

Due Diligence Checklist

Portfolios with a Purpose

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Portfolio Manager Meeting



Performance

- In what market environments can the fund be expected to outperform?
- In what market environments can the fund be expected to underperform?
- What are the pertinent risk metrics such as volatility, drawdown, up/down capture?
- What benchmark do you use to monitor relative performance?
- Can you provide insight into attribution? (stock selection vs. sector allocation)



People

- What is the inception date of the firm and how has it evolved over time?
- What is the firm's mission statement or goals?
- What is the composition of the management team by head count and qualifications?
- What is the experience of the members of the portfolio management team? How long has the current portfolio manager been managing the fund?
- Has there been any recent departures or additions to the management team?



Philosophy

- What are the key objectives of the fund?
- What is the portfolio manager's main investment philosophy?
- What is the manager's current market outlook?
- What risk management strategies do you employ to protect investor capital?
- What is the manager's perspective on long-term vs. short-term investing?



Process

- What is the buy and sell discipline of the fund?
- Has the process been consistent throughout the life of the fund? If no, what changed?
- How are the exposures different than the benchmark?
- Is the decision-making top-down or bottom-up?
- What would you say is the competitive advantage of your product vs. competitors?



Portfolio Composition

- Would the portfolio composition ever drastically shift?
- What is the average turnover of the fund?
- Is the current composition of the portfolio cyclical or defensive?
- How best does this product fit into a portfolio?

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