



The Investor Advocate®

Volume Four, Issue Three

Our Consulting Services

Highland Consulting Associates, Inc. provides a complete range of institutional consulting services related to investments. We provide these services for employee benefit plans of all types, including defined benefit and money purchase pension plans; profit-sharing, 401(k), and 403(b) defined contribution plans; multi-employer plans; health and welfare funds; foundations and endowments; and other investment funds.

We are a totally independent, fee-only investment consulting firm. Because we do not sell or distribute investment products or offer other related services, we are always able to provide unbiased counsel to our clients.

Investment Objectives

Determining/confirming the purpose(s) of an investment program is the cornerstone for developing an investment policy. Issues such as related funding targets, real and total return, cash flow and income requirements are key pieces of information to be gathered and analyzed. Financial and risk profiles, as well as demographics, are also considered and then translated into logical investment objectives.

Investment Policy

The investment policy outlines the process that is followed to meet established objectives. Every effort is made to evidence an effective process that meets fiduciary requirements and maximizes the opportunities for success. An

investment policy describes return goals, risk constraints, the number and type of investment managers/funds, manager/fund selection and monitoring, and the performance review process.

Asset Allocation

An effective asset allocation is designed to meet the investment objectives and be in accord with the investment policy. Some of the relevant factors in the asset allocation analysis include:

- Capital market(s) history,
- Future economic and investment prospects,
- Funding needs, and
- Time horizon.

In participant directed plans, the number and type of investment options should be determined according to these fundamental asset allocation principles. This includes time-based and risk-based asset allocation options.

Investment Policy Implementation

Selecting service providers is often involved with the implementation and maintenance of the investment policy. This may include the investment manager/fund, custodian, trustee, actuary, recordkeeper and auditor searches that are to be conducted as needed.

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Investment Guidelines

Many situations require that specific written guidelines be communicated to investment managers. These guidelines cover key issues such as allowable investments, credit quality requirements, asset allocation parameters, etc. In addition, procedures are developed to assure compliance with the guidelines.

Performance Measurement

Timely and accurate measurement of performance allows for proper understanding of an investment program. Such measurement needs to be done at both an overall performance level and at the manager/fund level. Highland prepares performance measurement reports that meet industry standards and the needs of clients in their communications with fiduciaries and plan participants.

Performance Monitoring

Overall investment performance is reviewed relative to investment objectives and policies and is measured against appropriate indices and peer groups. Style and performance evaluation tools are used to determine whether or not results are consistent with objectives and with each manager's/fund's stated approach. Meetings are frequently conducted with investment product providers in order to review qualitative considerations and to maintain an understanding of the marketplace. This information is provided to clients on a timely basis in order to help them make informed decisions.

Analysis of Alternative Asset Classes and Investment Styles

Clients are apprised of alternative investment products and strategies and of new developments in the financial, investment and capital marketplaces. Periodically, investment opportunities are created that are worth researching in order to evaluate their merits and potential applicability.

Cost Analyses and Negotiations

The cost of investment products and related services is particularly important to fiduciaries and investors of all types. Understanding costs on a comprehensive basis is the initial step in cost management and control.

Assistance can be provided in addressing any fee-related issues, including expense review as well as with negotiations with investment product and other service providers.

Plan Design Assistance

Our experience with retirement plans, from both the investment and the employee benefit perspectives, can be helpful when considering plan changes. It is important to note that plan design and documentation can impact the optimization of the investments and access to vendors.

Plan Participant Investment Communication and Education

Assistance is available to help determine communication needs and to establish relevant objectives. This includes finding service providers and/or published materials to meet the identified needs, reviewing communication and education programs, and providing cogent observations. Communication meetings can be conducted and presenters trained.

Regular, Periodic Reviews

Regular investment manager/fund performance reviews, as well as a review of related issues, are essential elements in the optimal process of overseeing investment programs. Generally, we meet with clients quarterly. More frequent meetings can be held if needed.

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is a publication of
Highland Consulting Associates, Inc.

Any questions or comments, regarding
The Investor Advocate® are always welcomed.