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Investnet, Investment Advisor Announce 2021 Asset Manager and Strategist of the Year Finalists

The 17th annual Asset Manager and Strategist of the Year Awards recognize active managers in fixed income and other categories.

By Ginger Szala | May 25, 2021

While 2020 will always be known as the year of the COVID-19 pandemic, it also will be remembered for its market highs, lows and new highs, as well its near-zero interest rates.

Last year, active managers had to be “nimble,” said Tim Clift, chief investment strategist for Investnet | PMC. At the same time, portfolio managers nominated as finalists for the 17th annual Asset Manager and Strategist of the Year Awards faced unique issues and conditions.

The yearly awards, presented by Investnet | PMC and Investment Advisor, recognize active managers in seven different categories who have beaten their benchmarks, shown solid performance in general over time and are the best in their respective asset class.

The 2021 finalists are listed in the accompanying sidebar, and the winners are set to be showcased in the July/August issue of Investment Advisor.

“The markets moved very swiftly,” Clift said. “We started out strong until COVID hit at the end of February and into early March. Then the market dropped like a rock, but it also rebounded very quickly. If you were to buy and hold, you probably did OK. But if they were nimble, saw the warning signs and made some adjustments, [these] active managers had an opportunity to shine in that environment,” he explained.

It also was a year in which “stock picking became very important,” Clift pointed out. Index managers own everything, “but an active manager could see what was happening and thrive in the situation,” he said.

For example, technology stocks soared, while travel and entertainment holdings crashed. “There were multiple opportunities throughout the year for portfolio managers to really shift based on market conditions, and it created a much more interesting environment for managers,” explained the investment strategist.

This Year's Finalists

The finalists for the 2021 awards have been culled from thousands on the Investnet platform by a group of analysts, rated by category and then reviewed by the judging committee.

To be considered for an award, the portfolio managers need to have at least \$200 million in assets and three years of experience. They also need to be open to new investments on the Investnet platform.

Those on the most-recent list of finalists have had stellar years of performance, but there's a lot more that makes them worthy of consideration by the judges.

“We want to make sure that people understand that we’re not just basing these awards on performance, or just last year’s performance,” Clift said. “We’re really focusing on consistency over the years — not just selecting from a hot year. We’re looking at a lot of metrics, including managing risk, the people and the process.”

The \$200 million asset minimum provides a “proof of concept” that there’s both demand and success with the portfolio, he explained. “We want [a program] that’s been around and has gained assets, but we’re looking at assets in a number of ways.”

The analysts and judging committee also “like to see growth, a steady accumulation and a lot of underlying holders, rather than just a few,” Clift added. “That makes it much more robust and reduces concerns about outflows from a single investor.”

One area that has gained more attention in the past two years has been impact or environmental, social and governance investing, he says. The awards program does have an impact category (which it added in 2016), and several of finalists in other categories also have ESG investing woven into their strategies.

“There’s more activism from shareholders, but the industry has been feeling pressure,” especially on climate change, Clift said. “Governance of companies and diversity and inclusion [has been] really prominent during this past year. Everybody’s shining a bright light on companies to make sure they are doing the right thing.

“As analysts, we’re asking companies, regardless of whether or not they promote ESG products, about their internal practices, ...” he explained. “We have to ask those values questions.”

Regardless of whether or not a firm has ESG products, it will be asked about these issues as part of the due diligence process, Clift says. This includes answering questions about what diversity looks like at the asset-management firm and if the company is focusing on the environment, for example .

“Impact strategies in the past were more of a niche and were more [targeted]for a specific clientele,” he stated. “I see a future where every single company has to report those metrics, is going to be evaluated on how it does and will be excluded from portfolios because it doesn’t take [impact and ESG issues] seriously.”

Choosing the Finalists, Winners

For 17 years, Investment Advisor and Envestnet | PMC have partnered to find, select and honor the Asset Manager Award Managers of the Year in multiple categories.

The selection process begins with the Envestnet team of analysts, who research each category for best-in-class managers by using several metrics. In addition, the analysts meet with most management teams to narrow the field in each category, which typically has between about 30 to 200 managers. This year, meetings were done by video conference due to the pandemic.

The analysts make their detailed presentations of top choices to the selection committee, which then deliberates and votes on the winners. The selection committee is comprised of Envestnet | PMC Chief Investment Strategist Tim Clift; Managing Director Erik Preus, CFA; and Dana D’Auria, Envestnet co-chief investment officer; Investment Advisor Group Editor-in-Chief Janet Levaux; and Managing Editor Ginger Szala.

The committee relies heavily on the research and due diligence expertise of the analysts. This process also incorporates Envestnet | PMC’s proprietary systematic and multi-factor methodology, which evaluates managers on both qualitative and quantitative criteria, including investment process and style, performance, firm profile, customer service and tax efficiency.

Finalists of the 2021 Envestnet & Investment Advisor Annual Asset Manager & Strategist Awards

Large Cap Equity (two awards) • Harbor Capital Appreciation Fund • Columbia Contrarian Core SMA • Alger Capital Appreciation Strategy • Alley Dividend Portfolio

Small, SMID and MidCap (two awards) • RMB SMID Cap Core Managed Account / RMB SMID Cap Fund • Redwood US Small Cap Growth Managed Account / JHancock Small Cap Growth Fund • Riverbridge Smid Cap Growth Managed Account • EARNEST Mid Cap Value

Fixed Income • Brandywine Global Opportunities Bond Fund • Federated Hermes Total Return Bond Fund

Global, International and Emerging Market Equity • Martin Curie Emerging Markets Fund and SMA • Oberweis International Opportunities Fund • Schroders International Alpha ADR Strategy

Impact • Brown Advisory Sustainable Core Fixed Income • Pax Global Environmental Markets Fund

Liquid Alternatives • AQR Diversified Arbitrage Fund • John Hancock Seaport Long/Short Fund

Strategist • WestEnd Advisors • Globalt Investments: Globalt innovatETF Strategies • BlackRock Target Allocation Portfolios

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