

Where Morningstar Meets Tripadvisor

Stockholm (HedgeNordic) – From their base just outside Tel Aviv, the two brothers Oren and Yuval Kaplan set out to revolutionize how fund managers and investors may find another from the other side of the world. Dubbed as “where Morningstar meets TripAdvisor” by the Financial Times (we also believe to find some sprinkles of a Tinder-like application), SharingAlpha represents a go-to place for both fund managers and selectors.

Platform Members Pick the Future Winning Fund

Currently the world’s largest platform in terms of the number of professional fund buyers contributing to fund ratings, SharingAlpha offers active fund managers “the possibility to grow and scale more rapidly and effectively,” according to Oren Kaplan. “This is done by moving away from the current rating model where advisors work in silos to a more centralized approach in which their views are shared on a dedicated platform,” he explains.

Under normal circumstances, a strong-performing South African fund with limited marketing and sales resources may struggle to find investors outside its home country. Even then they would go along the well-trodden paths to the financial hubs in London, New York or Hong Kong. This is where SharingAlpha can step in and democratize the “investor meets fund manager” process, thanks to its wide network of professional fund buyers and their ratings.

There are several benefits fund managers can extract from SharingAlpha’s fund ratings platform, one of which is the exposure through the qualitative rating their funds receive from professional fund investors and analysts. Fund selectors rate funds on three parameters expected to influence future performance: **People** – the experience and competitive edge of the fund management team; **Price** – the costs associated with the fund; and **Portfolio** – the way the strategy is managed in terms of risk management, ESG practices, among others. Each fund then receives a single rating that reflects fund selectors’ combined expectations on the three P’s, a process we are familiar with from the likes of Morningstar and others.

SharingAlpha also “offers fund providers the opportunity to engage with professional fund buyers via our ‘Meet the Managers’ sessions,” adds Oren Kaplan. Last but not least, fund managers get access to the market intelligence data collected on the SharingAlpha platform. All of these benefits stem from SharingAlpha’s network of professional fund investors and analysts.

Indeed, one of the objectives of the SharingAlpha ratings platform is to put the spotlight on unknown, smaller and emerging players in the active investment management arena. According to Oren Kaplan, “no single research team can cover a wide range of funds available and thus typically focus their efforts on a very limited number of funds, those with an excellent track record that have become blockbuster or ‘mega funds’.” The Nordic hedge fund space, where a large part of assets under management are concentrated to a few big names, is a case in point. SharingAlpha’s model, however, “offers the same chances to all fund managers, be they large international firms or small local boutiques.” Simply put, you can vastly increase your chances of creating a bigger radar blip on the screens of asset owners and investors.

Fame the Winners, Don’t Shame the Losers

SharingAlpha attracts professional fund buyers to use and interact with the platform by offering them a series of unique advantages. “We offer professional fund investors and analysts the

opportunity of building a proven track record of their fund selection capabilities,” Oren Kaplan tells HedgeNordic. “Now, for the first time, fund specialists that select fund managers also have an opportunity of standing out among their peers.”

The platform offers fund selectors the possibility to build a proven track record through two ranking mechanisms. “One is based on the performance of a virtual fund of funds” created by fund specialists on the SharingAlpha platform. The other mechanism relies on “the value of the fund specialists’ commentary as voted by their fellow community members.” The better the track record of a professional fund buyer, the higher the weight of his or her rating in the calculation of fund ratings becomes. “We provide a higher weighting to raters that have a better track performance on the platform,” summarizes Oren Kaplan.

“The innovative idea to rank the raters and by doing so, offering them enough motivation to share their opinions, has turned SharingAlpha into a real game-changer in the industry,” Oren Kaplan tells HedgeNordic. More importantly, with the members of the SharingAlpha platform determining which funds to rate and how the funds are rated, many issues surrounding potential conflict of interests that are present in the traditional rating industry are eliminated.

SharingAlpha’s Future

Based on a methodology widely used in other industries, “SharingAlpha enjoys a much more scalable rating model and has a good chance of becoming the market leader in a relatively short period of time as the pace of change has rapidly increased nowadays,” emphasizes Oren Kaplan. The SharingAlpha platform includes members from 74 countries, including all the Nordic countries, with over 12 thousand professional fund buyers currently serving as members of the growing community.

SharingAlpha “offers professional fund buyers a way to improve their personal brand, and thus their career prospects and complement their fund research activities by leveraging on insights gathered from a large and growing group of specialists,” according to Oren Kaplan. “Obviously, the longer the track record, the more significant it becomes; hence, professional fund investors are incentivized to start building their track record without delay,” he emphasizes.

“Using the power of the internet, we are able to scale and offer forward-looking ratings on funds from our community of professional fund investors,” Oren Kaplan comments on the scalability of SharingAlpha and closes “we plan on spending further resources on growing internationally and see the Nordic region as one of the places we should focus our efforts.”