

DDQ Automation & Investor Reporting

How Australian Fund Managers Complete DDQs in 4 Hours,
Not 3 Days — with On-Premise AI

Essential Reading for:

Investor Relations Directors · Chief Operating Officers
Heads of Business Development · Compliance Officers
Portfolio Managers

BackPro AI
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Contents

1 Executive Summary	2
1.1 Key Findings	2
2 The DDQ Processing Challenge	2
2.1 Volume and Complexity	2
2.2 Where the Time Goes	3
2.3 The Business Development Cost	3
2.4 Data Sovereignty: The Cloud AI Blocker	3
3 AI-Powered DDQ Automation	4
3.1 System Architecture	4
3.2 Response Quality Tiers	4
3.3 Portfolio Management Integration	5
3.4 Multi-Fund Support	5
4 Investor Reporting Automation	6
4.1 The Reporting Burden	6
4.2 AI-Automated Reporting	6
5 ASIC and APRA Compliance	6
5.1 Data Sovereignty Architecture	6
5.2 ASIC Compliance	7
5.3 APRA Requirements	7
6 Implementation Approach	7
6.1 Phase 1: Knowledge Base Build (Week 1-2)	7
6.2 Phase 2: Validation (Week 3-4)	8
6.3 Phase 3: Production (Week 5+)	8
7 Business Case	8
7.1 Financial Impact (Boutique Fund Manager, \$500M+ AUM)	8
7.2 Non-Financial Benefits	8
8 Case Study: Selector Funds	9
9 Conclusion	9
9.1 Next Steps	10

1 Executive Summary

Due diligence questionnaires are the price of entry for institutional capital. Every allocation, every mandate renewal, every consultant review begins with a DDQ. And every DDQ consumes days of senior analyst time — pulling data from Bloomberg, cross-referencing FactSet, digging through compliance records, and formatting responses that must be precise, attributed, and consistent with prior submissions.

Australian fund managers receive 20–30 DDQs monthly. Each requires 15–40 hours of manual work. That's 300–1,200 hours per month spent on administration instead of investment research, portfolio management, or client engagement.

On-premise AI reduces DDQ response time from 3 days to 4 hours — a 95% reduction. By deploying retrieval-augmented generation within your own infrastructure, fund managers automate response drafting while maintaining ASIC/APRA compliance and complete data sovereignty.

This whitepaper examines the DDQ automation opportunity for Australian fund managers, the data sovereignty requirements that prevent cloud AI adoption, and a practical implementation approach that delivers ROI within the first quarter.

1.1 Key Findings

- **95% reduction in DDQ response time:** 3 days to 4 hours, with compliance-ready source citations
- **1,120 hours saved annually:** Processing 20 DDQs monthly saves the equivalent of 2–3 full-time analysts
- **100% data sovereignty:** Fund strategies, performance data, and client information never leave your infrastructure
- **ASIC/APRA compliant:** Full audit trails, source attribution, and version control for every response
- **ROI in first quarter:** Senior analyst time redirected from DDQ administration to investment research

2 The DDQ Processing Challenge

2.1 Volume and Complexity

Australian fund managers face DDQ demands from multiple stakeholder types:

DDQ Source	Typical Frequency	Questions	Avg Time
Institutional investors (new)	5–10/month	150–300	30–40 hours
Existing investor updates	5–8/month	50–100	15–20 hours
Consultant questionnaires	3–5/quarter	200–400	40+ hours
Platform due diligence	2–4/year	100–200	25–30 hours
Regulatory/compliance DDQs	As required	50–150	15–25 hours

Table 1: DDQ volumes and complexity by source

2.2 Where the Time Goes

A single institutional DDQ involves:

1. **Question analysis** (1–2 hours): Understanding what's being asked, mapping to internal data sources, identifying new questions vs. previously answered
2. **Data retrieval** (4–8 hours): Pulling performance data from Bloomberg, risk metrics from FactSet, holdings from portfolio management systems, compliance records from separate databases
3. **Response drafting** (6–12 hours): Writing narrative responses that accurately represent the fund's approach, strategy, and performance
4. **Cross-referencing** (2–4 hours): Ensuring consistency with previous DDQ submissions, marketing materials, and regulatory disclosures
5. **Compliance review** (2–4 hours): Checking responses against ASIC requirements, APRA expectations, and internal policies
6. **Formatting and submission** (1–2 hours): Meeting the requester's specific format requirements

2.3 The Business Development Cost

DDQ processing directly impacts business development:

- **Delayed responses lose mandates:** Institutional investors expect responses within 5–10 business days. Delays signal operational weakness.
- **Senior analyst time misallocated:** Your best investment professionals are doing administrative work instead of generating alpha
- **Inconsistent responses:** Different analysts answering the same question differently across DDQs creates red flags for consultants
- **Capacity ceiling:** Fund managers cannot pursue more mandates than their DDQ processing capacity allows

The real cost: A boutique fund manager spending 800 hours/year on DDQs at a senior analyst rate of \$150/hour is investing \$120,000 in administration. That same analyst generating 50 basis points of additional alpha on a \$500M fund produces \$2.5M. DDQ administration doesn't just cost money — it costs performance.

2.4 Data Sovereignty: The Cloud AI Blocker

Fund managers exploring AI automation hit an immediate wall:

- **ASIC requirements:** Complete control over client data and fund strategies
- **APRA expectations:** Data sovereignty for regulated entities and their service providers
- **Client agreements:** Institutional mandates specify data handling requirements

- **Competitive risk:** Fund strategies, proprietary research, and investment processes are trade secrets
- **Compliance team veto:** Every cloud AI tool gets blocked because fund data goes offshore

Cloud AI services (ChatGPT, Claude, Gemini) process data on overseas servers. For a fund manager, sending DDQ responses through these services means sending fund strategies, performance data, client names, and investment processes to a third party. No compliance officer approves this.

3 AI-Powered DDQ Automation

3.1 System Architecture

BackPro AI deploys within your infrastructure as an intelligent DDQ processing engine:

1. **DDQ ingestion:** Upload the incoming DDQ document (PDF, Word, Excel). AI parses questions and categorises by topic
2. **Knowledge base search:** AI searches your historical DDQ responses, fund documents, performance reports, compliance records, and marketing materials
3. **Response generation:** For each question, AI generates a draft response citing specific source documents
4. **Consistency check:** AI compares draft responses to previous DDQ submissions for the same or similar questions
5. **Human review:** Investment team reviews draft responses, adds nuance, and applies current judgment
6. **Compliance validation:** Responses checked against ASIC/APRA requirements before submission
7. **Audit trail:** Complete record of sources used, AI-generated content, human edits, and approval timestamps

3.2 Response Quality Tiers

High-Confidence Responses (60% of questions)

- Questions previously answered in prior DDQs
- Standard organisational information (team bios, AUM, history)
- Process descriptions (investment process, risk management, compliance)
- Infrastructure and systems questions
- ESG framework and policy questions

AI output: Complete draft response with source citations. Analyst validates and approves (5 minutes per question).

AI-Assisted Responses (30% of questions)

- Performance attribution requiring current data
- Market outlook and positioning questions
- New questions not in historical DDQ database
- Quantitative data requiring fresh calculations
- Strategy-specific questions with nuanced answers

AI output: Draft response with relevant data pulled from Bloomberg/FactSet, flagged for analyst input on commentary and positioning.

Analyst-Led Responses (10% of questions)

- Forward-looking strategy statements
- Unique investor-specific questions
- Sensitive compliance or regulatory matters
- Questions requiring portfolio manager judgment

AI output: Research briefing with relevant background data, previous similar responses, and suggested structure. Analyst writes the response.

3.3 Portfolio Management Integration

BackPro AI connects to your existing systems:

- **Bloomberg Terminal:** Real-time performance data, benchmark comparisons, market data
- **FactSet Workstation:** Risk analytics, attribution analysis, portfolio characteristics
- **Morningstar Direct:** Peer comparison, ratings, research data
- **Custodian systems:** Holdings, transactions, NAV data
- **Compliance platforms:** Breach records, policy documents, regulatory filings
- **CRM (Salesforce, HubSpot):** Investor records, communication history

When a DDQ asks “What is your fund’s Sharpe ratio over the last 3 years?”, the AI pulls the calculation from FactSet, cites the data source, and formats the response — instead of an analyst spending 15 minutes navigating to the right screen.

3.4 Multi-Fund Support

Fund managers running multiple funds, strategies, or vehicles need AI that understands boundaries:

- **Separate knowledge bases:** Each fund/strategy has its own document set and response history

- **Cross-fund queries:** Organisational questions answered from the firm-level knowledge base
- **Fund-specific responses:** Performance, strategy, and risk questions pull from the correct fund's data
- **Shared infrastructure:** One deployment serves all funds without data leakage between them

4 Investor Reporting Automation

DDQs are one half of the equation. Quarterly investor reporting is the other.

4.1 The Reporting Burden

A fund manager with 50 institutional investors produces:

- 200 quarterly investor reports per year
- Each report: 8–15 pages of performance data, commentary, portfolio analysis, and outlook
- 40% of analyst time during reporting season consumed by report preparation
- Manual compilation from 3–5 different data sources per report

4.2 AI-Automated Reporting

1. **Data extraction:** AI pulls performance, attribution, holdings, and risk data from connected systems
2. **Commentary generation:** AI drafts quarterly commentary based on portfolio changes, market context, and fund positioning
3. **Formatting:** Branded PDF reports generated to your template specifications
4. **Personalisation:** Investor-specific sections (mandate compliance, benchmark comparison) populated automatically
5. **Portfolio manager review:** PM reviews and adjusts commentary before distribution

Result: quarterly reporting preparation reduced from 2 weeks to 2 days.

5 ASIC and APRA Compliance

5.1 Data Sovereignty Architecture

All fund data remains within your controlled Australian infrastructure:

Deploy on Azure Australia East, AWS ap-southeast-2, or GCP australia-southeast1

Zero offshore data transmission — fund strategies, client data, and performance records never leave your environment

AI models run on your compute (AKS, ECS, GKE containers)

Authentication via your Azure AD / identity provider

Encryption at rest (your KMS) and in transit (TLS 1.3)

Complete audit logging to your SIEM platform

5.2 ASIC Compliance

- **Source attribution:** Every DDQ response cites the specific document, page, and date of the source data
- **Version control:** Complete history of all DDQ responses, edits, and approvals
- **Consistency verification:** AI flags responses that contradict prior DDQ submissions or marketing materials
- **Regulatory filings:** DDQ responses checked against ASIC regulatory filings for consistency

5.3 APRA Requirements

For fund managers servicing APRA-regulated entities (super funds, insurers):

- **ODD compliance:** AI maintains complete operational due diligence documentation
- **SPS 530 alignment:** Investment governance documentation generated with appropriate controls evidence
- **Risk management:** AI outputs include risk management framework references as required by allocators

6 Implementation Approach

6.1 Phase 1: Knowledge Base Build (Week 1–2)

1. **Infrastructure deployment:** Provision AI platform on your cloud environment (under 1 hour)
2. **Historical DDQ ingestion:** Load 2–5 years of completed DDQ responses, creating the response knowledge base
3. **Fund document ingestion:** Load fund factsheets, PDS documents, IMDs, compliance policies, and marketing materials
4. **System integration:** Connect to Bloomberg, FactSet, Morningstar, and custodian APIs
5. **Security configuration:** Identity provider integration, RBAC, audit logging

6.2 Phase 2: Validation (Week 3–4)

1. **Retrospective testing:** Process 5+ completed DDQs through AI and compare to actual submitted responses
2. **Accuracy review:** Investment team validates AI-generated responses for factual accuracy
3. **Consistency testing:** Verify AI responses don't contradict historical submissions
4. **Compliance review:** Risk and compliance team validates controls and governance documentation
5. **Integration testing:** Verify data pulls from Bloomberg, FactSet, and other systems

6.3 Phase 3: Production (Week 5+)

1. **Live DDQ processing:** Process incoming DDQs through AI with analyst review
2. **Quality monitoring:** Track accuracy rate, time savings, and analyst corrections
3. **Knowledge base growth:** Every completed DDQ enriches the knowledge base for future responses
4. **Reporting automation:** Extend to quarterly investor reporting once DDQ workflow is established

7 Business Case

7.1 Financial Impact (Boutique Fund Manager, \$500M+ AUM)

Item	Annual Value
Current DDQ processing cost (analyst time)	\$180,000
Current investor reporting cost	\$120,000
AI automation savings (DDQs — 90%)	(\$162,000)
AI automation savings (reporting — 70%)	(\$84,000)
Faster DDQ responses → additional mandates won	\$500,000
Gross annual benefit	\$746,000
Typical payback period	Under 4 weeks

Table 2: Indicative business case for a boutique fund manager

Revenue impact modelled conservatively: one additional \$50M mandate won due to faster DDQ turnaround, at 100bps management fee. Licensing and implementation costs vary by fund size — contact BackPro for a tailored quote.

7.2 Non-Financial Benefits

- Senior analysts return to investment research and portfolio management
- DDQ response consistency improves consultant and investor confidence

- Compliance team approves AI (unlike ChatGPT) because data never leaves your environment
- Business development team can pursue more mandates without DDQ capacity constraints
- Institutional-quality documentation strengthens competitive positioning

8 Case Study: Selector Funds

Client: Selector Funds Management

Profile: Boutique Fund Manager | \$500M+ AUM

Challenge: Selector Funds spent 3+ days per DDQ, pulling information from decades of documents. Manual processing bottlenecked business development and prevented analysts from focusing on investment research.

Solution: On-premise RAG system deployed on Selector's Azure infrastructure. Trained on 10+ years of fund documents with full source attribution.

Results:

- DDQ response time reduced from 3 days to 4 hours (95% reduction)
- Complete source attribution for compliance audits
- 100% data sovereignty — no client data ever leaves their infrastructure
- Compliance team approved for production use within 2 weeks
- ROI achieved in first quarter through faster business development

"The system paid for itself in the first quarter. We're now responding to DDQs faster than our competitors with larger teams and our compliance officer actually trusts the outputs because every claim includes source documents."
— Portfolio Manager, Selector Funds Management

9 Conclusion

DDQ processing is the single largest administrative burden for Australian fund managers. The combination of high volumes, complex data requirements, consistency demands, and strict data sovereignty creates a problem that manual processes cannot solve efficiently.

On-premise AI transforms DDQ processing from a 3-day bottleneck into a 4-hour workflow:

1. **100% data sovereignty** — fund strategies and client data never leave your infrastructure
2. **95% time reduction** — analysts freed for investment research and client engagement
3. **Consistency guarantee** — every DDQ response aligned with historical submissions

4. **Full audit trails** — ASIC/APRA-ready source attribution on every response
5. **System integration** — Bloomberg, FactSet, Morningstar, and custodian data pulled automatically

Fund managers that deploy DDQ automation achieve measurable results within the first month: faster institutional responses, lower operational costs, and senior talent focused on generating returns instead of filling in questionnaires.

9.1 Next Steps

1. **DDQ volume assessment:** Map your monthly DDQ volumes, types, and current processing costs (30 minutes)
2. **Historical DDQ review:** Confirm 2+ years of completed DDQs are available in digital format (15 minutes)
3. **System integration check:** Verify API availability with Bloomberg, FactSet, and custodian platforms (15 minutes)
4. **Pilot scoping:** Select 3 recent DDQs for retrospective testing and define success criteria (30 minutes)
5. **Business case:** Model fund-specific savings using actual DDQ volumes, analyst costs, and mandate pipeline

Contact

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Schedule a 30-minute DDQ automation demo. Bring a recent DDQ — we'll show you the AI-generated responses with source citations in real time.