

PERFORMANCE REPORTING

An Essential Ingredient for Long-Term Success

In today's increasingly complex financial world, families need accurate and timely information to evaluate the success of their investment strategy and monitor progress towards their financial goals. When robust reporting analytics are integrated into the decision-making process, it helps to ensure a higher probability of long-term success.

INDUSTRY LEADING ANALYSIS

At NEPC, we believe that robust portfolio analytics are essential for measuring the success of a client's investment portfolio. Our reports go beyond traditional performance reporting by providing additional insights and recommendations on asset allocation, rebalancing and/or tactical shifts, attribution analysis and exposure analysis¹. We place an emphasis on understanding how the portfolio should be constructed for the future, not just how it performed in the past. We want to know if the portfolio is properly positioned to meet its objectives, so we have purposefully designed our reports to help our clients make informed decisions about their investment programs.

Our reports go beyond traditional performance reporting

A MULTI-FACETED APPROACH TO REPORTING

The quantitative aspects of performance reporting are often easily obtained and well understood; however, it is the qualitative overlay which explains what the numbers mean and what actions should be taken that adds real value.

Our philosophy regarding performance reporting and evaluation is best described as an extensive, multi-faceted approach. Our comprehensive quarterly Investment Performance Analysis (IPA) includes total portfolio, asset class, sub-asset class and manager-level performance as well as asset allocation, attribution¹ and risk statistics. Our reports also compare managers to their respective peer universes² for performance and risk analytics. At NEPC, our private wealth team works closely with our clients in recommending both asset class and manager benchmarks based on both qualitative and quantitative measures. This ensures we are using an accurate point of reference against which the manager, the asset class and the total portfolio can be evaluated.

It is important to note that our analytics are conducted on both a returns basis and a holdings basis¹. Families benefit from this deeper level of analysis because portfolio performance can be influenced by a multitude of non-holdings related factors; the ability to analyze a portfolio based on a manager's actual holdings in addition to a returns-based evaluation leads to a deeper understanding of the success of the portfolio.

Our Investment Performance Analysis Includes:

TOTAL PORTFOLIO

ASSET CLASS

SUB-ASSET CLASS

MANAGER PERFORMANCE

ASSET ALLOCATION

ATTRIBUTION & RISK STATISTICS

LESS IS MORE TIMELY AND EFFICIENT DELIVERY

By definition, portfolios of multigenerational wealth have a long-term time horizon; however, timely access to relevant information is fundamental to the successful management of an investment portfolio. We understand this, so our quarterly reports are produced on a cycle that generally begins around the 15th business day after quarter-end. In addition, we typically provide monthly flash reports beginning seven business days after month end. Of course, in both cases, the timing of report delivery for each family is dependent upon the complexity of the portfolio and the availability of the underlying data.

CUSTOMIZED REPORTING TO MEET THE UNIQUE NEEDS OF PRIVATE CLIENTS

Reporting for private wealth clients is often a complicated affair, particularly when multiple generations are included, family partnerships are used, non-marketable securities are present or cross ownership interests must be taken into account. Because each family's circumstances are unique, we have structured our reporting capabilities to be as flexible as possible. We pride ourselves on our ability to tailor the information provided to each individual based on their access to information and desired level of analysis. Our private wealth team works closely with each family member to develop customized reporting packages that meets each person's individual needs, ranging from concise executive summaries to in-depth analytical reports. Portfolios can be viewed separately or in aggregate to ensure that each pool of assets is being reported on in a manner that facilitates effective evaluation and decision making.

THE BACKBONE OF THE INVESTMENT PROCESS

Performance measurement is one of the most frequent and vital services a consultant delivers to its clients and yet for many families, performance reporting is nothing more than an afterthought – by its very nature, it looks backward to the past. What these families may not realize though, is that when done properly, performance reporting becomes a critical tool for the future. A comprehensive reporting analysis provides insight into prior decisions, allowing investors to better understand what has or hasn't worked so they can make the appropriate adjustments. It also provides current portfolio positioning which can be used as a basis for future decision making. When the appropriate information and analysis is available and utilized, it greatly enhances the odds of long term success.



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