

# North Broward Hospital District

## *Investment Manager Fee Analysis*

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# Overview

# Overview

- This analysis focuses and is based upon peer group fee distributions, not versus an “average” fee. We continue to believe this information provides a more useful tool in determining if your current fees are appropriate in today’s investment environment.
- The fee data used in this project was obtained from eVestment and Investment Metrics, both leading third-party providers of institutional investment data and analytics. Investment managers’ published fee schedules are provided to/compiled by eVestment and Investment Metrics and then aggregated across various relevant peer universes
- It is our expectation that the results of this Review will be helpful to the North Broward Hospital District in better understanding your competitive position on the important subject of fees along with what changes, if any, that might need to be considered based upon the data outlined in this report.

# Overview

As is the case with most Plans, whether they are Defined Benefit or Defined Contribution, investment fees are the largest component of total costs. Trustees and plan sponsors are appropriately very interested in determining the “reasonableness” of these fees as a part of fulfilling their fiduciary responsibilities.

Segal Marco Advisors continues to believe that the “average fee” concept utilized by some organizations, while helpful, doesn’t tell the full story. In our view the best way to display this information is looking at a peer group distribution. Segal Marco Advisors created from our many databases a customized peer group distribution for each of your more traditional investment portfolios. The distributions are provided for the 5<sup>th</sup>, 25<sup>th</sup>, 50<sup>th</sup> (median), 75<sup>th</sup>, and 95<sup>th</sup> percentile rankings, and in our view provide a better understanding of where your managers fall within a fee category. The following pages provide a graphic “picture” of your ranking within each mandate along with our summary comments. Please remember when viewing these graphs that rankings below 50th percentile (median) are favorable, i.e. represent lower fees.

Investment Manager	Market Value*	Mandate	Annual Fee**	Fee ≤ Median
SSgA	\$160,387,455	S&P 500 Index	0.04%	✓
EARNEST Partners	\$25,741,496	SMID Value	0.60%	✓
Westfield Capital	\$32,598,331	SMID Growth	0.94%	✗
Wellington	\$121,014,462	Int'l Equity	0.59%	✓
Brandes	\$16,284,665	Emerging Markets Equity	0.80%	✓
J.P. Morgan	\$16,123,564	Emerging Markets Equity	0.75%	✓
Baird	\$200,481,504	Core Fixed Income	0.19%	✓
SSgA	\$11,105,760	TIPS Index	0.05%	✓
BlackRock	\$53,411,945	Global Unconstrained	0.62%	✗
Loomis, Sayles	\$48,232,423	Global Unconstrained	0.40%	✓
Invesco	\$93,272,957	Core Real Estate	0.90%	✓
Vanguard STAR	\$31,790,924	MACS	0.31%	✓
Vanguard Global Wellington	\$34,070,945	MACS	0.34%	✓

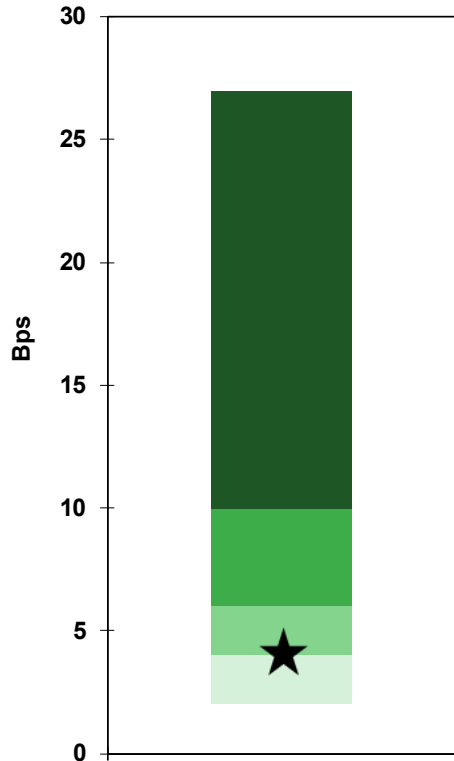
\* Market Values represent combined assets of Pension and Unrestricted Plans.

\*\* Detailed Fee Schedules included in the Appendix

# US Equity

# SSgA S&P 500 Index

US Large Cap Index Equity



## SSgA –S&P 500 ex Tobacco Assets: \$160.4 Million

**Our Observations:**

1. Under the current fee schedule North Broward Hospital District is paying **4.0 basis points** for the SSgA S&P 500 Index strategy.
  
2. Compared to published fee schedules found in the US Large Cap Index Equity peer group, the SSgA fee ranks very favorably, placing right at **the 75<sup>th</sup> percentile** of the universe.

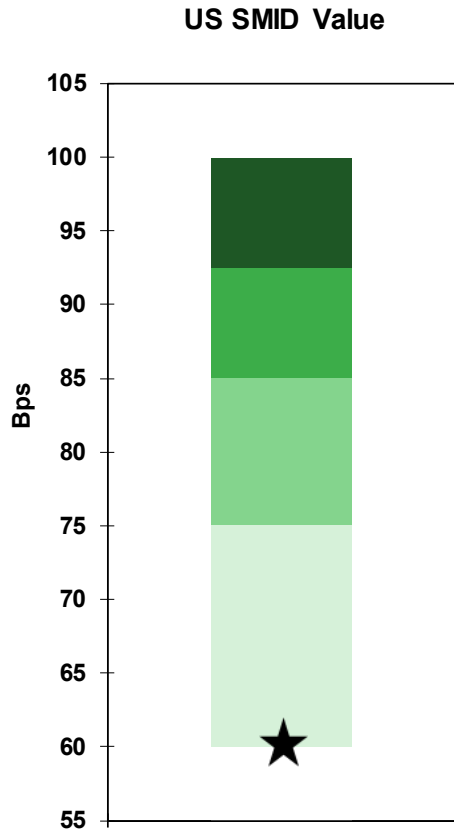
**Basis Points**

5th Percentile	27.0
25th Percentile	10.0
MEDIAN	6.0
75th Percentile	4.0
95th Percentile	2.0
<b>SSgA S&amp;P 500 ex Tob.</b>	<b>4.0</b>
No of observations	49



# EARNEST SMID Value

## EARNEST – SMID Value Assets: \$25.7 Million



### Our Observations:

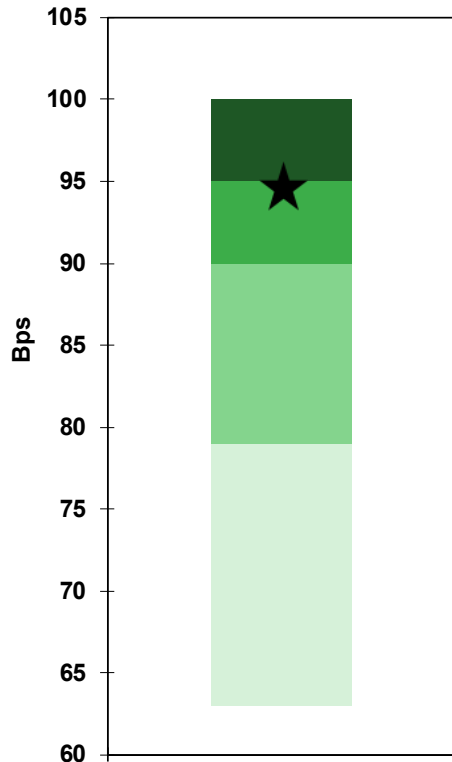
1. Under the current fee schedule North Broward Hospital District is paying **60.0 basis points** for the EARNEST SMID Value strategy.
2. Compared to published fee schedules found in the US SMID Value peer group, the EARNEST fee ranks very favorably, placing right at **the 95<sup>th</sup> percentile** of the universe.

### Basis Points

5th Percentile	100.0
25th Percentile	92.5
MEDIAN	85.0
75th Percentile	75.0
95th Percentile	60.0
<b>EARNEST SMID Value</b>	<b>60.0</b>
No of observations	167

# Westfield SMID Growth

US SMID Growth



## Westfield – SMID Growth Assets: \$32.6 Million

### Our Observations:

1. Under the current fee schedule North Broward Hospital District is paying **94.0 basis points** for the Westfield SMID Growth strategy.
2. Compared to published fee schedules found in the US SMID Growth peer group, the Westfield fee ranks just above the **median** of the universe.

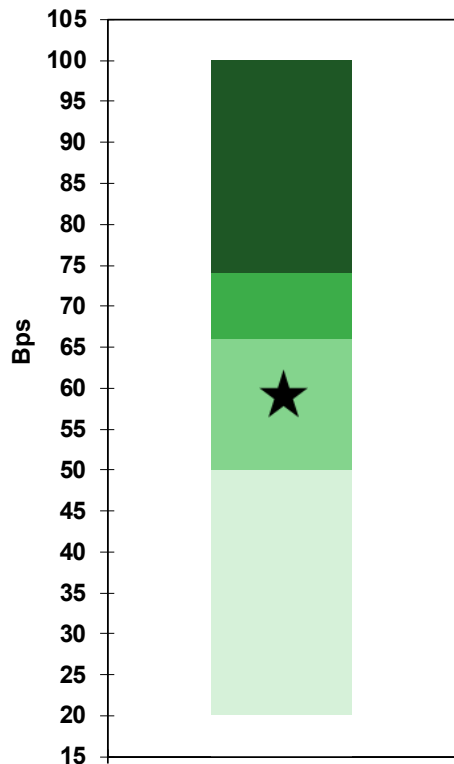
### Basis Points

5th Percentile	100.0
25th Percentile	95.0
MEDIAN	90.0
75th Percentile	79.0
95th Percentile	63.0
<b>Westfield SMID Growth</b>	<b>94.0</b>
No of observations	151

# Int'l & Emerging Market Equity

# Wellington Int'l

## International Equity



## Wellington – Int'l Opportunities Assets: \$121.0 Million

### Our Observations:

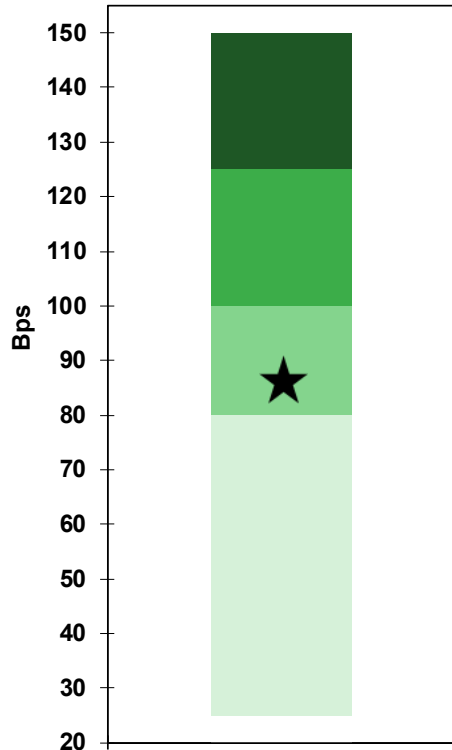
1. Under the current fee schedule North Broward Hospital District is paying **59.0 basis points** for the Wellington Int'l Opportunities strategy.
2. Compared to published fee schedules found in the International Equity peer group, the Wellington fee ranks just below the **median** of the universe.

### Basis Points

5th Percentile	100.0
25th Percentile	74.0
MEDIAN	66.0
75th Percentile	50.0
95th Percentile	20.0
<b>Wellington Int'l</b>	<b>59.0</b>
No of observations	81

# Brandes Emerging Markets Equity

Emerging Markets Equity



## Brandes – Emerging Markets Equity Assets: \$16.3 Million

### Our Observations:

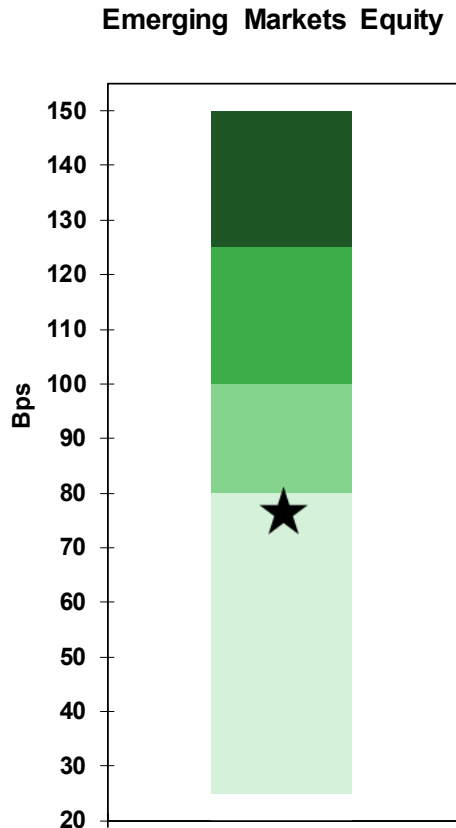
1. Under the current fee schedule North Broward Hospital District is paying **80.0 basis points** for the Brandes Emerging Markets Equity strategy.
2. Compared to published fee schedules found in the Emerging Markets Equity peer group, the Brandes fee ranks very favorably, placing right at **the 75<sup>th</sup> percentile**.

### Basis Points

5th Percentile	150.0
25th Percentile	125.0
MEDIAN	100.0
75th Percentile	80.0
95th Percentile	25.0
<b>Brandes EME</b>	<b>80.0</b>
No of observations	239

# JPMorgan Emerging Markets Equity

## JPMorgan – Emerging Markets Equity Assets: \$16.1 Million



### Our Observations:

1. Under the current fee schedule North Broward Hospital District is paying **80.0 basis points** for the JPMorgan Emerging Markets Equity strategy.
2. Compared to published fee schedules found in the Emerging Markets Equity peer group, the JPMorgan fee ranks very favorably, placing below **the 75<sup>th</sup> percentile**.

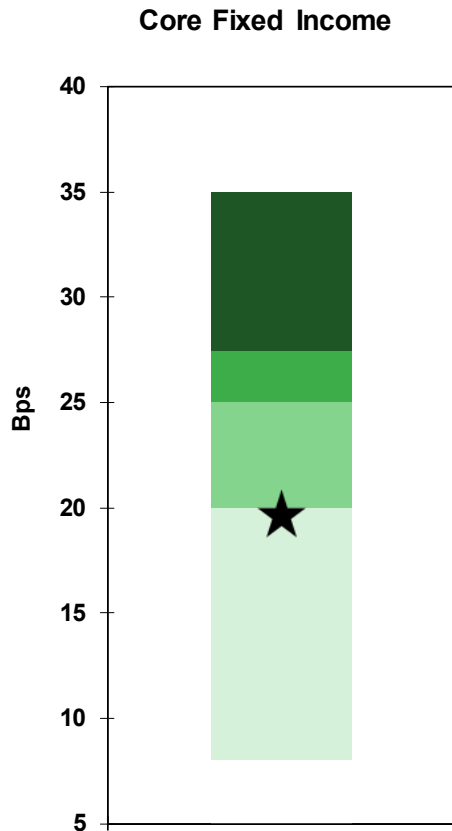
### Basis Points

5th Percentile	150.0
25th Percentile	125.0
MEDIAN	100.0
75th Percentile	80.0
95th Percentile	25.0
<b>JPMorgan EME</b>	<b>75.0</b>
No of observations	239

# Fixed Income

# Baird Core Fixed Income

## Baird – Core Fixed Income Assets: \$200.5 Million



### Our Observations:

1. Under the current fee schedule North Broward Hospital District is paying **19.0 basis points** for the Baird Core Fixed Income strategy.
2. Compared to published fee schedules found in the Core Fixed Income peer group, the Baird fee ranks very favorably, placing below **the 75<sup>th</sup> percentile**.

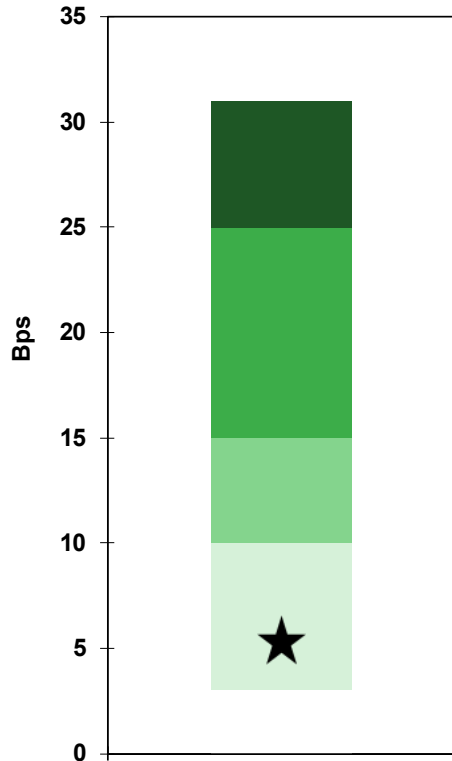
### Basis Points

5th Percentile	35.0
25th Percentile	27.5
MEDIAN	25.0
75th Percentile	20.0
95th Percentile	8.0
<b>Baird Core Fixed</b>	<b>19.0</b>
No of observations	375



# SSgA TIPS

## US TIPS Fixed Income



## SSgA – TIPS Assets: \$11.1 Million

### Our Observations:

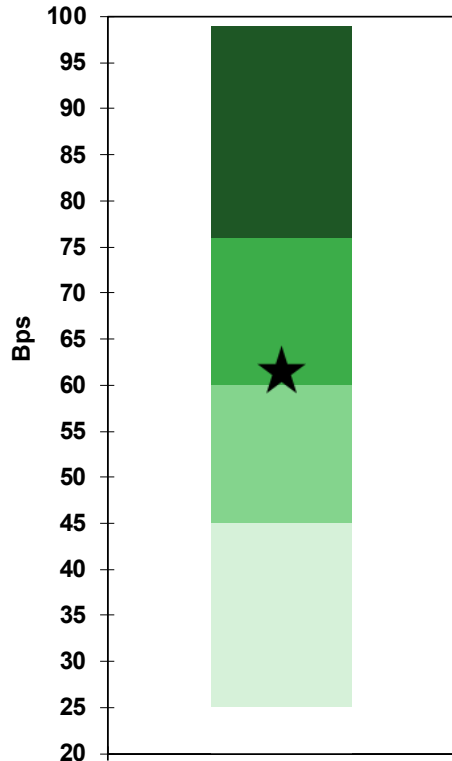
1. Under the current fee schedule North Broward Hospital District is paying **5.0 basis points** for the SSgA TIPS strategy.
2. Compared to published fee schedules found in the US TIPS Fixed Income peer group, the SSgA fee ranks very favorably, placing well below **the 75<sup>th</sup> percentile**.

### Basis Points

5th Percentile	31.0
25th Percentile	25.0
MEDIAN	15.0
75th Percentile	10.0
95th Percentile	3.0
<b>SSgA TIPS</b>	<b>5.0</b>
No of observations	36

# BlackRock Strategic Income Opportunities

Global Fixed Income



**BlackRock – SIO**  
**Assets: \$53.4 Million**

**Our Observations:**

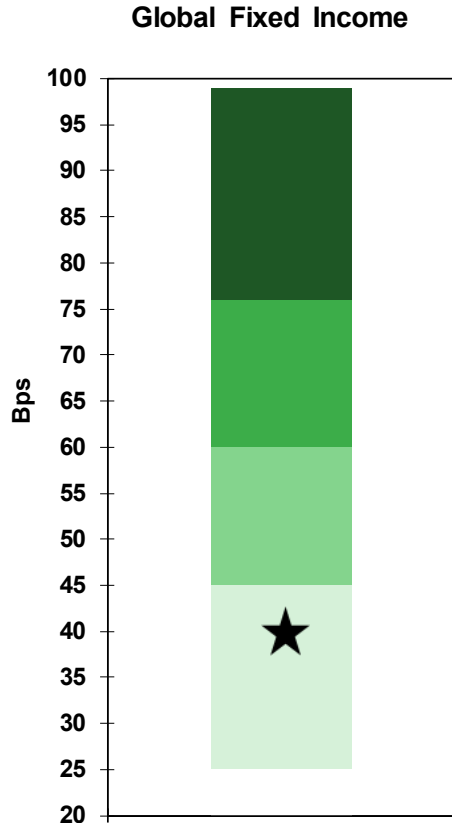
1. Under the current fee schedule North Broward Hospital District is paying **62.0 basis points** for the BlackRock SIO strategy.
2. Compared to published fee schedules found in the Global Fixed Income peer group, the BlackRock fee ranks just above the **median** of the universe.

**Basis Points**

5th Percentile	99.0
25th Percentile	76.0
MEDIAN	60.0
75th Percentile	45.0
95th Percentile	25.0
<b>BlackRock SIO</b>	<b>62.0</b>
No of observations	276

# Loomis, Sayles Strategic Alpha

## Loomis, Sayles – Strategic Alpha Assets: \$48.2 Million



### Our Observations:

1. Under the current fee schedule North Broward Hospital District is paying **40.0 basis points** for the Loomis, Sayles Strategic Alpha strategy.
2. Compared to published fee schedules found in the Global Fixed Income peer group, the Loomis, Sayles fee ranks well below **the 75<sup>th</sup> percentile**.

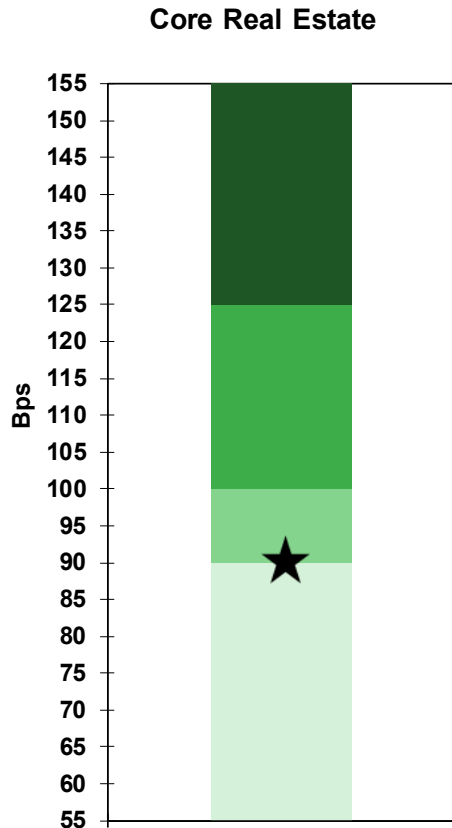
### Basis Points

5th Percentile	99.0
25th Percentile	76.0
MEDIAN	60.0
75th Percentile	45.0
95th Percentile	25.0
<b>Loomis Sayles</b>	<b>40.0</b>
No of observations	276

# Alternatives

# Invesco Core Real Estate

## Invesco – Core Real Estate Assets: \$93.3 Million



### Our Observations:

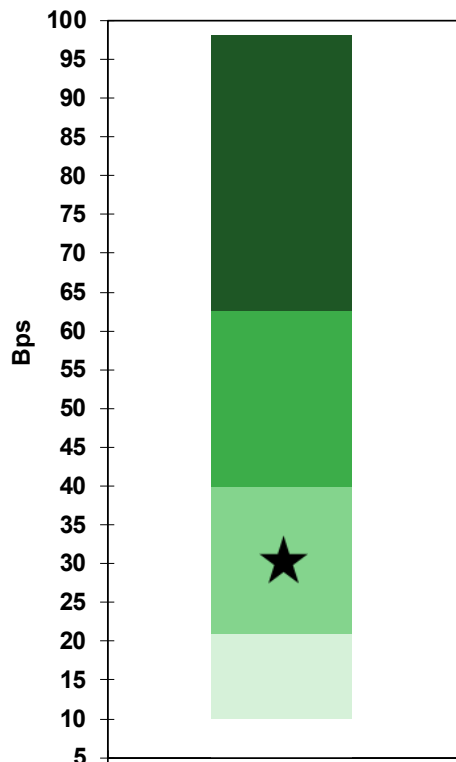
1. Under the current fee schedule North Broward Hospital District is paying **90 basis point** for the Invesco Core Real Estate strategy.
2. Compared to published fee schedules found in the Private Real Estate peer group, the Invesco fee ranks right at **the 75<sup>th</sup> percentile** of the universe.

### Basis Points

5th Percentile	175.0
25th Percentile	125.0
MEDIAN	100.0
75th Percentile	90.0
95th Percentile	42.0
<b>Invesco</b>	<b>90.0</b>
No of observations	69

# Vanguard STAR

Global Balanced/TAA



## Vanguard – STAR Assets: \$31.8 Million

### Our Observations:

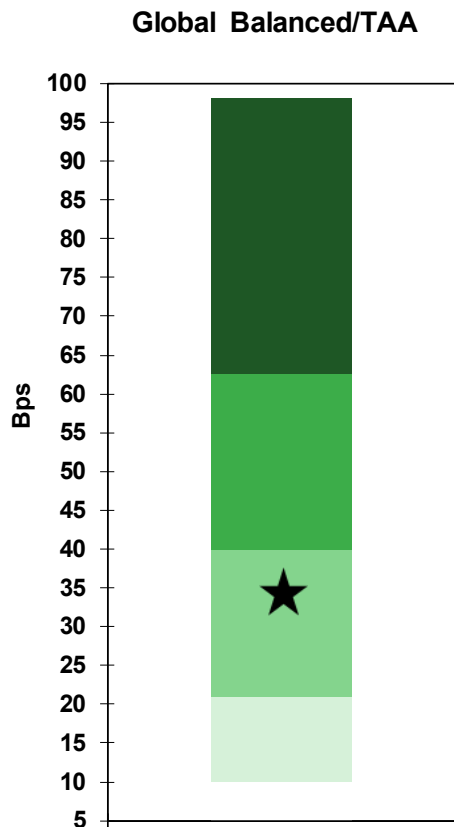
1. Under the current fee schedule North Broward Hospital District is paying **31 basis point** for the Vanguard STAR strategy.
2. Compared to published fee schedules found in the Private Real Estate peer group, the Vanguard STAR fee ranks below the **median** of the universe.

### Basis Points

5th Percentile	98.0
25th Percentile	62.5
MEDIAN	40.0
75th Percentile	21.0
95th Percentile	10.0
<b>Vanguard STAR</b>	<b>31.0</b>
No of observations	350

# Vanguard Global Wellington

## Vanguard – Global Wellington Assets: \$34.1 Million



### Our Observations:

1. Under the current fee schedule North Broward Hospital District is paying **34 basis point** for the Vanguard Global Wellington strategy.
2. Compared to published fee schedules found in the Private Real Estate peer group, the Vanguard Global Wellington fee ranks below the **median** of the universe.

### Basis Points

5th Percentile	98.0
25th Percentile	62.5
MEDIAN	40.0
75th Percentile	21.0
95th Percentile	10.0
<b>Vanguard Wellington</b>	<b>34.0</b>
No of observations	350