



NEPC, LLC

# DISCRETIONARY CONSULTING SERVICES

## Discretion Defined:

For Institutional and Private Wealth investors, when outsourcing to a discretionary manager, the investor delegates most or a portion of their governance responsibilities to a third party, potentially including asset allocation, selection of investment managers, implementation of asset movements, and on-going oversight for an investment program.

## Clients Are Interested in More Effective and Efficient Solutions

Institutional and Private Wealth investors continue to look for more effective and efficient ways to manage their investment programs. The time spent building out traditional governance systems and diversified investment programs have resulted in disappointing performance for many investment programs. Many systemic problems can be the cause of this underperformance, including volatile markets, politics, unexpected economic scenarios, ineffective trusteeship, poor selection of investment management strategies and managers, and poor or untimely consulting advice. Underperformance may also result from a lack of access to superior investment ideas, niche investment ideas, or simply from the inability to effectively capture these ideas within an investment program.

## A Continuum of Service Arrangements

As an organization, we pride ourselves on delivering beyond our clients' expectations. We were listening when a growing chorus of clients requested more effective and efficient portfolio management and administration services. We developed our Discretionary Services platform to help clients more effectively capture superior investment ideas, whether through faster implementation or better access to ideas provided by the scale of our business. We understand our clients trust us to deliver a product with great solutions, backed by great research, and delivered on a timely basis through top-notch service. Our product extends the continuum of how we can help clients build progressive, holistic, and well-performing investment programs while alleviating some of the fiduciary burden.

## Discretionary Consulting Services

By designating NEPC as an independent discretionary fiduciary, you authorize us to provide seamless and unbiased oversight of your investment programs. This allows you to take full advantage of our proven expertise in proactive service, asset allocation, manager selection, and outsourced administration. Our flexible solution allows you to choose the amount of outsourcing desired, whether it encompasses everything including asset allocation or is focused more on alleviating your administrative burden. Our service is designed to



*Customized outsourcing for your program's unique goals and objectives.*

### NEPC's discretionary services product includes the following:

- Independent fiduciary
- Liability and/or spending-driven asset allocation studies
- Risk-budgeting investment approach
- Implementation of investment opportunities across the full spectrum
  - Custom investment policy
  - Traditional equity, fixed-income, and mixed-asset-class vehicles
  - Alternative investments such as private equity, hedge funds, and real assets
  - Opportunistic strategies
- Access to limited capacity or selective capacity products
- No proprietary products to cloud the decision process
- Unbiased fees and services
- Scale used to reduce investment fees
- Seamless back-office outsourcing

allow you to focus more on the high priority issues within your organization while leaving the investment decisions and implementation to the experts at NEPC.

NEPC's Discretionary Services platform marries our industry-leading in-house capabilities with our expertise at selecting best-in-class partners. Our Discretionary Committee, made up of some of the most senior investment leaders in the industry, works with our award-winning research and consulting teams to develop progressive asset allocation and investment ideas. These ideas are implemented in client portfolios through the best products the money management industry has to offer within our open-architecture investment platform.

We are able to react quickly to changing markets. We look to make modest or major changes in client investment programs to effectively capture opportunities or manage threats, whether through new investments in mis-priced investment categories or rebalancing of client programs during times of significant market volatility. Ideas are implemented decisively and money movements are tightly controlled through a technology platform designed to ensure we safeguard our clients and transact appropriately.

While past performance is no guarantee of future success, our collective client base has outperformed national averages<sup>1</sup> in most years since our founding in 1986.

Clients may also benefit from modestly reduced fees. By using scale to our advantage, NEPC is able to pass through fee savings from investment managers as well as asset custodians. These benefits are already being enjoyed by discretionary clients representing a variety of plan types, including defined benefit, defined contribution, endowments, foundations, operating assets, Private Wealth and health and welfare pools. Also, a client may be able to redirect their staff's efforts to other important initiatives as NEPC reduces the amount of time necessary for staff to maintain the current investment program(s). Lower investment management and custodial fees, better returns, less time, and less worry are the powerful combination offered by our discretionary services model.

## The NEPC Difference

NEPC's discretionary consulting service is built upon the concepts of independence and trust. We continue to remain independent; we do not manage investment products. Our independence combined with our specialized industry expertise delivered through deep research capabilities allow our clients and NEPC to build upon the success we have enjoyed for over a quarter century.

Our investment and administrative services can be customized to specific investment programs in the outsourcing marketplace, recognizing that investors may have different needs, goals and objectives. Let us demonstrate how our depth and breadth of expertise across multiple plan types may improve results while helping you focus on your organization's key goals and objectives.

<sup>1</sup> The national average is represented by the median fund in the \$1.8 trillion InvestorForce Universe (or the ICC Universe through 2011). Past performance is no guarantee of future results.

*Strong results from  
proactive decisions and  
award-winning research.*

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

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