Investment Review Scorecard Process

The following generally describes the process the Plan Fiduciary follows in evaluating investment options for the Plan.

The Scorecard Process

The Investment Review Scorecard is typically based on the last five years of data, utilizing a pass/fail system to evaluate 12 criteria. There is a maximum possible score of 12 points.

Quantitative Factors

Investment Style

1. Style Consistency – Reflects how consistent the investment management style has been, based on returns-based style analysis of monthly data over the last five years.
2. R-squared – A statistic that demonstrates whether the investment has shown a reasonably good fit of at least 80% to the category benchmark. Measured using monthly data over a five-year span.
3. Sharpe Ratio – A measure of risk-adjusted return. Sharpe Ratio uses Standard Deviation as the risk statistic. The ratio is measured using monthly data over a five-year span.

Risk and Risk-Adjusted Return Characteristics

4. Beta – Measures systematic risk, or the sensitivity of an investment to movements in its benchmark. It is measured over a three-year and five-year period.
   Information Ratio – A measure of risk-adjusted return and it is defined as excess return divided by tracking error to the benchmark index. This statistic is measured on:
5. Three-year basis
6. Five-year basis.

Investment Performance Measurements

Performance versus the Peer Group Median:
7. One-year
8. Three-year
9. Five-year basis
10. Up/Down Ratio – A fund passes this criterion if it has an Up Capture measure that is not below its Down Capture measure.

Qualitative Factors

11. Operating Expenses are compared to the category average expense ratio.
12. Manager Tenure compares the tenure of a given fund’s longest tenured manager to the category average.