



NEPC, LLC

# DEFINED BENEFIT PLANS/PUBLIC FUNDS

## A Strategic Partner to Public Funds

NEPC has been consulting to public pension funds since the firm's founding in 1986. Among consultants, our independent business model stands out. NEPC has no proprietary products, and we are not affiliated with any investment managers. Our advice is unbiased and focused on the single objective of meeting your investment goals.

NEPC has a Public Fund Practice Team that specializes in delivering their expertise to the specific needs of the public fund marketplace. Five NEPC partners serve directly on the Public Fund Practice Team. Several of NEPC's public fund consultants have won and/or been nominated for Money Management Intelligence's Public Fund Consultant of the Year. Our experienced professionals, who include former plan-sponsor professionals, work with public systems of all sizes in more than 20 states. Let their knowledge of industry best practices and proactive, strategic guidance help you build investment programs that fulfill your investment goals and fiduciary obligations.

NEPC is an active member of several public fund/governmental professional organizations including the National Council of Public Employee Retirement Systems (NCPERS), the International Foundation of Employee Benefit Plans, (IFEBP), the National Association of State Retirement Administrators (NASRA), the National Council on Teacher Retirement (NCTR), and the National Association of Securities Professionals (NASP).

## An Independent, Employee-Owned, Research-Driven Innovator

NEPC, LLC is one of the nation's largest independent, full-service investment consulting firms, serving over 300 retainer clients with total assets over \$900 billion. We service over 60 public fund clients with assets in excess over \$500 billion. Headquartered in Boston, Massachusetts and with offices throughout the United States, we provide efficient, high-touch services that the public fund marketplace demands. And results: NEPC's collective client base has outperformed national averages<sup>1</sup> in most years since our founding in 1986.

## Development of Investment Policy

A well-conceived investment policy statement is the cornerstone of a successful investment program. NEPC works with you to develop or refine a statement that is appropriate to your risk tolerance and investment constraints. The statement outlines your program's goals and objectives;



*NEPC's investment solutions are tailored to the unique needs and fiduciary obligations of public sector defined benefit plans.*

### Our services:

- Investment policy development
- Asset allocation, based on assets and liability structure
- Searches for investment managers and custodians
- Trustee and staff education
- Public Fund peer group comparisons of performance and policy targets
- Transition management support
- Alternative investments such as private equity, real estate, real assets, hedge funds, and other hedging strategies
- Socially responsible investing
- Commitment to emerging and minority- and women-owned managers
- Performance analysis including security-level detail (where available) and attribution
- Due diligence/compliance monitoring of managers
- Discretionary outsourcing

defines asset classes and investment managers; sets a target asset allocation; lays out investment guidelines and restrictions; specifies the roles of fiduciaries; and spells out reporting requirements. We also develop guidelines for each of the program's investment managers.

## Multi-Dimensional Risk Analysis to Determine Asset Allocation

Our approach to asset allocation extends beyond traditional mean-variance analysis to include risk budgeting, scenario testing, liquidity analysis, and asset/liability modeling. Our approach rectifies the shortcomings of traditional efficient frontier approaches by capturing and quantifying a diverse set of risks. We partner with you to develop an asset allocation plan that is strategic and opportunistic to achieve your program's goals.

## Expertise in Searches for Managers, Custodians, and Securities Lenders

Soup to nuts, we handle the process of seeking out, identifying, and engaging the best investment managers for your program in traditional asset classes as well as alternatives such as private equity, hedge funds, real estate and real assets. We meet with thousands of firms each year to identify best-in-class managers and to develop an investment thesis. Our extensive network of personal contacts built up over years is also brought to bear in evaluating investment firms.

## Powerful Tools for Measuring Performance

Our robust Investment Performance Analysis (IPA) reports contain performance diagnostics, risk analyses, and universe comparisons at an overall portfolio level, and for each asset class, capitalization range, style, and manager in your program.

## Detailed, Ongoing Scrutiny of Investment Managers and Market Trends

Our Traditional Due Diligence and Alternatives Due Diligence committees set a firm-wide policy on which investment firms are to be included in our searches, ensuring a consistent process for all our clients. The committees also assess manager performance and evaluate new products and technologies across all asset classes.

## A Commitment to Emerging, and Minority- and Women-Owned Managers

We strive to identify qualified small and emerging firms, particularly those owned by minorities and women. NEPC actively engages with organizations that support minority- and women-owned firms, such as the National Association of Security Professionals.

## We Share Our Intellectual Capital with Clients

Your investment committee members and staff will gain valuable insights from our ground-breaking research on major investment topics and fiduciary issues – on site, online, and at client conferences hosted by NEPC. A categorized listing of white papers and position pieces authored by our professionals is available on our website, [www.nepc.com](http://www.nepc.com).

<sup>1</sup> The national average is represented by the median fund in the \$3.0 trillion InvestorForce Universe (or the ICC Universe through 2011). Past performance is no guarantee of future results.

*Our tools can help trustees evaluate their Policy portfolios in all kinds of economic and financial-market environments.*

YOU DEMAND MORE. So do we.<sup>SM</sup>

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