Multiple Benchmarks
Feature Factsheet

Overview

When identifying manager value or explaining fund performance, the choice of benchmark is significant. Benchmarks are not one-size-fits-all; it is common for managers of similar funds to use different benchmarks.

Selection of and reporting on benchmarks has been dramatically improved in the Stylus module of Stylus Pro 11.0.

In Practice

- Charts and tables may now include more than one benchmark selection. Statistics such as excess return and beta are calculated for each manager compared to each benchmark you select. Choosing to "Show" benchmarks will show each one used in the analysis.

- Unique primary and secondary benchmarks can be defined for each manager using manager properties. The properties may be set in a variety of ways, from manual selection to database lookups. For some data vendors, such as Morningstar, the benchmark specified by the manager and included in the vendor database may be selected. When MPI_BMKPRIMARY is selected as a benchmark for a chart or table, each manager's statistics will be computed relative to the benchmark defined in that property for the manager.
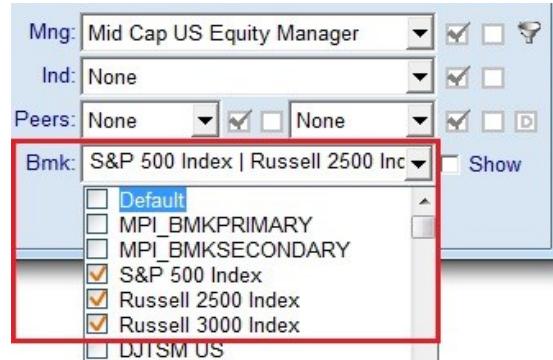
Benefits

- Permits the analysis of managers against the most appropriate benchmarks on a single chart or table
- Allows the easy creation of reports that show primary and secondary benchmarks
- Enables the definition of manager benchmarks outside of Stylus Pro (i.e. Excel, SQL Database)

Additional Information

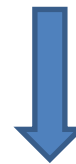On the Stylus Pro 11.0 website you will find these additional resources:

- Demo Study
- Video
- User Guide

1 Multiple Benchmark Selection

2 Manager-specific Benchmarks

	2013	2012	2011	2010	2009
Large Cap US Equity Manager	24.95	16.04	2.83	12.47	24.21
S&P 500 Index	25.30	16.00	2.11	15.06	26.46
Excess	-0.35	0.04	0.72	-2.59	-2.25
Mid Cap US Equity Manager	28.73	17.28	-1.55	25.48	40.48
Russell 2500 Index	29.96	17.88	-2.51	26.71	34.39
Excess	-1.23	-0.60	0.96	-1.23	6.09
Small Cap US Equity Manager	30.90	16.35	-4.18	26.85	27.17
Russell 3000 Index	26.45	16.42	1.03	16.93	28.34
Excess	4.45	-0.07	-5.21	9.92	-1.17

Multiple Benchmarks
Feature Factsheet

Key Points

- **Style Analysis**: These new features in Stylus Pro 11.0 permit analysis of managers against different benchmarks and create flexible reports on statistics such as excess performance and risk, alpha and beta, or correlation. This does not, however, allow for style analysis using manager-specific style indices. The style exposures for all managers in a study are calculated against the same set of indices in the Style Outline. MPI provides a robust plan-level template that accommodates a proper multi-asset class analysis by unifying many result sets behind the scenes.

- **Grouping by Benchmark**: In many cases, the charts and tables you define with multiple benchmarks will be most effective when results are grouped by benchmark. Stylus Pro 11.0 adds a number of powerful macros and formatting options that enable layouts like the one below.

Tracking Error
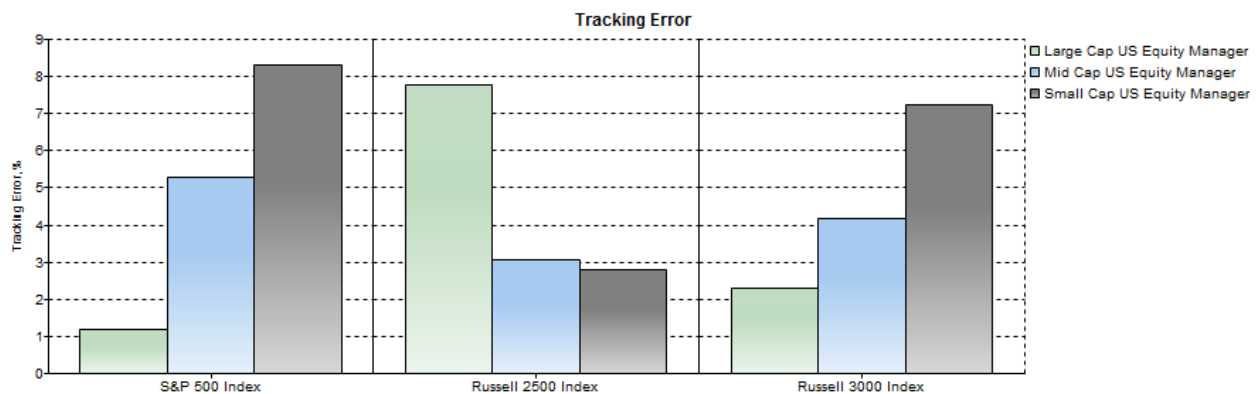
- **Primary and Secondary Benchmarks**: When reporting on portfolios or fund of funds, one often will want to see manager performance compared to both a strategy benchmark and a global benchmark. Stylus Pro 11.0 makes this possible by defining the primary benchmark property for each manager, adding the global benchmark to the design tree, then selecting the MPI_BMKPRIMARY and the global benchmark each any chart or table where this view is desired.