

Performance evaluation and attribution

Performance evaluation =

1. Performance measurement

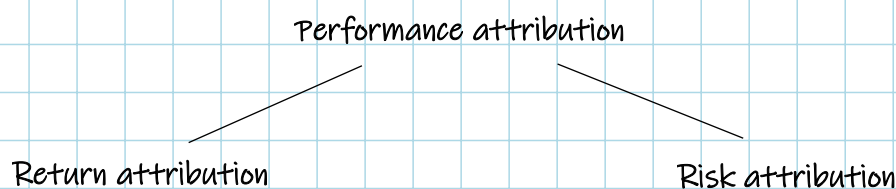
2. Performance attribution

3. Performance appraisal

Features of an effective performance attribution process:

- accounts for all of a portfolio's return / risk exposure
- reflects the investment decision-making process
- quantifies the active decisions of the portfolio manager
- provides complete understanding of a portfolio's excess return/risk

Otherwise, attribution is:



Performance attribution types (based on inputs used):

- Returns-based attribution

- Holdings-based attribution

- Transactions-based attribution