



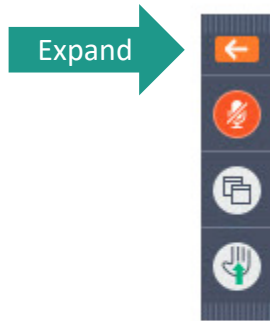
**PERSPECTIVES  
THAT DRIVE  
ENTERPRISE  
SUCCESS**



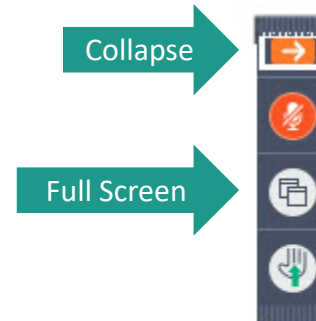
MARCH 9, 2023

**IQ Ratings Webinar**

# Question instructions



Use the orange arrow to expand or collapse the control panel

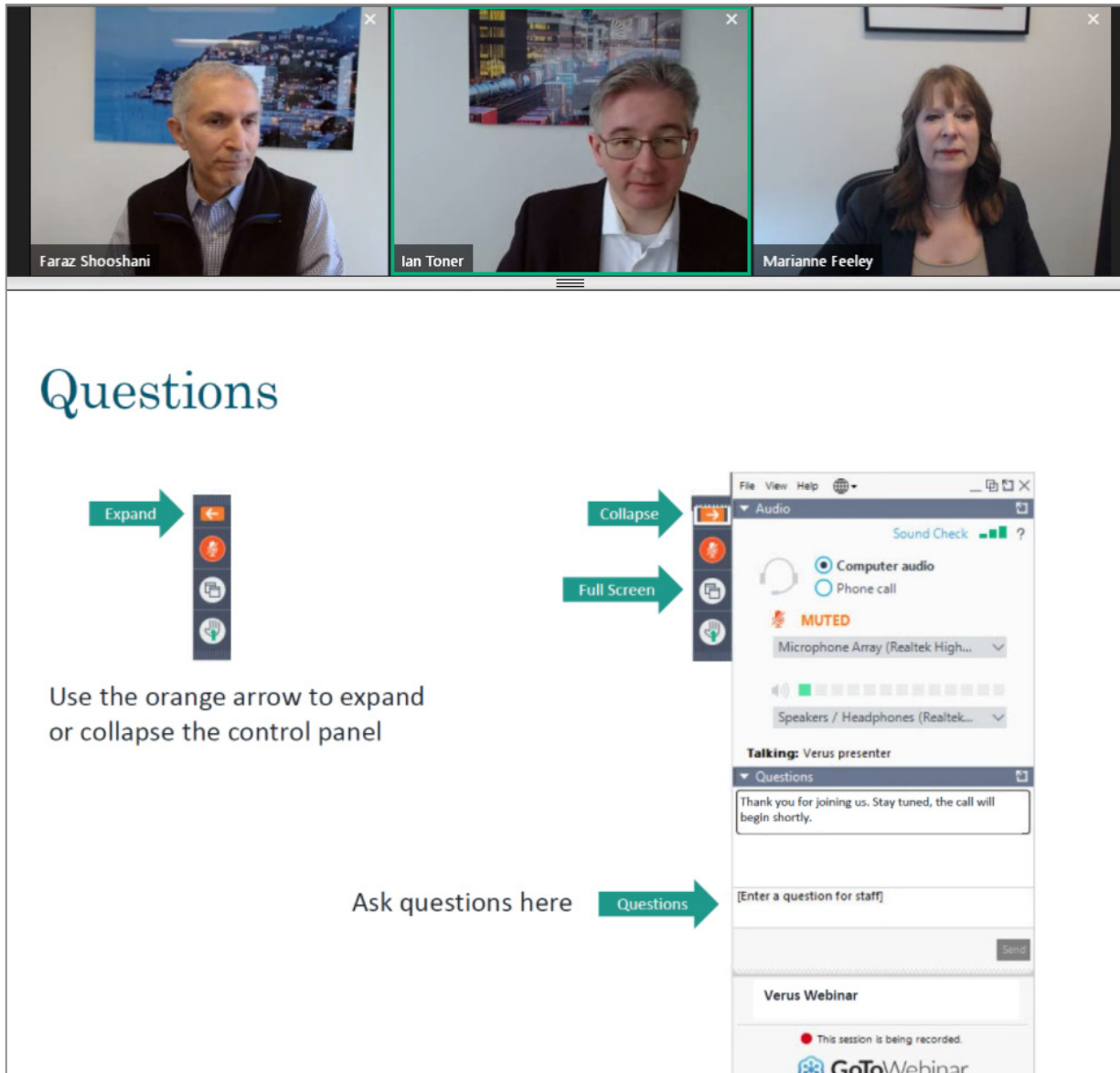


Ask questions here



The screenshot shows the GoToWebinar interface. At the top, there is a menu bar with 'File', 'View', and 'Help'. Below it is the 'Audio' section, which includes a 'Sound Check' button, a volume indicator, and options for 'Computer audio' (selected) and 'Phone call'. The microphone is currently 'MUTED'. Below the audio section is the 'Talking' status, which says 'Talking: Verus presenter'. The 'Questions' section is expanded, showing a message: 'Thank you for joining us. Stay tuned, the call will begin shortly.' Below the message is an input field with the placeholder text '[Enter a question for staff]' and a 'Send' button. At the bottom of the interface, there is a 'Verus Webinar' title and a red dot indicating 'This session is being recorded.' The GoToWebinar logo is at the very bottom.

# To adjust your view



Faraz Shooshani

Ian Toner

Marianne Feeley

## Questions

Expand

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Full Screen

Use the orange arrow to expand or collapse the control panel

Ask questions here

Questions

File View Help

Audio

Sound Check

Computer audio

Phone call

MUTED

Microphone Array (Realtek High...)

Speakers / Headphones (Realtek...)

Talking: Verus presenter

Questions

Thank you for joining us. Stay tuned, the call will begin shortly.

[Enter a question for staff]

Send

Verus Webinar

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GoToWebinar

Pull the light gray bar (between the webcams and the slides) to adjust your view, whether you'd like to see more of the presenters or enlarge the slides.

# Agenda

- What we look for when rating an investment product
- Ratings definitions and characteristics
- How IQ Ratings are communicated to Verus clients
- Activities that may initiate a change in an IQ rating
- Q&A

## MODERATOR:



**Ian Toner, CFA**  
Chief Investment Officer

## PRESENTERS:



**Marianne Feeley, CFA**  
Managing Director  
Public Markets



**Faraz Shooshani**  
Managing Director  
Senior Private Markets  
Consultant

# What have we done and why?

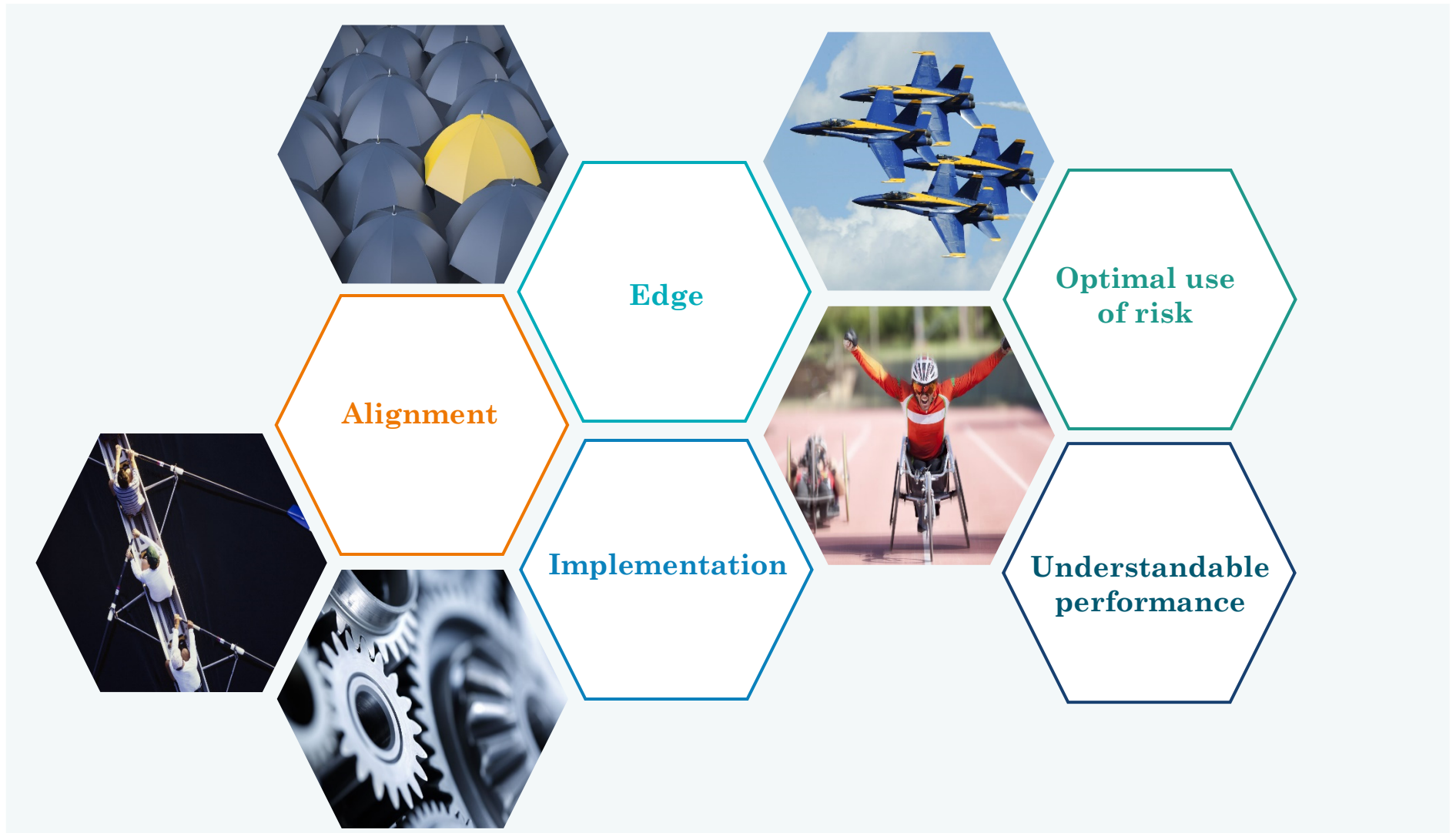
Verus has researched managers for more than 30 years. What has changed?

- We have clarified the way that we go about this work
- We have focused on the things we think drive client outcomes
- We have ensured decisions about manager ratings sit with experts
- We have chosen to be public with our approach

BUT

- This is incremental improvement rather than a whole new world!

# What drives investment manager success?

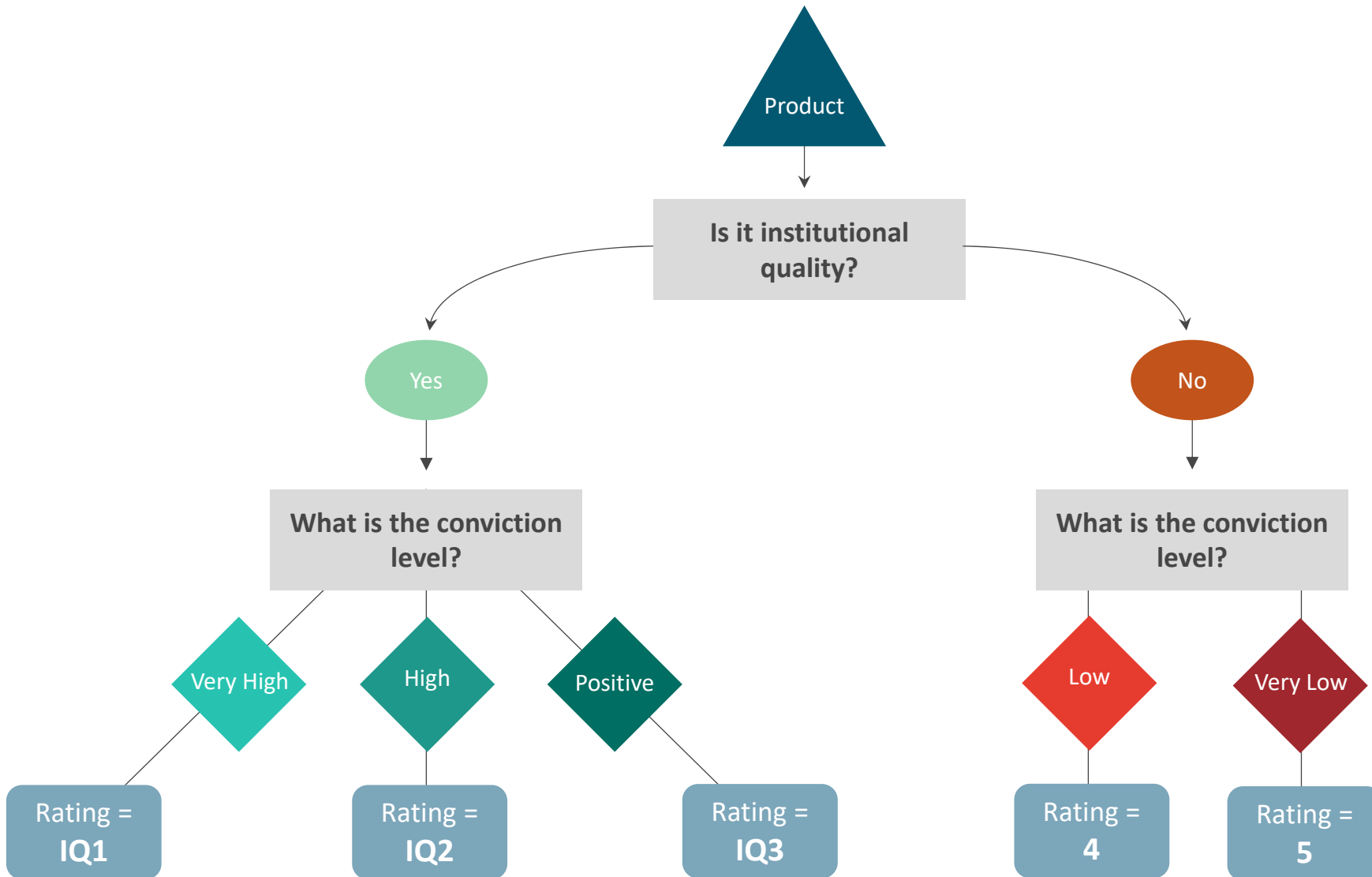




# What do we look for?

- We look for managers with a **clear understanding of how they invest**, and where the investment approach they follow is likely to provide **good outcomes over the long term**.
- We think **team stability and fair treatment of clients** is important, and we look for managers that are structured to **capture most of the value generated by the investment insights they create**.
- We want the manager to **understand and manage the risk** they are taking, and the **performance they deliver should be in line** with what we would expect from a manager with their investment approach.

# Rating process



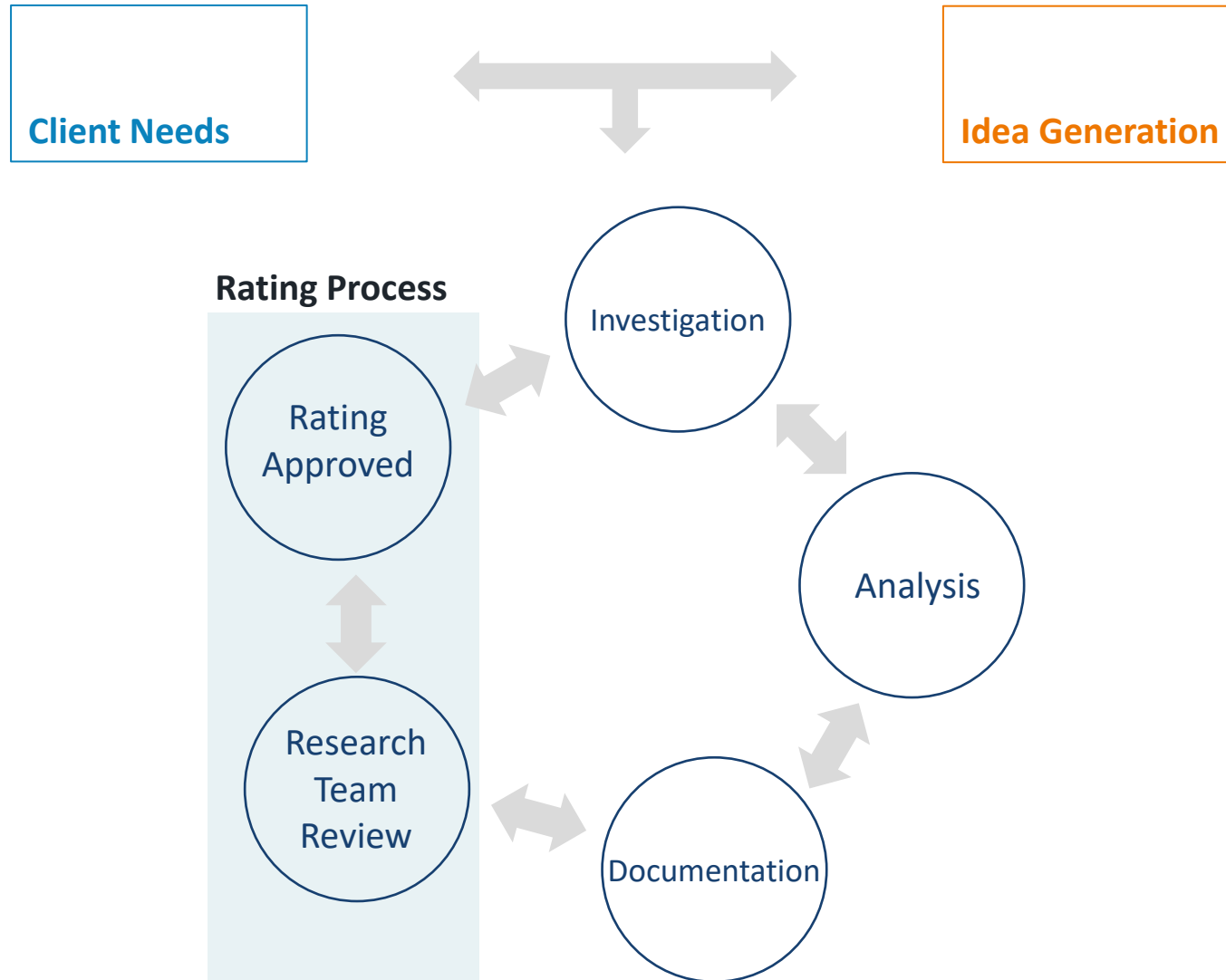
Rating process simplified for illustrative purposes only



# Verus IQ

- IQ Ratings apply across all work we do on investment products
- A communication framework to our clients and with each other
  - *Not* a new research process or re-rating of products
- Primarily for communicating with our clients
  - However, we are happy to tell managers their rating on a product after meeting with them
- Any IQ rated product may be eligible for a search
  - *Which product* is determined by client need

# How ratings happen



At any point, we may decide to pause research and not rate a product

Research is documented for potential future interest

We may resume research if circumstances change

# Why a rating may change

- Ratings are intended to convey long-term conviction and do not change frequently
- A significant change in conviction will be reflected in a change to the rating
- A flag on the rating may be applied to indicate a temporary concern to alert clients or indicate additional work being done
- Although ratings generally align with expectations for performance, rating changes are not exclusively performance-driven

# Communicating ratings to managers

- We appreciate the effort that goes into managers' meetings with us
- We are happy to provide transparency on our thoughts after that meeting
- This includes the rating if there is one, and very brief feedback
- Please understand our first duty is to our clients which determines how our time is spent

If we know you already.....

.... we know you already.

## **REGULAR OUTREACH**

- Annual monitoring questionnaire
- Quarterly request for attribution and commentary
- Meetings as needed

# Contacting Verus Public Markets

[Pmarkets@Verusinvestments.com](mailto:Pmarkets@Verusinvestments.com)

# Private markets opportunities

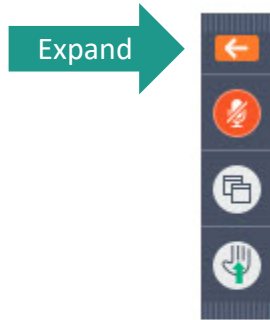
- Rating occurs during the fundraise period.
- Only a subset of opportunities we consider are formally rated.
- Feedback provided to managers:
  - After Preliminary Evaluation,
  - Completion of Deep Dive Diligence.
- Rating changes can occur during a fund's life, we expect rarely when:
  - Conviction drops significantly,
  - Operational due diligence raises notable concerns.
- Re-ups and IQ ratings on consecutive funds are not guaranteed... even when a prior fund has an IQ1 rating.



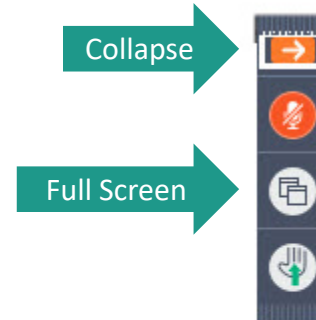
# Contacting Verus Private Markets

[https://www.verusinvestments.com/  
private-market-funds/](https://www.verusinvestments.com/private-market-funds/)

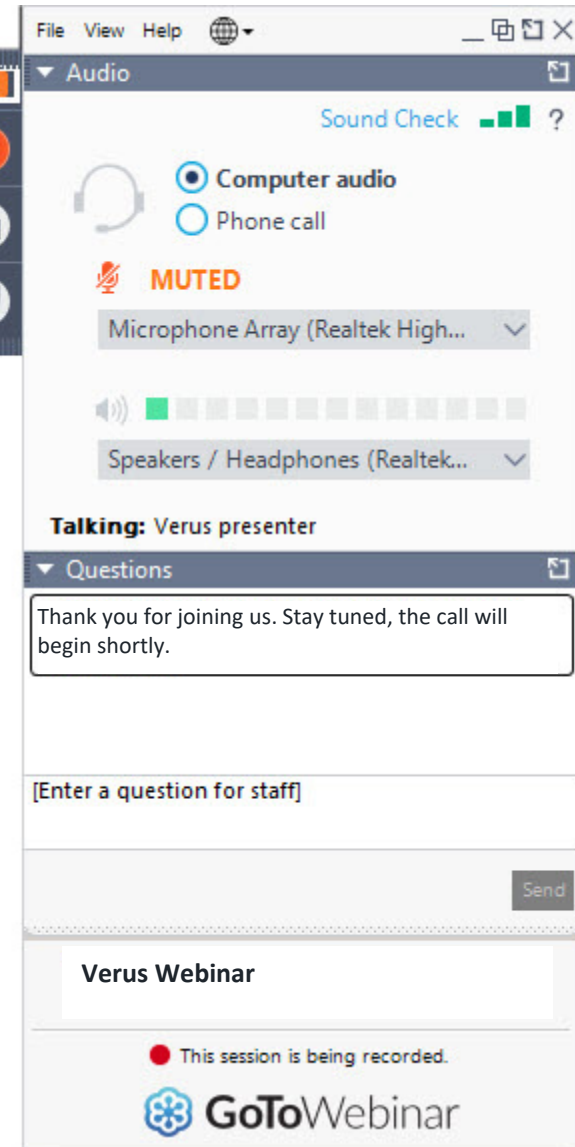
# Questions



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Ask questions here



# Thank you