Shanzhai

Alternative Investment Strategies for Retail Investors

**The team**

Shanzhai is composed of two finance students and three engineers. We are seeking to disrupt the finance industry by introducing alternative investment strategies to diversify a retail investors’ portfolios.

**The Concept**

* Alternative assets make around 50% of the assets on the market, however regular retail investors are unable to access that part of the market.
* We offer means to invest in alternative assets, allowing retail investors to diversify the risk of their investments while sustaining great returns.
* We generate portfolios that mirror hedge fund performance and offer investments into consumer credit, precisely P2P loans.
* These solutions are targeted to  retail investors, which form 1.77 trillion dollars in investments in Canada.

**How it works:**

We used machine learning models in order to build custom ETF portfolios that mimic famous hedge fund strategy indices.  In addition, we created bank level credit risk models to evaluate the risk and expected return of different P2P loans. These solutions will be offered on our digital platform, which is hosted on Microsoft Azure.

These funds will help investors diversify their investments and obtain greater returns for far less risk. Diversification is key to investors to weather through bad market cycles.

**The Business Plan:**

**Competition**

The biggest competitors in the asset management industry are:

* Betterment: One of the best wealthtech companies in the US, Betterment uses advanced models such as the Black Litterman to offer state of the art portfolio allocation advising. Unfortunately, no alternative assets are offered.
* Vanguard: One of the largest ETF provider, Vanguard offers a diversity of product at low cost with a 0.35% management fee.
* Fidelity Go: Being Fidelity’s robo advisor, it offers an online advising experience with all the funds of Fidelity.

**Business Model**

Our business model is a fee of 0.25% for all assets invested on our platform. The amount of global assets under management is 106 trillion dollars ; this represents our total addressable market. Our serviceable market focus on  assets under management in Canada, which is 1.77 trillion dollars. Under our fee structure, reaching 1% market penetration would generate 44 million dollars, and 0.1% penetration giving 4 million in revenue.

**Additional Information:**

Our statistics were taken from the investment funds institute of Canada and their research on the canadian investment funds industry.