



# Fiduciary Score<sup>®</sup>

An investment selection and monitoring process that works.

## WHY USE THE FI360 FIDUCIARY SCORE?

The Score is an easy-to-use and easy-to-understand method for objectively comparing peer investments and determining their overall appropriateness. It's a ready-made solution for due diligence that can help you demonstrate a prudent investment selection and monitoring process.

## GREEN IS GOOD!

New research from MacroRisk Analytics has found that funds scoring in the top, or "green," quartile provide, on average, higher future investment returns, reduced risk, and more consistency than those scoring worse.

## HOW DO YOU AND YOUR CLIENTS BENEFIT?

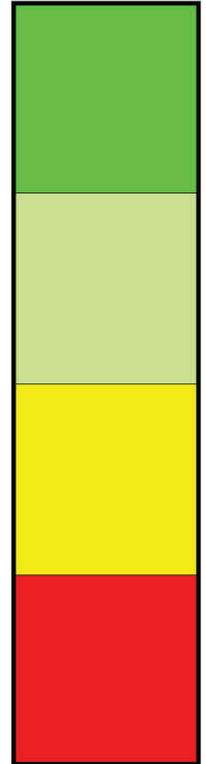
When working with clients to select and monitor investments, the fi360 Fiduciary Score can help you improve your decision-making process and client communications in the following ways:

- Use as an IPS monitoring criteria to place funds on a watch list.
- Compare a prospect's current portfolio to a proposed portfolio.
- Filter a custom platform to a short list with good scores.
- Review a fund being considered for addition or removal from a portfolio.
- Compare alternative funds for addition in a portfolio.

### Better Returns

On average, the 3-year total return of fi360 "green" funds was 133 basis points higher than fi360 "red" funds.

On average, the 5-year total return of fi360 "green" funds was 365 basis points higher than fi360 "red" funds.



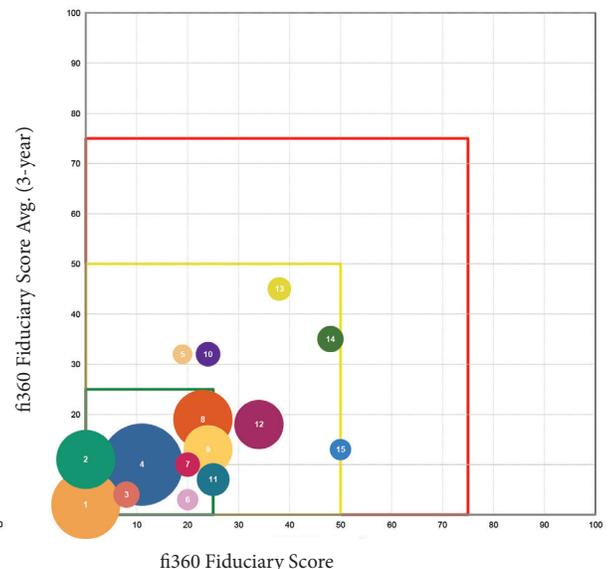
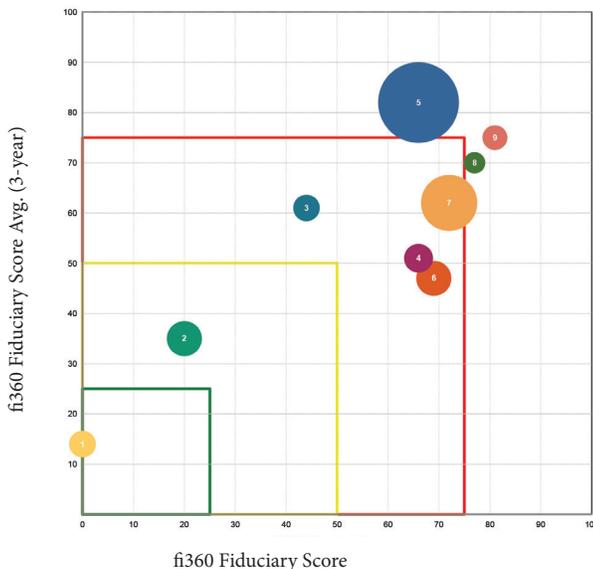
## FI360 FIDUCIARY SCORE<sup>®</sup> SCATTER PLOT

Current Scatter Plot

Proposed Scatter Plot

The chart on the left shows a portfolio of relatively poor scoring investments versus the chart on the right, which shows a portfolio of better scoring investments.

This proposal report is available as part of an fi360 Toolkit account.



## *fi360 Fiduciary Score Criteria*

The following factors and thresholds are used in the fi360 Fiduciary Score calculation.

### *Regulatory oversight:*

Unregistered investments are excluded by fi360's calculations.

### *Minimum track record:*

Investments have the requisite history to be scored.

### *Stability of the organization:*

The same portfolio management team has been in place for at least two years.

### *Assets in the investment:*

The investment should have at least \$75 million under management (across all share classes.)

### *Composition consistent with asset class:*

At least 80% of the investment's underlying securities should be consistent with the broad asset class.

### *Style consistency:*

The product must be highly correlated to the asset class of the investment option.

### *Expense ratios/fees relative to peers:*

The product's fees should not be in the bottom quartile of their peer group.

### *Risk-adjusted performance relative to peers:*

The product's risk-adjusted performance (calculated using Sharpe ratio and alpha) should be above the peer group median manager's risk-adjusted performance.

### *Performance relative to peers:*

The product's performance should be above the peer group's median manager return for 1-, 3- and 5-year cumulative periods.

## HOW THE SCORE IS BUILT

The fi360 Fiduciary Score is a peer percentile ranking of an investment against a set of quantitative due diligence criteria selected to reflect prudent fiduciary management. The fi360 Fiduciary Score is calculated on a monthly basis for investments with at least a three year history. The Score is calculated for open end mutual funds, exchange-traded funds ("ETFs"), and Group Retirement Plan Annuities ("GRPAs").

## CALCULATION PROCESS

1. Each investment is evaluated against the individual criterion (factors and thresholds) identified on the left side of this page.
2. If an investment fails a criterion, points are allotted.
3. Next, the points are totaled and the total for each investment is ordered from lowest to highest within each peer group.
4. Each investment is then given a percentile ranking based on its placement in the distribution of their peer group.

# Contact Us

To sign up for a free trial of the fi360 Toolkit, visit:

[www.fi360.com/freeToolkit](http://www.fi360.com/freeToolkit)

To request a copy of the MacroRisk Analytics Evaluation of the fi360 Fiduciary Score, visit: [www.fi360.com/Greenisgood](http://www.fi360.com/Greenisgood)