

## Calculating the Fi360 Fiduciary Score®:

The Fi360 Fiduciary Score® is calculated on a monthly basis for investments with at least a three-year history. Each investment is evaluated against a set of factors and thresholds, then allotted penalty points. The penalty points are totaled and compared to all other investments within the peer group. Investments with 0 penalty points are automatically given an Fi360 Fiduciary Score of 0. Every other investment is then given a score of 1-100, representing their percent ranking based on its placement in the distribution of their peer group.

## Score Criteria:

The Fi360 Fiduciary Score® is a peer percentile ranking of an investment against a set of quantitative due diligence criteria selected to reflect prudent fiduciary management. The fi360 Fiduciary Score represents a suggested course of action and is not intended, nor should it be used, as the sole source of information for reaching an investment decision.

### ■ Regulatory Oversight:

The investment should be managed by a bank, trust company, or an insurance company, a registered investment company (mutual fund), or a registered investment advisor.

- *Unregistered investments are excluded from Fi360's calculations*

### ■ Minimum Track Record:

The investment should have at least three years of history so that performance statistics can be properly calculated

- *Investments without the requisite 3 year history are excluded from Fi360's calculations.*

### ■ Stability of the Organization:

The longest reported manager's tenure should be at least two years

- *5 points are added if the longest tenured manager is at least one but less than two years*
- *10 points added if the longest tenured manager is under one year*

### ■ Assets in the Investment:

The investment should have at least \$75 million under management (across all share classes).

- *5 points added if the investment has less than \$75 million in assets*
- *10 points added if the investment has less than \$50 million in assets*

### ■ Composition Consistent with Asset Class:

At least 80 percent of the investment's underlying securities should be consistent with the broad asset class. For example, a Large-Cap Growth investment should not hold more than 20 percent in cash, fixed income, and/or international securities.

- *10 points added if more than 20 percent of the portfolio is inconsistent with the broad asset class*

*Note: The broad asset classes used in the composition criterion include: U.S. Stocks, U.S. Bonds and Non-U.S. Stocks. The Long-Short peer group is evaluated on the U.S. Stock and cash composition.*

### ■ Style Consistency:

The investment should be highly correlated to the asset class of the investment option, i.e., the Morningstar Style Box™ for the current period must match the peer group of the investment.

- *10 points added if the investment is not correlated to its peer group*

## ■ Expense Ratios/Fees Relative to Peers:

The investment's fees should not be in the bottom quartile (most expensive) of their peer group. The Prospectus Net Expense Ratio is used for the evaluation of mutual funds and ETFs. If the investment is purchased within a group annuity product, any recordkeeping fees added to the underlying fund expense ratios by the group annuity provider are not included in the ratio. The management fee is used in the evaluation of GRPAs. It is the maximum percentage deducted from an investment's average net assets to pay an advisor or sub-advisor.

- 10 points added if the investment's expense ratio is in the bottom quartile

## ■ Risk-adjusted Performance Relative to Peers:

The investment's risk-adjusted performance (Alpha and Sharpe Ratio) should be above the peer group median manager's risk-adjusted performance. (Alpha is not evaluated for Money Market and Money Market Taxable peer groups.)

- 2.5 points added if the risk-adjusted performance is in the third quartile
- 5.0 points added if the risk-adjusted performance is in the fourth quartile
- 7.5 points added if the risk-adjusted performance is in the bottom decile
- 7.5 points added if not calculated

## ■ Performance Relative to Peers:

The investment's performance should be above the peer group's median manager return for 1-, 3- and 5-year cumulative periods.

### ■ One-year performance relative to the median value for the peer group:

- 2.5 points added if in the third quartile
- 5.0 points added if in the fourth quartile
- 7.5 points added if in the bottom decile
- 7.5 points added if not calculated

### ■ Three-year performance relative to the median value for the peer group:

- 5.0 points added if in the third quartile
- 7.5 points added if in the fourth quartile
- 10.0 points added if in the bottom decile
- 10.0 points added if not calculated

### ■ Five-year performance relative to the median value for the peer group:

- 7.5 points added if in the third quartile
- 10.0 points added if in the fourth quartile
- 12.5 points added if in the bottom decile

### ■ If the investment does not have a five-year performance history:

- 7.5 points added if the three-year performance is in the third quartile
- 10.0 points added if the three-year performance is in the fourth quartile
- 12.5 points added if the three-year performance is in the bottom decile
- 12.5 points added if the three-year performance is not calculated

## What We Score

The Score is calculated for open-end mutual funds, exchange-traded funds (ETFs), group retirement plan annuities (GRPAs) and collective investment trusts (CITs).

- **Mutual Funds and Exchange-Traded Funds (ETFs)** - Score is calculated against a combined peer group including both databases.
- **Group Retirement Plan Annuities (GRPAs)** - Score is calculated against a combined peer group including mutual funds, ETFs and GRPAs. The GRPA investment universe is limited in size, and is used interchangeably in the marketplace with mutual funds. The combined peer group provides a better analysis of the GRPA data.
- **Collective Investment Trusts (CITs)** - To accommodate the limited size and timeliness of reported data, we rely on previously calculated peer group rankings for the mutual fund and ETF universe for a given month end. When a CIT reports for a specific time period, is matched and ranked against the universe to calculate its Score. This overlay process allows for a more complete peer group comparison across investment types for the same time period.
- **TDF Series Fiduciary Score™** - is an equal-weighted average of each Score for the investments in a target date series linked by strategy, share-class, and underlying vintages (i.e. 2030, 2035, 2040, etc).

\* All investment data secured from Morningstar, Inc.