



CAPTRUST FINANCIAL ADVISORS

Investment Policy Monitoring (Scoring) System Methodology

As of July 1, 2017



INVESTMENT EVALUATION/SCORING SYSTEM (PREVIOUSLY REFERRED TO IN THE APPENDIX)

The actively managed investment options will be evaluated relative to their peers using a comprehensive scoring system designed to serve as a *guide and an aid* to the Committee, or CAPTRUST when they have discretion when evaluating investment options, providing a baseline for measurement and discussion. **The scoring system is not intended to trigger an automatic and mandated outcome or investment decision for a given score.** It is intended to serve as a tool to support sound fiduciary decisions that are in the sole interest of participants and beneficiaries.

Thus, the comments that follow should be considered in the context that the scoring system is one tool, not a system that supplants the fiduciary's role in prudently evaluating investment options. In order to remain in good standing under the scoring system, each investment option should accumulate point totals within the acceptable ranges described below. The scoring system measures eight (8) quantitative areas and two (2) qualitative ones, as outlined in the tables below. Quantitative scores for investment options that are mutual funds are calculated at the strategy level using the lowest-cost share class available. Non-mutual fund investment options may be scored based on individual share class or based on a gross of fee product. CAPTRUST maintains discretion over which share class and/or product is considered to be the lowest-cost for purposes of scoring.

METRICS & POINTS:

Quantitative Scoring Areas	Weight	Min Score	Max Score	Description
Risk Adjusted Perf (3 Yr)	10%	4 Pt	10 Pt	Risk-Adjusted Performance measures the level of return that an investment option would generate given a level of risk equivalent to the benchmark index.
Risk Adjusted Perf (5 Yr)	10%	1 Pt	10 Pt	
Perf vs. Peer Group (3 Yr)	10%	4 Pt	10 Pt	Performance vs. Relevant Peer Group measures the percentile rank of an investment option's returns relative to other available options in that category.
Perf vs. Peer Group (5 Yr)	10%	1 Pt	10 Pt	
Style Attribution (3 Year)	7%	3 Pt	7 Pt	Style Attribution indicates the level of style purity of an investment option relative to the benchmark index.
Style Attribution (5 Year)	8%	1 Pt	8 Pt	
Confidence (3 Year)	7%	3 Pt	7 Pt	Confidence indicates the consistent relative value add of the manager as
Confidence (5 Year)	8%	1 Pt	8 Pt	

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				compared to other available options in that category.
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Qualitative Scoring Areas	Weight	Min Score	Max Score	Description
Management Team	25%	1 Pt	25 Pt	Management Team measures the consistency and quality of an investment option's management group.
Investment Family Items	5%	1 Pt	5 Pt	Investment Family Items measures the stewardship of the investment option's parent company.

Total	100%	20 Pts	100 Pts	Overall Investment Score
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Points are awarded in each of the categories of the scoring system according to the following methodologies. In the categories of Risk Adjusted Performance, Performance vs. Relevant Peer Group, and Confidence, points are awarded according to where an investment option ranks on a percentile basis relative to the rest of the peer universe. The table below illustrates this methodology:

% Rank	Top 25%	26-50%	51-75%	76-100%
3 Year Risk-Adjusted	10	9	7	4
5 Year Risk-Adjusted	10	8	5	1
3 Year Peer-Relative	10	9	7	4
5 Year Peer-Relative	10	8	5	1
3 Year Confidence	7	6	5	3
5 Year Confidence	8	6	4	1

In the category of Style Attribution, points are awarded based on an investment option's level of style consistency relative to an applicable benchmark. Points are assigned using absolute breakpoints and are not peer-relative. These breakpoints are determined by CAPTRUST and are subject to change based on market conditions.

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Points in the qualitative areas of Management Team and Investment Family Items are awarded on the basis of merit, and focus primarily on management team stability, consistency of investment philosophy, firm stewardship, and corporate governance.

If at any time the fiduciary concludes that an investment option is not meeting the desired objectives or guidelines, the investment option may be considered for termination. In order to remain in good standing an option should total greater than 80 points under the Scoring System. Options that total between 70 and 79 points will be marked for closer ongoing review by the fiduciary. Options that score below 70 points may be considered for termination.

Scoring System	Min Score	Max Score
In Good Standing	80 Pts	100 Pts
Marked for Review	70 Pts	79 Pts
Consider for Termination	20 Pts	69 Pts

DISTINCT INVESTMENT OPTIONS:

For asset classes where CAPTRUST believes a peer-relative score is not meaningful, either due to the size or makeup of the asset class, CAPTRUST may score funds using an alternative quantitative and qualitative framework. The rating methodology evaluates both quantitative and qualitative factors, and culminates each quarter in one of the following ratings:

Score	Definition
Green	In Good Standing
Yellow	Marked for Review
Red	Consider for Termination

An example where this alternative methodology would apply is Multisector Bond investment options.

PASSIVELY MANAGED INVESTMENT OPTIONS:

The passively managed investment options will be evaluated relative to an applicable benchmark, using a comprehensive scoring system proprietary to CAPTRUST. The rating methodology evaluates both quantitative and qualitative factors for passively managed investment options, and culminates each quarter in one of the following ratings:

As of July 1, 2017

Score	Definition
Green	In Good Standing
Yellow	Marked for Review
Red	Consider for Termination

Depending on the type of passively managed option being evaluated, multiple criteria, both quantitative and qualitative, may be used in establishing a rating. Such criteria may include, but are not limited to:

Quantitative

- Tracking error
- Fees
- Peer relative performance

Qualitative

- Fair value pricing methodology
- Securities lending practices
- Replication and management strategy
- Management firm experience and stability

When a passively managed option is scored below green, CAPTRUST will clearly articulate to the fiduciary, at an appropriate time, the reasons for the scoring.