



# Performance Attribution:

## What's Wanted, What's Used, and What's Not

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# Agenda

- What is Performance Attribution
- Common Attribution Models
- Key Takeaways
- Poll: Which Attribution Methods is Your Firm Using?
- Poll: How is Your Firm Evolving?
- Poll: What Enhancements Are You Exploring?



*“Investment performance attribution is a method used to analyze and explain the factors contributing to a portfolio’s performance relative to a benchmark. It identifies the sources of excess returns, often referred to as “alpha,” by examining the impact of various investment decisions made by the portfolio manager. Performance attribution builds upon performance measurement to elucidate how returns were achieved. It leverages both returns and attribution analyses to infer the quality of the investment process.*

CFA Institute Research and Policy

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# What is Performance Attribution?



Identifies sources of excess return (alpha)



Evaluates the quality of investment decisions



Supports transparency and accountability



Informs future investment strategies

# Types of Performance Attribution

**Brinson-Fachler**

Allocation + Selection + Interaction

**Factor-Based**

Attribution to style/risk factors

**Fixed-Income**

Interest rate, credit spread, yield curve

**Currency**

Isolates exchange rate impact on returns

**Transaction-Based**

Incorporates trading activity



# Types of Performance Attribution

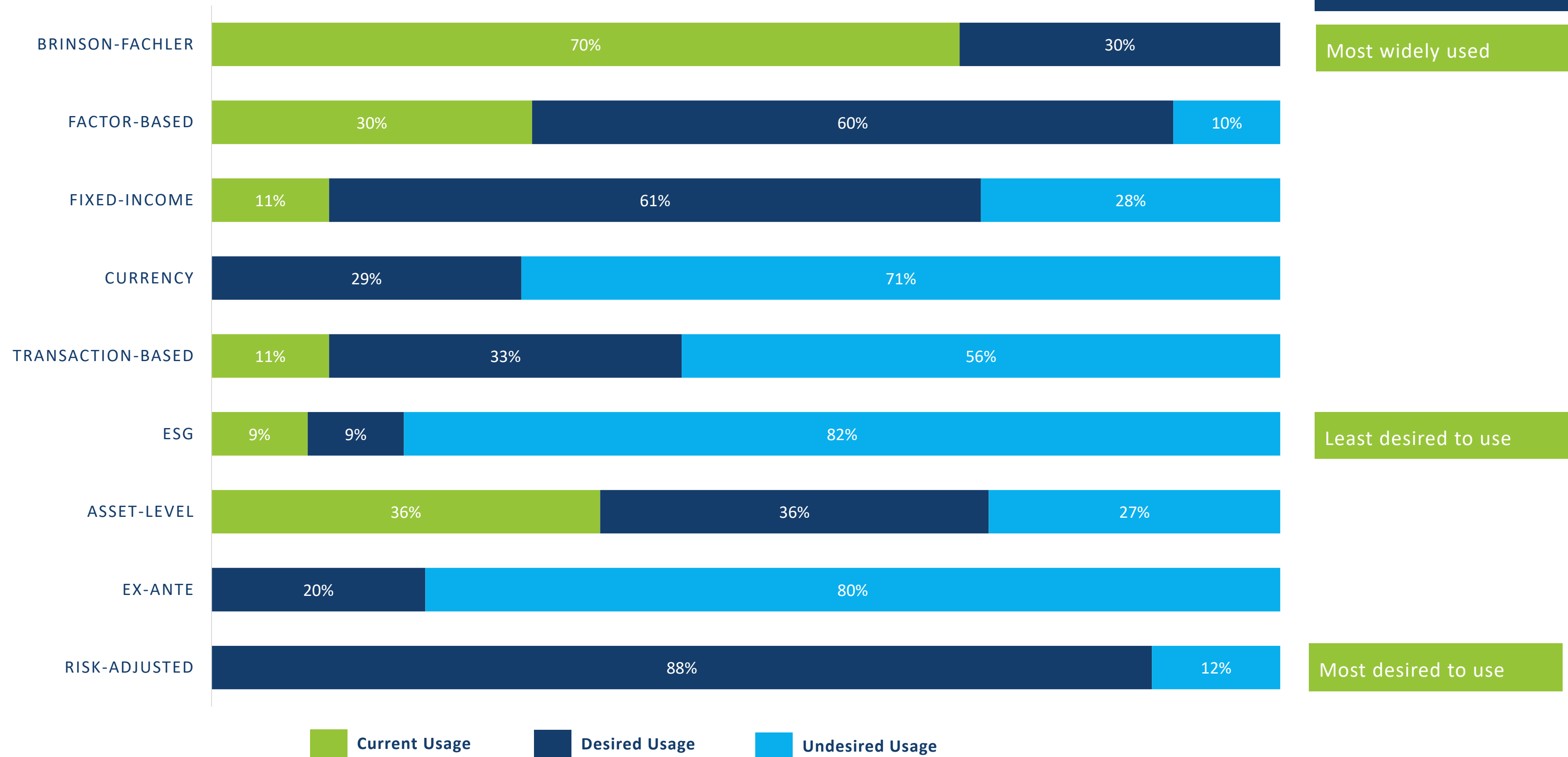
ESG
Asset-Level
Ex-Ante
Risk-Adjusted


- Measures ESG influence on performance
- Contribution by individual holdings
- Forward-looking, forecast-based
- Return attribution accounting for risk



# Present Statistics of Current Usage, Desired Usage, and Undesired Usage

(First Rate Clients)

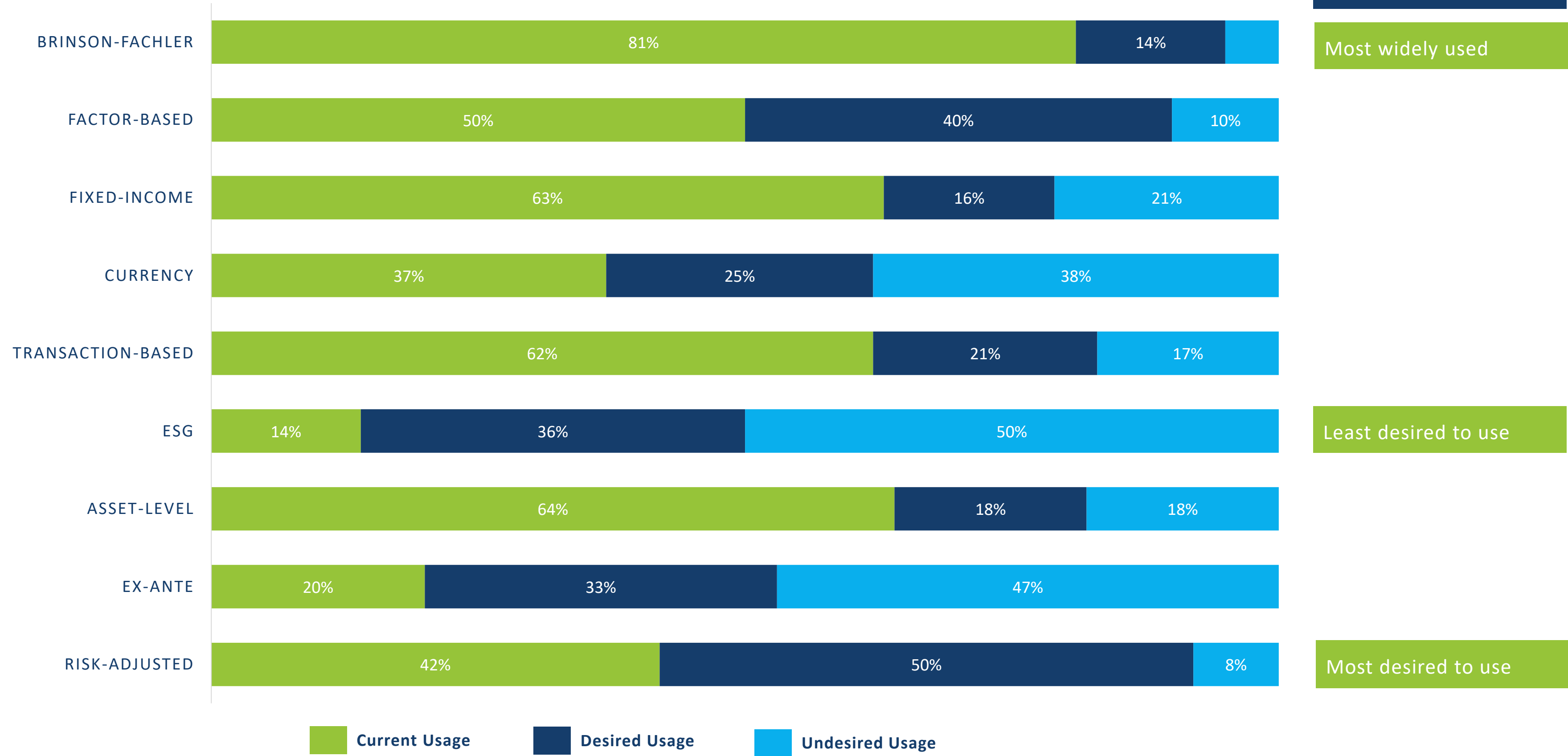




# Present Statistics of Current Usage, Desired Usage, and Undesired Usage

(Includes TSG Forum Members)

## KEY TAKEAWAYS







# LET'S DISCUSS

Which attribution models are most relevant to your firm today?

What type(s) of performance attribution is your firm currently using, would want to use, or would not want to use?

0 surveys completed



0 surveys underway

## What type(s) of performance attribution is your firm currently using?

Brinson-Fachler Attribution

Factor-Based Attribution

Fixed Income (Van Breukelen or Campisi) Attribution

Currency (Karnosky-Singer) Attribution

Transaction-Based Attribution

ESG Attribution

Asset-Level Attribution

Ex-Ante Attribution

Risk-Adjusted Attribution

SEE MORE 

## What type(s) of performance attribution is your firm interested in using?

Brinson-Fachler Attribution

Factor-Based Attribution

Fixed Income (Van Breukelen or Campisi) Attribution

Currency (Karnosky-Singer) Attribution

Transaction-Based Attribution

ESG Attribution

Asset-Level Attribution

Ex-Ante Attribution

Risk-Adjusted Attribution

SEE MORE 



## What type(s) of performance attribution is your firm NOT interested in using?

Brinson-Fachler Attribution

Factor-Based Attribution

Fixed Income (Van Breukelen or Campisi) Attribution

Currency (Karnosky-Singer) Attribution

Transaction-Based Attribution

ESG Attribution

Asset-Level Attribution

Ex-Ante Attribution

Risk-Adjusted Attribution

SEE MORE 



# LET'S DISCUSS

How is your firm evolving its attribution to meet modern expectations?

## How is your firm evolving its attribution reporting to meet modern expectations?

Incorporating AI or NLG to enhance client reporting

Clients are demanding more insights and transparency

Internal teams are making better decisions from enhanced attribution

Still using traditional models, but exploring upgrades

Other

## How is your firm evolving its attribution reporting to meet modern expectations?

Incorporating AI or NLG to enhance client reporting

0%

Clients are demanding more insights and transparency

0%

Internal teams are making better decisions from enhanced attribution

0%

Still using traditional models, but exploring upgrades

0%

Other

0%





# LET'S DISCUSS

What enhancements are you exploring?

## What enhancements are you exploring (or interested in) for attribution reporting?

AI-driven attribution models

Natural Language Generation (NLG) for reports

Interactive, visual dashboards

Integration with broader performance and risk insights

Other (comment below)

## What enhancements are you exploring (or interested in) for attribution reporting?

AI-driven attribution models

0%

Natural Language Generation (NLG) for reports

0%

Interactive, visual dashboards

0%

Integration with broader performance and risk insights

0%

Other (comment below)

0%