

Manager research process

In-depth due diligence on managers and markets

We have been performing extensive due diligence on investment managers and their products for more than 30 years, allowing us to share with all clients the kind of access and insight usually available to large institutional investors only.

We know that a manager's past performance does not predict their future results so we designed our process to identify those who can produce alpha* consistently, repeatably and sustainably. This means stripping out any returns attributable to market, style effects and other factors.

Quantitative and qualitative approach

We start by screening our database of more than 8,000 investment products to create a shortlist of managers. Our manager research team then conducts in-depth interviews with the shortlisted managers, amounting to about 1,400 meetings a year.

We then consider a range of qualitative factors including:



Organization and team

We evaluate the ownership and operational structure of each organization to assess whether the interests of the manager, firm and clients are aligned. We consider a range of relevant factors including compensation structure, team/firm stability, trading resources and client service.



Portfolio construction

We assess whether a manager's targeted portfolio construction is reflected in their positioning. For example, if they have a bearish outlook, we look at whether their portfolio is over-weighted in the more defensive sectors and more heavily invested in stable, larger capitalization companies.



Investment process

We assess whether the sources of performance are consistent with the manager's investment thesis. For example, if the manager takes a bottom-up process, we check that their stock selection is driving performance.



Risk management

We assess whether the measurable risks in a manager's portfolio reflect its philosophy and technical resources. For example, if the manager claims highly efficient, proprietary risk-monitoring software, we seek verification. If the manager states that their goal is downside protection in bear markets, or upside capture in bull markets, we check that performance against these objectives.



Dynamic monitoring

We follow an active and rigorous monitoring process to analyze manager performance, return attribution, qualitative factors and other considerations. Our approach is focused on identifying changes to a manager's style, investment process, risk profile or expected alpha so we can take appropriate action if needed.

*Alpha: The risk-adjusted excess return for the portfolio

Efficient Frontier

A set of portfolios that offers the highest expected return for a defined level of risk



More information

For more information, please visit wilshire.com