, many different ways of labeling financial instruments as green or sustainable evolved - less diplomatically put, this ended up being a lot of window dressing.

However, using intelligent quantitative measures such as big data analytics and artificial intelligence, enriched with deep ESG expertise, can provide a solution to the market. ESG risk assessment and quantification can uncover investment opportunities that competitors cannot see, creating additional sources of alpha for asset managers and increasing risk-adjusted returns for asset owners. Admittedly, improving technology and tools for a better client experience is a top priority for the entire industry. The goal is to provide a solution where investors can meet their individual investment preferences while achieving both a positive ESG impact and outperformance against relevant benchmarks. But whereas in the past financial regulation required financial institutions to focus primarily on the financial risk of their clients, wealth and asset managers are now being required to show increasing recognition that ESG factors - particularly climate change - are a material risk to manage. For this, both the end client and the wealth manager are shown the path to a triple benefit: an optimized risk/return portfolio, an optimized ESG and SDG portfolio, and minimized sustainable risk in the portfolio leading to medium to long-term outperformance.

As public and regulatory expectations continue to change, competitive banks are already taking advantage. According to the Global Sustainable Investment Alliances annual report, $30.7 trillion was professionally managed globally in 2018 under responsible investment strategies ranging from exclusionary screening to corporate engagement - a 34% increase in just two years.

This shift toward sustainable finance has evolved beyond socially responsible investing to include asset management and ownership. Unlike other plug-and-play software, ESG requires a careful strategy to unlock value. Only a systematic integration of ESG risks and opportunities will improve the selection process and create improved risk-adjusted returns. Bottom-up analysis must be conducted to identify positive drivers of change in a company that others in the market have not yet priced in. These results must enrich existing asset allocations to have a complete investment strategy incorporating ESG as a potential alpha factor.



*Q&A Michael Taschner

swissQuant

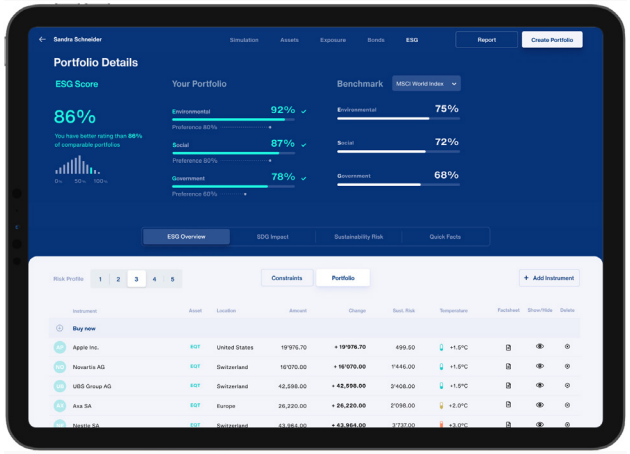
What solution(s) does your company offer the market that addresses ESG issues, and how do they help wealth management firms manage their increasing obligations in this area?

swissQuant sets all efforts on anticipating and solving these pressing challenges before they impact business results negatively. As front-runners in end-to-end ESG integration, swissQuant allows wealth managers to gain a competitive advantage and benefit from holding an industry-leading position. By incorporating investor ESG preferences into the portfolio optimization process of growth and return, swissQuant re-shapes the core of wealth management by demanding the engagement of investors and encouraging them to define their contribution to the future. Alongside benefits such as greater compliance, access to behavioral data to enhance customer engagement, and faster reaction to market volatility, swissQuant's technology is particularly useful where algorithms are powered by live data streams such as real-time equity prices. As a result, we developed and applied models to master complexity when, for example, different types of risks interact closely or influence one another due to different time horizons. One of our solutions that focuses specifically on ESG issues is our ImpaQt Wealth Management Platform.

ImpaQt is a scalable end-to-end advisory platform solution allowing wealth management advisors to give investment advice to their clients that is:

- In line with the Banks investment view
- Tailored to the clients' individual preferences
- Compliant with regulatory criteria
- Ensuring best diversification for portfolios

With the ImpaQt Wealth Management Platform, data generation is standardized, sourcing data directly from the bank's core system and enriching it with swissQuant's Risk, Optimization, and ESG analytics, eliminating the need for an error-prone manual data gathering process. By integrating the bank's investment philosophy into the ImpaQt Wealth Management Platform, individual investment advice is created at the click of a button, automatically taking into account all regulatory criteria and compliance checks and thereby generating an individualized yet scalable investment advisory process.



*Q&A Michael Taschner

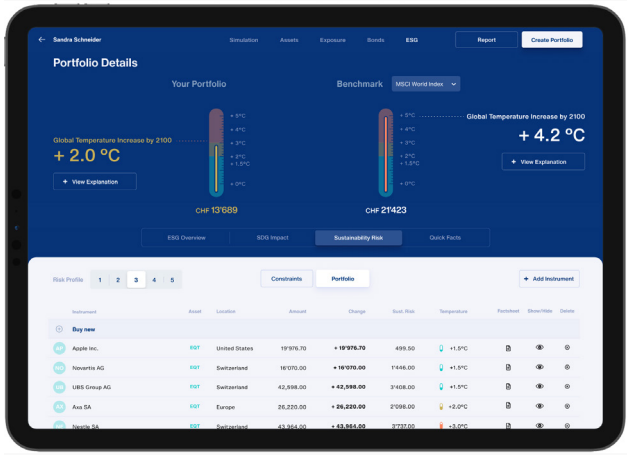
swissQuant

With the ImpaQt Wealth Management Platform, an executive can:

- Manage portfolios efficiently, consider sustainable risk and create outperformance with the preference driven portfolio optimization methodology
- Analyse and exhibit the ESG relevant factors on an individual client and preference driven level

The ImpaQt Wealth Management Platform is either integrated into a core banking system or provided on a SaaS basis from the Cloud. The Platform includes a broad spectrum of modules, all compatible with one another:

- Pattern recognition for strategic asset allocation
- Dynamic programming for multi-period portfolio optimization at Goal-based investing
- Big Data Analytics for the Trade Recommender Module
- Integral client-level ESG Score/SDG Analytics embedded in the ESG Portfolio Optimizer
- Artificial Intelligence-based sustainability reporting



using intelligent quantitative measures such as big data analytics and artificial intelligence, enriched with deep ESG expertise, can provide a solution to the market. ESG risk assessment and quantification can uncover investment opportunities that competitors cannot see, creating additional sources of alpha for asset managers and increasing risk-adjusted returns for asset owners.

Find out more about swissQuant

durhamlane



Ignite demand, drive sales & accelerate revenue

Wealth and Finance Sector specialists

Creating demand for our customers globally. We serve in 14 countries with a strong presence in the UK, EMEA and the US. What's more, we have a consistent track record in financial services, technology and SaaS sales and marketing for clients like these:

pwc · sage · xero · Deloitte. · EY

Fluidly · DRS · TRINTECH · advisorstream · shieldpay

globacap · AVIVA · INVESTOR · intertrust GROUP · FreeAgent

Today's challenges:

- The changes brought by the global pandemic will define all aspects of customer engagement in the post-COVID world.
- Selling complex products in a complex business arena means an increased need for multi stakeholder engagement, personalisation and account-based strategy.
- As budgets are increasingly squeezed, businesses like yours have to do more, with less.

Learn how we help ambitious organisations achieve their growth objectives.

Accelerate revenue

Access thought leadership

Investor Connect Service

Helping companies reach global investors to fund innovation & growth.

As part of The Wealth Mosaic's mission to help connect all parts of the global wealth management eco-system we are now providing an investor connect service to help companies engage with investors to enable them to source capital to build and grow their businesses to meet the significant opportunities in the global wealth management sector.

Investor Network

TWM has access to a growing international network of over 1,500 investors interested in AI & Machine Learning, Blockchain/DLT, Crypto-currencies, Cyber Security, and Wealth/FinTech, which comprises individuals (senior business executives and entrepreneurs), VC's, Corporate VC's, private equity firms and family offices. This range of investors means the right type of investors can be approached depending on the size and stage of the funding round.

Service Overview

The Investor Connect Service includes;

- Pre-Marketing review of the investor marketing collateral
- Review on the most appropriate investors to approach on the funding round, including investors that could provide a strategic benefit to the business
- Comprehensive marketing exercise to the chosen targeted investors. Any investors that are interested in investing will be introduced to the Company to take forward.

Company Criteria

TWM can help find investors on funding rounds starting from £500k (post-seed) up to £50m (series A+) and seeks to work with companies with the following criteria;

- The Company is a technology-led business targetting the wealth and asset management sector
- Experienced management teams with strong track records
- Revenue generating (i.e. post-seed) upwards
- High quality existing investors
- Large market opportunity
- Funding round is already open, and commitments are already in place from credible investors.

Cost

TWM charges a small fee to conduct the pre-marketing review and then only receives a fee if we successfully introduce investors that invest in your funding round.

THEWEALTHMOSAIC

Get in touch

If you are a company seeking to raise £500k or more and already have investors committing to your funding round, please do not hesitate to get in touch.

Give us a call:
+44 20 3026 1587

Send us an email:
simon@thewealthmosaic.com

TWM Services for Solution Providers

The Wealth Mosaic offers an increasing range of services to help solution providers target market their products, services and insights to the global wealth and asset management sector.

The key services are:

TWM Membership

Membership gives you an enhanced positioning on TWM and enables us to take your news and insights and amplify their impact in the market via our website and channels. You can choose from 3 different levels of marketing support for your solutions, dependant on how active you plan to be.

Membership Plus

Following feedback from hundreds of solution providers we now offer a range of content creation packages that can be taken alongside a Membership to help you engage with the market in interesting ways on a consistent basis throughout the year. The content created includes written articles, video creation, report participation, and webinars and podcasts, with the amount created depending on your needs for the year ahead.

Additional services

We can also support you through events & roundtables, talks & presentations, research & consulting, capital raising support and through our UK sales accelerator service.

Content creation services

Not only can we host and amplify your own content but we can also support you in creating insightful, relevant and professional content which includes:

Video creation

2-hour talking heads session that enables you to inform the market of key developments, news, product/service innovation in an engaging way.

Report participation

We create a range of reports each year to educate and inform the global wealth management sector on key developments. Past reports include; The Swiss Wealth Technology Landscape Report, the UK Wealth Technology Landscape Report and Using Technology to Engage with Clients.

Webinars

We have a channel on BrightTALK where we produce webinars and podcasts to maximize our reach as it has an online community of 8m professionals that engage with 100k+ online talks.

Articles, blogs, interviews and white papers

Through our team of experienced journalists TWM can create articles, blogs, interviews and white papers to enable you to create new engaging content for the market.

Factsheets

We can create short factsheets on your solutions to enable you to explain concisely to the market what your solution offers the market.

THEWEALTHMOSAIC

Get in touch

To find out more about any of our services, please feel free to get in touch.

Give us a call:
+44 20 3026 1587

Send us an email:
office@thewealthmosaic.com

Learn more about TWM

TWM Report Programme

THE WEALTH MOSAIC

To inform and engage the global wealth management sector on an on-going basis TWM creates a range of reports

These reports highlight which solution providers sell in particular territories (Landscape Reports), as well reports on topics and themes that enable solution providers to showcase clearly how their solutions solve particular business needs (WealthTech Views Reports).

The completed and scheduled reports for 2021 and early 2022 are shown below;

Landscape Reports	Publication Date	WealthTech Views Reports	Publication Date
Global Family Office Technology Landscape Report (find out more)	Q3 2021	Getting the most from your data in wealth management (find out more)	Q3 2021
Swiss Wealth Technology Landscape Report, 2021 (find out more)	Q4 2021	Blockchain Report 2021	Q4 2021
UK Wealth Technology Landscape Report, 2021	Q4 2021	Technology to engage the Next Generation	Q4 2021
US RIA Wealth Technology Landscape Report, 2021	Q4 2021	The evolving B2B digital investment (robo) market unlocking the mass market	Q4 2021
US Wealth Technology Landscape Report, 2022	Q1 2022	Cybersecurity technology for wealth managers	Q4 2021
APAC Wealth Technology Landscape Report, 2022	Q2 2022		

> *Given the level of on-going innovation of technology and services to the wealth management sector, we are increasing the number of reports we create each year to cover the important themes we see in the market and highlight solution providers that are aiming to be leaders in their specific areas of expertise.*

Find out more about our Report Programme

The WealthTech Landscape Report Series (WTLR)

We have currently published five landscape reports covering all the major wealth management territories. New editions will be published each year to ensure the market is kept up-to-date on the latest technology developments in each territory, as well as providing an opportunity for solution providers that target that territory to gain exposure to that market if they choose. Members of TWM receive priority access to participating in the reports.









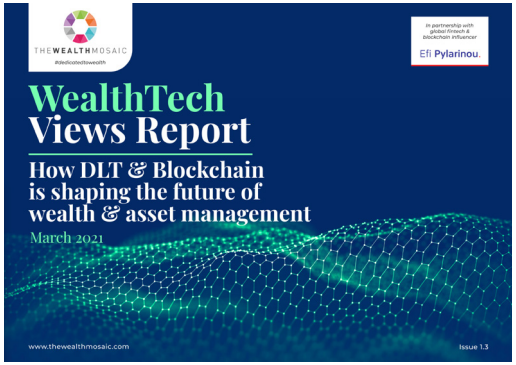


The WealthTech Views Report Series (WTVR)

We have currently published five WealthTech Views reports, covering business need areas such as client engagement technology, blockchain, and portfolio management technology. Reports in production are covering RegTech, ESG, and the use of AI in wealth management.













Business Needs ~ Technology & Data

Technology & Data solutions are increasingly crucial to the efficient and successful delivery of wealth management services. As the diverse demands on the business of wealth management have grown year-on-year, and themes like digitalisation have become more embedded into the sector's operational and strategic mindset, so the realm of Technology & Data solutions has moved centre stage.

Alongside that, whether in new solutions or the adaptation of existing solutions, there is now an unprecedented level of development in the number, type and focus of Technology & Data solutions targeted at the business needs of wealth management firms and their clients.

Our Technology & Data marketplace is a dedicated, focused, engaging and growing resource of over 4,000 solutions, 1,500 solution providers and many knowledge resources relevant to the Technology & Data business needs of wealth managers across the globe.

Search the TWM directory

- Business Intelligence & Practice Management
- Business Process Management & Outsourcing
- Client Communications & Reporting
- Client Engagement & Management
- Client Marketing & Prospecting
- Client Onboarding & Identity Verification
- Compliance & Regulation
- Core Banking
- Cyber & Network Security
- Data Feeds & Information Sources
- Data Management & Analysis
- Digital Platforms & Tools
- Digital (Robo) Investing
- Distributed Ledger Technologies & Cryptocurrencies
- Document Management & Storage
- Financial & Retirement Planning
- Investment Platforms & Tools
- Market & Business Infrastructure
- Portfolio Build, Analysis & Reporting
- Portfolio & Wealth Management Systems
- Risk Analysis & Management
- Software Development & Management
- Technology Strategy & Consulting
- Tools for the Client (B2C)
- Trading & Back Office



THEWEALTHMOSAIC

The leading solution provider directory & intelligence resource for global wealth management sector.

#dedicatedtowealth

For Wealth Managers, The Wealth Mosaic is designed to help them discover the solutions and solution providers that are relevant to the needs of their business more easily, as well as stay on top of the key trends in the market.

Learn more about how TWM supports Wealth Managers



THE**WEALTH**MOSAIC

The Wealth Mosaic ('TWM') are building the most comprehensive directory of solution providers across the world that meet the increasing business needs of the global wealth management sector.

Their online directory now has over 5,000 solutions listed in their two initial directories: Technology & Data (WealthTech), and Consulting, Research & Support Services. Their directories are supported by over 2,900 knowledge resources which includes solution information, case studies, white papers and videos.

For wealth managers, TWM aims to become the desktop tool of choice to help them discover the solutions and solution providers that are relevant to the needs of their business.

For solution providers, TWM can support their positioning, exposure and business development needs in a more complex world by hosting and promoting their content and helping them create marketing collateral so they remain engaged in the market.

Together, TWM is aimed at narrowing the knowledge gap between the buyers (wealth management firms) and sellers (solution providers) and supporting them to connect and do business.

The Wealth Mosaic Limited
Second Home Holland Park
48-49 Princes Place
London W11 4QA

New Business: +44 20 3026 1587

Email: office@thewealthmosaic.com

© The Wealth Mosaic Limited 2021