Project Proposal

Group 3

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Dataset: The U.S. Securities and Exchange Commission (SEC). *This is a public data set with unlimited rights to use*

Project Description: Investment firms play an integral role in building their clients' wealth, guiding them in achieving long-term financial goals and navigating complex financial situations. The SEC identifies a high-net-worth individual as an “Accredited Investor”. Someone who has a net worth of at least $1 million or an income of at least $200,000 per year. They could also be someone who holds a financial professional license. We will be looking at how the distribution of high-net-worth individuals (HNWI) and strategies used by investment advising firms, vary based on firm size, location, and compensation structure. This will provide insights into how a firm attracts and retains HNWI and how they impact financial outcomes.

Data Collection: We will be collecting our data from the official SEC website and using the Form ADV to identify the fields in the data set. This data set is updated on a monthly basis. For this project, we will be using the most recent data from February, 2025. There are 15,964 rows and 469 columns that provide comprehensive detail on different investment advisory firms.

Questions:

Main Question: What key factors influence advisors' practices and high net worth client distribution across firm sizes, locations and compensation models?

Research Questions:

1. What types of organizations catered to clients with a high net worth? What attributes (eg., size, geographic location, or assets) correlate with their ability to attract high net worth clients?
2. Are smaller investment advisory firms more likely to specialize in niche investment strategies than larger firms?
3. Are certain regions or states more likely to have investment advisers catering to high-net-worth individuals? What patterns can be observed from the principal office locations of these advisors?

*FYI: Questions may be subject to change as we progress in our analysis. The dataset is large enough to allow this.*