

A blurred photograph of a city at night, showing light trails from traffic and buildings. The image is split into two vertical panels: the left panel shows a closer view of light trails, while the right panel is a darker, more distant view of the city skyline.

AIMSE

FEBRUARY 7TH, 2023

Presented by Sarah Samuels, CFA, CAIA
Partner



PROPRIETARY & CONFIDENTIAL

NEPC INVESTMENT MANAGER RESEARCH

Our Goal

To work constructively with the asset management community to deliver innovative and high-quality investment strategies that meet and exceed our clients' objectives

AGENDA

- **NEPC Update & Allocator Outlook**
- **NEPC Research Coverage & Process**
- **Investment Manager Search Activity**
- **Key Initiatives**
- **OCIO Business Update**
- **NEPC's Approach to Fee Negotiations**



TODAY'S SPEAKERS



**Sarah Samuels,
CFA, CAIA**

Partner, Head of
Investment Manager
Research

- Wellesley College
Investment Office
- Mass PRIM
- Girls Who Invest, PEWIN,
CFA Boston Society Vice
Chair



Rosann Halleran

Sr. Investment Director

- NEPC Diverse Manager
Committee



Nina Petkova

Sr. Investment Director

- Co-Chair NEPC's Diverse
Manager Committee



**Lily Fayerweather,
CFA, CAIA**

Sr. Investment Analyst

- ESG Specialist
- NEPC Impact Committee
- NEPC Diverse Manager
Committee



NEPC UPDATE

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ABOUT NEPC

- Our success as a firm is fueled by our love for this business
- We remain independent to prioritize client interests
- We invest heavily in research and people



356 EMPLOYEES



7 REGIONAL OFFICES



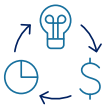
EMPLOYEE-OWNED

50 Partners



100% OF REVENUE

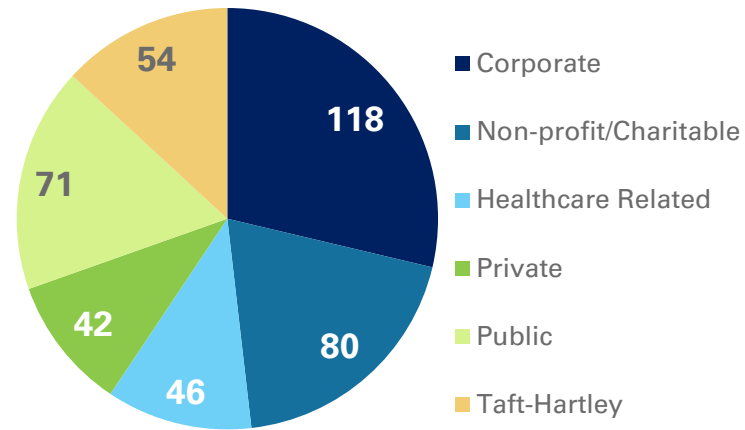
from advisory consulting and OCIO services



7 PRACTICE TEAMS

deliver expertise by client type

411 CLIENTS



\$1.4 TRILLION

Assets Under Advisement

NEPC also has a practice team dedicated to supporting our clients' defined contribution plans across all client types.

Employees as of 1/1/2023, clients as of 10/1/2022



FEEL SMALL

BUT BE BIG

Feel Small

- Be flexible and customized in our partnership with you
- Dedicated segment experts to anticipate your needs
- Identify niche managers and investment ideas

Be Big

- Have deep resources at your disposal
- Benefit you by using our size for manager fees and access
- Share learnings and insights from all client segments

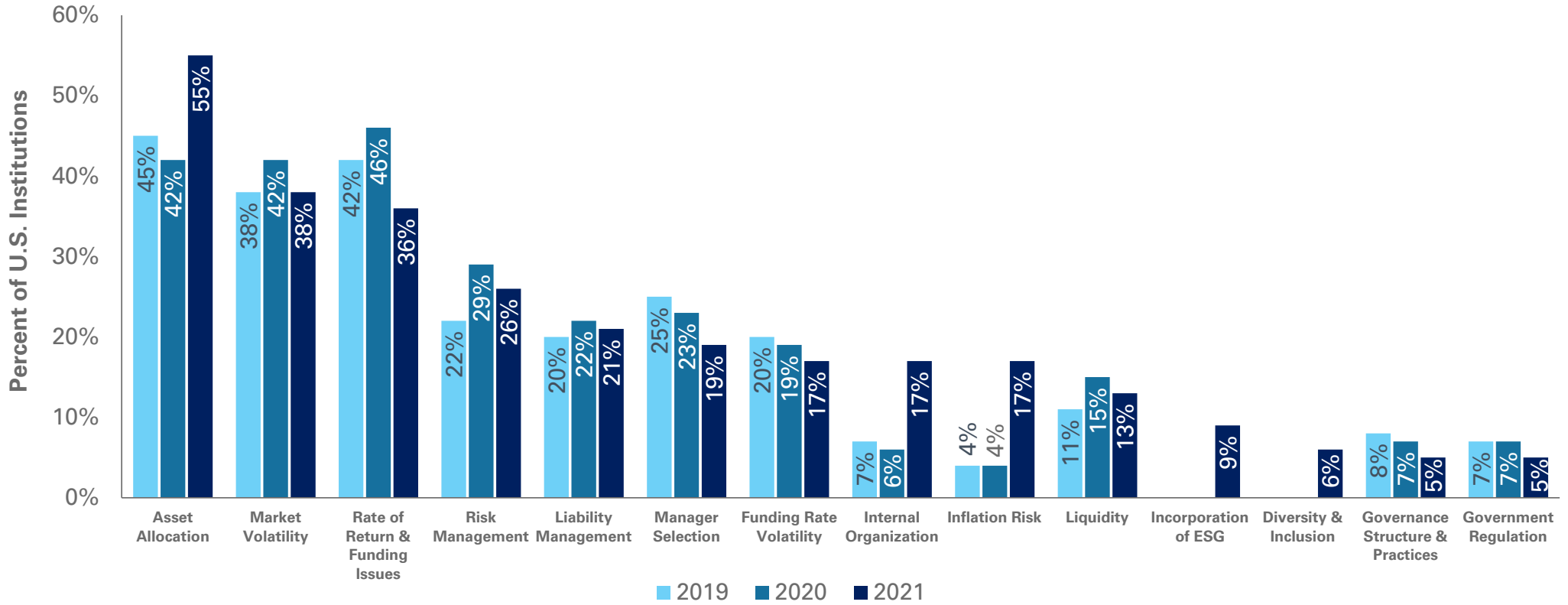


ALLOCATOR OUTLOOK



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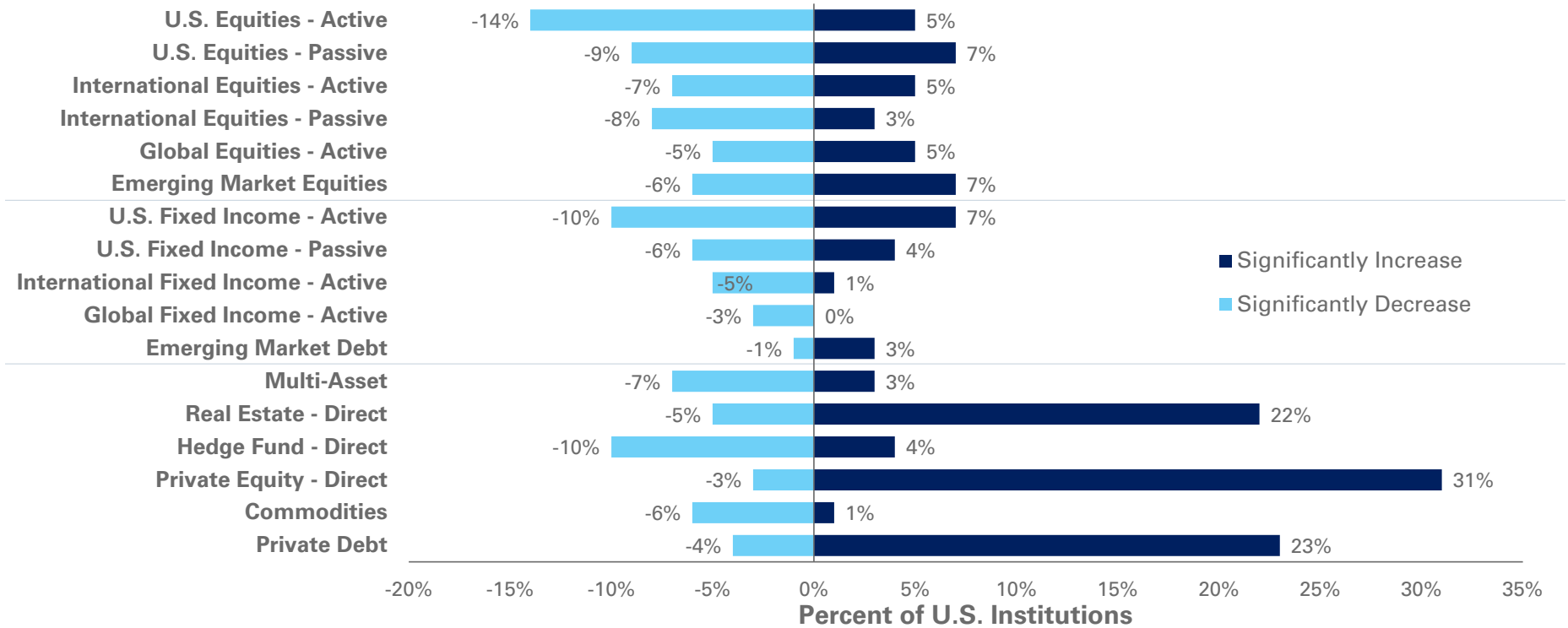
KEY CHALLENGES FOR INSTITUTIONAL INVESTORS



Source: Coalition Greenwich 2021 U.S. Institutional Investors Study.

INSTITUTIONAL INVESTORS

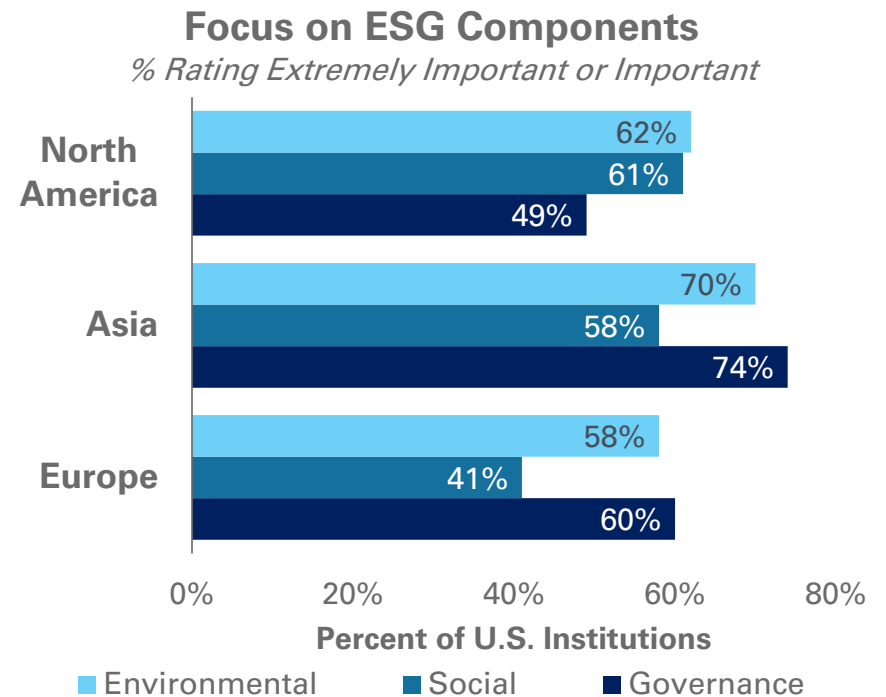
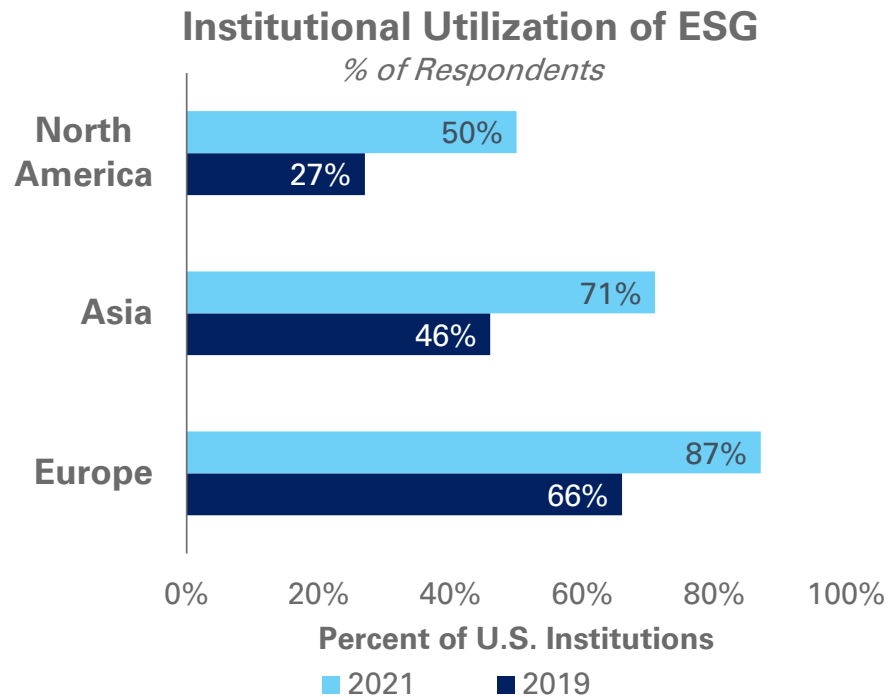
EXPECTED ASSET ALLOCATION SHIFTS NEXT THREE YEARS



Source: Coalition Greenwich 2021 U.S. Institutional Investors Study

ENVIRONMENTAL, SOCIAL & GOVERNANCE

ESG IS INCREASINGLY IMPORTANT TO ALLOCATORS



Source: Coalition Greenwich 2021 U.S. Institutional Investors Study



NEPC COVERAGE & RESEARCH PROCESS



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INVESTMENT RESEARCH TEAM OVERVIEW

<p>Tim McCusker, FSA, CFA, CAIA, Partner* Chief Investment Officer</p>		
<p>ASSET ALLOCATION Phillip Nelson, CFA, Partner* Head of Asset Allocation</p>	<p>INVESTMENT MANAGER RESEARCH Sarah Samuels, CFA, CAIA, Partner*, Head of Investment Manager Research</p>	
<p>PORTFOLIO CONSTRUCTION Timothy Bruce, Partner* Head of Portfolio Construction</p>	<p>MARKETABLE SECURITIES RESEARCH (Long-Only & Hedge Funds)</p>	<p>PRIVATE MARKETS RESEARCH</p>
<p>GLOBAL RESEARCH Neil Sheth, Partner* Head of Global Research</p>	<p>EQUITIES Will Forde, CFA, CAIA Head of Equity Investments*</p>	<p>PRIVATE EQUITY Joshua Beers, Head of Private Equity Investments*</p>
<p>RESEARCH OPERATIONS Dawn Swift, Head of Research Operations</p>	<p>CREDIT & MULTI-ASSET Dulari Pancholi, CFA, CAIA, Head of Credit & Multi-Asset Investments*</p>	<p>PRIVATE DEBT Oliver Fadly, Head of Private Debt Investments+</p>
<p>OPERATIONAL DUE DILIGENCE William Bogle, Partner* Chief Compliance Officer</p>		<p>REAL ASSETS Matt Ritter, CAIA, Head of Real Assets Investments*</p>
<p>PORTFOLIO STRATEGY Scott Perry, CAIA, Partner* Head of Portfolio Strategy*</p>		

As of 1/1/23

*Ownership interest in NEPC (Partner)

+Principal designation for leadership within the Firm.



NEPC DEDICATED RESEARCH TEAM

Tim McCusker, FSA, CFA, CAIA, Chief Investment Officer*			
PORTFOLIO CONSTRUCTION Tim Bruce, Head of Portfolio Construction*	ASSET ALLOCATION Phillip Nelson, CFA, Head of Asset Allocation*	INVESTMENT MANAGER RESEARCH Sarah Samuels, CFA, CAIA, Head of Investment Manager Research*	
		MARKETABLE SECURITIES RESEARCH (Long-Only & Hedge Funds)	PRIVATE MARKETS RESEARCH
<p>Brandon Jones, Sr. Investment Director+</p> <p>Elton Thomaj, CAIA, Sr. Investment Director*</p> <p>Ryan Pelletier, Investment Director</p> <p>Michael Zampitella, Investment Director</p>	<p>Christopher Levell, ASA, CFA, CAIA, Partner*</p> <p>Jennifer Appel, CFA, Investment Director</p> <p>Robert Goldthorpe, ASA, Investment Director</p> <p>Jack Yuan, Investment Director</p> <p>Appy Bubna, Managing Editor</p>	<p>Equities</p> <p>Will Forde, CFA, CAIA, Head of Marketable Equities*</p> <p>Rosann Halleran, Sr. Investment Director</p> <p>Nedelina Petkova, Sr. Investment Director</p> <p>Rob Britenbach, CFA, CIPM, Investment Director</p> <p>Alex Rickels, CFA, Investment Director</p> <p>Kristina Tomasik, Investment Director</p>	<p>Private Equity</p> <p>Joshua Beers, Head of Private Equity Investments*</p> <p>Eric Harnish, Sr. Investment Director+</p> <p>Nick Mann, Sr. Investment Director</p> <p>Andrew Pettersen, CFA, Sr. Investment Director</p> <p>Mason Williams, Investment Director</p>
<p>OCIO Scott Perry, CAIA, Head of Portfolio Strategy*</p> <p>Brian Donoghue, Sr. Director of Portfolio Strategy*</p> <p>Chris Klapinsky, CFA, Sr. Director of Portfolio Strategy*</p> <p>James Reichert, CFA, Sr. Director of Portfolio Strategy*</p> <p>Sujatha Bhat, CFA, CAIA, Investment Director</p> <p>Varun Raman, Investment Director</p>	<p>OPERATIONAL DUE DILIGENCE William Bogle, CCO*</p> <p>Catherine Hull, Sr. Investment Director</p>	<p>Credit & Multi-Asset</p> <p>Dulari Pancholi, CFA, CAIA, Head of Credit & Multi-Asset Investments*</p> <p>Alec Rapaport, Sr. Investment Director+</p> <p>Phillip Falk, CFA, Investment Director</p> <p>Kyan Nafissi, CFA, Investment Director</p> <p>Kadmiel Onodje, CAIA, Investment Director</p>	<p>Private Debt</p> <p>Oliver Fadly, Head of Private Debt Investments+</p> <p>Brandon Heaney, CFA, Investment Director</p> <p>Colton Lavin, CFA, Investment Director</p>
	<p>RESEARCH OPERATIONS Dawn Swift, Head of Research Operations</p>	<p>Client Strategy Research</p> <p>Steve Gargano, Sr. Investment Director</p> <p>John Shanklin, CFA, CAIA, Investment Director</p> <p>Istvan Meszaros, Investment Director</p>	<p>Real Assets</p> <p>Matthew Ritter, CAIA, Head of Real Assets Investments*</p> <p>Shelly Santulli, Sr. Investment Director+</p> <p>Larissa Davy, Investment Director</p>
			<p>GLOBAL RESEARCH Neil Sheth, Head of Global Research*</p>
24 Investment Analysts and Associates			

As of 1/1/2023

*Ownership interest in NEPC(Partner)

+Principal designation for leadership within the Firm.



INVESTMENT MANAGER RESEARCH TEAM

INVESTMENT MANAGER RESEARCH				
Sarah Samuels, CFA, CAIA, Partner*				
MARKETABLE SECURITIES (LONG-ONLY & HEDGE FUNDS)		PRIVATE MARKETS		
<p>Equities Will Forde, CFA, CAIA Head of Equities* Rosann Halleran Senior Investment Director Nina Petkova Senior Investment Director Alex Rickels, CFA Investment Director Robert Britenbach, CFA, CIPM Investment Director Kristina Tomasik Investment Director - Custody Lily Fayerweather, CFA, CAIA Senior Investment Analyst Daniel Schutz Senior Investment Analyst</p> <p>Manager Search & Research Associates Luke Turo Investment Associate Jordan Battles Investment Associate</p>	<p>Credit & Multi-Asset Dulari Pancholi, CFA, CAIA Head of Credit & Multi-Asset* Alec Rapaport Senior Investment Director+ Kadmiel Onodje, CAIA Investment Director Kyan Nafissi, CFA Investment Director Phillip Falk, CFA Investment Director Conor Fitzell, CFA Senior Investment Analyst Raj Palekar Senior Investment Analyst Briana Vertucci Senior Investment Analyst</p> <p>Client Strategy Research Steve Gargano Senior Investment Director John Shanklin, CFA, CAIA Senior Investment Director Istvan Meszaros Investment Director</p>	<p>Private Equity Joshua Beers Head of Private Equity* Eric Harnish Senior Investment Director+ Nick Mann Senior Investment Director Andrew Pettersen, CFA Senior Investment Director Mason Williams Investment Director Brian Cronin Senior Investment Analyst Samantha Jeannotte Investment Analyst</p> <p>Jonovan Sackey Sr. Investment Associate Reema Kaakarli Investment Associate</p>	<p>Real Assets Matt Ritter Head of Real Assets* Neil Sheth Partner* Larissa Davy Investment Director Eli Johnson Senior Investment Analyst Matt Treveloni Investment Analyst Evan Canney Investment Analyst Andrew Fournier Investment Associate</p>	<p>Private Debt Oliver Fadly Head of Private Debt+ Colton Lavin, CFA Investment Director Brendan Heaney, CFA Investment Director Lindsey Powers Investment Analyst</p>

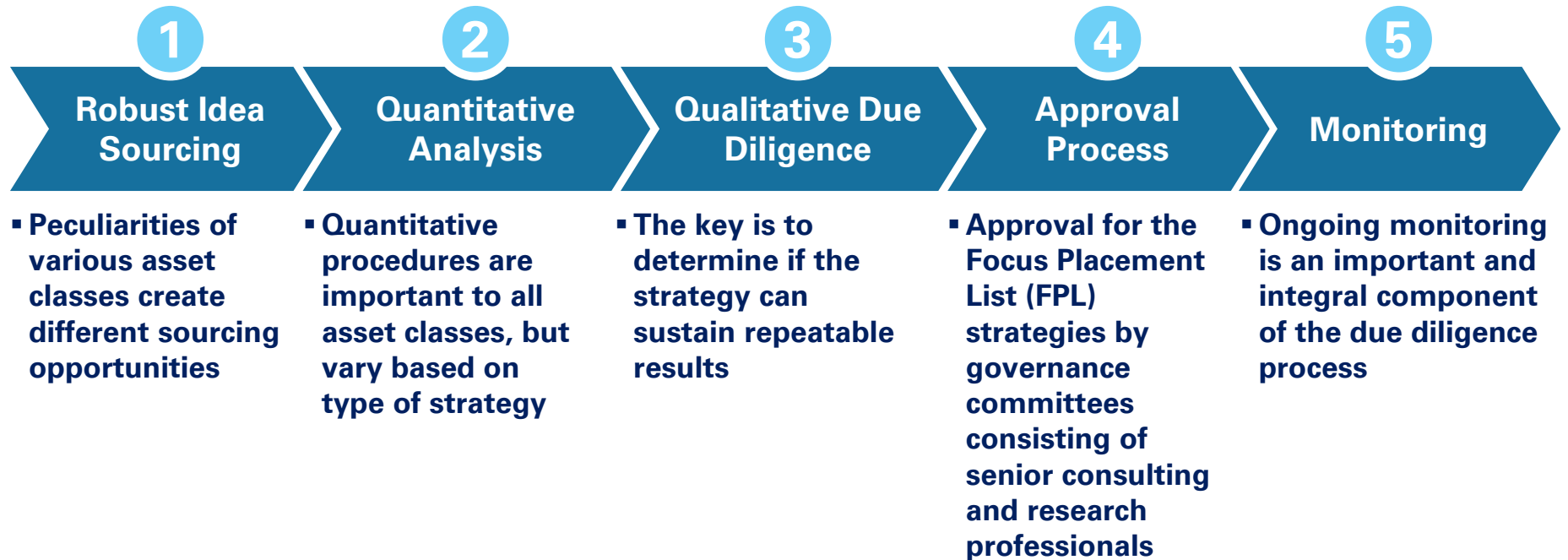


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MANAGER RESEARCH PROCESS



NEPC INVESTMENT PROCESS – DUE DILIGENCE

We believe a combination of quantitative analysis of a track record and qualitative analysis of incentive alignment allows us to identify the top investment managers and deliver to clients sustainable alpha

<i>Quantitative Analysis</i>	<i>Qualitative Analysis</i>	
	Investment Process	Alignment of Incentives
<p>We use proprietary tools to facilitate second-level thinking, which helps us identify true skill.</p> <ul style="list-style-type: none">▪ Second-Level Thinking¹▪ Luck vs. skill▪ Likelihood of success▪ Alpha expectations▪ Performance<ul style="list-style-type: none">– Absolute– Relative– Peer Comparison	<p>We focus on identifying the investment edge of a strategy and determining whether it is sustainable and repeatable. We also evaluate whether the team is resourced sufficiently to support the investment process.</p> <ul style="list-style-type: none">▪ People & Resources<ul style="list-style-type: none">– Portfolio Managers & Analysts– Additional Resources▪ Investment Philosophy, Strategy & Process<ul style="list-style-type: none">– Investment edge/thesis– Investment Philosophy– Research Process– Portfolio Construction– Risk Management	<p>We spend significant time understanding whether the client and the manager are aligned.</p> <ul style="list-style-type: none">▪ Business strategy▪ Viability/profitability▪ Succession planning



¹<https://www.oaktreecapital.com/docs/default-source/memos/2015-09-09-its-not-easy.pdf>

NEPC DUE DILIGENCE PROCESS

Investment Due Diligence

- **Marketing Pitchbook**
- **Historical Data**
 - Returns
 - Characteristics
 - Holdings
 - Attribution
 - Exposures
- **Due Diligence Questionnaire**
- **ESG Questionnaire**
- **Portfolio Company/Holding Case Studies**
- **NEPC Investment Framework**
 - Ownership, culture, business strategy, viability
 - Portfolio managers, analysts, additional resources
 - Investment philosophy and edge
 - Research process
 - Portfolio construction
 - Risk management
 - Quantitative analysis of track record and exposures: returns- and holdings-based
- **Fee Negotiations**
- **Formal Review and Approval by NEPC Due Diligence Committee or Alternative Asset Committee**

Team & Firm Due Diligence

- **Reference Calls**
- **Key Person Risk**
- **Onsite Visit***
 - Meet with team together and individually, both senior and junior team members
 - Systems demo
 - Evaluate lifecycle of a trade
- **Operational Review**
- **Form ADV**
- **GIPS Compliance Status**

COVID-Era Enhancements

- **Video Conference Calls**
 - Senior and junior investment team members
 - Business leaders (C-Suite)
 - Back office team members
 - Virtual office tour (with floorplan)
- **Additional Reference Calls**
- **Individual and Firm Background Checks**
- **Non-US Strategies: ODD may be Outsourced to Local Providers**



Note: Not all due diligence steps apply to every investment strategy. *When travel is not restricted due to pandemic

MANAGER RATING SCALE

Due Diligence Rating	2
Analyst Opinion Score	2
Firm/Organization	2
People & Resources	3
Investment Philosophy, Strategy & Process	3
Performance	1
Due Diligence Status	No Action

Rating	Description
1	NEPC Research views 1-rated strategies as best ideas. The strategy has a clearly articulated investment thesis, and the manager is sufficiently resourced and incentivized to execute on the thesis. NEPC Research has high conviction that 1-rated strategies are positioned to deliver on a stated investment thesis and target return over a full investment cycle.
2	NEPC Research has a positive view of the strategy. The strategy has a clearly articulated investment thesis, and the manager is sufficiently resourced and incentivized to execute on the thesis. A single factor or mosaic of factors may lead NEPC Research to a 2-rating rather than a 1-rating.
3	NEPC Research has a constructive view of the strategy and believes the strategy can play an appropriate role in certain client portfolios. Through initial and/or ongoing research of a strategy, NEPC has not identified unreasonable risks from an organizational, process, operational or investment perspective.
4	NEPC Research has conducted a reasonable level of due diligence and has an unfavorable view of the strategy due to issues, weaknesses or risks that we believe would challenge the manager's ability to execute on a stated investment thesis.
5	NEPC has conducted a reasonable level of due diligence on the strategy and has significant concerns about the effectiveness or viability of the strategy. Through the due diligence process, NEPC has uncovered serious issues, weaknesses or risks that we believe challenge the manager's ability to execute on a stated investment thesis.



Source: NEPC



INVESTMENT MANAGER SEARCHES AND ACTIVITY



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SEARCHES & REVIEWS CONDUCTED IN 2022

Searches & Reviews by Asset Class

Large Cap Equity	27
Small/Mid Cap & Mid Cap Equity	6
Small Cap Equity & Micro Cap Equity	15
All Cap Equity (includes MLPs)	1
Int'l Equity/Global Equity/Emerging Equity	70
Passive	26
Fixed Income	56
High Yield Bonds	6
Global Bonds/Emerging Market Debt	16
GAA/TAA (includes Risk Parity & LifeCycle)	24
Hedge Funds	74
Real Estate	31
Real Assets	42
Private Equity (includes Private Debt)	516
Liquid Alt Beta	0

**Total Searches and Reviews:
910**

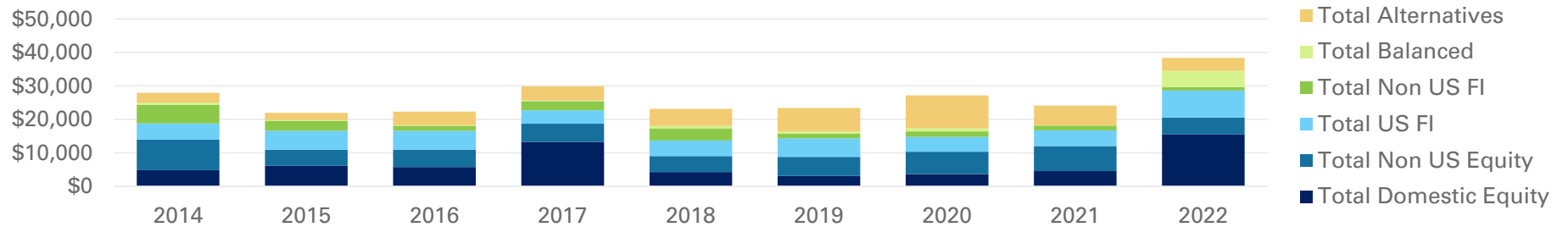
**Total Search Assets:
\$38 Billion**



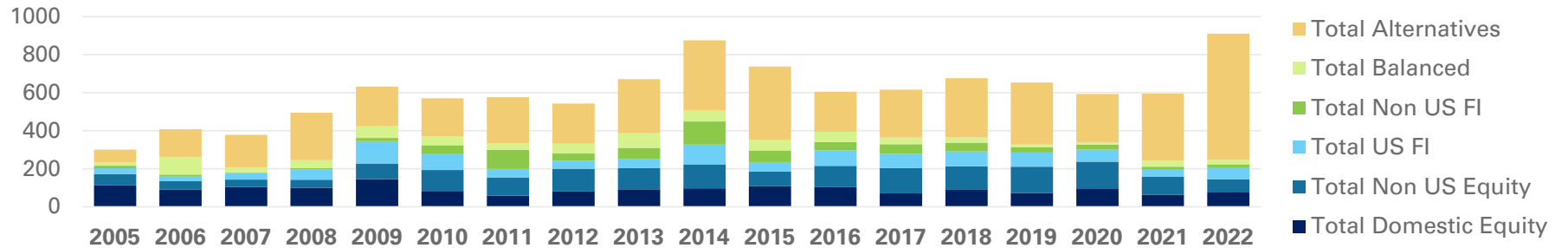
As of 12/31/2022

HISTORICAL SEARCH ACTIVITY

Total Assets Placed in Searches
(in millions)



Total Number of Searches



Source: CRM Research Requests and Hired Products Placed by NEPC as of 12/31/2022. Total Assets are total size of mandates for Public Market manager searches, and commitment amount/asset value for Private Market portfolio reviews.





KEY INITIATIVES

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KEY INITIATIVES

- **Fee Negotiations**
- **Outsourced CIO**
- **Private Markets**
- **DEI & Explorer Ratings Platform**



NEPC'S APPROACH TO FEE NEGOTIATIONS

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NEPC RESEARCH

FOCUS ON INVESTMENT MANAGER FEE SAVINGS FOR CLIENTS

- **NEPC Research Team has actively negotiated fee discounts for its clients for many years**
- **Proprietary data analysis tool mines our databases and calculates these savings for clients**
- **NEPC currently has investment manager fee savings with 460 investment Fund Vehicles representing:**
 - 195 comingled marketable securities funds
 - 24 hedge funds
 - 85 private markets funds
 - 156 SMAs



NEPC RESEARCH

FOCUS ON INVESTMENT MANAGER FEE SAVINGS FOR CLIENTS

▪ **Key NEPC principles regarding investment manager fee process:**

- Fees should not represent more than 20-25% of Fund's outperformance over a passive benchmark over the medium-long term
- Search books list the performance and fees for all the managers being considered along with the eVestment universe median fees. Negotiated fees are also shown next to these "standard" fees where applicable.
- Proactively targeting high exposure Investment Managers/Funds where NEPC clients do not have a discount to standard fees and/or performance does not justify the fees charged



OCIO BUSINESS UPDATE



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DISCRETIONARY SERVICE



201
investment programs¹



\$66.8
billion in aggregate assets¹



29
investment, portfolio strategy
and operational professionals²



DAILY MONITORING
of your portfolio



SIGNIFICANT EXPERIENCE
coordinating client implementations
and manager conversions



¹As of 4/1/2022

²As of 3/1/2022

NEPC'S OUTSOURCED CIO SERVICE:

THE BENEFITS

- 1** **SCALE:** potentially lower investment fees and better access due to lower investment minimums
- 2** **AGILITY:** we can rapidly deploy assets to potentially enhance returns
- 3** **SIMPLIFICATION:** potentially stronger governance and lower costs

NEPC ACCESS VEHICLES

- **NEPC recently launched access vehicles in two asset classes**
 - Global Equity
 - Emerging Equity
- **Clients benefit from**
 - A diversified balance of complimentary managers
 - Even lower fees and better access due to pooling of assets
 - Simplified reporting
- **We anticipate launching additional access vehicles in 2023**





DEI INITIATIVES

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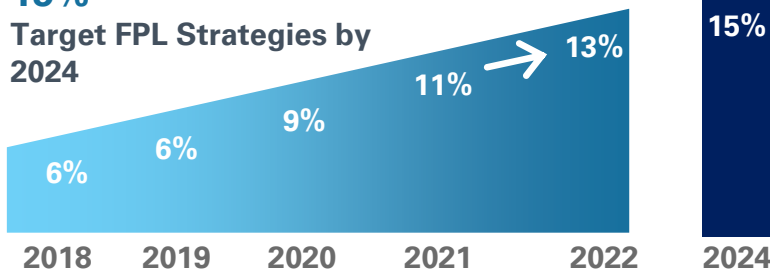
A YEAR IN REVIEW

2022 ACCOMPLISHMENTS

Public Markets

15%

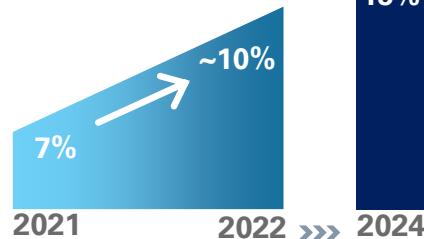
Target FPL Strategies by 2024



OCIO

10%

Target Exposure for OCIO accounts by 2022



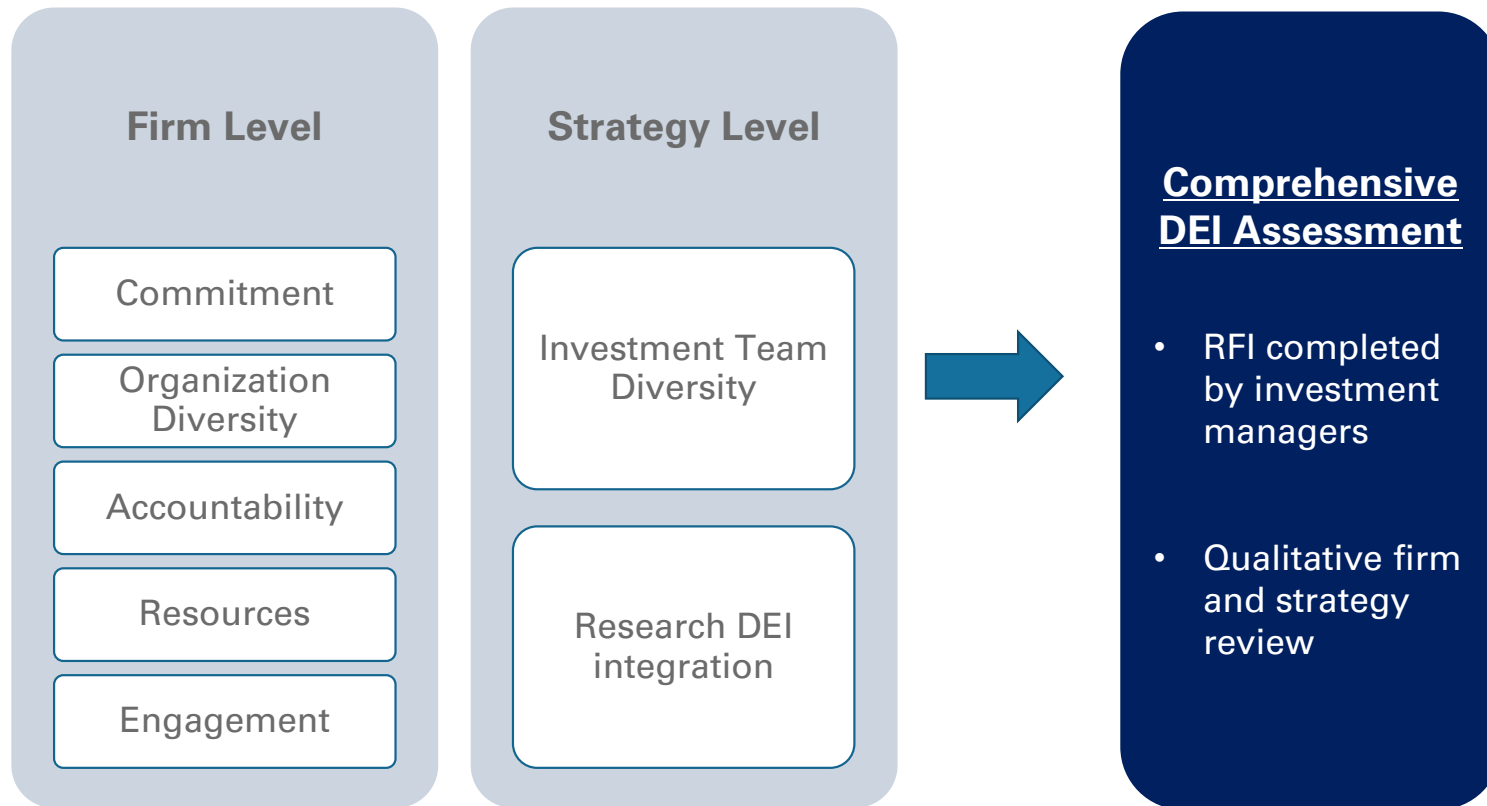
15%

Target Exposure for OCIO accounts by 2024

- We are on track on each of the goals set as part of our **Diverse Manager Policy**
- Completed our **2nd Annual DEI Progress Report**
 - First annually-produced report of its kind that tracks progress of DEI efforts across NEPC's business
- Our **4th annual Equitable Manager Participation Workshop** proved to be a **continued success**
 - Over 88 diverse firms participated in the 2022 event including over 17 one-on-one sessions with Research
- **Successfully launched first IDAC Summit in September**
 - 200+ registered asset managers, allocators and consultants

DEI RATINGS

GOING BEYOND OWNERSHIP



CFA'S DEI CODE INITIATIVE

USING OUR INFLUENCE TO PROMOTE WIDER ADOPTION

The DEI Code helps firms to clearly demonstrate their commitment to improving DEI programs within their organizations and across the wider investment industry

- **NEPC has been a signatory since April 2022**
- **In October, NEPC Research reached out to over 2,100 investment firms**
 - 720 responses received so far
 - We have seen # of signatories to the CFA's DEI Code triple since



Pipeline



Talent Acquisition



Promotion and Retention



Leadership



Influence



Measurement

A LOOK AHEAD...

2023 GOALS

- **2022 NEPC DEI Progress Report (3rd year in a row)**
- **NEPC events related to Diversity, Equity and Inclusion:**
 - 2023 Client Conference Session and Pre-Conference Event
 - 5th Annual Equitable Manager Participation Workshop
- **The DMC is also looking for new and creative ways to expand our efforts across private markets**
 - Continued expansion of the **Explorer Program** to Alternatives
 - Increased collaboration between the DMC and Research to identify more diverse alternative managers based on client demand
- **Leverage our 2022 DEI & Impact survey of consultants to help guide our efforts over the next two years**
 - Focusing on finding strategies that meet both impact and DEI criteria where possible, with capacity to meet levels of interest
 - Targeted outreach on current and prospective FPL strategies to client teams who expressed interest



FINAL THOUGHTS



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HOW BEST TO WORK WITH NEPC

- **Stay on top of our views (www.nepc.com)**
- **Bring your best ideas forward**
- **Be prepared to offer highly competitive pricing**
- **Focus on Quality not Quantity**
- **Be willing to take “No” for an answer**



NEPC PUBLICATIONS AND RESOURCES

- Capital Market Assumptions
- Megatrends
- Strategic Views
- Portfolio Tilts
- Annual Asset Allocation Letter
- Quarterly Market Webinars
- NEPC Market Outlook
- Monthly Pension Monitor
- Monthly Market Commentary
- Weekly Insights
- Topical Blogs and White Papers



WHAT MANAGERS SHOULD EXPECT FROM NEPC

- **Information about client needs and search activity**
- **Our views on the market and our key messages to clients**
- **Our framework for evaluating managers**
- **Responsiveness to meeting requests**
- **Candid feedback**

NEPC DISCLOSURES

Past performance is no guarantee of future results.

The opinions presented herein represent the good faith views of NEPC as of the date of this report and are subject to change at any time.

Data used to prepare this report was obtained directly from various sources. While NEPC has exercised reasonable professional care in preparing this report, we cannot guarantee the accuracy of all source information contained within.

NEPC may provide background information on fund structures or the impact of taxes but investors should contact their legal counsel or tax professional for specific advice on such matters.

This report may contain confidential or proprietary information and is intended only for the designated recipient(s). If you are not a designated recipient, you may not copy or distribute this document.

Alternative Investments

1. It is important that investors understand the following characteristics of non-traditional investment strategies including hedge funds and private equity:
2. Performance can be volatile and investors could lose all or a substantial portion of their investment
3. Leverage and other speculative practices may increase the risk of loss
4. Past performance may be revised due to the revaluation of investments
5. These investments can be illiquid, and investors may be subject to lock-ups or lengthy redemption terms
6. A secondary market may not be available for all funds, and any sales that occur may take place at a discount to value
7. These funds are not subject to the same regulatory requirements as registered investment vehicles
8. Managers may not be required to provide periodic pricing or valuation information to investors
9. These funds may have complex tax structures and delays in distributing important tax information
10. These funds often charge high fees
11. Investment agreements often give the manager authority to trade in securities, markets or currencies that are not within the manager's realm of expertise or contemplated investment strategy



THANK YOU



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