

Item 1 – Cover Page

NEPC, LLC

255 State Street
Boston, MA 02109

617-374-1300

www.NEPC.com

Date of this Brochure: 3/31/2014

Contacts:

William Y. Bogle - Chief Compliance Officer
Steven F. Charlton, CFA - Director of Consulting Services

This Brochure provides information about the qualifications and business practices of NEPC, LLC ("NEPC"). If you have any questions about the contents of this Brochure, please contact us at 617-374-1300.

The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

NEPC is a registered investment adviser. Registration of an Investment Adviser does not imply any level of skill or training.

Additional information about NEPC also is available on the SEC's website at www.adviserinfo.sec.gov.

Item 2 – Material Changes

In September 2013, NEPC moved its headquarters from Cambridge, Massachusetts to Boston, Massachusetts. Item 1 has been updated to reflect our current location.

In November 2013, NEPC entered into an agreement to provide sub-advisory services pursuant to our discretionary advice service offering. Item 16 has been updated to reflect this arrangement.

There are no additional material changes to our brochure dated March 31, 2013.

Item 3 - Table of Contents

Item 1 – Cover Page.....	i
Item 2 – Material Changes	ii
Item 3 - Table of Contents	iii
Item 4 – Advisory Business	1
Item 6 – Performance-Based Fees and Side-By-Side Management	3
Item 7 – Types of Clients.....	4
Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss.....	5
Item 9 – Disciplinary Information	7
Item 10 – Other Financial Industry Activities and Affiliations	8
Item 11 – Code of Ethics	9
Item 12 – Brokerage Practices	10
Item 13 – Review of Accounts.....	11
Item 14 – Client Referrals and Other Compensation.....	12
Item 15 – Custody	13
Item 16 – Investment Discretion	14
Item 17 – Voting Client Securities.....	15
Item 18 – Financial Information.....	16

Item 4 – Advisory Business

NEPC is an independent, full service investment consulting firm. NEPC has been providing consulting services as its sole line of business since 1986, based on three main principles: maintain independence, provide proactive counsel to help clients exceed their goals and objectives, and service our clients with seasoned professionals. NEPC is owned and controlled by its active partners, including NEPC's founder and Chairman, Mr. Richard M. Charlton.

NEPC provides financial consulting services for both traditional and alternative assets, including:

- the development and/or refinement of investment policies, objectives and guidelines and their periodic review, thereafter;
- liability-based asset allocation studies every three to five years, the length of a typical planning cycle;
- asset-based asset allocation studies;
- manager and custodian searches;
- quarterly investment performance analysis reports and accompanying executive summaries;
- monthly flash reports;
- advice on proxy voting services;
- educational seminars;
- our annual client conference; and
- attendance at meetings.

In addition to traditional consulting services, NEPC provides some clients with discretionary consulting services, which typically include the services listed above along with additional discretionary services described in Item 16 below.

In general, NEPC does not provide investment management services in the context of managing a portfolio of stocks, bonds or other instruments; rather, NEPC provides customized investment advice. NEPC provides its consulting services to 321 retainer clients with total assets of approximately \$800 billion (as of 12/31/2013).

Each client is unique and, as a result, has unique investment goals. We listen to our clients closely and customize our solutions to pursue goals with intelligence and rigor. In fact, customization is an aspect of collaboration, as we see it, and it's a hallmark of who we are.

Of our 86 consultants, 72 have advanced degrees and/or are professionally certified, the highest concentration of professionally certified employees of any firm in the investment consulting industry. Our 67 senior consultants average over 20 years of investment experience.

Item 5 – Fees and Compensation

The specific manner in which fees are charged by NEPC is established in a client's written agreement. NEPC will generally bill its fees on a quarterly basis, to be paid in arrears. Accounts initiated or terminated during a calendar quarter will be charged a prorated fee. Upon termination of any account, any prepaid, unearned fees will be promptly refunded, and any earned, unpaid fees will be due and payable.

Fees are generally quoted on a full retainer basis, encompassing all of the consulting services provided by NEPC. On occasion, fees are quoted on a project basis for a defined time period or scope of work.

We offer fixed, hourly and asset-based fees. In addition, we offer Liability Driven Investment ("LDI") related performance fees. These fees tie our compensation to our success in closing the gap in a client's funded status. When calculating an asset-based fee or LDI-related fee, we rely on a valuation provided by an independent third party (typically the client's custodian bank) since NEPC does not value assets. Some clients choose to reimburse us for reasonable travel expenses, while others prefer that our fee includes travel. In all cases, the fee schedule is agreed upon prior to NEPC's retention and is specified in each applicable client contract.

All of our fees are quoted, paid and received in hard dollars. NEPC does not have a standard fee schedule, and all fees are subject to negotiation.

Item 6 – Performance-Based Fees and Side-By-Side Management

As noted in Item 5, in addition to fixed, hourly and asset-based fees, we offer Liability Driven Investment (“LDI”) related performance fees. These fees tie our compensation to our success in closing the gap in a client’s funded status. The fee schedule is agreed upon prior to NEPC’s retention and is specified in each applicable client contract.

Performance-based fee arrangements may create an incentive for NEPC to recommend investments which may be riskier or more speculative than those which would be recommended under a different fee arrangement. NEPC has procedures designed and implemented to ensure that all clients are treated fairly, and to prevent this conflict from influencing the allocation of investment opportunities among clients.

Item 7 – Types of Clients

NEPC provides investment advice to a variety of clients, including corporations, charitable organizations, healthcare organizations, public funds, Taft-Hartley Funds and high net worth individuals and families. These clients include several plan types including defined benefit, defined contribution, endowment, foundation, health and welfare, insurance, operating and taxable assets.

NEPC does not have a minimum account size for its clients.

Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss

Our client portfolios are designed to achieve specified target rates of return at predetermined risk levels. Accordingly, these portfolios may contain domestic equities, fixed income and cash equivalents, international equities and global fixed income, real estate, alternative assets and various hedging strategies.

In our role as a consultant, NEPC seldom becomes involved at the security level with a client. Rather, we focus on the asset class, the interaction among asset classes and the traditional and alternative asset investment managers who have demonstrated proficiency managing the various asset classes.

For funds-of-funds, analysis is conducted at the fund-of-funds level and will not generally include a direct review of underlying funds.

NEPC seeks to identify top-tier investment managers through the work of our experienced research staff. It is a thorough, vetted and continuous process, with the following steps:

- NEPC's search process begins with our research team screening both our proprietary internal databases and external databases for candidate managers that meet the minimum criteria.
- Next, we conduct a performance review by utilizing both internally-developed and third party systems. This enables the examination of each candidate manager's excess return stream, or "alpha", over time.
- Once we have identified a set of managers for further analysis, asset class specialists meet with each manager to assess the investment team, understand the firm's business focus, review investment philosophy, determine consistency of investment style, verify return attribution and liquidity, and dissect the investment process (see discussion of the "Five P's" below). If the manager meets all the established criteria, we document the manager's investment thesis.
- The specialist then brings the manager to NEPC's centralized Due Diligence Committee for vetting. The Due Diligence Committee is made up of senior members of the firm, including Partners and Senior Consultants. Any outstanding issues or questions from the vetting session are pursued by the analyst and readdressed to the Committee. Successfully vetted investment managers are considered research-qualified and added to a Focused Placement List ("FPL") at the research analyst's discretion.

The criteria we use to evaluate managers are based on what we refer to as the Five P's. They are:

- **People:** We want to be very comfortable not only with the key individuals responsible for an investment product, but also the organization that holds them together. Our belief is that organizations that lend themselves to stability and high levels of career satisfaction have a higher likelihood of outperformance. Ownership,

incentives and overall professional stability, among others, are examined in considerable detail.

- **Philosophy:** We believe it is important to understand the basic thesis that drives a manager's investment process. For example, we want to know if the manager fundamentally believes in growth, value, bottom-up or top-down investing, and whether or not that philosophy is consistent with their actual implementation.
- **Process:** This is the most in-depth part of our research. We conduct considerable qualitative and quantitative analysis on the process(es) of each investment product of each firm we recommend to our clients. We are thoroughly familiar with the research, buy decision, portfolio construction and sell decision, and we compare each manager on a consistent basis.
- **Performance:** The performance phase of our analysis takes place after the firm's people, philosophy and process pass muster. Strong performance is irrelevant without a stable organization, an investment philosophy that makes sense, and a well-documented, repeatable investment process. When analyzing performance, we look at up-market and down-market performance, as well as correlations between each candidate's performance and the risk and return characteristics of the managers remaining in the client's investment program. This final step ensures that all serious candidates will "fit" well in the program.
- **Price:** Finally, we carefully analyze manager fee structures. We track all components of the fees our clients can be expected to pay, including management fees, entry/exit fees, performance fees, minimum fees, and custody fees. We also determine whether or not most favored nations fees are offered, and the degree to which managers are willing to negotiate.

The culmination of our evaluation process is the investment thesis that we develop for every manager profiled. We believe that, similar to stocks or bonds evaluated by active investment managers, we should have levels of conviction about managers and their ability to outperform. The evaluation process outlined above coupled with the interviews and due diligence we conduct with/on investment managers allows us to form opinions about the managers with whom our clients work.

Managers that prove favorable based on the Five P's may subsequently be recommended for a client portfolio, but only if they are a good "fit" within the plan's investment program based on return expectations, risk tolerance, liquidity needs, and legal and or regulatory constraints.

Investing in securities involves a risk of loss that clients should be prepared to bear. Clients should also understand that alternative assets (including hedge funds, real estate and private equity) may be illiquid or subject to lock-ups, and are not subject to the same regulatory requirements as registered investment vehicles. We work with clients to mitigate the risk of loss through diversification, asset allocation decisions and the use of hedging strategies.

Item 9 – Disciplinary Information

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of NEPC or the integrity of NEPC's management. NEPC has no information applicable to this Item.

Item 10 – Other Financial Industry Activities and Affiliations

NEPC is an independent firm and has no information applicable to this Item.

Item 11 – Code of Ethics

NEPC maintains a Code of Ethics that provides all employees with guidance on proper conduct in fulfilling its obligations as fiduciaries to its clients and in complying with SEC rules. The Code of Ethics stresses the importance of avoiding activities, interests and relationships that might interfere with, or give the appearance of interfering with, making decisions in the best interests of NEPC clients. Employees are reminded that they must at all times (1) place the interests of clients first, (2) conduct all personal securities transactions in full compliance with the Code of Ethics, and (3) avoid taking inappropriate advantage of their position. Among other things, the Code of Ethics requires employees to:

- disclose material facts and actual or potential conflicts that may affect the services provided to clients;
- act in the best interests of clients and place the interests of clients above the interests of NEPC personnel whenever a conflict may be present;
- not engage in any activity that conflicts with the interests of clients;
- avoid taking inappropriate advantage of their position (e.g., by using knowledge of a client's portfolio transactions to profit by the market effect of those transactions); and
- conduct all personal trading in full compliance with the Code of Ethics, including all pre-trade clearance and reporting requirements.

The Code of Ethics also requires employees to make certain disclosures regarding their trading and personal portfolios, restricts investments in private placements and new issues, and restricts the acceptance of gifts.

NEPC's Code of Ethics is administered and enforced by its Chief Compliance Officer. All employees must acknowledge the terms of the Code of Ethics annually, or as amended.

A copy of the Code of Ethics will be provided to any client or potential client upon request.

NEPC's officers and employees may purchase, sell or hold investment accounts or interests in privately offered investment funds that are managed by third party investment advisory firms recommended from time to time by NEPC to its clients. This may present a potential conflict of interest to NEPC. Accordingly, NEPC has implemented policies pursuant to which such accounts and investments are reviewed prior to opening and periodically thereafter. In addition, securities trading by employees (including any investments in privately offered funds) is subject to the requirements of NEPC's Code of Ethics.

From time to time, NEPC may work with a client who has an affiliate that could be considered a money manager. NEPC provides its advisory services to the employee retirement plans of these companies, and is not in any way involved with the operations or finances of the firms themselves.

Item 12 – Brokerage Practices

NEPC has no information applicable to this Item. We do not engage in direct trading, or select brokers to execute trades.

Item 13 – Review of Accounts

NEPC reviews client accounts on a periodic basis and provides an in-depth performance measurement report to most of our clients on a quarterly basis. Personal presentations are scheduled at the request of each client, and normally occur at least quarterly. All client relationships are covered on a team basis, ensuring both continuity and consistency.

Account reviews evaluate traditional and alternative manager performance, the impact of policy and fund structure on overall plan performance, and the overall market environment. The performance appraisal process focuses initially on plan structure and diversification, and subsequently on the performance (risk and return) of managers within each asset class and their interactivity with one-another. In conducting these reviews, market and peer group comparisons are used extensively, not only in the return dimension but also in the risk dimension.

In servicing our clients, we use our Investment Performance Analysis (“IPA”) report, designed to our specifications, but programmed and maintained by InvestorForce. These reports feature extensive risk diagnostics, including various measures of volatility, market sub effects, risk-adjusted returns, a wide variety of portfolio characteristics and their respective influences on performance.

As stated above, reviews normally occur on a periodic basis. In addition to regular meetings with clients, NEPC will schedule supplementary meetings upon the occurrence of extraordinary events within the client’s portfolio, such as the loss of key personnel by an investment manager.

Item 14 – Client Referrals and Other Compensation

NEPC does not use a third party to solicit business and does not accept or pay referral fees or commissions. NEPC has no information applicable to this Item.

Item 15 – Custody

Neither NEPC nor any related person holds any funds or securities for clients. NEPC has no information applicable to this Item.

Item 16 – Investment Discretion

In general, NEPC acts on an advisory basis and does not manage client assets. For certain clients, however, NEPC may act as a discretionary advisor. These “discretionary services” could include responsibility for such functions as asset allocation, rebalancing, and manager selection or termination. For this type of client, NEPC acts as a fiduciary under ERISA Section 3(38). In all such instances we rely on an investment policy statement approved by the client, and follow NEPC’s standard procedures to formulate advice. Before our advice is implemented, it is reviewed by a centralized internal decision-making group to maintain appropriate checks and balances.

A plan sponsor may elect to give NEPC discretion for a number of reasons. This type of arrangement can make sense for clients who don’t have expertise in-house, want to outsource day-to-day plan transactions, or simply are short-staffed. NEPC’s level of discretion varies by client, and ranges from full discretion over all asset classes and managers to discretion over just one particular asset class, such as hedge funds. The client retains responsibility for approving an investment policy document, and NEPC generally assumes responsibility for all other investment decisions. Our services generally do not include legal advice or functions carried out by a third party administrator such as anti-money laundering checks, or KYC and OFAC compliance.

As part of NEPC’s discretionary advice service offering, NEPC may act as a sub-advisor, providing advice on the selection of investment managers. In this type of client relationship, the General Partner or Investment Manager of an investment fund may hire NEPC to evaluate and select managers that the Investment Manager would subsequently hire to manage some, or all, of the investment fund.

In the event that an advisory client of NEPC invests in a fund sub-advised by NEPC, the advisory client will receive a fee rebate to ensure that NEPC does not profit twice from the same investment.

Item 17 – Voting Client Securities

As a matter of firm policy and practice, NEPC does not have any authority to and does not vote proxies on behalf of advisory clients. Plan sponsor clients retain the responsibility for receiving and voting proxies for any and all securities maintained in client portfolios. NEPC may from time to time provide advice to clients regarding proxy voting services or the clients' voting of proxies.

NEPC may vote mutual fund proxies for certain discretionary clients. In these cases, NEPC will vote in the best interest of shareholders, as determined by NEPC in accordance with its written proxy voting policy. NEPC authorizes the clients' investment managers to vote proxies for individual securities.

Item 18 – Financial Information

As a registered investment adviser NEPC is required in this Item to provide you with certain financial information or disclosures about its financial condition. NEPC has no financial condition that impairs its ability to meet contractual and fiduciary commitments to clients, and has not been the subject of a bankruptcy proceeding.