

HIGHLIGHTS

- **Integrated global investment framework**
- **Dynamic and rigorous investment process**
- **Systematic evaluation of a broad array of fundamental criteria across country, industry and stock specific dimensions**
- **Proprietary risk management and portfolio construction**

PORTFOLIO SNAPSHOT

Characteristic	Description
Style	Core/Value/Growth
Process	Bottom Up/Top Down
Number of Holdings	Greater than 50
Active Risk	2% - 4%
Annual Turnover	100% - 150%
Alpha Target	2%

INVESTMENT PHILOSOPHY

The foundation of CC&L's investment philosophy is based on sound fundamental investment principles: A portfolio of companies that exhibits growth and attractive valuations should deliver superior investment returns over the long run. Investment insights are developed and implemented through a rigorous quantitative investment framework. Using an integrated global approach, investment opportunities are assessed dynamically across country, industry and stock specific dimensions on a daily basis. There is a significant commitment to the ongoing enhancement of our return and risk forecasts, portfolio construction and implementation techniques to ensure the process is both effective and efficient.

INVESTMENT TEAM

Under the leadership of Martin Gerber, CC&L's Quantitative Equity team is organized around two major functions: portfolio management and research. CC&L employs a team approach to the management of all portfolios. The five senior members of the team are supported by dedicated professionals providing research analysis, systems development, data management and trading.

INVESTMENT PROCESS

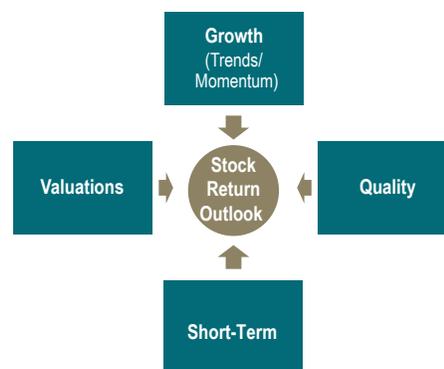
The Quantitative Equity investment process is focused on assessing both the opportunity and risk of all stocks in CC&L's investable universe.

Gathering accurate data is critical to the success of the investment process. Over the years, CC&L has invested in developing a database which includes company financial statement information, analyst recommendations as well as stock price and trading information. CC&L's investment universe consists of 9,000 stocks across 45 developed and emerging countries.

The first step in our analysis of opportunity is to classify all companies in the investment universe within industry sectors according to the Quantitative Equity team's proprietary industry classifications. The custom classification of stocks into narrowly defined industry groups allows for more relevant peer comparisons. The further breakdown of S&P's standard ten sector classification (GICS) into about 160 specific industry sectors is a key component of our assessment of opportunity. The next step in the process assesses the relative attractiveness of each stock in the universe across a number of indicators.

The model analyzes the following key investment themes that we believe drive stock prices. Themes are measured along country, industry and stock specific levels to provide a robust measurement of the expected return outlook of each stock.

Figure 1: Return Analysis Framework



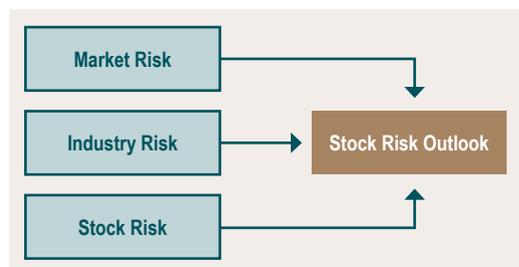
- **Value:** An assessment is made to determine if stocks are expensive or cheap on a relative basis. This analysis encompasses several different measures of value with a balance between earnings-based indicators and those that focus on asset values. The model dynamically considers the breadth of opportunities due to mispricing in the market and adjusts forecasts accordingly.
- **Growth (Trends/Momentum):** The model gauges the growth outlook for stocks by evaluating market trends, industry trends, earnings growth rates and changes in analyst estimates. These indicators are short to medium term in nature and measure the trends or momentum in reported data as well as forecasted expectations. The model dynamically considers the opportunity for momentum by evaluating the persistence of trends.

- **Quality:** Quality measures how efficiently a company uses its capital and provides insight into the quality or sustainability of the company's earnings. The model also evaluates the corporate investment climate to dynamically reflect the opportunity and relative importance of these indicators through a business cycle.
- **Short-term:** Short-term indicators change frequently, have a forecast horizon of less than one month and are classified into two categories: Short-term changes in expectations and trade flow imbalances. They are primarily used to help with trade implementation.

Within the investment model the emphasis of each investment theme will vary dynamically over time, reflecting both changing opportunities in the market as well as the theme's effectiveness at predicting returns.

Risk management is integral to the investment process. CC&L employs a proprietary risk model that explicitly produces a risk forecast for each stock on a daily basis by analyzing a number of variables to determine how that security's return is affected by country or industry influences as well as stock-specific events. The proprietary risk model is tailored specifically for the return forecast model which the team believes results in a unique competitive advantage since the risk model can be calibrated and updated on a timely basis as the return forecast model is enhanced. The integration of these two models is an important element in helping to reduce the potential negative impact of unexpected market volatility.

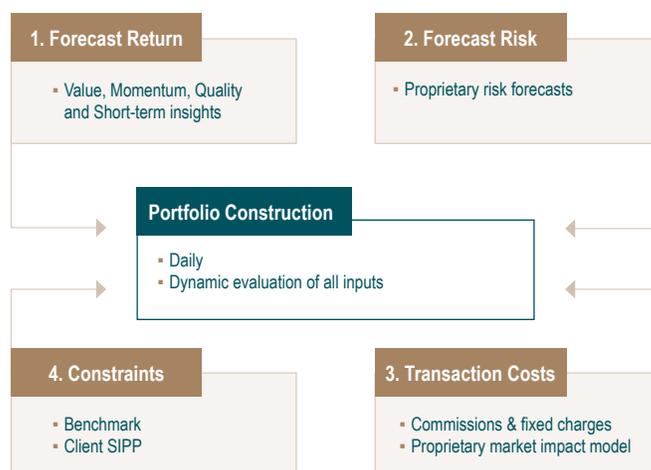
Figure 2: Risk Analysis Framework



PORTFOLIO CONSTRUCTION & RISK MANAGEMENT

Stock positions are determined using a proprietary portfolio construction process which dynamically evaluates opportunities across all stocks within the investment universe every day. This ensures that portfolios promptly benefit from changes in the fundamentals of each stock, as well as pricing within the market, allowing portfolios to profit from new opportunities as they arise. The investment model recognizes the importance of transaction costs, and transaction cost forecasts are explicitly incorporated into the assessment of the risk and return trade-off in the portfolio construction framework. Each portfolio is optimized relative to its specific benchmark with the purpose of maximizing expected return and satisfying the client's risk constraints. CC&L recognizes that risk models have limitations and therefore applies stringent limits on active portfolio stock, sector, country and currency weights. Stock-specific risk is also controlled through diversification across a large number of holdings.

Figure 3: Portfolio construction process



As markets are in constant evolution, there is a strong commitment to ongoing research and systems development which plays a key role in monitoring and validating the efficacy of the investment process and new investment insights are regularly incorporated into the model.

COMPETITIVE ADVANTAGES

CC&L believes the following features distinguish its approach from other global managers:

- **Systematic evaluation of broad opportunity set:** Proprietary forecasting process allows CC&L to simultaneously consider a variety of behavioural and informational relationships across top-down and bottom-up dimensions in order to improve forecasts and leverage insights across thousands of stocks in order to uncover more opportunities.
- **Dynamic risk control:** CC&L's proprietary risk model allows the team to manage the risk profile of portfolios according to changing market conditions in order to minimize the likelihood of negative surprises.
- **Independent and employee-owned:** The ownership structure allows CC&L to attract, motivate and retain a talented group of experienced investment professionals through equity ownership.
- **Research commitment:** The breadth and commitment to ongoing research and development results in leading-edge investment techniques.
- **Proven track record:** The Quantitative Equity team has a proven track record of investing in both efficient and inefficient markets since 2001.

MANDATES

CC&L applies its quantitative disciplines across several equity universes. A full range of equity portfolios are available including Canadian, US, international and global, using a core, value or growth style as well as equity extension and market neutral strategies.

For more information, about CC&L Quantitative Equities, please contact our Client Solutions Team at more_info@cclgroup.com.