



Zeno Consulting Group, LLC

The Importance of Trade Cost Analysis (TCA)

In an environment where round-trip trading costs can easily exceed 1.5% (often the largest expense of the Fund), superior stock-picking ability is not enough. Fund fiduciaries are under increasing pressure to establish meaningful oversight programs that ensure managers achieve Best Execution, commission recapture/directed brokerage programs work as intended, and portfolio transitions/rebalances are implemented in a prudent and efficient manner.

As prudent fiduciaries, more than ever before, asset owners should understand their managers' trading process, what they pay to execute trades, whether they obtained Best Execution, and its impact on performance.

What you don't know, can hurt you!

Who is Zeno Consulting Group, LLC?

Zeno Consulting Group, LLC ("Zeno") is a boutique consulting firm, **not an asset manager or broker**, that specializes in assisting Plan Sponsors/Pension Funds and other asset owners to proactively monitor, and manage, their asset managers' trading processes. Established in 1986 as "Plexus Group," Zeno is a Registered Investment Advisor (RIA) with a well-earned reputation as a thought-leader in trade cost analysis.

What Zeno Consulting Group, LLC Does

Zeno assists Compliance Officers, Risk Managers, Investment Officers, and Plan Fiduciaries in proactively monitoring and evaluating the trading performance of their external investment managers, directed brokers, transition managers, and foreign currency counterparties.

In doing so, Zeno offers multi-asset class transaction cost analysis services. These services cover equities, foreign exchange, and fixed income; both in the context of evaluating the day-to-day trading of asset managers and portfolio transitions. This comprehensive coverage enables Fund fiduciaries to document the receipt of Best Execution on **all** transactions (i.e. not limited to equities). Where applicable, asset owners can thereby calculate the full impact of trading on Fund performance (e.g. the combined cost associated with trading the underlying stock or bond, as well as the foreign exchange need to settle that trade). Services include:

- Equity transaction cost analysis services, *Sponsor Monitor* and *Sponsor Review*.
- Foreign Exchange analysis services, *FX Monitor* and *FX Fiduciary Review*.
- Fixed Income transaction cost analysis service, *Fixed Income Monitor*.
- Portfolio Transition consulting services, *Transport*.
- Directed Brokerage and Commission Recapture evaluations, *Directed Brokerage Audits* and *Soft Dollar Audits*.
- *Educational Workshops*