

Reliably Actionable Investment Analysis Of Yourself

It is important to distinguish the answer to the question “How successful were each of the actually implemented controllable decisions that differentiated the fund from the benchmark?” from the question “How much impact did each designated market factor have on the different results obtained by the fund and the benchmark?”

Over time, the answer to first question tells portfolio management how good they are at each of the types of investment decisions they implement. It informs them about the success of what they controlled. Then they can decide to do more of what they are good at and change or do less of what they are bad at on the supposition that their consistent skill or lack of it is inherent. The answer to the second question informs them about the past uncontrollable impact of the market. But the investment team cannot make the market repeat itself and consistent market inefficiencies have a tendency to be arbitrated away.

Also, as modern portfolio theory stresses, it is crucial to understand not only returns but also to understand the concomitant risk that the fund took to obtain those returns.

Opturo provides the best of breed analysis of the impact of each of the actual decisions that created investment results. Where other analytic offerings often settle for vague and problematic approaches to measuring the impact of imprecisely described controllable decisions only upon active returns, Opturo has constructed demonstratively valid models for reliably evaluating the impact of each implemented type of investment decision upon every specifiable performance, risk and risk adjusted return measure. That is why Opturo uniquely provides the financially meaningful analytics that investment professional applying any investment process in any market can use to understand their own abilities and the consistency of those abilities and not just information about recent market tendencies.

The General Manager of a baseball team would be inadequate if he ignored information about how well each of his batters did in getting on base versus getting a home run against left handers, and tried to win just using information about the statistics describing the mechanics of pitchers. For, only knowing how good each pitcher is at each type of pitch, the GM would not be able to make informed decisions as to which batters to put in to bat so as to have the best chance at being successful in specific types of situations. The GM most importantly needs to know about each batter’s skills in various kinds of situations, not only about the mechanics and general success rates of each pitcher they will hit against.

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