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## THE BEST *of* THE BEST

Meet the top money managers, endowment chiefs, pension heads and other institutional investors in our second annual U.S. Investment Management Awards.

By **Julie Segal**

ILLUSTRATION BY DIANA PANFIL

## U.S. INVESTMENT MANAGEMENT AWARDS

**ANDREW STEPHENS, HEAD OF ARTISAN PARTNERS' GROWTH** team and lead portfolio manager of the Milwaukee firm's midcap growth equity product, thinks of himself as a farmer — of stocks, that is. Stephens has implemented a finely tuned system at Artisan to cultivate top-performing portfolios. His folksy, but effective, method involves a garden, a crop and a harvest. Stephens plants companies that have defensible brands, low-cost structures, dominant market shares and proprietary assets — and that are early in their profit cycles. As the profit cycle takes hold for one of its seedlings, Artisan rapidly adds to its position. At harvest time it sells companies that are at full valuation and nearing completion of their profit cycles.

Most days, Stephens is pulling in a flush crop for Artisan, which oversees \$62.7 billion in assets. He says that changes in the markets and a hypercompetitive industry where an increasing number of mediocre managers have been forced out make doing that harder.

“The financial crisis, scandals and bear markets have weeded out the firms that didn't have a solid investment process or the talent to consistently deliver results above the

benchmark,” he says. “Managing money is as competitive now as I've ever seen it.”

Artisan, whose name fittingly evokes craftsmanship, is the Midcap Equity Manager of the Year in *Institutional Investor's* second annual U.S. Investment Management Awards, which recognize U.S. money managers across 23 asset classes, strategies and product types that stood out in the eyes of the investor community for their exceptional performance, risk management and customer service.

The manager winners were selected through a painstaking process. We began by analyzing data in more than two dozen strategies and sectors, looking at 2010 returns as well as asset size, three-year annualized returns, standard deviations, and Sharpe and Sortino ratios. (The majority of the data were supplied by White Plains, New York-based Informa Investment Solutions.) From that review we culled a list of the top firms in each strategy and sector for a questionnaire that we sent to more than 1,000 endowments, foundations, pension funds and other institutions, asking them to pick the top three managers in each of the categories. We used the results of that survey to tabulate the winners.

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