

Investment POD: A Sophisticated Investment Automation Platform That Stands the Test of Time



Site: investmentpod.com

Launched: 2017

Value proposition: Provider of a custom white-label technology platform for advisors with both asset and strategy diversification

The executive team: [Jacqueline Ko Matthews](#), Founder and CEO
Peter F. Matthews, Chief Investment Officer
[AJ Smith](#), Chief Technology Officer

Traditional investing is based on the time-honored tradition of valuing future earnings, a process that is highly dependent upon the assumptions that were used to make the allocations. To enhance returns, award-winning Investment POD has innovated an automated way to build a portfolio to enable wealth growth independent of market conditions, an approach that is transforming the industry. POD stands for Passive, Opportunistic, Defensive, which are the three different strategy types provided by the platform. Combining these strategies allows advisors to build a comprehensive portfolio that will have lower downside risk.

The concept of Investment POD belongs to Jacqueline Ko Matthews, founder and CEO of the company, and also to Dr. Peter Matthews, CIO. I had a call with Jacqueline to outline the history, the current state and offerings of the platform, and the trends that influence the industry today.



Jacqueline started her career on Wall Street working for **Goldman Sachs** as an investment banker. She was one of nine members of the pioneering team working under CEO Robert Rubin, who became US Treasury Secretary, spearheading the Asia Pacific investment banking business—Taiwan, China, etc. After that, she worked for several ultra-high-net-worth family offices, including that of US Senator Mark Warner. During this experience, she gathered the insights that now form the foundations of the Investment POD concept.

Peter is best known for starting a company called MINT, one of the largest managed futures hedge funds in the world. It's based on Peter's trading algorithm and performed 20% a year for 20 years straight without any losing years in the first 13 years. He created the mathematics behind the First Guaranteed Fund, which attempted to take the volatility out of futures, and won the Donchian Lifetime Achievement Award for bringing managed futures into the mainstream acceptable asset class by pensions and endowments.



They started Investment POD because everybody wants to create a portfolio that stands the test of time. They did a lot of research and built R&D to aggregate what Jacqueline used to do while managing the money of ultra-high-net-worth family offices and what Peter used to do at MINT. Below, we take a closer look at what actually drives this remarkable solution.

The concept

According to Jacqueline, managing ultra-high-net-worth family offices is a very expensive, labor-intensive, and tedious process, as only the ultra-wealthy can afford to have the whole team of staff. Lots of advisors face the same issue, as achieving strategy diversification is expensive, time-consuming, and requires sustainable expertise. To make the process simpler, the founders decided to employ technology.

“We created the industry's only multi-strategy automated investing platform, combining the best of both robo-automation and the demands that a high-net-worth individual requires for both asset and strategy diversification.”

The robo-advisors were trying to disrupt the human wealth manager by competing with them on price. Jacqueline believes that's a losing battle.

“We try to empower the wealth advisor, not disenfranchise them. Let's try to give them more tools in the toolbox. Thus, they'll be able to deliver things differentiating them in a highly competitive marketplace, as there is compression on fees.”

Investment POD aims to deliver dynamic indexing instead of passive indexing, and enables advisors to provide a highly personalized and uncompromised service of portfolio allocations allowing cost-effective scaling.

Ideal proportion: Passive, Opportunistic, Defensive

The company is focused exclusively on the B2B model. First of all, they customize the onboarding questionnaire for each advisory firm. The algorithms will produce a suggested POD combination.

POD is for advisors who are trying not to disenfranchise themselves or want to defend their 1% fees while still wanting to maintain a high level of service. Investment POD provides an open architecture integration of any custom or proprietary strategy, along with providing POD strategies. Broadly, the platform is designed to be fully personalized for clients and enables them to continue their normal course of business. The way it works provides an increase in advisor efficiency of 25% without increased expense.

[“We automate and streamline the whole process as the robos do for the advisors. It makes \[advisory clients\] more efficient from the client onboarding to the portfolio asset allocation, automated trading and execution, while the goal is to enhance the advisors’ productivity.”](#)

POD designates three core tenets of their strategic offerings, which can be easily combined with each other. There are three passive, three opportunistic, and three defensive strategies to choose from.

- **Passive** stands for traditional passive management, which is set automatically to rebalance once a year/quarter and tries to capture risk premiums by paying the lowest option.
- **Opportunistic** is a 100%-invested monthly rebalance that leans on the more active management side. It’s a momentum strategy that attempts to get out of losers and back into the winners.
- **Defensive** is designed to eliminate the influence of the major drawdowns passive buy-and-hold strategies sometimes experience. The risk is monitored daily.

Also, they have a POD Fixed Income and POD UPP (Ulcer Prevention Portfolio, which Investment POD became a 2018 Winner in the WealthManagement.com Annual Industry Award for Digital RoboAdvisor of the Year.

Advisory clients answer a custom designed questionnaire and the algorithms suggest a POD combination, which could be either a mixture of POD and an advisory firm’s in-house strategies, or just in-house strategies. Also, the platform provides the ability to create even more customized POD combinations based on statistics that show up in the POD simulator.

[“What we try to do is let the data speak for itself so that the advisor and the client can then make subjective decisions based on factual data that spins it in a very precise and easy-to-understand format.”](#)

Inside POD

The R&D of Investment POD is always looking for ways to bring advisors the most advanced, sophisticated, and cutting-edge strategies at low cost—they’re constantly researching and developing new strategies. At the same time, a lot of the requests come from user feedback. Advisors can have a unique POD platform customized to their needs

or share in the strategies and features of a community platform. Let's look at what tools and practices the company use to implement this.

Tech stack

The core of the product is built on **Java** and **Python**. Nevertheless, Jacqueline says, there are not just one or two languages behind the platform.

“It's many, many to make everything come together. I would say that our development team has to be well versed in [both] back-end and front-end, not just one or the other.”

Another crucial point the team pays attention to is the user experience, which should always be simple and easy to use.

Integrations

Currently, Investment POD is integrated with **TD Ameritrade, Schwab, and Interactive Brokers**, and is soon going to integrate with **Orion** and **Fidelity**. not trying to be all things to all people but to concentrate on providing a best-in-class comprehensive wealth management tool:

“Our goal is to not disrupt an advisor's current way of doing business. We try to fit [into] their ecosystem and then provide the value.”

For the same reason, they don't share their API with other companies and use it only for integrating with custodians, providing clients with better service.

Knowledge transfer

The employees don't necessarily have to come with a knowledge of finance and Wall Street, Jacqueline says. Usually, they're all experienced in their specific skill sets, while the financial knowledge will be trained while inside the company.

“It's a constant learning process. People who come and work for the team have to enjoy a very fast learning curve, being able to digest a lot of information, enjoy learning something new, being on the pioneering side of FinTech.”

About the leap of faith

The main challenge Jacqueline shared with me in being a pioneer in wealth management and FinTech is that it takes time for people to accept change. So, building something new and adoption is a slow and tough process. Companies need to be several steps ahead of the game and thinking about the long-term future, and they should also convince people that in the future they will feel more comfortable with the change.

“We always need to say, ‘Hey, there is an easier, better, cost-effective way that makes you more productive. It's going to make your life and the lives of your clients easier. Just give it a try.’ I think this leap of faith is the hardest challenge for us.”

Nevertheless, Jacqueline says, applying to the **ScratchWorks** FinTech accelerator gave their platform a powerful boost in market visibility. The company became a Season 1 Winner and got all the support they needed to surge.

“The three ScratchWorks firms are now our partners. They're kind of leading the validation of what we're doing, and we believe from the reactions so far that there's been [...] an overwhelmingly positive response.”

Takeaways

Investment POD is a great company that provides the world with a sustainable strategy set. What was once only a dream has now become a reality decked out in technology. I foresee an excellent future for this truly innovative company and definitely recommend it to advisors.



Written by Vasyl Soloshchuk, CEO and co-owner at [INSART](#), FinTech & Java engineering company. Vasyl is also the author of [WealthTech Club](#), which conducts research into Fortune and Startup Robo-advisor and Wealth Management companies in terms of the technology ecosystem.