

Clay Finlay Inc.

Mandate: INTERNATIONAL EQUITY (ADR) MANAGER

Risk Category 9

OBJECTIVE

To manage International equity portfolios for the Summit Program where the objective is to outperform the benchmark

BACKGROUND

Clay Finlay Inc. was formed and registered with the SEC in June 1982 and began managing assets on behalf of clients in 1983. The original investment professionals invested their own capital to build the business as entrepreneurial owners/managers. In 1991, the members of management bought out the minority interest held by the original venture capital backers. In August 1996, Clay Finlay became a subsidiary of United Asset Management Corporation (UAM), a NYSE listed holding company of independently managed investment firms. In October 2000, UAM was acquired by Old Mutual plc, an international financial services group listed on the London Stock Exchange, and Clay Finlay became a wholly-owned subsidiary of Old Mutual plc.

INVESTMENT PHILOSOPHY AND PROCESS

- Clay Finlay's International ADR discipline seeks to provide capital growth. Our investment philosophy is based on the belief that a portfolio constructed from carefully selected and well-managed companies, with steady, sustainable earnings growth rates, priced reasonably in relation to those growth rates, should outperform over the longer-term. Securities are identified as a result of a disciplined research and investment process, which focuses on the following criteria: valuation to long-term earnings growth, management, financial strength and competitive positioning. Portfolio construction is driven 70% by stock selection, 15% by sector allocation, and 15% by geographic allocation.
- Clay Finlay's International ADR investment process begins with the creation of a universe of investable securities by removing those stocks with insufficient market capitalization and/or liquidity constraints from the broad universe. Companies are then continually evaluated on a relative basis, primarily based on the ratio of 12 month forward price/earnings to forward (3 to 5 years) earnings growth rate, which we call "Xi". Fundamental research is conducted by the investment team focusing on a company's financial strength, management and competitive positioning. Portfolio structure, including country/sector and security weightings, is driven by bottom-up factors. Individual security weightings are determined based on conviction and the portfolio typically contains 35 to 50 securities. In the larger (>20%) countries and/or sectors of the benchmark, we are unlikely to be less than 50% weighted or more than 150% weighted in relation to the benchmark and the risk levels associated with the portfolios is considered and monitored at the geographic, industry and stock selection levels. The portfolios are managed by the Global Team Leaders and are regularly reviewed by the Investment Policy Committee.

BIOGRAPHIES OF KEY PERSONNEL

Carol L. Franklin, CFA – *Managing Director, Senior Portfolio Manager.* Member of the Investment Policy Committee. Previous investment experience as a Managing Director, Head of Global Equity Portfolio Selection Team at Deutsche Asset Management, Managing Director, Global Equity Group at Scudder Kemper Investments and Associate at Bank of America. M.B.A. Columbia University. B.A. Smith College. Joined the firm in 2004 and has 26 years of investment experience.

Robert C. Schletter, CFA – *Managing Director, Co-Chief Investment Officer, Senior Portfolio Manager.* Member of the Investment Policy Committee. Previous investment experience as a Senior Vice President and Portfolio Manager at Morgan Guaranty. M.B.A. University of Virginia. B.S. Northwestern University. Joined the firm in 1984 and has 27 years of investment experience.

Henrik Strabo - *Managing Director, Co-Chief Investment Officer, Senior Portfolio Manager.* Member of the Investment Policy Committee. Previous investment experience as Chief Investment Officer - International Equities, Portfolio Manager and Equity Analyst at American Century Investments and prior investment experience at Barclays De Zoete Wedd and at Cresvale International. B.A. University of Washington. Joined the firm in 2006 and has 21 years of investment experience.

SUMMARY

Location:	New York, NY
Founded:	1982
Ownership:	Wholly owned subsidiary of Old Mutual plc
Staff:	53
Managers/Analysts:	20

Assets:	
Pension	\$1,689 million
Mutual Funds	\$57 million
HNW Individual	\$82 million
Wrap	\$366 million
Other	\$4,223 million
TOTAL	\$6,417 million

Portfolio Characteristics:

Style	Growth
P/E	Higher than market
P/B	Higher than market
Yield	Lower than market
Average Capitalization	Variable: Medium - Large

Turnover:
60% - 70% per annum

	Style		
	Value	Blend	Growth
Large			•
Medium			•
Small			

The Summit Program



The material presented herein is prepared by Northern Trust Global Advisors and is gathered from sources we believe to be reliable. It is current as of issue date (December, 2006). These profiles are intended for use by ScotiaMcLeod Summit Program clients who are selecting an investment manager for their account. All performance data represents past performance and is not indicative of future performance. Please note that representative composite returns were used for managers that have been in ScotiaMcLeod Summit Program less than five years to the date of this report. TM Trademark used under authorization and control of The Bank of Nova Scotia. ScotiaMcLeod is a division of Scotia Capital Inc., Member CIPF.