

What is the FundScape Report?

Fiduciary Governance System (FGS) is a proprietary rating system designed to evaluate actively managed investment funds offered in a retirement plan. FGS considers 3 major quantitative categories in its scoring system. They are as follows:

- Performance. There are four criteria for measuring performance; 1-Year, 3-Year, 5-Year and 5-Year Batting Average.
- Risk. There are four criteria for measuring risk; Information Ratio, Up/Down Capture, Sharpe Ratio, and Alpha.
- Portfolio. There are two criteria for measuring portfolio; Manager Tenure (Longest) and Net Expense Ratio.

Funds are ranked on a scale of 1 to 10 and each of the 10 considered criteria (listed above) are scored based on how the criteria for a fund compares to its comparable Morningstar Category Average. Funds that perform in the top 25% of their peer group receive more points than funds performing between 25% and 50% of their peer group. No points are awarded to funds that perform below 50%. A fund receiving 5 or fewer points is placed on "watch".

While a key part of our quantitative analysis are the FGS reports they are not the final decision maker or the overriding influence behind any recommendation to add or remove a fund. The FGS is intentionally tough quantitative system for ranking fund Managers; it is very difficult to achieve a top score and is not meant to be used in isolation, but rather in conjunction with qualitative factors.

The scoring system is also outlined in the Investment Policy Statement (IPS).
