



STEP 1 Initial Screen

Run a screen for the funds available in each desired asset class based on the following 12 metrics:

	EXPENSE RATIO	≤ CATEGORY AVERAGE
And	Morningstar Rating	≥ 3 stars
And	Manager Tenure	≥ 3 yrs.
And	R-Squared	≥ 80% (Bond Funds may be excluded)
And	3 yr. Total Return	≥ Category Avg
And/ Or	5 yr. Total Return	≥ Category Avg
And	3 yr. Standard Deviation	≤ Category Avg
And/Or	5 yr. Standard Deviation	≤ Category Avg
And	3 yr. Sharpe Ratio	≥ Category Avg
And/Or	5 yr. Sharpe Ratio	≥ Category Avg
And	3 yr. Alpha	≥ Category Avg
And/Or	5 yr. Alpha	≥ Category Avg

STEP 2 Rank *(If Step 1 yields 10 or fewer funds, skip to step 3.)*

Sort the funds according to each of the following six metrics:

- 3 yr Return
- 3 yr Sharpe Ratio
- 3 yr Alpha
- 5 yr Return
- 5 yr Sharpe Ratio
- 5 yr Alpha

Rank the top 15 funds in each metric by giving a score of 15 for the #1 fund down to 1 for the #15 fund. Add the scores for each fund.

STEP 3 Dig Deeper

Take the top 10 funds based on the above risk/return measurements and dig deeper to find out what makes them tick. What are the reasons for their success? Do those reasons make them a good fit or do they expose concerns?

We will typically eliminate any funds that exhibit considerable style drift (or have significant holdings outside of the asset class).

From the remaining funds, we will take the 5 highest ranked funds based on step 2 and review their investment process and philosophy, upside/downside capture, turnover ratio, expense ratio, and the investment company to determine the best fit for the objective of the plan and the Investment Policy Statement.