

# ATBIM SUB-ADVISOR SEARCH, SELECTION AND OVERSIGHT PROCESS

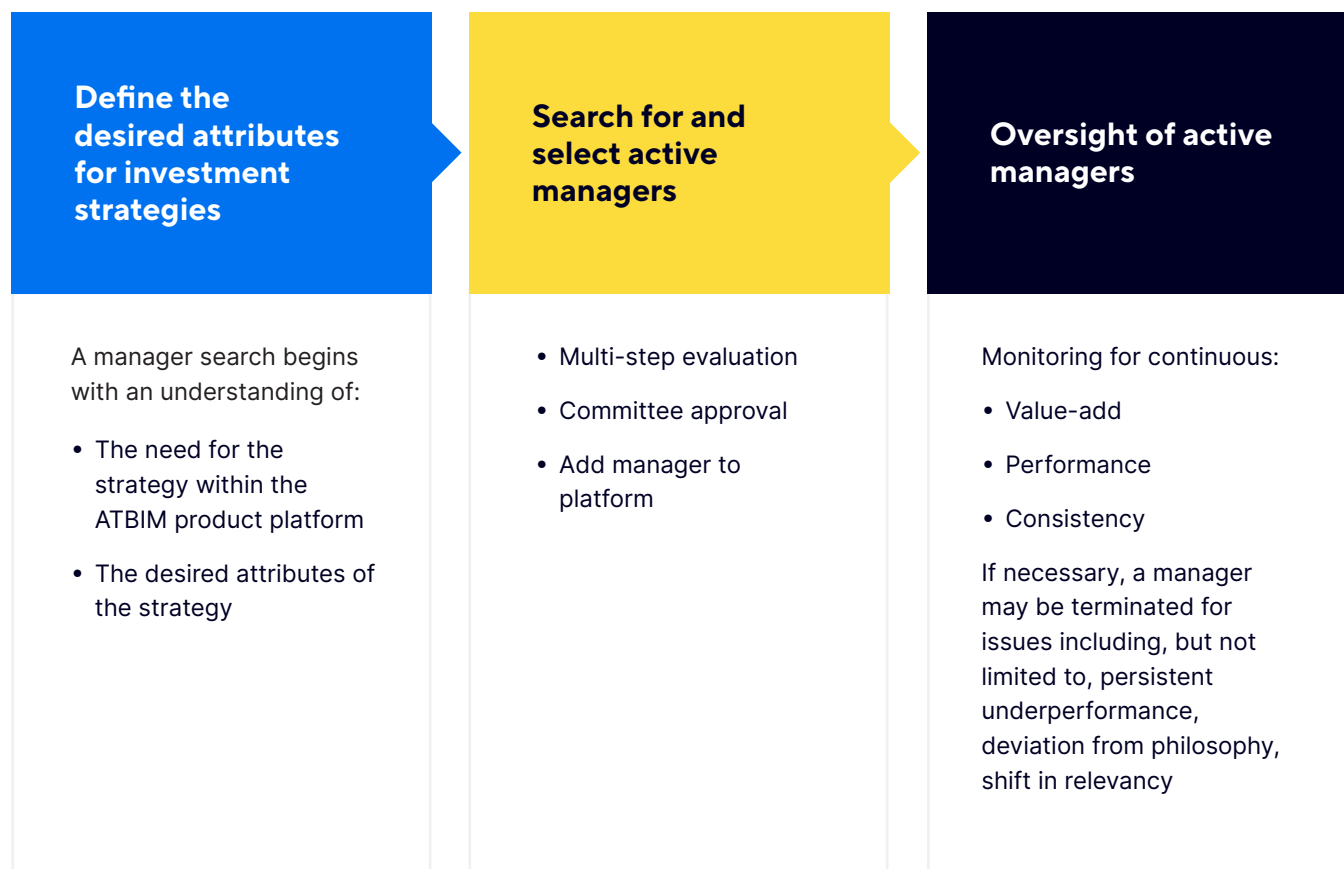
# ATB Investment Management Inc. (ATBIM) doesn't just diversify across stocks, regions and industries; it also diversifies across investment management firms

Our independent sub-advisory model gives us the freedom to partner with the managers that are amongst the best at what they do. Our ability to remain independent on sub-advisory decisions is a rare strategy in our industry.

When we choose external investment talent for our platform, we use a highly disciplined, time-tested process that ensures we're:

- ▶ **Selecting managers we have high conviction in for the long term**
- ▶ **Partnering with the highest-quality firms**
- ▶ **Continuing to receive persistent, value-added performance**

## An active, dynamic sub-advisor selection and oversight process



# How we search for and select active managers

Our approach involves universe screening, quantitative analysis and qualitative analysis, followed by our oversight committee review and approval of the active manager candidate.

## Search and selection:

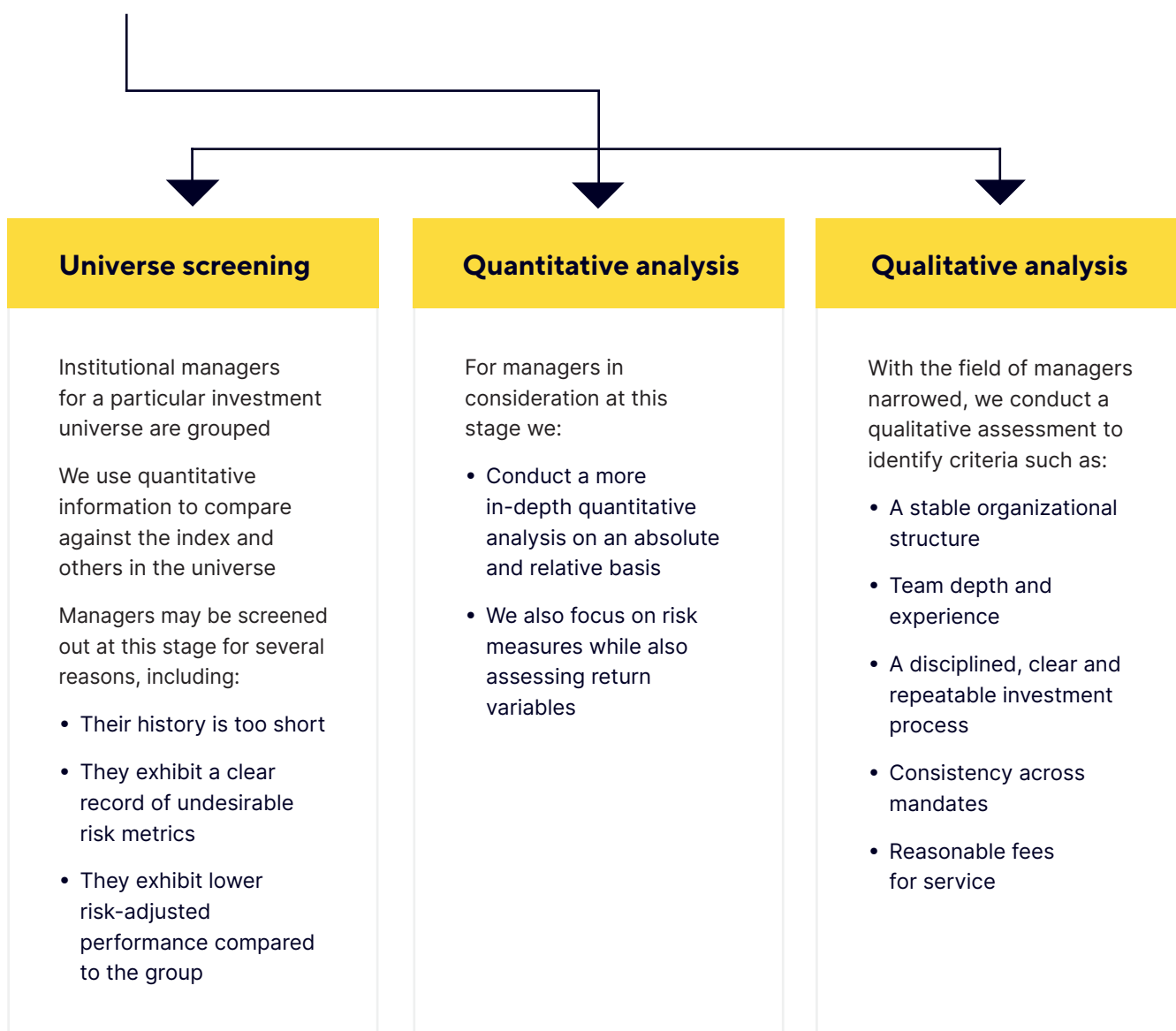
Three-step process typically results in one or more managers that meet our criteria

## Committee approval:

Oversight committee reviews managers and supporting analysis for final approval

## Implementation:

Once approved, the portfolio can use the manager within each ATBIM product



# Oversight process once we hire a manager

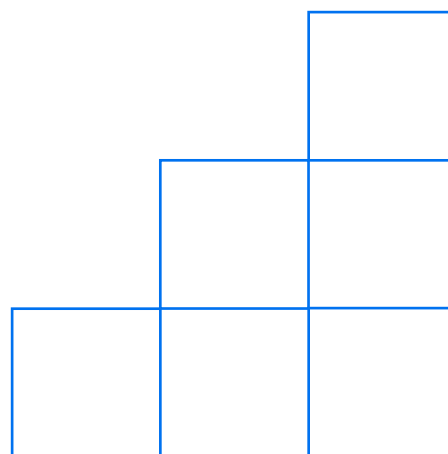
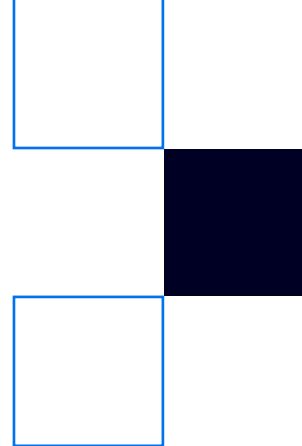
We constantly monitor managers through numerous meetings, discussions and analyses each year, to ensure they're acting, investing and generating results in line with their stated philosophy/process and our expectations.

## Our assessments determine whether managers are:

- **Adding value** to the platform over the long term
- **Performing** in line with our expectations over a long period
- **Remaining consistent** in their investment approach, process and decision-making and are not indulging in performance-chasing behaviour or experiencing style drift

## We believe that:

- **To outperform, managers need to be different than their benchmarks**, which will unavoidably result in underperformance during certain periods
- **It's important to logically assess reasons for relative performance**
  - e.g., unsustainable rallies in lower-quality stocks or if a manager style (value vs. growth) falls out of/in favour



# When would we stop working with a sub-advisor?

Throughout our process, we strive to achieve the strongest, long-term relationships with sub-advisors. However, there are reasons why we would need to remove a sub-advisor from our platform.

Several reasons may include:

- ▶ **Deviating from their investment philosophy or objective** – e.g., straying from their strategy by picking stocks that don't fit their thesis
- ▶ **Performance consistently does not align with expectations** over several periods – e.g., throughout a period when their particular investment style is doing well
- ▶ **We no longer find a particular asset class is attractive** or if we find the market structure shifts in a way that makes the manager less relevant
- ▶ **Changes to the investment management team, key personnel, or firm** that could result in a trajectory that is inconsistent to our desired outcomes

**To partner with quality sub-advisors, independence matters.**

To learn more about how ATBIM actively selects and monitors leading independent sub-advisors, please contact your ATBIM wholesaler.

**atbim.atb.com**



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