

# THE VALUE OF INVESTMENT MANAGEMENT RESEARCH (IMR)

## What is Alpha?

- A key component that drives investment return above a relevant peer group or benchmark
- A consistent component of a portfolio's return, but is also the most difficult to evaluate
- The foundation of outperformance
- Often underutilized as a guide to manager evaluation

## Creating value for clients through the relentless pursuit of alpha

The IMR team uses a comprehensive proprietary process to evaluate manager best practices in eight key categories to understand not only investment execution efficiency, but most importantly manager skill – the foundation of alpha.

## Don't confuse skill with investment style

The IMR team has found that some investors will look at the variable performance of different investment sub-styles (e.g. growth vs. value) and believe they are seeing investment manager skill. Further, while execution inefficiencies are generally easier to isolate, investment manager skill is the critical component of alpha, which is more difficult to assess and quantify.

### Expertise of the IMR Team\*

14 team members

160+ combined years of investment experience

40+ manager relationships

160+ billion CAD in AUM<sup>1</sup> across 200+ different investment products - manager selection and oversight

\* As at December 31, 2021

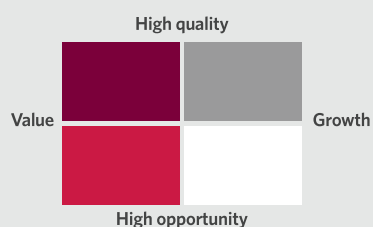
## Unique IMR Process – Three steps to ranking an Investment Manager

### Step 1: Identify

Analyze the investment manager universe to **IDENTIFY** managers according to investment style based on key style factors including portfolio characteristics and performance patterns

The sub-style matrix managers are analyzed based on:

- Portfolio characteristics
- Performance patterns
- Market inefficiencies



### Step 2: Understand

Research each manager to **UNDERSTAND** a manager's skill and executional efficiency by researching eight key categories

**Skill:** Ability to produce alpha

**Execution:** Organizational and process efficiency

- Breadth of opportunities
- Tracking error
- Stock selection process inefficiencies

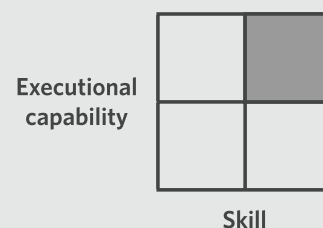
#### Research categories<sup>2</sup>:

- Organization
- Investment staff
- Decision making
- Idea generation
- Security selection
- Sell discipline
- Research
- Portfolio construction

### Step 3: Rank

Evaluate each manager according to best practice standards to **RANK** each based on skill and executional efficiency

Rank each manager to summarize IMR's level rank of conviction.



**To find out more about the IMR team or any of CIBC Asset Management's investment solutions, please speak to your CIBC representative.**

<sup>1</sup> Inclusive of CAMI Retail and ICS. ICS assets managed by IMR, but are not part of CAMI's AUM. Data as at December 31, 2021.

<sup>2</sup> Applies to research categories specific to equity managers and strategies. Fixed income strategies leverage a few additional categories specific to fixed income.

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