

CANADIAN EQUITY SMALL CAP CANDIDATES

Due Diligence Agenda

University of Western Ontario DC Pension Plan

ORGANIZATION & PERSONNEL: (15 minutes)

- Review the history of your organization including:
 - when founded;
 - ownership, including any changes contemplated in the near future;
 - succession planning; and,
 - changes since incorporation.
- Review your business goals and objectives over the next three-year period including:
 - asset growth and number/type of accounts;
 - plans for additional services or products; and,
 - additional personnel requirements.
- Review the general background of the key professionals within your organization including:
 - biographies;
 - roles and responsibilities;
 - compensation structure; and,
 - number of staff and turnover, over the last three years.
- Identify the key personnel who would be involved in managing and servicing this portfolio.
- Briefly describe your portfolio management and administrative systems.
- Describe your processes for evaluating and managing business risk.
 - specifically comment on any resource or business changes that have occurred, or are expected, as a result of the economic downturn
 - disaster recovery plans

ASSETS UNDER MANAGEMENT: (5 minutes)

- Provide a breakdown of assets under management and number of clients, over the last three years, for:
 - total firm assets;
 - total Canadian equity assets;
 - total assets in this mandate/product (total small cap Canadian Equity assets); and,
 - total assets managed for Canadian institutional clients, by mandate.

- What is your capacity for the amount of Canadian equity assets you can manage in this product?
- Date this mandate was introduced

STYLE/DECISION-MAKING PROCESS: (90 minutes)

Canadian Equity Management

- Describe your investment management philosophy, style and approach to the decision-making process for managing Canadian equity portfolios in this mandate, including a review of the following aspects:
 - philosophy and approach;
 - industry weighting versus security selection
 - adherence to discipline;
 - techniques/models/tools utilized;
 - approach to research;
 - specific portfolio structural biases or constraints;
 - investment time horizon;
 - portfolio construction process;
 - annual portfolio turnover; and
 - cash management, including maximum allocations.
- Describe the role of all investment professionals in the decision-making process for this product.
- Discuss risk factors and controls that are evaluated and their impact on the portfolio.
- Review a current portfolio highlighting specific portfolio characteristics and the strategy that led to these characteristics.
- Describe your process for ongoing evaluation of specific decisions and strategies. What tools do you use and how do you learn from them to improve decision-making?
- Describe your procedures for the voting of proxies and the type of reporting you provide to clients.
- Identify changes to your style or approach during the last 3-year period.

COMPLIANCE PROCEDURES: (15 minutes)

- Describe your process for monitoring the compliance of your firm's investment activities including:

- Do you have a designated compliance officer and what are the functions performed?
- Indicate whether your staff has been involved in any improper trading activities, and outline the controls you have in place, or are introducing, to prevent this.
- Describe your process for ensuring compliance with a client's specific guidelines and constraints.
- Code of Conduct / Ethical Issues
- Are you currently under investigation by any regulatory body?
- Is your firm or its key personnel facing material litigation?

PERFORMANCE: (15 minutes)

- Review the performance and volatility of a representative Canadian equity portfolio, or a CFA composite, on an annual basis and on a four-year, moving-average basis. Results should be before fees and reflect time periods ending March 31, 2009. We request that the product for comparison purposes be measurable against the BMO NB Small Cap Weighted Blended Index. Advise whether you consider other indices in the evaluation of your product and why.
- Please provide historical monthly returns since inception.
- Please provide performance attribution analysis, including sector and security selection.
- Are your performance numbers GIPS compliant? If not, why not?
- Review performance expectations over a market cycle:
 - identify value added and volatility expectations; and,
 - specify the type of market environment that will be least favourable to your approach.
- How are trading execution and opportunity costs measured and controlled?

CLIENT SERVICING: (10 minutes)

- Describe the type and frequency of reporting that you will provide.
- Discuss the frequency of client meetings that you will provide.
- The University will send trade instructions on a monthly basis on the fourth last business day of the month, for settlement on the last business day of the month. Discuss your firm's capacity to meet this requirement.

- Describe your on-boarding process with new clients.

SUMMARY AND FEES: (10 minutes)

- Is an eligible pooled fund offered, or planned to be offered, to Canadian pension fund investors? If so, describe any investment constraints, trading restrictions and fee differentials. Is it RRSP eligible?
- Present your standard fee schedule, and any alternative fee options.
- Provide references for clients with similar mandates.

Q&A and Office Tour (time permitting):

Total Time (2.5 – 3.0 hours)