



NEPC, LLC

ENDOWMENTS & FOUNDATIONS

A Holistic Approach to Building Investment Programs

NEPC's consulting services to endowments and foundations are grounded in the understanding that an institution's investment decisions should be closely linked to its mission, the goals it has set for the organization, and its future spending needs. We focus on the total institution by balancing the needs of the operating budget with the goal of growing the investment pool; we call this approach total enterprise management. With comprehensive expertise in every aspect of building investment programs – overall policy and design, spending-driven asset allocation, traditional and alternative manager searches, risk controls, performance assessment, and education on new and innovative investment ideas – we offer invaluable, proactive guidance tailored to your fund's goals.

An Employee-Owned, Research-Driven Innovator

Headquartered in Boston, Massachusetts and with offices throughout the United States, we're known for incisive expertise and exceptional service. We have a dedicated philanthropic consulting practice working with over \$55 billion in endowment and foundation assets. Our results: NEPC's collective client base has outperformed national averages¹ in most years since our founding in 1986.

Development of Investment Policy based on your Goals and Spending Needs

We listen closely to gain a full understanding of your goals and objectives, and of your spending needs, to build a well-conceived policy—the cornerstone of a successful program. The statement outlines governance procedures including goals and objectives; identifies future liability needs; sets a target asset allocation; lays out investment guidelines and restrictions; specifies the roles of fund fiduciaries; and spells out reporting requirements.

Asset Allocation Informed by Multidimensional Risk Analysis

Our approach goes beyond traditional tools such as mean-variance analysis, to encompass spending requirements, risk budgeting, factor analysis and economic scenario testing. We partner with you to devise a flexible asset allocation plan that is both strategic and opportunistic in achieving your fund's goals. Through economic scenario analyses, we are able to balance the projected real growth of fund assets with fund liabilities (e.g., spending). We link the revenues, expenses, and pro forma budget of an organization to the spending policy and, ultimately, to asset allocation through our proprietary total enterprise management model.



NEPC's investment solutions for endowments and foundations balance current spending needs with the quest for growth in program assets.

Our services:

- Governance, investment policy development and spending policy analysis
- Dynamic asset allocation – a holistic approach using our proprietary total enterprise management model to strike the balance between providing cash flows for today's operating budget and spending needs, while investing for the long-term to support the organization's future goals
- Portfolio structuring (e.g., active versus passive, flexible mandates) with our alpha risk budgeting tools
- Traditional and alternative investment manager research
- Tactical /opportunistic investment strategies
- Thought leadership, education and research shared with clients
- Performance analysis and attribution for the total fund, each asset class, and manager
- Responsible investing
- Discretionary investment services

Portfolio Planning and Structuring within Asset Classes

Taking your goals, objectives, and liquidity requirements into account, we work with you to select and hire an appropriate mix of managers and strategies for each asset class. Examples include the balance of active versus passive strategies; adoption of flexible mandates; and opportunistic investments.

Expertise in Manager Searches for Traditional and Alternative Investments

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 and real assets. We meet with thousands of firms each year to identify best-in-class managers and to develop an investment thesis.

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 listing of white papers and position pieces authored by our professionals is available on our website, www.nepc.com.

Rigorous and Ongoing Scrutiny of Investment Managers and Market Trends

Our Due Diligence Committees for traditional and alternative assets, led by senior NEPC partners, set firm-wide policy on the investment firms to be included in our searches, ensuring a consistent process for all of our clients. The Committees also assess manager performance, and evaluate new products and technology across all asset classes. Our Asset Allocation Committee reviews economic and capital market trends to identify strategic and tactical asset allocation opportunities. Our research is innovative and forward thinking.

Industry-Leading Data Sources and Technology for Measuring Performance

Our performance reports are designed to help you make informed investment decisions. Our quarterly reports provide relevant peer and market comparisons to benchmark performance of the total fund, each asset class, and each manager. Sources of under- and outperformance and the risk levels inherent in each manager's process are identified. The reports also compare current fund allocations to policy targets, and portfolio holdings to guidelines, helping to ensure compliance.

We Offer Traditional Consulting as well as Discretionary Services

We tailor our services to your needs. NEPC offers a range of services from advising on investments to discretion on asset allocation, selection of managers and transfer of assets. We recognize that one size does not fit all so we work with you to determine the level of support you desire.

¹ The national average is represented by the median fund in the \$3.3 trillion InvestorForce Universe (or the ICC Universe through 2011). Past performance is no guarantee of future results.

*Your organization is
dedicated to its mission,
and so are we.*

YOU DEMAND MORE. So do we.SM

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