

How Desjardins outgrew the consultant model and enhanced their internal due diligence capabilities with TopQ+

CLIENT CASE STUDY

Desjardins Group Pension Plan (“DGPP”), is a Lévis, Québec-based pension fund and a division of Canadian financial services cooperative Desjardins Group. The group manages a C\$16 billion pension plan for the cooperative’s 55,000+ employees with an approximate 65/35% split between public markets and alternative investments. Nasdaq spoke with Dominic Poulin, CPA, a private equity and real estate analyst with DGPP to learn about their experience with TopQ+.

Consultant-led analysis limits scope of DGPP’s manager due diligence

Within their alternative investment allocation, DGPP invests in private equity, private debt, infrastructure, and real estate funds. Prior to moving to TopQ+, the plan’s internal due diligence capabilities were limited to qualitative analysis of fund managers.

For all quantitative due diligence, such as performance or track record analysis, DGPP relied on third-party industry consultants. The consultant model worked well for DGPP, but as their alternatives program grew, the “one size fits all” approach became a hindrance to the types of analysis they wanted to conduct during due diligence.

We got to a point where we felt that we needed something that was a little bit more flexible than consultants and that would allow us to conduct the type of granular analysis we were really interested in. When you’re working with outside consultants, this type of analysis is usually more difficult and costly to access.

Internal growth and the move to internal quantitative analysis with TopQ+

As the plan’s AUM grew through the 2010s, DGPP built out their internal team, growing a team of three in 2008 to the approximately twenty-five on the team today. With increased internal capacity for research, the decision was made to move away from the consultant model and start conducting all fund manager due diligence in-house. Integral to the success of DGPP’s move to internal due diligence was their adoption of the TopQ+ platform.



Dominic Poulin, CPA
Private Equity and
Real Estate Analyst



Client:
Desjardins Group
Pension Plan

Location:
Lévis, Québec, Canada

Description:
C\$16 billion Pension Plan

When working with consultants, we felt that they were simply following a company template in terms of the performance analysis they provided, and so the stuff we really wanted to see was not necessarily always there. TopQ+ allows us to go in and see how the GP is actually creating value and to dig-in in terms of performance by geography, sector, strategic investment type, etc. With TopQ+ you can do pretty much everything you want and that was major for us. It allows us to get more granular data than what we used to get under the consultant model.

One of the biggest advantages DGPP gained by moving to TopQ+ was the ability to look at track records at the deal-level to understand all aspects of a manager's performance.

TopQ+ allows us to ask the tough questions when it comes to due diligence. Why is that specific partner not creating value? Why has this specific deal not performed as anticipated? We want to be able to differentiate between the good GPs and the lucky GPs, and we feel TopQ+ is a tool that definitely allows us to do that.

Expanded due diligence capabilities create an expanded view of the market

With their larger internal team and the analysis capabilities of TopQ+, DGPP can now efficiently conduct due diligence on funds coming to market, without having to wait on external parties. This gave them more time to consider investment decisions and expanded their market view beyond the managers and investment ideas put forward by their consultants.

With the consultants it would usually take a couple of weeks, even a month, to get the diligence material. TopQ+ allows us to be a lot more agile and to come to an investment decision much faster, when needed. We're no longer waiting weeks and months for the analysis to be done.

Since adopting TopQ+, the tool has become a core part of the plan's analysis process when diligencing new managers or reviewing existing relationships before re-investing. Above all, it is the power and flexibility of TopQ+ that has helped bring DGPP's due diligence and analysis capabilities to the next level.

The best thing about TopQ+ is just the power, the speed and the agility of the platform. If you want to see something really specific and granular, you can do it. If it's not available in a particular widget, you can do it in the customized matrix feature. You can see the performance for just a handful of deals, or you can take off a few deals if you want to see how that impacts performance. It's really the flexibility and agility I think that was key for me. I was definitely surprised by the power of the platform and what you can do with it.

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