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Due Diligence

We aim to establish investment management relationships that last decades. As a result, we do a lot of work upfront before entering into a new partnership with a manager. We generally have a number of in-person meetings and make reference calls. Our goal is to achieve a deep understanding of the manager's investment philosophy and practices, business structure, vision for the firm, and temperament in order to identify and underwrite the competitive advantages that allow sustained outperformance and to make ourselves aware of potential weaknesses.

Since exceptional judgment is crucial to virtually all investment strategies, a critical element of our due diligence process is to evaluate historical decision points. At the end of our investment process, we produce an internal investment memo that outlines the evidence we have obtained that show the manager is an exceptional investor, as well as the critical risks and issues we want to monitor going forward.



We try very hard to use the manager's time as efficiently as possible by reviewing any written materials the manager might have, preparing agendas for meetings and calls beforehand, and doing our own research on a manager's portfolio holdings. The more transparency we have on the firm's current and historical positions and investment decisions, the better we can prepare and the more easily we can focus on the critical questions during our interactions with the manager. We maintain deep respect for the need to keep the information we receive from a manager strictly confidential.

Our due diligence process is designed to help us avoid the common pitfalls of institutional decision making while still taking advantage of the benefits of the full range of perspectives and opinions across the team. We incorporate numerous check points and have broad discussions throughout the due diligence process to provide plenty of opportunities to catch mistakes or oversights and to enable us to keep the bar for manager selection consistently high across our portfolio. However, each manager is primarily underwritten by a small group of two to three staff members, and the ultimate investment decision is made by this group in conjunction with our Chief Investment Officer.

Once we have made an investment, we work hard to play a supportive but non-obtrusive role. While we must continue to follow and interact with the manager in order to monitor organizational developments and watch for changes



in the competitive advantages we underwrote, we are happy to tailor the nature of the relationship and frequency of contact to the specific manager. In certain circumstances, we are comfortable developing relationships where we are always available but interact formally as little as once per year to allow managers to concentrate on their work. Our primary goal is to build a trusted relationship with shared and open communications and to find ways to be great partners to our investment managers.

