

# **INTERNATIONAL SMALL CAPITALIZATION EQUITY QUESTIONNAIRE**

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## RESPONDENT INFORMATION

### I. ORGANIZATION

1. Provide the name, title and contact information for the individual that would serve as our primary contact servicing this account. Please provide both client service and portfolio management personnel if necessary.
2. Have you reviewed our standard investment management contract? Would you be willing to agree to this contract?
3. Have you reviewed our investment policy statement? Can you manage your international small cap equity portfolio in compliance with all applicable guidelines? What part of your investment process/portfolio would not comply?
4. Does your firm have the capability to manage an account that prohibits the use of soft dollars?
5. Provide a brief history of your organization; include the year you were established, the general ownership structure, capital structure, specific details of any affiliated companies or joint ventures and/or affiliations with other financial or investment management firms, and the number and locations of your offices and staff levels at each.
6. What percent of your firm do active employees own? Describe the amount owned by each active employee. Does your firm have different classes of ownership? What is the buyback procedure when an owner/employee retires or otherwise leaves the firm?
7. Explain your plans for expansion, particularly as they relate to accepting new client business and the quality of service to all clients. Is there a limit to the number of new clients or assets your firm will accept?
8. Has there been any litigation involving your firm in the past five years? If yes, provide details. Please detail the status of any SEC or other legal inquiry into your firm.
9. Indicate any potential conflicts of interest your firm may have in the management of this account. Specify any activities of affiliates or past organizations, brokerage activities, investment banking activities or any other potential involvements.
10. Will any parties outside of your organization receive any benefits from this contract? If yes, please list the party and the reason and amount of the benefit.
11. Do you accept client direction for brokerage?

12. Are you a registered investment advisor?
13. What year did the firm begin managing international small cap equity accounts?
14. What proportion of your firm's account relationships are in this product?
15. For your proposed international small cap equity product, indicate whether your current investment capabilities were developed in-house or through the acquisition of another investment firm. If the latter, specify the name of the acquired firm and date when this acquisition occurred.
16. List your primary sources for research, if in-house, provide name(s) and location(s) of individual(s).
17. Provide the US\$ amounts and carriers for your Errors & Omission, Directors & Officers and Fiduciary Liability insurance policies.
18. Are your employees bonded? If so, provide US\$ amount and carrier.
19. Provide five references for your international small cap equity management services. If possible include at least three public clients.
20. Provide a full client list for your international small cap equity management services.
21. List all international small cap equity clients (regardless of product) that your firm has gained and lost within the past three years. Include a reason for all accounts lost during this period. (Please follow format below.)

#### Clients Lost

Date	Type of Client	Assets (in millions)	Assignment	Benchmark	Reason for Departure
3/1/11	Corporate Pension	\$200	International small cap equity	MSCI EAFE	Professional Turnover
5/1/11	Public Pension	\$300	International small cap equity	MSCI World Ex-US	Portfolio Restructuring
<b>Total</b>		<b>\$500</b>			

#### Clients Gained

Date	Type of Client	Assets (in millions)	Assignment	Benchmark
8/1/11	Endowment	\$250	International small cap equity	MSCI EAFE

9/1/11	Public Pension	\$400	International small cap equity	MSCI World Ex-US
<b>Total</b>		<b>\$650</b>		

22. Provide the composition of your international small cap equity management team. Include brief professional biographies for each person, their individual roles, location and tenure with the team.
23. Provide the management structure of your entire firm, highlighting the international small cap equity team's position and relationships.
24. Are the investment professionals on the international small cap equity team under employment contracts with the firm?
25. Discuss the compensation plan (salary and incentives) of those investment professionals.
26. Discuss all professional employee turnover during the past five years.

## II. INVESTMENT PROCESS

1. Provide a complete review of your firm's international small cap equity investment methodology and decision-making process. Comment specifically on the following:
  - Stock selection criteria
  - Sector/Industry weightings
  - Portfolio turnover
  - Number of holdings
  - Top-Down versus Bottom-Up analysis
  - Liquidity requirements
  - Trading cost management
  - Position weighting strategy
  - Capitalization strategy
  - Country allocation
  - Currency management and hedging
  - Developed versus emerging market strategy
  - Sell discipline
2. Are sector/industry allocations determined relative to a designated benchmark? If so, which one?
3. Does the international small cap equity product include investments in emerging markets? If so, discuss in detail, noting any investment guideline limits.

4. Is the level of cash in your portfolio a result of your asset allocation decision or is the cash accumulation a residual of the security selection process?
5. Please give the average and median market capitalizations of your portfolio by quarter for the past three years (twelve observations).
6. Describe your international economic research staff and structure. Do portfolio managers function as research analysts?
7. Describe your process and systems for monitoring individual positions, derivative contracts, and trading on a twenty-four hour basis.
8. Discuss security trading practices connected with the execution of investment decisions for your firm.
9. What is your firm's competitive advantage? How is this competitive advantage integrated in your investment process?

### III. PERFORMANCE

1. Discuss the return dispersion between the accounts within your separate account composite.
2. Provide quarterly performance, gross of fees, since inception through 12.31.2011. Please provide the data in a Microsoft Excel file on a CD Rom included with your RFP response. Performance should be displayed in percent format with at least two significant figures in the B column of the spreadsheet, in descending date order. Please use the A column to display the quarter end date. SAMPLE:

Column A	Column B
12/31/2010	1.11%
3/31/2011	2.22%

3. Please name the file in the following format:

Firname\_product.xls

4. Provide 1, 3, 5, 7, and 10 year annualized returns for periods ended 12.31.11.

Provide the following information on the composite presented in this proposal:

1. Source of data
2. Actual performance
3. Equal or dollar-weighted
4. AIMR standards compliance (if yes, which level?)
5. The name of the firm that audits your returns and a copy of their verification letter

5. Are your returns submitted based on:

- Composite of separately managed accounts  
 Equal Weighted or  Size Weighted  
 Prior Affiliation  
 Representative separately managed accounts  
 Commingled/Mutual Fund  
 Simulation (please discuss fully)

6. Provide a full description of the composite for which you are submitting performance history, including the asset size and number of accounts.

7. If you are submitting a composite of separately managed accounts, are terminated accounts still reflected in the composite for when they were active accounts?

8. If you manage other dedicated portfolios for the proposed product which are not included in the performance history submitted, state your reasons for excluding them.

9. What is an appropriate benchmark to measure your performance for this product? Why? What do you believe are reasonable performance goals and time frame?

10. For each of the last five calendar years provide the following information (follow format shown below):

**Calendar Year 2007**

Portfolio Return: \_\_\_\_\_  
 Benchmark Return: \_\_\_\_\_  
 Excess Return: \_\_\_\_\_

Positive Contributors to Relative Performance:  
 Negative Contributors to Relative Performance:

**Calendar Year 2008**

Portfolio Return: \_\_\_\_\_  
 Benchmark Return: \_\_\_\_\_  
 Excess Return: \_\_\_\_\_

Positive Contributors to Relative Performance:  
 Negative Contributors to Relative Performance:

**Calendar Year 2009**

Portfolio Return: \_\_\_\_\_  
 Benchmark Return: \_\_\_\_\_  
 Excess Return: \_\_\_\_\_

Positive Contributors to Relative Performance:  
Negative Contributors to Relative Performance:

**Calendar Year 2010**

Portfolio Return: \_\_\_\_\_  
Benchmark Return: \_\_\_\_\_  
Excess Return: \_\_\_\_\_

Positive Contributors to Relative Performance:  
Negative Contributors to Relative Performance:

**Calendar Year 2011**

Portfolio Return: \_\_\_\_\_  
Benchmark Return: \_\_\_\_\_  
Excess Return: \_\_\_\_\_

Positive Contributors to Relative Performance:  
Negative Contributors to Relative Performance:

**IV. REPORTING INFORMATION**

1. Provide a sample of your firm's most recent monthly report.
2. Please provide a copy of your firm's current SEC Form ADV (Parts I and II).
3. Discuss your firm's contract and investment policy compliance procedures. What is the interaction between the trading desk, the portfolio manager, and compliance?
4. Describe the process of ensuring that portfolios are managed within client guidelines.
5. What pricing sources do you use?

**V. PORTFOLIO CHARACTERISTICS**

1. Please complete the following tables with portfolio characteristics for the proposed product as of 12/31/11.

**AS OF DECEMBER 31, 2011**

Average Weighted Market Capitalization  
Median Market Capitalization  
Price/Earnings (trailing 12 month)  
Price/Earnings (forward 12 month)

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Price/Book  
 Dividend Yield  
 Earnings Growth Rate (trailing 12 month)  
 Earnings Growth Rate (forward 12 month)  
 Beta (vs. MSCI EAFE)  
 Alpha (vs. MSCI EAFE)  
 R-Squared (vs. MSCI EAFE)

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### MARKET CAPITALIZATION SUMMARY

	12/31/2007	12/31/2008	12/31/2009	12/31/2010	12/31/2011
Large Cap					
Middle Cap					
Small Cap					
Total					

### COUNTRY EXPOSURE BY TYPE

	3/31/2006	3/31/2007	3/31/2008	3/31/2009	3/31/2010
Developed					
Emerging					
Total					

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**COUNTRY WEIGHTING SUMMARY**

	3/31/2006	3/31/2007	3/31/2008	3/31/2009	3/31/2010
Argentina					
Australia					
Austria					
Belgium					
Brazil					
Canada					
China					
Denmark					
Finland					
France					
Germany					
Hong Kong					
India					
Indonesia					
Israel					
Ireland					
Italy					
Japan					
Korea					
Malaysia					
Mexico					
Netherlands					
New Zealand					
Norway					
Philippines					
Portugal					
Singapore					
South Korea					
Spain					
Sweden					
Switzerland					
Thailand					
Taiwan					
United Kingdom					
United States					
Venezuela					
Other					
Total					

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**SECTOR WEIGHTING SUMMARY**

	3/31/2006	3/31/2007	3/31/2008	3/31/2009	3/31/2010
Aerospace & Military					
Technology					
Autos and Transportation					
Beverages & Tobacco					
Capital Equipment					
Cash & Forward Contracts					
Chemicals					
Construction & Housing					
Consumer Discretionary & Services					
Consumer Goods					
Consumer Staples					
Electrical & Electronics					
Energy					
Food & Household Products					
Forest Products & Paper					
Financial Services					
Health Care					
Industrials					
Insurance					
Integrated Oils					
Machinery & Engineering					
Materials & Processing					
Merchandising					
Metals - Steel					
Multi-Industry					
Other					
Producer Durables					
Technology					
Telecommunications					
Utilities					
Total					

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**VI. FEES**

1. Provide the standard fee schedule for separately managed international small cap equity accounts.
2. Provide the standard fee schedule for public funds.
3. Provide your incentive fee structure.
4. Are fees negotiable?

**VII. ATTACHMENTS**

1. Provide any additional information that you feel would aid in the assessment of your firm.