

# The Active Manager



Quarterly Journal of the National Association of Active Investment Managers

Vol. 20 Issue 2, April 2023

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## INSIDE: Highlights of Uncommon Knowledge 2023, Coming to Scottsdale, Arizona, May 7-10

**M**AY 7-10 FEATURES A SUNDAY opening followed by three days – Monday through Wednesday – of non-stop presentations, activities, and networking at Uncommon Knowledge 2023. Pre-conference opportunities on Sunday include golf, a solo advisors' session, and a Welcome Reception followed by NAAIM's Active Investing Strategy Competition Finals!



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The views and opinions of the authors are not necessarily those of NAAIM, its officers or Board of Directors.



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## President's Letter



Ryan Redfern

**I**DON'T YOU ABOUT YOU, BUT I am planning on making 2023 a fantastic year. I've got the Chinese Year of the Rabbit on my side (one possible reason our trading this year has been surprisingly right on), I'm recharging my energy with new friends and new ideas at the upcoming NAAIM Uncommon Knowledge Conference, and I am an

active manager in a year that is shaping up like it was made for active management.

In the money management business, as well as almost every other business out there, you must be careful to take "news" with a grain of salt. It wasn't that long ago that 2008 was going to be the end of life as we knew it. Then 2020 was the coming apocalypse. Attempting to predict the future locks you into your own expectations and you can miss opportunities. The best part of active investment management is we don't have to pretend we know what is going to happen. It often seems the best approach is to be contrarian to the "news." Do that and you'll probably be okay. Personally, I think a recession is a lot further off than many are expecting. But if I am wrong, it doesn't matter: the market will have already told us active managers where we need to be.

It may be that contrarian attitude that makes the NAAIM conferences so much fun. NAAIM is an incredibly open group of people that you can share ideas with and count on getting back viewpoints that you haven't considered. I am particularly interested in talking with the new younger generation of NAAIM members at this year's conference. They come from different backgrounds and different market experiences than NAAIM's older members. How does that affect their view of investing? What new concepts are they bringing to active management?

The conference also features a great lineup of speakers and topics. There will be a lot of favorite topics, from macro-economic perspectives to strategy development and compliance issues. Among the featured presentations is a discussion on demographics - how America's Baby Boomers, Generation X, Generation Y and other countries' age curves interact to create the opportunities and challenges of the world we live in today, and what the future will bring for people, profits and the planet.

Discussions at the conference are sure to focus on the impact of AI – Artificial Intelligence – on investment management. If you haven't had a chance to explore ChatGPT or its competitors, take some time to do so. It's a real eye opener on how computers can be trained on a massive amount of text data from the internet. What it isn't is a threat to active investment management practitioners.

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# Uncommon Knowledge 2023: Meet the Presenters and Thought Leaders

## John Maketa, Author, Keynote Speaker, and Strategic Advisor



John Maketa offers bold and actionable insights on the acceleration of demographic trends, the role of talent and how to position your advisory practice for growth. Business prospects rise and fall according to the critical mass of customers heading toward them.

Demographers are able to forecast

markets, societal phenomena, and economics with uncanny accuracy because they count the large groups of people who drive economic events, not wealth or fiscal policy in isolation. Solid, objective, impartial demographic information is available from the micro zipcode to the macro continent. John Maketa is uniquely licensed to use renown demographer Kenneth W. Gronbach's uniquely detailed demographic research and analysis.

## Anthony "Tony" Dwyer, Chief Market Strategist, Canaccord Genuity Group, Inc.



NAAIM welcomes back Tony Dwyer, Canaccord's Chief Market Strategist, best known for his practical application of macro-economic and tactical market indicators in making intermediate-term investment and spending decisions. Tony is a frequent guest on the various financial news

networks, such as CNBC and Bloomberg, where he is noted for reducing the complex jargon of statistics so beloved of Wall Street commentators to an understandable and practical level. He is a graduate of Le Moyne College with a Bachelor of Arts degree in political science, and currently sits on the Le Moyne College Endowment Fund Investment Committee.

## JC Parets, Founder & Chief Strategist, All Star Charts



JC Parets is the founder and CEO of All Star Charts, a market research service for professionals and retail investors alike. All Star Charts specializes in finding the most opportunistic risk-versus-reward propositions across all asset classes, including US and international stocks, bonds, commodities, forex, and

cryptocurrency. In March 2022, All Star Charts was acquired by fintech platform TIFIN. One of the most widely followed Technical Analysts in the world, JC's work is featured regularly by major media, including Bloomberg, CNBC, Fox Business, ABC, CNN, and the Wall Street Journal. He's presented on Technical Analysis and investor behavior at conferences and seminars on four continents.

## Jay Mooreland, MS, CFP®, Behavioral Finance Network



Jay Mooreland is passionate about progress. Progression comes from learning – both from others and from our own mistakes. As an investor and advisor, Jay has made many mistakes and seen countless others make mistakes. To help advisors increase their value and coach their clients to make better

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## Enjoy a Great Location – Complete with Spring Training

**M**ONDAY NIGHT, JOIN WITH OTHER CONFERENCE attendees and their guests to watch the Arizona Diamondbacks take on the Miami Marlins at Chase Field in a special NAAIM outing. The conference site is located near Old Town Scottsdale with its unique collection of shops, restaurants, art galleries and nightclubs, as well as contemporary public art installations, world-class museums, and historic sites from the late 1880s. At the Hilton Scottsdale Resort & Villas, enjoy the resort's three restaurants, spa, and outdoor heated pool, plus a free two-mile shuttle service for area exploring.



**May 7 - 10**

**SUNDAY, MAY 7**

10:45 AM **NAAIM Golf Tournament** – Meet in the hotel lobby for transportation to Golf Club  
4:00 - 6:00 PM **Solo Advisors Meeting**  
7:00 - 8:00 PM **Welcome Reception**  
8:00 - 9:00 PM **Active Investing Strategy Competition Finals**

**MONDAY, MAY 8**

7:00 AM **NAAIM Board Meeting**  
7:30 AM **New Member Welcome Orientation & Breakfast**  
7:30 AM **Registration** | Sponsor Hall Opens – Continental Breakfast  
8:30 AM **Welcome** – Ryan Redfern, NAAIM President  
8:45 AM **Ultimately expect turbulence to create opportunity! Markets now and where they are headed in the future** - Tony Dwyer, Chief Market Strategist, Canaccord Genuity Group, Inc.  
9:45 AM **Differentiate Your Business to Drive Revenue** – Kasey Jones, President, A Better Jones  
10:45 AM Refreshment Break – Sponsor Hall  
11:00 AM **Charting the Course through Demographic Change** - John Maketa, KGC Direct  
12:15 PM Lunch and Sponsor Introductions  
1:30 PM **A Process Driven, Client Centric Approach that Keeps you in Regulatory Compliance** – Nadine Burns, CEO, A New Path Financial  
2:30 PM **13 Clues This Bull Market Is Just Getting Started** - Ryan Detrick, Chief Market Strategist, Carson Group  
3:30 PM Refreshment Break – Sponsor Hall  
4:00 PM **VIX-Based Edges and using VIX strategies in a Portfolio** – Rob Hanna, Capital Advisors 360  
5:00 PM Break until evening event  
5:30 - 9:00 PM **Arizona Diamondbacks VS Miami Marlins at Chase Field** (busses leave from hotel lobby at 5:30 pm)

**TUESDAY, MAY 9**

7:30 AM Continental Breakfast – Sponsor Hall  
8:30 AM **Applied Behavioral Finance** - Jay Mooreland, MS, CFP®, Behavioral Finance Network, hosted by Putnam Investments  
9:30 AM **Succession Planning** - Seth Davis – FP Transitions  
10:30 AM Refreshment Break – Sponsor Hall  
11:00 AM **Member Panel: Succession Planning** - John Llodra, New Harbor Financial; and Sam Jones, All Season Financial Advisors. Moderator - Carl Resnick, Guggenheim  
12:00 PM Lunch (annual membership meeting follows)  
1:30 PM **SEC Exams Become More Onerous: Hot Topic Issues and More** – Thomas Giachetti, Esq., Stark & Stark Attorneys at Law  
2:30 PM **Know What Game You're Playing: How to identify the market environment to maximize your gains** - JC Parets, Founder & Chief Strategist, All Star Charts  
3:30 PM Refreshment Break – Sponsor Hall  
4:00 PM **NAAIM Round Tables (split 30-minute sessions):** Topics will include Technical Trading; Quantitative Trading; Digital Marketing; Traditional Marketing; Financial Planning and Practice Management & Custodians.  
6:00 – 8:00 PM **NAAIM All Conference Dinner Event** – Sponsor Hall

**WEDNESDAY, MAY 10**

7:30 AM Continental Breakfast – Sponsor Hall  
8:30 AM **Founders Award Paper Competition Winner** - TBA  
9:30 AM **Technology Solutions for the Modern-day Advisor** - Jacob Deschenes, Era Capital Management  
9:30 AM **The Innovative Tax Credit – Get Paid for Doing Research!** Strike Tax Advisory  
10:30 AM Refreshment Break – Sponsor Hall  
11:00 PM **Trading the FOMC Meetings** - Actionable systems to use in your practice - Ryan Harder, Sierra Investments and Rob Hanna, Capital Advisors 360. Moderator – Carl Resnick, Guggenheim  
12:00 PM Closing Lunch  
1:00 PM **Conference Ends**

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# Uncommon Knowledge 2023: Meet the Presenters and Thought Leaders

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financial decisions, Jay founded The Behavioral Finance Network and has created several behavioral applications for the advisory business to reinforce his position that **Behavioral Coaching Adds 1.5% of Value Each Year**. In addition to speaking across the globe on the topic of investor behavior, he has published several articles in industry journals and wrote the Amazon best seller, *The Emotional Investor: How Biases Influence Our Investment Decisions...and what you can do about it*. Jay introduces a simple and concise behavioral profiling instrument, Understanding My Client™, to help advisers identify and proactively address behavioral biases.

## Kasey Jones, Founder and CEO, A Better Jones



Kasey Jones is founder of A Better Jones, where in the last six years, she has coached, consulted, and advised 100+ entrepreneurs and teams on all things brand positioning and growth strategy. Currently, she serves as Managing Director on the growth team at Virtual Inc, a professional services and consulting firm, helping

associations, standards groups, and consortia expand their industry impact. Passionate about both personal and startup growth, Kasey has a weekly newsletter where she shares no bullsh\*t strategies to end self-sabotage, develop unshakable confidence, and empower the badass within you.

## Thomas Giachetti, Esq., Stark & Stark Attorneys at Law



Thomas D. Giachetti, Shareholder, is Chair of the Investment Management & Securities Practice Group. A former investment banker and NASD registered representative, Mr. Giachetti's legal practice is devoted to investment-related matters, including the representation of investment advisers, financial planners, broker-dealers, public and private investment

companies (e.g., mutual funds, hedge funds, etc.), CPA firms and registered representatives throughout the United States. He also advises claimants and respondents in securities regulatory, arbitration and litigation matters.

## Nadine Burns, CFP® CEO, A New Path Financial



Life happens, and everyone needs an advisor who has not only knowledge, but the experience to get you through whatever your life throws at you. From not knowing where the next meal would come from, to being worth over \$1MM today, Nadine Burns shares her story at Uncommon Knowledge 2023. Nadine is a

holistic advisor who looks at her client's entire financial picture, goals and dreams, where they are currently and works on a roadmap to get there. She often deals with people in transition, into retirement, through relationship changes, loss of a family member, employment changes and much more. She is a University of Michigan graduate, holds a Master's in Business (MBA) and is a Certified Financial Planning® Professional (CFP®), a Certified Divorce Financial Analyst (CDFA) as well as an Accredited Investment Fiduciary (AIF®.)

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## Don't Bounce Until the Bitter End!

**Y**OU MIGHT THINK THAT UNCOMMON KNOWLEDGE WILL BE WINDING DOWN ON WEDNESDAY ... BUT THINK AGAIN!

- Wednesday will be jam-packed with information and actionable items that you can apply in your practice IMMEDIATELY upon your return to the office!
- LEARN how to TRADE ASSETS based on the FOMC meeting calendar and price activity when you attend "Trading the FOMC Meetings" with Rob Hanna and Ryan Harder.
- UPDATE resources and solutions for your practice that WON'T BREAK THE BANK at "Technology Solutions for the Modern-Day Advisor" with NAAIM member Jacob Deschenes!
- GET PAID for doing what you've been doing all along ... RESEARCH ... when you attend "The Innovative Tax Credit – Get Paid for Doing Research!" with Strike Tax Advisory.

If you are leaving early, CHANGE your travel plans to be at UK through lunch on Wednesday (12 - 1:00 p.m.). We promise you won't be disappointed!



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# Uncommon Knowledge 2023: Meet the Presenters and Thought Leaders

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## Ryan Detrick, Chief Market Strategist, Carson Group



Most investors focus on the negatives, but there are many positive things taking place out there. In **13 Clues This Bull Market Is Just Getting Started**, Ryan Detrick, Carson's Chief Market Strategist, focuses on facts and looking at the macro environment, sentiment, policy, and fundamentals to show a much different backdrop than

you hear about on tv. Ryan is responsible for advancing Carson's Investment Research team, delivering market insights and expanding the firm's investment platform. Beyond this, he provides research and guidance that drives growth for the more than 130 Carson partners who collectively manage \$20 billion in assets.

## Ryan Harder, Chief Investment Strategist, Sierra Investments



Ryan Harder, CFA®, is Chief Investment Strategist for Sierra Mutual Funds and Ocean Park Asset Management. He oversees research, trading, and portfolio management for the firm, and his career of more than 20 years includes roles as portfolio manager, equity research analyst and managing director. Ryan earned a BA in Economics, with

honors, from Brock University in Ontario, Canada and a M.Sc. in International Securities, Investment and Banking from the ICMA Centre, University of Reading, in the United Kingdom. He is a CFA® Charterholder.

## Rob Hanna, Capital Advisors 360



Rob Hanna is a Registered Investment Adviser Representative of Eastsound Capital Advisors, LLC d.b.a. Capital Advisors 360, LLC, where he manages numerous short-term stock and bond models, as well as VIX-based models and VIX option overlay strategies. Rob's models are quantitative in nature. Rob has worked as a full-time market professional since 2001. Prior to

joining CA360, Rob managed a private investment fund. Rob also authors Quantifiable Edges.com, focused on quantitative market analysis. It provides daily research and trading ideas for individuals and institutions. Rob is a graduate of the Boston College Carroll School of Management.

## Panel Discussions, Roundtables and Break Out Sessions Bring Member Voices to the Podium

Tuesday, May 9<sup>th</sup> brings a morning NAAIM Member Panel on Succession Planning led by John Llodra, New Harbor Financial and Sam Jones, All Season Financial Advisors, followed by Round Table discussions in the afternoon. On Wednesday, Breakout sessions look at Back Office Tech – tools, techniques and vendors that can streamline advisor businesses, and Claiming Business Tax Credits and what you need to know to save time and money.



## Don't Miss NAAIM's Active Investing Strategy Competition Finale Sunday Night

**N**AAIM'S ACTIVE INVESTING STRATEGY FINALE is a rapid-fire competition of finalists making 7-minute strategy presentations, followed by 5 minutes of questions from the judges and audience. To make it to the finals, the contestants' strategy performance data had to be based on actual trading. The competition is a great introduction to innovative active investment strategies and managers who could reshape your advisory practice. It all takes place Sunday night 7:00 - 9:00 p.m. at the Hilton Scottsdale Resort.

The Grand Prize winner receives a \$5,000 cash prize, promotion to the NAAIM membership and pending due diligence approval, the winning strategy will be promoted to Global View's advisor base of active investment managers.

## 2023 UNCOMMON KNOWLEDGE SPONSORS

### PLATINUM:



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## 2023 NAAIM Founders Award Winner to be Recognized at Uncommon Knowledge



**T**HE WINNER OF THE 2023 NAAIM FOUNDERS Award white paper competition will be recognized Wednesday morning at 8:30 a.m. and present a summary of the winning paper. Launched in 2009, the NAAIM Founders Award is designed to expand awareness of active investment management techniques and the results of active strategies through the solicitation and publication of research on active management. \$5,000 is presented annually for the best paper submitted to the competition.

To win, the individual had to submit a paper up 30 pages covering an innovative topic in the area of active investing, such as:

- a documented investing approach,
- an exploration into the validity of active investing,

- research in other issues related to active investing, such as making investment decisions using technical analysis, quantitative analysis, etc.
- or address related topics such as position sizing techniques, money management approaches, scaling into and out of trades, exit strategies, tax harvesting, execution, etc.

Winning Founder's Award papers are posted to the NAAIM website. If you haven't taken time to review some of the outstanding research and ideas published over the last 12 years, visit the site today. There is a wealth of information available.

# How AI Changes the Investing Game

JIM LEE

I'VE BEEN INVOLVED in the investment business for over thirty years. When I started, it was unusual for brokers and financial advisors to have a computer at their desk. We would look-up 3-month-old research from Value Line, which came in a 3-ring binder.

Times have changed since then.

The investment industry was an early adopter of AI and automated trading. It is a very quantitatively-driven business. The first robo-advisors arrived around 2010. Today, the five largest mutual funds investing in stocks ALL run algorithmically-based index strategies.

In the early 2000's, the biggest bank in Delaware had 30 stock analysts. This was the job that I wanted as a college graduate... now it doesn't exist.

What happens when computers start running the show? Here are a few observations.

- 1) It is better to anticipate change than respond to it. By the time you've found out about something on CNBC, prices have already adjusted to the news.

Markets are moving faster than ever. Take the recent failure of Silicon Valley Bank, which went from "stable" to "failure" in the course of just two days.

My friend Peter Atwater writes the Financial Insights newsletter and has an interesting take on this. He notes that there is "a serious 'pace gap' between policymakers and the crowd. Policymakers are moving like it is 2008, while the crowd is moving in what might best be called 'Twitter Time.' And the latter feels like it is 100 times faster than the former."

- 2) AI thinks quickly, but not deeply. Generative language models look and act smart, but they can also commit egregious errors with great confidence.

Who was the President of the United States in 1593? Queen Elizabeth, of course!

AI bots tend to overrespond to headlines. They sell first and ask questions later (if ever). This adds to market volatility.

- 3) Everything correlates. All markets are connected. They move in sync, making diversification less useful, and timing more important. Investing becomes a simple binary decision... risk on or risk off.



The image was created with OpenAI using the prompt "How AI Changes the Investing Game, in the style of Moebius".

- 4) Stock picking is less important. Getting the right industry exposure is key. Much of the trading now is in Exchange Traded Funds (ETFs). These are baskets of stocks that are pooled together for trading purposes.

Stocks regularly trade down on bad news relating to their competitors. I call this "second hand smoke".

All of this is already happening. So, what happens next?

- 1) The winners of the AI wars will have a computational advantage based on the depth and accuracy of their data sets. In my experiments with AI, the

answer to creating better models is usually "add more data".

The owners of the biggest datasets will be hard to beat. These include Microsoft, Amazon, Facebook, and Baidu.

- 2) Change is accelerating. Alvin Toffler referred to this as "transitive thrust", with the end result being "future shock". ChatGPT can now write software code and legal agreements with 90% accuracy. It's not perfect, but it is an amazing start. An AI that can improve and edit its own code could very well be the first stage of technological singularity.
- 3) We'll spend more time chatting with AI's. Want to talk with your appliances? Amazon's Alexa already has a conversational mode that can emulate an awkward first date experience.
- 4) AI's will become gatekeepers. As AI's produce mass content, we'll need more AI's to keep us from getting overwhelmed. Just as secretaries in the days of "Mad Men" would field phone calls from insurance salesmen, AI assistants will likely screen out which messages or promotions deserve your attention.

AI's are like a fiercely smart co-worker that gets the details right, but doesn't always see the big picture. There is no software yet for common sense.

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Jim Lee is an award-winning investment strategist and futurist. He is the founder of StratFI, a boutique investment advisory firm focused on "What happens next?".

## The Surprising Truth About Mutual Fund vs. ETF Ownership Costs

Expense ratios aren't the only factors to be considered when comparing ownership costs between mutual funds and exchange-traded funds (ETFs). Explore all the costs that should be taken into consideration when making an informed choice between ETFs and no-transaction-fee (NTF) mutual funds for active trading strategies with Rydex Funds' informative white paper, "A Comparison of ETFs and Mutual Funds—The True Cost of Investing."

You'll gain a better understanding of:

- The three implicit and explicit costs of owning ETFs and NTF mutual funds
- How active trading strategies affect the cost of ETF and NTF mutual fund ownership
- How to discuss cost differences of NTF mutual funds versus ETFs with your clients
- Why NTF ETFs may not be less expensive than NTF mutual funds for active trading strategies

**Request your free copy of "A Comparison of ETFs and Mutual Funds—The True Cost of Investing."**

**Contact Mike Bielski at 773 326 9616 or  
[Mike.Bielski@guggenheiminvestments.com](mailto:Mike.Bielski@guggenheiminvestments.com).**

*Read a fund's prospectus and summary prospectus (if available) carefully before investing. It contains the fund's investment objectives, risks, charges, expenses, and other information which should be considered carefully before investing. Obtain a prospectus and summary prospectus (if available) at [GuggenheimInvestments.com](http://GuggenheimInvestments.com).*

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# The Amazing & Tricky Brain

Jay Mooreland, MS, CFP®

**I** LOVE LEARNING ABOUT THE BRAIN. IT'S AMAZING what it can do. Take memory. We can remember seemingly unimportant things from years ago, but we can't remember what we did yesterday or the name of the person just introduced. The brain is incredibly efficient - quickly processing data, automating much of our responses, and empowering us to accomplish many tasks with such little effort.

When I see a brain, such as at a museum, I just stare at it. How does such a specimen do all that wonderful stuff? There are no semiconductor chips in there, just a bunch of blood vessels and gray mushy stuff. Mind blowing!

## Behavioral Finance Can Improve Decision-Making

I've been in the financial industry since 1999 as an investment advisor, yet it wasn't until I wrote my master's thesis in 2011 that I began to understand more about the brain. It all started with studying Markowitz' Modern Portfolio Theory and the assumption that the investor is rational. That one statement, along with the economic definition of rationality (we are not influenced by emotion, nor do we make errors in judgement), changed everything. Learning about behavioral biases, mental shortcuts, and how to improve our decision-making became a passion.

If we want to improve the quality of our decisions, we need to understand the workings of the brain, including some of the games it plays with us. We want to be efficient and confident in our choices, but sometimes we get fooled and make costly decisions. This is because behavioral biases occur automatically and unconsciously. Sometimes we recognize our errors and other times we let our ego take control and either blame circumstance or rationalize our poor decisions. I have been known to do both. The great value in applying behavioral finance is to help ourselves and others improve their decisions and ultimate outcomes. Understanding the brain, and the games it plays, is crucial to that.

## The Mirror Maze & Brain Games

Several years ago, I was at the Mall of America with my family (we live 20 minutes away). We decided to check

out the Mirror Maze and compete to see who would win. Something very interesting happened less than five minutes in. I became very disoriented. I held on to my wife's arm; my brain was confused, and I became frustrated that I couldn't tell the difference between the actual hallway and a reflection of the hallway.

Within a few minutes I said, "**Get me out of here, I am going to be sick.**" At first, she thought I was joking and trying to "win" before everyone else, but once she looked at my sweaty, pale face, she knew I meant business. She got me to the exit and I told them to keep playing and that I will just sit down in the mall. However, as I sat down I got very flushed, started sweating, and that feeling came quickly to my gut...I was going to throw up. I walked as fast as I could to the bathroom, finding garbage cans along the way in case I couldn't make it. I made it and waited for it to come. It never did. Instead, I got to experience nausea for the next 45 minutes.

Reflecting on this makes me amazed at the brain. Here I was, on solid ground, not spinning around or on some wild roller coaster. Yet, the brain responded as if I was. Physically I was stable and secure, but internally the brain was on its own roller coaster, all because I was disoriented by the mirrors. The perception by the brain was that I was on a wild ride, and it responded accordingly.

## Perception is Our Reality

This reinforces how important perception is to what we do – both physically and mentally. And sometimes the brain really plays tricks on us. I knew I wasn't spinning around, but I couldn't override what the brain perceived. Its perception trumped my reality!

This is similar to being in an emotional situation. While we would all like to allow rational thought to guide our decisions, emotion can temporarily overrule logic – it can twist things to make irrational choices *appear* logical.

We will discuss more about how the brain influences investors and what you can do to help your clients improve their financial decisions at the Uncommon Knowledge NAAIM Conference in May. See you then!



# Geared Investing

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# Consultant Database Reporting Challenges:

*How managers can increase their visibility and avoid missing out on search activity*

PATRICIA SANDOZ

ONE OF THE BIGGEST CHALLENGES MANAGERS face with consultant database population is a lack of internal resources to complete this daunting - yet critical task in a timely manner. When managers are not updating their profiles completely (missing key data points and other information) they run the risk of missing out on potential search activity. Whether managing this process internally or outsourcing to a service provider, the same rules and oversight should apply to how the process is completed.

Consultant databases are where searches start and often the precursor to receiving an actual RFP, RFI and/or DDQ from an investor or consultant. Managers can increase their visibility and search activity by improving their reporting by paying attention to a few key things:

1. Maintaining complete database profiles at a rate between 90-100%.
2. Consistency and accuracy of information reporting and sources of data.
3. Timely updates and avoiding missed deadlines.
4. Staying on top of the evolving database landscape changes and additional requirements

If managers are not achieving high completion rates, they are allocating resources with little ROI as they risk losing out on potential search activity due to incomplete and critical screening criteria in their profiles. Managers can easily gauge how their database profiles appear when logging into databases as most have alerts for missing information, new section additions and data requirements. In addition, they also have a feature where managers can print profiles at the firm and strategy level for review. Investors and consultants screen databases across many factors, looking at manager profiles at a deeper level than just performance and/or fundamental data points. When managers are leaving any area of the databases incomplete, it can impact screening into a search alongside their peer universe. In addition, narratives are an opportunity for managers to tell their story and should be completed with the same attention to detail as an RFP. Several consultants produce quarterly newsletters of Top Performers, such as Informa Top Guns, giving managers increased visibility if they make the list. Striving to maintain complete profiles at a range of 90-100% allows for greater visibility to search activity.

Consistency and accuracy in reporting go hand in hand. A common issue a manager may be unaware of is that their information may not be aligning the same across the databases. Issues arise for several reasons, typically due to an unfamiliarity with what is being asked, turnover of staff doing the reporting or multiple individuals managing the process inconsistently. Experience and a strong knowledge of the database structures and what is required is paramount as each one, while asking for the same information, may do it

slightly differently. Discrepancies often occur in the areas of AUM where client types, country data, or asset classes are not correctly defined, variances in how vehicle types are captured, reporting strategy versus composite assets and employee breakdowns. Inaccuracies can happen in cases where managers change the representative portfolio being uploaded but are still sourcing fundamental and other data from the previous portfolio because the team was unaware it changed. In addition, when a manager reports AUM and Performance in different currencies, and individuals are either unfamiliar or there is turnover of those reporting, there is a risk of misreporting the data. This can create discrepancies in what potential investors and consultants see in the database, but also what they see if using a databases analytics product. There is a risk that what a manager states it does will not be in alignment with what the analytics data is showing. Maintaining a consistent team who understands the data and how it is sourced internally is essential to avoiding inconsistency and inaccuracy in reporting.

Reporting timely data is critical at all intervals, particularly quarter end when the level of data screened in search activity is far greater. Performance is typically requested 4-7 days out up to as late as 14 days. Managers are allowed to and should be reporting preliminary performance to meet deadlines but need to remember to finalize numbers when available. While managers may opt to upload portfolios on a 45-day lag which is acceptable but should note analytics to research a firm can be run earlier than that. There are databases that will request portfolios within the first two weeks of the quarter end, especially where it relates to a consultant who shares a client with a manager already. Databases vary in timelines so understanding those deadlines and meeting them is important to capture as much search activity they can.

Finally, over the last number of years, 2022 into 2023 specifically, we have seen several large changes across many of the major databases. Significant changes included the eVestment migration with Cambridge and Mercer and what it means for managers, increased D&I questionnaire sections, ESG, and data point requirements. Managers need to be on top of how each system has evolved. One big recent change affecting managers included the new SEC marketing rule which required Net of Fee data to be reported where previously it was not required. For large firms who report many strategies to which the new rules or sections would apply, or to smaller boutique firms with limited resources, these tasks can be daunting. Understanding the structures and how to expedite the process can be a big timesaver. While managers should have been alerted to these significant changes/additions, they may not have had the time or resources to update these new fields/rules/sections. Familiarity with consultant

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## President's Letter

CONTINUED FROM PAGE 1

It turns out that when you feed massive amounts of data to a computer, it doesn't come up with original ideas, or recognize the validity of contrasting philosophies. Instead, it regurgitates the most common themes and repeated "truths" on an issue. Search for market timing and a very familiar meme emerges. *"It's important to keep in mind that market timing can be risky and difficult to execute successfully. Instead of trying to time the market, many experts recommend focusing on long-term investing strategies that involve diversification and dollar-cost averaging."*

Everyone at a NAAIM conference has realized that there has to be a better approach to investing than leaving your portfolio and your future vulnerable to the whims of the market. That's why we are active managers.

If you are an active manager or an investment manager looking for a better way to manage client assets, I hope you will join me at the NAAIM Uncommon Knowledge 2023 Conference. No matter where you are in your career, you will learn ideas to change your life and your business. The conference is happening May 7-10 at the Hilton Scottsdale Resort & Villas.

It's not too late to join the conversation and take advantage of a great lineup of speakers and topics. The QR code on page 1 will take you straight to event information and registration.

I would like to close this letter with the request that you stop and say hello to me in Scottsdale. If you are like me – determined to have a great year in 2023 – let's make it happen!

Sincerely,



Ryan Redfern  
NAAIM President

## Welcome New Members

### REGULAR MEMBERS

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### Associate Member:

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New York, NY 10003  
516-241-3892

## Consultant Database Reporting Challenges

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databases and a dedicated and knowledgeable team to oversee the process allows managers to stay on top of all the changes.

Recognizing the importance of how database reporting can impact a manager's visibility to search activity is critical. Implementing a streamlined consistent structure internally can greatly impact the outcome a firm has at accessing new business opportunities. Having a team in place that understands the database structures and reporting requirements is equally important so growing AUM.

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*Patricia Sandoz, Founder of IMSS & Data-Centrix, explains the common pitfalls in reporting to databases and ways managers can improve database profiles to boost screening opportunities.*  
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