

WE FOCUS ON  
COMPANIES WITH  
BUSINESS MOMENTUM  
THAT IS NOT FULLY  
REFLECTED IN THE  
CURRENT STOCK PRICE.



**JEFF TIEFENBACH, CFA**  
*Chief Investment Officer,  
Public Equities, Greystone*

*Not many portfolio management groups are as boldly focused on business momentum investing as the Greystone team led by Jeff Tiefenbach – but it’s an approach that has proven to be very successful for them. Tiefenbach’s insights into team structure and leadership, investment philosophy, and risk management help to explain why.*

***In your role as CIO for Public Equities, how do you structure your team?***

Across Greystone we believe that effective teams are core to our success and, looking at the investment landscape today, we don’t think any single individual can manage the complexity. We allow team members to be experts in their area, and the different perspectives of our

quantitative team, fundamental team and portfolio management team help us make better decisions. But it’s also important to have cohesiveness and an aligned focus on identifying companies with business momentum.

***What is your leadership style?***

My approach is to empower individuals to take accountability and ownership, and we all have to be open to continuously learning from good and bad investment decisions. To sharpen our own skills, as well as each other’s skills, we have to reflect on what worked, where we are skilled and where we’re not. So, after every buy or sell decision, we do a post-mortem analysis. Investments sometimes go the wrong way, but learning from

that is critical to make better decisions going forward. We take a longer view. The current success we’re having in the markets is due to work we did three or four years ago, so we are constantly building that three- or four-year forward success over time.

***What is your investment philosophy?***

Our focus on business momentum means we’re looking for visible improvement in the intrinsic value of a business. Typically, that manifests itself as earnings-per-share growth exceeding expectations and momentum in the stock price, but it also could be an improvement in free cash flow or operating profit margins, or changes in industry structure that accelerate the momentum of a business.

# THE PERFORMERS

✕ CANADA’S INFLUENTIAL THOUGHT LEADERS ✕

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We also believe that valuation absolutely matters. We focus on stocks that are showing business momentum improvement and where the market valuation has not fully reflected that into the stock price. The pricing of the stock unfolds over time as that momentum plays out. You can overpay for growth momentum securities, so we don’t focus on the highest-growth companies because often they have the highest multiple.

***How do you navigate market volatility?***

Sound fundamental research is critical – so, understanding the businesses we’re invested in. That doesn’t stop short-term volatility in the stock price, but it does help us decide what to do when there is a significant change in the price of an investment. When we know a company has a resilient business model, we can be confident adding to a position when the price drops – and that is an area where we’ve done very well. The exit strategy is critical, too – knowing the right time to sell – and is a critical discussion point when we’re entering into an investment.

***How important are risk-management considerations in your investment selection process?***

Risk management is absolutely critical to our process. We are active risk-takers. Our process is bottom-up stock selection, so we want to take risks at

the company level. We don’t want to take a risk where we don’t have a view on it, and generally that’s at the macroeconomic level. That’s not how we create value. You can never be neutral on those types of risks, but we look to minimize macroeconomic risks in order to take active risks at the stock level.

***Where are you finding investment opportunities?***

We’re in the ninth year of a bull market, and it has become more challenging to find opportunities in the past 12 months. However, we are still seeing some good opportunities in Europe where economic recovery lags the U.S. and profit margins are still expanding. The European industrial sector looks especially attractive given where we are in the cycle and the forward growth momentum we’re seeing in some of these companies. In addition, while we don’t think of “emerging markets” as a single entity – they are very diverse – we do see specific opportunities in China. Consumer spending trends are still strong in China, especially in urban areas. That’s boosting the technology sector, where business models are in many cases stronger than those of U.S. technology companies. Chinese companies are leading the world in areas such as e-commerce, social media and online video.



**WHAT DO YOU MOST ENJOY DOING OUTSIDE OF WORK?**

*I enjoy reading – both historical and work-related books – and exercise clears my mind. I bike to work seasonally, and I often run or swim midday. I play basketball with my sons and also coach their teams. I think physical activity helps me be a better investor.*



**WHAT BOOK ARE YOU CURRENTLY READING?**

*Scale by Geoffrey West, which looks at the dynamics of systems, whether the system is a city, an economy, an organism or a company.*



**WHAT’S YOUR APPROACH TO BUILDING A STRONG TEAM?**

*Constant feedback, clear decision lines for individuals, and letting people make decisions and then take responsibility for them.*