



US Pension Investment Consultants

A Report for Fiduciaries, Internal Audit and Risk Management Professionals

January 14, 2013

Using data from Form ADV dated January 2, 2013
Self-reported by all investment advisors registered with the
U.S. Securities and Exchange Commission
as of December 31, 2012

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About Diligence Review Corp.

Diligence Review Corp. (“DRC”) is a specialty consulting and research firm. We examine business structures to uncover the risks investors may be exposed to in business arrangements with investment advisors.

For over 25 years, company co-founder, Jennifer Cooper, has been studying institutional investment consultants and other SEC-registered investment advisors. Ms. Cooper has worked extensively with statewide, county and municipal pension systems concerning investment consultant evaluation, investment consultant selection, and to determine the roles and responsibilities of investment consultants. She has worked with these same topics with Taft-Hartley funds, corporate pension funds, foundations, non-profit organizations, endowment funds and private investors. Ms. Cooper is a Chartered Financial Analyst, a Certified Employee Benefits Specialist, and a Certified Investments and Derivatives Auditor.

The professional expertise of the firm’s co-founder, Michael Crist, allows Diligence Review Corp. to discover, isolate and interpret key information derived from public and private information sources.

Diligence Review Corp. thanks the clients and employees of predecessor firm Cooper Consultants. Their work together moved forward the understanding of US institutional investment consulting issues during the years 1996-2003. Without the efforts of these individuals and institutions, this report would not have been possible.

This report was developed using publicly available information.

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Introduction

The roles and responsibilities of US pension investment consultants have changed over the past two decades as pension plan sponsors of every size have made use of information, technology and tools that were once only available and affordable to larger and more highly specialized organizations. Still, pension plans continue to rely on consulting firms for their experience, ideas, and ability to manage risks as well as to generate portfolio returns. There is no doubt that investment consultants continue to hold great influence over the structure and composition of pension investment portfolios, including the selection of firms that manage assets at large US pension funds.

This report provides a discussion of some of our key findings with respect to pension investment consultants concerning business structures and other business practices that can bring about potential conflicts of interest. This report is intended for fiduciaries of pension plans as well as their internal audit and risk management professionals. The source of our data is the Form ADV FOIA file dated January 2, 2013 for advisors registered with the U.S. Securities and Exchange Commission as of December 31, 2012.

Under the Dodd–Frank Wall Street Reform and Consumer Protection Act (“Dodd-Frank”), pension investment consultants register with the U.S. Securities and Exchange Commission (“SEC”) by completing Form ADV. Prior to the enactment of Dodd-Frank, many smaller investment consultants were also required to register with the SEC. Since the law’s implementation, however, large investment consultants register at the federal level, with the smaller consultants now registering with state regulatory bodies. When an investment advisory firm serves as an investment consultant to pension plans having an aggregate value of at least \$200 million, the firms are instructed to indicate that fact on their filing.

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A completed Form ADV consists of two parts. Form ADV Part 1 contains information about the investment advisor's business, ownership, clients, employees, business practices, affiliations, and any disciplinary events of the advisor or its employees. Form ADV Part 2 requires investment advisors to prepare narrative brochures written in plain English that contain information such as the types of advisory services offered, the advisor's fee schedule, disciplinary information, conflicts of interest, and the educational and business background of management and key personnel. The benefit of the Form ADV Part 2 brochure is that it distills into common language many of the disclosures made in Form ADV Part 1. Sometimes an adviser discloses a good deal more information in the brochure than is disclosed in Form ADV Part 1. The filings of advisory firms, including pension investment consultants registered with the SEC, are available to the public on the SEC's [Investment Adviser Public Disclosure \("IAPD"\)](#) website.

An investment advisor's Form ADV information can change frequently. SEC-registered investment advisors are required to file annual amendments to Form ADV within 90 days of the close of the investment advisor's fiscal year. Additionally, investment advisors must update Form ADV within 30 days of any material (i.e., significant) changes at the firm. Our firm's experience analyzing the SEC data shows that about 9% - 10%, or nearly 1000, advisors change their Form ADV in any given month. It's important for pension fund clients to monitor Form ADV for changes, and it is our view that pension funds should examine their investment advisors' filings for changes at least quarterly.

We believe pension plan participants and beneficiaries benefit when fiduciaries and professionals share knowledge, perspectives, common practices and best practices. We welcome the opportunity to hear from your organization to discuss audit and risk management practices concerning investment consultants.

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What is a Pension Investment Consultant?

Pension investment consultants traditionally perform a number of functions for their clients. These roles can include investment policy development, asset liability management, asset allocation, investment manager selection, investment manager oversight, and performance measurement. Many pension funds, especially larger funds, use multiple investment consultants, and also rely on internal professional staff to satisfy the numerous auditing and risk management functions that are required to oversee a sophisticated pension investment portfolio.

Although some internal investment staffs hold the power to hire and fire managers, a key defining characteristic of a pension investment consultant is that the firm takes an active role in selecting and recommending for hire other investment advisors. These other investment advisors directly manage pension fund assets, by holding securities either through separate account arrangements, commingled vehicles, limited partnership arrangements or other investment arrangements.

We identified 155 pension investment consulting firms registered with the SEC. A listing of these firms appears in Appendix A of this report. To be included in our report, the firms met the following four criteria:

- ◆ The firm filed Form ADV with the SEC since January 1, 2012;
- ◆ The firm is a pension consultant with respect to assets of plans having an aggregate value of at least \$200 million¹
- ◆ The firm provides pension consulting services² and
- ◆ The firm selects other advisors³.

We define registered investment advisory firms that met the above four criteria to be “pension investment consultants.” Firms that did not meet these criteria, according to their most recently filed Form ADV, are not included in this report.

¹The firm responded in the affirmative to Form ADV Item 2A(7) indicating that the firm is a pension consultant with respect to assets of plans having an aggregate value of at least \$200 million that qualifies for the exemption in rule 203 A-2(a).

² The firm indicates on Form ADV Item 5G(6) that the firm provides pension consulting services.

³The firm indicates on Form ADV Item 5G(7) that the firm selects other advisors.

Some pension fund organizations may employ investment consultants that are not listed in Appendix A of this report. These funds may find that their pension consultant is consulting to a small base of clients (less than \$200 million in assets). In some cases, pension consulting and selection of other advisors is not a primary activity for the organization and so the Form ADV does not include their involvement in such activity. At times, a consulting firm can be registered with the SEC under a name that the client might not recognize. In some situations, it may be the case that the firm is no longer registered with the SEC. If your organization's pension investment consultant is not listed in Appendix A of this report and you believe that the firm should be, the matter is best taken up with your client contact or the chief compliance officer at the pension investment consulting firm.

Investment Consultants and Conflicts of Interest

Pension fund fiduciaries often engage consultants to provide objective advice about asset/liability management, manager selection, custodian selection, risk management, alternative investments, and performance of the portfolio's investment managers. Ideally, a pension investment consultant provides clear, unbiased and objective advice about these issues and does so exclusively in the interest of plan participants and beneficiaries.

A conflict of interest exists when a firm or an individual who is in a position of trust has competing professional, personal, or other interests. The Institute of Internal Auditors defines a conflict of interest in the following way:

Any relationship that is, or appears to be, not in the best interest of the organization. The conflict of interest would prejudice an individual's ability to perform his or her duties and responsibilities objectively.⁴

⁴ International Standards for the Professional Practice of Internal Auditing, revised October 2012, page 20.

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Professionals involved with pension fund management often recognize that they are performing their duties solely in the interest of plan participants and beneficiaries. Excerpts from the SEC's, [2005 report on investment consultants](#) state:

Investment advisors owe their advisory clients a fiduciary duty. The Advisors Act “reflects a congressional recognition of the delicate fiduciary nature of an investment advisory relationship, as well as a congressional intent to illuminate, or at least expose, all conflicts of interest which might incline an investment advisor – consciously or unconsciously – to render advice which was not disinterested”. An adviser owes its clients a duty of “utmost good faith, and full and fair disclosure of all material facts” as well as an affirmative obligation “to employ reasonable care to avoid misleading clients.”⁵

“In addition to the disclosure required by Form ADV, all investment advisors, as fiduciaries, are also expected to inform advisory clients of any material conflicts of interest that may be specific to the particular client. Clients should have information about the pension consultant's conflicts of interest in order to assess the objectivity of the advice that is or may be provided by the pension consultant.”⁶

On its [website](#), the SEC further states:

“Findings included in a report by the staff of the U.S. Securities and Exchange Commission released in May 2005, however, raise serious questions concerning whether some pension consultants are fully disclosing potential conflicts of interest that may affect the objectivity of the advice they are providing to their pension plan clients.”⁷

⁵ The Office of Compliance Inspections and Examination, U.S. Securities and Exchange Commission, Staff Report Concerning Examinations of Select Pension Consultants, May 16, 2005, page 1-2.

⁶ Ibid.

⁷ Selecting and Monitoring Pension Consultants: Tips for Plan Fiduciaries, <http://www.sec.gov/investor/pubs/sponsortips.htm>.

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Pension investment consultants often play a key role in the selection of other advisors. For example, investment consultants may develop a short list of investment managers for a particular search or provide input into the finalist hiring decision. In some cases, they may control the entire investment manager selection process. Even prior to the start of a search, the investment consultant often drives policy development and implementation strategy that further influences which managers will be considered for a particular search. For this reason, it is very important for fiduciaries to examine the business structure of investment consultants in order to identify and understand potential conflicts of interest, if any, that may influence the portfolio construction and the manager selection process. To assist in this effort, the U.S. Department of Labor, Employee Benefits Security Administration, provided in 2005 a document titled, [“Selecting and Monitoring Pension Consultants – Tips for Plan Fiduciaries.”](http://www.dol.gov/ebsa/pdf/fs053105.pdf) Among other recommendations, this document suggests to plan fiduciaries that they request and examine the pension consultant’s Form ADV.

In our view, it is nearly impossible for plan fiduciaries to understand the business structure of their pension investment consulting firm simply by attending consultant finalist presentations, reading marketing materials, or visiting the firm’s website. Fortunately, the Form ADV helps to illuminate the business structure and practices of investment consulting firms, although it can take some experience to interpret Form ADV content.

This report highlights potential conflicts and other due diligence concerns relating to investment consultants. The report also provides questions that internal audit and risk management professionals, as well as fiduciaries, might wish to ask any firm that possesses certain high risk business structures and characteristics. These questions will assist individuals to better assess whether the pension consultant is in a position to provide objective advice to the pension plan.

⁸ <http://www.dol.gov/ebsa/pdf/fs053105.pdf>

Investment Consultants that are Broker-Dealers

One business activity that can potentially conflict with an investment consultant's duties to its pension plan client occurs when the consultant's firm is also engaged in business as a broker-dealer. A broker-dealer is a person, company or other organization that trades securities for its own account or on behalf of its customers. When executing trade orders on behalf of a customer, the entity is acting as a broker. When executing trades for its own account, the entity is acting as a dealer. For purposes of this report, we will refer to broker-dealers as "brokers" and firms acting as both brokers and consultants as "broker-consultants."

Brokers bridge transactions between buyers and sellers, and are nearly always paid by commission for doing so. Brokers sell a specified group of investment products and services and are typically not impartial as to what products end up in their clients' portfolios and what services are used by the client. It's difficult to understand how a consultant acting as a broker-dealer can provide objective, independent advice to pension fund clients. Indeed, decades of experience tell us it's a rare broker-dealer that does so.

Although no broker is like another, our professional experience evaluating hundreds of investment portfolios tells us that brokers, in general, tend to have a preference for active equity management. That is, they tend to have a strong preference for investment strategies that generate commissions. While brokers can be very well-intentioned and highly personable individuals, a preference to generate transactions can result in conflicts with the objectives of clients who might be better served by more passive buy-and-hold strategies. This is especially true for investors with long investment time horizons, such as pension funds.

Consulting firms that also engage as brokers are sometimes hired by pension plan sponsors because the firms appear to have access to sophisticated investment managers and appear to charge a very low fee for their consulting services. While it should be noted that these consultants are usually paid a flat fee (or a fee based on assets under advisement) for their services, there are often other compensation arrangements that are not obvious at first glance. For example, broker-consultants may receive commissions and ongoing payments for transactions that their clients might not know anything about. It's important to remember that brokers are salespersons who are selling investment products.

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When risk management professionals are examining investment portfolios structured by broker-consultants, they should examine whether the consultants have carefully considered and presented to decision-makers the case for passive equity investing (i.e. using low-cost index funds) for a meaningful portion of the assets. Internal audit and risk management professionals should also examine Form ADV, Item 8, to determine whether the broker firm has a proprietary and/or sales interest in the securities, investments, and strategies that are being recommended to the plan. In addition, professionals should examine what financial relationships exist, if any, between the broker-consultant and the asset managers that are being recommended. Specifically, professionals should look to see if there are sales relationships that exist between the consultant and investment managers they recommend.

In our experience, portfolios developed by broker-consultants often lack an emphasis on risk management, efficiency, and cost containment. Also, when broker-consultants compute and present total plan performance measurement data to clients, our experience tells us it is often not presented using after-fee performance data. Some clients fail to realize the cost impact that numerous investment decisions can have on the plan's portfolio. Just as a boat taking on water tends not to move forward, so a pension plan laden with numerous hidden costs tends not to meet its performance objectives over time. Fiduciaries should be aware that poor alignment of interests and hidden costs may contribute to any mediocre pension plan performance that exists.

We examined Form ADV data to identify the number of firms that serve as pension investment consultants and also engage in business as broker-dealers. We found that five of the 155 firms that serve as consultants work in this capacity. The names of those five firms are found in Table 1.

CONSULTING FIRMS THAT ARE BROKER-DEALERS
MERRILL LYNCH, PIERCE, FENNER & SMITH INCORPORATED
MMC SECURITIES CORP.
PENSION FUND EVALUATIONS, INC.
PRINCIPLED ADVISORS, INC.
RETIREMENT RESOURCES INVESTMENT CORPORATION

Table 1

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We also examined the Form ADV data to identify the number of firms that serve as pension consultants and also serve *as registered representatives* of a broker-dealer. We found that 10 of the 155 firms that serve as consultants are also engaged as a registered representative. The names of those 10 firms are listed in Table 2.

CONSULTING FIRMS THAT ARE A REGISTERED REP OF A BROKER-DEALER
BOLTON PARTNERS INVESTMENT CONSULTING GROUP, INC.
CORNERSTONE ADVISORS ASSET MANAGEMENT INC.
EVERHART
FINANCIAL CONCEPTS, INC.
INGHAM RETIREMENT GROUP
PEIRCE PARK GROUP
PINNACLE PENSION CONSULTANTS LLC
RETIREMENT PLAN ADVISORS, LLC
SAGEVIEW ADVISORY GROUP, LLC
USI ADVISORS

Table 2

When a pension investment consulting firm is working as a registered representative of a broker-dealer, it means that it is working both in a sales and in an advisory capacity. In our experience, a pension investment consultant cannot provide its pension fund clients with good, objective advice and at the same time act as a sales representative of a broker-dealer.

Each individual situation must be examined very carefully, but to begin the inquiry, we suggest asking some questions. Specifically, for clients who engage a pension consultant who also serves as a broker or as a registered representative of a broker-dealer, we recommend that they ask the following of their investment consultant and obtain the answers in writing:

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1. Please describe each of your other business activities as disclosed in Item 6 of Form ADV.
2. How do your other business activities - such as serving as a broker or serving as a registered representative of a broker - complement the work you do as a pension consultant for our plan?
3. How do your other business activities potentially conflict with the work you do as a consultant for our plan?
4. How do you manage the potential conflicts of interest that may exist through these other business activities?
5. Are the products or services sold through these other business activities ever purchased or used for client accounts?
6. Are the products or services sold through these other business activities ever purchased or used for our pension plan account? If so, please describe.
7. Approximately what percent of your clients invest in these securities or investment products and/or use these services?
8. What is the before-fee performance of our pension plan over the past one, three, five, and ten years?
9. What is the after-fee (after all fees) performance of our pension plan over the past one, three, five, and ten years?
10. What risk management, efficiency, and cost containment practices have you put in place for our pension portfolio?
11. What percentage of our pension plan assets are currently in passive low cost (i.e., indexed) strategies?
12. Is your firm serving in a fiduciary capacity concerning both the design of our pension plan portfolio and the implementation of our pension portfolio (i.e., selection of investments)?

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Investment Consultants with Broker-Dealer Affiliates

Another common way for a consultant to act in the capacity of a broker is to support or coordinate with an affiliated broker firm. To explain how this works, affiliates must first be defined.

An affiliate is a person or company that is associated with the consulting firm. As the SEC states, affiliates are considered to have a stronger tie than merely the “company one keeps.” Furthermore, the SEC describes an “advisory affiliate” as:

1. All of your officers, partners, or directors (or any person performing similar functions);
2. All persons directly or indirectly controlling or controlled by you; and
3. All of your current employees (other than employees performing only clerical, administrative, support or similar functions).⁹

The consultant’s broker affiliates can be identified by examining Item 7 in Form ADV. If there is an affiliate indicated in Item 7, additional information is disclosed about one or more of them in Schedule D of Form ADV.

Specifically, it can be determined from Schedule D whether the affiliates are under common control, whether they share the same supervised persons, and whether they share the same physical location. Internal audit and risk management professionals should ask questions about the affiliate arrangement and, if necessary, conduct site visits to determine whether the broker affiliate is simply the pension consulting firm by another name, whether the pension consultant is coordinating with the broker affiliate, or whether the broker affiliate is an associated firm with no material influence on the pension consulting clients’ portfolio.

⁹ SEC Form ADV Instructions, Glossary of Terms

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There are a number of potential conflicts that may arise when a pension consultant has a broker affiliate. Those conflicts include but are not limited to the following:

- ◆ The consultant's clients may serve as a distribution channel for the broker affiliate's products and services
- ◆ The consultant may have an incentive to recommend managers or investment vehicles that trade through the broker affiliate
- ◆ The consultant may have an incentive to recommend an investment fund with which the broker affiliate has a selling agreement (thus providing the consultant with a share of the manager's fee)
- ◆ The consultant may have an incentive to recommend active management or active trading strategies in order to generate more commissions through the broker affiliate
- ◆ The consultant may have an incentive NOT to recommend the termination of managers who have poor or mediocre performance records and who conduct their trades through the broker affiliate due to its financial interest in the related broker
- ◆ Managers may direct trades, such as block trades or trades by pooled investment vehicles, to the broker affiliate for clients with no existing relationship as a means of gaining favor with the consultant
- ◆ The consultant may have an incentive NOT to recommend a commission recapture program and other cost containment strategies
- ◆ The consultant may have an incentive NOT to recommend brokers that could provide best execution on client transactions due to its financial interest in the related broker dealer
- ◆ The consultant may have an incentive to recommend mutual fund investments that pay 12b-1 fees (marketing fees) to the consultant or to an affiliate

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Like those firms that also serve as brokers, consultants that have broker affiliates face a number of potential conflicts of interest that can increase their clients' portfolio costs and provide significant drag on the performance of the pension plan portfolio. Moreover, our experience in evaluating these firms shows that not only implementation decisions (e.g., manager selection and manager termination) are influenced by these financial relationships, but portfolio design and structure are often affected as well. This can lead to even more uncompensated portfolio risk for clients.

We examined Form ADV data to identify the firms that serve as pension consultants and also have a broker affiliate. Of the 155 firms that serve as consultants, we found that 33 also have broker affiliates. The names of these 33 firms are located in Table 3:

CONSULTING FIRMS WITH A BROKER-DEALER AFFILIATE
AON RETIREMENT PLAN ADVISORS, LLC
ASSET CONSULTING GROUP, LLC
BPM ADVISORS, INC.
BROCKHOUSE & COOPER INTERNATIONAL INC
BUCK GLOBAL INVESTMENT ADVISORS
CITY NATIONAL ASSET MANAGEMENT, INC.
CLEARBROOK INVESTMENT CONSULTING LLC
CLEARBROOK INVESTMENT SOLUTIONS LLC
CONSULTING SERVICES GROUP, LLC
DEMARCHE ASSOCIATES INC
DIMEO SCHNEIDER & ASSOCIATES LLC
FIDUCIARY CONSULTANTS INC
FINANCIAL CONCEPTS, INC.
FOURTH STREET PERFORMANCE PARTNERS, INC.

Table 3

CONSULTING FIRMS WITH A BROKER-DEALER AFFILIATE
GALLAGHER FIDUCIARY ADVISORS, LLC
HEWITT ENNISKNUPP, INC.
INTEGRITY CAPITAL, LLC
INVESTMENT CONSULTING GROUP INC
MERCER INVESTMENT CONSULTING, INC.
MERRILL LYNCH, PIERCE, FENNER & SMITH INCORPORATED
MMC SECURITIES CORP.
MONROE VOS CONSULTING GROUP, INC.
PAVILION ADVISORY GROUP INC.
PFM ASSET MANAGEMENT LLC
PRINCIPLED ADVISORS, INC.
RETIREMENT PLAN ADVISORS, LLC
RETIREMENT RESOURCES INVESTMENT CORPORATION
RUSSELL INVESTMENT GROUP
RUSSELL INVESTMENTS
SCHNEIDER DOWNS WEALTH MANAGEMENT ADVISORS, LP
SENTINEL PENSION ADVISORS INC
TOWERS WATSON INVESTMENT SERVICES, INC.
USI ADVISORS

Table 3 (cont'd)

Each individual situation must be investigated very carefully. As stated above, it is important to understand whether the pension consultant is coordinating with the broker affiliate. Although our experience tells us that affiliated firms generally work together to benefit the larger corporate interests, it could be the case that no coordination is taking place between affiliates. A lack of coordination would be a much more favorable situation for the pension plan clients.

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We recommend clients ask the following questions of their investment consultants that have broker-dealer affiliates and obtain the answers in writing:

1. Please describe each of your financial industry affiliations as disclosed in Item 7 of Form ADV.
2. How does each affiliate's role complement your work as a pension consultant for our plan?
3. How does each affiliate's role potentially conflict with your work as a consultant for our pension plan?
4. How do you manage the potential conflicts of interest that may exist through your affiliate's business activities?
5. Are the products or services sold through the affiliate's business activities ever purchased, sold, or used for our pension fund account? If so, please describe.
6. Approximately what percent of your clients invest in your affiliate's securities or investment products or use your affiliate's services?
7. What is the before-fee performance of our pension plan over the past one, three, five, and ten years?
8. What is the after-fee (after all fees) performance of our pension plan over the past one, three, five, and ten years?
9. What risk management, efficiency, and cost containment practices have you put in place for our pension portfolio?
10. What percentage of our pension plan assets are currently in passive low cost (i.e., indexed) strategies?
11. Is your firm serving in a fiduciary capacity concerning both the design of our pension plan portfolio and the implementation of our pension portfolio (i.e., selection of investments)?

Investment Consultant Compensation for Client Referrals

A number of changes were made to Form ADV with the implementation of Dodd-Frank. Many of those changes relate to private fund advisors, including private equity and hedge fund managers. However, one very important change to Form ADV was made that relates to investment consultants. A new question was added to the Form, Item 8I, that specifically asks:

Do you or any related person, directly or indirectly, receive compensation from any person for client referrals?

The guidance for this new item instructs the advisor to consider all cash and non-cash compensation received from any person in exchange for client referrals, including any bonus that is based fully or partially on the number or volume of client referrals.

Although the pension fund client should be interested to know whether any investment manager or advisor receives payment for client referrals, this question is especially important for pension fund clients engaging investment consultants. The SEC's website states the following on its page titled, "[Selecting and Monitoring Pension Consultants: Tips for Plan Fiduciaries.](#)"

If the consultant is a fiduciary under ERISA and receives fees from third parties as a result of their recommendations, a prohibited transaction under ERISA occurs unless the fees are used for the benefit of the plan (e.g., offset against the consulting fees charged the plan) or there is a relevant statutory or class exemption permitting the receipt of such fees.

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We examined the Form ADV data to identify the number of firms that serve as pension investment consultants that also answered “yes” to Item 8I. We found that 12 of the 155 firms that serve as consultants also answered “yes” to Item 8I.

The names of these 12 firms are found in Table 4.

CONSULTING FIRMS RECEIVING COMPENSATION FOR CLIENT REFERRALS
AON RETIREMENT PLAN ADVISORS, LLC
CONSULTING SERVICES GROUP, LLC
CORNERSTONE ADVISORS ASSET MANAGEMENT INC.
EVERHART
FIDUCIA GROUP, LLC
FIDUCIARY RESEARCH AND CONSULTING LLC
HEWITT ENNISKNUPP, INC.
MCGLADREY WEALTH MANAGEMENT LLC
MERRILL LYNCH, PIERCE, FENNER & SMITH INCORPORATED
MILLIMAN
RUSSELL INVESTMENT GROUP
RUSSELL INVESTMENTS

Table 4

Not all pension plans are covered by ERISA. However, it is clear that investment consultant fiduciaries should be very careful when receiving compensation from third parties as a result of their recommendations. Further, fiduciaries engaging investment consultants that receive compensation for client referrals from third parties should ask a number of questions about that compensation.

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Each individual situation must be examined very carefully, but to begin the inquiry, we recommend that clients ask the following questions of their investment consultant and obtain the answers in writing:

1. Is your firm or is one or more affiliates provided compensation for client referrals?
2. Who is providing you with compensation for client referrals?
3. When does your firm or an affiliate receive compensation for client referrals?
4. How does your firm receive compensation for client referrals?
5. Do you/could you receive compensation for client referrals from any third parties, managers or service providers that you have recommended to our pension plan?
6. Do you include in any searches for our plan any firms that pay compensation for client referrals?
7. What is the total dollar value of compensation received from third parties, managers or service providers that are presently associated with our pension plan? What are the names of those firms?
8. Is 100% of compensation for client referrals used exclusively to offset costs for pension plan clients?
9. How do you advise our plan objectively when your firm or a related party is receiving compensation for client referrals?

Investment Consultants and Significant Adverse Events

We consider significant adverse events to be red flags in the investor due diligence process. A “red flag” is any high risk item that a prudent investor would seek to investigate and understand prior to investing.

There are 24 questions on the Form ADV within Item 11, a section of Form ADV that relates to the disclosure of criminal, regulatory and civil actions. Of these 24 questions, Diligence Review Corp. selected eight that, in our view, constitute the most significant event areas. Those eight Form ADV questions are:

1. In the past 10 years, have you or any advisory affiliate been convicted of or pled guilty or nolo contendere (“no contest”) in a domestic, foreign, or military court to any felony?
2. In the past 10 years, have you or any advisory affiliate been convicted of or pled guilty or nolo contendere (“no contest”) in a domestic, foreign, or military court to a misdemeanor involving: investments or an investment-related business, or any fraud, false statements, or omissions, wrongful taking of property, bribery, perjury, forgery, counterfeiting, extortion, or conspiracy to commit any of these offenses?
3. Has the Securities and Exchange Commission (“SEC”) or the Commodity Futures Trading Commission (“CFTC”) ever found you or any advisory affiliate to have been involved in a violation of SEC or CFTC regulations or statutes?
4. Has the SEC or the CFTC ever entered an order against you or an advisory affiliate in connection with investment-related activity?
5. Has any other federal regulatory agency, any state regulatory agency, or any foreign financial regulatory authority ever found you or any advisory affiliate to have been involved in a violation of investment-related regulations or statutes?
6. Has any other federal regulatory agency, any state regulatory agency, or any foreign financial regulatory authority, in the past 10 years, entered an order against you or any advisory affiliate in connection with an investment-related activity?
7. Has any self-regulatory organization or commodities exchange ever found you or any advisory affiliate to have been involved in a violation of its rules (other than a rule designated as a “minor rule violation” under a plan approved by the SEC)?

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8. Has any domestic or foreign court ever found that you or an advisory affiliate involved in a violation of investment-related statutes or regulations?

Significant adverse events appear on a record over time and sometimes events will fall off the record. For example, some felonies and other regulatory events need not be disclosed if they happened over 10 years prior to the filing date.

When reviewing the responses of the firm in Form ADV, we believe it is important to focus on the nature of the violation. Do the violations concern a situation such as bribery or breach of fiduciary duty? If so, these are very serious events. Or do the violations concern a lack of disclosure to clients, in which case this may shed doubt on whether all items are currently being disclosed. Are there many violations listed and if so, do they represent a chronic inability of the firm to comply with regulations, including applicable laws? We suggest that internal audit and risk management professionals, as well as fiduciaries, review the entire Form ADV to better understand the consulting firm as a whole and to better understand regulatory violations, if any. Each answer provided in Form ADV will take the investor along a separate path of inquiry in the due diligence process.

For investors who are already working with a firm that has a “significant adverse event” on its record, the investor may wish to investigate further the nature of the violation. The first step we recommend is to read the advisor’s full Form ADV, which may be found by looking up the advisor’s name or SEC Number on the SEC’s website, paying special attention to the answers to all questions in Item 11, Part 2 (the “Brochures”), Schedule A, Schedule B, Schedule D and the Disclosure Reporting Pages (“DRPs”). The DRPs in the advisor’s Form ADV more fully describe any “yes” answer provided in Item 11.

Report on US Pension Investment Consultants

Of the 155 pension investment consultants, we identified 17 of those firms that answered “yes” to one or more questions that constitute a “significant adverse event” in Form ADV. The names of those 17 firms are listed in alphabetical order in Table 5, along with a brief description of the items found on the DRPs on the most recently filed Form ADV.

CONSULTING FIRMS WITH SIGNIFICANT ADVERSE DISCLOSURES	
PENSION CONSULTING FIRM NAME	FORM ADV DISCLOSURE REPORTING ITEMS
AON RETIREMENT PLAN ADVISORS, LLC	6 items, including regulatory and civil judicial items, 5 of which relate to the parent company, Aon Corp. 1 item relates to another affiliated firm. The most recent item was resolved on 12/20/2011.
BURGESS CHAMBERS & ASSOCIATES INC	1 regulatory item relating to a firm executive having more than one item listed in FINRA public records. The item was resolved on 12/05/2008.
CALLAN ASSOCIATES INC.	1 regulatory item relating to the firm itself. This item was resolved on 09/19/2007.
CONSULTING SERVICES GROUP, LLC	5 items, including regulatory and civil judicial items. Items relate to the firm itself, an affiliated firm and a firm employee. The most recent item was initiated on 09/21/2011 and is still pending.
FIDUCIARY CONSULTANTS INC	1 regulatory item relating to an affiliated firm having more than one item listed in the FINRA public records. The most recent item was resolved on 02/05/2003

Table 5

Report on US Pension Investment Consultants

CONSULTING FIRMS WITH SIGNIFICANT ADVERSE DISCLOSURES	
PENSION CONSULTING FIRM NAME	FORM ADV DISCLOSURE REPORTING ITEMS
GALLAGHER FIDUCIARY ADVISORS, LLC	1 item relating to the activities of a firm employee while that employee was working at an acquired firm. This item was resolved on 09/05/2007.
HEWITT ENNISKNUPP, INC.	5 items, including regulatory and civil judicial items, all relating to the parent company, Aon Corp. The most recent item was resolved on 12/20/2011.
MCGLADREY WEALTH MANAGEMENT LLC	5 items, including regulatory and civil judicial items. Items relate to the firm itself, an affiliated firm and a firm employee. The most recent listed item was resolved on 10/04/2010.
MERRILL LYNCH, PIERCE, FENNER & SMITH INCORPORATED	Over 400 items, including criminal, regulatory and civil judicial actions. Items relate to the firm itself, affiliates and firm employees.
MMC SECURITIES CORP.	52 items, including regulatory and civil judicial items. The majority of the items relate to firm affiliate Marsh & McLennan Companies, Inc. The most recent item was resolved on 01/31/2011.
PENSION FUND EVALUATIONS, INC.	5 items, including regulatory and civil judicial items. Items relate to the firm itself and an employee. The most recent item was resolved on 05/07/2007.
RUSSELL INVESTMENT GROUP	9 regulatory items, relating to affiliated firms. The most recent item was resolved on 11/08/2011.
RUSSELL INVESTMENTS	7 regulatory items, relating to affiliated firms. The most recent item was resolved on 08/16/2006.
SAGEVIEW ADVISORY GROUP, LLC	2 items, including regulatory and civil judicial actions. Items relate to the firm itself. The most recent item was resolved on 04/25/2011.
THE BOGDAHN GROUP	1 regulatory item relating to an employee of the firm. The event took place while the individual was employed at a previous firm. This item was resolved on 01/16/2009.
USI ADVISORS	204 total items. 199 regulatory items and 5 civil judicial items, relating to affiliate Goldman Sachs & Co. The most recent item filed on 10/21/2010 is pending. Our research reflects at least 1 additional regulatory item has not yet been reported on this firm's Form ADV.
WILSHIRE ASSOCIATES INCORPORATED	2 regulatory items relating to the firm itself. The most recent item was resolved on 03/19/2004.

Table 5 (cont'd)

Report on US Pension Investment Consultants

Not surprisingly, some very large firms have a number of affiliated companies. Significant adverse events may occur for the firm itself or their “advisory affiliate”, which can be an affiliated firm or an employee.

In our experience, when asked about these events, some investment consultants take them very seriously. Other firms dismiss these events as unimportant or irrelevant. However, a violation is listed on Form ADV *only* if it is relevant to the consulting firm and relevant for the client to consider. Although firms sometimes refer to parent companies and affiliates in their marketing materials and marketing presentations as contributing to their strength, the firms may seek to distance themselves from any violations associated with these affiliates. The fiduciary or pension professional may wish to consult legal or other specialized professionals to understand the relevance of any disclosed violations for the pension plan’s particular investment situation.

Each individual situation must be examined very carefully, especially by ERISA pension plan clients. To begin, we recommend that clients ask the following questions of their investment consultant and obtain their answers in writing:

1. What is the nature of each of your disclosed violation(s)?
2. When did each violation take place?
3. What was the fine or penalty for each action?
4. Please provide the names of the individuals involved in this violation.
5. Is the person/people involved in this violation still with the consulting firm?
6. Are the supervisors of this person/people still with the consulting firm?
7. Is the person/people involved in this violation also involved in any way with the management or supervision of any pension investment consulting accounts?
8. What action has the consulting firm taken to make sure that this violation does not happen again?
9. Is there anything else you would like to report about this/these violations?

Pension Investment Consultants Free from Adverse Items

We examined the Form ADV Part 1 data to identify firms that serve as pension consultants but do not have any of the issues described previously. We found that 106 of the 155 firms that serve as pension investment consultants:

- ◆ Do not serve as a broker
- ◆ Do not serve as a registered representative of a broker
- ◆ Do not have one or more broker affiliates
- ◆ Do not accept compensation for client referrals
- ◆ Do not have a “significant adverse item” listed in item 11 of Form ADV

The names of those 106 firms are listed in alphabetical order in Table 6.

CONSULTING FIRMS FREE FROM ADVERSE ITEMS
3M INVESTMENT MANAGEMENT CORP
ACCESS PARTNERS LLC
ADVISORY CONSULTING GROUP LLC
AHC ADVISORS, INC.
AILERON LTD
AKSIA LLC
ALAN BILLER AND ASSOCIATES
ALBOURNE AMERICA LLC
ALLIANCE BENEFIT GROUP
ALPHA & OMEGA
ARETE CAPITAL, INC.
ASHFORD CONSULTING GROUP, INC.
ASSET STRATEGIES PORTFOLIO SERVICES, INC.

Table 6

Report on US Pension Investment Consultants

CONSULTING FIRMS FREE FROM ADVERSE ITEMS
AXIA ADVISORY CORP
BAYSTATE FIDUCIARY ADVISORS, INC.
BECKER, BURKE ASSOCIATES, INC.
BELLWETHER CONSULTING LLC
BERLA INVESTMENT CONSULTING
BERTHEL SCHUTTER LLC
BILKEYKATZ INVESTMENT CONSULTANTS
BRIDPORT INVESTMENTS LLC
CAMBRIDGE ASSOCIATES, LLC
CAMBRIDGE FINANCIAL SERVICES INC
CAPITAL CITIES, L.L.C.
CAPTRUST ADVISORS, LLC
CHARTWELL BENEFITS CONSULTING, LLC
CHARTWELL CONSULTING USA LLC
CLIFFWATER LLC
COLONIAL CONSULTING, LLC
COMPERIO RETIREMENT CONSULTING, INC.
CONCORD ADVISORY GROUP LTD
COOK STREET CONSULTING, INC.
COTTONWOOD ADVISORS, LLC
COURTLAND PARTNERS, LTD.
CURCIO WEBB, LLC
DABNEY INVESTMENT CONSULTING ASSOCIATES INC
DANISON & ASSOCIATES INC
DISABATO ADVISERS, LLC
DOVER PARTNERS INC
ELLWOOD ASSOCIATES
FIDUCIARY CAPITAL ADVISORS INC

Table 6 (cont'd)

Report on US Pension Investment Consultants

CONSULTING FIRMS FREE FROM ADVERSE ITEMS
FIDUCIARY INVESTMENT ADVISORS, LLC
FIDUCIARYPLANREVIEW
FIDUCIARYVEST, LLC
FIRST COMMONWEALTH FINANCIAL ADVISORS, INC.
FRANCIS INVESTMENT COUNSEL LLC
FRANKLIN PARK
FUND EVALUATION GROUP, LLC
GENERAL MOTORS INVESTMENT MANAGEMENT CORPORATION
GRAY & CO
GRAYSON & ASSOCIATES
GREENSPRING WEALTH MANAGEMENT, INC.
HARTLAND & CO
HIGHLAND ASSOCIATES INC
HIGHLAND CAPITAL ADVISORS, LLC
HIGHLAND CONSULTING ASSOCIATES INC.
HOOKER & HOLCOMBE INVESTMENT ADVISORS, INC.
HUNTER CAPITAL ADVISORS, INC.
INNOVEST PORTFOLIO SOLUTIONS LLC
INVESTMENT PERFORMANCE SERVICES LLC
JOHNSON CUSTOM STRATEGIES INC
KANON BLOCH CARRE
LAMCO ADVISORY SERVICES INC.
LCG ASSOCIATES, INC.
LOWERY ASSET CONSULTING, LLC
LUCID ADVISORS, INC.
MAP ALTERNATIVE ASSET MANAGEMENT COMPANY, LLC
MARCO CONSULTING GROUP, INC.
MARQUETTE ASSOCIATES, INC.

Table 6 (cont'd)

Report on US Pension Investment Consultants

CONSULTING FIRMS FREE FROM ADVERSE ITEMS
MBG RETIREMENT
MEKETA INVESTMENT GROUP INC
MONTICELLO ASSOCIATES INC
MORRISON FIDUCIARY ADVISORS, INC.
NEOSHO ADVISORS LLC
NEPC, LLC
NORTH PIER FIDUCIARY MANAGEMENT, LLC
ORG PORTFOLIO MANAGEMENT LLC
PALM BEACH CAPITAL CORPORATION
PCA INVESTMENT ADVISORY SERVICES, INC.
PORTFOLIO MANAGEMENT TECHNOLOGY
PRIME BUCHHOLZ & ASSOCIATES INC
P-SOLVE
RAULIN INC.
REDDING CAPITAL ADVISORS LLC
RELIANT CONSULTING & RESEARCH, INC.
RMB CAPITAL MANAGEMENT
ROBERT HARRELL, INCORPORATED
ROCATON INVESTMENT ADVISORS
ROTH ASSET MANAGEMENT, INC.
SAA ADVISORS, INC.
SEGAL ROGERSCASEY
SELLWOOD CONSULTING LLC
SLOCUM
STRATEGIC CAPITAL ADVISERS, INC.
STRATEGIC INVESTMENT SOLUTIONS INC.
SUMMIT STRATEGIES GROUP
SUNLIN CONSULTING INVESTMENT ADVISORY SERVICES, LLC

Table 6 (cont'd)

Report on US Pension Investment Consultants

CONSULTING FIRMS FREE FROM ADVERSE ITEMS
TAIBER, KOSMALA & ASSOCIATES, LLC
TEAMCO ADVISERS LLC
TWO WEST CAPITAL ADVISORS LLC
VANTAGE CONSULTING GROUP INC
VERIZON INVESTMENT MANAGEMENT CORP.
WALL & ASSOCIATES
WHITE HORSE ADVISORS, LLC
WURTS & ASSOCIATES INC.
YON DRAKE & ASSOCIATES INC

Table 6 (cont'd)

Placement of a firm on the preceding list does not necessarily mean that there are no conflicts of interest or other due diligence concerns. In some cases, the firms on this list have what we define as “yellow flag” due diligence items that would require further research, depending on the client situation. For example, having a real estate broker affiliate, in our opinion, constitutes a yellow flag item.

Placement on the list **does** mean that the firm’s ADV Part 1 is currently free from the most significant adverse risk items, namely the items that are referenced in Tables 1-5.

It’s important for each client to know exactly what other business structures concerning these firms could serve as potential conflict of interest items for their unique pension fund. In other words, firms on this list are free from the most significant form ADV Part 1 items but it does not mean they are free from all potential conflict of interest issues. Each situation is unique and must be examined considering the facts and circumstances of each unique consulting relationship with each pension plan client.

Report on US Pension Investment Consultants

Most notably, Part 1 of Form ADV does **not** require investment consultants to disclose whether they also sell consulting services or other “access” services to investment managers. For example, some pension consulting firms provide fee-based instruction to managers on how to better market themselves to pension fund clients and how to fare better in pension fund searches. In other cases, investment managers pay for access to conferences or events. It is not difficult to see that a consulting firm’s objectivity could be affected by such arrangements when its pension fund clients initiate investment manager searches.

Perhaps more troubling is that investment advisors often have larger budgets than pension funds and so the answer to the question “who is the client?” is not what the pension fund representatives might think. Concerning this matter, Form ADV Part 1 is of little help. Firms may choose to disclose this information in their brochures (Part 2 of Form ADV), but we find this less helpful due to the lack of uniformity of disclosure and lack of comparability. At the present time, pension fund clients must ask consultants directly and in writing about revenues, if any, the firm receives from investment managers to assess this potential conflict of interest issue.

Lastly, pension funds engaging investment consulting firms should remember that all data on Form ADV is self-reported. Firms can consciously or inadvertently leave information off of their filed Form ADV, especially those items relating to private legal actions. There are penalties if it is later discovered that a firm leaves items off the Form ADV, but for unscrupulous firms, this is a real possibility. Fiduciaries should consider other legal and background checks that may bring to light items that might not be disclosed on Form ADV.

Pension Investment Consultants and RAUM

With the implementation of Dodd Frank in 2012, a new measure, Regulatory Assets Under Management (“RAUM”) came into use on Form ADV. The measure of RAUM is a fairly complex subject. Our experience is that the compliance officers at pension consulting firms are still navigating how to report RAUM properly. For example, in some cases, investment consultants represent their RAUM as \$0 since they tend not to directly manage securities portfolios. In many other cases, investment consultants are reporting as RAUM their non-discretionary assets under advisement, which obviously is a much larger number.

Report on US Pension Investment Consultants

We expect that over time compliance officers at pension investment consultants will receive clearer guidance from the SEC on whether and how to report their firms' discretionary and non-discretionary assets under advisement on Form ADV.

We do not include in this report a list of any specific dollar amounts over which each investment consultant provides advice. In an industry that is fixated on comparing sizes of "assets under management" among firms, this may seem a little strange. However, we believe that our approach, where we look at the total aggregate dollar amount for all of the pension investment consultants that reported RAUM, makes the most sense.

Although the information is not perfect, two observations can be made about the industry. Figure 1 illustrates that more than half of assets reported to be under the care of pension investment consultants are overseen by consulting firms that have one or more conflict of interest area (as identified in Tables 1, 2, 3, or 4) and/or significant adverse events indicated on Form ADV (as identified in Table 5). Moreover, firms that have these problems tend to be firms with much higher reported RAUM.

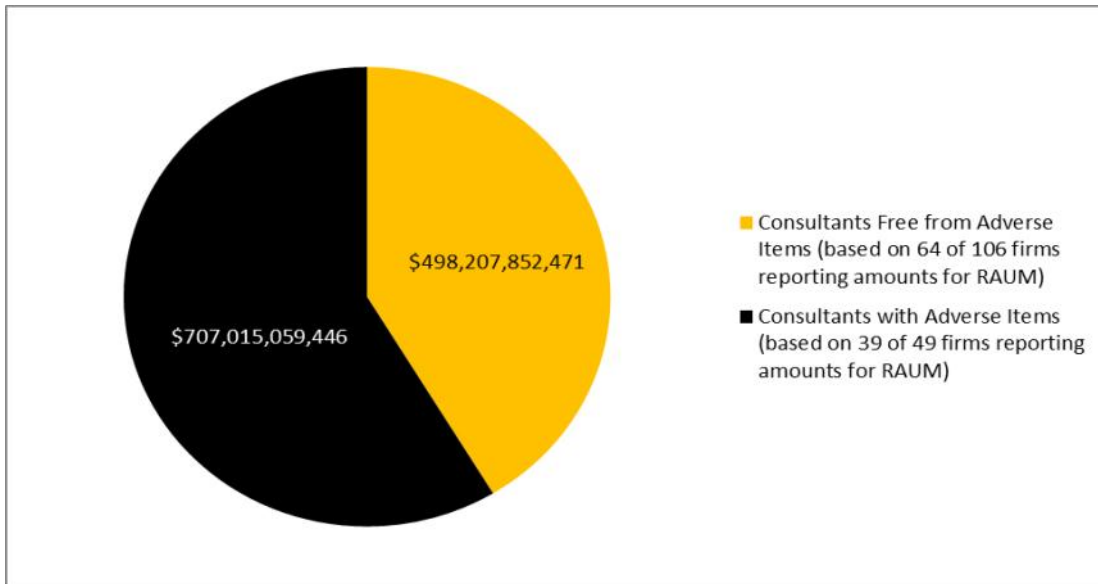


Figure 1: Total Pension Consulting Firm Self-Reported RAUM

Report on US Pension Investment Consultants

Figure 2 shows that the firms having significant due diligence concerns, on average, have over \$18 billion assets under their supervision (based on 39 of 49 firms reporting a dollar value for RAUM) while those that are free from broker activity and disciplinary actions oversee an average of \$7 billion (based on 64 of 106 firms reporting a dollar value for RAUM).

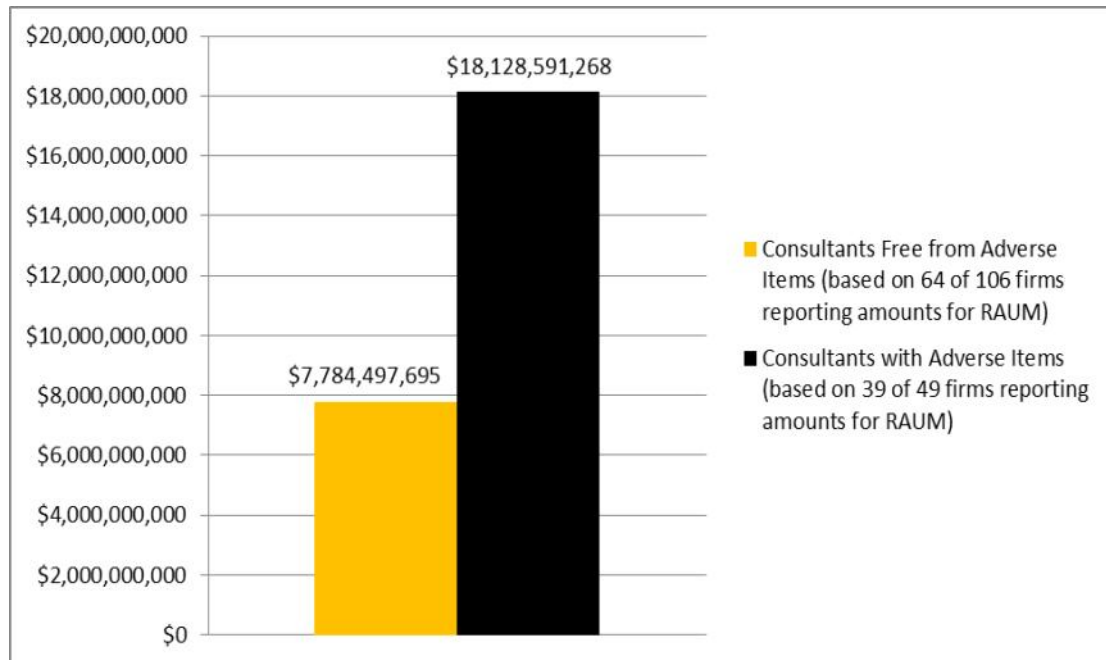


Figure 2: Average Pension Consulting Firm Self-Reported RAUM

Pension Investment Consultant Compensation

The US pension investment consultant industry has been changing over the years and has become a more transparent industry. However, much more change is required. It's difficult to say whether some investment consultants have clung to nontransparent business models because clients won't pay an investment market wage to their consultants or whether clients won't pay more for consulting fees because they are unsure whether their consultant is receiving additional compensation from managers.

Report on US Pension Investment Consultants

Over the past two decades, we have seen significant movement away from the consultant-broker model to more independent models of pension investment consulting firms. As more transparency is expected from clients, the consultant-broker affiliate model should also fade into history. Increasingly, pension fund clients demand independent, objective advice that adds value to the plan. With this greater transparency, pension fund clients must be willing to pay for good, objective advice.

It must be recognized by pension plan clients that investment consulting work is valuable and extremely labor-intensive asset management activity that, unlike any other activity, affects total portfolio risk and return. Fiduciaries often expect pension consultants to be experts in each aspect of the portfolio but then pay the consultant a small fraction of what a single active equity manager is paid. To do their work properly, consultants have to be able to compete in the marketplace with money managers for talent. If consulting firms are not paid an investment market wage, they will either sacrifice on talent and expertise or obtain their funding elsewhere, which may involve conflicted and non-transparent business structures.

There is no free lunch. Our experience tells us that the most expensive client advice comes from so-called “free” investment consulting arrangements. Low cost consulting arrangements are often no better in that they result in conflicted, incomplete and inferior advice. We would like to see a more transparent investment consulting industry, where consultants that serve pension plan participants are paid a premium for their objectivity and skill. We would also like to see an industry where pension investment consultants that play more than one side of a consulting relationship are no longer able to do so with impunity.

Conclusion

The SEC provides useful guidance to investors on its website, including the statement:

“Before you invest or pay for any investment advice, make sure your brokers, investment advisers, and investment adviser representatives have not had disciplinary problems or been in trouble with regulators or other investors.”¹⁰

¹⁰ <http://www.sec.gov/investor/brokers.htm>

Report on US Pension Investment Consultants

We recommend that pension fund investors also periodically review Form ADV for their investment consultants and investment advisors, looking for new information relating to regulatory violations and potential conflicts of interest.

For pension fund investors who believe they may be at risk, we recommend that those organizations implement more detailed, specific, and relevant due diligence practices. These practices may include:

1. Know what potential conflicts or risks exist;
2. Identify those relationships that pose the greatest potential risk;
3. Understand which conflicts are relevant to the pension fund's unique situation by asking questions and requesting additional information;
4. Assess risks and determine appropriate action, which may include structuring or restructuring the consulting relationship or investment arrangements in ways that reduce risk;
5. Add additional independent, professional, and regular oversight, as needed;
6. Determine "hold" or "exit" recommendations concerning the consulting relationship, investment advisory relationships, or investments, as appropriate, over time and as conditions change; and
7. Monitor changes at firms, especially changes in key personnel, ownership, and changes due to mergers and acquisitions.

Some investment consultants act in many different roles for their clients and these various roles can lead to potential conflicts of interest. In our experience, many firms navigate and appropriately manage potential conflicts of interest. Other firms demonstrate a chronic inability to place pension fund clients' interests first. Some firms are, by design, destined to fail the pension fund clients. Others are engineered from the ground up for the success of the client.

Report on US Pension Investment Consultants

This report is intended to highlight many facts that a pension fund investor might wish to consider when conducting due diligence of a pension investment consultant. There are many issues that relate to due diligence and ongoing oversight of investment consultants and this report addresses only some of the more serious issues. Each organization is responsible for its own due diligence effort and this report is no substitute for that process.

This report makes no assessments about which pension consultants are capable of delivering superior after-fee investment performance to their clients. However, it is our view that investing in today's global market is sufficiently complex without the added risk that a pension investment consultant might not be working in full alignment with the interests of the plan's participants and beneficiaries.

Report on US Pension Investment Consultants

Appendix A Pension Investment Consultants

Diligence Review Corp. identified 155 pension investment consultants registered with the SEC. A listing of the firms follows. To be included, an investment advisory firm met the following four criteria:

- ◆ The firm filed Form ADV with the SEC since January 1, 2012
- ◆ The firm is a pension consultant with respect to assets of plans having an aggregate value of at least \$200 million¹¹
- ◆ The firm provides pension consulting services¹²
- ◆ The firm selects other advisors¹³

PENSION INVESTMENT CONSULTANTS
3M INVESTMENT MANAGEMENT CORP
ACCESS PARTNERS LLC
ADVISORY CONSULTING GROUP LLC
AHC ADVISORS, INC.
AILERON LTD
AKSIA LLC
ALAN BILLER AND ASSOCIATES
ALBOURNE AMERICA LLC
ALLIANCE BENEFIT GROUP
ALPHA & OMEGA
AON RETIREMENT PLAN ADVISORS, LLC
ARETE CAPITAL, INC.
ASHFORD CONSULTING GROUP, INC.

Table A

¹¹ The firm responded in the affirmative to Form ADV Item 2A(7) indicating that the firm is a pension consultant with respect to assets of plans having an aggregate value of at least \$200 million that qualifies for the exemption in rule 203 A-2(a).

¹² The firm indicates on Form ADV Item 5G(6) that the firm provides pension consulting services.

¹³ The firm indicates on Form ADV Item 5G(7) that the firm selects other advisors.

Report on US Pension Investment Consultants

PENSION INVESTMENT CONSULTANTS
ASSET CONSULTING GROUP, LLC
ASSET STRATEGIES PORTFOLIO SERVICES, INC.
AXIA ADVISORY CORP
BAYSTATE FIDUCIARY ADVISORS, INC.
BECKER, BURKE ASSOCIATES, INC.
BELLWETHER CONSULTING LLC
BERLA INVESTMENT CONSULTING
BERTHEL SCHUTTER LLC
BILKEYKATZ INVESTMENT CONSULTANTS
BOLTON PARTNERS INVESTMENT CONSULTING GROUP, INC.
BPM ADVISORS, INC.
BRIDPORT INVESTMENTS LLC
BROCKHOUSE & COOPER INTERNATIONAL INC
BUCK GLOBAL INVESTMENT ADVISORS
BURGESS CHAMBERS & ASSOCIATES INC
CALLAN ASSOCIATES INC.
CAMBRIDGE ASSOCIATES, LLC
CAMBRIDGE FINANCIAL SERVICES INC
CAPITAL CITIES, L.L.C.
CAPTRUST ADVISORS, LLC
CHARTWELL BENEFITS CONSULTING, LLC
CHARTWELL CONSULTING USA LLC
CITY NATIONAL ASSET MANAGEMENT, INC.
CLEARBROOK INVESTMENT CONSULTING LLC
CLEARBROOK INVESTMENT SOLUTIONS LLC
CLIFFWATER LLC
COLONIAL CONSULTING, LLC
COMPERIO RETIREMENT CONSULTING, INC.
CONCORD ADVISORY GROUP LTD

Table A (cont'd)

Report on US Pension Investment Consultants

PENSION INVESTMENT CONSULTANTS
CONSULTING SERVICES GROUP, LLC
COOK STREET CONSULTING, INC.
CORNERSTONE ADVISORS ASSET MANAGEMENT INC.
COTTONWOOD ADVISORS, LLC
COURTLAND PARTNERS, LTD.
CURCIO WEBB, LLC
DABNEY INVESTMENT CONSULTING ASSOCIATES INC
DANISON & ASSOCIATES INC
DEMARCHE ASSOCIATES INC
DIMEO SCHNEIDER & ASSOCIATES LLC
DISABATO ADVISERS, LLC
DOVER PARTNERS INC
ELLWOOD ASSOCIATES
EVERHART
FIDUCIA GROUP, LLC
FIDUCIARY CAPITAL ADVISORS INC
FIDUCIARY CONSULTANTS INC
FIDUCIARY INVESTMENT ADVISORS, LLC
FIDUCIARY RESEARCH AND CONSULTING LLC
FIDUCIARYPLANREVIEW
FIDUCIARYVEST, LLC
FINANCIAL CONCEPTS, INC.
FIRST COMMONWEALTH FINANCIAL ADVISORS, INC.
FOURTH STREET PERFORMANCE PARTNERS, INC.
FRANCIS INVESTMENT COUNSEL LLC
FRANKLIN PARK
FUND EVALUATION GROUP, LLC
GALLAGHER FIDUCIARY ADVISORS, LLC
GENERAL MOTORS INVESTMENT MANAGEMENT CORPORATION

Table A (cont'd)

Report on US Pension Investment Consultants

PENSION INVESTMENT CONSULTANTS
GRAY & CO
GRAYSON & ASSOCIATES
GREENSPRING WEALTH MANAGEMENT, INC.
HARTLAND & CO
HEWITT ENNISKNUPP, INC.
HIGHLAND ASSOCIATES INC
HIGHLAND CAPITAL ADVISORS, LLC
HIGHLAND CONSULTING ASSOCIATES INC.
HOOKER & HOLCOMBE INVESTMENT ADVISORS, INC.
HUNTER CAPITAL ADVISORS, INC.
INGHAM RETIREMENT GROUP
INNOVEST PORTFOLIO SOLUTIONS LLC
INTEGRITY CAPITAL, LLC
INVESTMENT CONSULTING GROUP INC
INVESTMENT PERFORMANCE SERVICES LLC
JOHNSON CUSTOM STRATEGIES INC
KANON BLOCH CARRE
LAMCO ADVISORY SERVICES INC.
LCG ASSOCIATES, INC.
LOWERY ASSET CONSULTING, LLC
LUCID ADVISORS, INC.
MAP ALTERNATIVE ASSET MANAGEMENT COMPANY, LLC
MARCO CONSULTING GROUP, INC.
MARQUETTE ASSOCIATES, INC.
MBG RETIREMENT
MCGLADREY WEALTH MANAGEMENT LLC
MEKETA INVESTMENT GROUP INC
MERCER INVESTMENT CONSULTING, INC.
MERRILL LYNCH, PIERCE, FENNER & SMITH INCORPORATED

Table A (cont'd)

Report on US Pension Investment Consultants

PENSION INVESTMENT CONSULTANTS
MILLIMAN
MMC SECURITIES CORP.
MONROE VOS CONSULTING GROUP, INC.
MONTICELLO ASSOCIATES INC
MORRISON FIDUCIARY ADVISORS, INC.
NEOSHO ADVISORS LLC
NEPC, LLC
NORTH PIER FIDUCIARY MANAGEMENT, LLC
ORG PORTFOLIO MANAGEMENT LLC
PALM BEACH CAPITAL CORPORATION
PAVILION ADVISORY GROUP INC.
PCA INVESTMENT ADVISORY SERVICES, INC.
PEIRCE PARK GROUP
PENSION FUND EVALUATIONS, INC.
PFM ASSET MANAGEMENT LLC
PINNACLE PENSION CONSULTANTS LLC
PORTFOLIO MANAGEMENT TECHNOLOGY
PRIME BUCHHOLZ & ASSOCIATES INC
PRINCIPLED ADVISORS, INC.
P-SOLVE
RAULIN INC.
REDDING CAPITAL ADVISORS LLC
RELIANT CONSULTING & RESEARCH, INC.
RETIREMENT PLAN ADVISORS, LLC
RETIREMENT RESOURCES INVESTMENT CORPORATION
RMB CAPITAL MANAGEMENT
ROBERT HARRELL, INCORPORATED
ROCATON INVESTMENT ADVISORS
ROTH ASSET MANAGEMENT, INC.

Table A (cont'd)

Report on US Pension Investment Consultants

PENSION INVESTMENT CONSULTANTS
RUSSELL INVESTMENT GROUP
RUSSELL INVESTMENTS
SAA ADVISORS, INC.
SAGEVIEW ADVISORY GROUP, LLC
SCHNEIDER DOWNS WEALTH MANAGEMENT ADVISORS, LP
SEGAL ROGERSCASEY
SELLWOOD CONSULTING LLC
SENTINEL PENSION ADVISORS INC
SLOCUM
STRATEGIC CAPITAL ADVISERS, INC.
STRATEGIC INVESTMENT SOLUTIONS INC.
SUMMIT STRATEGIES GROUP
SUNLIN CONSULTING INVESTMENT ADVISORY SERVICES, LLC
TAIBER, KOSMALA & ASSOCIATES, LLC
TEAMCO ADVISERS LLC
THE BOGDAHN GROUP
TOWERS WATSON INVESTMENT SERVICES, INC.
TWO WEST CAPITAL ADVISORS LLC
USI ADVISORS
VANTAGE CONSULTING GROUP INC
VERIZON INVESTMENT MANAGEMENT CORP.
WALL & ASSOCIATES
WHITE HORSE ADVISORS, LLC
WILSHIRE ASSOCIATES INCORPORATED
WURTS & ASSOCIATES INC.
YON DRAKE & ASSOCIATES INC

Table A (cont'd)