

## Brooks Macdonald: BITA Monitor

How Brooks Macdonald lightened  
the load for its investment committee

case  
study

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# No heavy lifting - How Brooks Macdonald lightened the load for its investment committee

**BITA Monitor and BITA Star have been deployed across 60 advisers responsible for 7,000 client accounts, with a total assets under management of £4.2bn.**

Brooks Macdonald has logged some impressive growth figures for 2014, winning £215m in net new business in the first quarter alone. Organic growth has been bolstered by the recent acquisitions of Levitas Investment Management Services and DPZ Capital, and strategic partnerships and new office launches have also been coming thick and fast.

Against such a backdrop, most institutions would be looking to deploy their senior management team's time very carefully indeed - and Brooks Macdonald is no exception. Luckily, as a discretionary asset manager there was one very obvious time saving the firm was able to make: streamlining investment oversight.

Like the rest of the industry, Brooks Macdonald is under increasing pressure from the regulator to document immaculate suitability and risk management processes; like a growing number of its peers, the firm has chosen to do so by bringing in BITA Risk to independently monitor its client portfolios. But while it's hard to overstate the comfort which comes from having robust evidencing in place, Brooks Macdonald is reaping far wider rewards from implementing the system.

Fund management veteran Jon Gumpel is one of the three directors who founded Brooks Macdonald Group at the start of the 1990s. He also sits on a six-strong investment committee whose efforts have won the asset manager a default 5-star rating for its bespoke portfolio service (it sets strategic asset allocation guidance by asset class and geography). Given his vantage point, it's no surprise that he is particularly pleased with the business benefits the BITA Risk rollout has delivered in addition to the core aim of tightening up compliance. First among these are "massive time savings" for the investment

management committee. "Rather than trawling through sample data in the hope that it's representative and spending a lot of time doing that we now have full information provided straight to us quickly and straightforwardly," said Gumpel. "I don't think it would be manageable otherwise with the number of clients we've got."

## improved consistency

Operational efficiencies are always welcome, but Gumpel is just as excited about the impact of



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the BITA Risk implementation for clients. "It's improved the consistency of portfolios and thus improved performance and client outcomes," he said. In fact, Asset Risk Consultants actually came to Brooks Macdonald to praise the uplift in consistency which followed changes being made to the firm's investment management systems and BITA Risk's tools being deployed.

The BITA Risk rollout has delivered very visible benefits in the form of efficiency gains and more consistent portfolios, but Brooks Macdonald - like several other BITA Risk clients - can now also lay claim to 98% portfolio compliance as a result of deploying BITA Risk. This, as Gumpel points out, "is a powerful starting position to be in". It is also making everyone sleep easier at night - investment committee, intermediary

clients and portfolio managers alike. The committee have an unprecedented depth and breadth of analysis at their disposal, while IFAs simply like to know risk is completely taken care of, Gumpel said. For their part, portfolio managers are reassured by knowing that if one of their clients' portfolios gets out of line they will be notified (the software generates traffic light reports which identify investment policy exceptions to be addressed).

Delving deeper into BITA Risk's reception by front-line staff, Gumpel said that securing buy-in was easy as soon as portfolio managers saw



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the benefits of the system. "They rapidly came on side," he said. "Instead of seeing it as an additional item that they have to deal with, and a potential problem, they're actually seeing it as an additional resource and a problem resolver." The fact that BITA Risk made extensive adaptations to the software to suit Brooks Macdonald's investment model and its portfolio managers' way of working will have helped immeasurably here too, of course.

## bespoke for bespoke

Brooks Macdonald first engaged BITA Risk in 2011 and then collaborated on development for 18 months before going live at the start of 2013. The result, Gumpel says, is "a bespoke system which fully meets our individual needs". Among these adaptations were additional tests for asset allocations and holding size, but Brooks Macdonald also wanted to monitor its buy list of funds. But perhaps the most interesting addition to the software was with the BITA Star risk profiling and investment proposition module, which Brooks Macdonald uses in a rather different manner to most wealth managers

as it eschews risk questionnaires at present. The firm needed to be able to accommodate clients who don't fit the standard bespoke portfolio service and need something more specific. The solution was to make portfolio managers able to note when a client is a special case and input a bespoke asset allocation, which – once it's been signed off by the investment management committee – then replaces the standard one.

For Gumpel, this kind of workaround is typical of BITA Risk's "helpful and flexible" approach. He also fully appreciates the virtues of engaging a provider with both technical skill and investment management experience. (Daryl Roxburgh, global head of BITA Risk, is an industry veteran). But what really convinced Gumpel – and continues to do so today – was the quality and scope of analysis the software opened up. "It offered a number of attributes which were hard to find elsewhere; I don't think there was a nearest peer at the time," he said.

In summing up what BITA Risk has delivered for Brooks Macdonald, Gumpel uses a word which seems to be coming up more and more in the way the industry thinks about regulation and conceptualises itself: "proper". Firms are increasingly talking about doing things well because they should be done well, and not just because of the threat of regulatory censure. Gumpel is definitely in this camp. "BITA is very much an independent tool and stands on its own two feet," he said. "It's really about proper portfolio monitoring and having a tool which enables investment managers and the investment committee to properly monitor portfolio compliance."



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There are five key problem areas corfinancial looks to solve through its primary software and service offerings:

**BITA Risk** provides end-to-end private client suitability, portfolio management, risk, ESG and monitoring oversight solutions; brought together in BITA Wealth to mirror and systemise the investment process of wealth managers and private banks and available individually for CIO and investment teams.

**SureVu** empowers buy- and sell-side firms to efficiently monitor and track security trades throughout the settlement lifecycle, enabling users to proactively manage and oversee settlement exposure.

**Salerio** is a post-trade processing solution that enables asset managers, hedge fund managers and securities/fund services firms to automate the flow of securities and treasury trades from matching through settlement.

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