

Investment Management Services



Alert

Fund Manager Standard Life Investment Inc.

Date December 2016

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On December 8, 2016, Standard Life Investment (SLI) announced that Stephen Weeple, Portfolio Manager of the Manulife Global Unconstrained Equity Fund (SLI), had left Standard Life Investments effective immediately.

Jaime Ramos Martin, an investment director for SLI's US Equities Team will replace Stephen as a manager for the Manulife Global Equity Unconstrained Fund with immediate effect. Mikhail Zverev, Head of SLI Global Equity Team, will retain portfolio management responsibilities for the Manulife Global Equity Unconstrained Fund.

Products Affected

Manulife MMF Global Unconstrained Equity Fund (SLI) (MMF, GBRS)

Impact

People

The SLI Global Equity Team is composed of six members, including the Head of the Team, Mikhail Zverev, and five Portfolio Managers. The Team applies a team-based approach in managing various global & international equity strategies with a total of \$2.7 billion in assets under management. Each member has the dual role of Analyst & Portfolio Manager with portfolio management responsibilities on various strategies. There is a Lead Portfolio Manager and a back-up Portfolio Manager on each strategy.

Stephen Weeple was the Lead Portfolio Manager of the Global Unconstrained Equity strategy prior to his departure. He also assumed the role of Director of Research on the Team. He had 15 years of tenure at SLI and 19 years of industry experience.

Besides the Global Unconstrained Equity strategy, the Team also manages the Manulife MMF Global Dividend Fund (SLI) and the Manulife SLI International Equity Fund.

Investment Philosophy and Process

The Team applies SLI's Focus On Change investment philosophy and believes that company fundamentals ultimately drive stock prices, and the market is not efficient at pricing in fundamental changes and that different fundamental factors matter during different stages of the investment cycle.

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The Team applies a fundamental bottom-up process to stock selection and portfolio construction. Based on the firm's regional Winners Lists, the Global Equity Team selects the best regional ideas based on their conviction, materiality and global collaboration including a global team debate and peer review process. The Team actively attends regional team meetings, sector reviews and company management meetings.

Closing Remarks

IMS had downgraded the Global Unconstrained Equity Fund to Increased Scrutiny in the third quarter of 2016 following an on-site due diligence meeting in July 2016. Concerns exist with the Fund's significant underperformance in 2016, which could be primarily attributed to negative security selections across multiple sectors and regions. Specifically, company level specific risks had caused significant value loss in several securities.

In November 2016, IMS met with several members of SLI Global Equity Team in Toronto, including Stephen Weeple and Kevin Troup, Portfolio Manager for the International Equity Fund and Global Dividend Fund. Performance and portfolio holdings were discussed in detail.

The concerns that exist in regards to Fund performance and process have been elevated as a result of this portfolio manager turnover. IMS will be discussing the changes with the Global Equity Team in the immediate future and will communicate further once we are able to assess the situation with more information. Significant concerns exist.

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