

CASE STUDY

How a multi-billion Italian Pension Fund uses eVestment to gain efficiencies in manager research and monitoring

Italian Pension Fund uses eVestment to gain efficiencies and transparency in manager research and monitoring.

We spoke to the Head of Public Markets at this multi-billion Italian private pension fund to learn how he and his team are using Nasdaq eVestment to streamline their research and find the best managers for their portfolio.

Filtering the Manager Universe

The institution's investing goals center around growth to meet current pension liabilities. To meet these goals, the team is allocated a risk budget that is invested into strategies and managers that meet the conditions of their investment policy. As such, filtering down universes and ensuring investment decisions are within the policy threshold is a foundational need:

"We are using eVestment across our global investment program; global equities, global bonds and credit, and also within our Emerging Markets allocation. But when choosing managers we have to demonstrate internally that they are not only the best strategies available, but those that are in line with the thresholds of our investment policy: whether this is AUM, track record, or, for example, reputational risk of the manager."

The breadth and depth of the manager data in eVestment enabled this group to run this process more efficiently and also gain access to more data than they previously had:

"We have more data on managers than before using eVestment. We can easily access all the information points that we need to screen the market and make a short list. So with eVestment the process from RFP to the final step before due diligence is easier: we can collect the data and information necessary to find the best managers for our shareholders."

Gaining Greater Transparency

When surveying a universe of managers and products, whether or not a manager is populating eVestment is a key factor in the decision to include them in a short-list and an indicator of quality and transparency:

"If an asset manager doesn't use eVestment, we strongly suggest it. If they refuse, we assume they are not the best manager to meet our criteria and are not inline with best practices."

In addition to the efficiencies gained by using eVestment, it is also a critical tool for the team to vet claims of managers.

"If a manager does populate eVestment then we can check the information is consistent with marketing materials and if they are being truly transparent. Not all managers understand the value in transparency but eVestment's database is one of the ways to be more transparent with anyone, including asset owners."

Ensuring Insight into Existing Investments

As their investment holdings evolve, the team also find eVestment valuable in helping them monitor and keep track of the managers within their portfolio to ensure they still meet their investment policy.

"With eVestment we can monitor our existing managers much better. Having access to the data on our managers on an ongoing basis helps us understand if there is a change in strategy, or style drift, that crosses our policy thresholds."

As data is continually updated by managers in the eVestment database, the team benefits from ensuring previous decisions can be justified and a consistent research process is present.

"With eVestment we can replicate the same search methodology each time; in 5 years if we wanted to look back at the managers in our portfolio and show why we chose them and what their performance is now, that is not a problem because everything is up to date. We could demonstrate that the strategy we selected was the best strategy. This is crucial to us because we want to be direct accountability. We want to be 100% transparent in this process."

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Nasdaq Asset Owner Solutions delivers transparency and decision support throughout the investment lifecycle by uniting eVestment, the industry's most comprehensive institutional data, with true multi-asset class portfolio analytics solutions from Solovis.