

Connecting the dots

Our use of a proprietary Global Collaboration System at Allianz Global Investors

Equity research at Allianz Global Investors

Part 2

For professional
and institutional
investors only

Key takeaways

- Our Global Collaboration System “Investment Chatter” has become an innovative solution to connect research providers and users within Allianz Global Investors globally through a central platform.
- Since its launch eight years ago, there have been over 500,000 posts on Investment Chatter with hundreds of contributors. It has become a fully searchable “collective investment diary” – in effect the institutional “memory” of the equity platform
- One important milestone was the integration of all environmental, social and governance (ESG)-related research and information, thereby building ESG factors into the normal daily information flow on our investment platform and giving portfolio managers another way to monitor ESG risk in portfolios

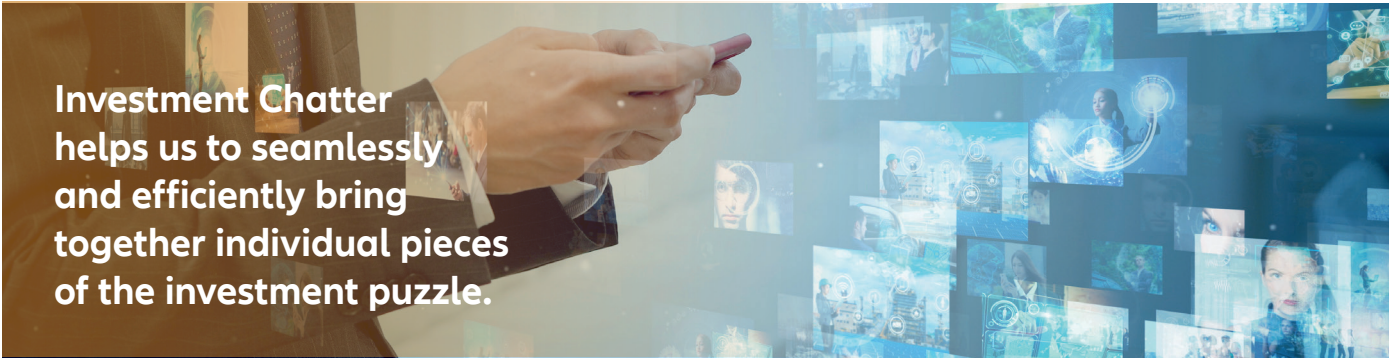
With our focus on active management, the efficient sharing of information underpins our fundamental equity platform. The information advantage helps to drive outperformance against markets. The way the equity platform at Allianz Global Investors exchanges information and collaborates on investment ideas has changed profoundly over the course of time.



A social network – and more

The backbone of our communication is our Global Collaboration System, widely called by our investment professionals “Investment Chatter”. Our original intention was to find a way to eliminate email communication. We envisaged a social media-type solution – a platform to efficiently and flexibly interact and collaborate throughout our research effort.

With Salesforce customer relationship management (CRM) solutions being adopted by our distribution teams, we introduced the “Chatter” function of Salesforce as a foundation for information sharing on the equity management side in 2012.



Investment Chatter helps us to seamlessly and efficiently bring together individual pieces of the investment puzzle.

At first sight, the Investment Chatter user interface does indeed have some resemblance to Facebook and the like. It is primarily a discussion thread. Some advantages immediately become clear. First, everybody can participate in a discussion, shifting the interaction from one-sided broadcasting to truly interactive engagement. Second, the full history of the discussion and collaboration is stored in one place and is accessible to everyone. That way, two main obstacles of the earlier email communication method are overcome.

However, our collaboration platform has evolved strongly over the course of time. From a technical point of view, it now has little in common with the original software solution. The vast majority of the source code is proprietary as we have customised the applications and built functions and a database for our specific needs. Today, Investment Chatter has become an innovative solution to connect research providers and users within Allianz Global Investors globally, through a central platform.

Enhancing communication across our investment platform

While central databases for the storage of research content might be common among asset managers, the Investment Chatter system is not just a read-only solution. Most importantly, it allows for collaboration in the research effort. While the system contains static information, the true benefit is its ability to enhance communication across the global investment platform. Rather than dialogue between analysts and portfolio managers occurring offline, debate and discussion regarding stocks occurs in a public social-networking forum. This allows greater input and transparency of opinion from all areas of the business, including traders, analysts and portfolio managers. The platform enables crowdsourcing of ideas and systematic research collaboration. In our view, connecting and interlinking information supports a deeper understanding and better-informed investment decisions.

With this in mind, Investment Chatter is not only a hub for real-time communication; it is also a repository of all the research that has ever been done on our global platform. Since its launch eight years ago, there have been over 500,000 posts on Chatter with hundreds of contributors. It is, therefore, a fully searchable “collective investment diary” - in effect, the institutional memory of the equity platform. Previously, if talented investment professionals departed the firm, their history of insights could be lost. Investment Chatter keeps these insights. The system enables investment professionals to share files and external reports and feeds in a structured and fully searchable manner. The database can be searched by person, stocks, portfolios and many other categories and key words, since posts can be flexibly tagged and interlinked.

Our portfolio managers are fully involved in the research process. Investment Chatter makes their analysis and assessment visible and accessible. It combines different viewpoints from numerous contributors. Depending on their respective area of focus and expertise, these contributors might assess the same stock differently. By looking at a company from different angles we can make better-informed investment decisions. Investment Chatter helps us to seamlessly and efficiently bring together these individual pieces of the investment puzzle.



It acts as the **central repository for research globally**, enabling a majority of our investment management teams to access proprietary research notes, valuation metrics, earnings, dividends, price targets and relevant sell-side analysis.



The system communicates updates electronically to the global investment platform, enabling portfolio managers **access to the latest information in real time**.



It also includes **information acquired through external systems**. All research is stored so the history of comments and recommendations for all companies under coverage around the world can be accessed, not just those covered by the local team.

Connecting the dots – the way we link our global resources is second to none



Source: Allianz Global Investors, 2020. Schematic illustration. The above information is used for the purpose to demonstrate AllianzGI's research technique, it is not a recommendation or investment advice to buy or sell any particular securities and should not be considered investment advice. Grassroots® Research is a division of Allianz Global Investors that commissions investigative market research for asset-management professionals. Research data used to generate Grassroots® Research reports are received from independent, third-party contractors who supply research that, as far as permissible by applicable laws and regulations, may be paid for by commissions generated by trades executed on behalf of clients.

Within Investment Chatter, ticker-tagging, hashtags and other cross-references add another layer of accessibility. This allows for easy identification of "read across" – i.e., assessing the impact that an apparently unconnected event might have on the stock under consideration. Following these connections might also lead to a moment of serendipity, as we identify new coherencies that may not have been apparent before. In a world where traditional sector or regional classifications are becoming increasingly obsolete, it is important to be able to see a stock in different contexts.

The system now hosts all relevant research information in one place. One important milestone was the integration of

all ESG/SRI-related research and information. While the ESG analysts provide their expertise in the consideration of environmental, social and governance (ESG) factors, the portfolio managers as the investment decision makers are fully involved in the ESG analysis process – enabled by Investment Chatter. ESG analysts also monitor several global themes to ensure we understand the "big picture" and can help portfolio managers analyse developments and trends on a cross-sectoral basis. All research, comments and conclusions are documented on Investment Chatter at both the stock and strategy levels, thereby building ESG factors into the normal daily information flow on our investment platform and giving portfolio managers another way to monitor ESG risk in portfolios.

Investment Chatter allows for ESG integration

Firm-wide, global discussion including change in investment view, ESG issues, voting and engagement

MSCI intrinsic rating feeding into the system

Internal ESG research to override

ESG analyst can review the case and give a final score

Analyst / PM initiate E, S, G score reviews

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Conviction lists of all investment professionals which signal their views on stocks they cover are also hosted on Investment Chatter, which means they are transparent to the entire investment platform. From Investment Chatter, conviction lists are also incorporated into our proprietary risk optimiser tool (Genie), and in doing so may be directly linked to the position sizing of stocks within a portfolio. Similarly, we share portfolio manager trade notices and short explanations of buy and sell decisions at the time of trading.

In summary

By enhancing the flow and transparency of investment-related information, we maximise the benefits of our global resources to the advantage of our clients.

For more information, please visit our website: www.allianzgi.com

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