INVESTMENT PHILOSOPHY

FEG's Investment Philosophy serves as the basis for the investment solutions we provide our clients and is predicated upon the following four philosophical tenets:

1) Investment decisions should be made with a long-term perspective
2) Valuation considerations should drive investment decisions
3) Portfolios should be constructed to achieve diversification by global risk factors
4) Skillful active management has the potential to add value

LONG-TERM PERSPECTIVE

Forged from decades of experience, we approach investing with patience and discipline, focused on long-term goals, understanding that short term price fluctuations do not always reflect true values. We rely on fundamental truths of investing that are exhibited over long periods of time. We do not simply define risk as short-term market volatility, rather we accept and view volatility as an opportunity to confirm our long-term view and capitalize on mispricings.

VALUATION ORIENTATION

FEG pursues a valuation-oriented approach to investing. In short, price matters. Value investing can lower a portfolio's risk by building in a margin of safety, as assets are purchased below their true value. In some cases, value investing requires a contrarian position. We recognize that investing against prevailing trends is not always comfortable, but we believe superior long-term performance requires a willingness to do so.

DIVERSIFICATION BY RISK

Investments can be categorized in a wide variety of ways, but the primary means of creating effective portfolio diversification is the understanding and thoughtful allocation to differing risks. The table below illustrates the four categories among which investors should diversify. Additionally, diversification within each category should be sought, and portfolios should be diversified globally.

Asset Categories	*Role*	*Risk*
GLOBAL EQUITY *(stocks, private equity, long/short hedge funds)*	TOTAL RETURN	STOCK MARKET DECLINES
GLOBAL FIXED INCOME AND CREDIT *(bonds, bank loans, credit hedge funds)*	EQUITY RISK MITIGATION AND TOTAL RETURN	RISING RATES AND/OR CREDIT DOWNGRADES
REAL ASSETS *(real estate, natural resources, commodities)*	INFLATION PROTECTION AND TOTAL RETURN	DEFLATION
DIVERSIFYING STRATEGIES *(absolute return hedge funds, trading strategies)*	DIVERSIFICATION AND TOTAL RETURN	ACTIVE MANAGEMENT

FUND EVALUATION GROUP

INVESTMENT PHILOSOPHY

MANAGER SELECTION

Opportunities exist for managers with unique strategies and competencies to add value to a portfolio, beyond that of a passive representation of the market. Thus the search for alpha leads primarily to inefficient markets and unconstrained mandates. Resisting the temptation to constrain managers may provide opportunities for investors who rely upon a skillful manager's knowledge and agility. Further, we believe that managers who are properly incentivized by aligning their interests with that of their clients can outperform. While past performance is worthy of review, managers must exhibit strengths in critical qualitative measures as outlined in our investment manager research philosophy, which includes: conviction, consistency, pragmatism, investment culture, risk management, and active return.

FEG PROFILE

ESTABLISHED: 1988

ASSETS UNDER ADVISEMENT:
Approximately $50 billion[1]

NUMBER OF EMPLOYEES: 121[2]

LOCATIONS:
Cincinnati, OH (HQ) with offices in Detroit and Indianapolis.

SERVICES:[3]

Consulting

Managed Solutions
- -managed portfolios
- -hedge funds
- -private opportunity investments

Research
- -manager search and due diligence
- -asset allocation
- -private opportunity investments

CLIENTS:

Institutions: university endowments, public and private foundations, corporate retirement plans, banks, insurance companies, not-for-profit organizations

Financial Advisors: independent RIAs, broker dealers, wealth managers, financial planners, family offices

[1] As of December 31, 2015. Assets under Advisement (AUA) include the assets of FEG and its affiliated entities. Some asset values may not be readily available at the most recent quarter end; therefore, the previous quarter's values were used for this calculation. The values may be higher or lower, depending on the current market conditions. These accounts are typically non-discretionary only. AUA includes both discretionary assets, over which FEG has full trading authority, and non-discretionary assets which we advise and make recommendations on, but may not have authority to execute or facilitate trades on behalf of the client. AUA includes approximately $46 billion in non-discretionary assets. Assets under Management (AUM) includes approximately $2.7 billion under discretion and approximately $854 million under discretion in FEG affiliates.[2] As of 12/31/2015. Total employees includes part-time employees and interns. [3]All solutions / services may not be available to all investors.

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Fund Evaluation Group®
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