



NEPC, LLC

# PERFORMANCE MEASUREMENT

## Customized Performance Reporting that is Clear, Concise, and Targeted

Performance measurement is one of the most frequent and vital services a consultant delivers to its clients. Within the industry, our reports stand out as exceptionally robust and informative. These reports are tailored to our clients' needs with over 200 different charts and analytics to choose from.

## Our Analysis and Evaluation Resources are Leading the Industry

NEPC uses the InvestorForce Performance Reporting Network (iPRN), part of MSCI, Inc. which provides advanced performance analytics for 35 institutional investment consultants. Client data from each consulting firm is anonymously pooled to build one of the largest comparative performance universes in the industry.

## The IPA Report: A Well-Organized and Comprehensive Source of Insights

NEPC's clients receive our quarterly Investment Performance Analysis (IPA) report which lays out returns, risk analyses, and universe comparisons for the total program; for each of its asset classes, capitalization ranges, and style combinations; and for every plan strategy with relevant comparative data. The IPA is generated using the InvestorForce Performance Reporting Network (iPRN) which is an advanced performance management and analytics platform for the institutional investment community. The iPRN's holistic design which automates the collection and aggregation of data from both the investment managers and custodian banks clearly set it apart from its competitors. iPRN utilizes the InvestorForce Collect platform for data collection. InvestorForce Collect® is an advanced data collection engine that automatically retrieves investment data, on a daily basis, from custodial banks, investment managers and industry sources.

At a total plan level, actual asset composition is compared to allocation targets as of the report date. Returns of each fund in the program are compared not only to InvestorForce Universe-based peer groups but also to market indices selected for greatest relevancy to the mandate. More than 500 indices from all major vendors are available as benchmarks; we can also create customized benchmarks. Key metrics for equities (e.g., yield, price/earnings, price/book, Morningstar factors, market capitalization) and fixed income (e.g., duration, yield, quality ratings) are compared to peers and market averages to highlight their impact on performance. Throughout the report, informative graphics illustrate the major drivers of risk and return.



*Benchmarking of performance and risk-adjusted return metrics to actual peer groups.*

### Performance measurement highlights:

- Performance reporting utilizing the InvestorForce Performance Reporting Network (iPRN), part of MSCI, Inc., which provides the most advanced performance measurement database and attribution system available in the industry
- Incorporates Universe data from InvestorForce, part of MSCI, Inc., and their 35 institutional investment consultant clients to provide one of the industry's most comprehensive universe for comparative purposes
- Automated data collection and aggregation directly from independent custodian bank-accounting systems, as well as investment managers to facilitate the reconciliation process
- Data from more than 2,000 plan sponsors, and 3,000 managers, across all asset classes

At NEPC we believe that robust portfolio diagnostics are essential in measuring the performance of a client's portfolio. Our reports include total plan, asset class, sub asset class and manager-level performance, asset allocation, attribution and risk analytics. We also provide relevant peer group comparisons for many of these important analytics to help our clients evaluate total plan and manager-level performance.

NEPC's philosophy regarding performance reporting and portfolio evaluation is best described as an extensive multi-faceted approach that incorporates performance data collected from investment managers and administrators, the client custodian and benchmark providers to generate detailed manager, asset class and portfolio diagnostic reports. These diagnostic reports track manager and plan-level performance and risk analytics (such as Sharpe ratio, Sortino ratio, Standard Deviation, Tracking Error, Upside and Downside Capture, etc.) and allow for the verification of manager performance against stated mandates as well as the identification of potential "style drift".

The InvestorForce platform also calculates portfolio attribution both at the total plan and manager level to measure the effectiveness of manager selection and total plan performance. An overarching goal of our reporting is to isolate individual manager skill from market movements as well as policy and allocation/rebalancing decisions. Thus the IPA serves as an invaluable ongoing "scorecard" for clients in evaluating manager performance.

*Our performance reports draw on one of the industry's best sources of market and peer data to provide relevant, actionable insights for clients.*

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

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