

# smart*alpha*

Data and portfolio management platform  
dedicated to quantitative indices

February 2017

Confidential

Operated by QuantWeb Limited

WWW.SMARTALPHA.IO



*Since 2008, investors have shifted more and more assets from active management (hedge funds, mutual funds) towards passive management (quantitative indices)*

Bloomberg ▾

Calpers to Exit Hedge Funds, Divest \$4 Billion Stake

The California Public Employees' Retirement System plans to divest the entire \$4 billion that it has with hedge funds, saying they're too expensive and complex.

INVESTORS

MARCH 17, 2015

## CalPERS's Journey into Smart Beta Has Boosted Equity Returns

The Sacramento-based pension fund had \$28 billion allocated to alternative beta at the end of 2014. Its targeted exposures can be fundamental company factors such as book value, earnings, revenue, sales, dividends and total number of

Example. US market	Stock selection	Weighting scheme	Return type
S&P 500	500 biggest US companies	Capitalization weighted	Benchmark
<b>Smart Beta index</b>	500 biggest US companies	Risk weighted	Mutual funds
<b>Risk Premia index</b>	500 biggest US companies	Long US Smart Beta, Short S&P500	Hedge funds

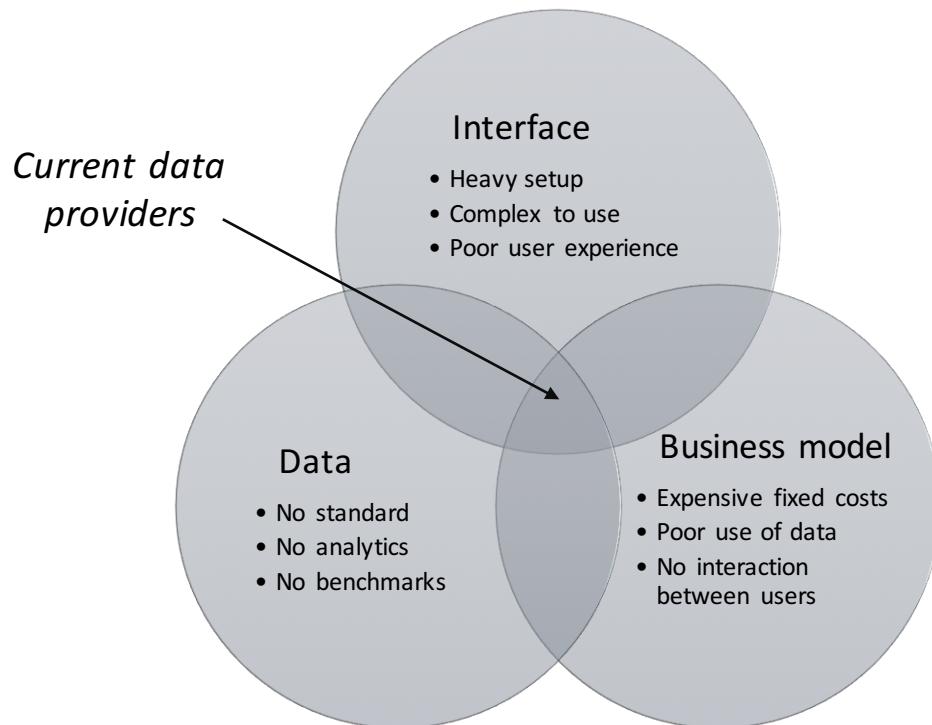
# Market

**The custom indexing business is growing exponentially:**

- Well over 5,000 **risk premia** indices on the market already, investment professionals have to spend lots of time and resources studying new strategies – usually sourcing their info directly from providers
- BlackRock forecasts that the value of **smart beta** ETFs alone will grow from US\$282bn in 2016 to \$1 trillion by 2020 and \$2.4 trillion by 2025
- 72% of asset owners worldwide have implemented or are actively evaluating **custom indices** (FTSE Russell survey 2016)
- But, asset owners say more analytical tools are required to better support the custom index investment process (FTSE Russell survey)
- That means investors need suitable benchmarks and other pre- and post-trade tools to fully embrace custom indexing
- Each institutional bespoke OTC trade generate at least 100kUSD, and up to and 50mio USD/year for the index provider. Very often aggregators (fund houses, consultants, fiduciaries) are also involved in the trade



# The problem



While **risk premia** and **smart beta** are becoming mainstream investment strategies, **existing providers of financial data are behind the curve.**

Traditional data systems are unsuited to innovative new investment solutions:

- Usual providers require heavy & expensive IT setups (US\$2,000 per terminal)
- Users need to be experts to handle them
- Poor user experience
- Potential conflicts of interests as providers are not pure-players
- Inadequate marketing tool for index providers



**The result:** Ongoing cuts in data subscriptions

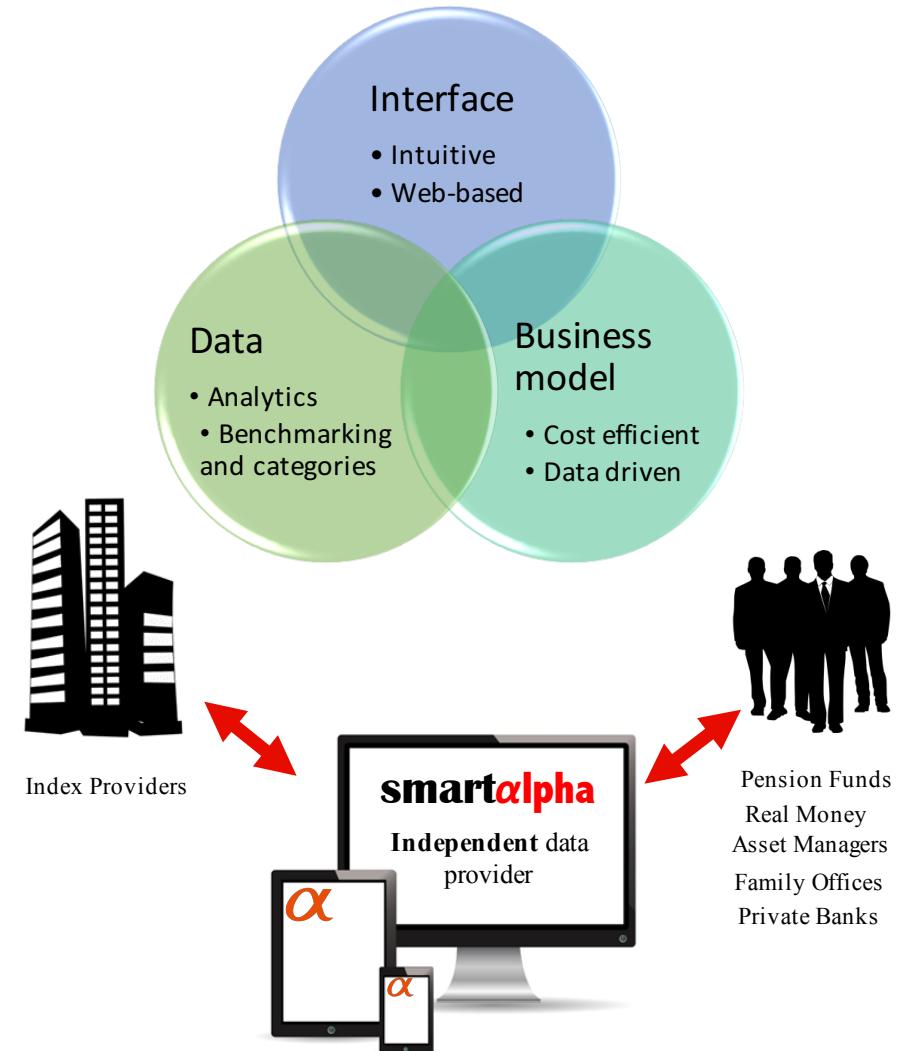
Security	Description	Category	Sub-Category
1) FXCARRY Index	Deutsche Bank G10 FX Carry Basket Spot	Index/Stats	Miscellaneous Indices
2) USBBILL Index	United States Dollar / Brazilian Real Carry Re...	Currencies	Return Indices
3) 643 HK Equity	Carr. Wealth Holdings Ltd (Hong Kong)	Equities	Stocks
4) COVCORE Index	CNI Commodity Index (China)	Indices	Commodity
5) GSIVWOT Index	Goldman Sachs Volatility of Volatility Carry Se...	Index/Stats	Miscellaneous Indices
6) CARRYB4 Index	CHIX Emerging Markets Carry Strategy Index	Index/Stats	Miscellaneous Indices
7) GSIVHOT Index	Goldman Sachs Volatility of Volatility Carry Se...	Index/Stats	Equity Indices
8) GSIVWOT Index	Goldman Sachs Volatility of Volatility Carry Se...	Index/Stats	Miscellaneous Indices
9) AXCSAZA LX Equity	AZ Fund 1 Carry Strategy Asia Excess Return Ind...	Index/Stats	Miscellaneous Indices
10) FIXCTASIA Index	Bloomberg Financial Conditions Asia Carry Tra...	Index/Stats	Excess Returns
11) BXIBCPU Index	Barclays Bond Futures Carry Index	Index/Stats	Miscellaneous Indices
12) BXIBPUS Index	Barclays Bond Futures Carry Index	Index/Stats	Open Ended Funds
13) GSIVM25 Index	Deutsche Bank G10 Maturity 25 Year Carry Series 2...	Index/Stats	Miscellaneous Indices
14) BRUBRUGO Currency	Deutsche Bank G10 Brazil Real Carry Index	Currencies	Return Indices
15) GSIVGOC Index	Credit Suisse Global Carry Selector CS	Index/Stats	Miscellaneous Indices
16) ALPCF1U Index	JPMorgan G10 FX Carry USD Index	Index/Stats	Equity Index
17) JCMFB0U Index	J.P. Morgan Carry Beta 0.0000000000000001	Index/Stats	Commodity
18) GSIVWOT Index	JPMorgan G10 FX Carry Vol. Carry Index (1.0%)	Index/Stats	Miscellaneous Indices
19) HONISOCX Currency	Mexican Peso / United States Dollar Carry Ret...	Currencies	Return Indices
20) CRHOMIC FP Equity	CPR Asset Management - CPR None Carry (EUR...)	Funds	Open Ended Funds
21) XALCCI LX Equity	Xala Credit Curve Carry (Luxembourg)	Funds	Open Ended Funds
22) BPNWSUE Index	Barclays Benchmark World Carry Excess Return ...	Index/Stats	Equity Index

CARRY	
FUNCTIONS	Yield and Spread Analysis : Cost Of Carry
YAS	Carry Trade Indices
FXAT	Specifies carry return Calmar ratios
WCRS CA	Currency Carry Return Rankings
WCRS SH	Specifies carry return Sharpe ratios
WCRS SD	Specifies carry return Sortino ratios
More Functions...	
SECURITIES	Cit Commodities Brent Vol Carry Index (Close)
COVCODE Index	Deutsche Bank G10 FX Carry Basket Spot
FXCARSPI Index	United States Dollar / Brazilian Real Carry Return Index
BRUBRUGO Currency	Carry Wealth Holdings Ltd (Hong Kong)
GSIVM25 Index	Cit Commodities Pure Brent Vol. Carry Index - 5 (Close)
COVCORE Index	Goldman Sachs Volatility of Volatility Carry Series 7 Excess Return Strategy
GSIVWOT Index	Goldman Sachs Volatility of Volatility Carry Series 7 Excess Return Strategy
More Securities...	
SEARCH	Search for 'CARRY'...
SEARCH CARRY TRADE	Currency Carry Trade : Definition
SEARCH CARRY	Carry : Definition
[Search for 'CARRY'...	

# Our solution

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- Easily-accessible data on all formats of custom indices
- We provide suitable benchmarks and analytical tools
- Open-interface platform that is **web-based** ([www.smartalpha.io](http://www.smartalpha.io)) and user friendly, offering simple navigation
- Investors can filter searches to quickly find relevant strategies
- Users can build and manage portfolios, and publish them on the platform, specifying who will be able to access them
- **No expensive fixed costs:** affordable, cost-efficient memberships
- Index providers upload their indices to market their products. The platform facilitates interaction between users.
- Sophisticated platform that leverages **big data & machine learning**



# Team

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## Florian Garivier

### Co-founder and CEO

ENSTA ParisTech (France), UPM (Spain)

Florian has 11 years' investment banking experience, having held senior positions at BNP Paribas, Citibank and Julius Baer.

Strong sales background related to quantitative investment strategies, and an extensive network among institutional investors around the world.



## Laurence Fauchon

### Co-founder and COO

ENSTA ParisTech (France),

MSc of Maths Applied to Finance (Paris VI El Karoui)  
Laurence was with BNP Paribas' quant team in Hong Kong, supporting the equity and derivatives trading floor, particularly the exotics trading team. Her responsibilities included mathematical modelling for exotics books and programming in the in-house pricing library.



## Guillaume Subias

### Business development

Master of Finance ESCP Europe, UCLA

Former sales manager at Barclays Capital, BNP Paribas and Kleinwort Benson

Investment specialist with over 18 years' experience in financial markets across major asset classes, as well as Private Equity and Life Insurance income solutions.

## Guillaume

### Platform

More than 10 years' experience managing IT teams and projects in Europe and Asia

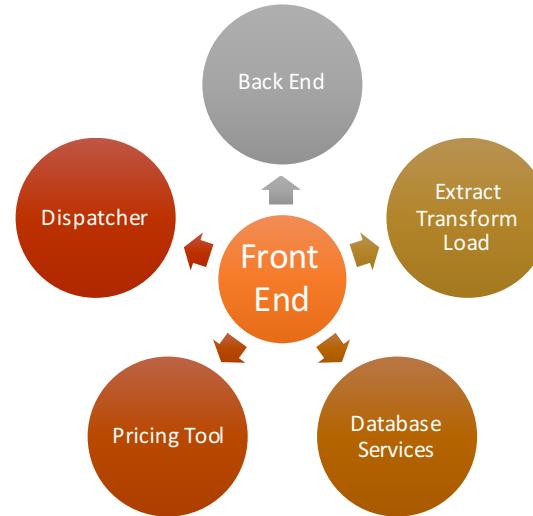
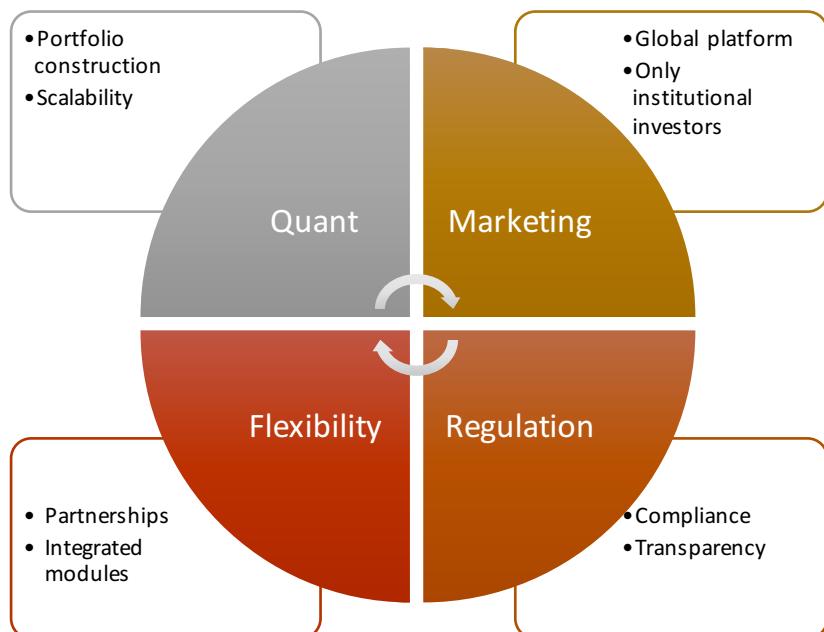
## Lead Quant

### Algos and calculations

Quant index specialist currently working for a market leader

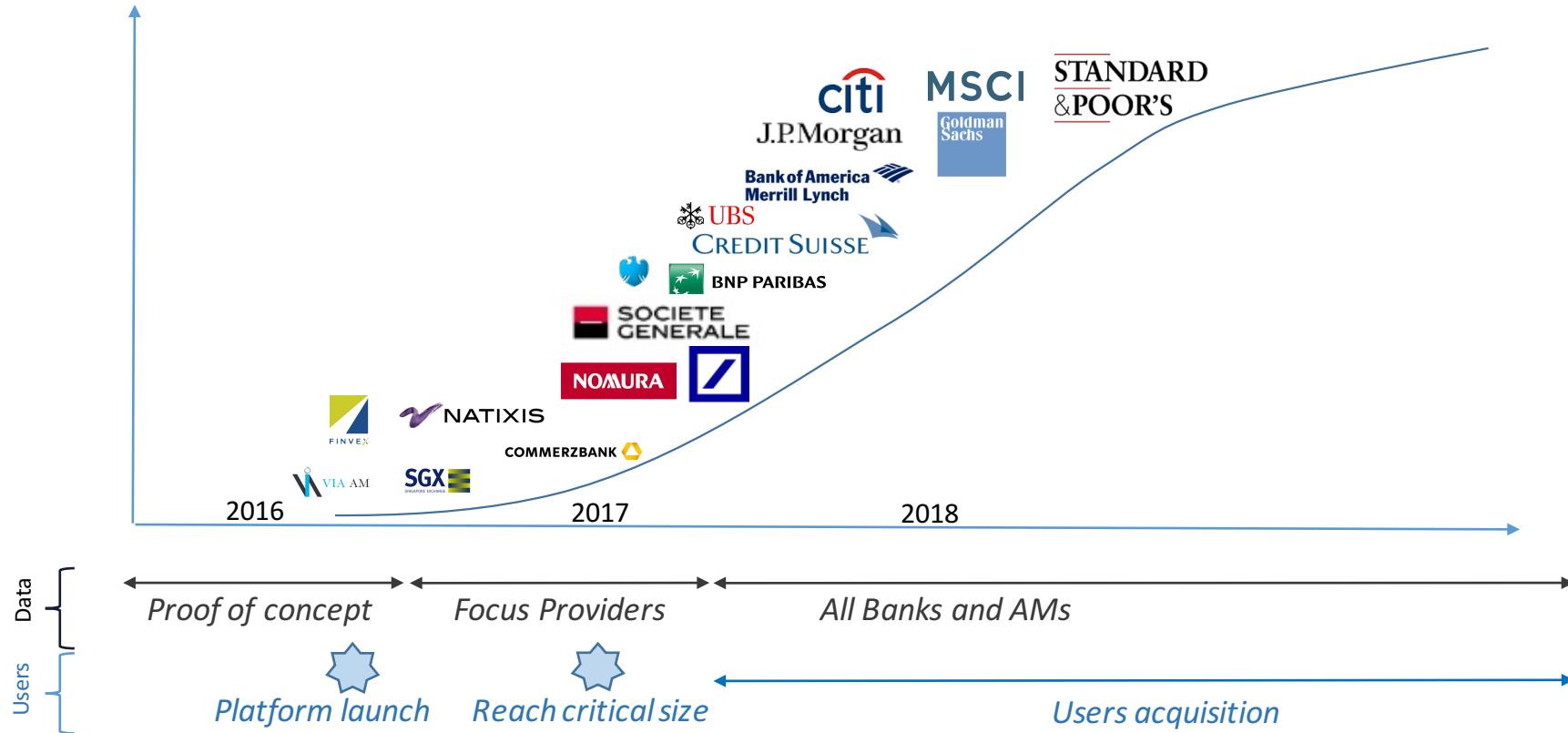
# The platform

- Quantweb is a private limited company incorporated in Hong Kong in April 2016
- SmartAlpha is a platform dedicated to quant strategies and institutional investors
- Flexible and adaptive marketing tools focusing on quant indices



- **SFE (Smartalpha Front-End)**: single page application with ideal user experience.
- **SBE (Smartalpha Back-End)**: web application in the MVC (Model View Controller) framework. Follows the TDD (Test Driven Development) method for a better reliability of the developments. Coded in a language which allows to release new features more quickly.
- **SETL (Smartalpha Extract Transform Load)**: Collects data feed in csv format via FTP server or dedicated mailbox. Transforms and stores the data in our in-house format.
- **SDB (Smartalpha Database Service)**: Layer on top of the database for an easy communication with the other services. Includes STS (Smartalpha Time Series Service) and SPS (Smartalpha Permission Service).
- **SPT (Smartalpha Pricing Tool)**: in-house pricing library which main specifications are reliability and performance of the computations. Stateless non-regression tests are run on a regular basis.
- **SDP (Smartalpha Dispatcher)**: manages the input requests towards SPT.

# Acquisition



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