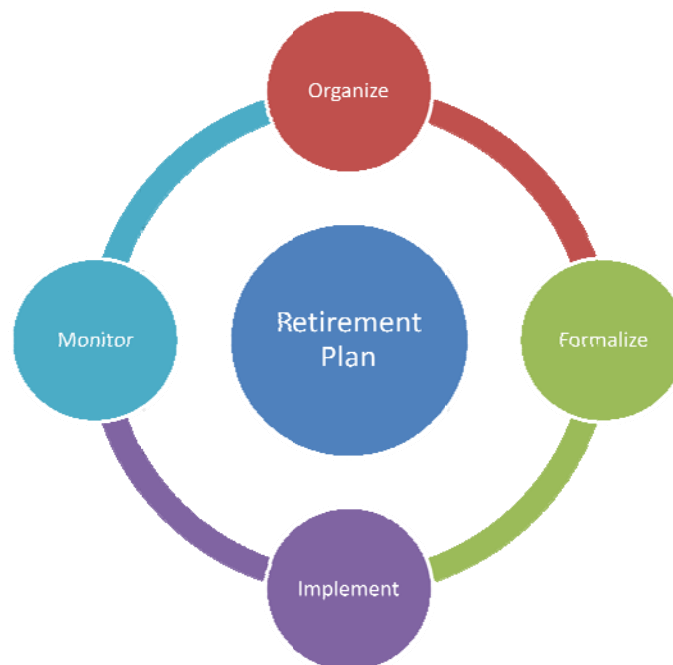


Fiduciary Quality Management System

If you have the responsibility for investing the assets of another person, you may very well be a fiduciary. If you mismanage this responsibility, you may be held personally liable for damages. To help ensure that our fiduciary clients are acting in a prudent manner, we utilize a four-step Fiduciary Quality Management System developed by the Center for Fiduciary Studies. We believe that implementing this investment process will not only reduce a fiduciary's liability, but it should also lead to superior investment results, which ultimately benefits the retirement plan's participants. Following is a summary of the 23 practices in our four-step fiduciary investment process:



Step 1: Organize

During this step we become familiar with your retirement program. We meet with you to assess the current status of your plan and goals you have for it. During this meeting we review such things as plan objectives, current plan design, services being provided by vendors, plan participation rates, participant communications, and regulatory compliance. This step also entails:

- collection and analysis of existing service agreements and contracts,
- review of whether investments are managed in accordance with applicable laws, trust documents, and existing investment policy statements, and
- examination of whether assets are within the jurisdiction of courts, and are protected from theft and embezzlement.

Step 2: Formalize

In step two, there are two focuses. The first is the design and selection of the administrative services. During this step, we may provide a formalized request for proposal (RFP) process and customized benchmarking analysis of third-party administrators and custodians. An alternative to the extensive request for proposal and benchmarking analysis is to have us request bids from various vendors we deem suitable for your specific plan needs and provide you with an abbreviated comparative analysis.

The second focus is to craft an investment strategy designed to meet the needs of the participants in your retirement plan. This normally leads to the drafting of an Investment Policy Statement (IPS). The IPS details the investment strategy that will be employed and may be thought of as the “business plan” for management of your portfolio. Documenting the investment process through the use of an IPS is one of the most important steps in fulfilling your fiduciary obligations. A properly crafted IPS contains the detail to define, implement, and manage a specific investment strategy. The IPS details such things as:

- the investment time horizon,
- the portfolio risk level,
- the expected modeled return
- the selected assets classes,
- investment restrictions, and if applicable,
- a socially responsible investment strategy.

Step 3: Implement

In step three, the plan design and investment strategies are implemented. We typically act as the plan’s relationship manager and oversee all aspects of the plan’s initial implementation and ongoing services. This would include oversight of plan conversions, administrative and custodial services, participant education and communication, and investment advisory services. When serving as investment advisor, we implement the investment strategy in compliance Investment Policy Statement. The investment strategy will be implemented using investment vehicles appropriate for the portfolio’s size and the client’s investment sophistication.

Step 4: Monitor

The monitoring phase is an important and comprehensive process of reviewing all aspects of the plan. This would include review of the service providers, contracts, expense analysis, participant communications, and investment options. Specifically, the monitoring phase is comprised of:

- Periodic reports comparing investment performance against appropriate benchmarks, peer groups, and IPS objectives.
- Periodic reviews of qualitative and/or organizational changes of money managers.
- Review of whether fees for service providers are consistent with agreements and applicable laws.
- Examination of whether control procedures are in place to periodically review policies for best execution, “soft dollars”, and proxy voting.
- Analysis of whether “finder’s fees” or other forms of compensation that may have been paid for asset placement are appropriately applied, utilized, and documented.
- Review of the organizations effectiveness in meeting its fiduciary responsibilities.
- Annual review of the Investment Policy Statement, which includes the analysis, and if needed, updating of your stated goals.