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Quandl celebrates growing standardisation of data across the ETF industry

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ETFs are justly celebrated for their transparency but Abraham Thomas, Chief Data Officer and Co-Founder of Quandl believes that it can be difficult for investors to view or trust underlying ETF holdings across their entire portfolio.

ETF holding data matters and data visualisation at the portfolio level is critical, from the perspective of a data expert, says Thomas.

"Quandl is in the business of looking for unusual and untapped data that can be used by investors," Thomas explains. "The traditional institutional investor world looks at financial statements, market price, economic indicators, but that's not complete as investors realise they can get more insight from more unusual sources of data such as credit card details or shipping manifests. We go out and look for unusual and obscure data and bring it to our audience, which is typically institutional investors, hedge funds, banks and so on."

Quandl has spent a decade tracking down alternative data and is now owned by Nasdaq.

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[Foreside's Hoopes looks back over 'interesting year' \(/2020/10/19/291052/foresides-hoopes-looks-back-over-interesting-year\)](https://www.etfexpress.com/2020/10/19/291052/foresides-hoopes-looks-back-over-interesting-year)

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[Apex to provide middle office solutions to fixed income ETF provider Tabula \(/2020/08/05/288259/apex-provide-middle-office-solutions-fixed-income-etf-provider-tabula\)](https://www.etfexpress.com/2020/08/05/288259/apex-provide-middle-office-solutions-fixed-income-etf-provider-tabula)

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[T Rowe Price appoints State Street as service provider for active ETFs \(/2020/08/06/288326/t-rowe-price-appoints-state-street-service-provider-active-etfs\)](https://www.etfexpress.com/2020/08/06/288326/t-rowe-price-appoints-state-street-service-provider-active-etfs)

ETFs are a really interesting story or even set of stories as ETFs evolve," Thomas says. "When they first came on the scene, there was this perception that they were focused on retail investors and offered completely passive, low cost alternatives to mutual funds but that is simply not true anymore."

Thomas comments that ETFs are increasingly used by institutional investors because they offer so many advantages of liquidity and access.

"Active ETFs are becoming more and more popular and a big reason institutional investors like them is because they allow them to focus on specific factors or attributes," Thomas says. "Single company investments have all the idiosyncratic risks of the company but ETF providers and customers are realising that there are so many different slices and sectors, they can slice and dice ETFs to zoom in and hone in on the precise economic variables that you are interested in, which is what hedge funds do with a very precise thesis. Now an ETF has that level of refinement, it is super powerful."

Thomas comments that the stock indices that underly ETFs are now largely based on standardised audited data, the GAAP principles.

"We take it for granted now that public companies have GAAP accounting numbers, but 50 years ago it wasn't the case. It was a mess and much harder to do a fundamental analysis of companies," he says.

"ETFs are at that stage right now in that a lot of ETFs offer fabulous economic opportunities but the data side is not as mature as the product side with no harmonised reporting, or even a defined line between active and passive.

"As ETFs become more commonly used, they will want harmonised and standardised data which is legible for institutional investors. It's still a work in progress."

Quandl is an aggregator platform for data, working with various data providers, including TrackInsight, to put together reference quality ETF data.

"Reference equity ETF data is available but reference quality ETF data is still somewhat rare," he says. "It's more about the actual constituents which are a broad spectrum, including the index rebalances and so on. It's a bit random and not as harmonised and structured as institutional investors might expect."

Thomas understands that achieving standards might impact on performance but says: "If it's a free for all, it's a trading shop in disguise."

Calling for more order, he says: "Good data is a necessary component of any mature eco-system so this makes it exciting and challenging at the same time."

He believes that equilibrium will be reached. "Good behaviour and best practices are always rewarded," he says. "Customers like institutional products that are well documented, follow clear and understandable guidelines rather than something more opaque.

"Over the medium to long term the industry will tend to create their own guidelines and become more transparent. We have found that providing high quality data on which to make decisions the happier our customers are."

Beverly Chandler
MANAGING EDITOR

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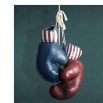
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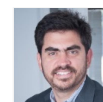
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