



## **Hefren-Tillotson, Inc.**

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### **Part 2A Appendix 1 of Form ADV:**

#### ***Wrap Fee Program Brochure***

#### **Hefren-Tillotson Managed Account Program**

January 26, 2022

This wrap fee program brochure provides information about the qualifications and business practices of Hefren-Tillotson, Inc. If you have any questions about the contents of this brochure, please contact us at 412-424-0990 or [hefren@hefren.com](mailto:hefren@hefren.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (SEC) or by any state securities authority.

Hefren-Tillotson, Inc. is a registered investment adviser with the SEC. Registration of an Investment Adviser does not imply any level of skill or training. The oral and written communications of an Adviser provide you with information to assist you in determining whether to hire or retain an Adviser.

Additional information about Hefren-Tillotson, Inc. also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). You can search this site by a unique identifying number, known as a CRD number. Our firm's CRD number is 053.

**Item 2**                    **Material Changes** (Part 2A Appendix 1 of Form ADV)

**Summary of Material Changes to Form ADV Part 2A Appendix 1:  
*Wrap Fee Program Brochure***

This item will discuss only material changes that are made to the firm's Brochure and provide a summary of those changes. The communication of these changes to clients will be in compliance with SEC rules and determined by the nature of the material changes.

**There have been no material changes since Hefren-Tillotson's last annual update of Form ADV Part 2A on August 27, 2021.**

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## HEFREN-TILLOTSON MANAGED ACCOUNT PROGRAM

### Item 4 Services, Fees and Compensation

#### General Overview

Hefren-Tillotson, Inc. (“Hefren-Tillotson” or “HT”) is an SEC-registered investment adviser. We sponsor the Hefren-Tillotson Managed Account Program, a wrap fee program. A wrap fee program is an advisory program under which a specified fee based upon a percentage of assets under management is charged for advisory services, which may include portfolio management or advice concerning the selection of other investment advisers, and the execution of Client transactions.

The HT Managed Account Program is designed to provide access to professional third-party investment managers on a discretionary basis. The program is available to individuals, pension and profit sharing plans, trusts, estates, charitable/non-profit organizations, and other business entities. The minimum initial investment for participation in the program is \$100,000. The minimum account size per manager ranges between \$50,000 and \$100,000.

A client’s investment assets may be invested in one or more of the investment styles. Security types used in the implementation of the strategy typically include individual stocks, individual bonds, mutual funds, or exchange traded funds/notes (ETF/ETN).

Execution and clearance of transactions is provided by Pershing LLC, a subsidiary of the Bank of New York Mellon, who acts as custodian. Hefren-Tillotson has worked with Lockwood Advisors, also a subsidiary of the Bank of New York Mellon, to establish a trading platform through which portfolio managers (each, a “Portfolio Manager”) implement their respective investment strategies. In certain situations, Hefren-Tillotson may implement a Portfolio Manager’s strategy and trades through Pershing in accordance with the third-party manager’s portfolio models or directives.

A complete description of the third- party manager's services, fee schedules and account minimums (if any) will be disclosed in the independent manager's applicable Form ADV disclosure brochure(s) which will be provided to Clients at the time an agreement for services is executed and account is established.

#### Services

Our Investment Advisory programs seek to provide a program of regular communication, comprehensive financial planning, and objective oversight and management. These programs include the following services:

- Periodic meetings with the Financial Advisor applying Hefren-Tillotson’s MASTERPLAN approach, which seeks to advise Clients in all aspects of their personal financial situation.
- Quarterly investment reviews that include a comprehensive overview of asset allocation, performance, cash flows, and investment detail. These reports serve as a valuable monitoring tool for Clients and Financial Advisors.
- Quarterly market report providing a review and outlook for the global financial markets and economy. The report also frequently details investment strategies being applied across Client

accounts, providing explanations to help Clients understand the positioning recommended by Hefren-Tillotson.

- Portfolio oversight by Hefren-Tillotson's asset management team. Members of the team frequently participate in Client meetings, review portfolios, and support our Financial Advisors in responses to Client inquiries and questions. The team also maintains monitoring reports used across the firm to assist in the ongoing management of Client portfolios.
- Periodic "Inside the Markets" conference calls informing Clients of developments in the investment markets and economy, as well as, our investment strategies. The conference calls are usually held quarterly, but frequency may increase during times of market stress and Client concern. Participants usually include members of the Investment Committee, but may also include other industry professionals and professionals within Hefren-Tillotson.
- Bi-weekly Market Update intended to inform Clients of changing market conditions, as well as investment opportunities and risks we see in the global financial markets. This two-page report is easy to read and provides timely insight on the issues impacting Client portfolios.
- Tax reporting that includes a year-end realized gains and losses report and a Tax Management Strategies report. These documents are intended to facilitate annual tax filing and educate Clients on tax management strategies that may be applicable in their personal financial situation.
- Complete custodial services that include internet account access, account statements, and trade confirmations. HT Managed Account Program Clients receive account statements from Pershing LLC for every month there is account activity, as well as quarterly performance evaluations and portfolio management commentary from Hefren-Tillotson. The Client has the option to suppress trade confirmations and delegate proxy voting rights to the Portfolio Manager, or in the case of ERISA accounts, withhold such delegation.

In addition to the Investment Advisory services outlined above, the HT Managed Account Program offers the following additional services:

- Professional third-party investment managers;
- A separate account structure investing primarily in individual common stocks, bonds or diversified portfolios also incorporating mutual funds and exchange traded funds; and
- Independent and objective manager selection and monitoring by Hefren-Tillotson's Investment Committee. The program also offers the ability for Financial Advisors and clients to select desired Portfolio Managers for the investment assets.

### **Program Fee**

The Client shall compensate the Advisor and Portfolio Manager an advisory fee for services rendered on behalf of the Client. As a result, there are two levels of management fees: (1) Hefren-Tillotson receives a portion of the fee charged for ongoing wealth management advice and ongoing manager monitoring; (2) Portfolio Manager fee is charged by the investment management firm for managing the strategy selected. A portion of Hefren-Tillotson's fee is paid to Pershing LLC as a Lockwood platform fee. Additional costs will be incurred if the Portfolio Manager utilizes trade away practices in the purchase or sale of individual stocks, bonds or ETFs.

The advisory fee is an annual fee, calculated, billed and payable quarterly in advance based on the market value of the Account, including cash and its equivalents, at the following rates:

Portfolio Manager Fee (as listed on page 14) plus

Hefren-Tillotson Fee:

1.00% on the first \$1,000,000 plus

0.75% on the next \$1,000,000 plus

0.50% on the next \$8,000,000

Negotiable on assets from \$10,000,000 and above

Clients will see a single management fee deducted from their accounts, which includes and consolidates the items outlined above into a single management fee. The management fees for the current Portfolio Managers are listed on page 14. In computing the value of the assets in the Account, securities listed on any national securities exchange shall be valued at the last quoted sale price on the principal exchange in which the security is traded on the valuation date. Other assets shall be valued in a manner determined in good faith by the Advisor to reflect its fair market value. Client authorizes the independent custodian selected by the Client (the "Custodian") to deduct from Client's Account and pay to Advisor and Portfolio Manager on the submission of a bill the advisory fee for each calendar quarter. Advisor will send to Client a quarterly statement showing the amount of the advisory fee due, the Account value on which the fee is based and how the fee was calculated.

The HT Managed Account Program charges Clients of Hefren-Tillotson an all-inclusive fee, but select additional expenses may be incurred. Additional costs will be incurred if the Portfolio Manager utilizes trade away practices in the purchase or sale of individual stocks, bonds or ETFs. As a result, Portfolio managers that elect to trade away will be more costly to Clients than those that elect to trade through Pershing LLC. The Custodial/Maintenance fees normally applicable to retirement and qualified retirement plans for which Pershing LLC acts as custodian are waived. Pershing LLC, subject to certain exceptions, may act as principal on securities transactions. There is no mark-up or mark-down on such trades. In certain instances where Portfolio Managers execute their strategy through Hefren-Tillotson, rather than Lockwood, equity and ETF trades will be subject to a \$6.00 transaction service charge.

Subject to certain exceptions, cash balances in accounts are generally swept into a money market fund. The Client pays internal expenses on such funds, including the management fees of the funds. Mutual Funds or Exchange Traded Funds used in strategies will also have internal expenses that should be considered in the overall cost of the program. These expenses are estimated and outlined on page 13. This program may cost the Client more or less than other programs within Hefren-Tillotson. HT Managed Account fees are negotiable in certain circumstances.

### **Client Reporting**

Hefren-Tillotson provides Quarterly Investment Reviews to Clients on a quarterly basis. Quarterly Investment Reviews, distributed by Hefren-Tillotson, use performance reporting software provided by Tamarac Software. Quarterly Investment Reviews are prepared and reviewed for accuracy by Hefren-Tillotson prior to delivery to Clients and are intended to inform Clients as to how their investments have

performed for a period, both on an absolute basis and relative to market indices. For Clients who have other Investment Advisory accounts (Portfolio Review, Asset Management, Masterplan Pathway, Advisory, Pathway Pro or Retirement Plan Review) through Hefren-Tillotson, consolidated reporting on all Investment Advisory accounts will be included in the Client's regular Quarterly Investment Reviews. This is intended to provide the client a holistic view of their financial assets with Hefren-Tillotson.

### **Termination of the Advisory Relationship**

This Agreement shall continue until terminated upon written notice by either party to the other of such termination. The Advisory Client has a right to terminate the contract *without penalty* within five business days after entering into the contract. Advisory Fees will be prorated to the date of termination specified in the notice of termination.

### **Compensation**

Hefren-Tillotson Financial Advisors receive compensation as a result of the Client's participation in the program. Depending on, among other things, the size of the account, changes in its market value, ability to negotiate fees or commissions, the amount of compensation may be more than what the Advisor would receive if they chose other investment options available through Hefren-Tillotson. Therefore, while compensation to the Advisor cannot be determined in advance, there may be an incentive to recommend this program over other services. To mitigate potential conflicts of interest, Hefren-Tillotson has leveled the management fee percentages across the firm's Investment Advisory programs, including Asset Management, Advisory, Pathway, and the Managed Account Program. AS a result, there is not a compensation incentive for the Advisor to choose one of these programs over another.

Hefren-Tillotson (HT) is licensed both as a securities broker-dealer and an investment adviser. Consequently, in its capacity as a securities broker-dealer under separate licensing and registration agreements, HT sells securities and insurance products on a commission basis to Clients. In accordance with the Investment Advisers Act and rules thereunder, HT may enter into referral arrangements with certain registered persons of HT who will be compensated for referring advisory Clients to HT. Typically, these individuals will receive a percentage of the annual advisory fee earned by HT for so long as the Client remains a Client of the firm.

## **Item 5 Account Requirements and Types of Clients**

### **Minimum Account Requirements**

The HT Managed Account Program provides Clients access to the investment advisory services of professional portfolio management firms. The minimum initial investment for participation in the program is \$100,000 per family of accounts. The minimum account size per manager ranges between \$50,000 and \$100,000.

### **Types of Clients**

The HT Managed Account Program is designed to provide Clients access to third-party investment managers. The program is available to individuals, pension and profit sharing plans, trusts estates, charitable/non-profit organizations, and other business entities.

## **Item 6 Portfolio Manager Selection and Evaluation**

### **Portfolio Manager Selection**

Recommended portfolio managers are selected for the program and reviewed on an ongoing basis by members of Hefren-Tillotson's Investment Committee. The program also offers the ability for Financial Advisors and clients to select desired portfolio managers for the investment assets that may not be on the firm's recommended list. In such cases, the Financial Advisor will perform appropriate initial and ongoing due diligence.

Our manager selection and monitoring process consists of a combination of Quantitative and Qualitative analysis and screening. Research tools may include manager databases, industry publications, prospectuses, manager literature, conference calls with Portfolio Managers, and due diligence visits.

The following criteria form the basis of investment manager selection. These criteria are intended to serve as general guideline, as we believe rules-based decision making is a poor substitute for professional judgment. In general, managers will exhibit the following characteristics:

- Industry respected investment organizations
- Consistent/long-term manager tenure and experience
- Proven record of success, considering both returns and risk
- Below-average expense ratios versus category average
- Tax sensitivity (for taxable accounts)

### **Quantitative Analysis:**

Quantitative criteria are evaluated both in terms of a portfolio manager's absolute performance and performance relative to the manager's investment style group, and may include: Rates of Return, Risk analysis (drawdown, standard deviation, etc.), Risk-adjusted returns, Portfolio Turnover, Style Consistency, and Assets under Management.

### **Qualitative Analysis:**

Qualitative considerations surround the "Four P's" and typically are assessed through written manager materials and/or interaction with the manager.

- a. People - Experience, Expertise, Deep Resources, Team Dynamics
- b. Philosophy - Compelling philosophy, Focused on Fundamentals
- c. Process – Skillful, Repeatable
- d. Portfolio – Portfolio construction, diversification, and risk management

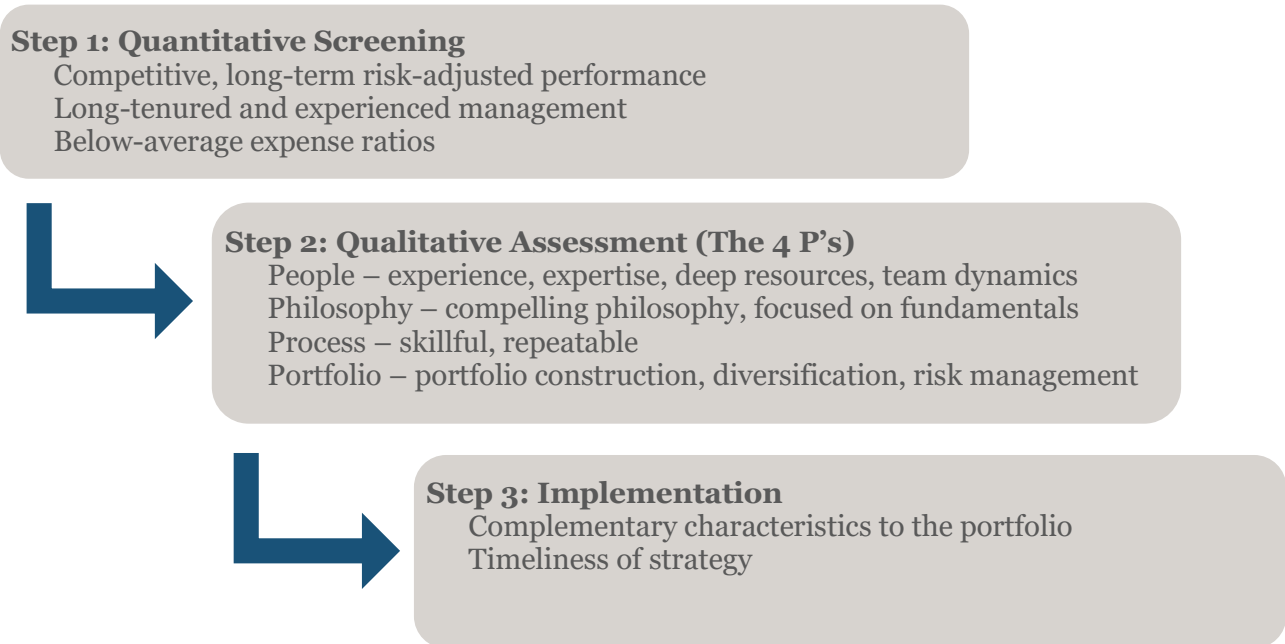
Managers are monitored on a quarterly basis for performance and changes in management, strategy, or style. A manager may be recommended for sale or placed on an internal Watch list, when:

1. A manager exhibits poor risk-adjusted performance relative to the benchmark or its peer group over an extended period
2. There is a change in the professionals managing the portfolio.
3. There is a significant decrease in the product's assets.



4. There is an indication the manager is deviating from his/her stated style and/or strategy.
5. There is an increase in the product's fees and expenses.
6. Any extraordinary event occurs that may interfere with the manager's ability to fulfill their role in the future.

Watch List status indicates that Hefren-Tillotson is reevaluating its endorsement of the fund. Ultimately, the decision to hire or fire a manager is not reducible to any single consideration, but rather is made through a comprehensive evaluation of the manager's investment merits. Our manager selection process and criteria can be summarized through the following illustration:



In making a decision to replace a manager, the Committee takes into consideration all criteria; no one criterion is necessarily a determinant in the replacement decision. Additionally, in its review process the Committee places emphasis on long-term overall portfolio manager performance. Due to the periodic reviews of the Investment Committee and the role of the Hefren-Tillotson Financial Advisor in the formation of each Client's investment program, direct contact with a portfolio manager by a Client is not allowed.

Hefren-Tillotson does not calculate or guarantee the accuracy of third-party manager performance information. Performance information provided by third-party managers may not be calculated on a uniform or consistent basis. Data is gathered on outside managers from their performance publications and independent sources, such as Morningstar, deemed reliable and accurate. The performance presented in Client quarterly investment reviews is calculated using the performance reporting software provided by Envestnet / Tamarac Software and may be different from published data presented by the investment managers.

No related person(s) acts as a portfolio manager under the Managed Account Program.

## **Item 7 Client Information Provided to Portfolio Managers**

Clients receive initial and ongoing consultation from their Advisor at Hefren-Tillotson with regard to the selection of Portfolio Managers and determination of investment objectives. An Investor Objectives Profile is completed to assist in the analysis of the Client's financial situation, investment objectives, risk tolerance, and time horizon, leading to a determination of asset allocation and investment styles. Hefren-Tillotson relies upon the information provided by the Client. The Client agrees to inform Hefren-Tillotson of any material change in the information provided in the Investor Objectives Profile or in their financial circumstances that may affect the manner in which their assets are invested. Based upon the information provided by the Client, Hefren-Tillotson determines suitability of the investment strategies utilized for the Client. The Client's Financial Advisor provides assistance in evaluating available strategies, but ultimately it is the Client that chooses the strategies and managers to meet their investment needs. Information gathered through Hefren-Tillotson's financial planning process and the Investor Objectives Profile is not shared with the Portfolio Managers.

## **Item 8 Client Contact with Portfolio Managers**

Clients utilizing third-party Portfolio Managers for management of their assets generally do not come in contact with their Portfolio Managers. In this program, Hefren-Tillotson's representatives typically serve as the communication conduit between the Client and the independent manager. Clients are required to contact their Advisor with any questions they may have regarding their accounts.

## **Item 9 Additional Information**

### **Disciplinary Information**

Hefren-Tillotson has served the investment needs of our clients since 1948, and has been registered as an investment adviser with the Securities and Exchange Commission ("SEC") since 1997. In this period of time, Hefren-Tillotson was subject to two disciplinary or regulatory actions by the SEC, both of which occurred in 2019. Additionally, over the course of our 66-year history, our broker-dealer affiliate has been subject to regulatory actions initiated by certain Self-Regulatory Organizations (SROs) and a state regulatory authority. None of these regulatory actions were initiated in the past ten years. If you have any questions regarding these matters, we invite you to contact us. Alternatively, you may follow this link and search the Financial Industry Regulatory Authority, Inc. (FINRA) website for information about Hefren-Tillotson and our employees: <http://www.finra.org/BrokerCheck>

On February 12, 2018, the U.S. Securities and Exchange Commission announced its Share Class Selection Disclosure ("SCSD") Initiative to encourage self-reporting by registered investment advisers regarding certain industry practices as they relate to receiving 12b-1 fees and the corresponding disclosures of certain conflicts of interest. Hefren-Tillotson elected to participate in this initiative and self-report to the SEC. Hefren-Tillotson agreed to a settlement under the SCSD Initiative with the SEC for a failure to adequately disclose conflicts of interest. The disgorgement amount for the four year period covered by the SCSD Initiative between January 2014 and March 2018 is \$338,849.52, plus

prejudgment interest of \$32,847.63. The settlement was publicly released on March 11, 2019 along with other registered investment advisers across the industry who also participated in the SCSD self-reporting initiative.

After consultation with outside counsel Hefren-Tillotson settled a disclosure matter with the SEC. The SEC stated, during the time period from February 2012 to August 2016 that Hefren-Tillotson did not disclose in Form ADV Part 2 that it shared in the \$7.95 transaction fee for equity and ETF transactions with their clearing firm. Without admitting or denying the finding, Hefren-Tillotson consented to a disgorgement amount is \$254,060, plus interest of \$45,905.29 and a civil penalty of \$80,000.

### **FIRM Registrations and Other Financial Industry Activities and Affiliations**

In addition to being registered investment adviser Hefren-Tillotson is also licensed as a securities broker-dealer registered with the SEC and is a member of FINRA. Most individuals associated with Hefren-Tillotson are licensed as registered representatives with many also licensed as insurance agents. Consequently, in our capacity as a securities broker-dealer under separate licensing and registration agreements, Hefren-Tillotson sells securities and insurance products on a commission basis to Clients.

Hefren-Tillotson uses Pershing LLC as an executing broker and clearing agent. Clients in need of brokerage and custodial services may have Hefren-Tillotson and Pershing LLC recommended to them. Commissions and other administrative fees (including 12b-1 and mutual fund service fees) may be generated by various transactions and received as compensation by Hefren-Tillotson.

Hefren-Tillotson Financial Advisors may, at times, inform Clients of the availability of non-purpose loans offered by TriState Capital Bank and Pershing LLC. In this manner, Hefren-Tillotson provides information regarding the features of the non-purpose loans, but any activity related to the non-purpose loans is not related to investment advisory services Hefren-Tillotson provides. In exchange for referring Clients to TriState or Pershing LLC, Hefren-Tillotson receives revenue in the form of a markup on the interest rate of the non-purpose loans. The receipt of this revenue creates a potential conflict of interest to Hefren-Tillotson to recommend non-purpose loans to Clients in situations when the Client may otherwise not be in need of the recommendation or to utilize these loan products over those offered by other creditors. Hefren-Tillotson has policies and procedures in place intended to help assure the Advisor provides recommendations that are in the best interest of our clients. Please refer to the Conflicts of Interest disclosure in Hefren-Tillotson's Part 2A of Form ADV, section 5.

### **Code of Ethics, Participation or Interest in Client Transactions and Personal Trading**

Our firm has adopted a Code of Ethics which sets forth high ethical standards of business conduct that we require of our employees, including compliance with applicable federal securities laws.

Hefren-Tillotson, Inc. and our personnel owe a duty of loyalty, fairness and good faith towards our Clients, and have an obligation to adhere not only to the specific provisions of the Code of Ethics but to the general principles that guide the Code.

High moral and ethical character is a critical component to the Hefren-Tillotson approach and philosophy. We believe it is a key differentiating factor of Hefren-Tillotson in an industry and business world littered with inappropriate and fraudulent behavior. The company has four stated values that form the foundation of its unique culture:

- Deep respect for the individual
- Integrity in thought and action
- Teamwork supported by a family-oriented culture
- Relentless commitment to excellence

The Code of Ethics includes provisions relating to the prohibition against insider trading, proper handling of confidential material non-public information, political contribution policy, gifts and entertainment policy, outside business activity reporting, confidentiality of Client information, and personal securities trading policy among other topics.

The company has also established a Code of Ethics to which employees of Hefren-Tillotson are held:

- Act with integrity, competence, dignity and in an ethical manner when dealing with the public, Clients, prospects, employers, and employees;
- Practice and encourage others to practice in a professional and ethical manner that will reflect credit on themselves and their profession;
- Strive to maintain and improve their competence and the competence of others in the profession; and
- Use reasonable care and exercise independent professional judgment.

Hefren-Tillotson and individuals associated with Hefren-Tillotson frequently buy or sell securities or may have an interest or position in securities identical to or different than those recommended to customers for their personal accounts. Because our employees have a high level of conviction in our recommendations to Clients, we frequently employ the same recommendations in our own accounts. Sometimes, these situations may represent a conflict of interest, but Hefren-Tillotson has established rules/restrictions to ensure its fiduciary responsibilities.

Members of the Research Department are prohibited from trading in a security which the subject of a Research Report while such Report is in preparation, unless the Report is an update Report with no change in recommendation. Members of the Research Department and Investment Committee are prohibited from trading in a security following the dissemination of an initial recommendation to the Investment Committee. Dissemination of a research idea can occur through an internal report or weekly research notes. A security is restricted until two business days following the initial purchase of the security for an institutional or individual account, or until the security is disqualified as a potential investment opportunity by the Investment Committee during a formal review.

A Research Analyst or Investment Committee member is prohibited from initially recommending the purchase of a security in which a member of the Research Department holds a position in the security that was purchased during the prior sixty (60) calendar days. Shares owned in excess of sixty (60) days are deemed historic holdings and would not result in such prohibition.

No person associated with Hefren-Tillotson may buy or sell securities for two business days following the addition or removal of a security from the HT Focus List or if a security (equity or ETF) is added to

or removed from Hefren-Tillotson Investment Advisory accounts. Hefren-Tillotson's Trading Department and Compliance Department monitors trades of associated persons to see if the same security traded in their account has also been traded in any of the associated person's Client's accounts on the same day. If so, the Trading Department or Compliance Department will review the execution prices of the trade(s) for the associated person and the associated person's Clients and give the best execution price(s) to the associated person's Client(s).

These steps are applied to allow Hefren-Tillotson employees to invest alongside our Clients, but assure that Clients are not disadvantaged in any way by the actions or personal trading of Hefren-Tillotson employees.

Interested parties can request a copy of Hefren-Tillotson's Code of Ethics by contacting Paul Taddeo, Chief Compliance Officer, at 412-434-0990 or by emailing [paul.taddeo@hefren.com](mailto:paul.taddeo@hefren.com).

### **Client Referrals and Other Compensation**

We place high value on our Financial Advisors and the work they do each and every day with our Clients. In order to attract and retain qualified Advisors, Hefren-Tillotson, like most financial service companies compensates our Financial Advisors based on a percentage of the commission and fee-based revenue they generate for the firm.

In the Managed Account Program, the firm pays an asset-based fee to the third-party asset manager who is managing the separate account on behalf of our Client. For example, a Client generally pays a fee computed as a percentage of the dollars invested in this Program, of which a portion is paid to the third-party asset manager, while a residual amount is retained by Hefren-Tillotson.

Hefren-Tillotson has established relationships with Financial Advisors or professionals not employed by the firm, but who are supervised persons of Hefren-Tillotson under the Investments Advisers Act of 1940. These individuals are referred to as solicitors and Hefren-Tillotson compensates them with a portion of the management fees and, as it relates to the Portfolio Review Program, commissions paid by the client. This compensation is for what is described as "solicitation services". Solicitation services include a number of items, including: assist in establishing a relationship with Hefren-Tillotson or referring Clients to the firm; providing information about and explaining Hefren-Tillotson's investment advisory services; providing client service that may include investment reviews and ongoing financial advice; and updating financial information on behalf of the firm. When a solicitor arrangement exists, it will be disclosed in writing to the client at the time the account is opened.

Kim Tillotson Fleming, Chairman of the Board and CEO of Hefren-Tillotson, is an outside passive minority shareholder in Aligned Partners Trust Company. Hefren-Tillotson may refer Clients to Aligned Partners for trust services.

### **Financial Information**

Registered investment advisers are required in this Item to provide you with certain financial information or disclosures about Hefren-Tillotson financial condition. Hefren-Tillotson has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to Clients, and has not been the subject of a bankruptcy proceeding.

## Recommended Investment Managers & Styles

A portfolio may be invested with one or more investment managers or styles as outlined below. Security types used in the implementation of the strategy may vary between individual stocks, mutual funds, or exchange traded funds/notes (ETF/ETN). Managers on this list are subject to change, while their baseline asset allocation and management fees are also subject to change. Furthermore, Financial Advisors and Clients may choose to utilize other Portfolio Managers not on this list.

### Recommended Investment Managers

Investment Manager	Style/Strategy	Baseline Allocation % (Bonds/Stocks/Other)	Management Fee	Estimated Fund/ ETF Expenses
<b>Equity Strategies</b>				
AIA S&P 500	Large Cap Core	0/100/0	0.30%	0.00%
Capital Group U.S. Equity	Large Cap Growth	0/100/0	0.38%	0.00%
Capital Group Global Equity	World Large Stock	0/100/0	0.44%	0.00%
Capital Group International Equity	Foreign Large Growth	0/100/0	0.44%	0.00%
Capital Group World Dividend Growers	World Large Stock	0/100/0	0.44%	0.00%
<b>Fixed Income Strategies</b>				
Federated Corporate 0-5 Year Ladder	Short Term Corporate	100/0/0	0.20%	0.00%
Federated Corporate 1-10 Year Ladder	Intermediate Corporate	100/0/0	0.20%	0.00%
Federated Government Credit - No MAP	Intermediate Term Bond	100/0/0	0.29%	0.00%
Blackrock Corporate Ladder SMA 1-5 Year	Short Term Corporate	100/0/0	0.18%	0.00%
Blackrock Corporate Ladder SMA 1-10 Year	Intermediate Term Corporate	100/0/0	0.18%	0.00%
Blackrock Fundamental Core Taxable	Intermediate Term Bond	100/0/0	0.29%	0.00%