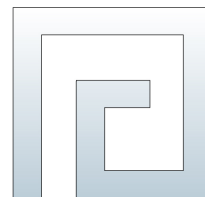


# Benchmarking Report

Prepared on 07/06/2020. Investment Data as of 03/31/2020.

Account Holdings as of 02/28/2019.



**M.D.C. ADVISORS**

*Prepared For:*

**Orange Inc**

*Prepared By:*

**M.D.C. Advisors**

10 Main St.  
Pueblo, CO 16066  
United States

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**Please see important disclosures in the Statement of Additional Disclosures. Investors should consider the investment objectives, risks, charges, and expenses of a fund before investing.** Prospectuses containing this and other information about the underlying funds included in a portfolio are available by contacting your financial consultant. Please read the prospectus carefully before investing to make sure that the fund is appropriate for your goals and risk tolerance. Past performance is no guarantee of future results.

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# Benchmarking Report

Inv. Data as of 03/31/20. Holdings as of 02/28/19. P Proposed R Remove W Watch

Orange Inc

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# Benchmarking Report

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Inv. Data as of 03/31/20. Holdings as of 02/28/19. P Proposed R Remove W Watch

Orange Inc

## STATE OF AFFAIRS

4

INVESTMENTS  
TO WATCH/REMOVE

0.3 %

WEIGHTED AVERAGE  
NET EXP RATIO

15 / 100

WEIGHTED AVERAGE  
Fi360 FIDUCIARY SCORE®

## ASSET ALLOCATION



BROAD ASSET CLASS	# INVESTMENTS	\$ ASSETS	% OF TOTAL ASSETS
U.S. Equity	10	7,908,534	42.19
International Equity	4	1,007,015	5.37
Sector Equity	3	2,000,000	10.67
Allocation	3	2,335,260	12.46
Taxable Bond	6	2,496,150	13.31
Stable Value	1	3,000,000	16.00
TOTAL	27	18,746,959	100

## INVESTMENTS TO WATCH

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. All Scores are color coded based on the quartile they fall in (1st - Green; 2nd - Light Green; 3rd - Yellow; 4th - Red).

Qtrs on watch includes the number of quarters the fund has been labeled with a status of Watch or Remove.

INVESTMENTS NAME	PEER GROUP	Fi360 SCORE® (PEERS)	QTRS ON WATCH		\$ ASSETS	
			IN A ROW	LAST 3 YEARS	THIS FUND	% OF TOTAL
DFA Emerging Markets Core Equity I <span>W</span>	Diversified Emerging Mkts	68 (760)	2	2	141,228.45	0.75
Sprott Gold Equity Investor <span>W</span>	Equity Precious Metals	64 (74)	2	2	-	-
Templeton Global Bond Adv <span>W</span>	Nontraditional Bond	63 (316)	2	2	1,000,000	5.33
Vanguard Mid-Cap Growth Index Admiral <span>W</span>	Mid-Cap Growth	53 (597)	2	2	30,174.71	0.16

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# Benchmarking Report

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Inv. Data as of 03/31/20. Holdings as of 02/28/19. P Proposed R Remove W Watch

Orange Inc

## ANNUAL COST SUMMARY

\$ 18,746,959

TOTAL ASSETS

342

NUMBER OF PARTICIPANTS

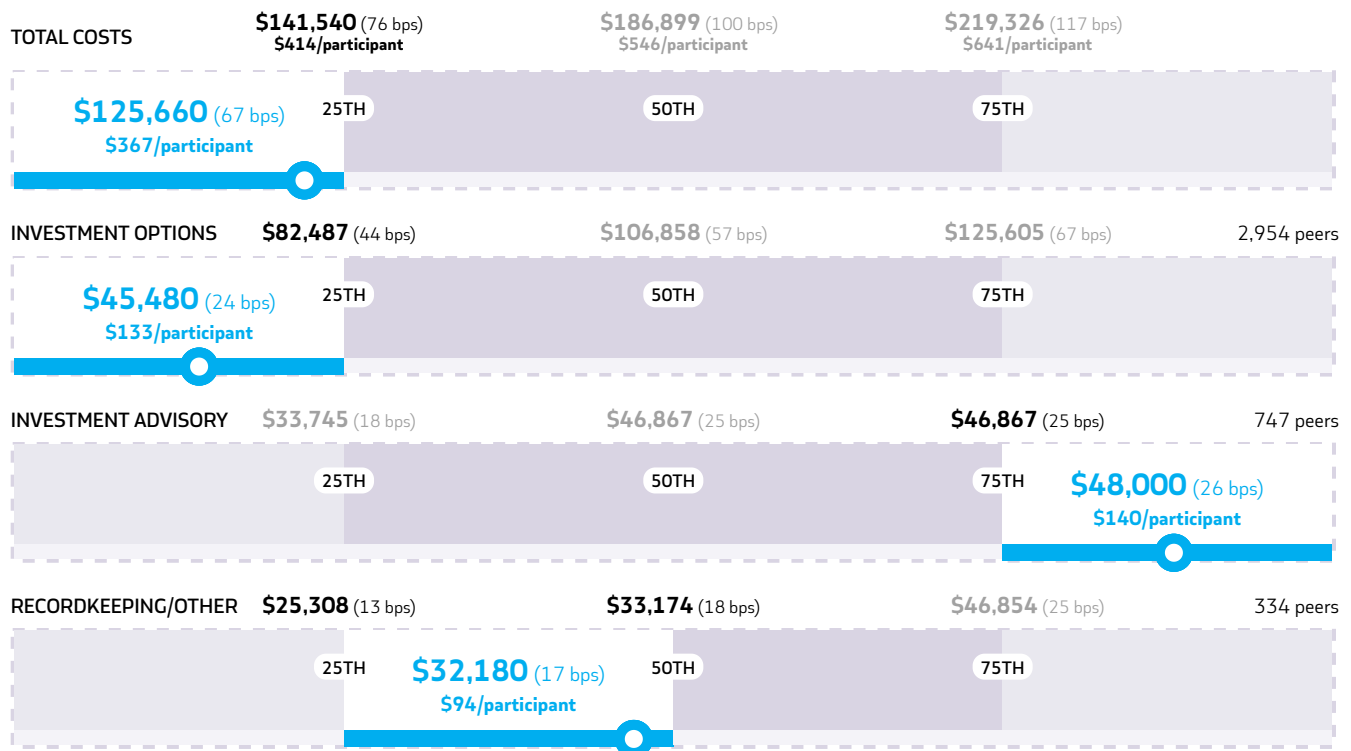
\$ 125,660

TOTAL COSTS

67 BPS

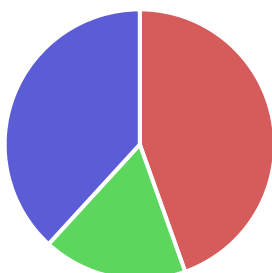
TOTAL COSTS IN BASIS POINTS

## PLAN COSTS COMPARED TO BENCHMARK



Fi360 separately evaluates the three core cost components of a plan (investment option fees, investment advisory fees and recordkeeping/other fees) and then adds these together to arrive at a total plan benchmark. To determine your peer group, Fi360 utilizes your plan assets for both investment option and investment advisory fees. For recordkeeping/other, Fi360 utilizes your plan assets and the number of participants as there is a direct correlation between the number of participants and cost within this service category in particular. The total plan benchmark is shown in the chart below and the underlying category details are shown in the following table including the 25th, 50th and 75th percentiles and the number of peers included in each of the category calculations. Fi360 always recommends that you review the specific services being provided, in addition to the costs, as plans are not created equal and the cheapest plan is not necessarily the best plan. Please reference the Statement of Additional Disclosures for more details. Benchmark statistics were last updated with 06/24/2020 data.

## PAYMENT SOURCE



	\$	BPS	%
Plan Participants/Client - Through Investment Options	55,980	30	45
Plan Participants/Client - Direct	21,680	12	17
Company - Direct Billed	48,000	26	38
	\$ 125,660	67	100

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# Benchmarking Report

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Orange Inc

## ANNUAL COST BREAKDOWN

	COMPANY	PLAN PARTICIPANTS/CLIENT
Total Cost - In Dollars	\$ 48,000	\$ 77,660
Total Cost - In Basis Points	26 BPS	41 BPS
Average Cost Per Active Participant (342)	\$ 140	\$ 227

## FUND / ASSET MANAGERS

## INVESTMENT OPTIONS

	COMPANY	PLAN PARTICIPANTS/CLIENT
Total Investment Option Costs	-	55,980
Revenue Sharing	-	10,500
Effective Management Fee	-	\$ 45,480

## FIDELITY

## RECORDKEEPING/ADMINISTRATION

	COMPANY	PLAN PARTICIPANTS/CLIENT
Recordkeeping.		
■ Flat Cost of \$18,500.00 assessed annually	-	32,180
■ Per Participant Cost of \$10.00 assessed quarterly		
	-	\$ 32,180

## JOE ADVISORY INC.

## INVESTMENT ADVISORY/MGMT

	COMPANY	PLAN PARTICIPANTS/CLIENT
Advisor Fee Level 2.		
■ Flat Cost of \$48,000.00 assessed annually	48,000	-
	\$ 48,000	-

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# Benchmarking Report

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Inv. Data as of 03/31/20. Holdings as of 02/28/19. P Proposed R Remove W Watch

Orange Inc

## ANNUAL INVESTMENT OPTION COSTS

\$ 55,980

**TOTAL INVESTMENT  
OPTION COSTS**

0.3 %

**WEIGHTED AVG NET  
EXP RATIO**

\$ 10,500

**TOTAL REVENUE  
SHARING**

\$ 45,480

**TOTAL EFFECTIVE  
MGMT FEE**

Each investment option is listed below. In many cases, especially in 401k plans, part of the expense ratio may be directed via 'revenue sharing' to other service providers such the advisor, recordkeeper or custodian. 12B-1 fees are commonly sent to the advisor while Sub-TA and Shareholder Service (SHR SVC) fees are commonly sent to the recordkeeper and/or custodian. Revenue sharing can be offset against other costs charged by a provider or additive to other costs they charge (see the Annual Cost Breakdown section for additional information). Fi360 calculates the MGMT FEE by subtracting any of these revenue sharing elements from the net expense ratio.

**NET EXP RATIO × \$ ASSETS = \$ COSTS**

### U.S. EQUITY

NAME	% NET EXPENSE RATIO COMPONENTS				EXPENSE RATIO		\$ ASSETS	\$ COSTS
	12B-1	SUB-TA	SHR SVC	MGMT FEE	NET (RANK)	GROSS		
American Funds Growth Fund of Amer A	0.25	-	-	0.40	0.65 (19)	0.65	2,000,000	<b>13,000</b>
Columbia Small Cap Index Inst2	-	-	-	0.20	0.20 (6)	0.20	221,490	<b>443</b>
Dodge & Cox Stock	-	-	-	0.52	0.52 (17)	0.52	2,000,000	<b>10,400</b>
Vanguard 500 Index Admiral	-	-	-	0.04	0.04 (4)	0.04	3,000,000	<b>1,200</b>
Vanguard Growth Index Admiral	-	-	-	0.05	0.05 (3)	0.05	94,079	<b>47</b>
Vanguard Mid Cap Index Admiral	-	-	-	0.05	0.05 (4)	0.05	86,026	<b>43</b>
Vanguard Mid-Cap Growth Index Admiral <span>W</span>	-	-	-	0.07	0.07 (2)	0.07	30,175	<b>21</b>
Vanguard Mid-Cap Value Index Admiral	-	-	-	0.07	0.07 (2)	0.07	27,908	<b>20</b>
Vanguard Total Stock Mkt Idx Adm	-	-	-	0.04	0.04 (4)	0.04	357,145	<b>143</b>
Vanguard Value Index Adm	-	-	-	0.05	0.05 (3)	0.05	91,712	<b>46</b>

### INTERNATIONAL EQUITY

NAME	% NET EXPENSE RATIO COMPONENTS				EXPENSE RATIO		\$ ASSETS	\$ COSTS
	12B-1	SUB-TA	SHR SVC	MGMT FEE	NET (RANK)	GROSS		
American Funds New Perspective R6	-	-	-	0.42	0.42 (5)	0.42	678,783	<b>2,851</b>
DFA Emerging Markets Core Equity I <span>W</span>	-	-	-	0.48	0.48 (8)	0.48	141,228	<b>678</b>
Vanguard Developed Markets Index Admiral	-	-	-	0.07	0.07 (5)	0.07	187,003	<b>131</b>
Vanguard Total Intl Stock Index Admiral	-	-	-	0.11	0.11 (6)	0.11	-	-

### SECTOR EQUITY

NAME	% NET EXPENSE RATIO COMPONENTS				EXPENSE RATIO		\$ ASSETS	\$ COSTS
	12B-1	SUB-TA	SHR SVC	MGMT FEE	NET (RANK)	GROSS		
DFA Global Real Estate Securities Port	-	-	-	0.24	0.24 (4)	0.34	1,000,000	<b>2,400</b>
Sprott Gold Equity Investor <span>W</span>	0.25	-	-	1.22	1.47 (67)	1.47	-	-
Vanguard Real Estate Index Admiral	-	-	-	0.12	0.12 (5)	0.12	1,000,000	<b>1,200</b>

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# Benchmarking Report

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Inv. Data as of 03/31/20. Holdings as of 02/28/19. P Proposed R Remove W Watch

Orange Inc

## ANNUAL INVESTMENT OPTION COSTS

### ALLOCATION

NAME	% NET EXPENSE RATIO COMPONENTS				EXPENSE RATIO		\$ ASSETS	\$ COSTS
	12B-1	SUB-TA	SHR SVC	MGMT FEE	NET (RANK)	GROSS		
DFA Global Allocation 25/75 I	-	-	-	0.24	0.24 (2)	0.40	1,000,000	<b>2,400</b>
Vanguard Balanced Index Adm	-	-	-	0.07	0.07 (1)	0.07	1,000,000	<b>700</b>
Vanguard Wellesley® Income Admiral™	-	-	-	0.16	0.16 (2)	0.16	335,260	<b>536</b>

### TAXABLE BOND

NAME	% NET EXPENSE RATIO COMPONENTS				EXPENSE RATIO		\$ ASSETS	\$ COSTS
	12B-1	SUB-TA	SHR SVC	MGMT FEE	NET (RANK)	GROSS		
DFA Inflation-Protected Securities I	-	-	-	0.11	0.11 (9)	0.11	100,000	<b>110</b>
DFA Short-Term Extended Quality I	-	-	-	0.22	0.22 (7)	0.22	1,000,000	<b>2,200</b>
Templeton Global Bond Adv <span>W</span>	-	0.25	-	0.44	0.69 (20)	0.77	1,000,000	<b>6,900</b>
Vanguard Inflation-Protected Secs Adm	-	-	-	0.10	0.10 (8)	0.10	7,392	<b>7</b>
Vanguard Inter-Term Bond Index Adm	-	-	-	0.07	0.07 (8)	0.07	307,606	<b>215</b>
Vanguard Total Intl Bd Idx Admiral™	-	-	-	0.11	0.11 (9)	0.11	81,152	<b>89</b>

### STABLE VALUE

NAME	% NET EXPENSE RATIO COMPONENTS				EXPENSE RATIO		\$ ASSETS	\$ COSTS
	12B-1	SUB-TA	SHR SVC	MGMT FEE	NET (RANK)	GROSS		
BNYM Mellon Stable Value Fund - Class M	-	-	0.10	0.24	0.34 (13)	0.34	3,000,000	<b>10,200</b>

### TOTAL INVESTMENT OPTION COSTS TABLE

NAME	% NET EXPENSE RATIO COMPONENTS				EXPENSE RATIO		\$ ASSETS	\$ COSTS
	12B-1	SUB-TA	SHR SVC	MGMT FEE	NET	GROSS		
In Dollars (\$)	5,000	2,500	3,000	45,480	55,980	59,380	18,746,959	<b>55,980</b>
In Basis Points (BPS)	3	1	2	24	30	32	-	<b>30</b>

### FEE WAIVERS

**DFA Global Allocation 25/75 I** Dimensional Fund Advisors LP (the "Advisor") has agreed to waive certain fees of the Portfolio. The Fee Waiver Agreement for the Portfolio will remain in effect through February 28, 2021, and may only be terminated by the Fund's Board of Directors prior to that date. Under certain circumstances, the Advisor retains the right to seek reimbursement for any fees previously waived up to thirty-six months after such fee waiver.

**DFA Global Real Estate Securities Port** Dimensional Fund Advisors LP (the "Advisor") has agreed to waive certain fees and in certain instances, assume certain expenses of the Portfolio. The Fee Waiver and Expense Assumption Agreement for the Portfolio will remain in effect through February 28, 2021, and may only be terminated by the Fund's Board of Directors prior to that date. Under certain circumstances, the Advisor retains the right to seek reimbursement for any fees previously waived and/or expenses previously assumed up to thirty-six months after such fee waiver and/or expense assumption.

**Templeton Global Bond Adv W** The investment manager has contractually agreed in advance to reduce its fee as a result of the Fund's investment in a Franklin Templeton money fund (acquired fund) for at least one year following the date of this prospectus. In addition, the transfer agent has contractually agreed to cap transfer agency fees for Class R6 shares of the Fund so that transfer agency fees for that class do not exceed 0.02%

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ANNUAL INVESTMENT OPTION COSTS

through April 30, 2020. Contractual fee waiver and/or expense reimbursement agreements may not be changed or terminated during the time period set forth above.



## STATEMENT OF ADDITIONAL DISCLOSURES

### INTRODUCTION

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**All Investments involve risk. The principal value and investment return will fluctuate so that your shares, when redeemed, may be worth more or less than the original cost. All investing involves risk, including the possible loss of principal. This does not apply, however, to the guaranteed portions of group annuity contracts that constitute guaranteed benefit policies as defined in ERISA 401(b)(2)(B).**

Collective investment trusts (CITs) are available for investment primarily by eligible retirement plans and entities. Participation in CITs is generally governed by the terms of a Declaration of Trust and a Participation or Adoption Agreement, which is signed by the retirement plan's fiduciary at the time the plan invests in the CITs. In addition, various other documents may contain important information about the CITs including Fund Descriptions, Statement of Characteristics or Investment Guidelines, and/or other fee or investment disclosure documents. All of these documents may contain important information about CIT fees, investment objectives, and risks and expenses of the underlying investments in the CITs and should be read carefully before investing. To obtain a copy, you will need to contact the plan sponsor or trustee of the CIT.

**CITs are not insured by FDIC or any other type of deposit insurance; are not deposits or other obligations of, and are not guaranteed by any firm or their affiliates; and involve investment risks, including possible loss of principal invested. CITs are not mutual funds and are exempt from registration and regulation under the Investment Company Act of 1940 (the "1940 Act"), and their units are not registered under the Securities Act of 1933, or applicable securities laws of any state or other jurisdiction. Unit holders of the Funds are not entitled to the protections of the 1940 Act. The decision to invest in CITs should be carefully considered. The CITs unit values will fluctuate and may be worth more or less when redeemed, so unit holders may lose money. CITs are not sold by prospectus and are not available for investment by the public; Fund prices are not quoted in readily available market quotation services.**

Separate Accounts are available through a group annuity contract. The contract and other fee/disclosure documents, such as fact sheets, may contain important information about the separate account fees, investment objectives and risks and expenses of underlying investments in the separate accounts and should be read carefully before investing. Certain investment options may not be available in all states or U.S. commonwealths. Some payments or transfers from the Separate Accounts may be deferred as described in the group annuity contracts providing access to the Separate Accounts or as required by applicable law. Such deferral will be based on factors that may include situations such as: unstable or disorderly financial markets or investment conditions which do not allow for orderly investment transactions.

This Statement of Additional Disclosures includes important information regarding the information provided in the report. If an investor does not understand any term or data presented herein, he/she should consult with his/her financial advisor.

### FI360 FIDUCIARY SCORE®

**Fi360 Fiduciary Score®.** The Score is a peer percentile ranking of an investment against a set of quantitative due diligence criteria selected to reflect prudent fiduciary management. The Rolling Averages are a one-, three-, five- or ten-year equal-weighted average of an investment's Fi360 Fiduciary Scores during that corresponding time period. The Historical Fi360 Fiduciary Scores at Quarter End trend chart (if included) displays the Fi360 Fiduciary Score for each calendar quarter-end during that year.

If an investment does not meet an individual due diligence criterion, points are tallied. Investments that satisfy all of the due diligence criteria receive an Fi360 Fiduciary Score of 0. Every other investment is given a Score of 1-100 based on their point total, and representing their percentile ranking

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## STATEMENT OF ADDITIONAL DISCLOSURES

within their peer group. 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. Visit [www.fi360.com/fi360-Fiduciary-Score](http://www.fi360.com/fi360-Fiduciary-Score) for the complete methodology document.

**Criteria.** The following criteria are included as part of the Score calculation.

1. **Inception Date.** The investment must have at least a 3 year track history
2. **Manager Tenure.** The investment manager must have at least a 2 year track history. (Most senior manager's tenure)
3. **Net Assets.** The investment must have at least 75 million under management (Total across all share classes for funds/ETFs)
4. **Composition.** The investments allocation to its primary asset class should be greater than or equal to 80%. (Not applied to all peer groups)
5. **Style.** The investment's current style box must match the peer group. (Not applied to all peer groups)
6. **Prospectus Net Exp Ratio.** The investment must place in the top 75% of its peer group
7. **Alpha (3yr) - Primary Benchmark.** The investment must place in the top 50% of its peer group
8. **Sharpe (3yr).** The investment must place in the top 50% of its peer group
9. **Return (1yr).** The investment must place in the top 50% of its peer group
10. **Return (3yr).** The investment must place in the top 50% of its peer group
11. **Return (5yr).** The investment must place in the top 50% of its peer group

**Weighted Fi360 Fiduciary Score.** The Weighted Score is calculated by taking the Fi360 Fiduciary Score for each holding and weighting it by its respective allocation or \$ amount (if available). If no allocation is available for any holding, each holding is treated equally. This is then summed to represent the Average Score across the holdings. If a holding does not have a Score, it is excluded from the calculation.

## EXPENSES

**Prospectus Net Expense Ratio.** This value is from the investment's most recent prospectus. The percentage of investment assets used to pay for operating expenses and management fees, including 12b-1 fees, administrative fees, and all other asset-based costs incurred by the fund, except brokerage costs. Fund expenses are reflected in the fund's Net Asset Value. Sales charges are not included in the expense ratio. The expense ratio for fund of funds is the aggregate expense ratio defined as the sum of the wrap or sponsor fees plus the estimated weighted average of the underlying fund fees. A higher expense ratio will "drag" on the overall performance of a fund compared to peers with a lower expense ratio.

**Net Expense Ratio (Rank).** The percentile rank for the Net Expense Ratio within the investment's peer group. 1 being the best and 100 the worst.

**Prospectus Gross Expense Ratio.** This value is from the investment's most recent prospectus. The total gross expenses (net expenses with waiver added back in) divided by the fund's average net assets. If it is not equal to the net expense ratio, the gross expense ratio portrays the fund's expenses had the manager not waived a portion, or all, of its fees. Thus, to some degree, it is an indication of fee contracts. Some fee waivers have an expiration date; other waivers are in place indefinitely.

**12b-1 Fee.** This value is usually taken from the fund's prospectus but may have been edited by your financial advisor if the prospectus amount was not accurate for your given situation. This value is part of the Net Expense Ratio. It represents a maximum annual charge deducted from investment assets to pay for distribution and marketing costs. This value can be rebated back to the client to offset other expenses.

**Fee Waiver/Cap.** This value is from the investment's most recent prospectus. The elimination of all or part of a fund's expense or the cap or maximum fee charged by the portfolio manager. Some fee waivers and caps have an expiration date; others are in place indefinitely. Some funds adopt this practice at various times to make their returns more competitive.

**Basis Point (BPS).** One-hundredth of a percentage point. For example, 50 basis points equals .50%.

**Investment Option Costs (\$ Costs).** Fi360 calculates this value by taking the Net Expense Ratio and adding any applicable Wrap fee. It represents the total costs paid through the investment options. Note that other costs may be paid directly to other service providers as outlined in this report.

**Mgmt. Fee (Effective Management Fee).** Fi360 calculates this value by taking the Net Expense Ratio and subtracting any 12b-1, SubTA and Shareholder Service (Shr Svc) fees as those are not retained by the investment manager. It represents the fee charged for the management of pooled

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## STATEMENT OF ADDITIONAL DISCLOSURES

investments such as collective investment funds, insurance/annuity products, mutual funds and individually managed accounts.

**Revenue Sharing.** Fi360 calculates this value by summing the 12b-1, Sub-TA, Shareholder Service and Wrap Fee for each investment. It represents the total costs paid through the investment options but directed to another service provider (not for the direct management of the investment option). This value can be rebated back to the client to offset other expenses.

**Shareholder Service Fee (Shr Svc).** This value is entered by your financial advisor and is part of the Net Expense Ratio. Typically, this value is passed back to a custodian or recordkeeper that is providing custodial services for the client/plan assets. This value can be rebated back to the client to offset other expenses.

**Sub-TA.** This value is entered by your financial advisor and is part of the Net Expense Ratio. Also known as Sub-Transfer Agency Fees, the name of this fee refers to the subcontracting of participant accounting to third parties, called Sub Transfer Agents. The transfer agent is the bank or trust company that executes, clears and settles buy or sell orders for mutual fund shares, and maintains shareholder records of ownership. When these functions are subcontracted to another recordkeeper, the fee paid to the sub-contractor is called the Sub-TA fee. Typically, Sub-TA fees are not disclosed in the prospectus and can vary depending on the client's circumstances. This value can be rebated back to the client to offset other expenses.

**Weighted Average Expense Ratio.** Fi360 calculates this value by taking the Total Investment Option Costs and dividing by the Total Client Assets. It represents the average expenses paid through the investment options.

## INVESTMENT STRATEGY & STYLE

**Peer Group.** Fi360 utilizes the Morningstar Category for peer group assignment. In an effort to distinguish funds by what they own, as well as by their prospectus objectives and styles, Morningstar developed the Morningstar Categories. While the prospectus objective identifies a fund's investment goals based on the wording in the fund prospectus, the Morningstar Category identifies funds based on their actual investment styles as measured by their underlying portfolio holdings (portfolio and other statistics over the past three years). Peer groups are for comparison only, and do not represent any investable products. Please reference the Peer Group Descriptions section for more specific detail on each peer group that is included in this report.

## WEIGHTINGS & HOLDINGS

**IPS Alignment.** If a current holding does not fit within the ranges specified in the Investment Policy Statement, an alignment notice is generated. A notice can occur due to temporary style drift in an investment, a difference in categorization methodology or a gap in allocation.

## TOTAL PLAN COSTS COMPARED TO BENCHMARK

**Investment Option & Advisory Fees.** Fi360 aggregates plan data across 125+ recordkeepers on a monthly basis for a variety of Broker Dealers, RIAs and Bank Trust clients. Within these plan data feeds, the underlying plan holdings are captured and many also include the ongoing advisor compensation being paid by the plan. This aggregated, anonymized data is used to calculate the benchmark statistics.

For the plan holdings, our goal is to arrive at the net management fees kept by the manager and not include any revenue sharing as that is already taken into account within the calculation of the recordkeeper and/or advisory costs. The process starts by matching each holding against our Morningstar® data feeds to capture each investment's net expense ratio. Then, for any retirement share class (as defined by Morningstar), we subtract an estimated revenue sharing amount by utilizing the lowest cost share class as a proxy instead (Ex. If the plan had an R2, we use the R6 expense ratio instead). While not exact, this provides a proxy for the true investment costs retained by the fund manager. Any investments which cannot be matched to an expense ratio are excluded. We then calculate an average expense ratio for the plan using this information, regardless of balance invested.

For the advisor compensation, we isolate the ongoing asset based compensation being paid to the advisor and calculate the benchmarks using this statistic.

In both cases, the 25th, 50th and 75 percentile ranges are calculated for the following plan size ranges (all in millions). Up to 0.5; 0.5-1; 1-3; 3-5; 5-10; 10-25; 25-50; 50-100; 100-250; 250-500; 500+. The number of plans in each category's applicable range is shown in the table within the Annual Cost Summary report section.

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## STATEMENT OF ADDITIONAL DISCLOSURES

**Recordkeeping/Admin Fees.** The benchmark statistics for this category are derived from Fi360's "RFP Director" software application which contains a database of RFPs and the corresponding recordkeeper proposals that were submitted in response. Any RFP with valid recordkeeper responses over the last 2 years is included within the benchmark set. A plan's peer group is based on Plan Size and the average participant account balance as many of these costs are driven not just by plan size, but by the number of participants as well. The 25th, 50th and 75 percentile ranges are calculated for the following plan size ranges (all in millions). Up to 0.5; 0.5-1; 1-3; 3-5; 5-10; 10-25; 25-50; 50-100; 100-250; 250-500; 500+. Within each plan size range, the peer group is further divided for average account balances of <10k; 10-50k; 50-100k; 100-250k; 250k+.

The number of recordkeeper proposals in the plan's applicable range is shown in the table within the Annual Cost Summary report section.

## STATEMENT OF ADDITIONAL DISCLOSURES: PEER GROUP DESCRIPTIONS

- Allocation--15% to 30% Equity (XY).** Funds in allocation categories seek to provide both income and capital appreciation by investing in multiple asset classes, including stocks, bonds, and cash. These portfolios are dominated by domestic holdings and have equity exposures between 15% and 30%.
- Allocation--30% to 50% Equity (CA).** Funds in allocation categories seek to provide both income and capital appreciation by investing in multiple asset classes, including stocks, bonds, and cash. These portfolios are dominated by domestic holdings and have equity exposures between 30% and 50%.
- Allocation--50% to 70% Equity (MA).** Funds in allocation categories seek to provide both income and capital appreciation by investing in multiple asset classes, including stocks, bonds, and cash. These portfolios are dominated by domestic holdings and have equity exposures between 50% and 70%.
- Diversified Emerging Mkts (EM).** Diversified emerging-markets portfolios tend to divide their assets among 20 or more nations, although they tend to focus on the emerging markets of Asia and Latin America rather than on those of the Middle East, Africa, or Europe. These portfolios invest predominantly in emerging market equities, but some funds also invest in both equities and fixed income investments from emerging markets.
- Equity Precious Metals (SP).** Precious-metals portfolios focus on mining stocks, though some do own small amounts of gold bullion. Most portfolios concentrate on gold-mining stocks, but some have significant exposure to silver-, platinum-, and base-metal-mining stocks as well. Precious-metals companies are typically based in North America, Australia, or South Africa.
- Foreign Large Blend (FB).** Foreign large-blend portfolios invest in a variety of big international stocks. Most of these portfolios divide their assets among a dozen or more developed markets, including Japan, Britain, France, and Germany. These portfolios primarily invest in stocks that have market caps in the top 70% of each economically integrated market (such as Europe or Asia ex-Japan). The blend style is assigned to portfolios where neither growth nor value characteristics predominate. These portfolios typically will have less than 20% of assets invested in U.S. stocks.
- Global Real Estate (GR).** Global real estate portfolios invest primarily in non-U.S. real estate securities but may also invest in U.S. real estate securities. Securities that these portfolios purchase include: debt securities, equity securities, convertible securities, and securities issued by real estate investment trusts and REIT-like entities. Portfolios in this category also invest in real estate operating companies.
- Inflation-Protected Bond (IP).** Inflation-protected bond portfolios invest primarily in debt securities that adjust their principal values in line with the rate of inflation. These bonds can be issued by any organization, but the U.S. Treasury is currently the largest issuer for these types of securities.
- Intermediate Core Bond (CI).** Intermediate-term core bond portfolios invest primarily in investment-grade U.S. fixed-income issues including government, corporate, and securitized debt, and hold less than 5% in below-investment-grade exposures. Their durations (a measure of interest-rate sensitivity) typically range between 75% and 125% of the three-year average of the effective duration of the Morningstar Core Bond Index.
- Large Blend (LB).** Large-blend portfolios are fairly representative of the overall US stock market in size, growth rates and price. Stocks in the top 70% of the capitalization of the US equity market are defined as large cap. The blend style is assigned to portfolios where neither growth nor value characteristics predominate. These portfolios tend to invest across the spectrum of US industries, and owing to their broad exposure, the portfolios' returns are often similar to those of the S&P 500 Index.
- Large Growth (LG).** Large-growth portfolios invest primarily in big U.S. companies that are projected to grow faster than other large-cap stocks. Stocks in the top 70% of the capitalization of the U.S. equity market are defined as large cap. Growth is defined based on fast growth (high growth rates for earnings, sales, book value, and cash flow) and high valuations (high price ratios and low dividend yields). Most of these portfolios focus on companies in rapidly expanding industries.
- Large Value (LV).** Large-value portfolios invest primarily in big U.S. companies that are less expensive or growing more slowly than other large-cap stocks. Stocks in the top 70% of the capitalization of the U.S. equity market are defined as large cap. Value is defined based on low valuations (low price ratios and high dividend yields) and slow growth (low growth rates for earnings, sales, book value, and cash flow).
- Mid-Cap Blend (MB).** The typical mid-cap blend portfolio invests in U.S. stocks of various sizes and styles, giving it a middle-of-the-road profile. Most shy away from high-priced growth stocks but aren't so price-conscious that they land in value territory. Stocks in the middle 20% of

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## STATEMENT OF ADDITIONAL DISCLOSURES: PEER GROUP DESCRIPTIONS

the capitalization of the U.S. equity market are defined as mid-cap. The blend style is assigned to portfolios where neither growth nor value characteristics predominate.

- **Mid-Cap Growth (MG).** Some mid-cap growth portfolios invest in stocks of all sizes, thus leading to a mid-cap profile, but others focus on midsize companies. Mid-cap growth portfolios target U.S. firms that are projected to grow faster than other mid-cap stocks, therefore commanding relatively higher prices. Stocks in the middle 20% of the capitalization of the U.S. equity market are defined as mid-cap. Growth is defined based on fast growth (high growth rates for earnings, sales, book value, and cash flow) and high valuations (high price ratios and low dividend yields).
- **Mid-Cap Value (MV).** Some mid-cap value portfolios focus on medium-size companies while others land here because they own a mix of small-, mid-, and large-cap stocks. All look for U.S. stocks that are less expensive or growing more slowly than the market. Stocks in the middle 20% of the capitalization of the U.S. equity market are defined as mid-cap. Value is defined based on low valuations (low price ratios and high dividend yields) and slow growth (low growth rates for earnings, sales, book value, and cash flow).
- **Nontraditional Bond (NT).** The Nontraditional Bond category contains funds that pursue strategies divergent in one or more ways from conventional practice in the broader bond-fund universe. Many funds in this group describe themselves as "absolute return" portfolios, which seek to avoid losses and produce returns uncorrelated with the overall bond market; they employ a variety of methods to achieve those aims. Another large subset are self-described "unconstrained" portfolios that have more flexibility to invest tactically across a wide swath of individual sectors, including high-yield and foreign debt, and typically with very large allocations. Funds in the latter group typically have broad freedom to manage interest-rate sensitivity, but attempt to tactically manage those exposures in order to minimize volatility. The category is also home to a subset of portfolios that attempt to minimize volatility by maintaining short or ultra-short duration portfolios, but explicitly court significant credit and foreign bond market risk in order to generate high returns. Funds within this category often will use credit default swaps and other fixed income derivatives to a significant level within their portfolios.
- **Real Estate (SR).** Real estate portfolios invest primarily in real estate investment trusts of various types. REITs are companies that develop and manage real estate properties. There are several different types of REITs, including apartment, factory-outlet, health-care, hotel, industrial, mortgage, office, and shopping center REITs. Some portfolios in this category also invest in real estate operating companies.
- **Short-Term Bond (CS).** Short-term bond portfolios invest primarily in corporate and other investment-grade U.S. fixed-income issues and typically have durations of 1.0 to 3.5 years. These portfolios are attractive to fairly conservative investors, because they are less sensitive to interest rates than portfolios with longer durations. Morningstar calculates monthly breakpoints using the effective duration of the Morningstar Core Bond Index in determining duration assignment. Short-term is defined as 25% to 75% of the three-year average effective duration of the MCB. I.
- **Small Blend (SB).** Small-blend portfolios favor U.S. firms at the smaller end of the market-capitalization range. Some aim to own an array of value and growth stocks while others employ a discipline that leads to holdings with valuations and growth rates close to the small-cap averages. Stocks in the bottom 10% of the capitalization of the U.S. equity market are defined as small cap. The blend style is assigned to portfolios where neither growth nor value characteristics predominate.
- **Stable Value (VL).** Stable-value portfolios seek to provide income while preventing price fluctuations. The most common stable-value portfolios invest in a diversified portfolio of bonds and enter into wrapper agreements with financial companies to guarantee against fluctuations in their share prices. These wrapper agreements typically provide price stability on a day-to-day basis, thereby insulating each portfolio's net asset value from interest-rate volatility. Therefore, the duration for each of these funds is essentially zero. This category is only used in Morningstar's custom fund, separate account, and collective investment trust databases.
- **World Bond-USD Hedged (WH).** USD hedged portfolios typically invest 40% or more of their assets in fixed-income instruments issued outside of the U.S. These portfolios invest primarily in investment-grade rated issues, but their strategies can vary. Some follow a conservative approach, sticking with high-quality bonds from developed markets. Others are more adventurous, owning some lower-quality bonds from developed or emerging markets. Some portfolios invest exclusively outside the U.S., while others invest in both U.S. and non-U.S. bonds. Funds in this category hedge most of their non-U.S.-dollar currency exposure back to the U.S. dollar.
- **World Large Stock (WS).** World-stock portfolios have few geographical limitations. It is common for these portfolios to invest the majority of their assets in the U.S., Europe, and Japan, with the remainder divided among the globe's smaller markets. These portfolios typically have 20%-60% of assets in U.S. stocks.

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## STATEMENT OF ADDITIONAL DISCLOSURES: RISKS

Investing involves risk. Loss of principal is possible. An investment in a fund is not a bank deposit, and it is not insured or guaranteed by the Federal Deposit Insurance Corporation (FDIC) or any other government agency. Each fund carries its own specific risks which depend on the types of investments in the fund. Investors should review the fund's prospectus carefully to understand the risks before investing.

In general, some of the risks associated with the Morningstar Categories shown in this report are as follows:

- **Allocation.** Different methods of asset allocation are associated with varying degrees of risks. Conservative portfolios contain low risk investments but may not earn any value over time. Moderate portfolios have a higher level of risk than conservative portfolios. Aggressive portfolios mainly consist of equities, so their value tends to fluctuate widely.
- **Bonds.** Bonds are subject to interest rate risk. As the prevailing level of bond interest rates rise, the value of bonds already held in a portfolio decline. Portfolios that hold bonds are subject to declines and increases in value due to general changes in interest rates. Bonds are also subject to prepayment risk, which is the chance that an issuer may exercise its right to prepay its security, if falling interest rates prompt the issuer to do so. Forced to reinvest the unanticipated proceeds at lower interest rates, the fund would experience a decline in income and lose the opportunity for additional price appreciation.
- **Emerging Markets.** Investments in emerging markets securities may be subject to greater market, credit, currency, liquidity, legal, political, and other risks compared with assets invested in developed foreign countries.
- **Foreign.** Investments in foreign securities may be more volatile than investing solely in U.S. markets due to interest-rate, currency, exchange rate, economic, and political risks. The value of these securities can change more rapidly and extremely than can the value of U.S. securities. Foreign securities are subject to increased issuer risk because foreign issuers may not experience the same degree of regulation as U.S. issuers do and are held to different reporting, accounting, and auditing standards. In addition, foreign securities are subject to increased costs because there are generally higher commission rates on transactions, transfer taxes, higher custodial costs, and the potential for foreign tax charges on dividend and interest payments. Many foreign markets are relatively small, and securities issued in less-developed countries face the risks of nationalization, expropriation or confiscatory taxation, and adverse changes in investment or exchange control regulations, including suspension of the ability to transfer currency from a country. Economic, political, social, or diplomatic developments can also negatively impact performance.
- **Foreign Currencies.** Foreign currencies are subject to the risks associated with such currencies and the changes in their values relative to the U.S. dollar. Such risks include volatility in the price relationship between the U.S. dollar and foreign currencies. The value of foreign currencies relative to the U.S. dollar can be affected by many factors, including national debt levels, trade deficits, international trade and foreign policies, changes in trade and balance of payments, governmental fiscal and monetary policies, currency exchange rates and changes in supply and demand that affect those rates, investment and trading activity of mutual funds, hedge funds and currency funds, exchange rate controls and government intervention in currency markets, inflation rates, interest and deposit rates, market expectations about future inflation rates and interest rates, and global and national economic, financial, political, regulatory, judicial, military and geographical events or developments. Prices of currencies of less developed or emerging market nations tend to be more volatile than those of developed countries, given the greater political, regulatory, economic, financial, military and social instability and uncertainty in less developed or emerging market nations.
- **Foreign Regions.** Investments in securities from a particular country or region may be subject to the risk of adverse social, political, regulatory, or economic events occurring in that country or region. Country- or region-specific risks also include the risk that adverse securities markets or exchange rates may impact the value of securities from those areas.
- **Inflation-Protected.** Inflation-protected bonds, unlike other fixed-income securities, are not significantly impacted by inflation expectations because their interest rates are adjusted for inflation. Generally, the value of inflation-protected securities will fall when real interest rates rise and rise when real interest rates fall.
- **Large Cap Equities.** Concentrating assets in large-capitalization stocks may subject the portfolio to the risk that those stocks underperform other capitalizations or the market as a whole. Large-cap companies may be unable to respond as quickly as small- and mid-cap companies can to new competitive pressures and may lack the growth potential of those securities. Historically, large-cap companies do not recover as quickly as smaller companies do from market declines.
- **Real Estate.** Real estate investments are subject to various risks that affect their values and the income they generate. Real estate investments are affected by changes in the general economy, prevailing interest rates, local economic and market conditions, competition for tenants, declining occupancy rates, oversupply or reduced demand for space where the properties are located, tenant defaults, increased operating,

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## STATEMENT OF ADDITIONAL DISCLOSURES: RISKS

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insurance, maintenance and improvement costs. Many costs associated with owning and operating real estate are fixed even when revenues from the properties are declining. Additionally, real estate development activities are subject to various risks, such as excess construction costs, unfavorable financing terms, construction delays and other challenges, issues with the developer, and changing market conditions. Owners and operators of real estate are also exposed to potential liability under environmental, zoning, tax and other laws.

- **Sector.** Concentrating assets in a particular industry, sector of the economy, or markets may increase volatility because the investment will be more susceptible to the impact of factors such as the market, the economy, regulations, and other dynamics affecting that industry or sector compared with a more broadly diversified asset allocation.
- **Small/Mid Cap Equities.** Portfolios that invest in stocks of small- to mid-cap companies involve additional risks. Smaller companies typically have a higher risk of failure and are not as well established as larger blue-chip companies. Historically, smaller company stocks have experienced a greater degree of market volatility than the overall market average.
- **Taxable Bond.** Investments in taxable bonds such as government bonds, long-term and short-term bonds, bank loans, corporate bonds, preferred stock, high-yield bonds, etc. are subject to numerous risks including those relating to reinvestment, inflation, market, selection, timing, and duration.