DISCLAIMER

The specimen Investment Policy Statement ("IPS") provided by SageView Advisory Group ("SageView") is intended solely as a sample document. The VBA Benefits Corporation Board of Directors should use its discretion and independent judgment in determining the need and content of an IPS document.

It is the Board'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 Board's policies and procedures.

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

INVESTMENT POLICY STATEMENT

VBA Benefits Corporation

Virginia Bankers Association Master Defined Contribution Plan

February 2020

Table of Contents

Purpose of the Investment Policy Statement

This Investment Policy Statement establishes the policies and guidelines for the Virginia Bankers Association Master Defined Contribution Plan (the "Plan") and is intended to assist the VBA Benefits Corporation Board of Directors or its designee, as applicable (the "Board") and the Investment Manager in effectively selecting, monitoring and evaluating investment alternatives made available to participants under the Plan. It outlines an investment philosophy that is intended to comply with the prudence requirements of the Employee Retirement Income Security Act ("ERISA"). It sets out investment management procedures the Board expects to follow.

Note: The provisions of this Investment Policy Statement are guidelines only. The fiduciaries are not required to follow them. Instead, in all cases, fiduciaries are expected to exercise discretion and independent judgment when it considers this to be prudent and 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 employer members of the Virginia Bankers Association and the Association itself. The VBA's wholly owned subsidiary, VBA Benefits Corporation is the Master Plan Sponsor. The Plan is maintained for the exclusive purpose of benefiting Plan participants and their beneficiaries. The Plan intends to operate in accordance with applicable state, federal laws and regulations, including the provisions of the Department of Labor regulations issued pursuant to ERISA Section 404(c).

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

In evaluating the investment alternatives for the Plan, the Master Plan Sponsor will take into account overall demographics of the Plan.

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

Selection of Investment Manager

Although the Board is responsible for selecting the investment alternatives available to Plan participants, it may engage Investment Advisers or delegate its duties under the Investment Policy to an Investment Manager (within the meaning of Section 3(38) of the Employee Retirement Income Security Act of 1974, as amended ("ERISA")). In the event of any such delegation, the Investment Manager shall be responsible for the selection of the investment alternatives in accordance with the Investment Policy set forth herein, with such changes as may be approved by the Board from time to time.

The Board selection of an Investment Manager must be based on prudent due diligence procedures. A qualifying Investment Manager must be a Registered Investment Advisor under the Investment Advisors Act of 1940, a bank, or an insurance company. The Board requires that each Investment Manager provide, in writing, acknowledgement of fiduciary responsibility to the Plan.

The Investment Manager reserves the right to terminate an investment alternative for any reason including the following:

1. Investment performance which is significantly less than anticipated given the discipline employed and the risk parameters established, or unacceptable justification of poor results.

2. Failure to adhere to any aspect of this Statement of Investment Policy, including communication and reporting requirements.

3. Significant qualitative changes to the investment management organization.

Investment alternatives shall be reviewed regularly by the Investment Manager and presented to the Master Plan Sponsor with regards to performance, personnel, strategy, research capabilities, organizational and business matters, and other qualitative factors that may impact their ability to achieve the desired investment results.

Statement of Responsibilities

The following parties associated with the Plan, appointed by the Master Plan Sponsor, are expected to discharge their respective responsibilities in accordance with applicable fiduciary standards as follows: (1) in the sole interest of the 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 in compliance with Section 404(a) of ERISA, and other applicable provisions of ERISA.

A. *VBA Benefits Corporation Board of Directors:* The members of the Board are Plan fiduciaries and supervise the investment of the assets of the Plan, and make decisions concerning investment alternatives available under the Plan. The Board has elected to delegate these duties by selecting an Investment Manager under ERISA 3(38). In adopting this Investment Policy Statement, it is the intention of the Board that the oversight of the investment portion of the Plan will be the responsibility of the Investment Manager. The Board is expected to be responsible for the oversight and evaluation of the Investment Manager. The Investment Manager is expected to be responsible for the Plan-level investment selection process, as set forth in this Investment Policy Statement. The Board is not responsible for individual investment performance and does not guarantee investment results.

B. *Trustee:* The Trustee of the Plan is charged with the safekeeping of securities as well as collecting and disbursing the Plan assets and periodic accounting statements.

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

D. *Investment Manager:* The Investment Manager is charged with the responsibility of advising the Board on investment policy, reporting to the Board on the selection of Investment Managers, providing performance analysis and monitoring services, and educating the Board on economic and investment trends that may impact the performance of the selected and available investment alternatives. The Investment Manager is expected to be responsible for the Plan-level investment selection process, as set forth in this Investment Policy Statement, but is not responsible for individual investment performance and does not guarantee investment results. The Board has retained SageView Advisory Group to serve as the Plan's 3(38) Investment Manager.

Investment Choices

The Plan intends to comply with Section 404(c) of ERISA, so that plan fiduciaries will be relieved of liability for any investment losses resulting from participants' investment decisions, by providing a broad range of investment alternatives. This includes having, at a minimum, three diversified investment alternatives that are sufficient in permitting the 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 Board, in consultation with the Investment Manager, 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 Investment Manager's objective will be to select investment alternatives on the basis of their compatibility with Plan participant needs and regulatory requirements. Each of the offered investment alternatives will be designed to follow a specific stated investment objective.

Qualified Default Investment Alternative (QDIA)

Although the Board intends that participants will direct the investment of their assets held under the Plan, 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 Board's intention is for the Plan to offer a default investment alternative that complies with all of the conditions required of a QDIA pursuant to Section 404(c)(5) of ERISA and related regulations and guidance. 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 Board may elect to utilize a multi-asset class investment alternative, such as target-date funds, as the QDIA. Periodically, as participant demographics or market conditions require, the Investment Manager, with the assistance of the Board, is expected to review and document the process for monitoring and selecting the QDIA. The specific target date 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 an assumed normal retirement date of age 65.

Company Stock

Several employer plan sponsors have decided, as a business matter, to promote employee ownership of the company by offering company stock pursuant to the terms of the Plan. The Plan will offer participants the ability to invest a portion of their account in company stock, although the Master Plan Sponsor and Board shall have no duties or responsibilities with respect to company stock. The Investment Manager shall have no duties or responsibilities whatsoever with respect to electing to offer, or monitoring company stock.

Managed Accounts

The Board 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 all decisions regarding the allocation of enrolled participant accounts among the investment alternatives available under the Plan. The Board will consider the benefit to participants of offering a managed account and can terminate this investment management arrangement in accordance with the terms of the agreement. The Investment Manager shall have no duties or responsibilities whatsoever with respect to electing to offer, selecting a provider or monitoring any designated investment manager.

Selection of Investment Alternatives

This section and those that follow describe the steps the Investment Manager takes in selecting and in assisting with the monitoring of those investment alternatives. The Investment Manager takes a two-tiered approach to investment selection. Quantitative and qualitative screens are used as follows:

Quantitative Screening (including but not limited to):

- Investment track record
- 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 Investment Manager with a view as to whether there are any additional factors that would make them unsuitable for inclusion in the Plan. The Board also anticipates each alternative will be examined with the objective of determining if it appropriately complements the overall diversification and risk and return parameters of the entire Plan investment lineup.

In addition to diversification and risk tolerance considerations, it is intended investment expenses will be considered in the selection of investment alternatives. It is anticipated the Board will regularly review all costs associated with the management of the Plan's investment program in accordance with ERISA Section 408(b)(2) regulations. 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, audit fees, fees for communication services, etc.

Evaluation Methodology

The Board anticipates the Investment Manager using the following criteria in selecting and monitoring Plan investment alternatives. Each Plan investment alternative (other than Company Stock) 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 (other than Company Stock) 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 Board, 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 score. The lower the average ranking score, 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 score of 50%. An overall ranking score is used to indicate where an investment alternative places in relation to the scores of the other investment alternatives in its category. Generally, investment alternatives are divided into categories of deciles and quartiles.

Peer group rankings generally require a three-year history to ensure an accurate evaluation of the investment alternative. Any investment alternative with fewer than three years of history will generally not be evaluated using this method. In the event there is a sufficiently similar investment alternative, the Board may elect to use its 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, that 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 are expected to be monitored in order 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

<u>Other Investment Evaluation Criteria</u>
The Board recognizes that certain investment alternatives present challenges in monitoring, given the nature of the investment alternative's portfolio and peer group. Thus, there are several instances where investment alternatives will not fit neatly into the monitoring framework set forth herein. Therefore, the Investment Manager may consider additional or different factors when evaluating certain investments. The following are common examples of investments requiring a different point of view, whether the Board has included them in the current menu or may consider doing so in the future.

Multi-asset class investments. For multi-asset class investment alternatives, such as target-date funds, the asset allocation and glide path should be evaluated by taking into account factors such as generally accepted investment theories and prevailing investment industry practices, and goals of the plan, the philosophy of the fiduciaries regarding asset class diversification and the desired relationship of risk (or volatility) and potential return, and the needs and abilities of the participants and beneficiaries. The Investment Manager, with the assistance of the Board, expects to engage in a process to identify and consider those goals, preferences, needs and abilities and to select a default investment consistent with that analysis.

As the process for comparing multi-asset class investments, including target-date funds, differs from the process used for other investment selections in several respects, criteria listed elsewhere in this Investment Policy Statement may not apply.

Index funds. The goal of an index fund is to closely mirror the performance of a predetermined index at a reasonable cost. The criteria which may be used to evaluate index funds is set forth in Appendix C and may be updated from time to time at the Board's discretion.

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

Stable value investments. The goal of a stable value fund is to preserve capital. Stable value investments come in several structures: pooled/comingled funds, insurance separate accounts, and guaranteed investment contracts (GICs)/insurance general accounts or derivatives thereof.

One investment characteristic of these products is their investment in various sectors of the bond market. Thus, part of the evaluation will hinge on 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, albeit not exhaustive 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 Investment Manager may additionally review, on a periodic basis, the crediting rate, withdrawal restrictions, and credit worthiness ratings of the insurer.

Monitoring of Investment Policy and Investment Performance

The Investment Manager expects to review the Plan's Investment Policy and monitor each investment alternative on an ongoing basis. The Investment Manager expects to periodically evaluate the investment results of the investment alternatives.

The Investment Manager does not have any duties or responsibilities whatsoever, including, without limitation, fiduciary responsibilities, to either the Board or individual Plan participants, with respect to recommending whether company stock should be provided or retained under the Plan. Additionally, the Investment Manager does not have any duties or responsibilities, to either the Board or individual Plan participants, with respect to the selection, retention, de-selection, or continued suitability of company stock under the Plan, for the monitoring of company stock performance, or for the purchase, sale or retention of any company stock.

The Investment Manager may maintain a “Watch List” for investment alternatives that are not meeting certain objectives. The Investment Manager’s general policy will be to place an investment alternative on the “Watch List” when the Investment Manager determines that the fund 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 Investment Manager.

As a general guideline, the Investment Manager should consider following the below procedure:

> Whenever the average ranking score for an investment alternative is in the 3rd quartile based on the Investment Manager’s scoring system, except as previously noted for index funds or funds that are not scored, it should 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 3rd quartile for four consecutive quarters, a detailed review of the alternative should be made and a decision to replace or retain the alternative should be presented to the Committee. The alternative may be reviewed sooner at the Investment Manager’s discretion.
>
> Whenever an investment alternative falls into the 4th quartile based on the Investment Manager’s scoring system, a detailed review of the alternative should be made as soon as possible or at the next Board meeting, and a recommendation to replace or retain the fund should be presented.
>
> Investment alternatives that fail to meet qualitative criteria (i.e.: manager changes, fund company reorganizations, strategy changes) will be put on the Watch List by the Board.

The Board 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 identified investment alternative.

Proxy Voting

Subject to the provisions of the plan documents and delegation from the plan sponsor, the Board intends to comply with the Department of Labor Interpretive Bulletin 2016-1 in fulfilling its fiduciary duties.

In the event the Board elects to participate in a proxy vote, the Board will vote, to the best of their abilities, in the best interest of the Plan’s participants and beneficiaries. The Investment Manager is able to 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 on behalf of the Board.

Review and Revisions

The Board reserves the right to amend the Investment Policy Statement at any time it deems such amendment to be necessary or to comply with changes in applicable law, as these changes affect the investment of the Plan's assets. Until revised or amended by the Board, the Investment Policy Statement shall remain in effect.

If there is any conflict between the Investment Policy Statement and the Plan, the terms and conditions of the Plan will control.

ADOPTION

VBA Benefits Corporation:

X Thomas Cherry (May 21, 2020 07:18 EDT)

Thomas Cherry

Chairman

May 21, 2020

(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*
Money Market-Taxable	ICE Bank of America Merrill Lynch 3-Month Treasury Bill Index
Stable Value	ICE Bank of America Merrill Lynch 3-Month Treasury Bill Index Bloomberg Barclays Stable Income Market Index
Guaranteed Account	ICE Bank of America Merrill Lynch 3-Month Treasury Bill Index Bloomberg Barclays Stable Income Market Index
Bond	
Ultrashort Bond	Bloomberg Barclays US Govt/Credit 1-3 Yr TR USD
Short-Term Bond	Bloomberg Barclays US Govt/Credit 1-3 Yr TR USD
Short Government	Bloomberg Barclays Government 1-5 Yr TR USD
Intermediate Government	Bloomberg Barclays US Govt/Mortgage TR USD
Intermediate Core Bond	Bloomberg Barclays US Agg Bond TR USD
Intermediate Core-Plus Bond	Bloomberg Barclays US Agg Bond TR USD
Long Government	Bloomberg Barclays US Government Long TR USD
Long-Term Bond	Bloomberg Barclays US Govt/Credit Long TR USD
Inflation-Protected Bond	Bloomberg Barclays US Treasury US TIPS TR USD
Corporate Bond	Bloomberg Barclays US Credit TR USD
Multisector Bond	Bloomberg Barclays US Agg Bond TR USD
High Yield Bond	Bloomberg Barclays US HY 2% Issuer Cap TR USD
Bank Loan	Credit Suisse Leveraged Loan TR USD
World Bond	Bloomberg Barclays Global Aggregate TR USD
Emerging Markets Bond	JPM EMBI Global TR USD
Nontraditional Bond	Wilshire Liquid Alts TR
Large Cap	
Large Value	Russell 1000 Value TR USD
Large Blend	S&P 500 Index Russell 3000 Index CRSP U.S. Total Market Index
Large Growth	Russell 1000 Growth TR USD
Mid-Cap	
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

Investment Alternative Category	*Benchmark/Index*
Small-Cap	
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
World Stock	
World Stock	MSCI ACWI NR USD
International	
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
Target Date	
Target Date	S&P Target Date Indexes
Risk-based/Hybrid	
Allocation—15% to 30% Equity	23% Russell 3000 TR USD/77% Bloomberg Barclays US Agg Bond TR USD
Allocation—30% to 50% Equity	40% Russell 3000 TR USD/60% Bloomberg Barclays US Agg Bond TR USD
Allocation 50% to 70% Equity	60% Russell 3000 TR USD/40% Bloomberg Barclays US Agg Bond TR USD
Allocation—70% to 85% Equity	78% Russell 3000 TR USD/22% Bloomberg Barclays US Agg Bond TR USD
Allocation—85%+ Equity	93% Russell 3000 TR USD/7% Bloomberg Barclays US Agg Bond TR USD
World Allocation	60% MSCI ACWI NR/40% Bloomberg Barclays Global Agg TR
Specialty	
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	Barclay Hedge Fund Index
Market Neutral	BofAML US Treasury Bill 3 Mon TR USD
Multialternative	Wilshire Liquid Alts TR
Natural Resources	S&P North American Natural Resources TR
Tactical Allocation	50% MSCI ACWI NR / 50% Bloomberg Barclays US Agg Bond TR USD

Appendix updated: February 2020

APPENDIX B –SageView Investment Ranking Criteria

The criteria used to evaluate each plan investment alternative, except as otherwise noted in the Investment Policy Statement, 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 (12 month periods over 5 years)** – A single period return measures performance over one specified time frame, such as five years. A rolling period return divides a longer time frame 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 of the rolling periods returns over that five-year time period.

3. **Rolling Period Returns (36 month periods over 10 years)** - A rolling 36-month return over ten years would start out by calculating a single period return over the first thirty-six months. Next, it would calculate the 36-month return for months 2-37. The process would continue until finally reaching the 36-month period spanning months 85-120. The final rolling 36-month return figure would reflect the average of all of the rolling periods returns over that ten-year time period.

4. **Sharpe Ratio** – A risk-adjusted measure of performance that 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.

5. **Alpha** (five years) – A risk-adjusted measure of performance, that 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** (five years) – 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 of time) means that the portfolio gained 8% more than its benchmark during the specified time period.

7. **Down Market Capture Ratio** (five years) – 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 of time) means that the portfolio lost 5% less than its benchmark during the specified time period.

8. R-Squared (style consistency) – A statistical metric that ranges from zero to 100 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 100 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 investment alternative's NAV. Sales charges are not included in the expense ratio. The Prospectus Net Expense Ratio is collected annually from an investment alternative's prospectus.

Appendix updated: February 2020

<u>APPENDIX C –SageView Index Funds Ranking Criteria</u>

The criteria used to evaluate each Index Fund alternative 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 investment alternative's NAV. Sales charges are not included in the expense ratio. The Prospectus Net Expense Ratio is collected annually from an alternative's prospectus.

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 100 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 100 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 as a whole. 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's calculated against. A beta of 1 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 1 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 measures is reliable, while a low r-squared signifies that it is potentially inaccurate.

Appendix updated: February 2020