



NEPC, LLC

YOU DEMAND MORE. *So do we.*SM

2015 Investment Manager Webinar

NEPC Research

March 16, 2015

255 State Street, Boston, MA 02109 | TEL: 617.374.1300 | FAX: 617.374.1313 | www.nepc.com

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Our Goal

To work constructively with the asset management community to deliver innovative and high quality investment strategies that meet and exceed our clients' objectives.

- **Introduction and NEPC Update**
- **Client Perspectives**
- **Market Outlook**
- **NEPC Research**
- **Investment Manager Searches and Activity**
- **Impact Investing**
- **Your Questions**

Today's Speakers



- **Mike Manning, CFA, CAIA**



- **Phil Nelson, CFA**



- **Tim Bruce**

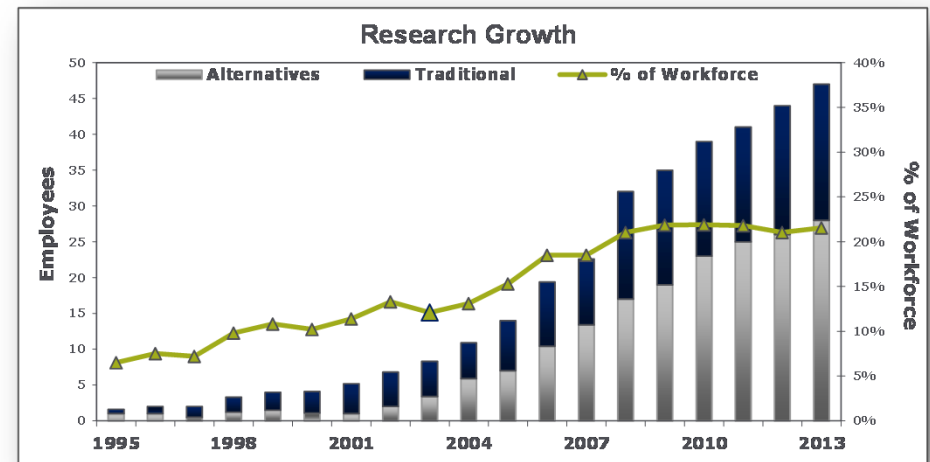


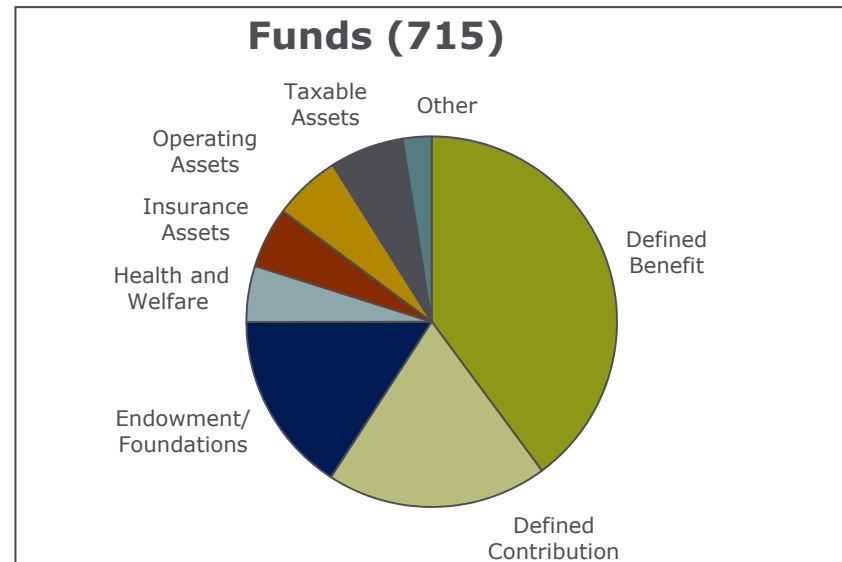
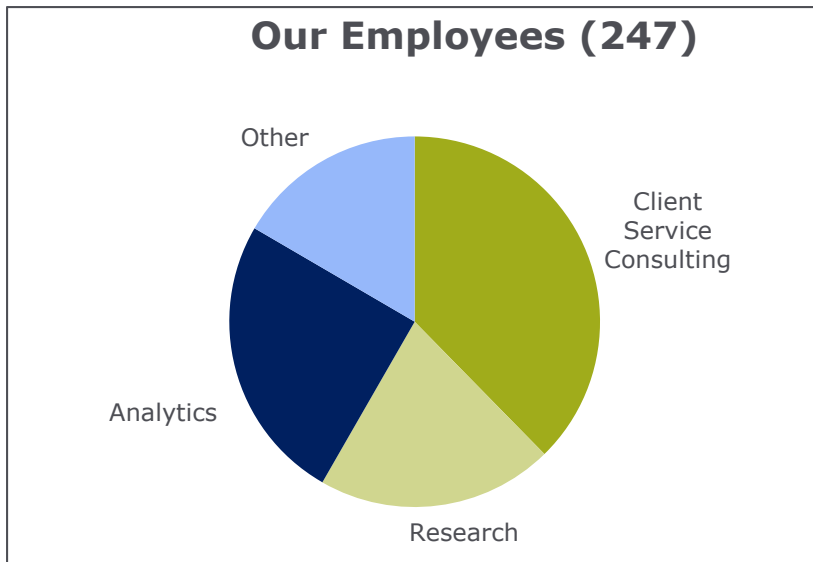
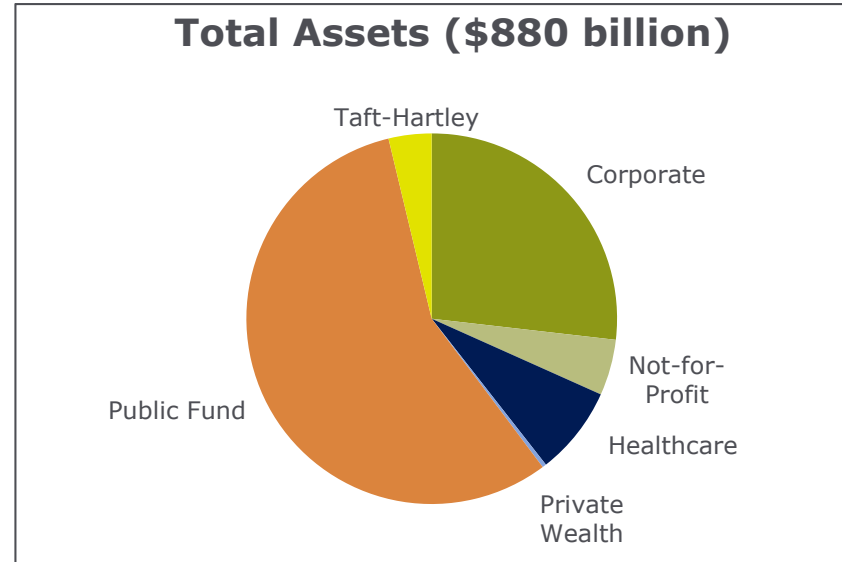
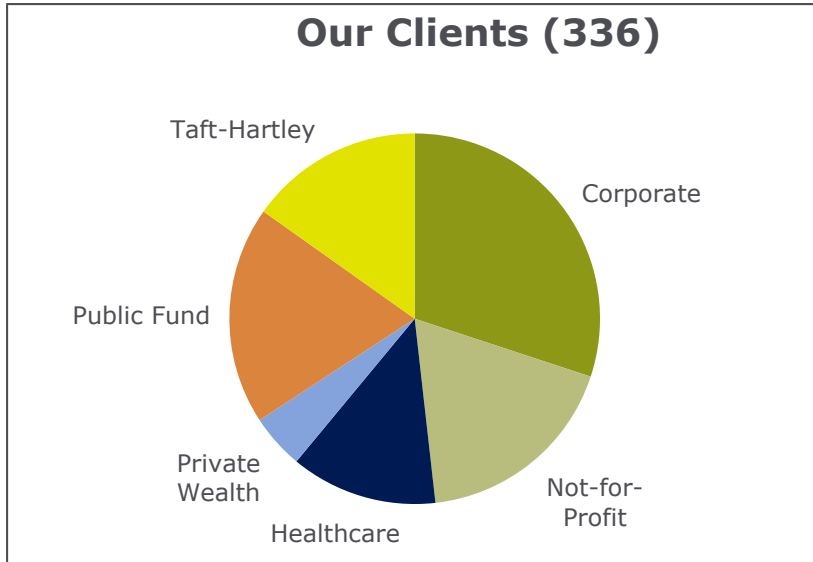
- **Krissy Butler**

NEPC Update



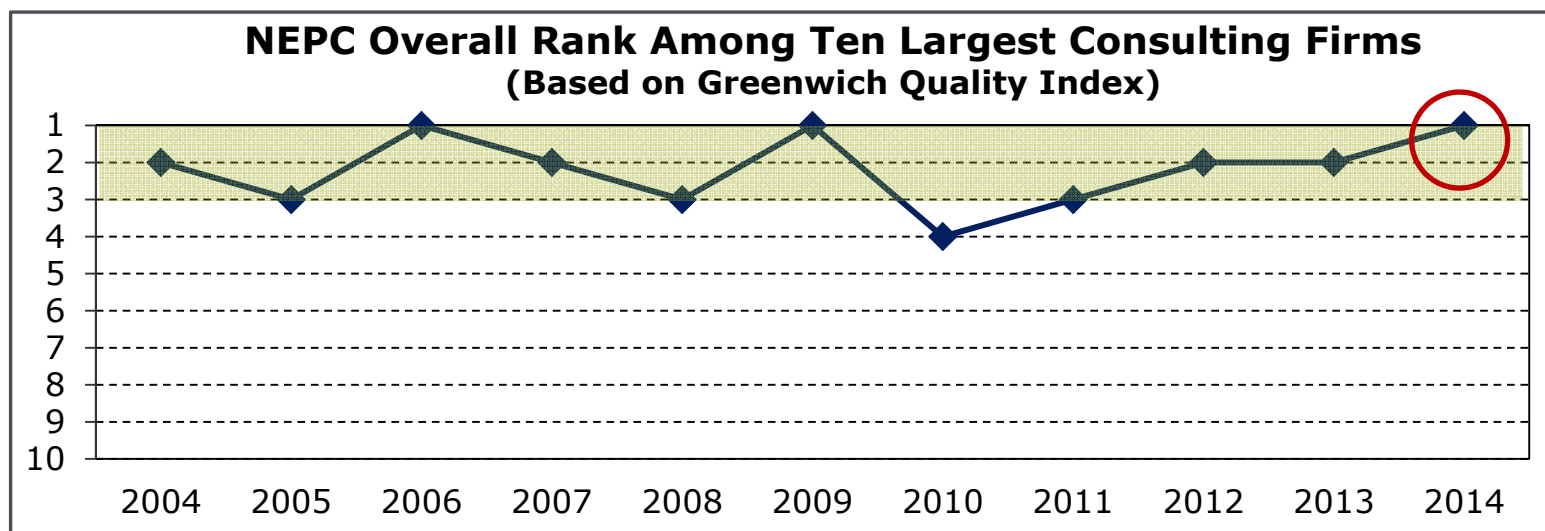
- **NEPC remains the leading independent consulting firm**
 - 100% employee owned by 34 Partners
 - Focused business model that puts clients first
 - A destination for investment professionals who want to consult
- **We remain focused on our commitment to clients**
 - Engage with clients as a boutique firm with large scale resources
 - Offer flexible service mandates customized to client needs
 - Work constantly to identify best in class managers and strategies
 - Focus on exceeding client expectations for service





Client Satisfaction

- **Greenwich Associates surveys over 1,000 large plan sponsors regarding their investment consulting relationships**
- **NEPC has consistently achieved favorable client satisfaction ratings among the ten largest firms**
 - Only firm with overall Greenwich Quality Index (GQI) in the top three in ten of the last 11 years



Source: Greenwich Associates, 2014 Evaluations by U.S. Institutional Investors.

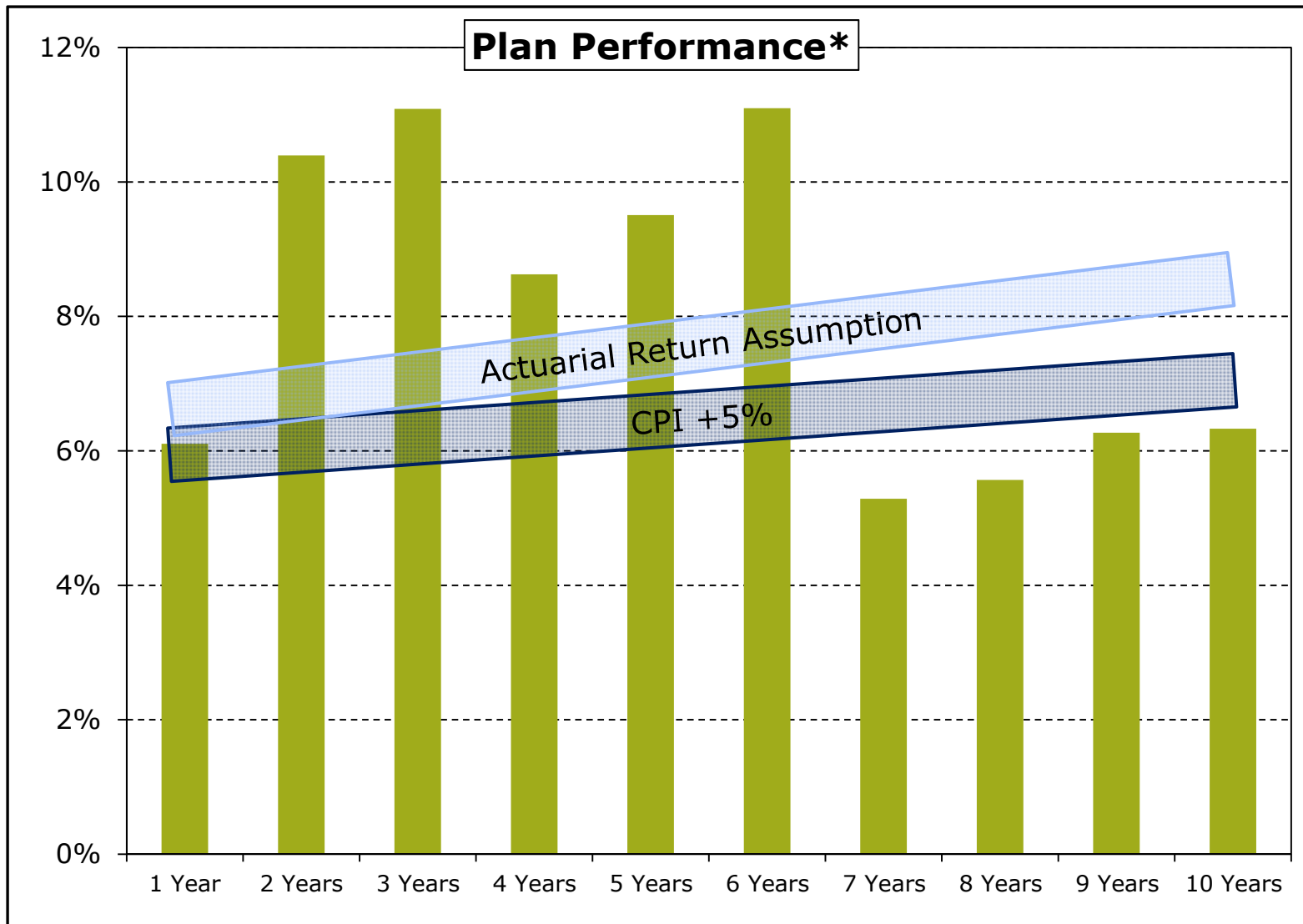
- Greenwich Associates is an independent research firm. Their rankings do not represent an endorsement of NEPC.
- Past performance is no guarantee of future results.
- See Disclosures for important disclosures that should be viewed in connection with this exhibit.



Client Perspectives



Plan Performance Has Generally Met or Exceeded Expectations



*Estimated median annualized return for InvestorForce Universe as of 12/31/14

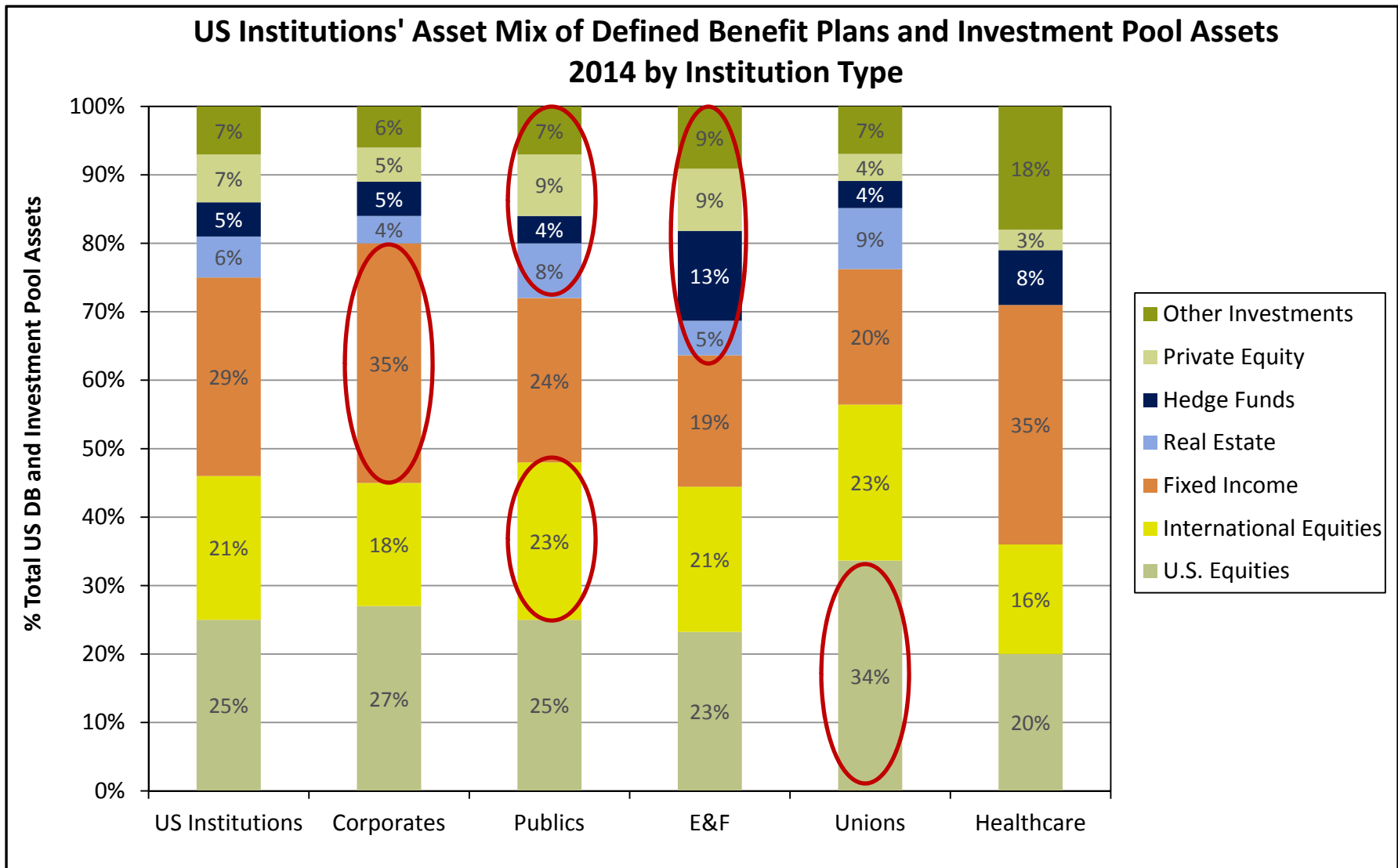
Clients Expect More From All of Us

- **Even with great absolute returns, concepts of diversification and active management are being challenged**
- **Increasingly complex market dynamics and investment solutions require greater partnership**

	Traditional Characteristics	“Next Gen” Characteristics
Product Innovation	<ul style="list-style-type: none"> ▪ Emphasis on market benchmark returns and ‘relative’ performance ▪ Focus on small number of traditional ‘core’ categories ▪ Narrow universe: Domestic, Single-Cap, Single Sector 	<ul style="list-style-type: none"> ▪ Absolute returns and outcome orientation ▪ Focus on non-traditional uncorrelated categories and productized solutions ▪ Universe extension: Global, All-Cap, Multi-sector
Advice & Counseling	<ul style="list-style-type: none"> ▪ Product-centric ▪ Emphasis on hygiene elements of service; focused on reinforcing product fundamentals ▪ RMs lead, PMs/product specialists support 	<ul style="list-style-type: none"> ▪ Client-centric ▪ Emphasis on intellectual capital transfer to support client objectives; focused on establishing sticky ‘thought partnerships’ ▪ Utilizes a “team of advisors”

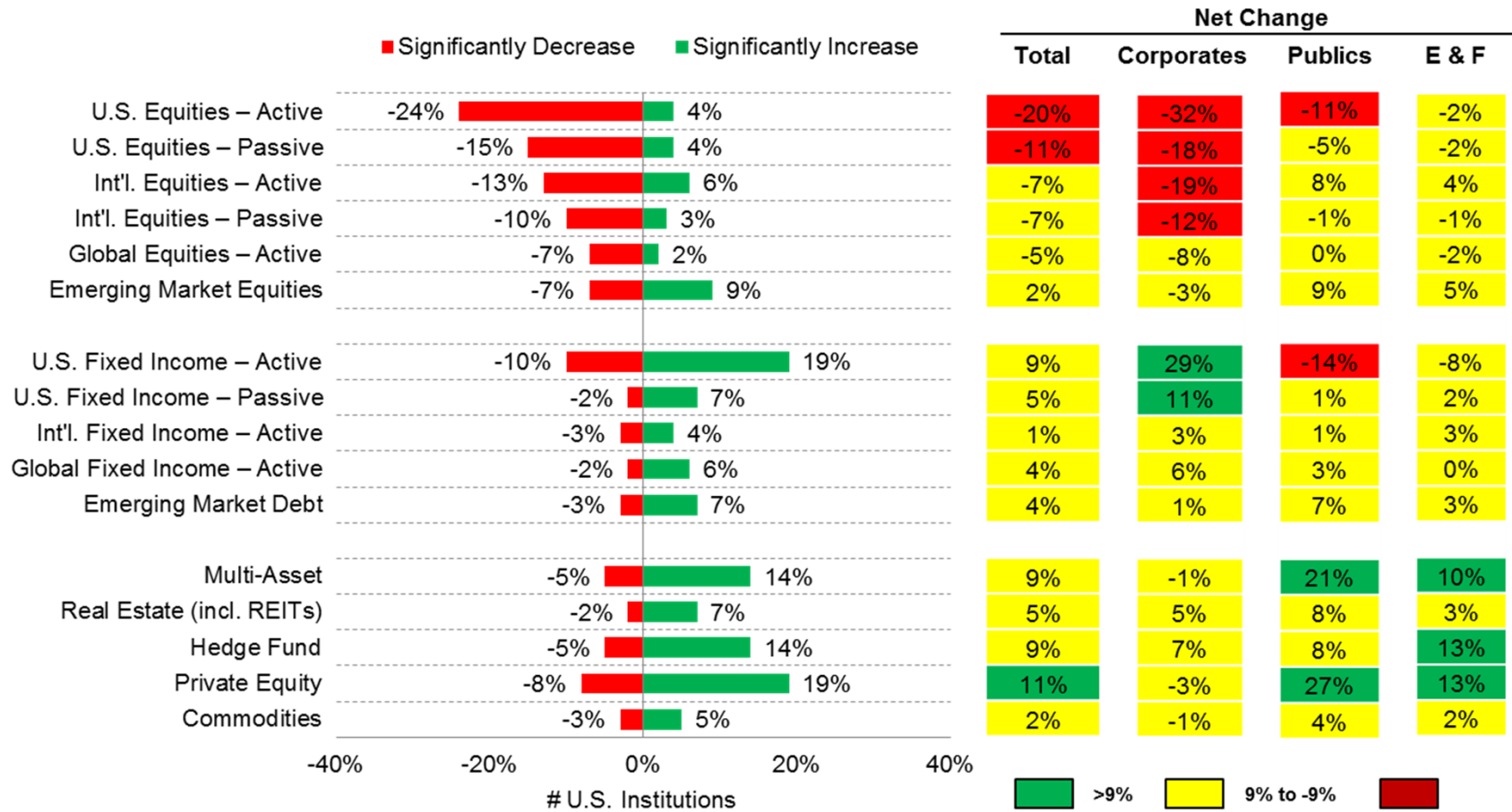
Source: Greenwich Associates 2014, USII-14.

Clients Needs are Diverging



Source: Greenwich Associates 2014, USII-14.

U.S. Institutional Investors' 3-Year Expected Target Allocation Changes 2014



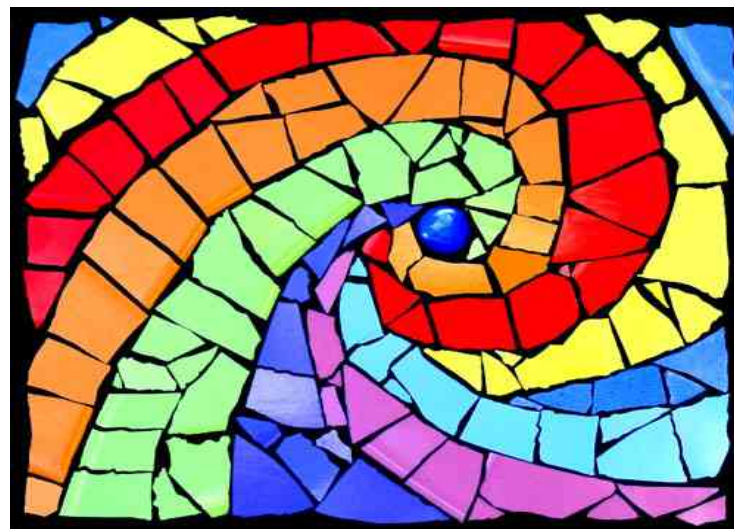
Source: Greenwich Associates 2014, USII-14.

Note: For each category, the balance of institutions not displayed here have indicated no change or no answer. Multi-Asset includes risk parity, asset allocation, GTAA, etc. Results are for corporate and union DB plans, public fund DB plans, healthcare DB, DC and operating assets, endowment and foundation investment pools and insurance general account assets.

Market Outlook



- **Build a Mosaic**
 - No single asset allocation approach or model has all the answers
 - All analytical tools have the potential to provide useful insights but also including shortcomings
 - Minimize exposure to the shortcomings of any individual approach by using multiple perspectives and approaches to build a more robust solution
- **Be Dynamic**
 - Build a long-term strategic allocation that can meet long-term objectives
 - Look for opportunities to tilt away from the strategic allocation to add value
 - Take advantage of market discrepancies across time horizons and markets
- **Opportunities to add Value**
 - Annual review and adjustment of asset allocation using market-driven assumptions
 - Incorporate an opportunistic component into asset allocation policy
 - Delegate a portion of assets to flexible and dynamic strategies



- **Protracted bull market, slow growth, and low interest rates persist**
 - Cautious optimism for US economy, but length and strength of rally warrants inquiry
 - Negative real interest rates have supported elevated valuations and low volatility
 - Investor complacency, coupled with lower liquidity, may leave market more vulnerable
- **Global monetary policies and capital markets continue to diverge**
 - The US successfully navigated the end of quantitative easing in 2014, while Europe pondered and Japan pursued further aggressive monetary policy
 - Regional equity market valuation divergence grew as US P/E ratios expanded
- **The US economy shows strength relative to other developed markets**
 - Improving labor markets, increasing confidence, and expected rise in interest rates are supportive of a stronger dollar, which has been a headwind for foreign exposures
 - Meaningful structural reform and continued aggressive monetary policy are required in Europe & Japan to propel assets higher
- **Fed rate hikes are on the horizon but markets expect a slow pace**
 - High US growth may spur accelerated hike, decoupling rates from market expectations
 - Fed tightening is a first step in a multi-year policy normalization process
- **Emerging Market fatigue tangible; low valuations cannot be ignored**
 - Short- and medium-term challenges camouflage long-term economic growth prospects
 - Plummeting energy prices have potential to create challenges for certain economies

- **Confirm alignment of portfolio positioning with long-term objectives**
 - Recognize investment program's tolerance to withstand short-term volatility
 - Some traditional approaches, such as core bonds, suboptimal in current environment
- **Balance desire for increased return with recognition of downside risks**
 - Barbell portfolio risk with defensive allocations to withstand range of outcomes
 - Shift judiciously across and within asset classes
 - Stretched liquid credit markets make equities relatively more attractive
 - Recognize potential for non-US developed markets to react to QE programs, both continued (Bank of Japan) and potential (European Central Bank)
- **Evaluate impact of expected US dollar strength on non-US allocations**
 - Consider strategic developed market currency hedging program to mitigate risk
 - Scrutinize allocation to and implementation within emerging markets
 - Attractive fundamentals and secular trends warrant market weight at a minimum
 - Challenging country specific conditions support pursuit of bold active management
- **Remain committed to high conviction active manager exposures**
 - Passive trends and market complacency may ignite dormant alpha opportunities
 - Use non-traditional strategies with reduced constraints across markets to capitalize
 - Global equity, tactical credit strategies, GAA, liquid alternative beta, global macro
- **Seek niche private strategies to mitigate challenge of high valuations**
 - Energy, European Real Estate, sector-focused growth equity, Asia-focused managers and select direct lending markets all provide compelling opportunities

- **Returns have been exceptional since the global financial crisis**
 - Results dramatically outpaced expectations during a period of elevated uncertainty
 - Volatility spiked at times but overall experience well below expectations
- **Low realized volatility fuels shortsighted view for long-term investors**
 - Benefits of diversification are questioned but should be a cornerstone of success
- **NEPC's capital market forecasts cover a 5-7 year horizon which is unlikely to look like most recent trailing periods**
 - End point sensitivity pronounced; annualized returns for diversified investors* show a 10.6% return for 3 years, 9.0% return for 5 years and 5.0% for 7 years
 - Last three years' results unlikely to continue for the next 5-7 years
- **Expected returns over the next 5-7 years have moved lower as yields have compressed**
 - Strong recent performance and valuation expansion leads to a decline in equity return assumptions
 - Dispersion within global markets increases opportunities for hedge funds
 - Outlook is generally constructive near-term but cognizant of downside risks; risk balance is encouraged
- **30 year forecasts are lower, challenging feasibility of success**
 - Extension of easy monetary policy has stymied expectations of higher yields
 - Low long term rates drive return expectations back towards levels seen prior to 2013
 - Conventional approaches may fall short going forward

* Represented by InvestorForce Trust Funds Gross universe as of 9/30

NEPC Research



NEPC's Research Team

Tim McCusker, FSA, CFA, CAIA
*Chief Investment Officer**

Eileen Keenan
Research Coordinator

Client Strategy & Asset Allocation
 Christopher Levell, ASA, CFA, CAIA, *Partner**

Traditional Research
 Timothy Bruce
*Partner**

Alternatives Research
 Neil Sheth
*Partner**

Operational Due Diligence
 William Bogle
*Partner**

Client Strategy

Alternative Investments

Sean Gill, CFA, CAIA
*Partner**

Defined Contribution

Ross Bremen, CFA
*Partner**

Asset Allocation

Phillip Nelson, CFA
Director of Asset Allocation

John Minahan, PhD, CFA
Senior Investment Strategist⁺⁺

Lynda Dennen, ASA, EA
Senior Consultant

Mark Cintolo, CAIA
Consultant

Mario Tate
Senior Analyst

Ian Spencer
Research Analyst

Traditional Research

Stephen Gargano
Senior Consultant

Jeff Markarian
Senior Consultant

Donna Szeto, CFA
Senior Consultant

Rosann Morello
Manager Search Supervisor

Seth Bancroft
Senior Analyst

Angela Dawson
Analyst

Aidan Redmond
Analyst

Research Associates

Matthew Brady

Christopher Burrell

Larissa Davy

Bobby Jaramillo

Private Markets

Eric Harnish
Director of Private Markets⁺

Jeffrey Roberts
Senior Consultant

Chris Hill, CFA, CAIA
Consultant

Siddique Haq, CAIA
Consultant

Melissa Mendenhall
Consultant

Aarish Patell
Consultant

Alexandra Adam, CAIA, Analyst

Oliver Fadly, Analyst

Brad Rowbotham, Analyst

Real Assets

Sean Ruhmann
*Partner**

Andrew Brett, CAIA
Consultant

Michael Yang
Consultant

Matthew Ritter, CAIA
Senior Analyst

William Elcock, Analyst

Hedge Funds

Kamal Suppal, CFA
Senior Consultant

Amanda Karlsson, CFA
Consultant

Timothy O'Connell
Consultant

Dulari Pancholi, CFA, CAIA
Consultant

Reino Ecklord, CFA, CAIA
Senior Analyst

Alissa Howard
Analyst

Victoria Margosian
Analyst

Christian Pieri
Analyst

Operational Due Diligence

Erin Faccone, CFA, CAIA
Consultant

Kevin Lau-Hansen
Analyst

* Ownership interest in NEPC (Partner)

+ Principal designation for leadership within the Firm.

++ John Minahan, a long-time employee of NEPC and current faculty member at MIT's Sloan School of Management, is engaged as an independent consultant to NEPC.

Traditional Research – Organizational Structure

Tim Bruce
Director Traditional Research

Donna Szeto
Senior
Research Consultant

- US Large Cap Equities Growth & Value
- All Cap Equities
- US Mid, SMID Value, Small Cap Value
- Flex equity

Steve Gargano
Senior
Research Consultant

- US Small Cap Growth
- US Small Cap Core
- US SMID Growth & Core

Jeff Markarian
Senior
Research Consultant

- International Equities
- Emerging Equities
- Global Equity
- Real Assets

Phillip Nelson
Senior
Research Consultant

- LDI
- GAA
- Risk Parity
- Target Date

Seth Bancroft
Senior
Research Analyst

- EMD
- Long Duration
- Bank Loans
- Global Multisector
- Absolute Return
- Municipals
- Multi-sector credit

Angela Dawson
Research Analyst

- Core/Core Plus
- Short Duration
- Stable Value
- High Yield
- Short Duration High Yield

Aidan Redmond
Research Analyst

- Large Cap Core
- Mid Cap Core & Growth
- Liquid real assets
- Liquid alternatives

Open Position

- Global fixed
- Global Inflation Linked Bonds
- TIPS
- Global High Yield

Rosann Morello
Manager Search Supervisor

Larissa Davy
Research Associate

Matt Brady
Research Associate

Chris Burrell
Research Associate

Bobby Jaramillo
Research Associate

NEPC Hedge Fund Research Practice Structure

Neil Sheth
Director of Alternatives

Casey Ellis
Research Coordinator

William Bogle
Chief Compliance Officer,
Head of Operational Due Diligence

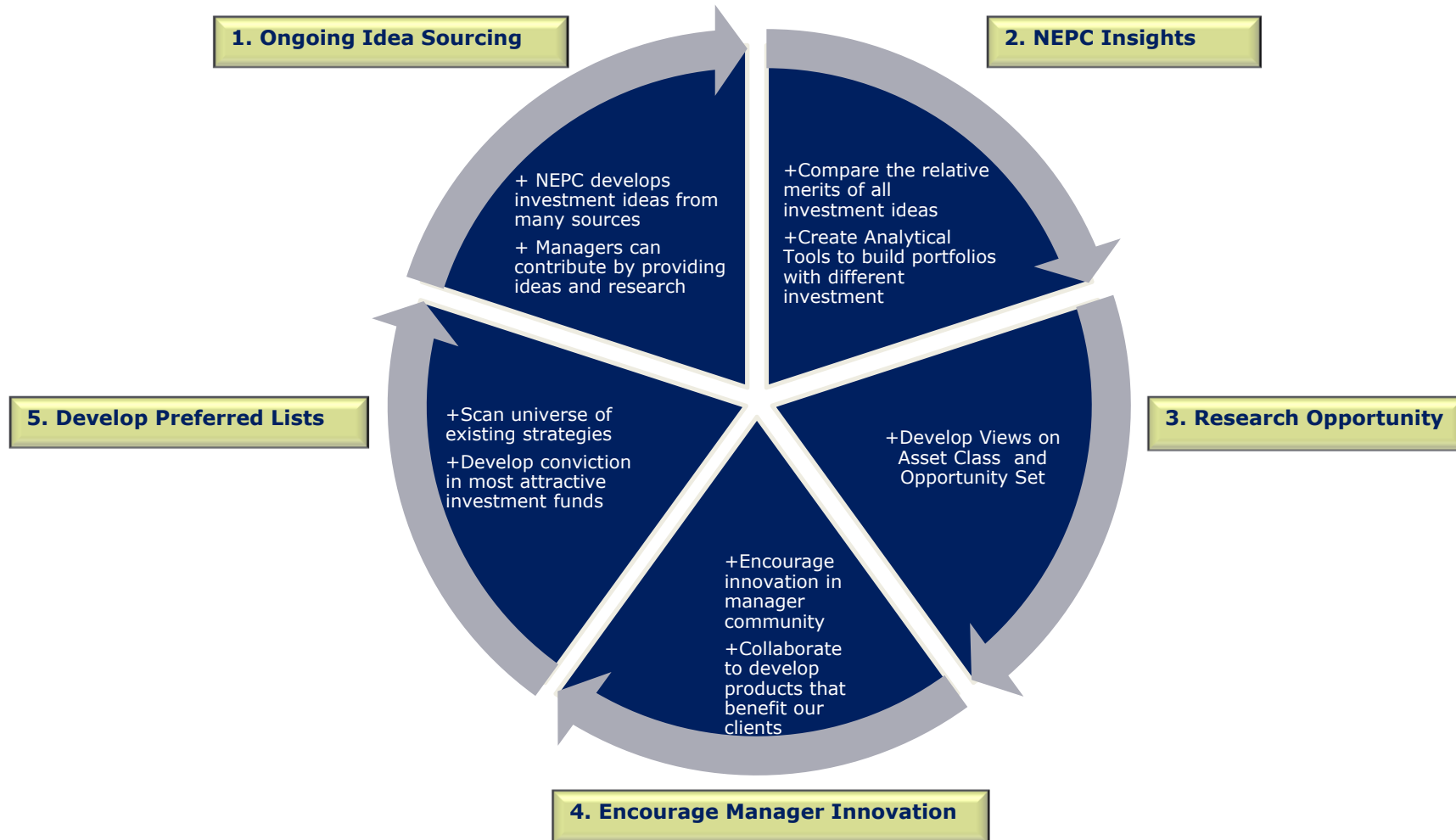
<p>Equity-Linked</p> <p>Direct and Fund of Funds</p> <p>Tim O'Connell Consultant</p>	<p>Event Driven</p> <p>Direct and Fund of Funds</p> <p>Dulari Pancholi, CFA, CAIA Consultant</p> <p>TBD Research Analyst</p>	<p>Trading</p> <p>Direct and Fund of Funds</p> <p>TBD Consultant/Senior Consultant</p> <p>Alissa Howard Research Analyst</p>	<p>Multi-Strategy</p> <p>Direct Funds</p> <p>Reino Ecklord, CFA, CAIA Senior Research Analyst</p>	<p>Multi-Strategy</p> <p>Fund of Funds</p> <p>Kamal Suppal, CFA Senior Consultant</p> <p>Christian Pieri Research Analyst</p>	<p>Operational Due Diligence</p> <p>Direct and Fund of Funds</p> <p>Erin Faccone, CFA, CAIA Op. DD. Consultant</p> <p>Kevin Lau-Hansen Op. DD. Analyst</p>
<p>Credit-Linked: Corporate Credit</p> <p>Direct and Fund of Funds</p> <p>Reino Ecklord, CFA, CAIA Senior Research Analyst</p>	<p>Credit-Linked: Structured Products</p> <p>Direct and Fund of Funds</p> <p>Amanda Karlsson, CFA Consultant</p> <p>Dulari Pancholi, CFA, CAIA Consultant</p> <p>Victoria Margosian Research Analyst</p>	<p>Credit-Linked: Relative Value</p> <p>Direct and Fund of Funds</p> <p>Amanda Karlsson, CFA Consultant</p> <p>Victoria Margosian Research Analyst</p>	<p>Credit-Linked: Emerging Markets</p> <p>Direct and Fund of Funds</p> <p>Reino Ecklord, CFA, CAIA Research Analyst</p>	<p>Emerging Markets</p> <p>Direct and Fund of Funds</p> <p>Kamal Suppal, CFA Senior Consultant</p> <p>Christian Pierri Research Analyst</p>	

The NEPC Research Process:

- **We are going to provide an overview of how we develop investment ideas and select managers**
- **We are going to highlight the similarities and differences between the traditional research process and alternatives**
- **We will delve into examples of recent and current innovative ideas**
 - Emerging markets small company and consumer-oriented equities
 - Absolute return fixed income
 - Alternative beta

Overview of the Research Process

❖ How NEPC develops investment ideas:



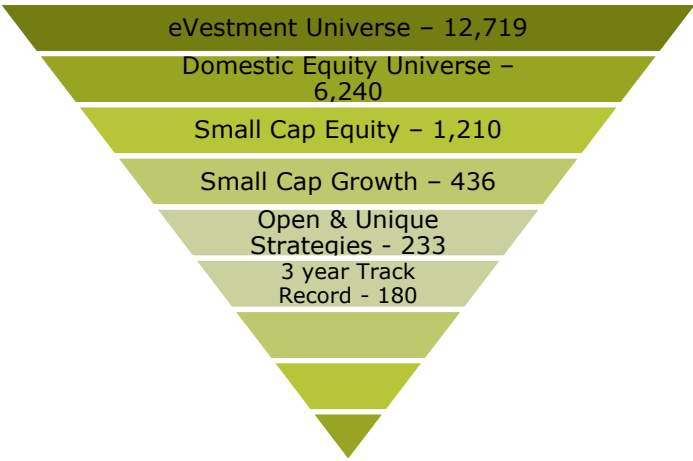


Key Manager Criteria:

- **“Have you done it?” - Consistent alpha at appropriate risk levels**
- **“Why can you keep doing it?” - Defensible investment thesis**
- **“Who is going to do it?” – Solid & stable organization structure**

Universe Screening – Casting a Broad Net

Here is an Example: Small Cap Growth



Same screening criteria on Morningstar Universe to ensure broadest coverage – over 26,000 funds

69 unique funds passing same criteria

249 unique strategies qualifying for further analytics

Quantitative Scoring – PASS Analytics

- **Traditional and Alternatives:**
- **Proprietary PASS tool (Performance Analytics Statistical Software) used to systematize quantitative analysis**
- **This software isolates net-of-fees alpha, removing market/index performance**
 - Attractive strategies will have consistent net-of-fees performance at reasonable levels of active risk (tracking error)
- **Each strategy scored on variety of excess return statistics**
 - Rolling metrics used to minimize end-point sensitivity
 - Statistical significance of alpha
 - Rolling alpha greater than certain hurdles
 - Upside/Downside Capture
 - Information Ratio
 - NEPC Score on quality of investment thesis and firm stability
- **Scoring channels Research focus to strategies demonstrating ability to deliver excess returns over long term**



NEPC Traditional Research - SMALL CAP CORE - NETTING 07/15/10

		EVALUATION CRITERIA - DATA								TOTAL SCORE
		CONTRARIAN INDICATOR	ROLLING 3 YR. R.T.R. - % > 0	ROLLING 3 YR. R.T.R. - % > X%	AVG. 3 YR. INFORMATION RATIO	IR + SORT LENGTH OF RECORD	UPSIDE MKT CAPTURE	DOWNSIDE MKT CAPTURE	FIRM/TEAM STRUCTURE/STABILITY	
		Assigned Weights	5%	5%	10%	15%	20%	5%	10%	30%
Managers										
1	Manager 1	0.04	86%	58%	0.63	1.92	86%	72%	5	86
2	Manager 2	0.18	82%	67%	0.58	2.40	125%	100%	5	85
3	Manager 3	0.03	92%	79%	0.73	1.52	93%	79%	5	85
4	Manager 4	(0.02)	77%	65%	0.57	2.31	98%	81%	5	84
5	Manager 5	0.12	88%	68%	0.87	2.82	91%	72%	3	73
6	Manager 6	(0.03)	81%	24%	0.42	2.16	104%	96%	5	73
7	Manager 7	0.34	###	100%	1.14	1.89	100%	70%	2	70
8	Manager 8	0.05	89%	61%	0.87	2.27	104%	89%	3	70
9	Manager 9	0.20	97%	89%	0.71	2.51	100%	70%	2	70
10	Manager 10	0.33	82%	75%	0.95	3.16	106%	78%	2	70
■ ■ ■ ■ ■ ■ ■ ■ ■ ■ ■ ■										
172	Manager 172	(0.05)	20%	8%	(0.60)	(1.25)	93%	99%	3	21
173	Manager 173	(0.02)	0%	0%	(0.69)	(1.23)	87%	96%	3	20
174	Manager 174	(0.10)	31%	2%	(0.53)	(1.81)	87%	98%	3	19
175	Manager 175	(0.04)	18%	0%	(0.91)	(2.00)	95%	107%	3	18

- **There is not one specific market cap cut off by country**
 - MSCI defines the universe as approximately the bottom 15th percentile by market cap within each local market
 - Liquidity and Free Float vary by market resulting in a different market cap cut off per country
 - Down the cap spectrum you gain less exposure to SOE's (State Owned Enterprises)
 - We define the universe loosely as below \$3.5 billion in market cap
- **The MSCI Emerging Markets Small Cap Index is the most widely accepted benchmark in the space (MSCI EM SC)**
 - The MSCI EM SC universe consists of roughly 2,000 securities, much larger than the MSCI EM universe roughly 800 securities
- **Sell side research for the asset class is low and public information is not widely communicated**
 - This offers an opportunity for active management to add significant value
- **The asset class offers a way to better exploit the emerging market consumption theme**

- **What is Absolute Return Fixed Income?**
 - Global, benchmark agnostic, alpha focused fixed income strategies
 - Express best ideas across fixed income opportunity set while remaining liquid
 - Managers seek positive returns independent of market cycles
 - Balanced exposure to fixed income risk factors: duration, curve, credit, FX
 - Ability to hedge duration and credit risk when appropriate
 - Exhibits a low correlation to interest rate, credit, and equity risk
 - Returns are highly reliant upon manager's skill
- **Focus on managers with broad resources across global fixed income markets**
 - Prioritize managers with long-standing macro-capabilities and experience with benchmark agnostic and tactical allocation strategies
 - Seek managers with capabilities in global interest rate and currency markets
 - A robust risk management process incorporating both quantitative and qualitative factors is essential
- **Look to identify strategies that exhibit low correlation to equity and global interest rates**
 - Target strategies with a demonstrated track record of mitigating downside risks
 - Analyze long-term and daily correlations to understand Alpha relationship with common market risk factors

- **Alternative Betas should have the following characteristics**
 - Established: historical record shows attractive risk/return profile
 - Explainable: strong theoretical justification for historical and forward looking expected return
 - Unique: source of return that is not embedded in, or highly correlated with other investments
 - Accessible: can access return in low cost, transparent format
- **While there is no standard definition, some of the most commonly identified are:**
 - Value: the tendency for “cheap” assets to outperform “expensive” assets
 - Momentum: the tendency for recent relative performance to persist in the near future
 - Carry: the tendency for higher-yielding assets to generate higher risk-adjusted returns than lower-yielding assets
 - Defensive: low beta anomaly, tendency for high-quality to out-perform low-quality
 - Option mis-pricing: tendency for options to be overpriced (implied volatility > subsequent realized volatility)
 - Event: merger-arb premium – returns associated with risk of deals failing to close
 - Illiquidity: size premium, convertible bond premium (own less liquid security and sell short similar, more liquid security)

Investment Manager Searches And Activity



Total Searches & Reviews **875**

Searches by Asset Class

Large Cap Equity	31
Sm/Mid Cap & Mid Cap Equity	24
Small Cap Equity	29
All Cap Equity (includes MLP's)	13
Fixed Income	91
High Yield Bonds	8
Int'l Equity/Global Equity/Emerging	126
Global Bonds/Emerging Market Debt	122
LDI	5
<i>GAA/TAA (includes Risk Parity & LifeCycle)</i>	<i>57</i>
<i>Commodities</i>	<i>11</i>
<i>Hedge Funds</i>	<i>52</i>
<i>Real Estate</i>	<i>48</i>
<i>Real Assets</i>	<i>47</i>
<i>Private Equity (includes Private Debt)</i>	<i>211</i>

Nearly 46% of all searches and reviews were for non-traditional managers and strategies

Total Search Assets **\$32 billion**

Fees Impact Client Decisions

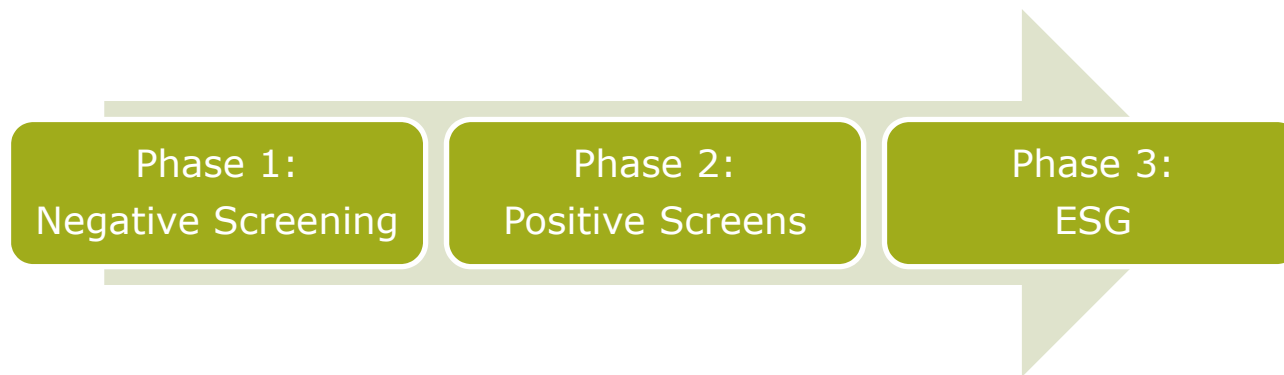
- **When clients run a manager search they see the fee schedule**
 - When applicable, clients see NEPC negotiated fees

Firm/Product	Vehicle Proposed	Reported Fee for \$50.00 mm	Reported Fee in (bps)	NEPC Negotiated Fee in (bps)	NEPC Negotiated Fee for \$50.00 mm
Core Fixed Income					
Baird - Core Bond	Separate Account Mutual Fund	137,500.00 150,000.00	28 30	25	125,000.00
CS McKee - Aggregate Fixed	Separate Account Commingled Fund	162,500.00 200,000.00	32 40		
EARNEST - Core Fixed Income	Separate Account Mutual Fund	145,000.00 250,000.00	29 50		
Garcia Hamilton - Aggregate	Separate Account	130,000.00	26		
Income Research - IR+M Aggregate	Separate Account Commingled Fund	162,500.00 154,000.00	32 31		
JP Morgan - Core Bond (Columbus)	Separate Account Commingled Fund Mutual Fund	150,000.00 150,000.00 295,000.00	30 30 59		
Prudential Fixed Income - Core Conservative	Separate Account Commingled Fund	60,000.00 60,000.00	12 12		
Pyramis - Core Constrained	Separate Account Commingled Fund	137,500.00 125,000.00	28 25		
SBH - Core Fixed	Separate Account	150,000.00	30		

Impact Investing



- **Virtually all investor types have been active in the space at one time or another**
- **The focus of the investment management community has evolved over time, more recently to ESG factors**




- **Investors have become more engaged around proxy voting, company dialogues and public policy work**

- **Terminology varies and market remains fragmented**
- **The sub-categories of impact investing have also expanded and overlap to some degree**

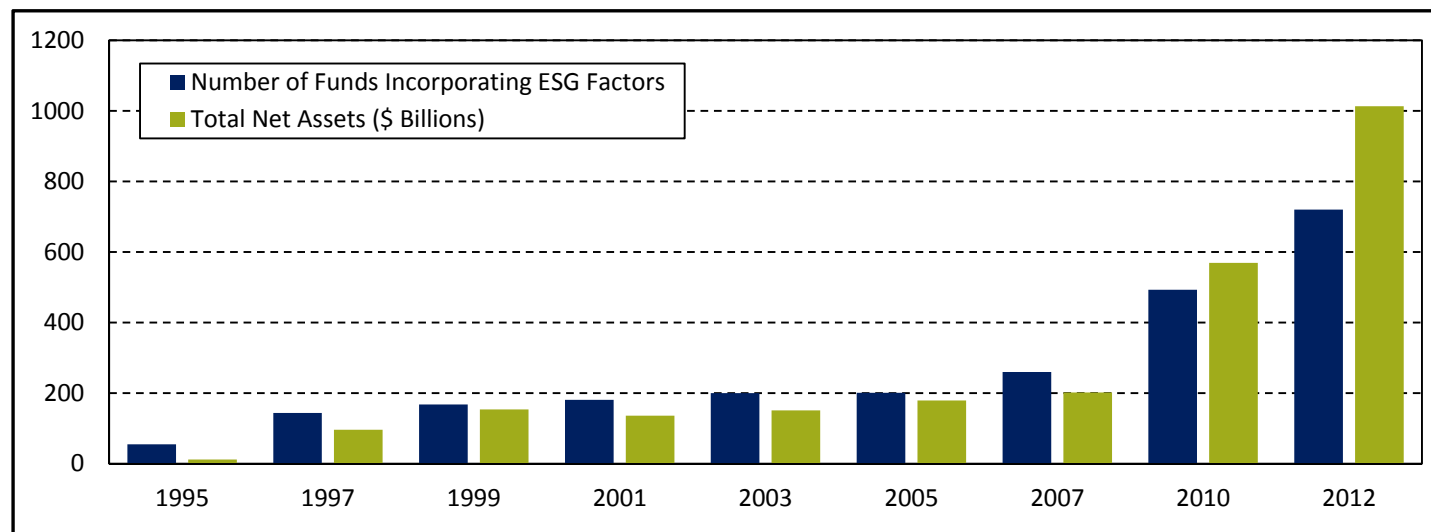
Impact Investing				
Environmental, Social & Governance (ESG) --- Example: Including ESG as part of the investment process	Mission Related Investing (MRI) --- Example: A faith based organization that invests with specific guidelines	Sustainable Investing --- Example: Investing in a Water Resources Fund	Community Investing --- Example: Investing in a community housing project	Program Related Investing (PRI) --- Example: Health related foundation investing in a company that provides healthy school lunches

- **NEPC is committed to proactively sourcing ideas for clients in all of these areas**

- **NEPC is a signatory of the PRI and is actively involved in the development of research and awareness around ESG**

- **Principles of Responsible Investing (PRI) began in 2006 as a network of investors working together to integrate the 'six principles' into common practice in an effort to create a more sustainable financial system**
- **The 'six principles' that signatories pledge to implement:**
 1. We will **incorporate** ESG issues into investment analysis and decision-making processes
 2. We will **be active** owners and incorporate ESG issues into our ownership policies and practices
 3. We will **seek appropriate disclosure** on ESG issues by the entities in which we invest
 4. We will **promote** acceptance and implementation of the Principles within the investment industry
 5. We will **work together** to enhance our effectiveness in implementing the Principles
 6. We will each **report** on our activities and progress towards implementing the Principles

Trends in Impact Investing

- **A growing percentage of investments integrate ESG factors in their respective strategies**
- **Traditional equity and fixed income strategies offer the largest investment universe**
- **Private market investments are substantial in number, but typically small in size**



Source: US SIF Foundation

- **Dedicated Impact Investing Advisory Committee**

- Scott Perry, CAIA, *Partner* – Philanthropic Team
- Kristine Butler, *Consultant* – Philanthropic Team
- KC Connors, CFA, CAIA, *Partner* – Philanthropic Team
- Michael Sullivan, *Principal, Sr. Consultant* – Taft-Hartley Team
- Sheila Berube, CFA, *Sr. Consultant* – Philanthropic Team
- Kelly Regan, *Sr. Consultant* – Corporate Team
- Dulari Pancholi, CFA, CAIA, *Research Consultant* – Alternatives Research Team
- Chris Hill, *Research Consultant* – Alternatives Research Team
- Bill Elcock, *Research Analyst* – Alternatives Research Team
- Reino Ecklord, CFA, CAIA, *Research Analyst* – Alternatives Research Team
- Oliver Fadly, *Research Analyst* – Alternatives Research Team
- Aidan Redmond, *Research Analyst* – Traditional Research Team
- Asher Watson, *Senior Analyst* – Philanthropic Team
- Mike Malchenko, *Senior Analyst* – Public Funds Team
- Lily Fariborz, *Performance Analyst* – Philanthropic Team
- Cody DeSouza, *Intern* – Philanthropic Team

- **eVestment Alliance: ESG Integration Section**
 - An area to provide details about your ESG capabilities
 - All managers will now have access to complete this section

- **NEPC worked with eVestment Alliance to enhance and expand their reporting of ESG Integration**
 - A number of Yes/No questions, with the opportunity to add detail

- **NEPC will use this information:**
 - To include in our manager search books, which all clients will see
 - To screen for products in this area

- **Please add your information as soon as possible, and keep it updated on an ongoing basis**



Your Questions



Final Thoughts



- **Stay on top of our views**
 - Available at www.nepc.com
- **Bring your best ideas forward**
 - “Best in Class” products
 - Products consistent with identified market opportunities
 - Innovative strategies
- **Focus on Quality not Quantity**
 - A few meetings on the right products and strategies will be much more productive for both sides than meetings for the sake of meetings
- **Be willing to take “No” for an answer**
 - Engage constructively with our Research team-members, be patient with the timing of our Preferred strategy assessment process, and accept our feedback graciously
 - We cannot accept every meeting request we receive and deliver high quality research for our clients

What Managers Should Expect from NEPC

- **Information about client needs and search activity**
- **Our views on the market and our key messages to clients**
- **Our framework for evaluating managers**
- **Responsiveness to meeting requests**
- **Candid feedback**

Your Questions

- **Past performance is no guarantee of future results.**
- **Data used to prepare this report was obtained directly from the investment manager(s). While NEPC has exercised reasonable professional care in preparing this report, we cannot guarantee the accuracy of all source information contained within.**
- **This report may contain confidential or proprietary information and is intended only for the designated recipient(s). If you are not a designated recipient, you may not copy or distribute this document.**

It is important that investors understand the following characteristics of non-traditional investment strategies including hedge funds and private equity:

- 1. Performance can be volatile and investors could lose all or a substantial portion of their investment**
- 2. Leverage and other speculative practices may increase the risk of loss**
- 3. Past performance may be revised due to the revaluation of investments**
- 4. These investments can be illiquid, and investors may be subject to lock-ups or lengthy redemption terms**
- 5. A secondary market may not be available for all funds, and any sales that occur may take place at a discount to value**
- 6. These funds are not subject to the same regulatory requirements as registered investment vehicles**
- 7. Managers may not be required to provide periodic pricing or valuation information to investors**
- 8. These funds may have complex tax structures and delays in distributing important tax information**
- 9. These funds often charge high fees**
- 10. Investment agreements often give the manager authority to trade in securities, markets or currencies that are not within the manager's realm of expertise or contemplated investment strategy**

- **Greenwich Associates is an independent research firm, which has surveyed plan sponsors with assets in excess of \$150 million for many years to document their opinions of their investment consulting relationships.**
 - Consultants receive the survey results in exchange for providing Greenwich with evaluations of investment managers who in turn compensate Greenwich for this market data.
 - The 2014 survey is based on interviews with 1,277 plan sponsors, 94 of whom retain NEPC.
 - The Greenwich Quality Index is based on collective client ratings over a number of qualitative categories, detailed on the “Key Success Factors” page.
 - The rankings presented are not necessarily representative of any single client’s experience, but rather represent the collective views of NEPC’s sampled clients toward the services and capabilities provided by NEPC. Rankings do not represent an endorsement of NEPC. Past performance is no guarantee of future results.

Key Success Factors

Greenwich Associations U.S. Client Evaluations – Investment Consulting Business 2014 Rankings of 10 Largest Consultants: Key Success Factors

	NEPC	Firm A	Firm B	Firm C	Firm D	Firm E	Firm F	Firm G	Firm H	Firm I
Market Position (# of Clients)	1	2	3	4	5	6	7	7	9	10
Overall Greenwich Quality Index	1	4	6	2	8	9	5	10	3	7
Investment Counseling										
Understanding Clients' Goals & Objectives	2	2	6	2	7	9	10	7	5	1
Advice on Long-term Asset Allocation	1	2	9	8	5	6	4	10	7	3
Provision of Proactive Advice & Innovative Ideas	2	3	7	5	8	3	1	10	6	9
Capability of Consultant Assigned to Your Fund	2	4	5	3	5	9	8	9	7	1
Credibility with Investment Committee	1	6	4	2	8	10	9	6	4	3
Advice on DC Plan Structure and Design	2	5	7	3	1	8	4	9	6	10
Manager Selection										
Knowledge of Investment Managers	1	5	3	1	4	9	8	10	7	6
Satisfaction with Manager Recommendations	3	8	5	5	3	5	1	10	9	2
Client Servicing										
Responsiveness to Requests for Information	1	4	6	2	4	10	6	9	3	8
Personal Meetings	1	6	3	2	5	9	7	8	4	9
Usefulness of Written Investment Reviews	1	5	3	1	7	9	3	10	7	5
Sufficient Professional Resources to Meet Your Needs	2	2	5	1	4	10	7	9	7	6
Timeliness in Providing Written Information & Reports	1	7	6	2	8	2	5	10	4	9
Commercial Arrangement										
Reasonable Fees (Relative to Value Delivered)	2	5	7	4	10	7	6	9	3	1

Source: Greenwich Associates, 2014 Evaluations by U.S. Institutional Investors.

- Greenwich Associates is an independent research firm. Their rankings do not represent an endorsement of NEPC.
- Past performance is no guarantee of future results.
- See Appendix for important disclosures that should be viewed in connection with this exhibit.

