

Scaling Dynamic Asset Allocation with Jacobi

For many investors looking to implement Dynamic Asset Allocation (DAA) across their portfolios, the challenge isn't forming a market outlook—it's translating that outlook into actionable trades across diverse portfolios with varying investment universes, risk budgets, and unique constraints. Managing this process often involves navigating multiple systems and tools, leading to inefficiencies and potential errors. Jacobi can help streamline the process, offering an end-to-end platform that integrates every key step—from the creation of Capital Market Assumptions to determining trades. By centralizing workflows in a single system, Jacobi eliminates the need for siloed solutions, enhances collaboration, and ensures consistency across all stages of portfolio management.

The Top-Down CMA Framework

Jacobi's software empowers users to implement their own Capital Market Assumptions (CMA) framework, critical to ensuring your portfolios reflect your own market outlook and investment expertise. In Jacobi, you can define key inputs in our in-built simulation models, or implement your own return-generating process directly. Updating CMA assumptions is simple and easy, supporting the rapid creation of new forecasts in response to market moves if necessary.

Determining the DAA Tilts

Your market-aware CMAs can then be used in the creation of DAA tilts reflective of the current market outlook. This process is supported by both What-If portfolio analysis and portfolio optimization. Portfolio optimization can be a useful input into the DAA process, especially when combined with What-If analysis to capture more qualitative elements of the portfolio construction problem.

Storing DAA Tilts as Stand-Alone Objects

Jacobi's platform simplifies portfolio management by allowing users to store long-short DAA portfolios as independent, stand-alone objects. A single set of DAA tilts could be combined with a variety client SAs to easily determine the full look-through DAA setting for those clients. Where one-size-does-not-fit-all when it comes to DAA, these targets can be scaled across clients as discussed below.

Scaling Allocation Changes Given Unique Constraints

Jacobi's Scaling toolset takes DAA to the next level by streamlining the cascading of allocation changes to portfolios with different investment universes, risk budget or unique constraints. This ensures that all portfolios remain aligned with the overarching strategy while allowing for the necessary flexibility to meet diverse objectives.

Determine Trades

Jacobi finally enables investors to close the DAA loop by being able to determine the trades required to move client portfolios from their current positioning to reflect the revised market-aware DAA weights. These trades can then be exported from Jacobi and used to inform trading decisions.

To learn more about how Jacobi's technology can better enable the end-to-end Dynamic Asset Allocation process contact us today.

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