


YOUR GUIDE TO GLOBAL FIDUCIARY INSIGHTS




Using the fi360 Monitoring System

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Are you using the fi360 Monitoring System to its fullest?

Did you know there are ways to:

- Customize the investment monitoring process (criteria)
- Weight certain due diligence factors higher than others.
- Document qualitative Watch List decisions on a client and global basis.
- Apply the same Watch List process across funds, ETFs, separate accounts and annuity sub-accounts.
- Document your Watch List process and decisions using the Monitoring Report.
- Produce reports that summarize your Watch List funds and decisions globally across all of your clients.

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Fi360 Watch List Factors

1. Does the investment pass my Investment Policy Statement Monitoring Criteria?
2. Is there a Global Manual Decision saved for this investment?
 - These decisions affect ALL clients that hold the investment.
3. Is there a Client-specific Manual Decision saved for this investment?
 - These decisions affect ONLY the specified client that holds the investment.

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Fi360 Watch List Factors

Factor	On Watch	Off Watch	No Indication
1. IPS Monitoring Criteria			
2. Global Decision			
3. Client-specific Decision			
Final Watch List Status			

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Fi360 Watch List Factors Example #1

Factor	On Watch	Off Watch	No Indication
1. IPS Monitoring Criteria	✓		
2. Global Decision			-
3. Client-specific Decision			-
Final Watch List Status	✓		

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Fi360 Watch List Factors Example #2

Factor	On Watch	Off Watch	No Indication
1. IPS Monitoring Criteria	✓		
2. Global Decision		✓	
3. Client-specific Decision			-
Final Watch List Status		✓	

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Fi360 Watch List Factors Example #3

Factor	On Watch	Off Watch	No Indication
1. IPS Monitoring Criteria		✓	
2. Global Decision	✓		
3. Client-specific Decision		✓	
Final Watch List Status		✓	

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Due Diligence Criteria Options

- Two pre-loaded due diligence criteria are available.
 - Fi360 Fiduciary Score Quarter <=25 (System Default)
 - Score as of the current quarter
 - Fi360 Fiduciary Score Average <=25
 - Three year rolling average of a fund's quarterly Scores
- Any Platinum Toolkit user can also create their own Custom Due Diligence Criteria using a variety of factors and thresholds.

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Fi360 Fiduciary Score™ Criteria

1. Regulatory oversight	The product should be managed by: (a) a bank, (b) an insurance company, (c) a registered investment company (mutual fund), or (d) a registered investment adviser.
2. Minimum track record	The product should have at least three years of history so that performance statistics can be properly calculated.
3. Stability of the organization	The same portfolio management team should be in place for at least two years.
4. Assets in the product	The product should have at least \$75 million under management (across all share classes.)
5. Holdings consistent with style	At least 80% of the underlying securities should be consistent with the product's broad asset class. (Only applicable to certain peer groups.)
6. Correlation to style or peer group	The product must be highly correlated to the asset class of the investment option. This means the Morningstar Style Box® for the current quarter must match the peer group of the fund. (Only applicable to certain peer groups.)
7. Expense ratios/fees	The product's fees should not be in the bottom quartile (most expensive) of their peer group.
8. Performance relative to assumed risk	The product's risk-adjusted performance (Alpha and Sharpe Ratio) should be above the peer group median.
9. Performance relative to a peer group	The product's performance should be above the peer group's median manager return for 1-, 3- and 5-year cumulative periods.

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Calculating the fi360 Fiduciary Score™ Quarter

- Each criteria is evaluated and if the fund does not meet the requirement, shortfall points are assigned depending on the level of severity.
- The shortfall points are totaled for each fund's share class.
- The total points are ordered from lowest to highest within each peer group.
- Each fund is then given a percentile ranking based on where there total points fall in the distribution of their peer group.
 - Funds with 0 points are given a Fiduciary Score of 0.
 - Every other fund is given a Fiduciary Score from 1-100 representing their percentile ranking.

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Fi360 Fiduciary Score™

Passed	10th	Fiduciary Score 0 No shortfalls.
Appropriate	25th	Fiduciary Score 1 – 25 Appropriate for fiduciary account.
Watch (2)	Median	Fiduciary Score 26 – 50: Noteworthy shortfalls.
Watch (3)	75th	Fiduciary Score 51 – 75: Considerable shortfalls.
Watch (4)	90th	Fiduciary Score 76 – 100: Significant shortfalls.


Source of raw mutual fund data: Morningstar
Source of Fiduciary Score™: Fi360 Tools

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Using the fi360 Default Criteria

- Create a new client



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Using the fi360 Default Criteria

- When you initially enter the Client's IPS, the default criteria will already be loaded.

Background and Watch List Criteria

Background	Criteria
Fiduciary Watch List of Cash	Investment Watch List Criteria
Fiduciary Watch List of Equity	Investment Watch List Criteria

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Using the fi360 Default Criteria

- After uploading or entering the Client's Holdings, you will immediately see the IPS Watch List status.

Investment Name	Type	Ticker	Asset Class	\$ Amount	Watch List Status
American Century Intl Growth R	MF	ATGRI	Foreign Large Growth	\$900,000	X
Principal L&Tm 2030 R4	MF	PTCSX	Target Date 2024-2030	\$45,000	X
Russum Diversified Income R	MF	RQVRI	Multisector Bond	\$175,000	X
AIM Small Cap Growth R	MF	QTRIX	Small Growth	\$1,200,000	✓
Federated Total Return Bond K	MF	FTBXX	Intermediate-Term Bond	\$700,000	✓
MFS Global Equity R2	MF	MGQEX	World Stock	\$50,000	✓
Pioneer Equity Income R	MF	PQERX	Large Value	\$1,850,000	✓
Pioneer R	MF	PQDXX	Large Blend	\$2,900,000	✓
Principal Large Cap Growth II R4	MF	PPFBX	Large Growth	\$1,110,000	✓
Principal L&Tm 2040 R4	MF	PTDIX	Target Date 2030-2040	\$95,000	✓
Principal L&Tm 2050 R4	MF	PTEXX	Target Date 2050+	\$40,000	✓
Principal MidCap Blend R4	MF	PMBSX	Mid-Cap Blend	\$475,000	✓
				Total: \$4,935,000	

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Using the fi360 Default Criteria

- Produce the fi360 Fiduciary Score Breakdown to view more details on each investment including their specific shortfalls.

Investment Name	F360 Fiduciary Score™		F360 Fiduciary Score™ Factors											Watch List		
	On	Avg	1	2	3	4	5	6	7	8	9	10	11			
AIM Small Cap Growth R	100%	100%	100	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	No
American Century Intl Growth R	100%	100%	100	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	No
Federated Total Return Bond K	100%	100%	100	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	No
MFS Global Equity R2	100%	100%	100	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	No
Pioneer Equity Income R	100%	100%	100	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	No
Pioneer R	100%	100%	100	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	No
Principal Large Cap Growth II R4	100%	100%	100	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	No
Principal L&Tm 2030 R4	100%	100%	100	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	No
Principal L&Tm 2040 R4	100%	100%	100	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	No
Principal L&Tm 2050 R4	100%	100%	100	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	No
Principal MidCap Blend R4	100%	100%	100	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	No
Russum Diversified Income R	100%	100%	100	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	No

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Creating your own Custom Due Diligence Criteria

- If desired, adjust the level of compliance to make your criteria more flexible.

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Creating your own Custom Due Diligence Criteria

- Apply the new criteria to your Client in their IPS.

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Creating your own Custom Due Diligence Criteria

- View the Client's Holdings to see how the investments stack up to the new criteria.

Investment Name	Date	Ticker	Fund Name	A. Amount	Meets IPS Threshold	Watch List Status	Plan Value
American Century Intl Growth R	08/11/2010	AGF080	Foreign Large Growth	\$900,000	✓	Not Watch List	\$900,000
Fidelity Divers Intl Divdnd R	08/11/2010	FDF080	MultiSector Bond	\$175,000	✓	Not Watch List	\$175,000
AIM Small Cap Growth R	08/11/2010	AFG080	Small Growth	\$1,300,000	✓	Not Watch List	\$1,300,000
Investment One Growth Divdnd R	08/11/2010	IGF080	Large World	\$3,950,000	✓	Not Watch List	\$3,950,000
Fidelity Intl Bond Bond R	08/11/2010	FIB080	Intermediate-Term Bond	\$750,000	✓	Not Watch List	\$750,000
WFS Global Equity R2	08/11/2010	WFG080	World Stock	\$75,000	✓	Not Watch List	\$75,000
Fidelity Equity Growth R	08/11/2010	FEG080	Large Value	\$1,850,000	✓	Not Watch List	\$1,850,000
Fidelity R	08/11/2010	FID080	Large World	\$2,700,000	✓	Not Watch List	\$2,700,000
Fidelity Large Cap Growth II R	08/11/2010	FLLG080	Large Growth	\$1,150,000	✓	Not Watch List	\$1,150,000
Fidelity LifeTime 2020 R	08/11/2010	F20080	Target Date 2020-2030	\$45,000	✓	Not Watch List	\$45,000
Fidelity LifeTime 2040 R	08/11/2010	F204080	Target Date 2030-2040	\$95,000	✓	Not Watch List	\$95,000
Fidelity LifeTime 2050 R	08/11/2010	F205080	Target Date 2050	\$94,000	✓	Not Watch List	\$94,000
Fidelity MidCap Growth R	08/11/2010	FMDG080	Mid-Cap Growth	\$145,000	✓	Not Watch List	\$145,000
			Total	\$12,340,000			

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Making a Qualitative Watch List Decision

- View how your decision has changed the selected investment's Watch List Status.

Port. Name	\$ Amount	Watch List Monitoring Criteria?	Watch List Status	View/Edit
Foreign Large Growth	\$900,000	X	On Watch List	Edit Status
Multisector Bond	\$125,000	X	On Watch List	Edit Status
Intermediate-Term Bond	\$750,000	✓	Off Watch List	Edit Status
Large Blend	\$2,900,000	✓	Off Watch List	Edit Status
Large Blend	\$2,900,000	✓	Off Watch List	Edit Status
Large Growth	\$1,100,000	✓	Off Watch List	Edit Status
Large Value	\$1,850,000	✓	Off Watch List	Edit Status
Mid-Cap Blend	\$595,000	✓	Off Watch List	Edit Status
Small Growth	\$1,200,000	✓	Off Watch List	Edit Status
Target Date 2034-2038	\$45,000	✓	Off Watch List	Edit Status
Target Date 2034-2040	\$95,000	✓	Off Watch List	Edit Status
Target Date 2050+	\$44,000	✓	Off Watch List	Edit Status
World Stock	\$52,000	✓	On Watch List	Edit Status
Total	\$12,296,000			

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Producing the Monitoring Report

- Visit the Reports tab to produce the Monitoring Report and various other reporting options.

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Producing the Monitoring Report

- Review the report and present to your Client in your Quarterly Meeting.

- Full Sample Report available at www.fi360.com/main/tools_toolkits_samplereports.jsp

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Viewing investments across all of your Clients

- Utilize the two available reports to make your quarter-end Monitoring process significantly more efficient.

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Q&A

- Does anyone have any questions?
- Or suggestions for enhancements?

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Closing

- Thank you for attending!

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