

SPONSOR REVIEW

Evaluate the execution quality of your managers and brokers

Zeno Consulting Group, LLC, offers plan sponsors, mutual funds, insurance companies and fund-of-fund managers an objective way to examine the entire trading process, from stock selection through implementation, devoid of conflicts or hidden agendas. As part of that commitment, we have also developed a proprietary benchmark that goes beyond measuring costs to encompass trade characteristics, existing market conditions and delay costs, giving you a fuller, more accurate picture of a manager's trading execution efficiency.

CHALLENGE More than ever, knowing how much managers pay in trading costs, and whether those costs are reasonable, is a critical part of plan sponsor oversight programs.

ERISA Technical Release 86-1 imposes a legal requirement on plan sponsors, "to monitor the investment manager to assure that the manager has secured best execution. And to assure that the commissions paid on such transactions are reasonable...."

Furthermore, with trading costs ranging upwards of 70 bp or more, even low turnover strategies can drain millions of dollars from Fund assets. This typically represents the single biggest fee paid by plan sponsors, even larger than asset management fees.

Additionally, since trade costs account for anywhere between 5-10% of overall equity returns, trade cost analysis is an important component of performance attribution.

To meet these legal and financial needs, prudent monitoring and meaningful metrics are required to ensure accurate assessments of Best Execution and to avoid partial, misleading, or incorrect conclusions.

SOLUTION Zeno Consulting Group, LLC has created the Sponsor Review, an independent evaluation of your managers' execution efficiency.

In addition to providing comprehensive useful metrics, Sponsor Review compares your Fund's trading costs against Plexus' proprietary difficulty-adjusted benchmarks, as well as indicators of market tone such as VWAP and post-trade price movements.

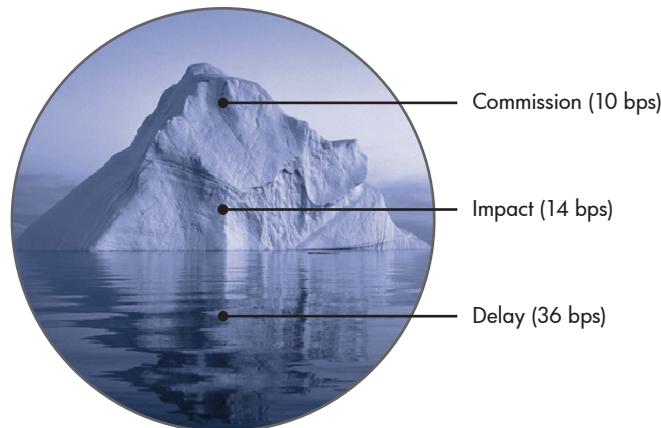
Most importantly, meaningful metrics require analysis of more than commissions and market-impact. The loss of asset value incurred when a manager "works" orders over multiple days (known as delay costs) must also be considered.

These costs are then analyzed to quantify how much was attributable to commissions, market impact, and the far more significant "hidden" cost of delay.

In addition, difficulty-adjusted benchmarks that consider the trade's specific characteristics are essential in helping evaluate how reasonable those costs are. For this reason, Zeno's benchmarks adjust for market conditions and order characteristics that actually exist at the time of the trade.

The Sponsor Review then takes the additional step of calculating the impact that these costs have on your managers' returns; and ranking their execution efficiency against peer groups.

Do you know what you really paid to buy and sell your funds' securities?



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Zeno Trade Cost Universe for four quarters ending 4Q09

BENEFITS OF SPONSOR REVIEW

The Sponsor Review service provides plan sponsors with tools that both satisfy legal obligations and help preserve fund assets through prudent oversight of trade costs.

Specific benefits include:

- Monitoring fiduciary and regulatory obligations, thereby encouraging best execution practices.
- An accurate accounting of the true amount paid when buying or selling fund securities.
- Meaningful comparisons to superior, difficulty-adjusted benchmarks, which take into account each trade's specific characteristics.
- Peer-group evaluation of broker usage and commission rates.
- Web-enabled drill down application that allows for customized data sorting and trade specific analysis.
- Annual and/or quarterly electronic and hard copy reports.
- Annual in-person presentations detailing the data and report findings.

CONTACT INFORMATION

For more information on Zeno's Transition Services, please call (732) 851-4210 or email info@zenocg.com.