



PRIVATE
WEALTH

INVESTMENT MANAGER RESEARCH

Depth and Breadth

Selecting the right investment managers from a crowded landscape can be a significant challenge and one which all too often does not produce the desired results. With two sides to every trade, by definition, the law of averages means that half of all managers will underperform over time – and when fees and taxes are taken into consideration, the odds of success decrease even further. However, for astute investors who are able to identify and access the select group of managers who are able to consistently outperform, there is significant value to be had.

OUR PEOPLE: INDUSTRY LEADING CONSULTANTS

At NEPC, our researchers are trained to review managers objectively and dispassionately, carefully scrutinizing each firm's philosophy and process. We look for repeatability, consistency and a clear commitment by each firm's investment professionals to their organization and their investment product. We use a rigorous research process to develop conviction in a manager's ability to outperform the market and we focus on identifying and articulating the manager's investment thesis or competitive edge which we believe will lead to future outperformance.

We strongly believe in the benefits of dedicated research professionals and have consistently increased staffing levels on our research team since our firm's inception 31 years ago. Today, our research team is one of the largest in the industry and is comprised of over 50 research professionals organized into five teams, all of which benefit from the direct expertise of professionals dedicated to taxable research.

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Our Client Strategy Team

provides high level research and consulting services to each of our practice areas in addition to developing sophisticated client research deliverables.

Our Asset Allocation Team

directs our asset allocation efforts by developing our asset class expectations, tax assumptions, key market themes and strategic policy actions.

Our Traditional and Alternative Research Teams

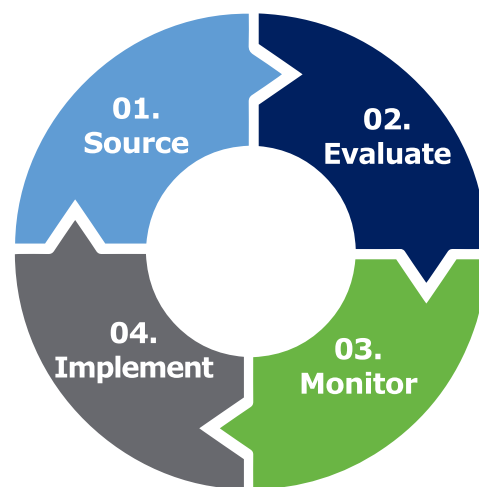
perform original research in their specific focus areas and are responsible for monitoring the investment environment for developments in new asset classes, instruments and strategies.

Our Operational Due Diligence Team

is separate and distinct from our investment analysis effort which enables them to focus on a firm's back office operations and infrastructure capabilities.

OUR PROCESS: COMPREHENSIVE AND RIGOROUS

Manager research is at the heart of our research-driven investment process, representing the crossroads of our asset allocation views and our investment philosophies. With strategies that run the gamut from passive tax loss harvesting mandates run by well-established firms to esoteric, niche opportunities found far off the beaten path, we are able to construct portfolios designed to help our families achieve their goals. In all cases, our efforts in this area follow four basic steps:



1) Sourcing

Idea generation is a constant and ongoing process at NEPC, taking full advantage of our proprietary internal databases, external databases and our extensive networks of existing relationships. In many cases, our clients are valuable partners in the process due to their own personal connections. During this phase of the process, we focus on identifying managers with a unique and repeatable investment thesis. The investment thesis serves as the bridge between the historical results of a manager's investment strategy and our conviction that strong investment performance will be delivered by the manager in the future.

2) Evaluating

Once a promising manager has been identified, our asset class specialists hold multiple meetings over the course of several months to assess the investment team and strategy. The people, philosophy and process of an investment manager are each a point of consideration during the evaluation stage as we focus not only on historical returns, but also on the repeatable nature of a manager's process. The suitability of a particular strategy for private clients is a critical component of this step of the process as historical and expected turnover rates and tax characteristics are evaluated.

3) Monitoring

After a manager has been fully vetted and approved for client investment, it is placed on our Focused Placement List (FPL) and is subject to diligent and continuous monitoring. We believe maintaining an investment with a manager is an active decision, just like the initial funding decision, and as a result, we pride ourselves on our in-depth analytics as we continue to monitor a manager after it has been approved and placed in client portfolios.

4) Implementation

Each private wealth client comes to us with different holdings and unique circumstances. We continually evaluate existing positions and new ideas based on their own merits, in relation to other holdings in the portfolio, in the context of the market environment and with due consideration for potential tax ramifications.

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THE DISCOVERY PLATFORM: A TREASURE TROVE OF UNIQUE AND COMPELLING IDEAS

For families who are interested in pursuing interesting opportunities that can play a valuable role in their portfolio, our Discovery Platform may be of particular interest. The managers selected to be on our Discovery Platform are those who would not ordinarily pass the rigorous requirements necessary to be placed on our Focused Placement List, but who we still believe may be very attractive to certain clients. Examples of the types of managers who may be on our Discovery Platform could include spinouts from established firms we know and respect, funds with limited access or extremely short timeframes to closing or strategies that are so unique or narrowly focused that they may only be suitable for a small number of clients.

FINDING THE PEARL

As the number of investment options continues to increase, families are experiencing firsthand the benefits that come from aligning themselves with a research focused partner. Working alongside an independent and objective advisor with the resources, acumen and insight necessary to evaluate the dense landscape of investment managers ensures a family is well-positioned to separate the truly skilled managers from those who have merely been lucky in the past.

