

HIGHLIGHTS

- Privately owned, reputable firm with deep, stable and experienced management team
- Disciplined and objective investment process
- Focus on companies with strong fundamental characteristics
- Broad diversification

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

CC&L's Quantitative Equity Team employs a disciplined process that aims to exploit opportunities created by behavioural and informational inefficiencies in the market. Behavioural opportunities are created by the systematic "mistakes" made by investors, including the tendency for investors to overreact, to herd and to avoid regret. Informational opportunities are derived from investors not fully exploiting, on a timely basis, information that is relevant to prices. Criteria used to exploit these opportunities include measures of momentum, value and risk.

CC&L sees its quantitative equity process as a means to systematically validate, monitor, enhance and implement sound investment principles. The framework results from the combination of an intuitive approach to investment decisions and rigorous quantitative testing.

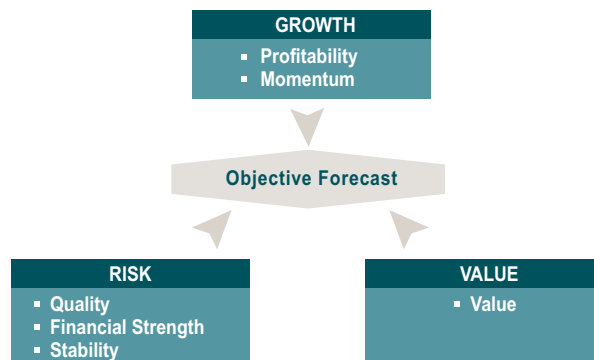
INVESTMENT PROCESS

Active stock and industry investment decisions are implemented through a structured process which begins with the identification of key predictive factors to forecast both individual stock and industry returns. Our research capitalizes on the wide range of data available on North American companies in our proprietary data warehouse.

Stock Selection Process

The process is focused on assessing the relative attractiveness of stocks relative to their peers – industry by industry. CC&L assesses opportunities using proprietary industry classifications. Expected returns and risks are forecasted for each stock in the universe based on a framework considering three general groups of factors:

- **Growth**, which includes profitability and momentum factors such as return on equity and earnings revisions.
- **Value**, which looks primarily at the price of the stock compared to earnings and cash flows.
- **Risk**, which evaluates the quality of management and analyst forecasts, the financial strength of balance sheets and stability of earnings.



Industry Selection Process

Industry selection is focused on assessing the expected returns of industry groups based on a range of factors that we classify into three basic elements:

- **Growth**, includes measures of industry price momentum.
- **Value**, focuses on yield factors such as cash flow-to-price.
- **Quality**, considers capital requirements and analyst growth forecasts.

Portfolio Construction Process

A quantitative scoring process transforms these fundamental ratios into more manageable statistical data to yield Q-scores which provide a fundamental ranking for companies. Stock and industry return forecasts are simultaneously factored into our optimization model along with risk and transaction cost estimates. Risk is managed through a proprietary risk model and individual stock and industry position limits are strictly adhered to.

Ongoing Research and Process Enhancement

Our research efforts are focused on enhancing the investment process itself. There is a strong synergistic relationship between the three forces that drive our research – academic research, quantitative disciplines and sound investment principles. The investment team continuously monitors the contribution from each of the above listed factors and adapts the process to incorporate new investment insights as markets evolve.

MANDATES

CC&L applies its disciplines across the North American equity universe. A full range of equity portfolios are available including Canadian and US core, growth and value portfolios, as well as equity extension and market neutral structures.

For more information about our Q process, please contact our Client Solutions Team at more_info@cclgroup.com.