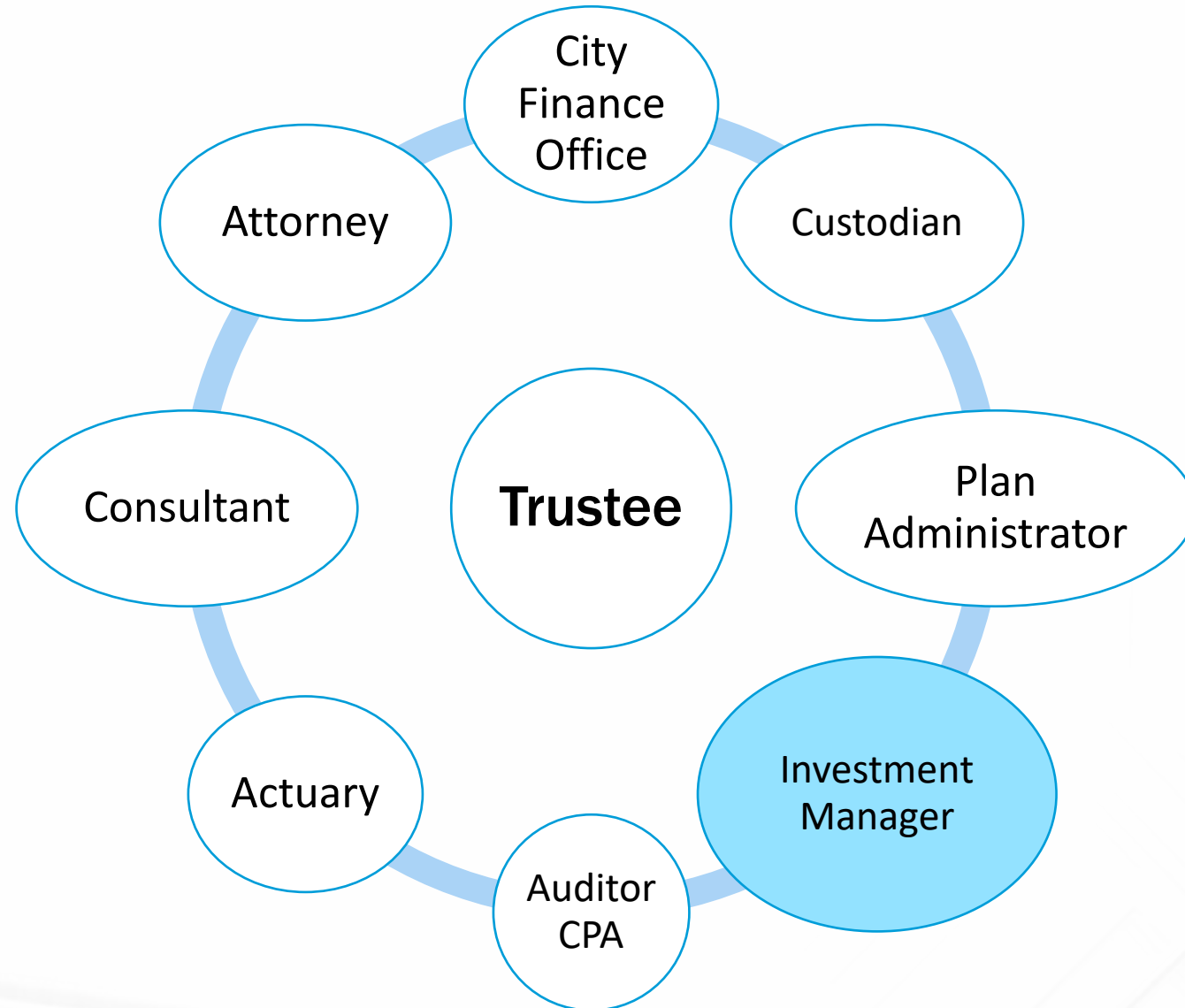


FPPTA CPPT Program -Basic The Role of an Investment Manager

Anthony Xuereb – Senior Relationship Manager
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Role of an Investment Manager



Role of an Investment Manager

An Investment Manager is:

An organization hired by your Board to manage the pension assets

Also known as:

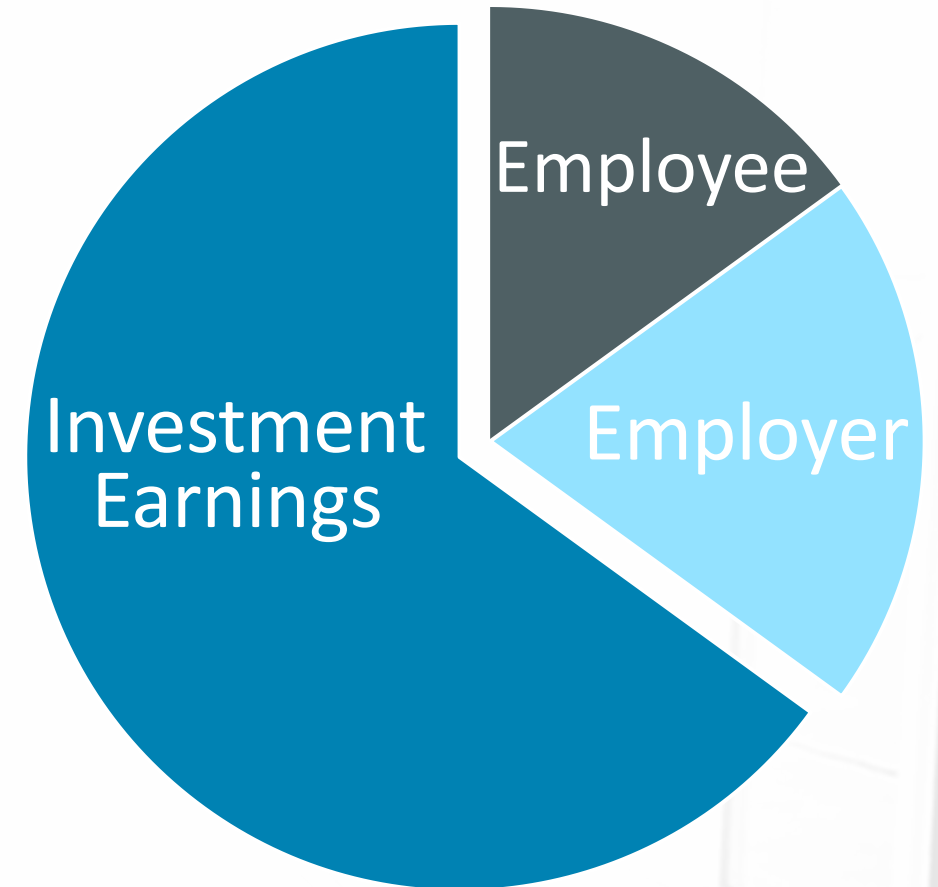
1. Money Manager
2. Asset Manager
3. Fund Manager

Role of an Investment Manager

Investment Manager's role:

to invest and grow pension assets to help fund a plan's

Pension obligations



Most likely several money managers, each providing a different investment expertise

Role of an Investment Manager

- **Equities**
 - (Size, Style, Location)
- **Fixed Income**
- **Real Estate**
- **Alternatives**



Role of an Investment Manager

Equities

- By Size: Small Cap, Mid Cap, Large Cap

Market Capitalization (Cap) =

Share Price x # of Outstanding Shares

Generally, Large cap = stocks with a market cap > \$10 Billion

Role of an Investment Manager

Equities

- By Style: Growth, Value, Core

Growth – above average growth potential

Value – selling below fair value or “On Sale”

Core – neither growth nor value dominate

Role of an Investment Manager

Equities

- **By Location: Domestic, International**

Domestic: U.S. company stocks

International: Non-U.S. company stocks

- Developed Markets
- Emerging Markets (EM)

Role of an Investment Manager

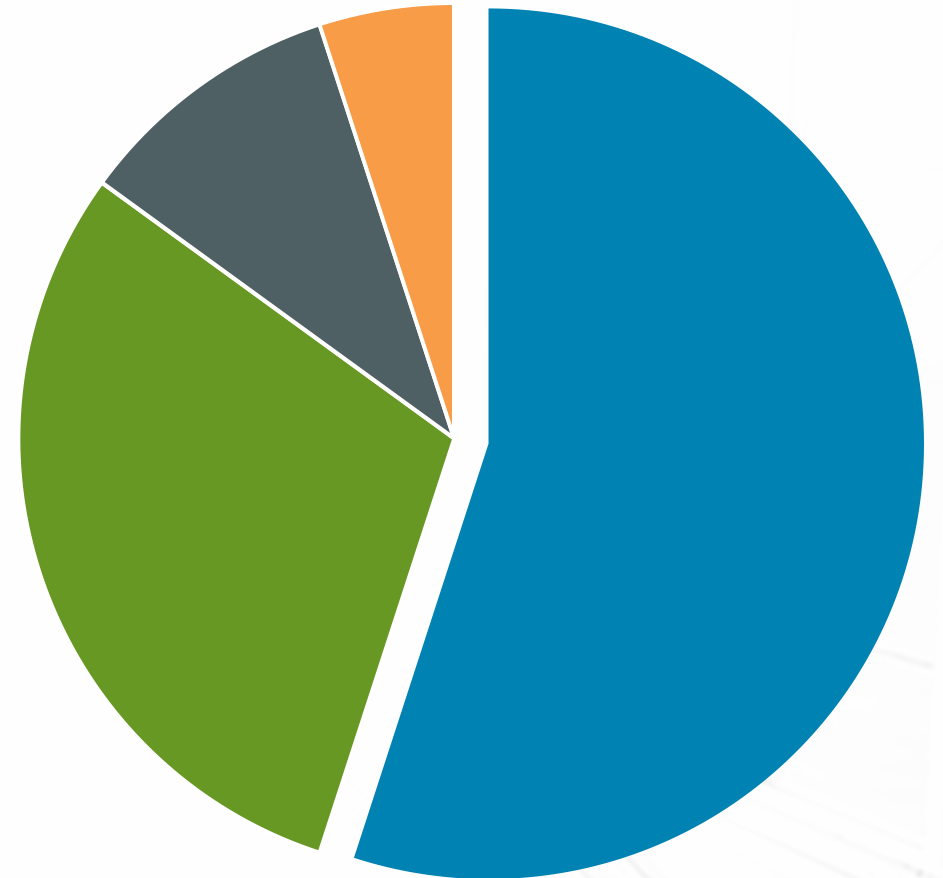
Fixed Income

- Core, Core Plus, High Yield

Real Estate – Core, Core Plus

Alternatives

- Infrastructure
- Private Equity/Debt
- Real Assets

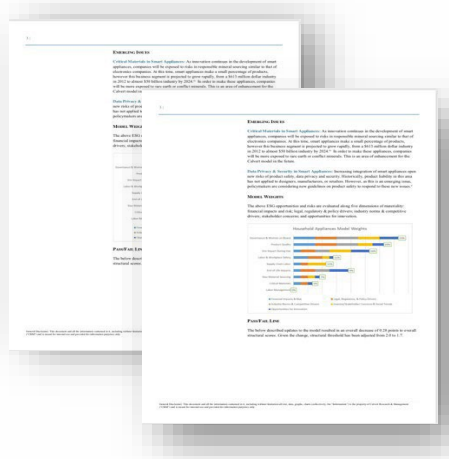


Role of an Investment Manager

Investment Policy Statement (IPS)



Consultant



Investment Policy Statement

- Objectives
- Allowable Investments
- Restrictions

Determines how your portfolio is managed.

Role of an Investment Manager Client Service Team



Relationship Manager



Primary Contact

- Oversees relationship
- Attends meetings
- Provides updates
- Answers questions



Portfolio Administrator



In-Office Client Support

- Reconciles portfolio balances
- Handles cash flow requests
- Provides monthly / quarterly reports

Role of an Investment Manager

Investment Management Team



Portfolio Managers (PMs)

- Make final investment decisions in portfolio

Analysts

- Help PMs by providing research and opinions

Traders

- Implement trade decisions (Buys/Sells)

Role of an Investment Manager

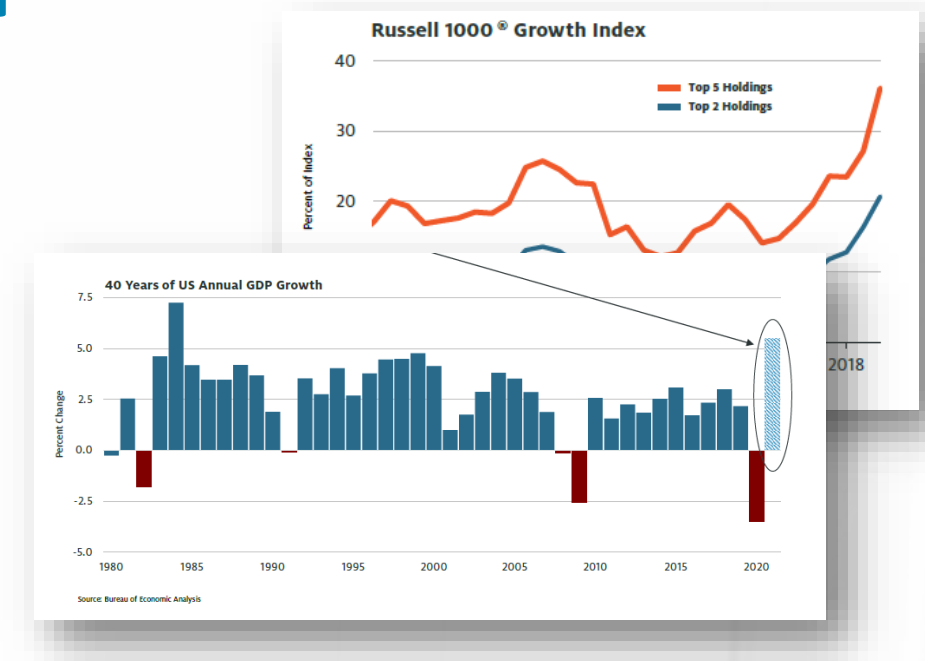
Investment Information

Economic Commentary and Outlook

- GDP
 - Gross Domestic Product
- Unemployment
- Inflation - CPI

Financial Market Info – Stocks, Bonds, Real Estate, etc.

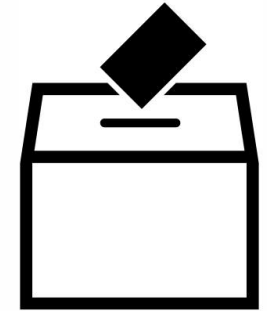
Sector and Industry Trends



Role of an Investment Manager

Additional Service: Proxy Voting

- Publicly traded companies hold an annual shareholders meeting.
- Most shareholders do not attend the meeting, but choose to vote in advance, “by proxy”.
- A ballot and proxy statement are sent to shareholders describing the issues to be voted on during the meeting.



Role of an Investment Manager

Additional Service: Proxy Voting

- Managers typically vote on behalf of your plan as your plan's "proxy".
- They seek to exercise clients' rights and support sound corporate governance.

Principal Aim = To maintain & enhance companies' economic value

Role of an Investment Manager

Additional Service: Proxy Voting

Examples of Voting Issues:

- Election of directors
- Approval of independent auditors
- Executive compensation
- Corporate structure
- Anti-takeover defenses



Role of an Investment Manager

Ways to Evaluate Investment Manager



Over a business cycle:

- Is their performance consistent with expectations, their philosophy and style of management?
- Performance vs. Portfolio Benchmark
- Performance vs. Peers (relevant universe rankings)

Are they responsive to the board's needs?



- Accurate, timely reporting
- Attend meetings, answer questions
- Fulfill requests