



- MPERS has been recognized for its “good governance” model by Fund Governance Analytics. MPERS scored an overall rating in the top quintile of U.S. public pension plans. The results not only reflect a positive governance model but also the strong application of the model by trustees of the board. This is important to MPERS stakeholders as evidence shows a strong correlation between governance and the success of the organization.



Module 1 - FEQ Comprehensive Report

2018 - U.S. Governance Survey

Missouri DOT and Highway Patrol

Peer Group: Public Pension Funds

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FEQ Comprehensive Report 2018 - U.S. Governance Survey



About the FEQ

Empirical studies have shown that the effectiveness of any board is driven by many structural and process elements including its independence, composition, size, committee structure, turnover and levels of engagement. The Fiduciary Effectiveness Quotient (FEQ)[™] was developed on the basis of thirty years of corporate governance research and applied to the investment management arena. Asset Owners (pension funds, endowments, foundations and other dedicated funds) are subject to many of the same board organizational and stakeholder issues.

Based on a five-year study conducted at Marquette University, culminating in a unique comprehensive database on public pension funds, the FEQ was constructed from a thorough analysis of governance variables. Our examination of the original 51 variables collected, was reduced to 17 of the most relevant factors. Through an econometric method known as Principal Components Analysis, we further condensed these variables into six components: 1) Professionalism; 2) Board Composition; 3) Engagement; 4) Staff; 5) Institutional Knowledge; and 6) Diligence. These components represent the six subscales of organizational governance, and each varies in their impact and respective importance in driving outcomes.

When analyzed in relation to key financial performance metrics, we found strong evidence of a causal relationship between these governance factors and financial outcomes in the following year. The best scoring organizations saw investment returns that were consistently higher than other organizations; and for each unit increase in the FEQ we saw a commensurate increase in returns. **The FEQ is a unique measure that can inform asset owners how well their boards are fulfilling their fiduciary duty.**

The FEQ allows us to assign a governance rating to any organization from data collected within approximately 30 minutes from an informed respondent, typically a Chief Investment Officer or other business leader within the organization. The data is further added to- and validated - by meeting minutes uploaded to our data collection system. Once the organization is scored, each governance factor is further examined on a quintile basis (e.g., first quintile is strongest, fifth quintile is weakest), showing where the subject organization falls in relation to its respective peer group. Areas for improvement emerge based on the organizations standing relative to its peers.

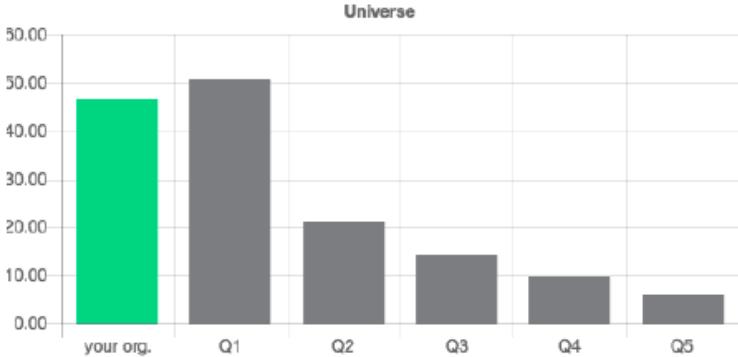
For your organization, the following pages provide comparative analysis across each FEQ factor, and will highlight each area for strengths and weaknesses across the organization. The organization is benchmarked to the respective peer group and the overall universe for each factor. We have also included other governance topics as part of a further examination of best practices of fund management organizations.

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FEQ by Peer Group and Universe by Quintile

There are significant differences in the FEQ that separate Quintile 1 from the other quintiles.



Your organization’s FEQ score is 46.83. This places you in the first quintile among the U.S. Public Pension peer group.