

# Take Note

## RIC US SMALL CAP EQUITY FUND – MANAGER CHANGE



In April 2008 we terminated David J. Greene and hired Buckhead Capital Management.

### Change Summary

- The addition of Buckhead introduces a value manager to the existing manager mix that brings a focus on fundamentally strong and high quality companies standing to benefit from positive business momentum. The introduction of Buckhead will also reduce the sector deviation of the fund, bringing sector exposures more in line with the benchmark. The change reduces the fund's overweight to technology, as well as its underweight to financial services.

### Russell Research View

- We view Buckhead's consideration of a greater number of valuation factors as a real positive. We also favour the firm's research effort, led by lead portfolio manager Matt Reams, who we consider an insightful and motivated investor. The firm's fundamental research includes company meetings and the use of sell-side research, but it is Buckhead's very detailed analysis of company financial statements which is where the focus of their research lies.

### Manager Fit

- Given Buckhead's focus on earnings growth potential, we believe that this product will benefit from earnings appreciation to a greater extent than the other value managers. Integrity, in contrast, encompasses a thematic element in its process. The distinguishing factor between Buckhead and DePrince, Race & Zollo (DRZ) is that DRZ compares stocks selling at attractive valuations relative to their historic levels in its search to identify above-market dividend yields. Meanwhile, market-oriented manager PanAgora, which has a value bias, differs from Buckhead in that it uses a quantitative model to select stocks and also considers market sentiment.

### Buckhead Capital Management at a Glance

Key characteristics:	Concentrated portfolio of high quality securities that trade at a discount to intrinsic value.
Parent Company:	100% employee-owned.
Location:	Atlanta, Georgia.
Experience:	Matt Reams has over 10 years' investment experience.
Founded:	1994.
AUM:	\$2.4 billion in total

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## Changes to manager weights in the RIC US Small Cap Equity Fund

Manager	Fund Weights (%)		Role in Funds
	Old	New	
Next Century	13	13	Sustainable growth and earnings surprises, quality focus.
Transamerica	18	16	Growth, bottom up with thematic element, quality focus.
Gould	13	9	Strong earnings growth, technical characteristics, earnings surprises.
PanAgora	10	12	Market-oriented, quantitative approach, value bias, momentum.
ClariVest	10	12	Market oriented, quantitative approach, qualitative overlay, momentum.
Integrity	20	18	Core value, thematic.
David J. Green	8	-	Value, fundamental analysis, special situations.
DePrince, Race & Zollo	8	10	Value, quality and high dividend yield.
Buckhead	-	10	Value, fundamental analysis, high quality.

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