

# Overview of Investment Consulting Services

## BAIRD'S INVESTMENT CONSULTING SERVICES HAS THREE KEY FEATURES:

### **Impartial and Objective Advice**

Baird's Investment Consulting Services acts as an impartial consultant and does not recommend proprietary Baird products (unless otherwise instructed by the client). Our impartiality allows us to search a large universe of money managers (over 1,300 money managers overseeing more than 6,500 managed portfolios) to find appropriate investment products for our clients, and to objectively evaluate our current managers relative to their peers. This objectivity allows Baird to focus on one principal concern - the client's well-being.

### **Access to Specialized Investment Management**

Top investment managers typically specialize in a certain asset class (large cap growth, large cap value, small cap growth, international equity, fixed income, etc.). No one manager is likely to offer superior performance in each class. Baird Investment Consulting Services can identify top candidates in each class, such that the total portfolio is staffed with suitable investment managers that offer superior capabilities within each asset class.

### **Rigorous Manager Due Diligence**

Baird's manager analysis technique uses a variety of databases and analytical tools to screen, differentiate and evaluate investment managers. We use returns-based style as well as customized performance attribution and holdings-based style analysis to evaluate portfolio holdings, style consistency and portfolio characteristics.

## THE SERVICE HAS THREE CRITICAL BENEFITS FOR OUR CLIENTS

### **Personalized Investment Policy Guidelines**

The Investment Policy Guidelines provide a clear understanding between the client and the manager regarding investment objectives, goals and guidelines. The Guidelines will also identify the appropriate allocation, benchmarks and performance measurement procedures. The Investment Policy Guidelines will ensure consistency as to what services the client can expect from Baird and our recommended managers.

### **Tailored Asset Allocation**

The asset allocation of the portfolio is clearly the most important aspect of investing. Asset allocation decisions are generally made based on the following factors: anticipated contributions and withdrawals, risk tolerance and investment time horizon. The largest effect on a portfolio's return or standard deviation results from the decision to allocate a certain percentage of the portfolio to equities and a certain percentage to fixed income. Additional changes can be made to a portfolio's return and standard deviation through the addition of asset classes such as international stocks, mid-capitalization stocks or small capitalization stocks.

### **Ongoing Performance Monitoring**

Our process of providing direction to the client regarding investment performance involves two steps: establishing performance benchmarks and measuring ongoing results against those hurdles. As for the former, we establish benchmarks and measure performance in a variety of ways: nominal and risk-adjusted returns as well as peer group comparisons. Within each quarterly performance monitoring report, we gauge the degree to which managers are meeting these standards. We are able to attribute manager returns to the different aspects of the portfolio management process: stock selection, industry weighting, market timing and style. Source: Security APL.