

PERITUS INVESTMENT CONSULTANCY

Manager Selection Process



Investment Consultancy

Peritus Investment Consultancy is unfettered in its approach to investment manager / mutual fund selection. The company does not manage portfolios or mutual funds, and only provides investment consultancy services to family offices, high net worth clients, trustees, protectors and trusted advisors.

INVESTMENT UNIVERSE

Our areas of interest are listed on our website page and these include:

- Global equity
- Global balanced/ multi asset
- Global fixed income
- Global property

- Global private equity
- Global smaller companies
- Global managed futures
- Global emerging market equity

Peritus is open minded in terms of the approach, be it through discretionary solutions or mutual funds.

IDEA GENERATION

The investment managers utilised by Peritus Investment Consultancy are identified through a range of sources such as introductions, reading, networking, meetings and screening.

PHASE ONE – INITIAL ANALYSIS

A high level review of the investment institution, the team philosophy and process will take place. An initial meeting or call will be followed by a high level internal review to determine whether full review due diligence should be conducted.

PHASE TWO - FURTHER ANALYSIS

All materials from the investment institution will be read, reviewed and meetings will then take place with key decision makers and members of the organisation.

A specific focus will be orientated towards the investment philosophy, process and investment decisions taken by the manager.

Checklists are used when assessing the decision making process, organisational setup and also when conducting operational due diligence .

PHASE THREE – DECISION

An extensive analytical report is prepared and debated internally by other analysts.

An internal presentation on the merits of the investment manager are considered by the investment committee. A pre mortem is also performed during this stage to evaluate what could go wrong.

A decision is taken by the investment committee. Further information and analysis may also be necessary on specific areas of concern prior to reconsideration.

PHASE FOUR - ONGOING MONITORING

Peritus invest significant time and energy in meeting with the investment manager and following up on every aspect of their ongoing decision making, process and team evolution.

The purpose is to continue to learn more about the firm, the team and investment approach.

DESIRED INFORMATION – PHASE 1

At the early stage of the review process the following information is helpful to facilitate swift feedback to the investment manager.

- Generic institutional presentation
- Asset allocation and decision history pertinent to the performance

- Institutional due diligence questionnaire
- Historical manager letters and quarterly/annual updates – communications.
- Attribution
- Pricing, operational data

8P – MANAGER SELECTION PROCESS

To ensure discipline and depth of analysis Peritus applies an 8P grading system.

The rationale behind the 8P grading system is to allow each analyst to convey their qualitative opinions on every aspect of the organisation and to compare and contrast it with similar investment managers. This helps the investment committee to identify

areas of strength and weakness and to ascertain the overall merits of the firm relative to other investment institutions.

The process brings mental and structured discipline to the entire research process.

ONGOING MONITORING – EARLY WARNING ALERTS

Deep and meaningful communication between the investment institution and Peritus is a natural part of our partnering process.

Every organisation undergoes change, evolution and even occasionally surprises, but it is the quality and transparency of the communication that is key.

To ensure objectivity and that gradual change as an organisation are identified, Peritus applies an early warning alert system which looks at a wide cross section of issues which might have an influence

on the long term success of the institution. The grading system with “traffic lights” seeks to limit the various behavioural biases associated with evaluating managers as much as possible.

The process increases awareness of changes within each firm and further helps in partnering with the firm to discuss these issues before they might become potential challenges.

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