



Fund Evaluation Group®  
investment advisors

YOUR  
VISION



OUR  
INSIGHT





YOUR  
VISION

OUR  
INSIGHT





Your goals and objectives become reality by collaborating with us. As your partner, we provide the investment support you need to bridge your current needs and future goals.

Your vision, our insight, your success.





## ORGANIZATIONS WE SERVE

Charitable  
Community Foundations  
Corporations  
Family Offices  
Financial Intermediaries  
Healthcare  
Higher Education  
Independent Schools  
Insurance  
Private Foundations  
Public Employers  
Religious  
Taft-Hartley

## ASSETS/PLANS

Endowment  
Foundation  
Funded Depreciation  
Operating  
Pension  
Planned Gifts  
Profit Sharing  
Quasi-Endowment  
Reserves  
Trust  
401(k) and 403(b)  
529

## Your Vision

Whether it is providing scholarships, funding capital improvements, advancing communities, offering healthcare, or managing retirement plans, your organization has a vision to make a positive difference. Our mission is to provide customized investment solutions to assist our clients in achieving their vision through superior long-term investment performance and individualized client service.

## Our Insight

Fund Evaluation Group, LLC (FEG), offers customized investment solutions that span the spectrum from traditional consulting to fully outsourced Chief Investment Officer (CIO) solutions.

Our professionals reflect our fundamental belief in tenure, track record, teamwork, and engaged communication throughout the client experience. As your partners, we serve as an extension of your staff, and use our insight to develop actionable solutions for you.

We pair your vision with our insight and measure success by how well a portfolio helps fulfill your mission and meets your specific objectives.

## FEG AT A GLANCE

- Independent investment advisory firm—clients come first
- Employee-owned culture promotes long-term stability and management excellence
- Compensation derived solely from clients
- Nationwide client base
- Founded in 1988





## Partnering Throughout the Investment Process

FEG believes in partnering with our clients and we do this throughout a carefully defined investment process. There is an integrative nature to this process, with numerous feedback loops built into four steps. Each of these segments begins and ends with the client.

### **Step 1: Objectives**

FEG initiates the relationship with a deep dive into your organization's mission, governance, structure, needs, goals, and objectives, then documents these in the Investment Policy Statement (IPS).

### **Step 4: Ongoing Management**

As markets and investors' needs change over time, FEG continually monitors portfolios to ensure they remain within the desired risk and return objectives.



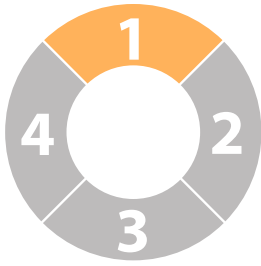
### **Step 2: Strategy**

Once goals are solidified, we leverage our expertise in asset allocation to define a custom strategy that is consistent with the current market and economic environment.

### **Step 3: Implementation**

FEG works with you to deliver the investment strategy, positioning portfolios to meet goals and constraints, selecting and monitoring managers, and delivering the right level of service for your organization.





## Step 1 Evaluating Objectives

### Understanding Your Organization

FEG initiates the relationship with a deep dive into your organization's mission, governance, structure, needs, goals, and objectives, then frames these within the current market and economic environment.

Key issues we investigate during the evaluation stage include:

- How much risk is allowable to achieve your return objective?
- How much liquidity can your organization forgo to gain additional investment opportunities?
- Over what areas of the portfolio do you wish to retain decision-making authority (i.e., discretion)?
- What are the conditions and boundaries of our relationship, such as a mandate for socially responsible investing (SRI), donor designated restrictions, or bond covenants?

Because of FEG's proficiency working with boards, we are skilled at aligning return needs with ability and willingness to take risk. We have a suite of tools available to assist in this process including client assessments, risk and liquidity analyses, and portfolio modeling.

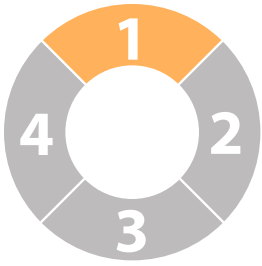
### CLIENT ASSESSMENT TOOLS



### Framing Your Objectives Within the Current Market Environment

We understand and forecast the impact of economic/market conditions on future rates of return. In-house experts explore, identify, and comprehend not only the broad trends but also the micro-opportunities presented by an ever-changing global financial landscape. This work culminates in our proprietary capital markets assumptions, which inform and define our forward-looking market expectations, and our economic updates. These forward-looking expectations and the economic environment factor into your organization's risk-return trade-off, and ability to achieve its objectives.





## Step 1 Solidifying Objectives in the IPS

### *Solidifying Objectives in the IPS*

The Investment Policy Statement (IPS) establishes expectations and is a powerful tool to assist in communications between the board, investment committee, staff, investment managers, and investment advisor. A well-written IPS will also provide new committee members with an understanding of the organization's investment objectives and how it intends to meet those objectives.

FEG has facilitated the development of and revisions to hundreds of Investment Policy Statements. We offer a disciplined process for evaluating existing statements during annual reviews. Additionally, we provide guidance when the expectations set forth in the IPS are unrealistic within the context of current market conditions.

#### INVESTMENT POLICY STATEMENT

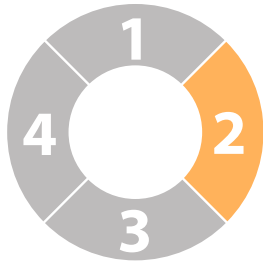


#### *Items Frequently Included in an IPS*

- Fiduciary responsibility of all stakeholders and a statement defining the prudence with which all decisions will be made
- Role of the board, investment committee, staff, investment managers, and investment advisor
- Spending policy or actuarial liability
- Institution's required return objectives
- Asset allocation targets and ranges developed to help achieve return objectives
- Asset category rationales
- Rebalancing guidelines
- Policy on use of active and passive management
- Performance and risk benchmarks for the overall portfolio and individual managers
- Manager guidelines and restrictions
- Mission related / social guidelines
- Unique circumstances
- Acknowledgement section where all fiduciaries attest to these policies







## Step 2 Developing a Strategy

### **Investment Philosophy**

Once we understand your organization's unique objectives and investment personality, we develop (or assess) a customized strategy based on our four-part investment philosophy:

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

### **Integrated Approach to Asset Allocation, Diversification, and Risk Management**

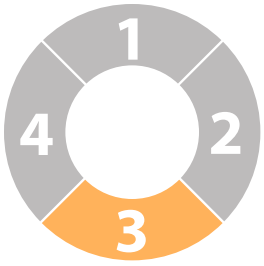
FEG's industry-leading research on portfolio construction strives to provide sustainable diversification within your risk/reward profile. FEG dedicates considerable resources to our internally developed and verified asset allocation analysis. Our asset allocation framework is diversified by portfolio role and drivers of risk, and not by number of asset classes. FEG focuses on four global asset categories, and recommends additional diversification be sought within each category.

<i>Asset Categories</i>	<i>Role</i>	<i>Risk</i>
Global Equity (stocks, private equity, long/short hedge funds)	Total Return	Stock Market
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

### **Portfolio Construction Leaders**

Our approach builds on Modern Portfolio Theory while addressing some of its shortcomings in handling risk. Through understanding and diversifying the sources of risk, we believe an investor can better minimize the impact of risk and enhance portfolio performance. Additionally, FEG seeks to add value by utilizing active, structured, and passive solutions for both asset allocation and manager selection.





## Step 3 Implementation

### Putting Investment Strategy to Work

FEG partners with you to put the investment strategy to work, structuring a portfolio that meets goals and constraints, selecting and monitoring managers, and delivering the right level of service for your organization.

### Manager Research – Not Just Performance

Our research capability features a database that tracks over 350,000 manager and product combinations, encompassing traditional asset classes as well as alternative strategies. Experienced analysts scour this list to identify select managers to further assess. This multi-faceted assessment – developed over more than 28 years – features both qualitative and quantitative methodologies in search of six key tenets:

- **CONVICTION** – Managers demonstrate a strong belief in their investment philosophy; they are willing to put investment decisions ahead of business decisions; and they invest alongside of clients.
- **CONSISTENCY** – Managers possess a stable organizational structure and their actions are consistent with their investment philosophy and process.
- **PRAGMATISM** – Managers understand their core strengths and have the ability to capitalize and sustain their competitive edge.
- **INVESTMENT CULTURE** – Managers possess a strong ethical foundation and culture that pervade across the organization; they are passionate about investing; and they have a proper organizational compensation structure.
- **RISK CONTROL** – Managers are not blind risk takers, but risk conscious; they acknowledge mistakes; and they provide robust and effective risk mitigation.
- **ACTIVE RETURN** – Managers are able to identify and profit from investment opportunities and demonstrate a successful track record.

#### RESEARCH REPORT



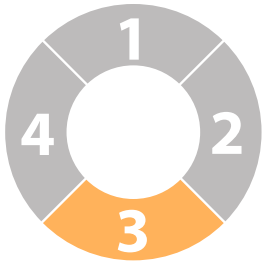
#### MANAGER FACT SHEET



FEG arms clients with detailed manager assessments to aid in the manager selection process.

### FEG Provides a Total Portfolio Perspective

Evaluating a manager is only a starting point. We also give careful consideration to how that manager fits contextually within the whole portfolio, and how the current market impacts manager correlations. Assessing managers in isolation is like looking at a single piece of a puzzle. A complementary nature is critical for a total portfolio perspective.



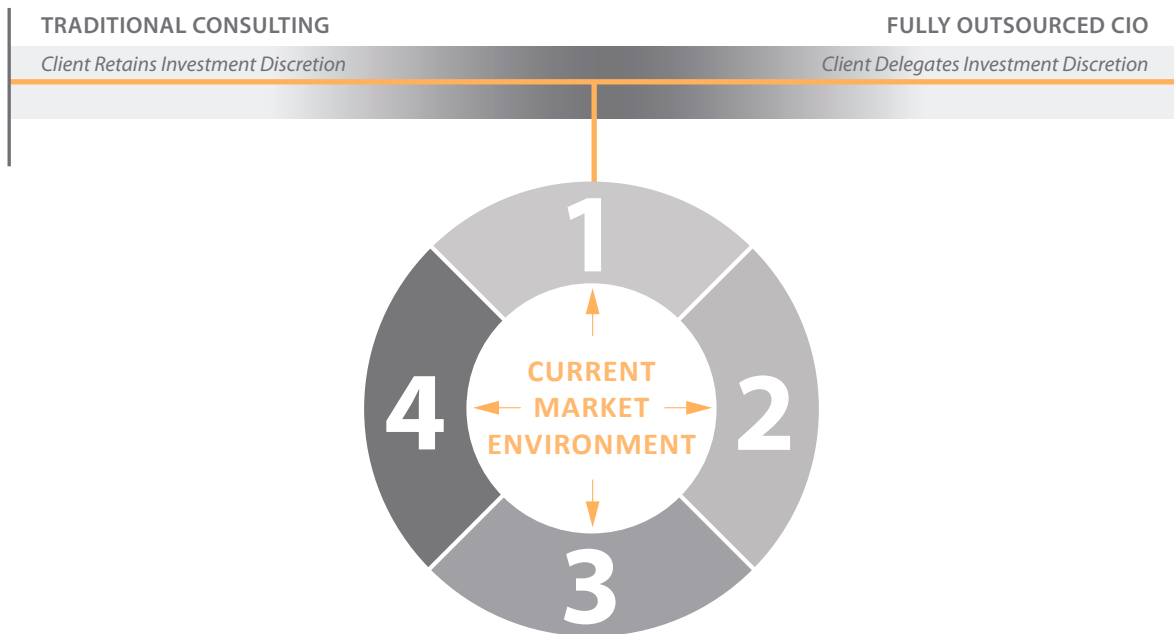
## Step 3 Implementation

### **Clients Choose From a Spectrum of Services**

FEG offers a spectrum of services for partnering with our clients. Your service depends on your individual needs and resources, and can range from a hands-on, traditional consulting approach to a delegated, fully outsourced CIO approach.

Regardless of where your institution falls along that spectrum, all clients engage in the same collaborative four-step investment process, with FEG serving as a fiduciary with the mission of helping you achieve your desired investment results and risk management objectives.

### FEG'S SPECTRUM OF SERVICES



Clients can customize their level of investment discretion based on what works best for their organization. Questions to consider include: How much time, resources, and expertise do staff and committee members have to devote to the investment process? Does your organization have an adaptive structure that can make timely decisions? What are the priorities of the investment committee and board members?





## Traditional Consulting

A consulting relationship is best suited for organizations that have trustees and staff members, with the resources and expertise, who want to be actively involved throughout the implementation process. The client retains full discretion over the portfolio, with FEG providing asset allocation strategy, manager recommendations and evaluations, education, and reporting.



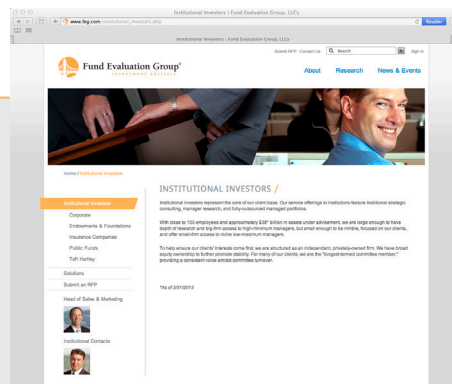
## Hybrid Solutions

A hybrid solution best matches clients that would like to retain discretion, but lack the resources to implement some portion of the investment process. This can take any number of forms. For example, a client may elect traditional consulting services for their equity portfolio, but then fully outsource their alternative strategies to FEG. Or, a consulting client may authorize FEG to coordinate the implementation of their investment decisions while maintaining a non-discretionary relationship.

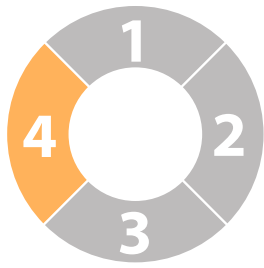


## Fully Outsourced CIO

A fully outsourced relationship, or OCIO, is ideal for organizations that want to be involved in policy decisions, while outsourcing the portfolio construction, selection of money managers, day-to-day implementation, and rebalancing to our team of dedicated investment professionals.



For more on how FEG works with clients, visit our website at [www.feg.com](http://www.feg.com).



## Step 4 Ongoing Management

### ***No End Points – Only Continuous Connections***

As markets and investors' needs change over time, FEG continually monitors portfolios to ensure they remain within the desired risk and return objectives.



#### **MONITOR MANAGERS**

FEG monitors managers not only for appropriate due diligence, but also as a source of market color, providing insight on potential risks and opportunities.

#### **MONITOR CAPITAL MARKET**

FEG provides clients with proprietary capital market assumptions. Broad asset category risk and return profiles are adjusted annually, while fundamentals, valuations, and market sentiments are analyzed and discussed formally on a monthly basis.



#### **MONITOR PORTFOLIO ASSET ALLOCATIONS AND RISKS**

FEG works with committee and staff to monitor asset allocation and risks. Utilizing both quantitative and qualitative measures, FEG assesses risk and return not only for individual investments and asset categories, but brings this back to a total portfolio perspective. This is important because risk unique to a specific investment – known as unsystematic risk – can be diversified away.



## Educational Materials and Communications

FEG regularly shares our research and analysis with boards, investment committees, and staff. To facilitate timely decision-making, FEG offers clients individualized online client portals where key individuals can access performance reports, portfolio strategy, manager reports, publications, webinars, and other materials about the economy and markets.



### Performance Reports

FEG's proprietary reporting software analyzes portfolio progress with an emphasis on functionality, readability, and a client's fiduciary duty. Understanding the need for accurate and timely data, FEG's reports are available days after quarter-end.



### Monthly Research Review

FEG's monthly newsletter provides economic and market commentary. We also offer education about strategies, including alternative investments, and current investment topics and trends.



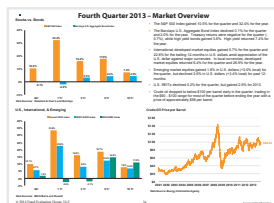
### Private Capital Review

FEG's quarterly newsletter provides commentary and topical issues specific to private capital.



### Capital Markets Assumptions

FEG publishes projected returns by asset class. These internally developed projections are vital components to the investment process.



### Market Summary

FEG provides clients with in-depth assessment of market landscape by asset class.



### Insight & Education

FEG's periodic educational papers and webinars on current investment-related topics help arm clients with information to make informed investment decisions.



### Investment Forum

This event, held every 18 months, attracts leading industry speakers to share their thoughts with clients, advisors, and invited guests. Past speakers have included Mohamed El-Erian, Dan Fuss, James Grant, T. Boone Pickens, David Rubenstein, Jeremy Siegel, Byron Wien, and Sam Zell.



### ***Building Strong Client Relationships***

We view our relationships with clients as collaborative partnerships requiring responsive service and continuous improvement. We conduct quarterly satisfaction surveys to determine how well we are meeting our clients' needs and what additional services we might offer. The feedback guides actionable steps for improving our relationships and serves as another stage in our communications loop.

### ***How Clients Benefit from FEG's Relationship Support***

For more than 28 years FEG has built strong relationships by:

#### **Understanding Your Goals:**

We take the time to understand your goals and passion so we can become a champion for your cause. Our extensive experience serving a variety of institutional clients provides us with detailed understanding of the challenges you face every day. These challenges include inefficient governance models, concerns over peer benchmarking, asset/liability matching for pensions, providing cost effective and quality fund menus for plan participants, and enterprise risk.

#### **Acting as Your Advocate:**

To ensure clients' interests come first, we are structured as an independent, privately-owned firm. We strive to remain impartial and avoid conflicts of interest. We never accept monetary compensation from money managers; our compensation comes exclusively from clients.

#### **Serving as an Extension of Your Staff:**

Our size enables us to make all key players accessible to clients – a true valued added service.

- Experienced investment consultants are highly tenured
- Robust client service teams are available to answer questions and help in any way
- Dedicated, in-house research teams provide clients with objective advice, investment research, and educational support

#### **Providing a Consistent Voice:**

We serve as an extension of your staff. For many of our clients, we are their "longest-termed committee member," providing a steady, tenured voice amidst committee turnover.

Our dedication to building strong client relationships has resulted in a 93% annual retention rate.<sup>1</sup>

<sup>1</sup>Based on 7% average client loss from January 1, 2010 to December 31, 2014.



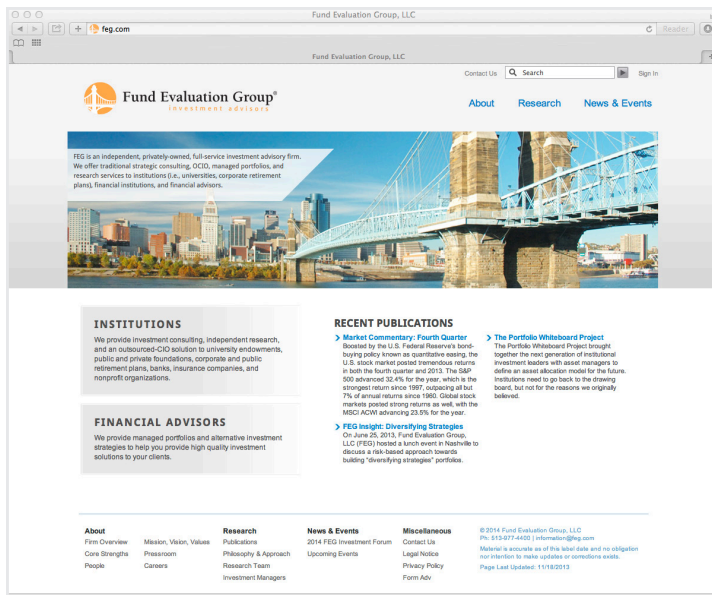


## Interact with Us

We would be pleased to discuss any questions you or others in your organization might have – exploring, researching, and covering all the bases to help make your job as a fiduciary easier and more rewarding, your portfolio more profitable, and your organization's vision a reality.

*We invite you to find out more about the objectives we can achieve together.*

Please call 513.977.4400, email [information@feg.com](mailto:information@feg.com), or visit [www.feg.com](http://www.feg.com)



### Visit our Website:

We invite you to learn more about us by visiting our website, [www.feg.com](http://www.feg.com)

- Determine what services might be right for your specific type of organization
- Learn more about what FEG's consulting and OCIO solutions include
- Meet investment professionals
- Explore upcoming conferences and webinars
- Access our research reports and educational materials

### Submit a Contact Form:

Let us know what you are interested in and how we can contact you. Contact forms are available on our website at [www.feg.com/contact\\_us.php](http://www.feg.com/contact_us.php)

### Request a Meeting:

Please feel free to email us at [information@feg.com](mailto:information@feg.com) or call 513.977.4400 to request a meeting.

### Download a Blank RFP Template:

If you are considering issuing a Request for Proposal (RFP), we have an RFP template on our website.

# YOUR VISION

# OUR INSIGHT



*Together—with your vision and our insight—we can partner to build your success.*

Fund Evaluation Group, LLC (FEG), a federally registered investment adviser under the Investment Advisers Act of 1940, as amended, providing non-discretionary and discretionary investment advice to its clients on an individual basis. Registration as an investment adviser does not imply a certain level of skill or training. The oral and written communications of an adviser provide you with information about which you determine to hire or retain an adviser. Fund Evaluation Group, LLC, Form ADV Part 2A & 2B can be obtained by written request directed to: Fund Evaluation Group, LLC, 201 East Fifth Street, Suite 1600, Cincinnati, OH 45202 Attention: Compliance Department. Neither the information nor any opinion expressed in this report constitutes an offer, or an invitation to make an offer, to buy or sell any securities.



**Fund Evaluation Group**<sup>®</sup>  
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CINCINNATI / DETROIT / INDIANAPOLIS

Your Vision / Our Insight  
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