

SOUTH AFRICAN PENSION FUND IMPROVES FLEXIBILITY WITH FACTSET

› FactSet has also given the firm access to tools for making research more collaborative, and for identifying areas for improvement in the overall book of business.



FIRM TYPE

Pension Fund

THE CHALLENGE

Adopt a platform that provides visibility into the full operational functioning of asset management work, to improve the speed of decision making and implementation.

FACTSET SOLUTION

Portfolio Analysis,
RMS

Challenge

Metal Industries Benefit Funds Administrators (MIBFA) is one of the top five pension funds in South Africa, boasting close to \$15 billion in AUM, of which 60% is managed in-house. The in-house management means that in many ways MIBFA runs like an asset manager, and is reliant on similar tools; portfolio management, analytics, real-time pricing. But despite its ongoing successes in the pension space, MIBFA was unsatisfied with its existing financial tools. Vernon Reddy, Chief Investment Officer at MIBFA and his team recognized it was time for a change.

At the time, MIBFA was using a localized product, in conjunction with Microsoft Excel to accomplish its investment needs. However, the solution did not offer the speed and flexibility required to quickly make investment decisions, nor did it have the rich data

MIBFA was looking for. Improving the speed of decision making and functionality were large drivers of the firm's search for new tools, as was a reduction in overall cost. Additionally, key-man risk, collaboration, and transparency were areas the firm was eager to improve upon.

“From an investment perspective, data and information is moving at a much faster pace than 10 years ago, so speed and flexibility were large considerations for us. In light of these pressures, we needed to execute decisions sooner and not be reactive to market moves. We also needed to see the full picture of our portfolios, alongside investment news, pricing in the market and model different scenarios,” Reddy says.

FACTSET > SEE THE ADVANTAGE

Furthermore, the organization was anxious to identify ways to see where team members were driving performance of the overall book, which it couldn't do previously. Flexibility and nimbleness of reporting options were also a critical component in their assessment of new solutions.

Reddy explains, "If we were able to incorporate this new information, we would need to know what our portfolio looked like on a constant basis. We had to know what those market prices were, analyze in real time, that allows for decisions and limit implementation shortfalls. If that took us two or three days to complete, as it would have on the previous system, the opportunity costs plus implementation shortfall increases, limiting alpha generation."

With this clear articulation of goals, Reddy and his team began looking into new platforms.

Solution

During its assessment of alternative solutions, MIBFA reached out to the FactSet team. According to Reddy, "FactSet had better ideas for bringing the components we were looking at, in a convenient package and that's what attracted us to FactSet. We looked at a few other systems, but we were really, really interested following on our conversation."

While initial evaluations were positive, having just opened an office in Johannesburg in 2017, FactSet's local presence and availability in the area became a large portion of the team's decision to move forward.

"When working with a vendor it's much easier for me when I can pick up the phone right now, speak to the team, and have help on site immediately," Reddy says.

Eager to get started with their new initiatives, Reddy and the team agreed to sign on with FactSet. The main driver of their selection decision was Portfolio Analytics, which would allow the team to make investment decisions more effectively than its existing spreadsheet reliant processes. FactSet's Research Management Solution (RMS) was also part of that decision, allowing users to mark up and share research notes to improve transparency.

But before MIBFA was able to leverage the wealth of new information, analytics, and portfolio management tools at its disposal, it needed to first complete the implementation process.

"The issues that we had were not on the FactSet side, but had more to do with our own processes, where we saw some information, and how we integrated that information into the



FactSet databases. What we found is that when you're dealing with established users as opposed to those that are freshly out of university, the really strong resistance to change, and hence, we needed a system that addressed this problem quickly. And FactSet sort of lends itself to that problem where it's much more palatable for users that are less comfortable with change," Reddy says. "I liked FactSet, but it was really about whether the team liked it or not."

Outcome

Recognizing that FactSet had the functionality to assist with implementation, Reddy worked with his contacts to ensure data was appropriately migrated to the new platform and to get new users up to speed on the expanded tools and features at their disposal. Today, MIBFA has support for real-time pricing, tools for portfolio management, deeper market information, and multi-asset class support. FactSet has also given the firm access to tools for making research more collaborative via RMS, and for identifying areas for improvement in the overall book of business with more extensive portfolio management support.

According to Reddy, "The differentiator for us was how the information is presented and how we interact with it. FactSet is an easier tool to use to digest and integrate the information from the different sources. So, it makes the comprehension much easier. I must admit the FactSet team was very patient with us. We have a very large team, which means getting everyone up to speed was no easy task."

Based on the value FactSet has added to MIBFA, Reddy intends to continue to evaluate opportunities to incorporate more solutions.