

# Comprehensive Fund Evaluation

## The Scorecard<sup>SM</sup> System



RETIREMENT PLAN  
ADVISORY GROUP

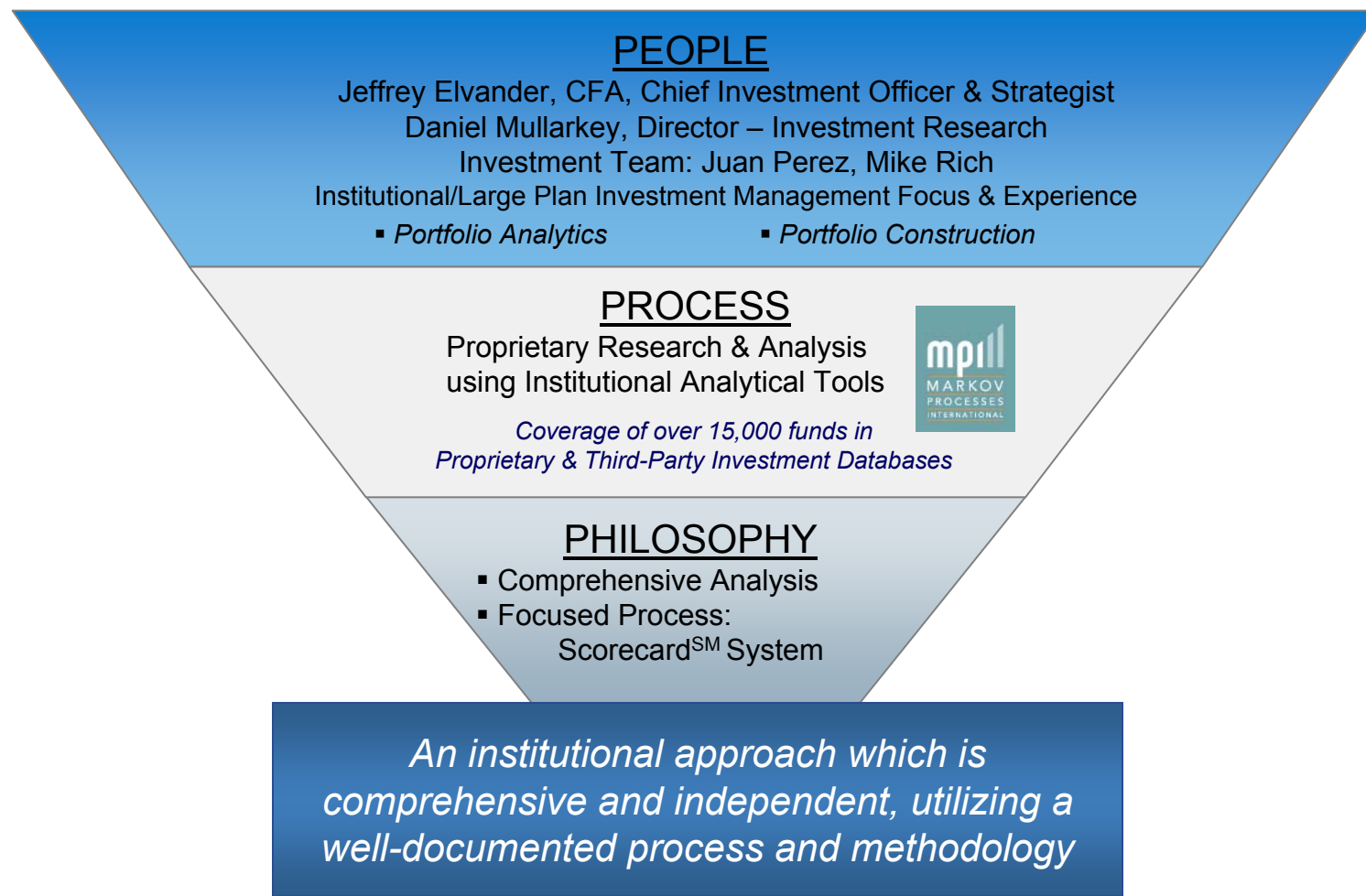
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- Summary

*1: quantitative analysis – analyzing measurable factors*

*2: qualitative analysis – analyzing the less definitive factors*

# Investment Due Diligence Approach



# The Scorecard<sup>SM</sup> System Objectives

- Enhance Investment Opportunities
- Manage and Control Risk
- Reduce Exposure to Fiduciary Liability

The **Scorecard**<sup>SM</sup> System was created as a way to score funds based on multiple criteria commonly used today by institutional investors<sup>1</sup> and money managers. The result is a straight forward 10 point numerical scoring system that can be used to monitor funds and/or managers.

*1: institutional investors (i.e., pension, public funds, endowments, insurance companies and commercial banks) manage large pools of money for beneficiaries, stockholders, policyholders, and/or members of an institution. The investment policies of an institution are reviewed by experienced investment professionals.*

# The Scorecard<sup>SM</sup> System Factors

## Quantitative Factors (1-8):

- |    |  |                           |
|----|--|---------------------------|
| 1) | <b>Style Analysis:</b> Returns-based analysis to determine the style characteristics of a fund over a period of time. Fund passes if it reflects the appropriate style characteristics. Style analysis helps ensure proper diversification in the plan.  | Style Factors – 30%       |
| 2) | <b>Style Drift:</b> Returns-based analysis to determine the behavior of the fund/manager over multiple (rolling) time periods. Fund passes if the fund exhibits a consistent style pattern. Style consistency is desired so that funds can be effectively monitored within their designated asset class. |                           |
| 3) | <b>R-Squared:</b> Measures the % of a fund's returns that are explained by the benchmark. Fund passes with an $R^2 > 80\%$ . This statistic measures whether the benchmark used in the analysis is appropriate.  |                           |
| 4) | <b>Risk/Return:</b> Fund passes if its risk is less than the benchmark or its return is greater than the benchmark. Favorable risk/return characteristics are desired.   | Risk/Return Factors – 30% |
| 5) | <b>Up/Down Capture Analysis:</b> Measures the behavior of a fund in up and down markets. Fund passes with an up capture > its down capture. This analysis measures the relative value by the manager in up and down markets.   |                           |
| 6) | <b>Information Ratio:</b> Measures a funds relative risk and return. Fund passes if ratio is > 0. This statistic measures the value added above the benchmark, adjusted for risk.  |                           |
| 7) | <b>Returns Peer Group Ranking:</b> Fund passes if its median rank is above the 50 <sup>th</sup> percentile.  | Peer Group Rankings – 20% |
| 8) | <b>Information Ratio Peer Group Ranking:</b> Fund passes if its median rank is above the 50th percentile. This ranking ranks risk adjusted excess return.  |                           |

## Qualitative Factors (9-10):

- |       |  |                           |
|-------|--|---------------------------|
| 9-10) | Two points may be awarded based on qualitative characteristics of the fund. Primary considerations are given to manager tenure, fund expenses and strength of statistics, however, other significant factors may be considered.<br><br>It is important to take into account non-quantitative factors, which may impact future performance. | Qualitative Factors – 20% |
|-------|--|---------------------------|

# Asset Allocation Portfolios

- Asset Allocation strategies require a slightly different, and more custom approach
  - ◆ **Custom Benchmarks**
  - ◆ **Custom Peer Groups**
- The following criteria replaces the criteria used in the Asset Class Reports:
  - ◆ **Risk Level:** The fund's standard deviation is measured against the category it is being analyzed in. The fund passes if it falls within the range for that category.
  - ◆ **Style Diversity:** Fund passes if it reflects appropriate style diversity (returns-based) among the four major asset classes (Cash, Fixed Income, U.S. & International Equity) for the given category.
  - ◆ **R-Squared:** Measures the % of a fund's returns that are explained by the benchmark. Fund passes with an  $R^2 > 90\%$ .
  - ◆ **Sharpe Ratio Peer Group Ranking:** Fund passes if its median rank is above the 50th percentile. This ranking ranks risk adjusted return.

# Quantitative Criteria

- 0-8 points, with one point possible in 8 separate categories
- 80% of the score
- Factors based on Modern Portfolio Theory
- Style Attribution is a critical component of the **Scorecard<sup>SM</sup>** System (30%)
  - ◆ Does the Plan have diversity (a proper allocation) among investments?
  - ◆ Are the managers in each asset class adding value in their respective area?
- Focus on median peer group ranking (vs. commonly used “average or mean ranking”)
- Balancing return with risk allows us to better evaluate the investments

# Qualitative Criteria

- 0-2 points allowed in the qualitative category
- 20% of the score
- “What makes a good fund great”
- Primary qualitative factors:
  - ◆ Manager tenure
  - ◆ Fund expenses
  - ◆ Strength/significance of statistics
- Other qualitative considerations:
  - ◆ Quality of firm, resources, and reputation
  - ◆ Pending litigation, legal and/or governance issues
  - ◆ Other factors which may impact the fund’s management abilities



# Sample Scorecard

## Large Cap Growth – Asset Class Review

Mar-09

### Asset Class Definition

The large cap growth asset class is a sub-set of the large blend asset class and represents growth oriented companies with market capitalizations (typically) over \$10 billion. Large cap growth securities have relatively high price to book values and higher forecasted long term growth rates. The Russell 1000 Growth Index is the benchmark used to represent this asset class and contains over 630 securities, all of which are also included in the Russell 1000.

### Investment Rank

Top Ranked:  
1. CMG Large Cap Growth

2 points possible in  
qualitative category  
(20% of Score)

Quantitative Factors: Pass = 1, Fail = 0  
(80% of Score)

### Scorecard System

	Ticker	Style			Risk / Return			Peer Group		Qual. (2pt max)	Total Score
		Style	Style Drift	R <sup>2</sup>	Risk / Return	Up / Down	Info Ratio	Return Rank	Info Ratio Rank		
Security Select 25 A	SEFAX	1	0	1	0	0	0	0	0	0	2
Wall Street	WALLX	1	0	1	0	1	0	1	0	1	5
CMG Large Cap Growth	CLCGX	1	1	1	1	1	1	1	1	2	10
Profit	PVALX	1	1	1	1	1	1	0	0	1	7

### IPS Point System

7-10: Acceptable

5-6: Watch-list

0-4: Replacement Candidate

0-10  
points

# Sample Scorecard

## Large Cap Growth – Analytics Summary

Mar-09

### Scorecard Factors

	Style: Val/Gr	Style: Sml/Lrg	Style Drift	R <sup>2</sup>	Risk	Return	Up Cap	Down Cap	Info Ratio	Return Rank	IR Rank	Qual. Score
Security Select 25 A	71.00	54.22	29.80	84.97	15.36	-6.86	91.25	105.39	-0.41	94.50	97.50	0
Wall Street	97.27	34.82	26.92	90.66	18.29	-5.09	133.66	123.84	-0.12	40.50	60.50	1
CMG Large Cap Growth	96.15	82.36	12.13	96.65	15.62	-3.83	108.92	103.30	0.19	32.00	31.00	2
Profit	61.47	76.96	9.16	94.19	13.99	-3.75	92.86	92.44	0.17	58.00	52.50	1
Russell 1000 Growth Index	100.00	100.00		100.00	15.20	-4.38	100.00	100.00	NA			

Portfolio analytics driving the  
Quantitative Factors in the **Scorecard<sup>SM</sup>** System

### Notes

1. All statistics calculated over a five year time period.
2. Style analytics reflect the parameters on a returns-based style map (on a scale of 100 to -100 for each axis.) Fund passes if it plots out in the appropriate section of the style map, representing the fund's stated style.
3. Style drift is measured by the style drift score, which is a statistic measuring the rolling style-based analysis for a fund.
4. Risk is measured as the fund's standard deviation of returns.
5. R-squared measures the percentage of the fund's movement that is explained by the fund's benchmark (market).
6. Up/Down capture statistics measure the percentage of performance the fund/strategy is capturing versus the benchmark (market).
7. Information Ratio is a risk adjusted performance statistic measuring relative return over relative risk.
8. Peer group ranking statistics measure the funds median rank versus the applicable peer group universe.

Funds are scored with the most recent 5 year performance history.  
Funds with under 5 years of performance are not scored.

# Qualitative Score Logic: NORMAL CONDITIONS

- All funds start with 2 points, with potential deductions if the following criteria are not met

- Manager Tenure

Tenure	Years	Impact
Less Than	1.5	2 points
Less Than	3.5	1 point

- Fund Expenses

- ◆ If greater than Morningstar Average (for that style): .5 to 1 point impact

- Strength of Statistics

Condition	Average Style	R-Squared	Impact
If	Fails	<75%	1 point
If	Fails	<60%	2 points
If	Passes / Fails	<50%	1/2 points
Condition	IR	Sig. Level	Impact
If	Positive	<65%	0.5 point

Most funds will fall into the NORMAL CONDITIONS framework. Events or conditions that warrant other analysis or review may impact the qualitative score calculation for a particular fund.

# Sample Scorecard

## Large Cap Growth – Strategy Information

## Factors included in the Qualitative Score

### Summary

	QTR	YTD	1 Yr	3 Yr Ann.	5 Yr Ann.	10 Yr Ann.	Since Inception	Manager Name	Manager Tenure (Years)	Fund Inception	Expense Ratio
Security Select 25 A	-5.60	-5.60	-36.45	-17.52	-6.86	-5.77	-5.31	Mark Bronzo	1.16	01/29/1999	1.35
Wall Street	-7.25	-7.25	-38.09	-14.21	-5.09	-1.34	NA	Robert Morse	25.26	05/01/1946	1.76
CMG Large Cap Growth	-4.83	-4.83	-35.06	-11.29	-3.83	NA	-2.14	Paul J. Berlinguet	5.09	09/10/2003	0.50
Profit	-6.06	-6.06	-33.85	-11.22	-3.75	-1.75	3.83	Eugene A. Profit	11.42	11/15/1996	1.75
Russell 1000 Growth Index	-4.12	-4.12	-34.28	-11.28	-4.38	-5.26					
Large Cap Growth Average	-4.16	-4.16	-36.07	-12.80	-4.49	-3.35					1.25

### Notes

1. Performance data quoted represents past performance and does not guarantee future results. The investment return and principal value of an investment will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost. Current performance may be lower or higher than the performance data quoted.
2. The performance data quoted may not reflect the deduction of additional fees, if applicable. Additional fees would reduce the performance quoted.
3. Performance data is subject to change without prior notice.

Contact Retirement Plan Advisory Group with any questions about this report or for the most current month-end performance at (800) 959-0071.

**Investment performance is for informational purposes only**

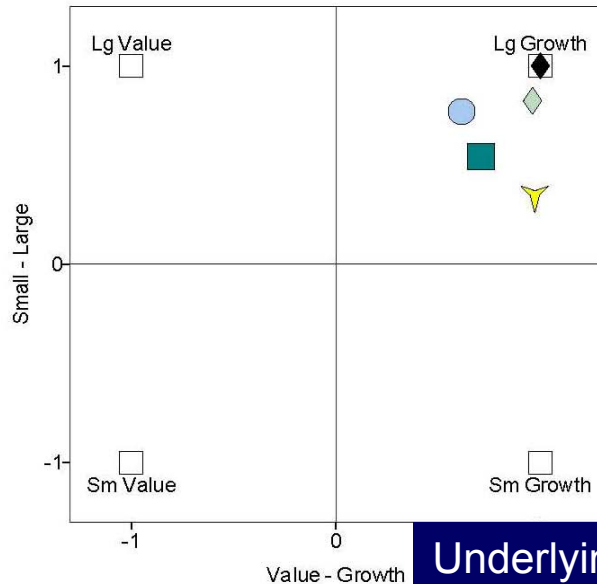
# Sample Scorecard

## Large Cap Growth – Style Analysis

Mar-09

### Average Style

Apr 04 - Mar 09



### Style Drift

36 Month rolling window Apr 04 - Mar 09

The style map is “divided” into quadrants. Funds that plot out in the correct style quadrant pass this test.

Style score looks at the average fund style over a 5 year period.

Underlying Asset Allocation for the analyzed funds

Funds' coordinates on style map

### Exposures

Apr 04 - Mar 09

	Asset Allocation: Russell 4 Map					Drift	Style			
	Cash	Sm Growth	Sm Value	Lg Growth	Lg Value		Style: Val/Gr	Style: Sm/Lrg	Style Score	Style Drift Score
■ Security Select 25 A	8.65	17.11	1.46	64.07	8.72	29.80	71.00	54.22	1	0
▼ Wall Street	0.00	32.59	0.00	66.05	1.36	26.92	97.27	34.82	1	0
◆ CMG Large Cap Growth	1.07	8.29	0.00	89.25	1.39	12.13	96.15	82.36	1	1
● Profit	10.85	3.40	2.69	71.91	11.15	9.16	61.47	76.96	1	1
◆ Russell 1000 Growth Index	0.00	0.00	0.00	100.00	0.00		100.00	100.00		



# Sample Scorecard

## Large Cap Growth – Style Analysis

Mar-09

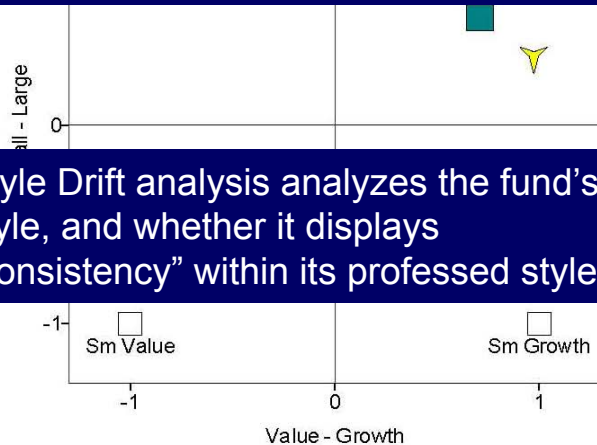
### Average Style

Apr 04 - Mar 09

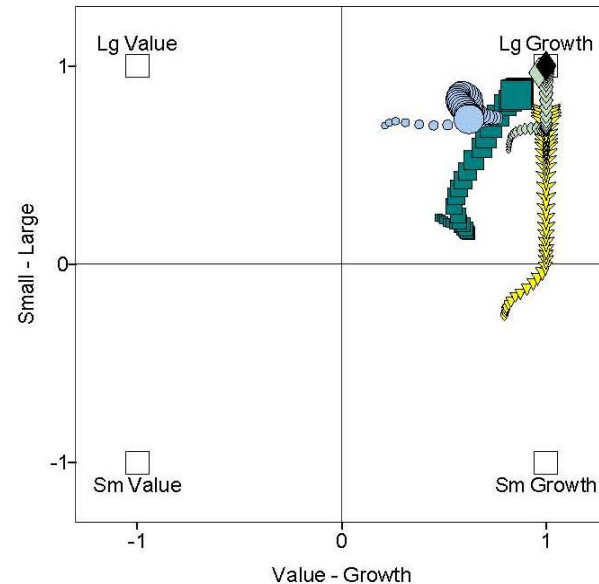
### Style Drift

36 Month rolling window Apr 04 - Mar 09

Style Drift tolerance: 25 for blend/core & 20 for growth/value asset classes



Style Drift analysis analyzes the fund's style, and whether it displays "consistency" within its professed style



### Exposures

A Style Drift tolerance level is set for each style

Apr 04 - Mar 09

	Asset Allocation: Russell 4 Map						Style			
	Cash	Sm Growth	Sm Value	Lg Growth	Lg Value	Drift	Style: Val/Gr	Style: Sm/Lrg	Style Score	Style Drift Score
■ Security Select 25 A	8.65	17.11	1.46	64.07	8.72	29.80	71.00	54.22	1	0
▼ Wall Street	0.00	32.59	0.00	66.05	1.36	26.92	97.27	34.82	1	0
◆ CMG Large Cap Growth	1.07	8.29	0.00	89.25	1.39	12.13	96.15	82.36	1	1
● Profit	10.85	3.40	2.69	71.91	11.15	9.16	61.47	76.96	1	1
◆ Russell 1000 Growth Index	0.00	0.00	0.00	100.00	0.00		100.00	100.00		

# Style Drift Tolerances

Asset Class	SDS Tolerance	Average Style Tolerance
CFI	25	$X < 0$ and $Y > 0$
LB	25	$X \geq -0.3$ and $\leq 0.3$ and $Y > .33$
MV	25	$X \geq -1$ and $\leq -.2$ and $Y \geq -0.33$ and $\leq 0.33$
MG	25	$X > .2$ and $Y \geq -0.33$ and $\leq 0.33$
SB	25	$X > -0.3$ and $\leq 0.3$ and $Y < -.33$
HY	20	$X > 0$ and $Y < 0$
LV	20	$X \geq -1$ and $\leq -.2$ and $Y > .33$
LG	20	$X > 0.2$ and $Y > 0.33$
MB	25	$X \geq -0.3$ and $\leq 0.3$ and $Y \geq -0.33$ and $\leq 0.33$
SV	20	$X \geq -1$ and $\leq -.2$ and $Y < -.33$
SG	20	$X > .2$ and $\leq 1$ and $Y < -.33$
RE	20	$X < 0$ and $Y > 0$

Asset Class	SDS Tolerance	Average Style Tolerance
GE	25	$Y > -.2$ and $X \geq -.75$ and $\leq 0.75$
EM	20	$Y < 0$
Nat Res	25	$Y \geq -.33$ and $Y \leq 0.33$ and $X < -.2$
Comm	25	$Y .33$ and $X > .2$
Utilities	25	$Y \geq -0.33$ and $\leq 0.33$ and $X > 0.2$
IE	25	$Y > -.2$ and $X \geq -.75$ and $\leq 0.75$
GFI	25	$Y > 0$ and $X < 0$
TECH	25	$Y > .33$ and $X < -0.2$
Health	25	$Y < -0.33$ and $X < -0.2$
Fin Ser	25	$Y < -0.33$ and $X > .2$

# Sample Scorecard

Large Cap Growth – Modern Portfolio Theory Statistics

Mar-09

Summary

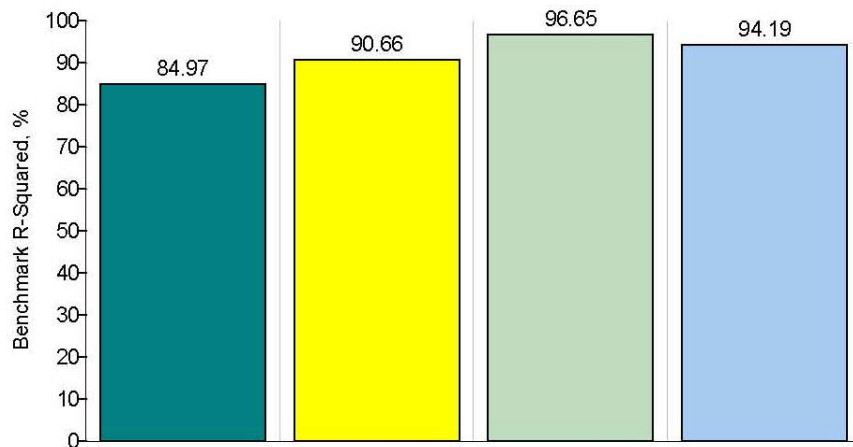
**R-Squared Statistic ( $R^2$ ) > 80%: PASS**

Apr 04 - Mar 09

	Standard Deviation	Downside Deviation	Excess Return	Tracking Error	Significance Level	Alpha	Beta	R <sup>2</sup>	R <sup>2</sup> Score
■ Security Select 25 A	15.36	12.92	-2.48	6.05	82.72	-3.03	0.93	84.97	<b>1</b>
▼ Wall Street	18.29	14.75	-0.70	6.01	60.77	0.73	1.15	90.66	<b>1</b>
◆ CMG Large Cap Growth	15.62	12.76	0.56	2.86	67.34	0.70	1.01	96.65	<b>1</b>
● Profit	13.99	11.57	0.63	3.74	64.77	-0.22	0.89	94.19	<b>1</b>
Russell 1000 Growth Index	15.20	12.64	0.00	0.00	NA	0.00	1.00	100.00	

The percentage of the fund's movement that is explained by the benchmark.  
An index fund tracking the Russell 1000 Growth index will have an R-squared statistic of 100%.  
An R-squared of over 80% gives us confidence that we are using an appropriate benchmark.

R-Squared



Standard Deviation- The volatility of the fund's returns.

Downside Deviation- The volatility of the funds negative returns.

Excess Return- The fund's return above the benchmark.

Tracking Error- The volatility of the fund's excess returns.

Significance Level- Measures the confidence of the fund's out/under performance.

Alpha- The fund's risk adjusted excess return.

Beta- The fund's market risk/sensitivity to the market (benchmark).

R-Squared- The percentage of the fund's movement that is explained by the market (benchmark)



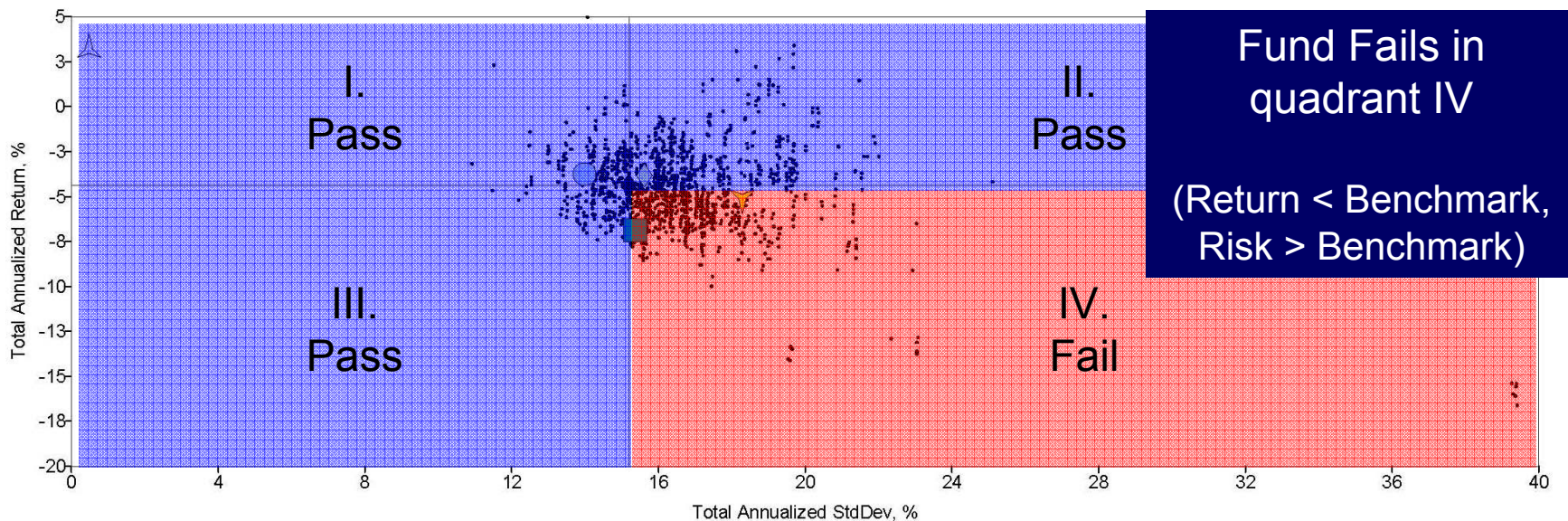
# Sample Scorecard

Large Cap Growth – Risk/Return Analysis

Mar-09

Risk / Return

Single Computation, Apr 04 - Mar 09



Summary Statistics

Corresponding statistics table

Apr 04 - Mar 09

	Return (%)	Std Dev (%)	Sharpe Ratio	Risk/Return Score
■ Security Select 25 A	-6.86	15.36	-0.66	<b>0</b>
▼ Wall Street	-5.09	18.29	-0.45	<b>0</b>
◆ CMG Large Cap Growth	-3.83	15.62	-0.45	<b>1</b>
● Profit	-3.75	13.99	-0.50	<b>1</b>
△ Cash	3.17	0.48	NA	NA
◆ Russell 1000 Growth Index	-4.38	15.20	-0.50	

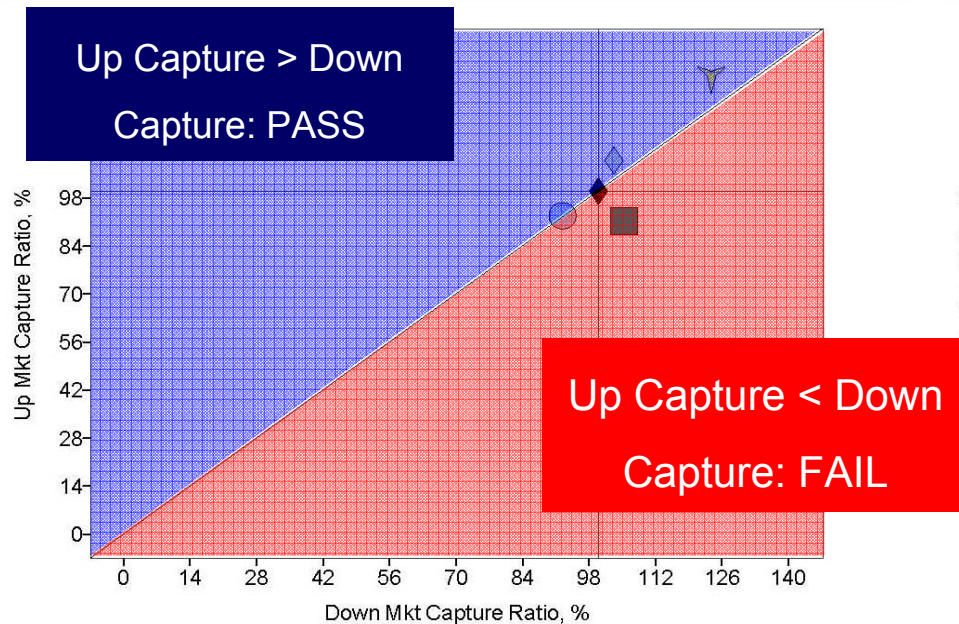
# Sample Scorecard

## Large Cap Growth – Up/Down Capture Analysis

Mar-09

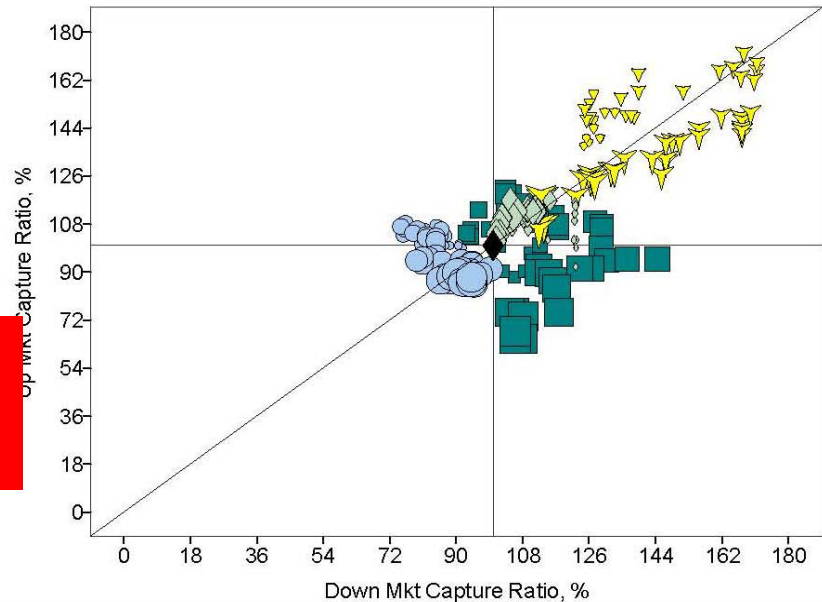
### Up/Down Capture

Apr 04 - Mar 09



### Rolling Up/Down Capture

36 Month rolling windows, Apr 04 - Mar 09



### Summary Statistics

### Up/Down Capture Statistics

Apr 04 - Mar 09

	Up Months	Down Months	Up Market Avg. Return	Down Market Avg. Return	Up Market Capture, %	Down Market Capture, %	R <sup>2</sup>	Up/Down Score
■ Security Select 25 A	33	27	2.58	-3.66	91.25	105.39	84.97	0
▼ Wall Street	33	27	3.68	-4.38	133.66	123.84	90.66	1
◆ CMG Large Cap Growth	31	29	3.04	-3.58	108.92	103.30	96.65	1
● Profit	33	27	2.62	-3.17	92.86	92.44	94.19	1
◆ Russell 1000 Growth Index	30	30	2.81	-3.46	100.00	100.00	100.00	

# Sample Scorecard

## Large Cap Growth – Relative Risk Return Analysis

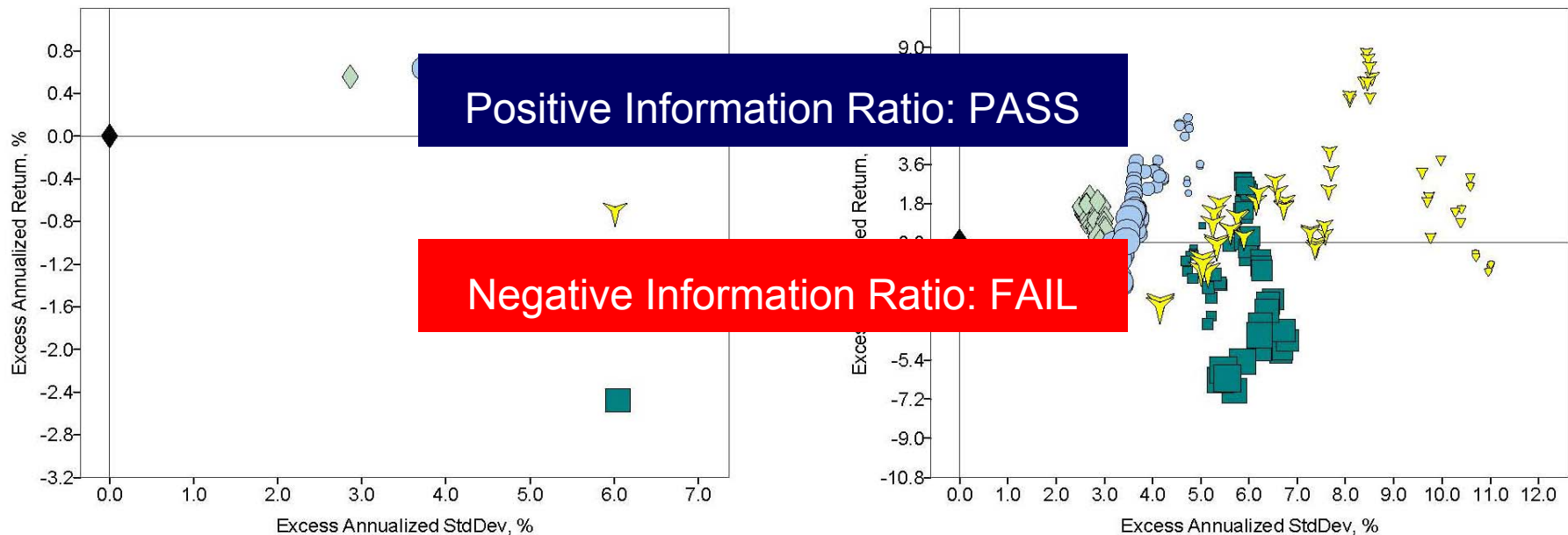
Mar-09

### Relative Risk Return

Apr 04 - Mar 09

### Rolling Relative Risk Return

36 Month rolling windows, Apr 04 - Mar 09



### Summary Statistics

### Information Ratio Statistics

Apr 04 - Mar 09

	Annualized Excess Return, %	Annualized Excess StdDev, %	Information Ratio	Significance Level, %	R <sup>2</sup>	Info Ratio Score
■ Security Select 25 A	-2.48	6.05	-0.41	82.72	84.97	0
▼ Wall Street	-0.70	6.01	-0.12	60.77	90.66	0
◆ CMG Large Cap Growth	0.56	2.86	0.19	67.34	96.65	1
● Profit	0.63	3.74	0.17	64.77	94.19	1

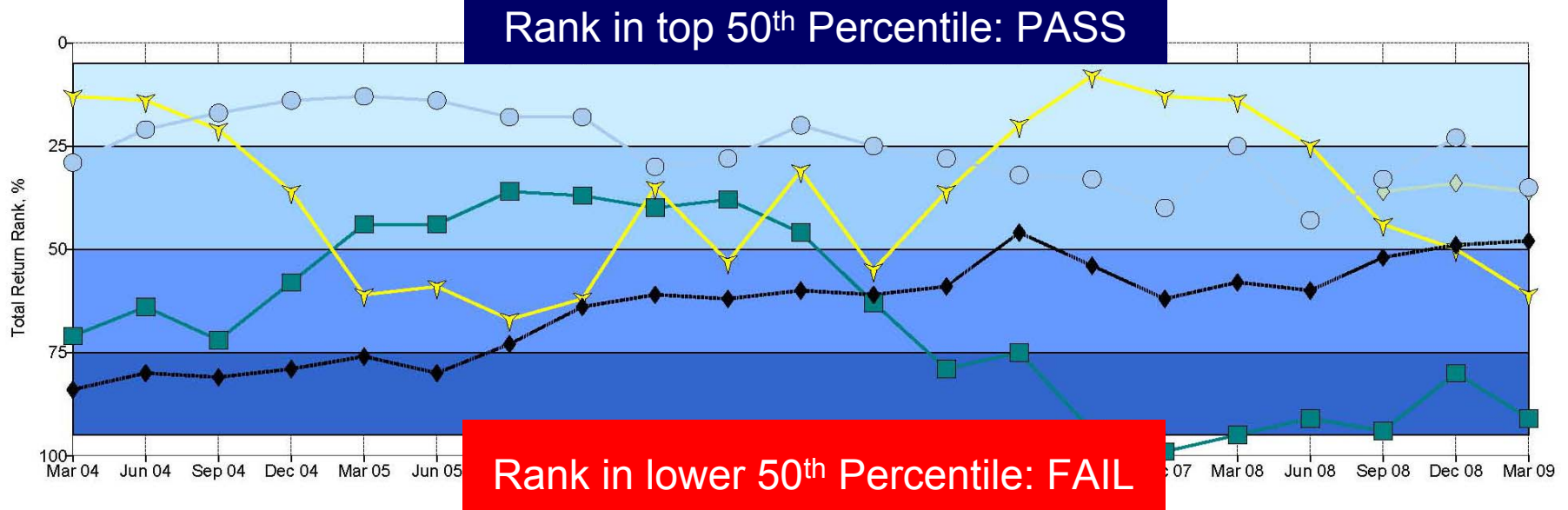
# Sample Scorecard

## Large Cap Growth – Peer Group Return Ranking

Mar-09

### Rolling 5 Year Return Rank

20 quarter rolling windows, Mar 04 - Mar 09



### Median Return Rank (5Yr Universe Size: 1693)

Mar 04 - Mar 09

	Median Rank	Volatility of Rank	Return Rank Score
■ Security Select 25 A	94.5	3.5	0
▼ Wall Street	40.5	3.0	1
◆ CMG Large Cap Growth	32.0	5.5	1
● Profit	58.0	20.0	0
◆ Russell 1000 Growth Index	NA	NA	NA

# Sample Scorecard

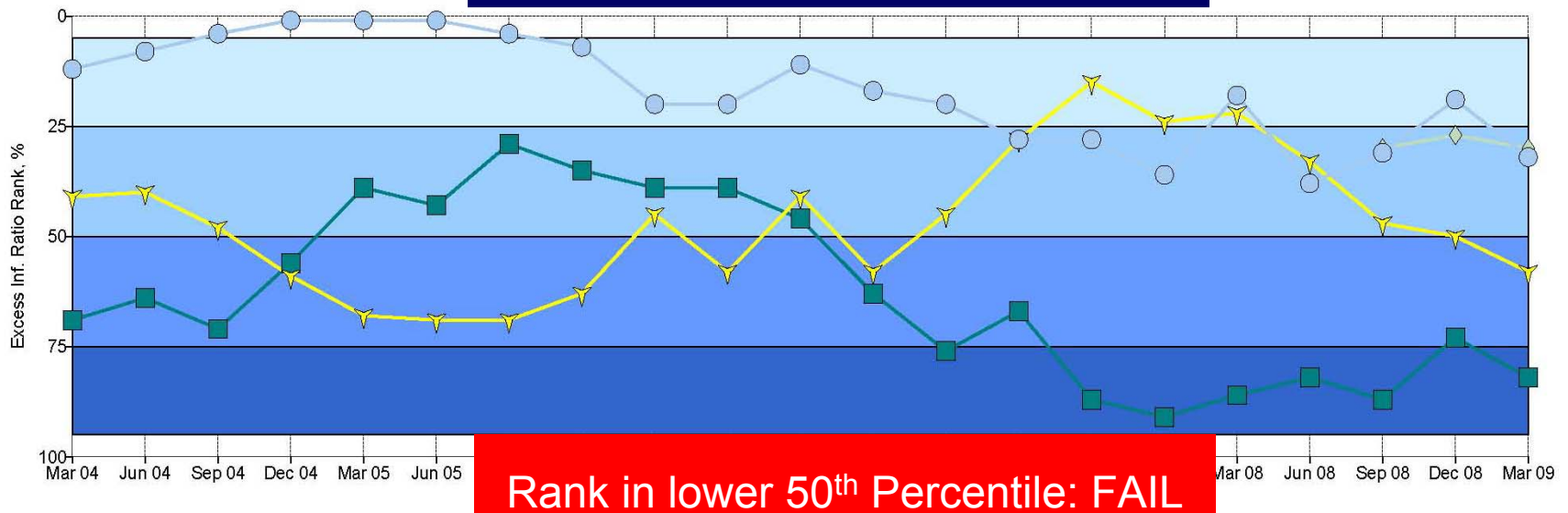
## Large Cap Growth – Peer Group Information Ratio Ranking

Mar-09

Rolling 5 Year Information Ratio Rank

Quarter rolling windows, Mar 04 - Mar 09

Rank in top 50<sup>th</sup> Percentile: PASS



Summary Statistics (5Yr Universe Size: 1693)

Mar 04 - Mar 09

	Median Rank	Volatility of Rank	IR Rank Score
■ Security Select 25 A	97.5	4.5	0
▼ Wall Street	60.5	20.0	0
◆ CMG Large Cap Growth	31.0	6.0	1
● Profit	52.5	7.0	0



# Asset Allocation Scorecard<sup>SM</sup> Factors

## Quantitative Factors (1-8):

→	1)	<b>Risk Level:</b> The fund's standard deviation is measured against the category it is being analyzed in. The fund passes if it falls within the range for that category.	Style Factors – 30%
→	2)	<b>Style Diversity:</b> Fund passes if it reflects appropriate style diversity (returns-based) among the four major asset classes (Cash, Fixed Income, U.S. & International Equity) for the given category.	
→	3)	<b>R-Squared:</b> Measures the % of a fund's returns that are explained by the benchmark. Fund passes with an $R^2 > 90\%$ .	
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	6)	<b>Information Ratio:</b> Measures a funds relative risk and return. Fund passes if ratio is > 0. This statistic measures the value added above the benchmark, adjusted for risk.	
	7)	<b>Returns Peer Group Ranking:</b> Fund passes if its median rank is above the 50 <sup>th</sup> percentile.	Peer Group Rankings – 20%
→	8)	<b>Sharpe Ratio Peer Group Ranking:</b> Fund passes if its median rank is above the 50th percentile. This ranking ranks risk adjusted excess return.	

## Qualitative Factors (9-10):

9-10)	Two points may be awarded based on qualitative characteristics of the fund. Primary considerations are given to manager tenure, fund expenses and strength of statistics, however, other significant factors may be considered.  It is important to take into account non-quantitative factors, which may impact future performance.	Qualitative Factors – 20%
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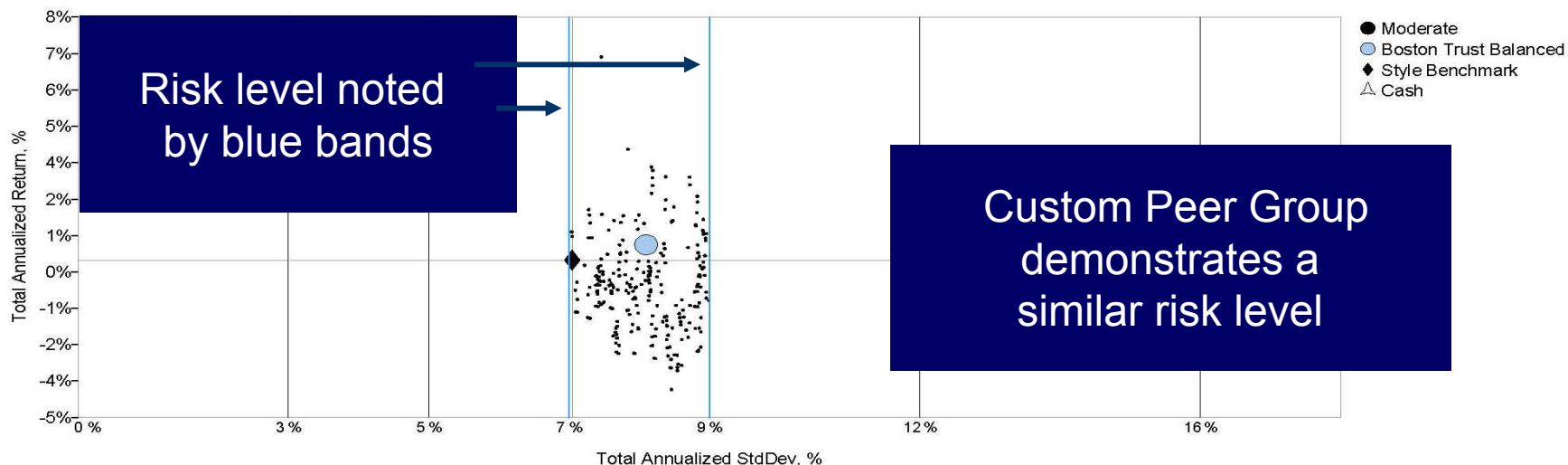
# Asset Allocation Scorecard<sup>SM</sup>

Moderate – Style Analysis

Mar-09

Risk Level

Apr 04 - Mar 09



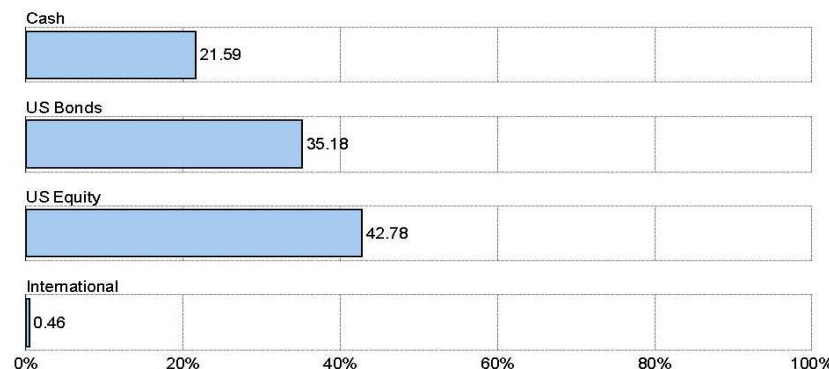
Style Diversity Criteria

Style Diversity / Benchmark

Apr 04 - Mar 09

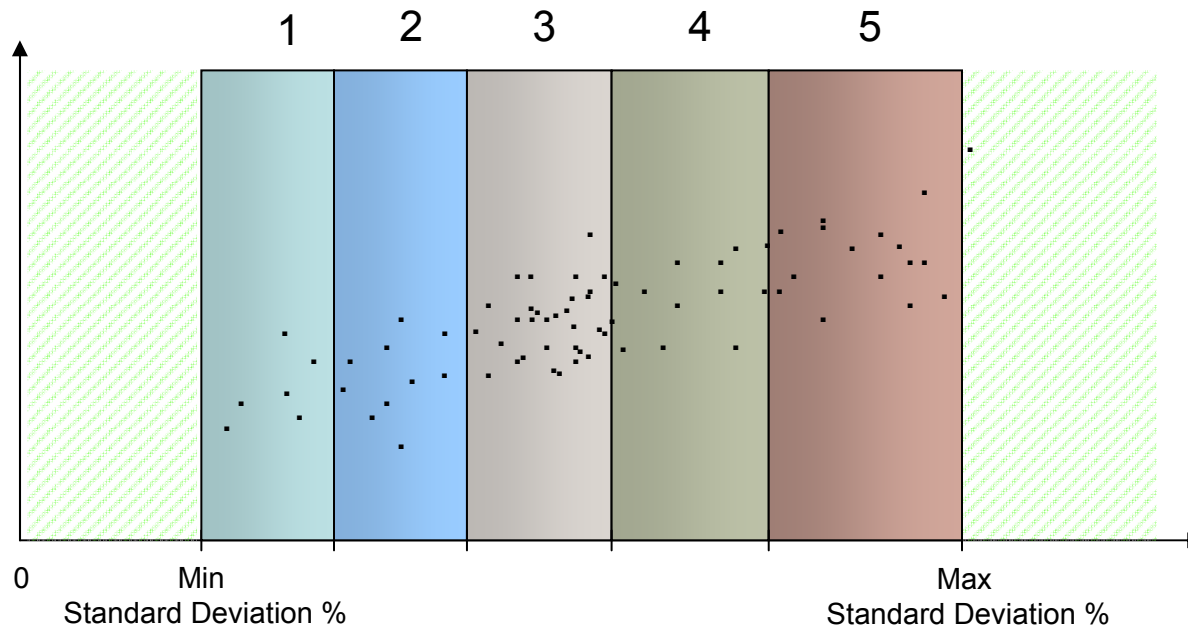
Analysis	US Equity (%)	Int'l Equity (%)	Fixed Income (%)	Cash (%)
Conservative	5-25	0-15	50-90	0-30
Moderate Conservative	10-40	5-20	40-80	0-15
Moderate	25-60	7-25	25-60	0-10
Moderate Aggressive	40-80	10-30	10-40	0-7
Aggressive	50-90	15-40	5-25	0-5

Style diversity weights determined by returns-based style analysis over five year time period.



# Risk Categories

## Five Risk Buckets



- Risk Bucket ranges change as risk levels change
- Reviewed and updated as appropriate
- The risk buckets are: Conservative; Moderate Conservative; Moderate; Moderate Aggressive and; Aggressive



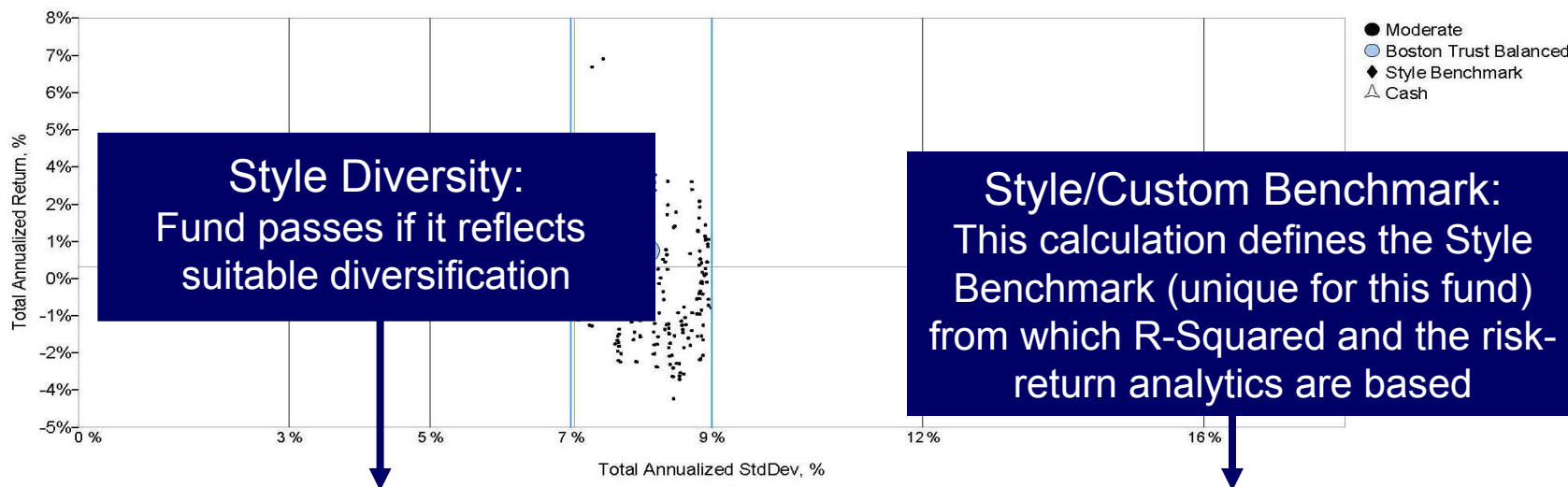
# Asset Allocation Scorecard<sup>SM</sup>

Moderate – Style Analysis

Mar-09

Risk Level

Apr 04 - Mar 09



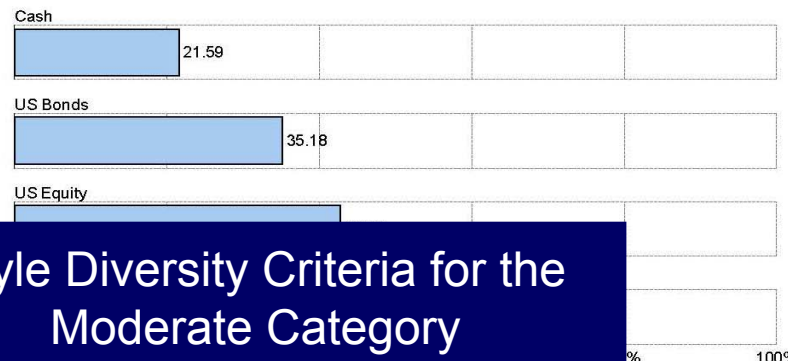
Style Diversity Criteria

Style Diversity / Benchmark

Apr 04 - Mar 09

Analysis	US Equity (%)	Int'l Equity (%)	Fixed Income (%)	Cash (%)
Conservative	5-25	0-15	50-90	0-30
Moderate Conservative	10-40	5-20	40-80	0-15
<b>Moderate</b>	<b>25-60</b>	<b>7-25</b>	<b>25-60</b>	<b>0-10</b>
Moderate Aggressive	40-80	10-30	10-40	0-7
Aggressive	50-90	15-40	5-25	0-5

Style diversity weights determined by returns-based style analysis over five year time period.



**Style Diversity Criteria for the Moderate Category**

# Asset Allocation Scorecard<sup>SM</sup> Factors

## Quantitative Factors (1-8):


- |    |   |                           |
|----|---|---------------------------|
| 1) | <b>Risk Level:</b> The fund's standard deviation is measured against the category it is being analyzed in. The fund passes if it falls within the range for that category.                                  | Style Factors – 30%       |
| 2) | <b>Style Diversity:</b> Fund passes if it reflects appropriate style diversity (returns-based) among the four major asset classes (Cash, Fixed Income, U.S. & International Equity) for the given category. |                           |
| 3) | <b>R-Squared:</b> Measures the % of a fund's returns that are explained by the benchmark. Fund passes with an $R^2 > 90\%$ .  |                           |
| 4) | <b>Risk/Return:</b> Fund passes if its risk is less than the benchmark or its return is greater than the benchmark. Favorable risk/return characteristics are desired.                                      | Risk/Return Factors – 30% |
| 5) | <b>Up/Down</b> capture > its  |                           |
| 6) | <b>Information</b> value added  |                           |
| 7) | <b>Returns Pe</b>   | Peer Group Rankings – 20% |
| 8) | <b>Sharpe Ratio Peer Group Ranking:</b> Fund passes if its median rank is above the 50th percentile. This ranking ranks risk adjusted excess return.  |                           |

Sharpe Ratio Ranking:  
Sharpe Ratio replaces Information Ratio as  
a risk adjusted performance measure due  
to the use of custom benchmarks

## Qualitative Factors (9-10):

- |       |  |                           |
|-------|--|---------------------------|
| 9-10) | Two points may be awarded based on qualitative characteristics of the fund. Primary considerations are given to manager tenure, fund expenses and strength of statistics, however, other significant factors may be considered.<br><br>It is important to take into account non-quantitative factors, which may impact future performance. | Qualitative Factors – 20% |
|-------|--|---------------------------|

# Investment Due Diligence Resources




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## Due Diligence

Thorough and well-documented investment analysis is the cornerstone for any retirement plan practice. RPAG equips its members with heavy-duty tools to bring existing relationships, while adding new opportunities into your pipeline.

	Forms	Templates
Investment	<ul style="list-style-type: none"> <li>» <a href="#">Investment Changes Checklist</a></li> <li>» <a href="#">Investment Meeting Checklist</a></li> </ul>	<ul style="list-style-type: none"> <li>» <a href="#">DC Investment Policy Statement</a></li> <li>» <a href="#">DC Investment Policy Statement - Red Line Version</a></li> <li>» <a href="#">DB Investment Policy Statement</a></li> <li>» <a href="#">FIR Meeting Summary Template</a></li> </ul>
Articles & Information	<ul style="list-style-type: none"> <li>» <a href="#">Asset Allocation Matrix 4Q 2008</a></li> <li>» <a href="#">Scorecard Methodology</a></li> <li>» <a href="#">Scorecard System Back Study</a></li> <li>» <a href="#">Scorecard vs Morningstar Commentary</a></li> <li>» <a href="#">Scorecard vs Morningstar Presentation</a></li> <li>» <a href="#">Short Term Investment Overview</a></li> <li>» <a href="#">The Skill Premium</a></li> <li>» <a href="#">Quarterly Market Summary</a></li> </ul>	

[Normal Conditions](#)  
[Scorecard FAQs](#)  
[Scorecard System Tutorial](#)

# Summary

- Emphasis is on quantitative vis-à-vis the 401(k) vendor's own due diligence, which is usually more qualitative and subjective
- The fund's Score is a tool to:
  - ◆ Add Funds (9-10 points)
  - ◆ Eliminate Funds (0-4 points)
  - ◆ Watch List Funds (5-6 points)
  - ◆ Maintain Acceptable Funds (7-10 points)
- The **Scorecard**<sup>SM</sup> allows the user to drill down into the suspect areas, identified easily by the fund's score
- Fiduciaries can evaluate investments in a more comprehensive manner through one single score
- Entire process integrated with our Investment Policy Statement template
- In compliance with the requirements of ERISA 404(a)