

# RVK Manager Evaluation and Monitoring



# Manager Evaluation: RVK

## Firm

We look for healthy and stable firms that are preferably owned by employees or have a strong performance-based incentive. We review ownership structure, regulatory compliance, insurance levels, client base, asset base, etc.

## Team

We prefer experienced and consistent teams of professionals that are appropriately staffed, but we recognize this can be structured in a variety of ways. We review experience in the industry, experience at the firm, credentials, historical changes in structure, etc.

## Process

We look for long-term stability, consistency of application, alignment with the firm, and team resources employed to successfully manage the product. We review stated philosophy and process, historical changes made, alignment with the team structure, portfolio characteristics, risk controls, and historical changes made to portfolio construction.

## Performance

We concentrate our research on firms that have demonstrated consistent performance in line with the returns expected given the philosophy/process employed. We review consistency of rolling period excess return, volatility, outlier performance periods, and multiple risk factors.

## Product Assets

We prefer products that have enough assets to ensure that their track record is repeatable at a significant asset base, yet not so large that the process can no longer be employed appropriately. We review the asset history and the rate of change.

# Manager Termination Criteria

## Common reasons for manager terminations may include:

- Significant change to the firm, investment management team, process.
- Strategy has not adhered to asset capacity constraints.
- Re-allocation due to target asset allocation changes.
- Poor performance relative to expectations.

## When performance is the only proposed reason for firing a manager, we ask the following questions:

- Is the performance outside of expectations/tracking error ranges?
- Is the performance in line with peers of similar style and philosophy?
- Does firing an incumbent and hiring a replacement manager ultimately result in better performance?
- Are we hiring managers appropriately? Be sensitive to hiring managers with excellent/outlier recent performance that is likely to revert.
- We also consider the burden of transition costs, as well as how our clients utilize Watch List policies.