



Portfolio Solutions for Foundations & Endowments

WLM Lougheed
Wealth Management

RAYMOND JAMES®

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Institutional Portfolio Management – The Opportunity

Large foundations have the scale and resources to diversify, maintain and monitor their investments across a broad range of investment managers and are able to access the best managers in each particular asset class. In contrast, the boards and the directors of small/medium sized not-for-profit foundations carry a huge responsibility to effectively steward the management of the foundations' endowed assets. For many small/medium sized foundations, this can be a challenging and time consuming task in an environment where many of the board members are volunteers, and where they may not have the resources or expertise to take on the oversight of the investment management decisions. In addition, many boards may experience turnover in their members and it may be difficult to maintain continuity in the oversight process.

In an effort to overcome these collective challenges, the investment committees of small/medium sized foundations take a great deal of care and time to craft investment policy statements to guide how the funds will be invested, only to then be faced with a prescribed solution or a decision to work with a single or limited number of investment managers. Our portfolio management process provides the small and medium sized foundation with the same access to a fully diversified best in class approach as Canada's largest and most well-known foundations and endowments.

Focused on people, processes, portfolio and performance, we ensure that you hire the managers with the greatest likelihood of repeating past success. Moreover, we work with you to help avoid the two most common mistakes when dealing with money managers: hiring bad managers, and firing good ones.

One differentiating feature of our approach is that it enables those responsible for the endowment to be involved in the investment process and integrate their own ideas and opportunities into their portfolios.

We work with one of the world's leading investment consulting firms, Segal Rogerscasey, to provide the due diligence and oversight of your chosen managers so you have the confidence to know they are doing what is expected of them. All the while, you receive a quarterly comprehensive performance-focused report to help you in your evaluation of the managers, the overall strategy, and the potential need to make changes to continue to ensure you are meeting your goals.

Our institutional approach to portfolio management therefore brings together a number of disciplines and we work with you to help:

- Determine an appropriate asset mix to meet the needs of the donor
- Craft and refine the policy statement to help manage expectations
- Select a group of high quality Investment Managers
- Engage a professional due diligence advisor to monitor the investment managers
- Access investment managers at lower minimums than would be required to access them directly, providing you with the benefit of greater diversification
- Consolidate reporting to measure progress and help inform future investment decisions
- Position you in the centre of the decision making process with the support of a skilled team of independent advisors

Ultimately our approach helps you simplify the complex investment management process for your endowed funds, instill confidence in your board and directors about their fiduciary responsibility, and deliver a truly diversified industry-leading strategy that is focused on your goals.

Raymond James in the Community

Raymond James has a proud history of community engagement and continues to be committed to the communities in which we live and work. Since 2001, Raymond James has been supporting community initiatives in Canada, and in 2012 Raymond James Ltd. launched the Raymond James Canada Foundation to support its staff in their charitable giving and to benefit local organizations.

In the past 3 years Raymond James staff and the Raymond James Canada Foundation have contributed over \$2 million dollars to over 300 community organizations. For the 2014 fiscal year, Raymond James staff raised \$476,000 which was matched by the Raymond James Canada Foundation. The Lougheed Wealth Management team contributed 2.6% of the total amount raised and over the past 10 years, Lougheed Investments has helped raise over \$800,000 to support community organizations across Canada.

About Raymond James

Raymond James is a leading North American independent full-service investment firm with an extensive presence across Canada and the United States. Through its network of approximately 6,600 Financial Advisors, Raymond James provides clients with investment and wealth management advice to ensure they can enjoy the financial independence they desire. Raymond James has a proven track record of success with over 27 years of continuous profitability and more than \$600 billion CDN in client assets under its care. This combination of size and experience are critical for staying competitive in today's marketplace.

Lougheed Wealth Management – your partner in success

The Lougheed Wealth Management team has a passion for supporting the philanthropic goals and investment management needs of their clients. They believe in strengthening their community through their involvement and engagement in community initiatives, and are committed to ensuring that you benefit from industry leading portfolio strategies and astute advice. Our team works in partnership with your investment committee to develop an in-depth understanding of your needs and goals, and craft sophisticated, integrated solutions to ensure that each element of your long-term investment strategy is coordinated and streamlined.

We emphasize careful asset allocation and security selection according to your unique needs, and analyze the global economies and capital markets to act proactively on behalf of your organization. We also provide you with all the information and education you require to make informed decisions relating to your portfolio and its investment performance.

The Lougheed Wealth Management Team



Dave Lougheed, MBA Vice-President, Private Client Group
Portfolio Manager

Dave Lougheed has spent over ten years helping foundations, businesses and affluent families simplify their financial affairs and achieve their financial goals. As the lead portfolio manager on the Lougheed Investments team, Dave applies the same disciplined approach to working with our clients that allowed him to succeed as a member of Canada's National Rugby Team for 13 years and compete in four Rugby World Cups. He knows the power of a clearly defined plan that can adapt to your changing needs and goals, and works closely with you to establish a comprehensive investment strategy that is aligned with the needs of your organization.

Dave is an active member of the community and is currently a member of the Calgary Stampede Courtesy Car Committee. He has a passion for volunteerism and charitable work and is involved in a number of not for profit groups. Dave is a past Board member of the Calgary Rugby Union, the Canadian Rugby Foundation and Rugby Canada, and is well aware of the challenges facing not for profit foundations and charitable organizations. Dave also served for 6 years on the Queen's University Council.

Active in a variety of sports, Dave completed the Calgary Marathon in 2004 and is a founding member of the BIG RIDE which tackles an annual one day bike ride in excess of 300km. Outside of Dave's business and community involvement, he is committed to his family and enjoys spending time with his wife Dana and their daughters Taylor and Tatum.



Tara Baker, BA, CIM
Senior Financial Advisor Assistant

Tara has been with Lougheed Wealth Management since 2012. Since joining our team, Tara completed her Financial Advisor certification and Portfolio Manager designation (CIM) and has officially started her journey towards being a Financial Advisor as our newest Registered Representative.

Prior to joining Lougheed Wealth Management, Tara received her BA from the University of Calgary. She spent ten years in the general insurance industry as a broker and risk manager, and a year as a marketing coordinator for the Scottish tourist board, Visit Scotland, in Edinburgh.

Tara brings the spirit of volunteerism and charity through organizing the many events with Lougheed Wealth Management and Raymond James. She has also volunteered for years with Pioneer Ranch Camps and as an elderly care companion.

Outside of work, Tara enjoys yoga, travelling and spending time with her family.

Investment Manager Line-up: A research-driven and objective approach

Together with our due diligence partner Segal Rogercasey, our goal is to identify and retain a selection of best-in-class Investment Managers. Our process is predicated upon independent and objective research completed on Investment Managers around the globe.

Selection of Investment Managers

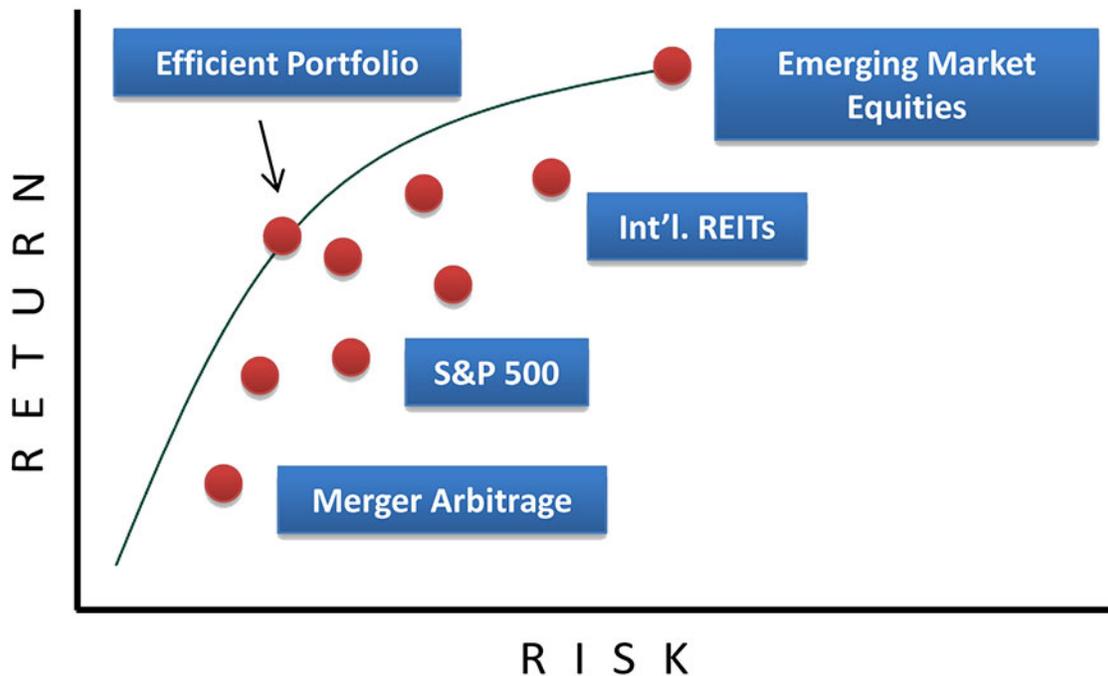
 <p>Fundamental Growth</p>	 <p>Fundamental Value</p>	 <p>In-depth & Bottom up Investment style</p>
 <p>Core Fixed Income</p>	 <p>Equity – Bottom Up GARP</p>	 <p>Actively managed, Style Agnostic</p>
 <p>Fundamental Value</p>	 <p>Equity Core</p>	 <p>Actively managed U.S. Fixed Income</p>
 <p>Top Down and Bottom Up GARP</p>	 <p>Bottom-up, fundamental</p>	 <p>Diversified Income mandate - GARP</p>
 <p>Fundamental GARP</p>	 <p>Global and International Bottom Up Relative Value</p>	 <p>Core Fixed Income</p>
 <p>Growth at a Reasonable Price</p>	 <p>Growth</p>	 <p>Value</p>
 <p>Income</p>	 <p>Canadian Bottom Up Relative Value</p>	 <p>Growth at a Reasonable Price</p>

Our Portfolio Asset Allocation Process

Asset allocation is often the first step towards designing an investment strategy to meet long term financial goals, and it is arguably one of the more important steps. Many studies show the majority of a portfolio's performance and volatility are attributable to the mix between asset classes such as bonds and equities. Asset allocation is not, however, a mathematical trade-off between return and risk. Investors must incorporate income requirements, time horizon, risk tolerance, tax requirements, liquidity needs, and suitable foreign currency exposure given long term liabilities, not to mention return.

Our Asset Allocation Model is based on a combination of Modern Portfolio Theory (MPT) and Raymond James Ltd. Tactical Asset Allocation Model. Once a suitable investment strategy is determined based on individual investor objectives and risk aversion, MPT produces a baseline asset allocation based on over half a century of financial market data.

Acknowledging no model is perfect and different models work at different times, this blended approach attempts to find the asset allocation with the most probable outperformance at every point in time and in every type of market environment.



Source: Atlas Capital Advisors

The six steps of the portfolio asset allocation process

- Step 1: Profiling
- Step 2: Asset allocation
- Step 3: Choosing the best money managers
- Step 4: The Investment Policy Statement
- Step 5: Implementation
- Step 6: Rebalancing and review

Step 1: Profiling

Through in-depth discussion with your investment committee, we learn what is most important to your organization and create a detailed profile of your overall financial situation, capital designated for investments, time horizon, risk tolerance, investment knowledge, long- and short-term goals, tax considerations, and expectations. We then analyze this information to tailor an investment portfolio to the unique circumstances of your organization.

Step 2: Asset allocation

We prepare an asset allocation strategy recommendation based on CRA guidelines, your risk tolerance and the optimal level of diversification. Importantly, we select asset classes that aim to maximize your risk adjusted returns. Risk management is further achieved by combining investments with a low correlation to each other to provide you with a truly institutional and statistically relevant approach to the management of your investment portfolio.

We also follow a “core and explore” approach. The “core” of our portfolios—usually about 75 per cent of total assets—is allocated to domestic, US and global equities; traditional fixed income instruments; and cash or money market equivalents.

The “explore” component—up to 25 per cent of total assets—is allocated to alternative asset classes based on our assessment of the geopolitical forces at play, macro-economic climate, corporate and sector performance, and bond and stock market direction. These alternatives include hedge funds, US Master Limited Partnerships, real estate, mortgage funds and private equities.

We believe asset allocation is the single most important aspect of successful investment management because it ensures that a diversified, disciplined, long-term strategy is in place to guard against short-term market movements that can trigger counterproductive decisions based on fear or greed.

Step 3: Choosing the best money managers/investments

At Raymond James Ltd., we enjoy access to virtually an unlimited universe of investment options across all asset classes and the freedom to choose the best assets for your unique circumstances without bias to any product or platform. After performing due diligence through quantitative and qualitative screens, we select top-tier money managers from around the globe with solid track records of growing and preserving assets in all market conditions. We continue to monitor these managers’ performance and make adjustments when the markets shift or our clients’ parameters evolve.

Step 4: The Investment Policy Statement

In this phase, we prepare your Investment Policy Statement (IPS). The IPS outlines the strategic changes we recommend for your asset allocation and the money managers we have chosen in context of your goals and risk tolerance. It acts as a roadmap to guide our advisory services as we help your organization achieve its financial objectives. It also outlines our service and communication commitments so you know exactly what to expect when working with us. We arrange a meeting to review the IPS with you to ensure it is understood. Once it has been approved by your investment committee, we begin moving forward with implementation.

Step 5: Implementation

Once your assets have been transferred to our care in-kind (without any initial changes), we convert currencies, select investments and execute trades in a timely and systematic way to invest the assets as soon as possible, following the asset allocation recommendation, risk tolerance level and goals outlined in the IPS. Execution is usually complete within two weeks of IPS approval; alternative investments are implemented as soon as they become available.

Step 6: Rebalancing, reporting and review

Asset allocation is a robust, ongoing process. We monitor the portfolio and refine it as required, moving proactively to preempt market swings, selling when adequate gains have been realized, taking advantage of undervalued opportunities, and ensuring that we remain in alignment with each client's IPS. A key aspect of the process is replacing an investment manager should the need arise. Also key to this phase is regular scheduled meetings with you and your board or investment committee to keep informed of any important changes that have occurred in their circumstances or priorities. Regular contact and two-way communication also helps us to ascertain whether the IPS profile remains accurate and, by extension, whether the asset allocation is correct. This meeting is held at a minimum of every six months with your investment committee.

In addition to our face-to-face meetings, we provide an in-depth quarterly report that summarizes the individual securities held in your portfolio and summary commentary from each manager. We also provide comprehensive year-end performance reporting.

Portfolio Manager Due Diligence Process

A Partnership between Raymond James and Segal Rogerscasey

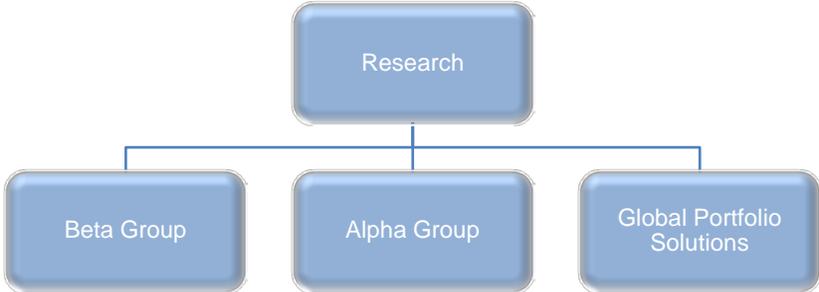
Overview

Segal Rogerscasey, a wholly owned subsidiary of The Segal Group, was established in 1969 by the firm's parent (The Segal Company) when the company saw a need to provide independent and unbiased investment consulting advice. In February 2012, Segal Advisors, Inc. acquired the business of Rogerscasey, a global investment solutions firm that has served institutional asset owners and others for more than 40 years. Together, their expanded investment consulting business, which they named Segal Rogerscasey (SRC), has about 350 clients with worldwide advisory assets approaching \$400 billion. SRC has a staff of 120+ in ten offices throughout Canada and the United States and has assisted clients in the following areas: Asset Allocation, Manager Search and Selection, Portfolio Construction, Manager Due Diligence, Market Review and Commentary, Research Briefs and White Papers, Investment Tools, and Overlay Management.

Research

The search and selection, and on-going manager due diligence is supported by one of the largest dedicated research teams in the industry, with 28 specialists.

The research professionals are organized into three groups:



Manager evaluation process

A disciplined qualitative and quantitative evaluation process is employed with the goal of selecting investment managers who are, on average, able to outperform their benchmarks and capture higher returns relative to their peers.

Qualitative analysis

The qualitative manager evaluation process is predicated on a proprietary tool called MR², Manager Research and Ranking System. The MR² provides a disciplined approach to manager research and recommendation, and due diligence evaluation. The result is a consistent, transparent process for recommending and ranking investment managers across all asset classes. MR² is a qualitative approach that involves collecting, analyzing and tracking the following categories of data:

Organizational categories

- Organizational structure/culture
- Business management
- Stability
- Business risk management

Investment process categories

- Investment philosophy
- People
- Security selection process
- Portfolio construction
- Trading
- Validation

Qualitative deal breakers and deal makers

Deal breakers:

- Organizational change
- Key people turnover
- Compliance and/or regulatory failure
- Reputation issues
- Financial stress
- Lack of capabilities

Deal makers:

- Innovative and unique thinking
- Passion for investing
- Ownership mentality
- Work ethic
- Curiosity/learning
- Implementation effectiveness
- Optimal portfolio construction
- Strong alignment of interests
- EDGE (research, portfolio construction, data sources)

Quantitative analysis

The quantitative manager evaluation process involves providing a score for both absolute and relative returns. The absolute score is based on measures of absolute performance as opposed to the relative score, which is based on measures calculated relative to a benchmark. The scoring methodology uses 37 different measures. These measures can be grouped into the following five classifications:

1. Reward (Annualized Return, Risk-Adjusted Return, etc.)
2. Risk (Worst 12 Month Return, Average Monthly Downside, Maximum Drawdown, etc.)
3. Consistency (Percentage of Monthly Returns above Zero, Consistency of Returns over Minimum Acceptable Return, etc.)
4. Productivity (Sharpe, Sortino, Up/Down Capture Ratio, etc.)
5. Trend (Annualized Returns over Minimum Acceptable Return, etc.)

The quantitative evaluation process is important as it is a disciplined, objective reading on management quality and skill and provides a focus for due diligence.

Services and Fees

Summary of services

1. Crafting investment policy (including updates)
2. Determining optimal mix of assets
3. Manager search and selection
4. Ongoing manager due diligence
5. Quarterly rebalancing
6. Quarterly market overviews
7. Quarterly manager commentary
8. Manager reviews
9. All transactions execution
10. Monthly reporting
11. Quarterly performance reporting
12. Online access to accounts
13. Annual fee summary
14. Annual gains/loss harvesting
15. Manager termination/replacement services
16. Annual gains/loss summary
17. Asset custodial services

Summary of fees

Fees are expressed as an annual percentage, and are calculated using the market value of the portfolio. The fee is determined by the asset type (e.g., equity, bonds, etc.) as well as the total dollar value of the account.

Contact Information



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