

Cost Estimation of Transition Management Events

Understanding transition management cost estimates can be challenging. Factors influencing the estimates vary significantly based upon the event type, assets traded, and market conditions.

We believe running a pre-trade with actual holdings is the most optimal way for a client to understand the potential cost range of a particular event. However, that is not always possible.

The following tables provide broad cost assumptions for a liquidation of assets by common equity indices and trade sizes. These cost estimates (in basis points) may guide the possible costs for a transition event.

Assumptions

- **Event type:** Liquidation (raising cash)
- **Commission:** 1 cent per share (cps) for US equity; 5 basis points (bps) for International equity; 1 bps for Foreign Exchange (FX)
- **Optimized trade list:** top 100 securities (by weight)
- **Russell 2000:** The \$500M basket required two days of trading based upon our standard 20% daily participation rate.

S&P 500 Index	\$25MM	\$50MM	\$100MM	\$250MM	\$500MM
Wgt Avg Price (\$)	\$149.02	\$149.02	\$149.02	\$149.02	\$149.02
# of Shares	167,766	335,527	671,054	1,677,636	3,355,271
Average % of ADV	0.0%	0.1%	0.1%	0.2%	0.5%
Avg Market Cap	\$820.49	\$820.49	\$820.49	\$820.49	\$820.49
Commissions	-0.7	-0.7	-0.7	-0.7	-0.7
Fees	-0.1	-0.1	-0.1	-0.1	-0.1
Total Explicit	-0.7	-0.7	-0.7	-0.7	-0.7
Bid/ Ask Spread	-0.6	-0.6	-0.6	-0.6	-0.6
Market Impact	-1.1	-1.3	-1.6	-2.1	-2.6
Total Implicit	-1.7	-1.9	-2.2	-2.7	-3.2
Total Costs	-2.5	-2.7	-2.9	-3.4	-3.9

S&P 400 Index	\$25MM	\$50MM	\$100MM	\$250MM	\$500MM
Wgt Avg Price (\$)	\$89.34	\$89.34	\$89.34	\$89.34	\$89.34
# of Shares	279,848	559,688	1,119,380	2,798,446	5,596,897
Average % of ADV	0.5%	0.9%	1.8%	4.5%	9.0%
Avg Market Cap	\$10.74	\$10.74	\$10.74	\$10.74	\$10.74
Commissions	-1.1	-1.1	-1.1	-1.1	-1.1
Fees	-0.1	-0.1	-0.1	-0.1	-0.1
Total Explicit	-1.2	-1.2	-1.2	-1.2	-1.2
Bid/ Ask Spread	-2.7	-2.7	-2.7	-2.7	-2.7
Market Impact	-2.8	-3.7	-5.4	-10.4	-18.3
Total Implicit	-5.4	-6.4	-8.1	-13.0	-21.0
Total Costs	-6.6	-7.6	-9.3	-14.2	-22.1

Russell 2000 Index	\$25MM	\$50MM	\$100MM	\$250MM	\$500MM (2 days)
Wgt Avg Price (\$)	\$65.33	\$65.33	\$65.33	\$65.33	\$65.33
# of Shares	382,689	765,386	1,530,766	3,826,916	7,653,835
Average % of ADV	0.7%	1.4%	2.9%	7.2%	14.4%
Avg Market Cap	\$6.43	\$6.43	\$6.43	\$6.43	\$6.43
Commissions	-1.5	-1.5	-1.5	-1.5	-1.5
Fees	-0.1	-0.1	-0.1	-0.1	-0.1
Total Explicit	-1.6	-1.6	-1.6	-1.6	-1.6
Bid/ Ask Spread	-3.3	-3.3	-3.3	-3.3	-3.3
Market Impact	-3.6	-5.2	-8.1	-16.4	-26.4
Total Implicit	-6.9	-8.4	-11.3	-19.7	-29.6
Total Costs	-8.5	-10.0	-12.9	-21.3	-31.2

MSCI EAFE Index	\$25MM	\$50MM	\$100MM	\$250MM	\$500MM
Wgt Avg Price (\$)	\$24.67	\$24.67	\$24.67	\$24.67	\$24.67
# of Shares	1,013,335	2,026,671	4,053,347	10,133,359	20,266,718
Average % of ADV	0.2%	0.4%	0.8%	1.9%	3.8%
Avg Market Cap	\$129.50	\$129.50	\$129.50	\$129.50	\$129.50
Commissions	-6.0	-6.0	-6.0	-6.0	-6.0
Fees	-0.3	-0.3	-0.3	-0.3	-0.3
Total Explicit	-6.3	-6.3	-6.3	-6.3	-6.3
Bid/ Ask Spread	-1.5	-1.5	-1.5	-1.5	-1.5
Market Impact	-2.0	-2.4	-3.2	-5.2	-8.5
FX	-1.0	-1.0	-1.0	-1.0	-1.0
Total Implicit	-4.5	-5.0	-5.8	-7.8	-11.0
Total Costs	-10.8	-11.3	-12.0	-14.1	-17.3