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The specimen Investment Policy Statement (“IPS”) provided by SageView Advisory Group (“SageView”) is intended solely as a sample document. The Committee should use its discretion and independent judgment in determining the need and content of an IPS document.

It is the Committee’s sole responsibility to:

- Determine its authority to review and adopt an IPS document.
- Carefully review any IPS document to ensure it is consistent with the Committee’s policies and procedures.

The Committee should consider whether it is prudent to retain legal counsel for issues relating to the review and/or adoption of an IPS document.

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# **INVESTMENT POLICY STATEMENT**

Alameda Contra Costa Transit District  
457 Deferred Compensation Plan  
February 2026

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## Purpose of the Investment Policy Statement

This Investment Policy Statement (“IPS”) establishes the policies and guidelines for the Alameda Contra Costa Transit District 457 Plan (the “Plan”) and is intended to assist the Alameda Contra Costa Transit District 457 Plan Committee (the “Committee”) in effectively selecting, monitoring, and evaluating investment alternatives made available to participants under the Plan. It outlines a prudent and acceptable investment philosophy and sets out management procedures the Committee generally expects to follow.

*Note: The provisions of this IPS are guidelines only. The fiduciaries are not required to follow them. Fiduciaries are expected to exercise discretion and independent judgment when selecting, monitoring, and evaluating investment alternatives, and shall act in the best interest of participants and beneficiaries of the Plan.*

## Purpose of the Plan

The Plan was established to provide a retirement savings program for eligible employees of the Alameda Contra Costa Transit District (the “Plan Sponsor”). The Plan is maintained for the exclusive purpose of benefiting Plan participants and their beneficiaries. The Plan is intended to be operated in accordance with applicable state and federal laws and regulations.

The goal of the Plan is to provide a framework for eligible employees of Plan Sponsor to establish a savings and investment program for their retirement. While Plan participants are ultimately responsible for their own investment decisions, Plan Sponsor, in conjunction with SageView Advisory Group, (the “Investment Consultant”), will endeavor to provide an appropriate range of investment alternatives, allowing each individual participant to invest in accordance with his or her own time horizon, risk tolerance, and retirement goals.

In evaluating the investment alternatives for the Plan, Plan Sponsor will consider the overall demographics of the Plan.

## Plan Objectives

The Plan objectives are to:

- Promote retirement savings while encouraging a high overall participation rate and consistent saving habits
- Provide Plan participants with a wide and suitable range of asset categories and investment alternatives that are intended to help participants meet their retirement goals and investment objectives
- Attract and retain outstanding employees
- Obtain Plan investment alternatives at reasonable costs

## Statement of Responsibilities

The following parties associated with the Plan, appointed by Plan Sponsor, are expected to discharge their respective responsibilities in accordance with applicable fiduciary standards as follows: (1) in the sole interest of Plan participants and beneficiaries; (2) with the care, skill, prudence and diligence under the circumstances then prevailing that a prudent person acting in like capacity and familiar with such matters would use in the conduct of an enterprise of a like character and of like aims.

**Retirement Plan Committee:** Committee members are Plan fiduciaries responsible for supervising the investment of Plan assets and making decisions concerning investment alternatives available under the Plan. In adopting this IPS, the Committee intends that the oversight of the investment portion of the Plan will be the responsibility of the Committee. The Committee, along with the Investment Consultant, shall be responsible for the Plan-level investment selection process, as set forth in this IPS, but does not guarantee particular investment results.

**Trustee:** The Trustee is responsible for safekeeping of Plan securities and with collecting and disbursing Plan assets. The Trustee shall issue periodic accounting statements.

**Recordkeeper:** The Recordkeeper has responsibilities that include, but are not limited to: maintaining participant records, administering participant directions, reporting to Plan Sponsor, reporting to participants, allocating contributions, administering loans, and preparing required regulatory documents.

**Investment Consultant:** The Investment Consultant is responsible for advising the Committee on investment policy, advising on the selection of investment alternatives, providing performance analysis and monitoring services, and educating the Committee on economic and investment trends that may impact the performance of the selected and available investment alternatives. The Investment Consultant, along with the Committee, shall be responsible for the Plan-level investment selection process, as set forth in this IPS, but does not guarantee particular investment results.

### **Investment Choices**

The Plan intends to provide a broad range of investment alternatives. This includes having, at a minimum, three diversified investment alternatives that are sufficient to permit participants to materially affect the potential return and degree of risk on their accounts and to minimize the risk of large losses. Diversification, however, does not ensure a profit or protect against loss in a declining market.

Subject to any statutory or regulatory limitations, investment alternatives will generally be publicly available mutual funds, institutional trusts, or similar vehicles, though the Committee, in consultation with the Investment Consultant, may select other investments when it is considered prudent to do so. Investments being offered will fluctuate in value with market conditions and when redeemed, may be worth more or less than the amount originally invested. The Committee's objective is to select investment alternatives based on their compatibility with Plan participant needs and regulatory requirements. Each of the designated investment alternatives offered through the Plan will be intended to follow a specific stated investment objective.

### **Qualified Default Investment Alternative (QDIA)**

Although the Committee intends for participants to direct the investment of their Plan assets, there may be circumstances under which participants do not provide direction regarding the investment of their individual accounts. In such instances, participant accounts will be invested in the Plan's default investment alternative. The Committee's intention is for the Plan to comply with the Pension Protection Act of 2006 by offering a default investment alternative that complies with all of the conditions of a QDIA investment alternative. Participants whose account is invested by default, in the absence of investment directions, will be treated as having elected to invest in the default investment alternative.

The Committee may elect to utilize a multi-asset class investment alternative, such as target-date investments, as the QDIA. Periodically, as participant demographics or market conditions require, the Committee expects to review and document the process for monitoring and selecting the QDIA. The specific portfolio for a participant or beneficiary who fails to make an investment election will be based on the participant's or beneficiary's date of birth and other factors as appropriate.

### **Self-Directed Brokerage Account**

To provide investment flexibility, the Committee may arrange to offer a self-directed brokerage option through the Plan. The Plan's self-directed brokerage option may allow participants to invest in publicly traded securities including stocks, bonds, and mutual funds, with the following exceptions: short sales, options, futures, limited partnerships, currency trading, and margin trades. The Committee will evaluate the self-directed option provider in the areas of costs, service capabilities, and participant utilization.

### **Managed Accounts**

The Committee may arrange to offer participants the option to elect to have their account managed by a designated managed account provider. Pursuant to the terms of any such agreement, the designated managed account provider will make decisions regarding the allocation of enrolled participant accounts among the investment alternatives available under the Plan. The Committee will consider the benefit to participants of

offering a managed account and may terminate this investment management arrangement in accordance with the terms of the agreement. The Investment Consultant shall have no duties or responsibilities whatsoever with respect to electing to offering, selecting, or monitoring any designated managed account provider.

### **Selection of Investment Alternatives**

This and the following sections describe the steps the Investment Consultant takes in recommending investment alternatives to the Committee and in assisting with the monitoring of those investment alternatives. The Committee expects to use this information at its discretion to the extent it deems prudent. The following steps are meant to serve as guidelines to the Committee in conducting its fiduciary functions and not as mandatory steps. The Investment Consultant takes a two-tiered approach to investment selection. Quantitative and qualitative screens are used as follows:

#### **Quantitative Screening**

Quantitative screens include, but are not limited to:

- Performance history
- Investment risk/return
- Investment style analysis
- Performance consistency
- Investment cost
- Turnover ratio

#### **Qualitative Screening**

Investments that pass the quantitative screens will be reviewed for characteristics that include, but are not limited to:

- Investment-style variations
- Portfolio concentration
- Asset size and growth

Interviews with portfolio managers and/or analysts will also be conducted if deemed necessary.

Selected alternatives will be reviewed by the Committee, with the assistance of the Investment Consultant, while considering whether there are additional factors that may make the alternative unsuitable for inclusion in the Plan. The Committee also anticipates each alternative will be examined to determine if it appropriately complements the overall diversification and risk and return parameters of the aggregate Plan investment lineup.

In addition to diversification and risk tolerance considerations, the Committee intends to consider investment expenses in the selection of investment alternatives. It is anticipated the Committee will regularly review all costs associated with the management of the Plan's investment program. These costs include the following:

- Expense ratios of each investment alternative against an appropriate peer group
- Trustee and custodial fees for holding assets, collecting income, and paying disbursements
- Plan administrative fees, including record keeping fees and other fees associated with services the Plan receives, such as compliance testing fees, auditing fees, and fees for communication services

### **Evaluation Methodology**

The Committee anticipates using certain criteria in selecting and monitoring Plan investment alternatives. Each Plan investment alternative **{if applicable: (other than assets held in a Self-Directed Brokerage Account)}** should be evaluated on an ongoing basis using several measures that quantify the expenses, returns and risk-adjusted performance of each investment alternative within its peer group.

Each Plan investment alternative **{if applicable: (other than assets held in a Self-Directed Brokerage Account)}** should be reviewed at least annually against its peer group and benchmark index to assess the performance and quality of each offering. The list of criteria that may be used for evaluation is included as Appendix B of this document and may be updated by the Committee, as necessary.

As noted in Appendix A, whenever possible, each investment alternative is benchmarked to a specific market index, and performance is evaluated and compared to a relevant peer group using Morningstar category classifications. Each criterion for an investment alternative is given a peer group ranking, shown as a percentage. As an example, a criterion ranking of 10% indicates an investment alternative is in the top 10% of its peer group for said criterion. The rankings for all criteria are then weighted and averaged to give an investment alternative its average ranking. The lower the average ranking, the better. In general, an investment alternative with an average ranking score of 25% would be more attractive than a comparable investment alternative with a ranking of 50%. An overall ranking is used to indicate where an investment alternative places in relation to the rankings of other investment alternatives in the same Morningstar category.

Peer group rankings require at least a three-year history to permit an initial evaluation of the investment alternative. Any investment alternative with fewer than three years of history will generally not be evaluated using this method. If a sufficiently similar investment alternative is available, the Committee may elect to use the alternative's history for evaluation purposes. Sufficiently similar investment alternatives may include:

- Alternate share classes of the same product.
- Other products, such as collective investment trusts (CITs), separate accounts or recordkeeper sub-advised investment alternatives, which are managed by the same portfolio management team according to a substantially similar investment strategy.

In addition to the quantitative methodology described above, many qualitative criteria and possible warning signs may be monitored to highlight an investment alternative's potential exposure to risk that may make it unsuitable as a retirement plan investment alternative. The warning signs may include, but are not limited to, the following:

- Above-average operating expenses
- Above-average style drift (as determined by returns-based and holdings-based analyses)
- High degrees of portfolio concentration among individual holdings
- High degrees of portfolio concentration among economic sectors
- Above-average performance volatility
- Above-average portfolio turnover
- Below-average Alpha
- Below-average manager tenure and/or above-average turnover
- Rapid growth in assets
- Significantly positive or negative cash flows
- Unusual levels of corporate scrutiny; poor public perception
- For bond portfolios, very low average credit quality relative to peers
- For bond portfolios, significantly above- or below-average portfolio duration
- Recent changes to or concerns with the firm structure/ownership
- Recent changes to or concerns with the corporate management team structure
- Changes in key investment personnel
- Changes in investment strategy/process

#### **Other Investment Evaluation Criteria**

The Committee recognizes that certain investment alternatives present challenges in monitoring, given the nature of the investment alternative's portfolio and peer group. Thus, there are instances where investment alternatives will not fit neatly into the monitoring framework set forth herein. Therefore, the Committee may consider additional or distinct factors when evaluating certain investments. The following are common examples of investments requiring consideration of factors beyond peer group ranking.

- A. **Multi-asset class investments.** Several factors may be considered in evaluating multi-asset class investment alternatives such as target-date investments. These factors may include, but are not limited to, the following:
  - a. The mix of equities, fixed income, and cash, and if applicable, the change in the asset class mix (i.e., equity glide path) as investors age,
  - b. Asset class selection and sub-asset class allocation structure,
  - c. Generally accepted investment theories and prevailing investment industry practices,

- d. Objectives of the plan and the investment philosophy of Plan fiduciaries, and
- e. The extent that the characteristics of the investment alternative align with the needs of the employee population

The Committee, subject to any further delegation to an investment consultant or investment manager, expects to engage in a process to identify and consider Plan goals and participant demographics to select a default investment that aligns with participant needs. As the process for comparing multi-asset class investments, including target-date investments, differs from the process used for other investment selections in several respects, criteria listed elsewhere in this IPS may not apply.

- B. **Indexed investments.** The goal of an indexed investment is to closely mirror the performance of a predetermined index at a reasonable cost. The criteria which may be used to evaluate indexed investments is set forth in Appendix C and may be updated from time-to-time at the Committee's discretion.

Each indexed investment will be compared to a standard index for its respective category classification and assigned a ranking in each of the four criteria. The rankings for all criteria are then weighted and averaged to give each indexed investment its average ranking score. Indexed investments with an average ranking score in the top 75% of category peers are given a passing score ("Pass"), while indexed investments in the lowest 25% of category peers are given a failing score ("Fail").

- C. **Stable value investments.** The goal of a stable value investment is to preserve capital. Stable value investments are offered through several structures: pooled/comingled funds, insurance separate accounts, and guaranteed investment contracts (GICs)/insurance general accounts or derivatives thereof. Most stable value investments invest in various sectors of the bond market. Thus, part of the evaluation of a stable value investment will include an evaluation of the underlying bond portfolio. Another important characteristic is financial credit worthiness of the insurance companies that issue wrap contracts to protect the book value of the bond portfolios. Other unique metrics and characteristics that warrant evaluation include, but are not limited to, market-to-book value ratio, participant / Plan Sponsor withdrawal restrictions, crediting rate and wrap structure. For insurance general accounts, the Committee may also periodically review the crediting rate, withdrawal restrictions, and credit worthiness ratings of the insurer.

### **Monitoring of Investment Policy Statement and Investment Performance**

The Committee, with the assistance of the Investment Consultant, expects to review the Plan's Investment Policy Statement and monitor each investment alternative on an ongoing basis. The Committee expects to periodically evaluate the investment results of the investment alternatives.

#### **{PARAGRAPH REQUIRED, IF APPLICABLE FOR SELF-DIRECTED BROKERAGE}**

The Committee may arrange to offer a self-directed brokerage account option under the Plan. The Investment Consultant shall not be responsible for determining whether the Plan should offer a self-directed brokerage account option or for monitoring the suitability of such a self-directed brokerage account option as an available option under the Plan. Further, the Investment Consultant does not have any fiduciary or co-fiduciary responsibility regarding the purchase, sale, retention, or recommendation for purchase, sale, or retention, of any stocks, bonds, mutual funds, or other investments that may be accessed or considered by a Plan participant by means of a self-directed brokerage account. The Investment Consultant shall have no responsibility to monitor or oversee any decisions made by the participants with respect to such accounts.

The Committee may maintain a "Watch List" for investment alternatives that are not meeting certain objectives. The Committee's general policy will be to place an investment alternative on the "Watch List" when the Committee and/or the Investment Consultant determines that the investment alternative selected for the Plan

fails to meet the performance benchmarks set forth above in the Evaluation Methodology for some period of time to be determined by the Committee, with the assistance of the Investment Consultant.

As a general guideline, subject to any further delegation to an investment consultant or investment manager, the Committee may consider the following procedure:

1. Whenever the average ranking score for an investment alternative is in the third quartile based on the Investment Consultant's scoring system, except as previously noted for indexed investments or investments that are not scored, it may be placed on the Watch List. The alternative will be monitored and remain on the Watch List for four consecutive quarters, even if its performance improves. If the alternative remains in the third quartile for four consecutive quarters, a detailed review of the alternative may be made and a recommendation to replace or retain the alternative may be presented to the Committee. The alternative may be reviewed sooner at the Committee's discretion.
2. If an investment alternative falls into the fourth quartile based on the Investment Consultant's scoring system, a detailed review of the alternative may be made as soon as possible or at the next Committee meeting, and a recommendation to replace or retain the alternative may be presented.
3. Investment alternatives with qualitative criteria concerns (i.e.: manager changes, fund company reorganizations, strategy changes) may also be put on the Watch List by the Committee.

The Committee shall have the discretion to establish, modify, amend, or adjust acceptable performance measurement standards by which each investment alternative is to be evaluated.

Final selection, replacement and/or removal of an investment alternative shall be completed only after conducting a thorough review of the problematic investment alternative.

### **Proxy Voting**

Subject to the provisions of the plan documents and delegation from the Plan Sponsor, the Committee intends to comply with Department of Labor guidance in fulfilling its fiduciary duties when voting proxies.

In the event the Committee elects to participate in a proxy vote for one of the Plan's designated investment alternatives, or, for a security underlying one of the Plan's designated investment alternatives (if such proxy is passed through to the Plan), the Committee will vote proxies, to the best of their abilities, in the best interest of the Plan's participants and beneficiaries. The Investment Consultant may offer general information and provide clarification with respect to the process of voting by proxy but will not be responsible for making recommendations or voting proxies on behalf of the Committee.

### **Review and Revisions**

The Committee reserves the right to amend this IPS, in whole or in part, at any time it deems necessary or otherwise appropriate to facilitate compliance with applicable law. Until revised or amended by the Committee, this IPS shall remain in effect. If there is any conflict between the IPS and the Plan, the terms and conditions of the Plan will control.

**ADOPTION**

[It is suggested that the Committee adopt the IPS via one of the following approaches:

- 1. Adoption by Committee resolution without physical signatures
- 2. Adoption by execution by Committee Chair on behalf of the Committee (one signature)
- 3. Adoption by all Committee members via physical signatures
- 4. Adoption by all Committee members via electronic signatures (DocuSign)

[INSERT CLIENT NAME] Retirement Plan Committee Members:

[UPDATE LIST OF COMMITTEE MEMBERS AS APPLICABLE; ODD NUMBER SUGGESTED]

X	_____	_____
	(Print Name)	(Date)
X	_____	_____
	(Print Name)	(Date)
X	_____	_____
	(Print Name)	(Date)
X	_____	_____
	(Print Name)	(Date)
X	_____	_____
	(Print Name)	(Date)
X	_____	_____
	(Print Name)	(Date)
X	_____	_____
	(Print Name)	(Date)

## APPENDIX A – Categories and Benchmarks

Investment categories are defined based on their Morningstar category classifications, which also serve as the peer groups against which investment are assessed. The following list of investment categories and their corresponding benchmarks which may be used in the investment alternative evaluation process, includes but is not limited to:

Investment Alternative Category	Benchmark/Index
<b>Principal Preservation</b>	
Money Market-Taxable	ICE BofA 3-Month Treasury Bill Index
Stable Value	ICE BofA 3-Month Treasury Bill Index Bloomberg Stable Income Market Index
Guaranteed Account	ICE BofA 3-Month Treasury Bill Index Bloomberg Stable Income Market Index
<b>Bond</b>	
Ultrashort Bond	Bloomberg US Govt/Credit 1-3 Yr TR USD
Short-Term Bond	Bloomberg US Govt/Credit 1-3 Yr TR USD
Short Government	Bloomberg US Govt 1-3 Yr TR USD
Intermediate Government	Bloomberg US Govt/Mortgage TR USD
Intermediate Core Bond	Bloomberg US Agg Bond TR USD
Intermediate Core-Plus Bond	Bloomberg US Agg Bond TR USD
Long Government	Bloomberg US Government Long TR USD
Long-Term Bond	Bloomberg US Govt/Credit Long TR USD
Inflation-Protected Bond	Bloomberg US Treasury US TIPS TR USD
Corporate Bond	Bloomberg US Credit TR USD
Multisector Bond	Bloomberg US Agg Bond TR USD
High Yield Bond	Bloomberg US HY 2% Issuer Cap TR USD
Bank Loan	Credit Suisse Leveraged Loan TR USD
World Bond	Bloomberg Global Aggregate TR USD
World Bond-USD Hedged	Bloomberg Global Aggregate TR Hdg USD
Emerging Markets Bond	JPM EMBI Global Diversified TR USD
Emerging-Markets Local-Currency Bond	JPM GBI-EM Global Diversified TR USD
Nontraditional Bond	Wilshire Liquid Alternatives TR
<b>Large Cap</b>	
Large Value	Russell 1000 Value TR USD
	S&P 500 Index
Large Blend	Russell 3000 Index
	CRSP U.S. Total Market Index
Large Growth	Russell 1000 Growth TR USD
<b>Mid-Cap</b>	
Mid-Cap Value	Russell Mid Cap Value TR USD
Mid-Cap Blend	Russell Mid Cap TR USD
	S&P Mid Cap 400 Index
	MSCI U.S. Mid Cap 450 Index
	CRSP U.S. Mid Cap Index
	S&P Completion Index
	DJ US Completion Total Stock Market Index
Mid-Cap Growth	Russell Mid Cap Growth TR USD
<b>Small-Cap</b>	
Small Value	Russell 2000 Value TR USD
Small Cap Blend	Russell 2000 TR USD
	S&P Small Cap 600 Index
	MSCI U.S. Small Cap 1750 Index
	CRSP U.S. Small Cap Index
Small Growth	Russell 2000 Growth TR USD

Investment Alternative Category	Benchmark/Index
<b>World Stock</b>	
World Large-Stock Blend	MSCI ACWI NR USD
World Large-Stock Growth	MSCI ACWI Growth NR USD
World Large-Stock Value	MSCI ACWI Value NR USD
World Small/Mid Stock	MSCI ACWI SMID NR USD
<b>International</b>	
Foreign Large Value	MSCI ACWI ex USA Value NR USD
Foreign Large Blend	MSCI ACWI ex USA NR USD
Foreign Large Growth	MSCI ACWI ex USA Growth NR USD
Foreign Small/Mid Value	MSCI ACWI ex USA SMID Value NR USD
Foreign Small/Mid Blend	MSCI ACWI ex USA SMID NR USD
Foreign Small/Mid Growth	MSCI ACWI ex USA SMID Growth NR USD
Diversified Emerging Markets	MSCI EM NR USD
<b>Target Date</b>	
Target Date	S&P Target Date Indexes
<b>Risk-based/Hybrid</b>	
Allocation—15% to 30% Equity	23% Russell 3000 TR USD/77% Bloomberg US Agg Bond TR USD
Allocation—30% to 50% Equity	40% Russell 3000 TR USD/60% Bloomberg US Agg Bond TR USD
Allocation 50% to 70% Equity	60% Russell 3000 TR USD/40% Bloomberg US Agg Bond TR USD
Allocation—70% to 85% Equity	78% Russell 3000 TR USD/22% Bloomberg US Agg Bond TR USD
Allocation—85%+ Equity	93% Russell 3000 TR USD/7% Bloomberg US Agg Bond TR USD
World Allocation	60% MSCI ACWI NR/40% Bloomberg Global Agg TR
<b>Specialty</b>	
Real Estate	FTSE NAREIT Equity REITs TR USD
Global Real Estate	FTSE EPRA Nareit Developed NR USD
Commodities Broad Basket	Bloomberg Commodity TR USD
Long-Short Equity	S&P 500 TR USD
Equity Market Neutral	Morningstar Mod Con Tgt Risk TR USD
Event Driven	Morningstar Mod Con Tgt Risk TR USD
Macro Trading	CBOE S&P 500 BuyWrite BXM
Multistrategy	Morningstar Mod Con Tgt Risk TR USD
Systematic Trend	S&P 500 TR USD
Natural Resources	S&P North American Natural Resources TR
Options Trading	Morningstar Mod Con Tgt Risk TR USD
Relative Value Arbitrage	Morningstar Mod Con Tgt Risk TR USD
Tactical Allocation	50% MSCI ACWI NR / 50% Bloomberg US Agg Bond TR USD

Appendix updated: [Date]

## APPENDIX B –SageView Investment Ranking Criteria

The criteria used to evaluate each plan investment alternative, except as otherwise noted in the IPS, may include, but not limited to, the following:

1. **Total Return** (trailing 1-, 3-, 5- and 10-year returns) – measures the performance of an investment over a given period, including income from dividends and interest, plus any appreciation or depreciation in the market value of the investment. Total return values longer than 1 year are typically annualized for ease of comparison.
2. **Rolling Period Returns** – A single period return measures performance over one specified period, such as five years. A rolling period return divides a longer period into smaller time periods. A rolling 12-month return over five years would start out by calculating a single period return over the first twelve months. Next, it would calculate the 12-month return for months 2-13. The process would continue until finally reaching the 12-month period spanning months 48-60. The final rolling 12-month return figure would reflect the average of all the rolling periods returns over that five-year period.
3. **Batting Average** – Batting average is calculated by (1) tallying the number of months in a given observation window where the investment return is greater than the return of the peer group median return and (2) dividing this amount by the total number of months in the observation window. The result is a ratio that ranges between 0 and 1. A batting average of greater than 0.50 signifies that the investment has outperformed the peer group more frequently than it has underperformed, irrespective of the magnitude of any outperformance or underperformance. A 10-year observation window is used in calculating batting average, unless the investment does not have sufficient performance history, in which case an inception-to-date figure is calculated.
4. **Modified Sharpe Ratio** – The standard Sharpe Ratio calculation is calculated by subtracting the risk-free rate of return (the US Treasury Bill is typically used) from the portfolio return and dividing the result by the portfolio's standard deviation. A higher Sharpe ratio indicates that the portfolio was able to generate a higher return per unit of risk. Modified Sharpe Ratio is a related statistic that is equal to the Sharpe Ratio under normal circumstances. However, the Modified Sharpe calculation adds an exponent to the denominator that effectively raises the denominator to the -1 power in circumstances in which an investment's excess return is negative. This modification ensures that investments with both negative excess returns and higher standard deviations rank lower than investment with negative excess returns and lower standard deviations. Under the standard Sharpe Ratio calculation, the opposite is true.
5. **Alpha** – A risk-adjusted measure of performance, which is equal to the difference between a portfolio's actual return and its expected performance given its level of risk as measured by beta. Alpha can also be viewed as an abnormal level of return in excess of what might be predicted by an equilibrium pricing model like the Capital Asset Pricing Model (CAPM).
6. **Up Market Capture Ratio** – A ratio that measures the overall performance of a portfolio during rising markets. This measure analyzes how well a portfolio (or an investment manager) performed relative to its benchmark index during periods when the benchmark rose. For example, an up-market capture ratio of 108% (for a given period) means that the portfolio gained 8% more than its benchmark during the specified period.
7. **Down Market Capture Ratio** – A ratio that measures the overall performance of a portfolio during falling markets. This measure analyzes how well a portfolio (or an investment manager) performed relative to its benchmark index during periods when the benchmark fell. For example, a down-market capture ratio of 95% (for a given period) means that the portfolio lost 5% less than its benchmark during the specified period.
8. **R-Squared** (style consistency) – A statistical measure that ranges from zero to one hundred and measures the percentage of portfolio's performance that is explained by the movement of its benchmark index. R-Squared is helpful in assessing the reliability of alpha and beta in explaining a portfolio risk and return characteristics. An r-squared of one hundred would mean that the portfolio's performance movements are perfectly correlated with those of the benchmark over time and would suggest that alpha and beta may be relied upon with a high degree of confidence.
9. **Expense Ratio** – The percentage of investment alternative assets, net of reimbursements, used to pay for operating expenses and management fees, including 12b-1 fees, administrative fees, and all other asset-based costs incurred by the investment alternative, except brokerage costs. Investment alternative expenses are reflected in the alternative's NAV. Sales charges are not included in the expense ratio.

Appendix updated: [Date]

## APPENDIX C –SageView Indexed Investment Ranking Criteria

The criteria used to evaluate each indexed investment may include, but not limited to, the following:

1. **Expense Ratio** – The percentage of investment alternative assets, net of reimbursements, used to pay for operating expenses and management fees, including 12b-1 fees, administrative fees, and all other asset-based costs incurred by the investment alternative, except brokerage costs. Investment alternative expenses are reflected in the alternative's NAV. Sales charges are not included in the expense ratio.
2. **Tracking Error** – A measure of the difference in returns between an investment and a benchmark. Tracking error is reported as a standard deviation of the difference between the returns of an investment and its benchmark.
3. **R-Squared** – A statistical metric that ranges from zero to one hundred and measures the percentage of portfolio's performance that is explained by the movement of its benchmark index. R-Squared is helpful in assessing the reliability of alpha and beta in explaining a portfolio risk and return characteristics. An r-squared of one hundred would mean that the portfolio's performance movements are perfectly correlated with those of the benchmark over time and would suggest that alpha and beta may be relied upon with a high degree of confidence.
4. **Beta** – A measure of the volatility, or systematic risk, of an investment in comparison to a market index. Beta is calculated using regression analysis. Beta represents the tendency of an investment's returns to respond to moves in the market or index that it is calculated against. A beta of one indicates that the investment's price moves with the market. A beta of less than 1 means that the investment is theoretically less volatile than the market. A beta of greater than one indicates that the investment's price is theoretically more volatile than the market. The reliability of an investment's beta is a function of the investment's r-squared value in relation to the benchmark. A high r-squared value signifies that the beta measure is reliable, while a low r-squared signifies that it is potentially inaccurate.

Appendix updated: [Date]