



The New Standard of measurement  
is here.

# The Veriphy Scorecard

ABC Company 401(k)

Profit Sharing Plan #001



# Description of Outputs

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## The Veriphy Score

Veriphy Scores are decision-making tools that plan committees can use to help them anticipate the retirement readiness of their workforce. Veriphy Scores are built by evaluating every 401(k) plan as a unique plan with multiple asset class holdings over a period of time. The performance (returns) of the plan investments overall are measured relative to their asset class benchmark returns. In addition, the Veriphy algorithms include a measure of the volatility embedded in each plan investment and these are compared to their respective benchmarks. The combination of relative returns and relative risks delivers a measure of value added to a plan net of fees. This is something that fee benchmarking cannot deliver.

Measuring plan outcomes net of fees gives plan fiduciaries the feedback they need to make decisions that matter. It literally shows plan fiduciaries how well the plan has performed on a risk adjusted basis. To prove this point for oneself, you simply need to ask yourself ... would anyone evaluate a business purely on the cost of goods. The answer is likely "no." In addition, and more importantly, fees are measured in basis points. A basis point is 1/100th of a percent. Outcomes are measure in percentage points. A percentage point is 100 times larger than a basis point. So, why does everyone want to measure fees? Well, it is easier. Measuring outcomes requires a significant amount of insight, understanding and math.



# Description of Outputs

## ScoreCard Report

An Investment Value-Added Analysis

Plan Selector  
001

5 Year Look | **7 Year Look**

Plan Veriphy Score vs Client Portfolio



Please Select Your Plan

ABC COMPANY INC. EMPLOYEE SAVINGS AND RE... ▾

000000001

Sponsor EIN

001

Plan Number

12/31/2017

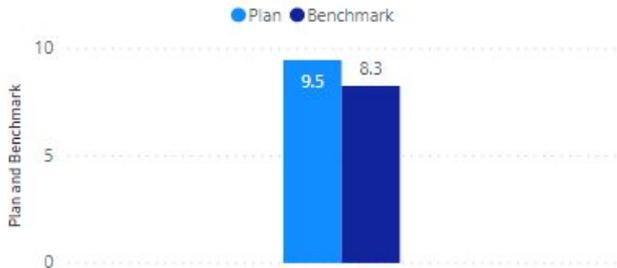
Data as of

\$221M

Total Asset Value

## Veriphy TEST

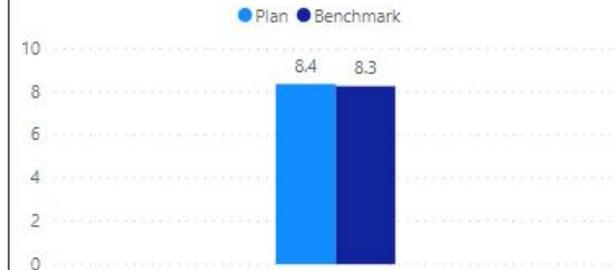
Annualized Return - Plan vs. Benchmark (%)



Plan Veriphy Score vs. Universe



Plan Risk vs. Benchmark Risk



Veriphy Relative Return

14.6

Number of Funds in the Plan

16

Veriphy Relative Risk

-6.2

Funds with Negative Veriphy Score

3

Cumulative Difference

14.1%

Funds with Higher Return than Benchmark

14

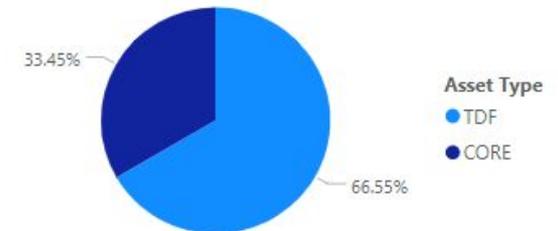
# Asset Classes Held Historically

16

# Assets Currently Held

16

Plan Asset Allocation





# Description of Outputs

## ScoreCard Report

An Investment Value-Added Analysis

Plan Selector  
001

5 Year Look | 7 Year Look

Plan Veriphy Score vs Client | [Filter] [Share] [More]



Please Select Your Plan

ABC COMPANY INC. EMPLOYEE SAVINGS AND RE... [Dropdown]

000000001

Sponsor EIN

001

Plan Number

12/31/2017

Data as of

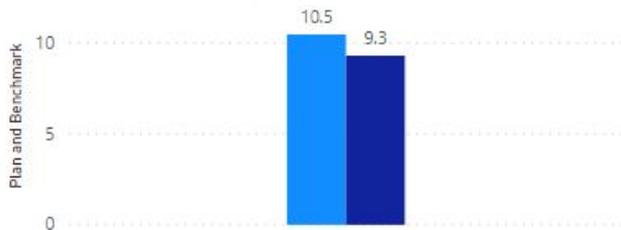
\$221M

Total Asset Value

## Veriphy TEST

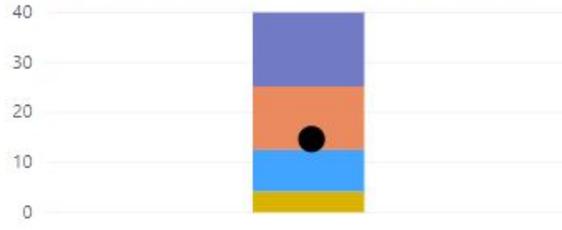
Annualized Return - Plan vs. Benchmark (%)

● Plan ● Benchmark



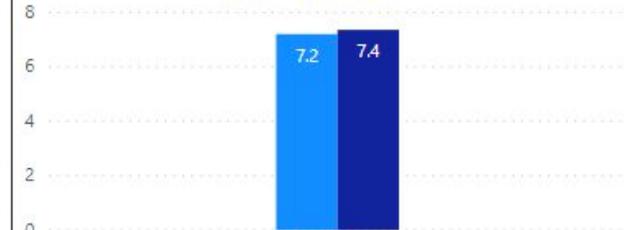
Plan Veriphy Score vs. Universe

● Bottom 2... ● Below M... ● Above M... ● Top 25% ● Veriphy S...



Plan Risk vs. Benchmark Risk

● Plan ● Benchmark



Veriphy Relative Return

12.5

Veriphy Relative Risk

-2.1

Cumulative Difference

8.5%

# Asset Classes Held Historically

16

Number of Funds in the Plan

16

Funds with Negative Veriphy Score

4

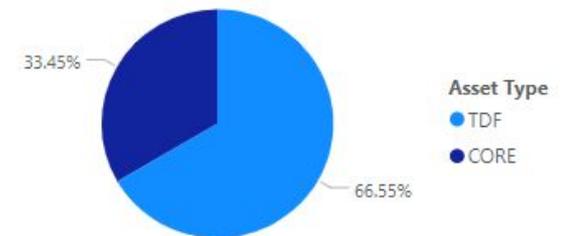
Funds with Higher Return than Benchmark

14

# Assets Currently Held

16

Plan Asset Allocation





# Description of Outputs

## Top Row

### **Annualized Plan Return vs. Plan Benchmark**

This chart compares the Plan's historical, annualized asset-weighted return of all asset-class holdings over a time period to the asset weighted returns of the Plans asset class benchmarks. The annualized return of the plan's asset weighted investment returns over time (generally 7 yr or 5 yr periods) is calculated as the geometric average of the amount of money earned by the plan's investment options held each year over the given time period. It is calculated as a geometric average to show what a plan would earn over time in the annual return was compounded. The annualized return of the plan's asset weighted benchmark returns over time (generally 7 yr or 5 yr periods) is calculated as the geometric average of the amount of money that would have been earned by the plan's asset class benchmarks each year over the given time period.

### **Plan Risk vs. Benchmark Risk**

This chart compares the Plan's asset-weighted risk (volatility) of all fund holdings over a time period to the asset-weighted risk (volatility) of the Plans asset class benchmarks. The risk is expressed as the standard deviation of monthly returns over the time period in question (generally 7 yr or 5 yr periods). This is the Plan Risk. The Plan risk is compared to the Benchmark Risk in the column chart. The risk (volatility) of the plan's asset weighted benchmarks is calculated as the standard deviation of monthly returns of the asset class benchmarks over the time period in question (generally 7 yr or 5 yr periods).

**Plan Universe:** The Plan's Veriphy Score is compared to the universe of plans in the Veriphy Database. Those plans with an above median Veriphy Score are shown in green based on quartile ranking and those with a below median Veriphy Score are shown in red based on quartile. The black dot represents the Plan's Veriphy Score vs. that universe.

## Bottom Area

**Bottom Left:** The bottom left area shows the current number of funds in the plan. This is followed by the current number of Asset Classes in the plan. When a plan has far more funds than asset classes, then there is likely significant overlap in fund choices. At the very least, this can cause a participant to select a portfolio that is not well diversified. In addition, the current number of funds with a lower return than their benchmark and the current number of funds with higher risk than their benchmark are detailed.

**Plan Asset Allocation:** A broad, current asset allocation showing the percentage of plan assets in both Target Date Funds (TDF) and the % of assets in core fund options (Core) is detailed in a donut chart.

**Bottom right:** The bottom right area shows the Plan's historical asset-weighted, annualized rate of return over the time period of the report as well as the annualized risk over the same time period. Risk is measured as the standard deviation of monthly returns over the time period of the report. The historical cumulative percentage value added is the difference of the plan's return over the time period less the benchmark return over the same period. The historical cumulative dollar value added is the asset-weighted growth of the plan over the time period less the asset weighted growth of the benchmark over the time period.

# Disclosures



The Veriphy Scores and all corresponding measurements are estimates based on the data available. All plan, fund or manager investment results reported are time-weighted and include appreciation and reinvestment of dividends and other income. Performance is calculated after deducting the management fees of the mutual fund or investment manager but may not include advisory fees. Other Plan administrative expenses are paid separately by the Plan and are not deducted from returns, but will be deducted from the overall dollar value added.

Time-weighted return (TWR) reflects the percentage gain or loss in an investment during a stated period, equally weighting each day regardless of the value of assets invested. Thus TWR ignores the effect of additional investments and withdrawals in order to measure the performance of the underlying investments. However, investment performance of all assets within a class are linked over the time period being measured. Compounding is done on a monthly basis when calculating the cumulative value added to a plan.

Relative returns and cumulative returns relative to the plan are calculated for the seven- and five-year periods. .

While all investments are reported net of manager fees, because of the different fee structures and the different methods of calculating performance between different types of investments, a hybrid track record may constitute an adjusted historical return that may provide valuable insight into the theoretical, approximate, longer-term behavior of an investment, but it is an approximation.

This presentation presents information intended to assist Plan Sponsors and their Investment Advisors in making their Plan investment decisions and evaluating the impact of their decision making.

This presentation does not recommend the purchase or sale of any security. This presentation is not intended to provide and legal or fiduciary advice. No representation is intended that any security mentioned in this presentation has been or would be profitable to any investor. All investments involve risk, including the risk of losses. Past performance does not guarantee or indicate future results. Veriphy Analytics, Inc. is the information provider to the Plan's investment committee and has no financial interest in, and receives no compensation from, any of the investments in the Plan.



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