



NEPC, LLC

HEALTHCARE

Overview

The healthcare industry has distinct needs. NEPC's distinctive approach to risk budgeting makes us uniquely qualified to integrate the myriad of risks inherent in a healthcare system's assets, liabilities and financial statements.

Our healthcare team has expertise in investment strategies and risk controls for operating assets, pension plans, foundations, and self-insurance plans. With the skills to analyze and advise on all your asset pools, and by leveraging the unparalleled experience of our risk team, our healthcare consultants can suggest asset allocation and investment strategies that take into account rating agency sensitivities, interest rate levels and trends, and a rapidly evolving public policy landscape. We have extensive knowledge of alternative assets, a set of investment strategies that may be particularly appropriate for healthcare entities.

Let our full service consulting practice help you realize your organization's mission by bolstering its fiscal health.

An 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 averages¹ in most years since our founding in 1986.

Developing Sound Investment Policy

We listen closely to gain a full understanding of your goals and objectives, and of your spending needs, to build a well-conceived Investment Policy Statement—the cornerstone of a successful program. The IPS outlines the plan's goals and objectives; identifies future liability needs; defines asset classes and investment managers; sets a target asset allocation; lays out investment guidelines and restrictions; specifies the roles of plan fiduciaries; and spells out reporting requirements. We also develop guidelines for each of the plan's investment managers.

A Uniquely Holistic Approach to Asset Allocation

Our asset allocation process integrates your risk and liquidity preferences with your return targets. In an iterative sequence, our dedicated team of asset allocation specialists creates a series of "what-if" analyses that gauge the impact of various economic and financial-market scenarios on your portfolio. This process helps ensure that the final asset allocation structure is closely attuned to your preferences. At the same time, you



Our innovative healthcare consulting approach integrates both financial modeling and risk budgeting.

Our services:

- Investment policy development
- Asset allocation, based on enterprise risk modeling
 - "What-if" analyses to measure the impact of asset allocation shifts on the balance sheet and income statement
- Risk budgeting and liquidity analysis
- Development of risk controls and measurement tools
- Searches for investment managers, custodians, and securities lenders
- Transition management
- Expertise across the full universe of investment opportunities
 - Traditional investments
 - Global asset allocation and other mixed-asset-class vehicles
 - Alternatives including private equity, hedge funds, natural resources
 - Liability hedging strategies
 - Socially responsible investing
- Performance analysis
- Continuing education

gain a full and nuanced understanding of the portfolio's risk profile and liquidity characteristics.

Expertise in Manager Searches for Traditional and Alternative Investments

Soup to nuts, we handle the process of 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 visit hundreds of firms each year to continuously update our proprietary search database, and tap major public databases to identify best-in-class managers. Proprietary software lets us compare sources and stability of alpha generation by investment manager, within and across asset classes. Our extensive network of personal contacts built up over the years is also brought to bear in evaluating providers.

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 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 technology across all asset classes. Our Asset Allocation Committee reviews economic and capital market trends to identify strategic and tactical asset allocation opportunities.

Industry-Leading Data Sources and Technology for Measuring Performance

Our performance reports are designed to help you make informed investment decisions. Customized by client, the quarterly reports compare the plan's actual asset allocation to targets, and provide relevant peer and market comparisons to benchmark performance of the total plan, 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.

Continuing Education for Clients

NEPC's client education programs are designed to help your trustees and staff better understand the major drivers of return and risk for the plan. We share our ground-breaking research on major investment topics and fiduciary issues with you – 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.



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

YOU DEMAND MORE. So do we.SM

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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.