

The fi360 Fiduciary Score[®]

fi360 Fiduciary Score criterion

The following factors and thresholds are used in the fi360 Fiduciary Score calculation.

Regulatory oversight: The investment should be managed by: (a) a bank, (b) an insurance company, (c) a registered investment company (mutual fund), or (d) a registered investment adviser.

Minimum track record: The investment should have at least three years of history so that performance statistics can be properly calculated.

Stability of the organization: The same portfolio management team should be in place for at least two years. In a management team setting, the most senior manager's tenure should be at least two years.

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

Composition consistent with asset class: At least 80% of the investment's underlying securities should be consistent with the broad asset class. For example, a Large-Cap Growth product should not hold more than 20% in cash, fixed income and/or international securities. (not applied to all investments)

Style consistency: 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 investment. (not applied to all investments)

Expense ratios/fees relative to peers: The product's fees should not be in the bottom quartile (most expensive) of their peer group.

Risk-adjusted performance relative to peers: The product's risk-adjusted performance (Alpha and Sharpe Ratio) should be above the peer group median manager's risk-adjusted performance.

Performance relative to peers: The product's performance should be above the peer group's median manager return for 1-, 3- and 5-year cumulative periods.

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 is calculated on a monthly basis for investments with at least a three year history. The Score is calculated for open end mutual funds, exchange-traded funds ("ETFs"), and Group Retirement Plan Annuities ("GRPAs").

Calculation process

1. Each investment is evaluated against the individual criterion (factors and thresholds) identified on the left side of this page.
2. If an investment fails a criterion, points are allotted.
3. Next, the points are totaled and the total for each investment is ordered from lowest to highest within each peer group.
4. Each investment is then given a percentile ranking based on its placement in the distribution of their peer group. Investments with 0 points are automatically given an fi360 Fiduciary Score of 0. Every other investment is given a Score of 1-100 representing their percentile ranking. The lower the Score, the better.

Interpreting the fi360 Fiduciary Score

The fi360 Fiduciary Score bar charts provide a visual representation of the investment's Score. The following thresholds provide the user with an easy to view assessment of the investment along with a suggested course of action.

fi360 Fiduciary Score: 0

No fiduciary due diligence shortfalls.

fi360 Fiduciary Score: 1–25

The investment may be an appropriate choice for use in a fiduciary account.

fi360 Fiduciary Score: 26–50

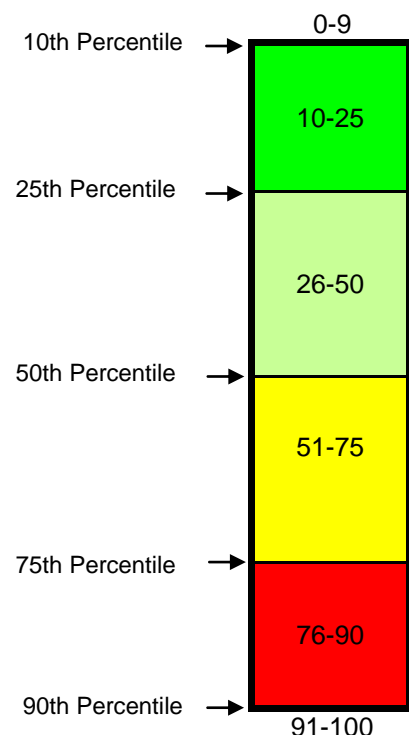
The investment has noteworthy shortfalls. It may not be an appropriate choice if being considered in a search. However, if already in use, the investment may not need to be replaced.

fi360 Fiduciary Score: 51–75

The investment has considerable shortfalls. It may not be an appropriate choice if being considered in a search. However, if already in use, the investment may not need to be replaced.

fi360 Fiduciary Score: 76–100

The investment has significant shortfalls and may not be appropriate for use in a fiduciary account. Strongly consider replacing the investment if already in use.



The fi360 Fiduciary Score (cont.)

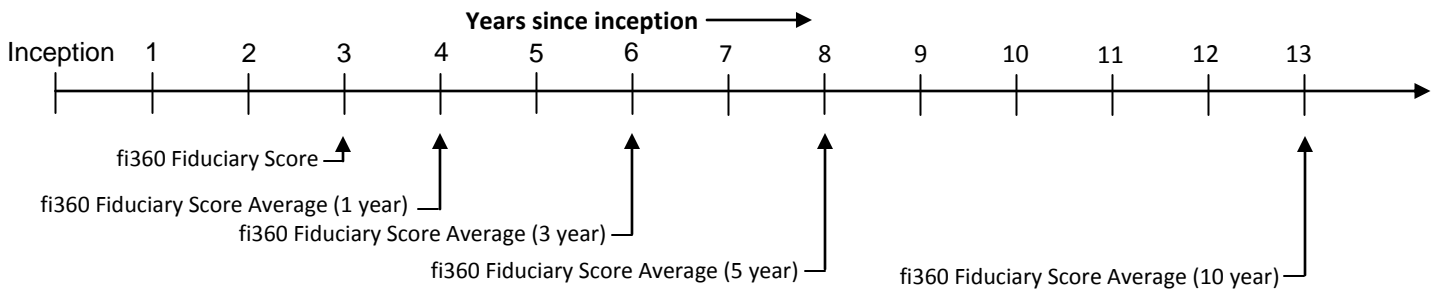
The fi360 Fiduciary Score Average

The fi360 Fiduciary Score Average is a one-, three-, five- or ten-year rolling average of an investment's fi360 Fiduciary Score. The Average Score is also calculated on a monthly basis.

Since the Average Score is a rolling average of the historical fi360 Fiduciary Score, an investment needs to have the requisite amount of Fiduciary Score calculations for each Average Score. If an investment doesn't have the required history, it will not receive an Average Score. This is first determined by examining the inception date of the investment's parent share class. If the investment has been in existence for 3 years PLUS the number of historical years received for the average, it will also have the corresponding Average Score. For example if an investment has been in existence for 4 years, it will have a fi360 Fiduciary Score Average (1 year), but no others will be available yet.

The calculation timeline

The minimum track record criterion states that an investment must have three years of history before the fi360 Fiduciary Score can be calculated. Once that threshold has been passed, the fi360 Fiduciary Score will be available, and the history required for the Average will also begin to accrue. After an investment accrues one year of Fiduciary Score history, the fi360 Fiduciary Score Average (1 year) will be available. This pattern extends to the other Average calculations, as shown below.



Why should you use the fi360 Fiduciary Score?

The fi360 Fiduciary Score is an independent, third party evaluation of an investment. The factors and thresholds used in the process come from Practice 3.1 in the *Prudent Practices Investment Handbook* series. The practices, derived from legislative acts, case law, and industry best practices are considered to be the standard for investment fiduciary practice management. In addition, the process is consistent across all asset classes and investment types, making the Score an easy process to use when comparing investments. The fi360 Fiduciary Score can help with:

Investment selection—The fi360 Fiduciary Score is a helpful tool in the investment selection process. The Score is an appropriate factor to use in the initial selection process to ensure that investments pass a fiduciary due diligence screening process.

Investment monitoring—With the fi360 Fiduciary Score, ongoing monitoring is simple. By using the Score, an investment can easily be reviewed on a periodic basis for potential fiduciary deficiencies. Like the selection process, the Score should be the first step in an ongoing and comprehensive monitoring process.

Watch list management/ investment replacement selection—The fi360 Fiduciary Score is a simple, easy to manage metric that can be used to help manage watch list decisions. Since the Score represents an independent due diligence process, it can be used as an objective measure when making replacement decisions too.

What's with the outlined box?

We calculate the fi360 Fiduciary Score on a share class basis. Some investment share classes (ex. R shares) may not pass our inception date screen. However, a parent share class (ex. A share) may pass the screen. We take the parent share class data, adjust for fee and expense changes between the share classes and then calculate a fi360 Fiduciary Score for the younger share class. To help identify this treatment, the Fiduciary Score value will be outlined instead of shaded.

17 fi360 Fiduciary Score estimated using parent share class data.

17 fi360 Fiduciary Score calculated using actual share class data.