

Basic Principles | Integration of Quantitative Research

Transcript



Carissa Wong

CFA Quantitative Research Analyst

“A question I often get when I meet with a prospective client is why does a fundamental investment manager have a quantitative research team? I’m Carissa Wong, I’m a quantitative research analyst with Boston Partners. One thing I always go back to is it’s really the integration of fundamental and quantitative research because the two are intertwined.”

Basic Principles | Quant as an Analytical Advantage

“Quantitative research has been embedded in our investment process since the firm opened its doors in 1995. Boston Partners, very early on, recognized the advantage of having a quantitative research process. Our quantitative model ranks our investable universe of about 10,000 names globally. On a daily basis, we’re measuring these names on metrics of valuation, business momentum and fundamentals. These are the same metrics that our fundamental analysts will look at when they evaluate a company. It starts by being ranked on every factor in our model. Each factor is then aggregated into a model score, and the model score tells our end user how attractive this name is relative to peers in the universe. We standardize the calculation of each factor across the whole universe, and these ranks are then used to look at any subtle changes in characteristics. Ultimately, we focus on the most attractive 30%.”

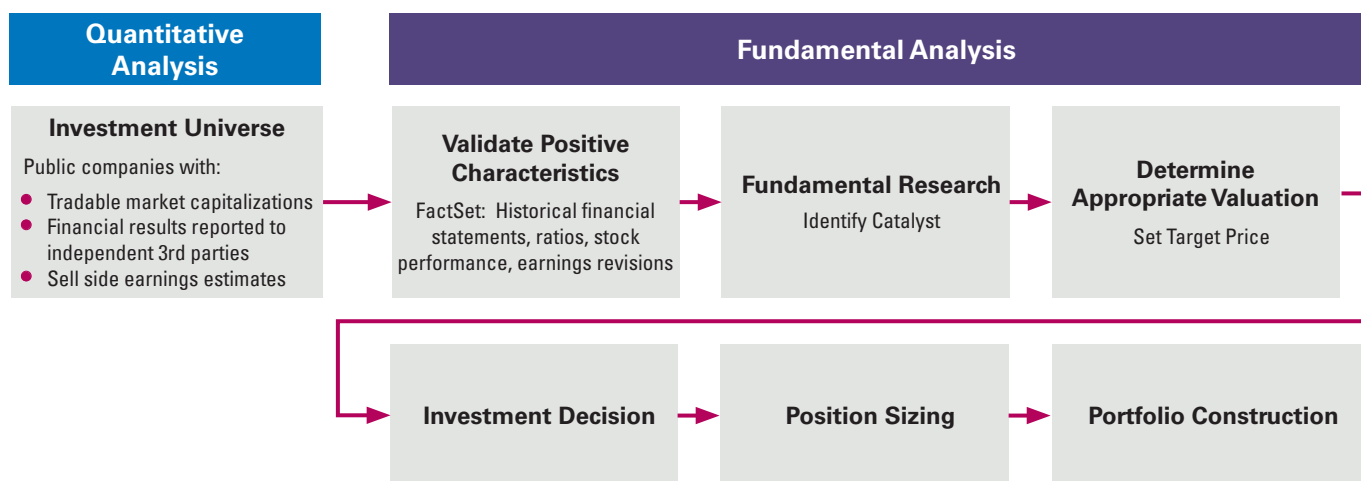
 **Key Metrics**
Analyzing 10,000+ Companies

Daily Measurements

- Valuation
- Business Momentum
- Fundamentals

Research Process and Security Selection

A systematic and repeatable method originating, researching and selecting



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“The quantitative model allows our fundamental analysts to use their time efficiently because with thousands of stocks in their coverage, they’re able to quickly distill it down to the companies that are most likely to outperform. And one of the main ways they use it for is idea generation. When we update models, we solicit input from our fundamental analysts and portfolio managers. And this really fosters a high level of buy in from our end users because ultimately this is a tool we’ve developed for them. Another way we use our model is to inform portfolio risk, which means when we look at a company’s valuation, business momentum and profitability, we want to make sure that on a portfolio level that the portfolio continues to have more favorable characteristics, namely, it is less expensive, it has higher quality and improving business momentum relative to the benchmark.”

“Over the years, the way we have consistently applied our quantitative research process has given Boston Partners an analytical advantage. Because the quantitative model, at the end of the day, is a bunch of numbers, it tends to remove human biases from our analysts. It helps ensure that our analysts and portfolio managers stick to our investment process. We have updated our models many different times and we’ve developed new ones over time. But the process is repeatable and it’s the same. The quantitative tool is not in competition with our fundamental analysts. It is an efficiency tool for them to utilize their time most efficiently, to inform maintenance research and gain insights into a portfolio risk and to look at any subtle changes in characteristics. And at the end of the day, we have one common goal, which is to deliver better performance for our clients.”

An Analytical Advantage

Maintaining attractive characteristics, consistently

Daily Measurements

- Less expensive
- Higher quality
- Improving business momentum

Carissa Wong
CFA Quantitative Research Analyst

Ms. Wong is a quantitative analyst with Boston Partners specializing in quantitative strategies. She is also the Director of Portfolio Risk. She joined Boston Partners in 2001. Prior to assuming this role, she was a marketing associate in the firm's performance measurement group. Prior to that, she was a performance analyst at State Street Bank. Ms. Wong holds a B.S. degree in business administration from Boston University. She holds the Chartered Financial Analyst® designation and has twenty-one years of experience.

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