

# Investment Management Services



# Notice

**Fund Manager** Standard Life Investments

**Date** May 2016

## Notice

Standard Life Investments ('SLI') has announced that Sebastian Mackay, an investment director within the firm's Multi-Asset Investing team, has resigned and will be leaving the company. Mr. Mackay had served as a manager of the Absolute Return Global Bond Strategies ('ARGBS') fund since 2013 and a manager of the Global Absolute Return Strategies ('GARS') fund since 2014.

Adam Skerry, an investment director on the Multi-Asset Investing and Macro team will replace Mr. Mackay as a manager of the ARGBS fund effective immediately.

## Products Affected

SLI Absolute Return Global Bond Strategies fund (GBRS)  
SLI Global Absolute Return Strategies fund (GBRS, Seg, MPW)

## Impact

### People

The Multi-Asset Investing and Macro team at SLI is comprised of over 60 individuals contributing to the day-to-day management of GARS, ARGBS, and other multi-asset strategies. The team has been led by Guy Stern since he joined the firm in 2008. The Strategic Investment Group – comprised of the firm's foremost strategic thinkers with diverse backgrounds – meets regularly to discuss the portfolios, assess new ideas from across asset classes, and ultimately approve multi-asset strategies.

Sebastian Mackay served as a manager (portfolio constructor) for ARGBS alongside Roger Sadewsky and Katy Forbes. Adam Skerry has now replaced Mr. Mackay in that role. Mr. Mackay was also a named manager for GARS and a regular attendee of the Strategic Investment Group. The firm has decided that GARS remains adequately resourced with respect to portfolio constructors, with five individuals remaining in place, and as a result has not named a replacement manager for GARS.

Mr. Skerry has been with SLI for 5 years and has held responsibility for the management of inflation-linked bond portfolios. He also contributes to idea generation across a range of inflation, nominal government and multi-asset funds. He has 17 years of industry experience.

Overall, IMS has no concerns with the capabilities of the investment management team following Mr. Mackay's departure.

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## Investment Process and Philosophy

The Multi-Asset Investing and Macro team conducts extensive research and risk analysis within the framework of SLI's "focus on change" investment philosophy. The underlying philosophy seeks to identify the key drivers affecting markets and the dynamics behind them. This is supplemented by analysis of what is priced into an investment, any changes taking place and whether there is likely to be a revision in market expectations/price. The Multi-Asset Investing team works closely with all of the specialist asset class teams to understand individual market dynamics, and investment strategy proposals are built on a three-year view of markets globally.

The Strategic Investment Group reviews and approves strategies considered for inclusion in the portfolios. Approvals are based on three key criteria: (i) expectation of a positive absolute return, with acceptable levels of risk; (ii) whether a strategy will enhance the portfolio's risk profile; and (iii) the ability to easily implement or remove a materially significant position.

## Closing Remarks

IMS met with the firm to discuss Sebastian Mackay's departure and assess any potential impact on the two strategies offered on Manulife platforms. We view Mr. Mackay's resignation as unfortunate – his increasing level of responsibility over his roughly five-year tenure at SLI suggests that he was regarded as a strong contributor. However, given the team's significant depth of resources and notable manager continuity on the GARS (5 managers remain) and ARGBS (2 existing managers plus Mr. Skerry) teams, we do not expect this departure to have any material negative impact on the investment team, process or portfolios.

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