CERTIFIED 3(38) MANAGER

3(38) INVESTMENT FIDUCIARIES

JANUARY 11, 2019

CREDENTIAL DOCUMENT

DALBAR

Contents

Opinion Letter

January 11, 2019

To Whom it May Concern:

We have evaluated the qualification, capabilities and services provided by Steven Wilkinson and 3(38) Investment Fiduciaries to determine if they meet the requirements of the Employee Retirement Income Security Act of 1974, as amended [“ERISA”] Section 3(38) that permits qualified investment managers to be appointed as fiduciaries to manage assets of ERISA plans.

Based on evaluations concluded on January 11, 2019 it is our opinion that, services provided **do** meet the standards of ERISA § 3(38).

Evaluations consist of:

- Background checks of all key personnel
- Potential conflicts of interest
- Reasonableness of arrangements and contracts
- Scope of work performed
- Adequacy of insurance protection
- Use of Generally Accepted Investment Theory

These evaluations revealed no noteworthy concerns.

Detailed findings from our evaluations are included in the report that accompanies this letter.

Our opinion regarding the manager and his services is based on information provided by 3(38) Investment Fiduciaries and confirmed through public sources where feasible. Any material change or discrepancy in this information could change our opinion.

Very truly yours,

DALBAR, Inc.

Prudent Choice Table

Federal regulations and common sense require that responsible plan fiduciaries make a prudent choice of the providers that are used by ERISA plans. In order to facilitate the prudent choice, DALBAR has examined ***3(38) Investment Fiduciaries*** and rated the prudence of using it. The following table summarizes DALBAR's findings regarding the prudence of using the ***3(38) Investment Fiduciaries*** for an ERISA plan.

Prudence Criteria	DALBAR Prudence Rating	Primary Basis for Prudence Rating
Benefit to Employees	**Excellent**	Formal declaration of fiduciary responsibility. Clear, useful communications.
Cost Effectiveness	**Excellent**	The range of fees is consistent with industry practices of low cost providers.
Specific ERISA Requirements	**Excellent**	Formal declaration of fiduciary responsibility. Independence avoids risk of self-dealing.
Good Business Practices	**Excellent**	Provider is a knowledgeable expert. Adherence to generally accepted investment theories.
Avoidance of Litigation	**Excellent**	Formal declaration of fiduciary responsibility. Reasonable, arms-length arrangements. Independence avoids risk of self-dealing.

Investment Management Services		ERISA Related Services	
Define the client's investment-related goals and objectives	×	Conduct an initial fiduciary assessment	×
Prepare and maintain the client's Investment Policy Statement ("IPS")	✓	Oversee plan administration activities	×
Identify asset classes appropriate for client's portfolios	✓	Support for DOL and IRS audits	✓
Conduct due diligence for plan investment options	✓	Design rules for assigning participants to QDIAs	×
Choose investments and create portfolios according to the terms of the IPS	×	Place participants in appropriate investments	×
Develop and maintain model portfolios	×	Assist participants in selecting investments	×
Construct QDIA investment alternatives	×	Control and account for the plan's investment expenses	×
Monitor investment options and prepare periodic investment reports	✓	Periodically report fiduciary decisions made to plan sponsor and Named Fiduciary	✓
Periodically report investment decisions made to plan sponsor and Named Fiduciary	✓	Select, hire and monitor other service providers	×
		Review plan's success in meeting participants needs and retirement goals and make recommendations for changes	×

Fee Structure

Usual fees charged for services:

3(38) Investment Fiduciary division generally charges anywhere from 3bps to 10bps to be the 3(38) on the retirement plans. A flat rate of 5bps is charged when using standard line-ups. Custom line-ups are available subject to a plan size minimum.

Contractual arrangements that could result in direct or indirect compensation to manager or affiliates on the basis of investment decisions:

None.

Sources of compensation and percentage from each source:

	Source	Percentage
1	Retirement Plan Consulting Fees	100%

Other factors or suggestions from others that could improperly influence investment decisions or the advice given to clients:

None.

ERISA 3(38) Manager Disclosures

Acceptance of Fiduciary Responsibility:

3(38) Investment Fiduciaries understands and agrees to act as a fiduciary and accept the responsibility for the investment decisions made and advice provided to retirement plans and employees that elect to use its services. As a fiduciary, 3(38) Investment Fiduciaries will act in the best interest of these employees and their beneficiaries.

The investment decisions made and advice provided will be based on 3(38) Investment Fiduciaries' best judgment of what a prudent person would do under the same circumstances. As a fiduciary (38) Investment Fiduciaries is not responsible for financial results that are achieved or not achieved, provided that it can be demonstrated that a prudent process was used to arrive at the investment decisions made and advice provided.

As a fiduciary, 3(38) Investment Fiduciaries will make investment decisions and provide advice that is consistent with the principles of diversification so as to minimize the risk of large losses, unless under the circumstances it is shown to be imprudent to diversify.

The investment decisions made and advice provided as a fiduciary will be in accordance with the documents or other instruments governing the plan and consistent with ERISA.

Plan Provider Affiliation:

3(38) Investment Fiduciaries has no affiliation with product providers.

Privacy Policy:

All information and advice furnished by one party to the other party will be treated as confidential and will not be disclosed to third parties except as required by law or as otherwise mutually agreed upon in writing by the parties. Further, 3(38) Investment Fiduciaries may, by reason of performing services for other clients, acquire confidential information.

Statement of Participant Rights:

Any recipient of advice from 3(38) Investment Fiduciaries may separately arrange for the provision of advice by another adviser that could have no material affiliation with and receive no fees or other compensation in connection with this plan.

Additional Disclosures:

None.

Understanding DALBAR 3(38) Certification

What is the DALBAR 3(38) Certification?

The DALBAR 3(38) Certification Program provides investment managers with a powerful combination of sales tool and compliance disclosures to satisfy the requirements of ERISA section 3(38). The DALBAR 3(38) Certification Credentials includes:

- An independent opinion of the investment manager's capability to serve as an ERISA 3(38) manager,
- A DALBAR three letter Asset Allocator Rating that encompasses Investment Quality, Allocation Methodology and Investor Outcomes,
- An authorized testimonial from existing clients,
- Specific services offered by the manager and
- Material disclosures.

The certified 3(38) manager uses these Credentials to promote its services and to give comfort to existing and prospective clients that the manager has been independently examined and found to be qualified and to have the written obligation to act in client's best interest.

ERISA Fiduciaries use the manager's Credentials to comply with regulations that require fiduciaries to prudently select and monitor all investment managers they engage. Instead of conducting their own investigation, ERISA Fiduciaries can rely on the manager's Credentials which have been independently prepared by a recognized expert.

The Certification process and disclosures are compliant with regulations and guidelines from the Securities and Exchange Commission ("SEC") and Department of Labor ("DoL").

The certification process is entirely voluntary but provides support if/when the manager is challenged by regulators, auditors, by litigation or arbitration.

About DALBAR, Inc.

DALBAR, Inc. is the financial community's leading independent expert for evaluating, auditing and rating business practices, customer performance, product quality and service.

Launched in 1976, DALBAR has earned the recognition for consistent and unbiased evaluations of investment companies, registered investment advisers, insurance companies, broker/dealers, retirement plan providers and financial professionals. DALBAR awards are recognized as marks of excellence in the financial community.

Goals of Certification

Increase Employee Benefit

Retirement plans were created and adopted by employers as employee benefits. As such these plans can be seen as an income supplement for workers that also has some tax preferences. Employers should understand the value that is derived as an employee benefit and the first priority should be to maximize the return on the employers' retirement plan investment.

The first goal of 3(38) Certification is to assess the value of an investment manager as an employee benefit. Considerations include investment returns and the expenses as well as intangibles such as the value perceived by employees.

Cost Saving

Investment services can raise or lower the direct and indirect cost of offering the retirement plan. Complex and confusing communication about the investment and the failure to provide clear answers to employee inquiries add to employer costs. On the other hand, an effective phone center and Website that supports the investment can save employee time and reduce employer costs.

The second goal of 3(38) Certification is to determine the extent to which an investment raises or lowers the direct or indirect cost of offering a plan.

Required by ERISA

ERISA regulations add to the cost of offering a retirement plan but failure to comply can be considerably more expensive.

The third goal of 3(38) Certification is to assess the degree to which the investment manager supports compliance with ERISA regulations.

Good Practice

Good practice describes the steps that would normally be used in selecting a vendor or hiring an employee. These steps are performed independent of regulatory requirements.

The fourth goal of 3(38) Certification is to use good practices as part of the process of evaluating the investment manager.

Avoid Litigation

Litigation is not only costly it is also damaging to a firm's reputation.

The fifth goal of 3(38) Certification is to examine the investment for presence of indicators that make the parties involved more or less vulnerable to law suits.

Vetting Standards Used

DALBAR has vetted **3(38) Investment Fiduciaries** to determine if prudent standards for ERISA 3(38) managers have been met. The areas of evaluation and the reasons for each item are listed in the following table:

Done	Vetted Item	Reason for Vetting				
		Increase Benefit	Cost Saving	Required by ERISA	Good Practice	Avoid Litigation
✓	Background checks				X	X
✓	Validation of knowledge/expertise			X	X	X
✓	Willingness to formally declare fiduciary responsibility.	X	X	X	X	
X	Client evaluation of trust, financial performance, quality of advice and quality of service	X			X	X
✓	Scope of work performed	X		X	X	
✓	Regulatory compliance across multiple regulators			X	X	X
✓	Reasonableness of arrangements and contracts	X	X	X	X	X
✓	Avoidance of self-dealing, potential conflicts of interest and other improper influence	X		X	X	X
✓	Adequacy of insurance protection			X	X	
✓	Completeness, clarity, accuracy and usefulness of communication	X		X	X	X
✓	Practices, processes and controls			X	X	X
✓	Costs, Fees & expenses		X	X	X	X
✓	Use of generally accepted investment theory			X		X
X	Investment track record			X		X

About ERISA §3(38)

The Plan Fiduciary Advantage

It is expected that growing numbers of ERISA Fiduciaries will elect to use 3(38) managers so as to transfer the responsibility of selecting and monitoring plan designated investments and the associated liability to ERISA 3(38) professionals.

- As employers become more concerned about their personal liability for losses in their employees' 401(k) plan, there will be increased interest in outsourcing the fiduciary risk to ERISA 3(38) managers. When an employer uses a 3(38) manager properly, any liability for investment losses is transferred from the employer to the 3(38) manager.

There are two "catches" to properly using a 3(38) manager:

- First is that the ERISA Fiduciary may lose some control of the investments that go into the plan, this is often the duty of the 3(38) manager.
- Second is that the ERISA Fiduciary must use a prudent process to select the 3(38) manager.

The loss of control means that employee objections and preferences can be made as suggestions to the 3(38) manager and the employer may be powerless to make changes (other than terminating the 3(38) manager and assuming any liability for losses).

The prudent process of selection is aided by the DALBAR ERISA 3(38) Manager Due Diligence. DALBAR conducts the necessary steps and documents the process so that each ERISA Fiduciary can rely on the DALBAR process to meet its obligation.

The Investment Manager Advantage

Investment managers that support ERISA Fiduciaries to prudently handle the trillions of dollars in ERISA plans may do so in any one of three capacities… by offering investments (mutual fund, etc.) as a registered representative… by advising the ERISA Fiduciary or participants as a 3(21) advisor… as a 3(38) manager.

The typical 3(38) manager has several advantages over the alternatives, such as:

- Providing discretionary investment management for plans and/or participants
- The use of investment models and pre-constructed portfolios as plan designated investments
- Relieving ERISA Fiduciary of a large portion of its liability
- Permit investment offering (models or managed accounts) to be used as a QDIA
- May use mutual funds and ETFs but are not burdened by the requirements of registered investment companies

These advantages are amplified by the DALBAR 3(38) Certification.

Requirements

Section 3(38)(B) of the Employee Retirement Income Security Act of 1974 (ERISA) imposes certain registration requirements on an investment adviser that wishes to be considered an investment manager under ERISA. Section 3(38) of ERISA defines "investment manager" as any fiduciary (other than a trustee or named fiduciary)

(A) who has the power to manage, acquire, or dispose of any plan asset;
(B) who is
  (i) a registered investment adviser under the Investment Advisers Act of 1940:
  (ii) a bank: or
  (iii) an insurance company; and
(C) who has acknowledged in writing that he is a fiduciary with respect to the plan.

Duties of Responsible Fiduciary (Employer)

Employers have two key responsibilities in using an ERISA 3(38) investment manager to advise about or to manage plan investments. These responsibilities are to prudently select the 3(38) investment manager and then to monitor the manager on an ongoing basis. Failing to perform these responsibilities, exposes the employer to fiduciary liabilities. The following are guidelines from the United States Department of Labor.

Selecting the 3(38) Investment Manager

Selecting a 3(38) investment manager in and of itself is a fiduciary function. When considering prospective managers, provide each of them with complete and identical information about the plan and what services you are looking for so as to make a meaningful comparison.

Some items a fiduciary needs to consider when selecting a service provider include:

- Information about the firm itself: financial condition and experience with retirement plans of similar size and complexity;
- Information about the quality of the firm’s services: the identity, experience, and qualifications of professionals who will be handling the plan’s account; any recent litigation or enforcement action that has been taken against the firm; and the firm’s experience or performance record;
- A description of business practices: how plan assets will be invested if the firm will manage plan investments or how participant investment directions will be handled; the proposed fee structure; and whether the firm has fiduciary liability insurance.

An employer should document its selection (and monitoring) process, and, when using an internal administrative committee, should educate committee members on their roles and responsibilities.

Monitoring the 3(38) Investment Manager

An employer should establish and follow a formal review process at reasonable intervals to decide if it wants to continue using the current 3(38) investment manager or look for replacements.

When monitoring 3(38) investment managers, actions to ensure they are performing the agreed-upon services include:

- Reviewing the service providers' performance;
- Reading any reports they provide;
- Checking actual fees charged;
- Asking about policies and practices (such as trading, investment turnover, and proxy voting); and
- Following up on participant complaints.