

From Months to Days: How a Leading Global Asset Manager Transformed Muni Bond Trading with SOLVE Predictive Pricing

The Challenge

The firm's customized fixed income team faced a structural challenge common across the buy side: price discovery in the municipal bond market is slow, fragmented, and deeply manual. With more than 1 million distinct CUSIPs and most bonds trading infrequently or not at all, obtaining a reliable price for a given bond required significant time and expertise.

Portfolio managers served double duty as traders, spending hours on dealer calls and Bloomberg runs just to understand where a bond should trade. This left little capacity to scale, innovate, or deliver the kind of customized, tax-efficient solutions clients were increasingly demanding.

89%

Reduction in SMA investment time

10-15

Days to invest a new SMA (down from 90-100)

2.7 bps

Median Absolute Pricing Error

Key Pain Points

- No dedicated trading function; portfolio managers handled all trading activity
- SMA investment timelines averaging 90 to 100 days, creating poor client experience and large idle cash balances
- Inability to confidently trade smaller lot sizes or illiquid secondary market bonds
- Limited capacity to expand into new products, lower account minimums, or offer greater customization
- Junior team members lacked the guardrails needed to participate in trading

"We needed to create new products. We needed to lower minimums. We needed to do more customization. And all of that wasn't really possible in what I would call 'the old world'." — **Global Head of Customized Fixed Income**

The Solution

When the firm's Global Head of Customized Fixed Income was appointed to lead the practice, a clear mandate was set: build a best-in-class investment team capable of delivering tax-efficient, customized solutions at scale. That meant confronting every bottleneck in the workflow, from research and portfolio construction to trading execution.

The turning point came during the launch of seven new ETFs. The firm needed a fast, reliable way to evaluate in-kind bond baskets at accurate intraday prices. That urgency made the case for SOLVE's predictive pricing immediately clear.

Working through the InvestorTools Perform[®], the firm integrated SOLVE Px[™] predictive pricing directly into its trading workflow. The integration delivers real-time, side- and size-specific price predictions across the full municipal universe, with confidence scores from 1 to 10 to help traders assess reliability at a glance.

How It Works

- SOLVE predictive pricing streams directly alongside tradable securities inside InvestorTools Perform, with no manual steps required
- The model draws on approximately 300 feature inputs, spanning reference data, trade data, and aggregated quotes across the municipal market
- Each prediction is optimized to minimize error relative to actual trade prices, tested against millions of data points across years of back-testing
- Traders can access supplemental pre-trade analytics on demand, including a confidence score from 1 to 10 that reflects both the volume of data available for that security and the model's calculated range of likely outcomes — giving traders an immediate read on how much weight to place on any given price
- The same integration supports streaming offers, RFQ, and automated execution as firms advance along the automation journey
- Predictions are generated separately for bid, mid, and offer, giving traders a precise view of where a bond should trade from either side of the market
- The model accounts for trade size and side, producing distinct pricing for odd lots and round lots to reflect real-world trading conditions

"The aha moment came when we were launching ETFs and understood that baskets can happen by getting a portfolio of bonds. We needed a way to evaluate those bonds quickly and make sure we were getting them at the right price. That was the moment we turned on the switch with SOLVE." — **Global Head of Customized Fixed Income**

The Results

Since integrating SOLVE, the firm has restructured how it approaches the municipal bond market, with measurable improvements in speed, capacity, and client outcomes.

Operational Improvements

- SMA investment time dropped almost 90%: from 90 to 100 days down to 10 to 15 days on average
- Created a dedicated municipal bond trading team, a function that did not previously exist
- Shifted significant workflow from primary issuance to secondary trading, enabled by greater pricing confidence
- Enabled junior team members to trade with data-driven guardrails, accelerating their development

Business Outcomes

- Ability to lower account minimums and serve a broader range of client segments
- More nimble and precise tax-loss harvesting across SMAs
- Faster ETF basket evaluation for the create-and-redeem process
- Portfolio construction tied more precisely to benchmark risk exposure, even for smaller portfolios

Critically, the goal was never to replace trader judgment. The Global Head of Customized Fixed Income was clear that predictive pricing was designed to augment the team – giving junior traders the data-driven guardrails to develop their instincts faster, and giving experienced traders the confidence to act on their intuition with greater speed and precision. The result is a team that can do more, move faster, and serve clients better – without linearly adding headcount.

“The electronification and the partnership with SOLVE and InvestorTools has offered us a chance to deliver better solutions for our clients and do more for them. That to me is the big takeaway.” – **Global Head of Customized Fixed Income**



info@SOLVEfixedincome.com
646.699.5041
www.SOLVEfixedincome.com

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