Toolkits for Beginners

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YOUR GUIDE TO GLOBAL FIDUCIARY INSIGHTS

fi360

Mission: To promote a culture of fiduciary responsibility and improve the decision making process of investment fiduciaries.

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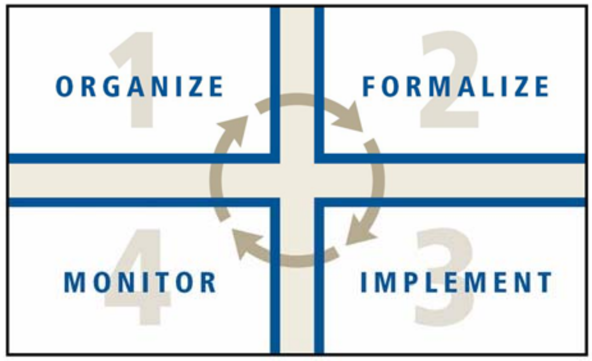
Fiduciary Quality Management System

Analogous to the ISO 9000 QMS Continual Improvement Process



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Fi360 Toolkit Features

– The Basics

- Web-based software
  - No downloads or lost disks.
- Unlimited access during your subscription.
  - Unlimited client profiles and reports.
- All Toolkit features are integrated.
  - Future enhancement based on user feedback.
- Data updated Quarterly
  - Sourced from Morningstar.
    - *Mutual Funds, ETFs, Separately Managed Accounts. and VA Subaccounts*

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Who uses the Toolkits?

- Advisors
  - Fiduciaries, advisors to Fiduciaries, advisors who want to employ “Best Practices.”
- Stewards
  - Trustees and committee members who take their fiduciary responsibilities seriously.
- Money Managers
  - Wholesalers
- Consultants
  - HR Consultants, Plan Sponsor Consultants

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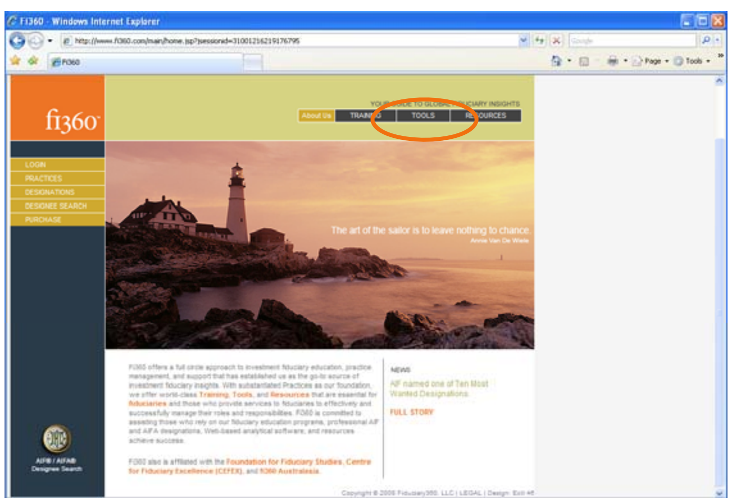

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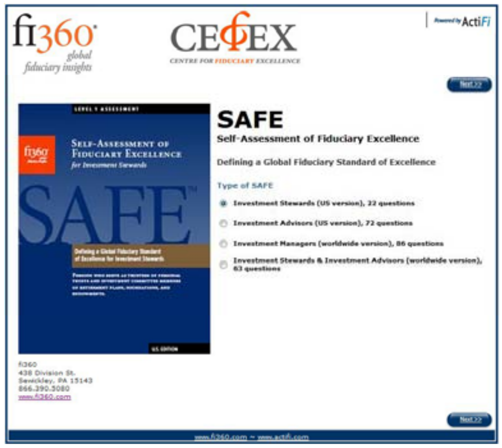
Organize



safe.actifi.com

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SAFE

- Use this document to identify potential shortfalls.

Formalize

- Use the Optimizer
  - The fi360 Toolkits use Resampled Efficiency™
- Define a Due Diligence Process
  - Use the fi360 Fiduciary Score ™
  - Create your own custom due diligence criteria
- Create an Investment Policy Statement

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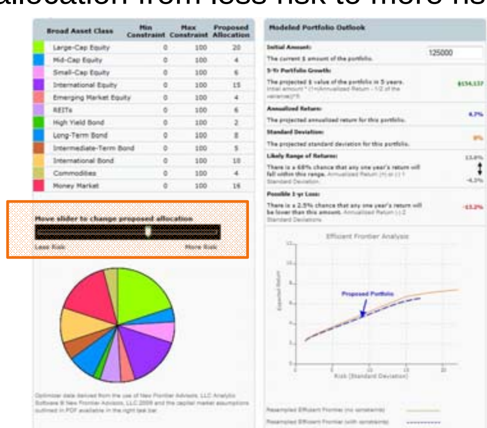
Asset Allocation Optimizer

- Use the scroll bar to change the allocation from less risk to more risk.



Formalize

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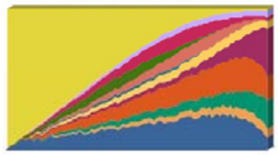
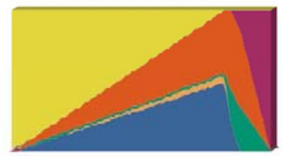
Resampled Efficiency ™

Resampled Efficient Frontier



Classical Efficient Frontier



- Resampled Efficiency accounts for uncertainty in the Capital Market inputs.
- Resampled Efficiency provides:
  - A diverse portfolio across all asset classes without adding constraints.
  - A smooth transition between the risk profiles.

Formalize

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Fi360 Fiduciary Score™ Criteria

1. Regulatory oversight	The product should be managed by: (a) a bank, (b) an insurance company, (c) a registered investment company (mutual fund), or (d) a registered investment adviser.
2. Minimum track record	The product should have at least three years of history so that performance statistics can be properly calculated.
3. Stability of the organization	The same portfolio management team should be in place for at least two years.
4. Assets in the product	The product should have at least $75 million under management (across all share classes.)
5. Holdings consistent with style	At least 80% of the underlying securities should be consistent with the product's broad asset class. (Only applicable to certain peer groups.)
6. Correlation to style or peer group	The product must be highly correlated to the asset class of the investment option. This means the Morningstar Style Box® for the current quarter must match the peer group of the fund. (Only applicable to certain peer groups.)
7. Expense ratios/fees	The product's fees should not be in the bottom quartile (most expensive) of their peer group.
8. Performance relative to assumed risk	The product's risk-adjusted performance (Alpha and Sharpe Ratio) should be above the peer group median.
9. Performance relative to a peer group	The product's performance should be above the peer group's median manager return for 1-, 3- and 5-year cumulative periods.

Formalize

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Calculating the fi360 Fiduciary Score™ Quarter

1. Each criteria is evaluated and if the fund does not met the requirement, shortfall points are assigned depending on the level of severity.
2. The shortfall points are totaled for each fund's share class.
3. The total points are ordered from lowest to highest within each peer group.
4. Each fund is then given a percentile ranking based on where there total points fall in the distribution of their peer group.
   1. Funds with 0 points are automatically given a Fiduciary Score of 0.
   2. Every other fund is given a Fiduciary Score from 1-100 representing their percentile ranking.

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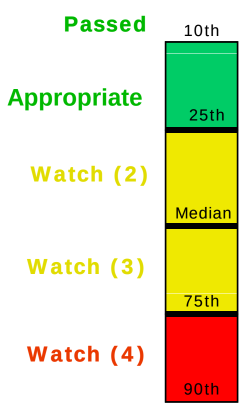
Fi360 Fiduciary Score™



Fiduciary Score 0
No shortfalls.

Fiduciary Score 1 – 25
Appropriate for fiduciary account.

Fiduciary Score 26 –50:
Noteworthy shortfalls.

Fiduciary Score 51 – 75:
Considerable shortfalls.

Fiduciary Score 76 – 100:
Significant shortfalls.

Source of raw mutual fund data: Morningstar
Source of Fiduciary Score™: Fi360 Tools

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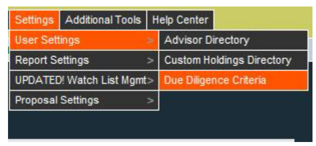
Custom Due Diligence

- Create your own custom due diligence criteria to implement in the client's IPS and monitor investments on an ongoing basis.
- Platinum Toolkit feature



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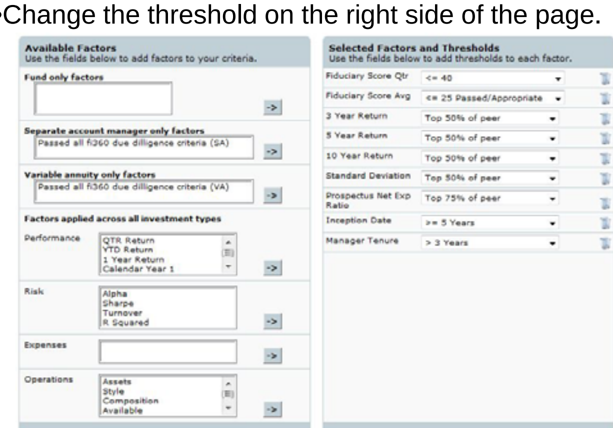
Custom Due Diligence(cont.)

•Select factors on the left side of the page.
•Change the threshold on the right side of the page.



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Custom Due Diligence(cont.)

Change the Level of Compliance

- Required Factors
  - By default, will place a fund on Watch if not met.
- Optional Factors
  - Create a screen of several factors to place a fund on Watch.

Selected Factors	Importance
Fiduciary Score Qtr - <= 40	Required
Fiduciary Score Avg - <= 25 Passed/Appropriate	Required
3 Year Return - Top 50% of peer	Optional
5 Year Return - Top 50% of peer	Optional
10 Year Return - Top 50% of peer	Optional
Standard Deviation - Top 50% of peer	Optional
Prospectus Net Exp Ratio - Top 75% of peer	Optional
Inception Date - >= 5 Years	Optional
Manager Tenure - > 3 Years	Optional

Optional Factors

In addition to all **Required** factors, please specify the number of **Optional** factors (selected in the column to the left) that must be satisfied for the investment to meet the due diligence criteria.

5 of 7 Optional Factors must be met

Note: By definition, all **required** factors must be satisfied for the fund to meet the due diligence criteria.

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My Client Manager

Begin to formalize information for your client in My Client Manager.

- Basic Information 

- Investment Policy Statement 

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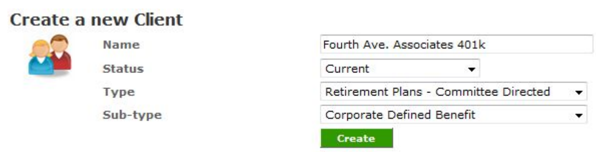
My Client Manager(cont.)

- Create a new Client, or



- Edit an existing Client.

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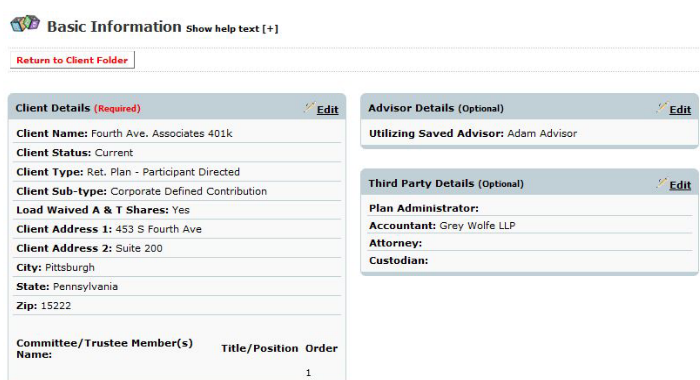
My Client Manager(cont.)

- Edit the Basic Information tab to customize your client's reports.



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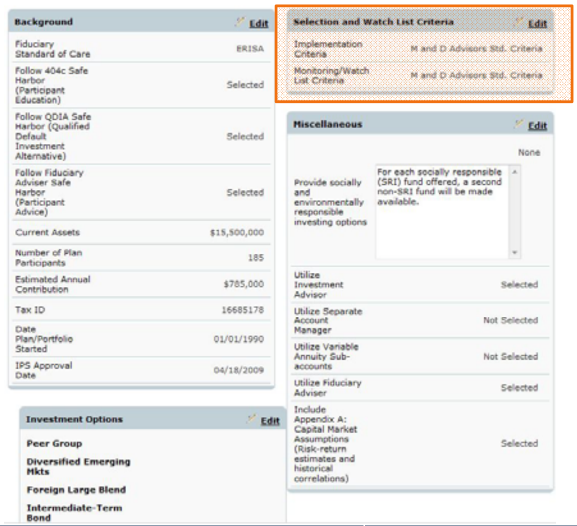
My Client Manager(cont.)

- Create an Investment Policy Statement for your client.



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Implementation

- Enter your client’s holdings in My Client Manager.
- Screen for new investments in the Investment Analyzer.
    - Utilize the fi360 Fiduciary Score or your own Custom Due Diligence criteria.

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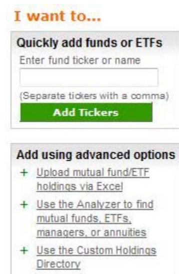
Implementation

YOUR GUIDE TO GLOBAL FIDUCIARY INSIGHTS

My Client Manager

- Enter your clients investments
  - Enter funds via ticker or name
  - Enter funds via Excel Import
  - Enter investments via Investment Analyzer
  - Enter Custom Holdings



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Implementation

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My Client Manager(cont.)

- Add other information to your client's investments.
  - Dollar values
  - Notes

Investment Name	Type	Ticker	Peer Group	$ Amount	Meets IPS Monitoring Criteria?	Watch List Status	View/Edit
AIM Developing Markets A	MF	GTDDX	Diversified Emerging Mkts	$142,000	√	Off Watch List Edit	Notes
Allegiant Multi-Factor Small Cap Core A	MF	ALOAX	Small Blend	$564,000	X	On Watch List Edit	Notes

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Implementation

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Investment Analyzer

- Enter through the Holdings Page or through the Tools Menu page.
- Utilize the Analyzer to find funds for your client, Fund List, or to perform other analysis.

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Implementation

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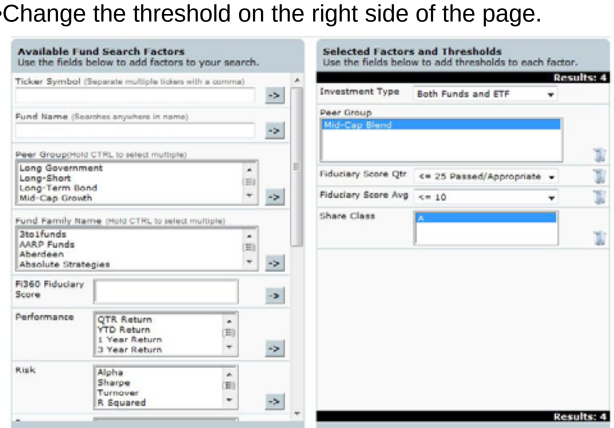
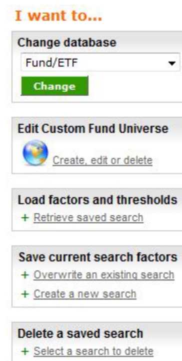
Investment Analyzer(cont.)

•Select factors on the left side of the page.
•Change the threshold on the right side of the page.



Investment Analyzer(cont.)

- Customize your search.
  - Change the database.
  - Utilize your own Custom Universe
  - Utilize your Saved Search factors



Implementation

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Investment Analyzer(cont.)

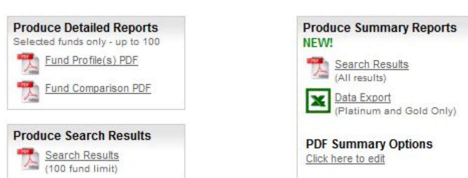
- The Search Results page displays the selected investments.

Your search returned 4 fund(s).

Order results: Ascending Descending By: Fiduciary Score (Qtr) Results: 1-4

Fund Name	Peer Group	Fiduciary Score Qtr	Fiduciary Score Avg	1 Year	3 Year	5 Year	Alpha	Sharpe Ratio	Exp Ratio	Mgr Tenure	Assets ($MM)	Comp	Style Drift
Principal MidCap Blend A (PEMGX)	Mid-Cap Blend	0	0	-34.97	-10.34	---	2.65	-0.69	1.13	8.3	479.3	PASS	PASS
SEI Instl Mgd US Managed Volatility A (SVOAX)	Mid-Cap Blend	0	10	-31.06	-9.45	---	1.39	-0.78	1.28	3.1	300.6	PASS	PASS
Victory Special Value A (SSVSX)	Mid-Cap Blend	15	6	-43.48	-14.50	-1.96	2.84	-0.72	1.28	5.8	718.3	PASS	PASS
Columbia Mid Cap Index A (NTIAX)	Mid-Cap Blend	17	5	-36.15	-13.83	-3.10	1.67	-0.77	0.39	0.1	1129.7	PASS	PASS

- Produce a variety of reports on your selected investments.



Implementation

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Monitoring

- Make Watch List decisions
  - View client Watch List decisions
  - View global Watch List decisions
- Produce Report for your clients
  - Monitoring Report
  - Flash Report
  - Due Diligence Report
  - Snapshot Report

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Monitoring

Watch List

Investment Name	Type	Ticker	Peer Group	$ Amount	Meets IPS Monitoring Criteria?	Watch List Status	View/Edit
AIM Developing Markets A	MF	GTDDX	Diversified Emerging Mkts	$142,000	√	Off Watch List Edit	Notes
Allegiant Multi-Factor Small Cap Core A	MF	ALOAX	Small Blend	$564,000	X	Off Watch List Edit	Notes
Columbia Real Estate Equity A	MF	CREAX	Real Estate	$614,000	X	On Watch List Edit	Notes

•IPS criteria is the default criteria to place a fund On Watch List.

•Make your final Watch List decision.

•Document your decision in the Notes.

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Monitoring

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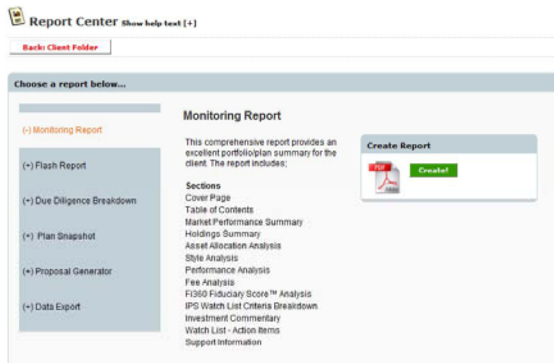
Reporting

- Unlimited, on-demand report generation
- FINRA reviewed
- Customizable and client friendly



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Monitoring

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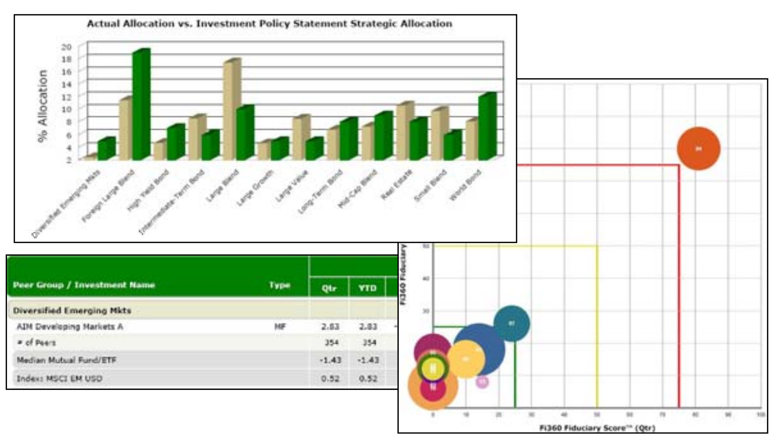
Monitoring Report

- This comprehensive report provides an excellent portfolio/plan summary for your client.



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Monitoring

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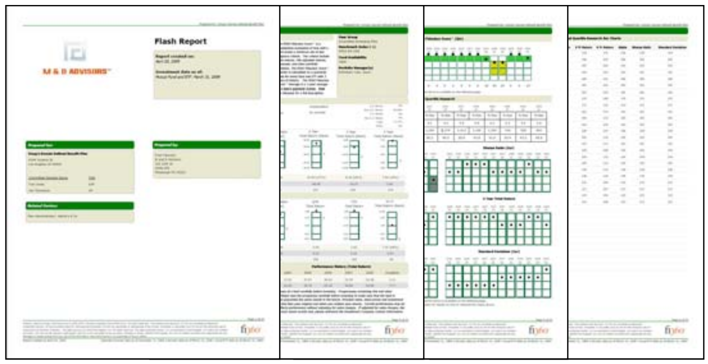
Flash Report

- This detailed report allows for in-depth analysis and comparison of the client's investments to their peer groups and indexes.



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Monitoring

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Due Diligence Breakdown

- This simple report illustrates which Fiduciary Score™ criteria was satisfied or not satisfied for every fund in your client's holdings.

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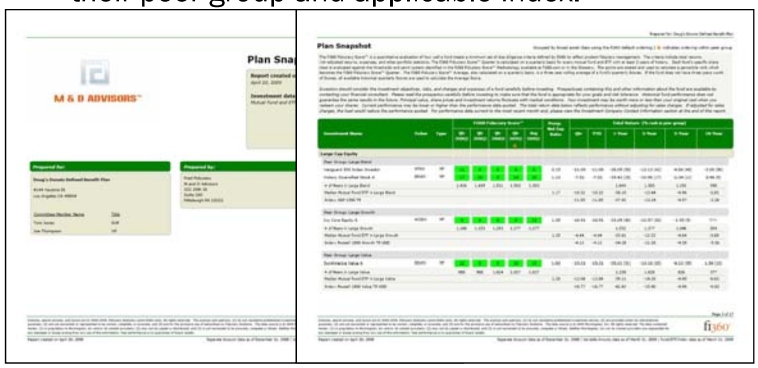
Monitoring

Snapshot Report

- Quickly review the fi360 Fiduciary Score for your client's investments along with a thorough performance evaluation of the investments to their peer group and applicable index.



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Proposal Report

- Compare plans, portfolios, or investments and create reports and proposals for new and prospective clients. Win business with the same process you use to monitor and support existing clients.

Holdings Summary - Current Plan

Peer Group/ Investment Name	Ticker	Type	$ Amount Invested	Percentage	Action?
Diversified Emerging Mkts					
AIM Developing Markets A	GTDDX	MF	142,000	2.4%	Keep
Foreign Large Blend					
MFS Research International A	MRSAX	MF	664,000	11.4%	Remove

Holdings Summary - Proposed Plan

Peer Group/ Investment Name	Ticker	Type	$ Amount Proposed	Percentage	Action?
Diversified Emerging Mkts					
AIM Developing Markets A	GTDDX	MF	290,255	5%	Current
Foreign Large Blend					
Maxim MFS International Growth Portfolio	04AI1	MF	1,102,969	19%	New

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Reporting Customization

- Add/Remove sections.

Monitoring Report Sections	Include?
Table of Contents	☑
Market Performance Summary - Overview	☑
Market Performance Summary - Equity	☑
Market Performance Summary - Fixed Income	☑
Holdings Summary	☑
Asset Allocation Analysis	☑
Style Analysis	☑
Performance Analysis	☑
Investment Performance	☑
Fee Analysis	☑
Fi360 Fiduciary Score™ Overview	☑
Fi360 Fiduciary Score™ Breakdown	☑
IPS Watch List Criteria Breakdown	☑
Investment Commentary	☑
Watch List - Action Items	☑

- Customize Benchmarks.

Add a Custom Benchmark

Peer Group: Select

Benchmark: Select Apply

Peer Group	User-Selected Benchmark	Default Benchmark	Reset
Bank Loan	USTREAS CD Sec Mkt 6 Mon	BarCap Govt/Credit 1-5 Yr TR USD	☐
Bear Market	-	S&P 500 TR	☐
Communications	-	DJ US Telecom TR USD	☐

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Next Steps

1. Go to www.fi360.com/FreeToolkitTrial and sign up for a free 14 day preview of the Platinum Toolkit.
2. Enter a “test client” to see how the Toolkits work.
3. Check out our Help Center to view video tutorials, FAQ’s, a Glossary and other documentation.
4. Click the User Admin link at the top of the page to subscribe!

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