

Performance Analysis

Strategies for Smart Decisions



Why is Performance Analysis So Important?

It provides a clear, objective perspective that isn't influenced by the interests of the asset manager. It focuses solely on the investor's goals, circumstances, and risk profile, helping to uncover whether the portfolio is truly serving the organization's best interests rather than being shaped by biased reporting.



6 Key Benefits

> Removes Conflict of Interest

Managers often present results in the best possible light. Independent analysis avoids bias and ensures the evaluation is impartial.

> Validates Performance

It checks whether returns are being achieved through active management or simply market movements.

> Risk Management

Highlights concentration risks, hidden exposures, or misalignments with the investor's goals and risk tolerance.

> Benchmark Alignment

Ensures performance is compared to the right benchmarks, not ones chosen to make results look better.

> Transparency and accountability

Gives investors confidence that their portfolio is being managed responsibly, and provides boards with reliable oversight.

> Better decision-making

With unbiased data and analysis, investors can make informed choices about manager selection, rebalancing, or strategy changes.

Solutions



Good

Performance Reports

Comprehensive look each month at traditional and alternative funds available to institutional investors. Includes 10 years of historical returns and key risk metrics. Data to help investors guide their decisions



Better

Manager Review Package

Using a series of charts & graphs, compare an asset manager's performance versus similar funds. Managers tend to lean toward favorable comparisons, independent review remove the biased reporting



Best

Custom Portfolio Analysis

Data collected directly from each asset manager and combined to calculate a portfolio's total performance. Provides a breakdown of which asset class contributed to the portfolio's performance.

Additional Considerations

Beyond the 6 key benefits, consideration should be given on the significant amount of time needed for consolidating information across multiple accounts and managers, along with the difficulty of finding, collecting, and comparing relevant data.

A board has a fiduciary responsibility to ensure that investment decisions are made with care, loyalty, and prudence. This includes regularly reviewing independent analysis to assess performance and risk, and confirming that the portfolio remains appropriately diversified.



Get in Touch Today!

We work closely with Board members of Foundations and Endowments across Canada helping their Investment Committee members to craft smart portfolio analysis strategies. If you're curious to learn more about our process, let's talk.



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