NEPC, LLC

DEFINED BENEFIT/CORPORATIONS

An Experienced Partner for All Your Plan Needs

With informed, innovative solutions and a flexible service model, our seasoned consultants tailor a plan to meet your program's unique requirements. Leveraging our deep resources, we provide leadership and support, collaborating closely with your staff in each step of the plan-management and investment process.

We have particular expertise in liability-driven investing. This approach is designed to maintain your plan's funded status in all kinds of industry and financial market environments, minimizing disruptions to the P&L statement.

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 $665 billion. Headquartered in Cambridge, Massachusetts and with offices throughout the United States, we're known for incisive expertise and exceptional service. And results: NEPC's collective client base has outperformed national averages[1] 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 the Fund's goals and objectives; defines asset classes and investment managers; sets a target asset allocation; lays out investment guidelines and restrictions; specifies the roles of Fund fiduciaries; and spells out reporting requirements. We also develop guidelines for each of the Fund's investment managers.

Multi-Dimensional Risk Analysis to Determine Asset Allocation

Our approach to asset allocation extends beyond traditional tools such as mean-variance analysis, to encompass risk budgeting, scenario testing, liquidity analysis, and asset/liability modeling. By capturing and quantifying a diverse set of risks, our approach rectifies the shortcomings of the traditional efficient-frontier approach. We partner with you to devise an asset allocation plan that is both strategic and opportunistic in achieving your program's goals.

Our multi-dimensional approach to risk management integrates pension plan decisions with your objectives.

Our services:

- Goal-setting
- Investment policy development
- Asset allocation
  - Risk budgeting, scenario testing, liquidity analysis, mean-variance asset/liability modeling
  - Portfolio structuring (e.g., active vs. passive, flexible mandates)
- Investment manager searches, both traditional and alternative
- Custodian searches
- Due-diligence and compliance monitoring at total-plan and manager levels
- Performance analysis, including security-level detail and attribution
- Transition management
- Governance structure and best practices
- Fiduciary education

Robust customization, education, and innovative solutions are all hallmarks of our risk-analysis process. As a result, nearly half our clients have adopted liability-driven strategies designed to minimize funded status volatility. This level of acceptance is roughly double the average adoption rate by sponsors as reported in national surveys.

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 and other service providers for your program. We visit hundreds of firms each year to continuously update our proprietary search database, and tap major public databases along with research shared within the Independent Consultants Cooperative (ICC). Our extensive network of personal contacts built up over years is also brought to bear in evaluating providers.

Industry-Leading Technology for Measuring Performance

Our Investment Performance Analysis (IPA) reports contain performance diagnostics, risk analyses, and universe comparisons at a total Fund level, and for each asset class, capitalization range, style, and manager. The IPA clearly identifies positive and negative drivers of performance, as well as the risk levels inherent in each manager's process. Customized to each client's specifications, the IPA compares portfolio structure to policy guidelines, and plan results to objectives.

Effective Procedures and Systems for Assessing Policy Compliance

NEPC places a strong emphasis on ensuring that investment programs are in full compliance with the guidelines set by your organization. The IPA reports compare current plan allocations to policy targets, and help to quickly identify portfolio warning signals such as style drift.

Close Monitoring of Trends in Financial Markets and the Investment Community

Our Due Diligence Committee, led by senior NEPC partners, meets biweekly to review the latest developments within the investment management community. The Committee sets a firm-wide policy on which investment firms are to be included in our searches, ensuring a consistent process for all our clients. The Committee also assesses manager performance and evaluates new products and technology across all asset classes.

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*.

[1] *National averages are represented by the median fund in the $2.5 trillion ICC Universe. Please note that NEPC does not have discretion over client assets, so a client's investment performance may not be attributable solely to NEPC's advice.*

YOU DEMAND MORE. *So do we.*[SM]

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